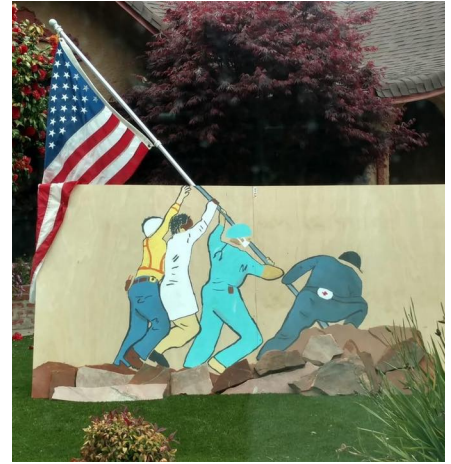


City of Mountain View
CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



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
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by the
DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

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

This page intentionally left blank

CITY OF MOUNTAIN VIEW
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

Table of Contents

<u>INTRODUCTORY SECTION</u>	<u>Exhibit</u>
Letter of Transmittal	1
Directory of City Officials	2
City Government Organization	3
GFOA Certificate of Achievement for Excellence in Financial Reporting	4
 <u>FINANCIAL SECTION</u>	 <u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information) (Unaudited)	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	24
Reconciliation of the Balance Sheet of Governmental Funds to the	
Government-wide Statement of Net Position – Governmental Activities	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	28
Reconciliation of the Statement of Revenues, Expenditures, and	
Changes in Fund Balances of Governmental Funds to the	
Government-wide Statement of Activities - Governmental Activities	31
Statements of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual:	
General Fund	33
Shoreline Regional Park Community Fund	34
Housing Fund	35
Proprietary Funds:	
Statement of Net Position	36
Statement of Revenues, Expenses, and Changes in Net Position	38
Statement of Cash Flows	40
Custodial Funds:	
Statement of Fiduciary Net Position	42
Statement of Changes in Fiduciary Net Position	43

CITY OF MOUNTAIN VIEW
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

Table of Contents

	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>	
Notes to Basic Financial Statements	45
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios – Miscellaneous Plan	115
Schedule of Changes in Net Pension Liability and Related Ratios – Safety Plan	116
Schedule of Employer Pension Contributions – Miscellaneous and Safety Plans	117
Schedule of Changes in Net OPEB Liability and Related Ratios	118
Schedule of Employer OPEB Contributions	119
Other Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Park Land Dedication Capital Projects Fund	121
Nonmajor Governmental Funds:	
Combining Balance Sheet	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	128
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	132
Internal Service Funds:	
Combining Statement of Net Position	140
Combining Statement of Revenues, Expenses, and Changes in Net Position	142
Combining Statement of Cash Flows.....	144
Custodial Funds:	
Combining Statement of Fiduciary Net Position	148
Combining Statement of Changes in Fiduciary Net Position.....	149
<u>STATISTICAL SECTION</u>	
Financial Trends:	
Net Position by Component – Last Ten Fiscal Years.....	152
Changes in Net Position – Last Ten Fiscal Years.....	154
Fund Balances of Governmental Funds – Last Ten Fiscal Years	158
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	160

CITY OF MOUNTAIN VIEW
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

Table of Contents

	<u>Page</u>
<u>STATISTICAL SECTION (Continued)</u>	
Revenue Capacity:	
Assessed Value of Taxable Property – Last Ten Fiscal Years	162
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	164
Principal Property Tax Payers – Current Year and Nine Years Ago.....	165
Property Tax Levies and Collections – Last Ten Fiscal Years.....	167
Debt Capacity:	
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years.....	168
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	170
Direct and Overlapping Governmental Activities Debt	171
Legal Debt Margin Information – Last Ten Fiscal Years	172
Debt Pledged–Revenue Coverage – Last Ten Fiscal Years.....	174
Demographic and Economic Information:	
Demographic Statistics – Last Ten Fiscal Years.....	178
Principal Employers – Current Year and Nine Years Ago.....	179
Operating Information:	
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	180
Operating Indicators by Function/Program – Last Ten Fiscal Years.....	182
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	184
<u>COMPONENT UNIT FINANCIAL STATEMENTS SECTION</u>	
Mountain View Shoreline Regional Park Community	187

This page intentionally left blank



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 16, 2021

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

During the past year, the COVID-19 pandemic has continued to evolve and impact our community, the nation, and the world. While experts have learned more about the virus, and vaccines have been developed to protect individuals from COVID-19, the pandemic continues with no clear time frame for ending. During the past year, the City has worked collaboratively with the County of Santa Clara to establish testing and vaccination sites at City facilities, in addition to providing staff support. The City has also made extensive efforts to communicate with and educate a diverse Mountain View community, including providing outreach and translation services in Spanish, Chinese, and Russian. To ensure seniors and those with limited mobility could avail themselves of vaccinations, the Mountain View Fire Department mobile vaccination program was established to bring vaccinations directly to those in need. Other actions, listed later in this letter, were taken to address the many impacts caused by the pandemic, especially for the small business community and the most vulnerable residents who may have limited resources.

The City, like many others throughout the State, experienced losses in specific revenue sources most affected by the Shelter-in-Place restrictions put into place during the early stages of the outbreak. However, because the City was in a strong financial condition prior to the pandemic, the City was able to provide financial resources to address the needs of those in the community most affected by the pandemic. This was supported by the receipt of \$1 million in Federal CARES Act assistance funds. Later on, the American Rescue Plan Act (ARPA) was passed, which allocated all cities in the nation with funds to mitigate the effects of the pandemic. Mountain View's allocation was \$15.7 million, half of which was received in the early part of Fiscal Year 2021-22, and the other half will be received a year later. These funds have been committed for a variety of community benefits, including initiatives for a Guaranteed Basic Income Pilot Program in the amount of \$1 million and another \$1 million for an alternative and innovative financial assistance program that will partner a nonprofit and a community-based organization to evaluate and provide assistance to low-income residents based on need. Other uses of ARPA funds are geared toward COVID-19 recovery efforts and assisting those hardest hit by

the pandemic, including small businesses, as well as focusing on the long-term economic vitality of our community.

In spite of the challenges and impacts that resulted from the COVID-19 pandemic, the City's reserves are compliant with established financial policies, and the City's long-term fiscal health remains strong. With the supplemental funding resources provided by the Federal government, the City is in a good position to continue addressing the needs of our residents as they strive to recover from the pandemic and regain economic stability in the coming years.

We are pleased to present the City's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. The ACFR has been prepared in conformity with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB) and in compliance with the 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 the City's 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, City management 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 its 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, 2021 are free of material misstatement. The independent auditor issued a "clean" opinion that the City's financial statements for the fiscal year ended June 30, 2021 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 ACFR is divided into the following sections:

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

The Financial Section includes the following:

- Independent Auditor's Report.
- Management's Discussion and Analysis.
- Basic Financial Statements—Includes 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.

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 ACFR 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 City Council is limited to two consecutive terms. Each year, in January, Council elects one of its members as Mayor and another as Vice Mayor.

With a population of approximately 82,800 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 and fire services);
- Public works (engineering, design, and utility maintenance);
- Community development (land use, development review, inspections, and affordable housing); and

- Culture and recreation (library, parks, recreation, performing arts, and golf course).
- 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, 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 is serviced by several major freeways (U.S. 101, Interstate 280, State Route 85, and State Route 237) connecting the City to three international airports, shipping, and rail lines in the Bay Area. 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.

The COVID-19 pandemic continues to affect the region, the nation, and the world. In spite of the many challenges to the local economy, the City ended the fiscal year with 1,442 residential units built and approximately 595,000 square feet of commercial/office space constructed. Overall, office vacancy rates in Mountain View have stabilized at a little over 5% and are below the Silicon Valley average office vacancy rate at nearly 10%. In April 2020, the unemployment rate in Mountain View peaked at 6.1% due to the public health crisis and Shelter-in-Place restrictions. However, by August 2021, the rate was 4.8%, reflecting improvement in employment. In spite of the various challenges, the

City's history of prudent fiscal practices and budget discipline have allowed the City to maintain its AAA credit rating.

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, Mountain View continues to be recognized as a prime location in Silicon Valley in which to live and work. Mountain View's innovation economy includes major technology companies, including Google, Intuit, LinkedIn, Microsoft, NortonLifeLock, Omnicell, Pure Storage, Samsung, Siemens Medical Solutions, and Synopsys. Downtown Mountain View is a key location for businesses, especially start-up companies, because of the diverse number of retailers and restaurants and convenient access to public transportation.

The City is also committed to preserving its existing services and programs while investing in the future through prudent budgeting and infrastructure development. The recent years, having experienced a strong economy along with sound fiscal planning, have allowed the City to add resources where needed and to pay down pension and other postemployment benefit obligations.

LONG-TERM FINANCIAL PLANNING

The City annually prepares a five-year forecast for its General Operating Fund 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 2021-22 through Fiscal Year 2025-26. A financial forecast, even with fluctuating economic variables, can assist with the 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 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.

The General Fund Forecast shows a positive balance for Fiscal Year 2021-22, deficits for Fiscal Years 2022-23 and 2023-24, and then positive balances in the subsequent fiscal years.

In summary, despite some slow growth in certain revenue categories affected by the pandemic, overall revenues are expected to continue to grow. This is due partly to increased business license revenue resulting from a three-year phase-in of the restructured license tax that began in January 2020 and continued strength in property taxes. Consequently, total revenues are forecasted to resume a trend of positive growth over the next five years.

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 2019, the City Council conducted a goal-setting process to update Council's major goals for a two-year cycle, Fiscal Years 2019-20 and 2020-21. The City Council's four overarching major goals were as follows:

- Promote a community for all with a focus on strategies to protect vulnerable populations and preserve Mountain View's socioeconomic and cultural diversity.
- Improve the quantity, diversity, and affordability of housing by providing opportunities for subsidized, middle-income, and ownership housing.

- Develop and implement comprehensive and innovative transportation strategies to achieve mobility, connectivity, and safety for people of all ages.
- Promote environmental sustainability and quality of life for the enjoyment of current and future generations with a focus on measurable outcomes.

Projects were identified to further these four goals over the two-year cycle. Despite the continued challenges of the pandemic, the City accomplished a significant amount of work, much of which addressed COVID-19 mitigation efforts. Some of the accomplishments during this past fiscal year follows:

- Provided extensive, ongoing outreach to vulnerable populations to connect them with COVID-19 pandemic relief resources.
- Collaborated with community partners to implement a COVID-19 rent relief program with more than \$4 million in funding.
- Facilitated equitable rent adjustments to City leases to accommodate financial hardships caused by COVID-19.
- Ensured the extension of eviction protections for rental tenants by anticipating developments and impacts of the Statewide eviction moratorium.
- Adopted a Small Business Action Plan.
- Implemented Castro StrEATs program, which included a temporary closure of CastroStreet in support of COVID-19 recovery for downtown restaurants and businesses.
- Funded and implemented small business loan and grant programs, providing almost \$1 million in funding to 133 local businesses.
- Implemented a Small Business Call Center to assist over 600 businesses in responding to the COVID-19 pandemic.
- Expanded and implemented Outdoor Mountain View guidelines to allow businesses to temporarily operate outside on private property or authorized public property in support of COVID-19 recovery for downtown restaurants and businesses.

- Coordinated a Citywide Strategic Communications Team to provide pandemic response information to the public, including extensive multilingual outreach.
- Planned and opened the County's first mass COVID-19 vaccination clinic site at the Community Center within one week in conjunction with the County of Santa Clara. The site completed 78,933 vaccinations from January 22, 2021 through the end of Fiscal Year 2020-21.
- Supported the Santa Clara County Public Safety COVID-19 Vaccination Clinic, filling the role of injectors, administrative staff, Plans Section Chief, Liaison Officer, Logistics Section Chief, Facility Unit Leader, and Governmental Liaison Officer and tracked costs for FEMA reimbursement.
- Established the Mountain View "Homebound" COVID-19 mobile vaccination clinic with "in-home" vaccinations for vulnerable community members.
- Drafted and negotiated an innovative, cooperative agreement with the County under a compressed timeline to provide urgent COVID-19 testing services for the public at the Mountain View Community Center.
- Provided Mountain View COVID-19 testing centers at Shoreline Athletic Fields, the Center for the Performing Arts, and the Mountain View Community Center in conjunction with the County of Santa Clara, El Camino Hospital, and Planned Parenthood. A total of 14,867 COVID-19 tests were completed in Fiscal Year 2020-21.
- Implemented a Library Grab-and-Go Holds pickup program to provide access to the Library collection during the COVID-19 closure and moved reference services to phone and email.
- Converted a majority of contracts to electronic review and approval to maintain City operations in accordance with COVID-19 Shelter-in-Place and telecommuting restrictions.
- Established electronic permit and plan review.
- Transitioned to virtual Library programming to continue providing educational and entertaining opportunities to the community during the pandemic.

- Added new digital services and additional e-books to provide more options for people to utilize the Library from anywhere.
- Continued to support the Mayor's Resiliency Roundtable to share information and coordinate with business and community leaders in support of the community's recovery from the COVID-19 pandemic.
- Deployed Fire staff to hospitals in Southern California to assist with COVID-19 patient care.
- Collaborated with community partners to secure State project Homekey Program funding and build a new transitional living facility, Life Moves Mountain View, consisting of 100 transitional, modular housing units to help homeless, unstably housed, and displaced residents transition to permanent housing.
- Transitioned operations of the Mountain View Community Shuttle from Google to the Mountain View Transportation Management Association and secured a \$704,000 VTA Measure B Grant to extend shuttle service hours.
- Provided a comprehensive update to the Council and community on the City's initiatives to address homelessness.
- Implemented three 24/7 safe parking lots, resulting in capacity for more than 101 vehicles in Mountain View, which is one of the largest programs in the Bay Area.
- Provided essential need services for homeless, unstably housed, and vulnerable residents (hygiene stations, showers, food cards, mobile medical services, PPE distribution, etc.).
- Redesigned Library story times to meet kindergarten readiness needs for children lacking access to preschool programs due to Stay-at-Home orders.
- Supported the Council's Race, Equity, and Inclusion Subcommittee and coordinated development and implementation of a Race, Equity, and Inclusion Action Plan.
- Incorporated use of an equity lens into the budget process.
- Planned events and activities to raise awareness and address xenophobia and anti-Asian and Pacific Islander sentiment.

- Provided cultural humility training to City employees as part of the Race, Equity, and Inclusion Action Plan.
- Worked with the Human Relations Commission to plan and conduct community engagement sessions related to local policing.
- Developed, planned, and hosted three sessions of MVPDx, a community engagement and partnership program for community members to dialogue with the Police Department staff regarding practices, procedures, and policies.
- Based on feedback received from MVPDx participants, created two informal advisory councils to regularly meet, inform, and dialogue with the Police Chief. The Faith Leader's Council draws members from a cross section of faiths and denominations represented throughout Mountain View, while the Latino Community Advisors group draws from formal and informal community leaders who work with and among the Mountain View Latinx community.
- Launched a Public Safety Advisory Board.
- Adopted an action plan to support youth mental health and wellness.
- Adopted AccessMV, a comprehensive transportation modal plan.
- Implemented a new automated online bidding application to streamline the bidding process for both bidders and City staff.
- Launched the first Spanish language-only Library story time and Spanish language parenting program.
- Completed construction of the following: Castro Street/Moffett Boulevard/Central Expressway Improvements, Wyandotte Park, Evandale Mini-Park, Shoreline Park Irrigation System Replacement, Leong Water/Sewer Replacement, Sailing Lake Boat Dock Repair, Park Restrooms Renovation, Immediate Repairs to Sewage Pump Station, Center for the Performing Arts Mainstage Catwalk and Balcony Rail Fall Protection, Fire Station No. 4 Training Tower Renovation, McKelvey Park Detention Basin, West Middlefield Road Improvements, and City Hall Roof Replacement.
- Launched a series of community events promoting a plant-based diet.

- Completed renovations and upgrades at McKelvey Field, Charleston Park, Cooper Park, Eagle Park, Fairmont Park, Gemello Park, Sylvan Park, San Veron Park, and Klein Park.
- Eliminated expiration dates from Library cards to remove a barrier to access.
- Performed a cyber-security audit of the City's network and server systems.
- Developed and implemented a Budget 101 workshop for the community.
- Deployed Firefighters to 22 wildland fires.
- Hired a Chief Communications Officer and developed and implemented an enhanced Citywide communications and outreach program with increased social media engagement, media relations, and strategic communication planning to raise awareness about City services, policies, and initiatives.
- Enhanced multilingual community outreach efforts through the Multicultural Engagement Program Team and provided live translations during City Council meetings and numerous community workshops and events.
- Began construction of the Shoreline Transit Lane and Utility Improvement project, two new City parks, a traffic signal replacement project, and an emergency replacement of a 12" water main on San Antonio Road.
- Provided Council with a comprehensive update on the progress of Sustainability Action Plan 4, a three-year, \$7.5 million plan to advance sustainability and address climate change.
- Hosted a well-attended virtual Earth Day celebration, including multiple community speakers and partners, and a video and poster competition where winners received prizes that supported Mountain View businesses.
- Launched Career Online High School with support from the California State Library, which provided six scholarships to adults seeking a high school diploma.
- Supported the first two teams in completing the Cool Block program virtually, which focused on neighborhood-based sustainability, emergency preparedness, and community-building.

- Completed Final 2018 and Preliminary 2019 community greenhouse gas inventories, revealing an emissions decrease of 14.5% from 2005 levels and putting the City on target to meet or exceed the City's 2020 reduction goal.
- Received the Government Finance Officers Association's "Award for Excellence in Financial Reporting" and "Distinguished Budget Presentation Award."
- Successfully competed for a grant of \$4 million in MTC Safe & Seamless Mobility Quick-Strike Competitive grant for Stierlin Road Bicycle and Pedestrian Improvements.
- In collaboration with State Senator Josh Becker, secured \$8 million for Mountain View's Lot 12 affordable housing project that was included in the State of California's Fiscal Year 2021 Budget.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the 31st 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 ACFR that satisfied both GAAP and applicable legal requirements. The GFOA award is valid for a one-year period only. We believe our current ACFR continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

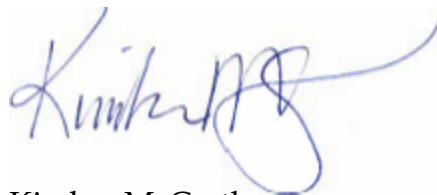
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for the City's annual budget document for Fiscal Year 2020-21. In order to qualify for this Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

The preparation of the ACFR 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 leadership and policy guidance in managing the financial operations of the City in a fiscally responsible manner.

Respectfully submitted,



Jesse Takahashi
Finance and Administrative
Services Director



Kimbra McCarthy
City Manager

City of Mountain View California

City Officials

City Council

Ellen Kamei, Mayor

Lucas Ramirez, Vice Mayor

Margaret Abe-Koga

Alison Hicks

Sally Lieber

Lisa Matichak

Pat Showalter

City Staff

Kimbra McCarthy, City Manager

Krishan Chopra, City Attorney

Heather Glaser, City Clerk

Audrey Seymour Ramberg, Assistant City Manager/Chief Operating Officer

Sue C. Rush, Human Resources Director

Roger Jensen, Chief Information Officer/Information Technology Director

Jesse Takahashi, Finance and Administrative Services Director

Aarti Shrivastava, Assistant City Manager/Community Development Director

Dawn C. Cameron, Public Works Director

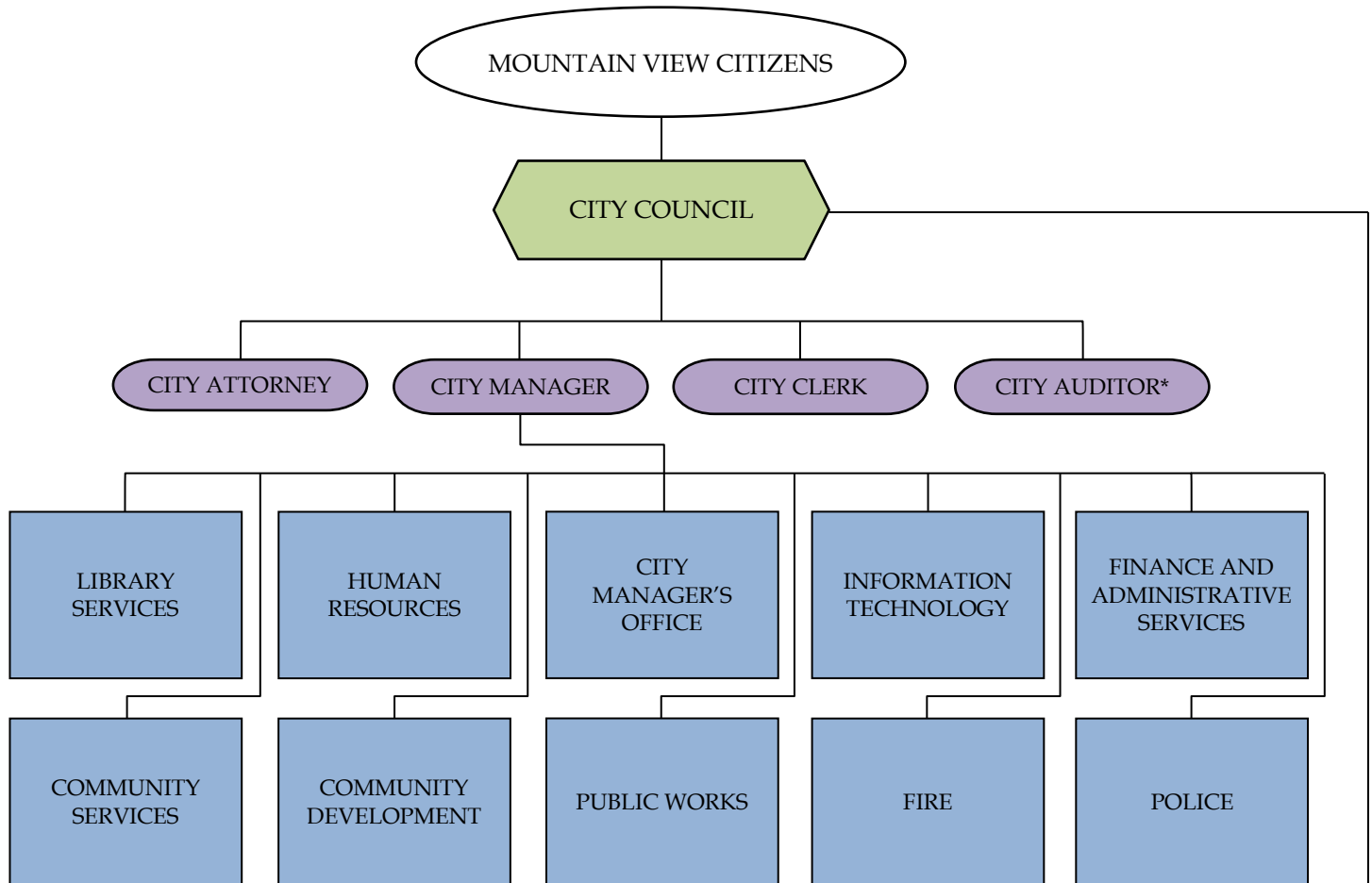
John R. Marchant, Community Services Director

Tracy Gray, Library Services Director

Juan F. Diaz, Fire Chief

Chris Hsiung, Police Chief

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 Commission
Rental Housing Committee

Non-Charter

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

* Finance and Administrative Services Director serves as City Auditor.



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, 2020

Christopher P. Morill

Executive Director/CEO

This page intentionally left blank



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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, 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.

Emphasis of a Matter

As discussed in Note 1(J) to the financial statements, as of July 1, 2020, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Macias Gini E O'Connell LPA". The signature is written in a cursive, flowing style.

Walnut Creek, California
November 16, 2021

This page intentionally left blank

CITY OF MOUNTAIN VIEW, CALIFORNIA
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Fiscal Year Ended June 30, 2021

This section of the City of Mountain View's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. 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, 2021 by \$1.23 billion (net position).
- The City's total net position increased by \$68.0 million compared to the \$99.3 million increase in the prior fiscal year. This is primarily attributable to increased property taxes, resulting from the continued strength in the residential and commercial real estate markets as evidenced by another year of strong growth in assessed values.
- Total revenues for governmental funds are \$285.4 million, a decrease of \$39.7 million and 12.2% over the prior fiscal year. Revenues decreased primarily due to decreased investment income resulting from fair value adjustments, a reduction in developer fees and contributions, and decreased sales and other taxes due to the impact of the COVID-19 pandemic.
- Expenditures for governmental funds totaled \$219.8 million, a decrease of \$16.9 million and 7.2% over the prior fiscal year, primarily related to the City's prior year's contribution of Park Land Dedication funds for shared open space facilities at a new school site in conjunction with a development agreement.
- Overall, governmental fund revenues exceeded expenditures by \$65.5 million, excluding transfers. More details are discussed below.
- As of June 30, 2021, the City's governmental funds reported combined ending fund balances of \$830.8 million. Approximately 8.2% of this amount, \$67.8 million, represents an 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 was is \$67.8 million, or 44.7% of total General Fund expenditures for the fiscal year ended June 30, 2021, an increase of 14.1% over the prior fiscal year.
- The City's total noncurrent liabilities decreased by \$3.2 million compared with the prior fiscal year due to the scheduled retirement of debt during the normal course of business.

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 are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. This report also contains required and 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 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 ACFR.

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 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 fiduciary activities and resources held for the benefit of individuals, organizations, or other governments that are not part of 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.

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 accounting principles generally accepted in the United States of America. Two fiscal years of financial information and a comparative analysis of government-wide data are included in this MD&A.

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)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current and other assets	\$ 953,609	863,652	134,655	125,711	1,088,264	989,363
Capital assets	<u>485,944</u>	<u>487,724</u>	<u>96,581</u>	<u>98,554</u>	582,525	586,278
Total assets	<u>1,439,553</u>	<u>1,351,376</u>	<u>231,236</u>	<u>224,265</u>	1,670,789	1,575,641
Deferred outflows of resources:						
Pension items	35,692	36,776	3,478	3,496	39,170	40,272
OPEB Items	<u>9,426</u>	<u>13,186</u>	<u>329</u>	<u>879</u>	9,755	14,065
Total deferred outflows of resources	<u>45,118</u>	<u>49,962</u>	<u>3,807</u>	<u>4,375</u>	48,925	54,337
Liabilities:						
Current and other liabilities	64,654	37,062	5,700	6,242	70,354	43,304
Noncurrent liabilities	<u>368,476</u>	<u>363,717</u>	<u>37,168</u>	<u>38,319</u>	405,644	402,036
Total liabilities	<u>433,130</u>	<u>400,779</u>	<u>42,868</u>	<u>44,561</u>	475,998	445,340
Deferred inflows of resources:						
Pension items	-	3,784	-	418	-	4,202
OPEB items	<u>9,869</u>	<u>14,548</u>	<u>-</u>	<u>-</u>	9,869	14,548
Total deferred inflows of resources	<u>9,869</u>	<u>18,332</u>	<u>-</u>	<u>418</u>	9,869	18,750
Net position:						
Net investment in capital assets	467,855	467,378	86,020	89,969	553,875	557,347
Restricted	<u>562,840</u>	<u>516,825</u>	<u>-</u>	<u>-</u>	562,840	516,825
Unrestricted	<u>10,977</u>	<u>(1,976)</u>	<u>106,155</u>	<u>93,692</u>	117,132	91,716
Total net position	<u>\$ 1,041,672</u>	<u>982,227</u>	<u>192,175</u>	<u>183,661</u>	1,233,847	1,165,888

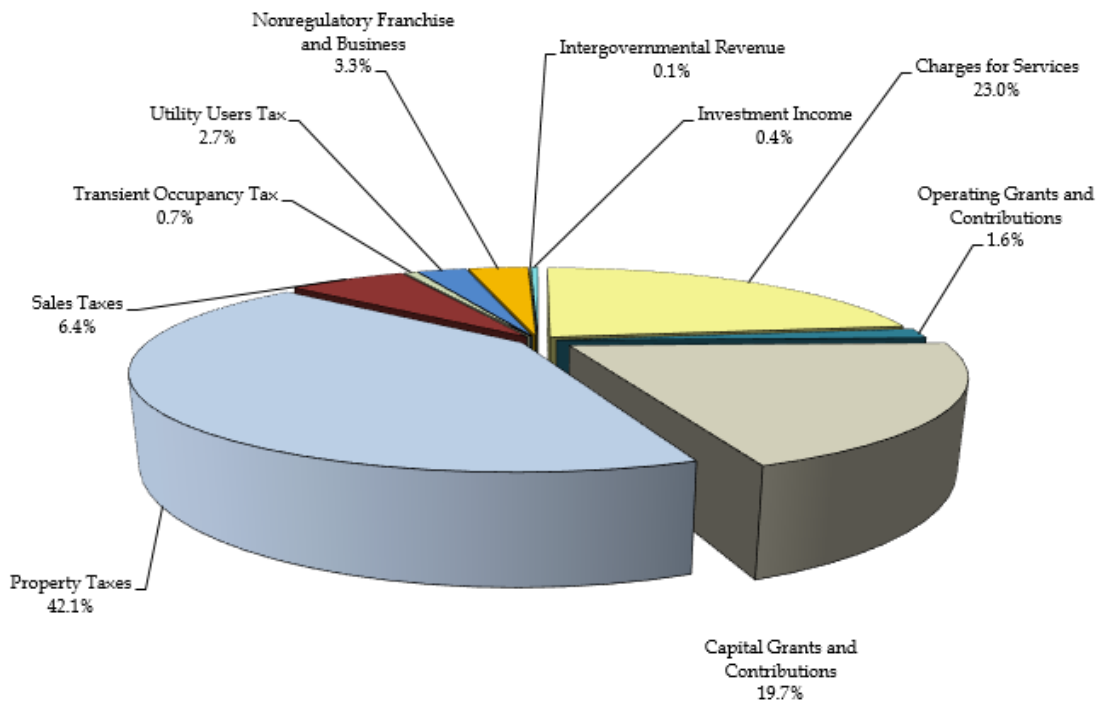
The largest portion (45.6%) of the City's net position, or \$562.8 million, represents resources that are subject to external restrictions on how they may be used. An additional 44.9% of the City's net position, or \$553.9 million, reflects its investment in capital assets (e.g., land, buildings, other 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 its residents 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. The last portion of the City's net position, \$117.1 million (9.5%), represents unrestricted net position.

Analysis of Statement of Activities

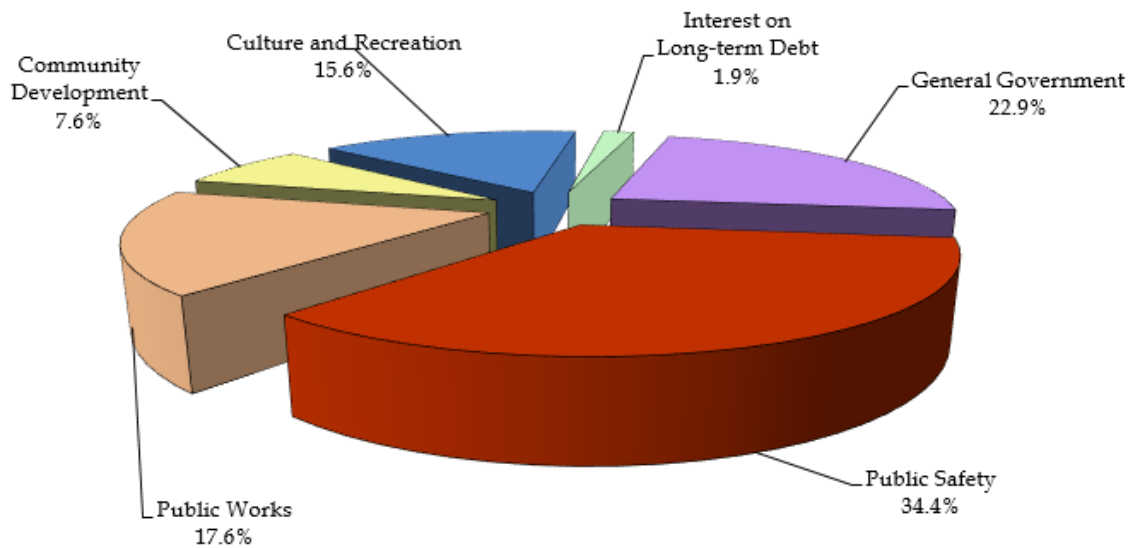
The changes in net position for governmental and business-type activities are as follows:

	(Dollars in Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 65,311	63,599	75,898	79,779	141,209	143,378
Operating grants and contributions	4,572	6,637	-	-	4,572	6,637
Capital grants and contributions	56,217	81,176	5,033	5,014	61,250	86,190
General Revenues:						
Property taxes	119,678	107,192	-	-	119,678	107,192
Sales taxes	18,284	19,792	-	-	18,284	19,792
Transient occupancy tax	1,918	5,602	-	-	1,918	5,602
Utility users tax	7,654	7,870	-	-	7,654	7,870
Nonregulatory franchise and busine	9,408	7,886	-	-	9,408	7,886
Intergovernmental revenue	242	245	-	-	242	245
Investment income	1,056	33,613	(24)	2,364	1,032	35,977
Total revenues	284,340	333,612	80,907	87,157	365,247	420,769
Expenses:						
General government	51,531	48,167	-	-	51,531	48,167
Public safety	77,385	76,853	-	-	77,385	76,853
Public works	39,487	40,789	-	-	39,487	40,789
Community development	17,143	20,423	-	-	17,143	20,423
Culture and recreation	35,164	58,221	-	-	35,164	58,221
Interest on long-term debt	4,176	4,278	-	-	4,176	4,278
Water	-	-	36,982	37,522	36,982	37,522
Wastewater	-	-	21,847	20,109	21,847	20,109
Solid Waste	-	-	13,573	15,077	13,573	15,077
Total expenses	224,886	248,731	72,402	72,708	297,288	321,439
Change in net position before transfers	59,454	84,881	8,505	14,449	67,959	99,330
Transfers, net	(9)	(687)	9	687	-	-
Change in net position	59,445	84,194	8,514	15,136	67,959	99,330
Beginning net position	982,227	898,033	183,661	168,525	1,165,888	1,066,558
Ending net position	<u>\$ 1,041,672</u>	<u>982,227</u>	<u>192,175</u>	<u>183,661</u>	<u>1,233,847</u>	<u>1,165,888</u>

Governmental Activities Revenues by Source



Governmental Activities Expenses by Type



The City's overall net position increased by \$68.0 million during the current fiscal year.

Governmental activities increased the City's net position by \$59.4 million compared to \$84.2 million for the prior fiscal year. Key factors are as follows:

- Total revenues decreased to \$284.3 million, \$49.3 million or 14.8% lower than the prior fiscal year. Investment income decreased \$32.6 million due to lower interest earnings related to reduced Federal interest rate and a reduction in fair value of the investment portfolio. Capital grants and contributions decreased \$25.0 million, primarily related to a one-time park land dedication contribution of \$33.0 million in the prior year. However, property taxes increased \$12.5 million over the prior fiscal year due to the continued strength in the residential and commercial real estate markets that continued to experience strong growth in assessed values.
- Total expenses decreased to \$224.9 million, \$23.8 million or 9.6% lower than the prior fiscal year, primarily due to a contribution of Park Land Dedication funds for shared open space facilities at a new school site in conjunction with a development agreement in the prior fiscal year.

Business-type activities increased the City's net position by \$8.5 million. Key factors for this increase are as follows:

- Water net position increased by \$3.8 million, primarily due to net operating income of \$1.8 million, and developer capital contribution of \$2.2 million.
- Wastewater net position increased by \$3.7 million, primarily due to net operating income of \$1.5 million and developer capital contribution of \$2.5 million.
- Solid waste net position increased by \$1.0 million, mainly due to net operating income of \$1.2 million.

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.

At June 30, 2021, the City's governmental funds reported combined ending fund balances of \$830.8 million, an increase of \$62.4 million in comparison to the prior fiscal year. The components for the change are increases of \$8.0 million in the General Fund, \$16.4 million in the Shoreline Regional Park Community Fund, \$9.3 million in the Housing Fund, \$22.3 million in the Park Land Dedication Capital Projects Fund, and \$10.3 million in Other Governmental Funds, offset by a decrease of \$4.0 million in the General Capital Projects Fund.

For the General Fund, revenues continued to exceed expenditures due, in large part, to the growth in property taxes, offset by a decrease in developer fees and contributions and decrease in sales taxes impacted by the COVID-19 pandemic. The increase in the Shoreline Regional Park Community Fund is due primarily to growth in property taxes. Decreases in the General Capital Projects Fund are due to decreased transfers from other funds as well as decreased investment income. The increases in the Housing Fund and the Park Land Dedication Capital Projects Fund resulted from development-related fees generated from development activities.

Total fund balance is comprised of unassigned fund balance of \$67.8 million and is available for spending at the City's discretion. The remainder of the fund balance is nonspendable (\$21.4 million), restricted (\$633.3 million), committed (\$104.3 million), and assigned (\$4.0 million), none of which is available for new discretionary spending. The restricted fund balance increased to \$633.3 million, or \$46.9 million over the prior fiscal year, as a result of the fund balances increasing in restricted funds due to factors mentioned above.

Total revenues for governmental funds were \$285.4 million, representing a decrease of \$39.7 million from the prior fiscal year. This decrease was primarily related to decreased investment income and developer fees and contributions, offset in part by higher property taxes. Total expenditures for governmental funds were \$219.8 million, a decrease of \$16.9 million from the prior fiscal year. The decrease was primarily due to a \$23.0 million contribution of Park Land Dedication funds for acquisition of open space in conjunction with a development agreement in the prior year. Revenues for governmental funds exceeded expenditures by \$65.5 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. At June 30, 2021, the unassigned fund balance is \$67.8 million, \$8.4 million more than the prior fiscal year.

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 \$67.8 million represents 42.4% of total fund balance, 44.7% of fund

expenditures of \$151.6 million, while total fund balance represents 105.5% of that same amount. These percentages are comparable to the prior fiscal year.

The fund balance of the City's General Fund increased by \$8.0 million during the current fiscal year. Total General Fund revenues decreased to \$165.6 million, a decrease of \$11.7 million over the prior fiscal year. The decrease is primarily due to a decrease in developer fees and contributions, a decrease in investment income as well as decreases in sales and other taxes impacted by COVID-19 pandemic, offset in part by increased property taxes.

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

Revenues are \$52.9 million for the fiscal year ended June 30, 2021, an increase of \$1.7 million over the prior fiscal year. Revenues increased due to higher property taxes resulting from higher assessed values and ongoing development.

Expenditures are \$24.9 million compared to \$23.8 million in the prior fiscal year. Of this amount, \$19.8 million was expended on general government and \$3.6 million on culture and recreation, which are comparable to the prior fiscal year.

In addition, \$13.8 million was transferred out for capital improvement projects and debt service payments. The fund balance as of June 30, 2021 of \$54.1 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 \$11.1 million for the fiscal year ended June 30, 2021, a \$4.8 million decrease from the prior fiscal year. This was caused by reduced levels of development activity resulting from the COVID-19 pandemic that delayed the processing and approval of development projects. The fund balance of \$144.3 million is available for increasing the supply of affordable housing.

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

Revenues are \$2.4 million for the fiscal year ended June 30, 2021, a decrease of \$11.8 million from the prior fiscal year, primarily due to decreased investment income that resulted from lower interest earnings and reduction of fair value of investment portfolio.

Expenditures are \$29.1 million, which is \$5.5 million more than the prior fiscal year. These funds were expended on capital outlay projects, including: the Shoreline Bus Lane Property Acquisition, City Hall/Center for the Performing Arts Roof Repair, and Rengstorff Park Aquatics Center Replacement Design. The fund balance of \$274.6 million is available to fund 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 \$31.6 million for the fiscal year ended June 30, 2021, a decrease of \$8.1 million from the prior fiscal year. The decrease was primarily due to a one-time \$33 million developer contribution of park dedication in-lieu fees received in the prior year offset by the receipt of other developer contributions for the current year.

There was no expenditure incurred in current year. The fund balance of \$98.5 million is available 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 \$49.3 million, \$43.7 million, and \$13.2 million, respectively. The total increase in net position for the enterprise funds from the prior fiscal year is \$8.5 million. Water Fund’s revenue of \$38.2 million and expenses of \$36.3 million as well as Wastewater Fund’s expenses of \$21.4 million, changed minimally when compared to the prior year. Wastewater Fund’s revenue decreased by \$2.9 million from the prior year to \$23.0 million, Solid Waste Fund’s revenues decreased by \$1.1 million from the prior year to \$14.7 million, and expenses decreased by \$1.5 million from the prior year to \$13.6 million, mainly due to the impact of the COVID-19 pandemic, which led to decreases in usage of services. The internal service funds, which are used to account for certain governmental activities, have an unrestricted net position of \$46.4 million at June 30, 2021. Factors concerning the finances of the enterprise funds have also been addressed previously in the discussion of the City’s business-type activities.

Fiduciary Funds – The City maintains fiduciary funds for fiduciary activities and assets held by the City in custodial capacity for the benefit of agencies outside of the City or employees. As of June 30, 2021, the assets of the custodial funds totaled \$0.5 million, comparable to the prior year. Upon the implementation of GASB No. 84, *Fiduciary Activities*, the City evaluated all funds and activities in accordance with the statement and determined that payroll, Education Enhancement Reserve Joint Powers Agreement, and lease activities previously reported agency funds should be reported in the primary government. Please refer to Note 1 for details.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund differences between the original Fiscal Year 2020-21 budget and the final amended budget resulted in an increase of \$6.9 million in budgeted revenue (primarily related to Other Revenues and Charges for Services) and an \$18.3 million increase in expenditure appropriations. Approximately \$8.1 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 \$2.1 million of appropriations was established for the payment for building inspection, fire plan checking contract services related to development activity, which are cost-recovered by fees from the developers. An additional \$1.8 million of appropriations was made in the Transportation Reserve for Mountain View Community Shuttle operations. In addition, \$2.1 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 actual revenues are \$2.5 million or 1.5% lower than the final amended budget for the fiscal year. The variance is primarily due to decreased charges for services, sales taxes, other taxes, and fines and forfeitures as a result of the impact of COVID-19 pandemic, offset in part by increases in property taxes. Actual expenditures for the General Fund are \$29.4 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 that were more pronounced due to the impact of the COVID-19 pandemic on the City's operations. The effect of the underutilization of appropriations contributed to the positive net change in fund balances compared to budget of \$29.9 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, 2021 amount to \$582.5 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 decrease in the City's capital assets as of June 30, 2021, is \$3.8 million or 0.6%.

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

Capital Assets (Dollars in Thousands)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 110,311	110,311	220	220	110,531	110,531
Construction in progress	61,465	46,038	17,859	26,600	79,324	72,638
Buildings	188,468	188,468	8,748	8,748	197,216	197,216
Improvements other than buildings	220,007	213,276	164,640	152,027	384,647	365,303
Machinery and equipment	41,540	40,018	8,516	8,331	50,056	48,349
Traffic signals	15,378	14,848	-	-	15,378	14,848
Streetlights	10,535	10,165	-	-	10,535	10,165
Bridges and culverts	18,440	18,440	-	-	18,440	18,440
Sidewalks, curbs and gutters	115,170	114,378	-	-	115,170	114,378
Streets and roads	278,714	278,155	-	-	278,714	278,155
Less accumulated depreciation	(574,084)	(546,373)	(103,402)	(97,372)	(677,486)	(643,745)
	<u>\$ 485,944</u>	<u>487,724</u>	<u>96,581</u>	<u>98,554</u>	<u>582,525</u>	<u>586,278</u>

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

- Total capital assets decreased by \$3.8 million due to a net increase in assets of \$30.0 million, offset by a \$33.8 million net increase in accumulated depreciation.
- Total construction in progress increased by \$6.7 million. Some of the major projects worked on and/or completed during the year included: Leong Drive Water/Sewage Mains Replacement Construction, Immediate Repairs Sewage Pump Station and Shoreline Bus Lane Property Acquisition.

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

Debt Administration

As of June 30, 2021, the City had \$156.3 million of outstanding noncurrent liabilities related to governmental activities and \$16.2 million related to business-type activities, for a total of \$172.6 million. Noncurrent liabilities outstanding as of June 30, 2021, with a comparison to prior year and the net change, are as follows:

Debt Outstanding (Dollars in Thousands)			
	2021	2020	Net Change
Revenue bonds	\$ 93,554	95,756	(2,202)
Special assessment debt	-	12	(12)
Compensated absences	12,765	11,117	1,648
Landfill containment	41,564	41,071	493
Claims liabilities	8,452	10,205	(1,753)
Total governmental activities debt	156,335	158,161	(1,826)
Business-type activities	16,221	17,599	(1,378)
Total	<u>\$ 172,556</u>	<u>175,760</u>	<u>(3,204)</u>

The decreases to noncurrent liabilities were primarily due to the scheduled retirement of debt during the normal course of business.

The City Charter limits bonded indebtedness for General Obligation bonds to 15.0% 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, 2021 and has maintained its underlying “AAA” issuer credit rating from Standard & Poor’s since July 2014.

Additional information regarding the City’s noncurrent liabilities is discussed in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

- The City’s revenues were negatively impacted by the COVID-19 pandemic. Sales Tax revenue, Transient Occupancy Tax (TOT) revenues, Use of Money and Property revenues, and Charges for Services revenues continue to be the most impacted. Property Taxes revenue performed better than projected including the receipt of Excess Educational Revenue Augmentation Fund (ERAF) that was not budgeted.

- Overall, excluding Excess ERAF, property taxes for the City is expected to increase slightly in the upcoming fiscal year based on increases in property taxes from new development, changes in ownership, and the 1.036% increase in assessed values due to the positive California Consumer Price Index.
- Sales taxes are expected to slightly increase due to some recovery from the pandemic.
- Other taxes, comprised of Transient Occupancy Tax, Business License, and Utility Users Tax, are anticipated to increase in Fiscal Year 2021-22 due to expected increases resulting from the third and final year of a three-year phase-in of the Business License Tax restructuring and some recovery from the pandemic for Transient Occupancy Tax.
- Average increases in potable water, wastewater, and solid waste rates of 1.0%, 6.0%, and 4.0%, respectively, have been adopted for Fiscal Year 2021-22 to recover the costs of providing those services. All of the rate increases are effective starting July 1, 2021.

All of these factors were considered in preparing the City's budget for Fiscal Year 2021-22.

The COVID-19 pandemic continues to impact the City's operations. The City cannot predict the duration or magnitude of the adverse impact of the pandemic or its effects on the City or results of operations.

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 financeadmin@mountainview.gov.

CITY OF MOUNTAIN VIEW
Statement of Net Position
June 30, 2021
(Dollars in Thousands)

	Primary Government		
	Governmental	Business-	
	Activities	type	
		Activities	Total
Assets:			
Cash and investments	\$ 773,241	73,909	847,150
Restricted cash and investments	81,164	4,553	85,717
Receivables:			
Accounts	3,232	14,918	18,150
Taxes	4,267	-	4,267
Special assessments	-	-	-
Interest	2,889	445	3,334
Loans and notes	107,685	-	107,685
Internal balances	(40,830)	40,830	-
Inventory	808	-	808
Deposits and prepaid items	21,153	-	21,153
Capital assets:			
Nondepreciable	171,776	18,079	189,855
Depreciable, net of accumulated depreciation	314,168	78,502	392,670
Total assets	1,439,553	231,236	1,670,789
Deferred outflows of resources:			
Pension items	35,692	3,478	39,170
OPEB items	9,426	329	9,755
Total deferred outflows of resources	45,118	3,807	48,925
Liabilities:			
Accounts payable and accrued liabilities	20,263	5,320	25,583
Interest payable	1,825	-	1,825
Refundable deposits	8,703	380	9,083
Unearned revenue	33,863	-	33,863
Noncurrent and other liabilities			
Due within one year:			
Long-term liabilities	7,181	1,454	8,635
Due in more than one year:			
Long-term liabilities	149,154	14,767	163,921
Net pension liability	207,094	20,618	227,712
Net OPEB liability	5,047	329	5,376
Total liabilities	433,130	42,868	475,998
Deferred inflows of resources:			
OPEB items	9,869	-	9,869
Net position:			
Net investment in capital assets	467,855	86,020	553,875
Restricted for:			
Capital projects	289,796	-	289,796
Debt service	45	-	45
Low and moderate income housing	163,604	-	163,604
Shoreline Regional Park Community	51,840	-	51,840
Grants and regulations	57,555	-	57,555
Unrestricted	10,977	106,155	117,132
Total net position	\$ 1,041,672	192,175	1,233,847

CITY OF MOUNTAIN VIEW
Statement of Activities
For the Fiscal Year Ended June 30, 2021
(Dollars in Thousands)

Function/Program Activities:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 51,531	43,087	1,063	-
Public safety	77,385	801	88	-
Public works	39,487	3,397	3,327	11,501
Community development	17,143	13,123	-	14,134
Culture and recreation	35,164	4,903	94	30,582
Interest on long-term debt	4,176	-	-	-
Total governmental activities	224,886	65,311	4,572	56,217
Business-type activities:				
Water	36,981	38,205	-	2,470
Wastewater	21,848	22,962	-	2,563
Solid Waste	13,573	14,731	-	-
Total business-type activities	72,402	75,898	-	5,033
Total primary government	\$ 297,288	141,209	4,572	61,250
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				

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business- type Activities	Total
(7,381)	-	(7,381)
(76,496)	-	(76,496)
(21,262)	-	(21,262)
10,114	-	10,114
415	-	415
(4,176)	-	(4,176)
(98,786)	-	(98,786)
-	3,694	3,694
-	3,677	3,677
-	1,158	1,158
-	8,529	8,529
(98,786)	8,529	(90,257)
119,678	-	119,678
18,284	-	18,284
1,918	-	1,918
7,654	-	7,654
9,408	-	9,408
242	-	242
1,056	(24)	1,032
(9)	9	-
158,231	(15)	158,216
59,445	8,514	67,959
982,227	183,661	1,165,888
1,041,672	192,175	1,233,847

CITY OF MOUNTAIN VIEW
Governmental Funds
Balance Sheet
June 30, 2021
(Dollars in Thousands)

		Shoreline Regional Park	
	General	Community	Housing
Assets:			
Cash and investments	\$ 191,169	55,786	74,312
Restricted cash and investments	-	2,264	4,714
Receivables:			
Accounts	2,772	33	-
Taxes	4,267	-	-
Interest	928	604	364
Loans and notes	2,033	-	76,743
Inventory	748	-	-
Deposits and prepaid items	3,544	-	-
Total assets	<u>\$ 205,461</u>	<u>58,687</u>	<u>156,133</u>
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable and accrued liabilities	11,092	4,517	17
Refundable deposits	5,882	16	1,845
Unearned revenue	28,469	50	4,984
Advances from other funds	-	-	-
Total liabilities	<u>45,443</u>	<u>4,583</u>	<u>6,846</u>
Deferred inflows of resources:			
Unavailable revenues	-	-	5,016
Fund balances:			
Nonspendable	4,292	-	-
Restricted	437	54,104	144,271
Committed	83,453	-	-
Assigned	4,044	-	-
Unassigned	67,792	-	-
Total fund balances	<u>160,018</u>	<u>54,104</u>	<u>144,271</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 205,461</u>	<u>\$ 58,687</u>	<u>\$ 156,133</u>

General Capital Projects	Park Land Dedication Capital Projects	Other Governmental Funds	Total Governmental Funds
252,929	81,042	64,155	719,393
66,701	-	6,510	80,189
-	-	427	3,232
-	-	-	4,267
-	415	361	2,672
-	-	28,909	107,685
-	-	60	808
-	17,000	609	21,153
319,630	98,457	101,031	939,399
4,197	-	365	20,188
-	-	960	8,703
-	-	360	33,863
40,830	-	-	40,830
45,027	-	1,685	103,584
-	-	-	5,016
-	17,000	60	21,352
274,603	81,457	78,417	633,289
-	-	20,869	104,322
-	-	-	4,044
-	-	-	67,792
274,603	98,457	99,346	830,799
\$ 319,630	\$ 98,457	101,031	939,399

This page intentionally left blank

CITY OF MOUNTAIN VIEW

**Reconciliation of the Balance Sheet of Governmental Funds to the
Government-wide Statement of Net Position - Governmental Activities**

June 30, 2021

(Dollars in Thousands)

Fund balances - total governmental funds	\$ 830,799
--	------------

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.	485,941
---	---------

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.	46,374
---	--------

Long-term receivables are not available to pay for current period expenditures and, therefore, are considered unavailable on the modified accrual basis of accounting.	5,016
--	-------

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.	(1,825)
--	---------

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	45,118
Deferred inflows of resources	(9,869)

Noncurrent 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	\$ (207,094)
Net OPEB liability	(5,047)
Bonds and loans payable	(93,554)
Landfill containment	(41,564)
Compensated absences	(12,623)
	(359,882)

Net position of governmental activities	\$ 1,041,672
---	--------------

CITY OF MOUNTAIN VIEW
Governmental Funds
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021
(Dollars in Thousands)

		Shoreline Regional Park Community	Housing
	General		
Revenues:			
Property taxes	\$ 66,625	51,943	-
Sales taxes	18,284	-	-
Other taxes	13,717	-	-
Licenses, permits and fees	12,515	-	-
Fines and forfeitures	312	-	-
Use of money and property	21,615	871	(638)
Intergovernmental	1,832	15	-
Charges for services	22,847	28	150
Developer fees and contributions	1,378	27	11,594
Other	6,478	40	14
Total revenues	165,603	52,924	11,120
Expenditures:			
Current:			
General government	29,475	19,843	-
Public safety	71,211	161	-
Public works	17,456	1,063	-
Community development	12,054	235	2,137
Culture and recreation	20,851	3,625	-
Capital outlay	585	21	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	151,632	24,948	2,137
Excess (deficiency) of revenues over (under) expenditures	13,971	27,976	8,983
Other financing sources (uses):			
Transfers in	3,776	2,294	665
Transfers out	(9,741)	(13,837)	(353)
Total other financing sources (uses)	(5,965)	(11,543)	312
Net change in fund balances	8,006	16,433	9,295
Fund balances, beginning of year	152,012	37,671	134,976
Fund balances, end of year	\$ 160,018	54,104	144,271

General Capital Projects	Park Land Dedication Capital Projects	Other Governmental Funds	Total Governmental Funds
-	-	1,110	119,678
-	-	-	18,284
-	-	8,725	22,442
-	-	6	12,521
-	-	-	312
(53)	983	55	22,833
1,912	-	4,492	8,251
-	-	4,617	27,642
-	30,582	2,309	45,890
555	-	422	7,509
2,414	31,565	21,736	285,362
-	-	223	49,541
-	-	207	71,579
-	-	29	18,548
-	-	2,402	16,828
-	-	2,716	27,192
29,079	-	14	29,699
-	-	1,997	1,997
-	-	4,437	4,437
29,079	-	12,025	219,821
(26,665)	31,565	9,711	65,541
36,828	380	14,967	58,910
(14,127)	(9,643)	(14,340)	(62,041)
22,701	(9,263)	627	(3,131)
(3,964)	22,302	10,338	62,410
278,567	76,155	89,008	768,389
274,603	98,457	99,346	830,799

This page intentionally left blank

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, 2021
(Dollars in Thousands)**

Net change in fund balances - total governmental funds		\$ 62,410
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	\$ 26,533	
Donated assets received	160	
Capital assets retirements	(29)	
Depreciation	<u>(28,440)</u>	(1,776)
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.		(1,052)
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.		31,994
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.		(34,960)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		1,997
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	217	
Change in accrued interest payable	44.00	
Change in landfill containment	(493.00)	
Change in compensated absences	<u>(1,620)</u>	(1,852)
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.		<u>2,684</u>
Change in net position of governmental activities		<u>\$ 59,445</u>

This page intentionally left blank

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, 2021
(Dollars in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Property taxes	\$ 57,207	57,207	66,625	9,418
Sales taxes	19,604	19,604	18,284	(1,320)
Other taxes	17,237	17,237	13,717	(3,520)
Licenses, permits and fees	13,009	13,009	12,515	(494)
Fines and forfeitures	803	803	312	(491)
Use of money and property	25,929	25,929	21,615	(4,314)
Intergovernmental	703	703	1,832	1,129
Charges for services	24,001	26,897	22,847	(4,050)
Developer fees and contributions	800	800	1,378	578
Other	1,894	5,875	6,478	603
Total revenues	161,187	168,064	165,603	(2,461)
Expenditures:				
Current:				
General government:				
City council	408	420	235	185
City clerk	1,113	1,123	892	231
City attorney	2,547	2,624	2,130	494
City manager	8,150	11,349	9,040	2,309
Information technology	6,477	6,767	5,631	1,136
Finance and administrative services	11,349	13,908	11,547	2,361
Public safety:				
Fire	28,784	31,125	30,258	867
Police	45,534	45,947	40,953	4,994
Public works	16,858	21,495	17,456	4,039
Community development	13,691	17,167	12,054	5,113
Culture and recreation:				
Community services	18,475	18,877	15,412	3,465
Library services	6,810	7,107	5,439	1,668
Capital outlay	2,598	3,158	585	2,573
Total expenditures	162,794	181,067	151,632	29,435
Excess (deficiency) of revenues over (under) expenditures	(1,607)	(13,003)	13,971	26,974
Other financing sources (uses):				
Transfers in	1,916	1,916	3,776	1,860
Transfers out	(9,984)	(10,769)	(9,741)	1,028
Total other financing sources (uses)	(8,068)	(8,853)	(5,965)	2,888
Net change in fund balance	\$ (9,675)	(21,856)	8,006	29,862
Fund balance, beginning of year			152,012	
Fund balance, end of year			\$ 160,018	

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, 2021
(Dollars in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 46,648	46,648	51,943	5,295
Use of money and property	2,082	2,082	871	(1,211)
Intergovernmental	-	-	15	15
Charges for services	55	55	28	(27)
Developer fees and contributions	-	-	27	27
Other	34	34	40	6
	<u>48,819</u>	<u>48,819</u>	<u>52,924</u>	<u>4,105</u>
Total revenues				
Expenditures:				
Current:				
General government:				
City attorney	10	10	-	10
Finance and administrative services	19,514	19,862	19,843	19
Public safety:				
Fire	169	170	161	9
Police	40	40	-	40
Public works	1,305	1,338	1,063	275
Community development	528	655	235	420
Culture and recreation:				
Community services	4,512	4,705	3,625	1,080
Capital outlay	37	37	21	16
	<u>26,115</u>	<u>26,817</u>	<u>24,948</u>	<u>1,869</u>
Total expenditures				
Excess of revenues over expenditures	<u>22,704</u>	<u>22,002</u>	<u>27,976</u>	<u>5,974</u>
Other financing sources (uses):				
Transfers in	-	-	2,294	2,294
Transfers out	<u>(10,743)</u>	<u>(13,965)</u>	<u>(13,837)</u>	<u>128</u>
Total other financing sources (uses)	<u>(10,743)</u>	<u>(13,965)</u>	<u>(11,543)</u>	<u>2,422</u>
Net change in fund balance	<u>\$ 11,961</u>	<u>8,037</u>	<u>16,433</u>	<u>8,396</u>
Fund balance, beginning of year			<u>37,671</u>	
Fund balance, end of year			<u>\$ 54,104</u>	

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, 2021
(Dollars in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 1,726	1,726	(638)	(2,364)
Charges for services	-	-	150	150
Developer fees and contributions	-	-	11,594	11,594
Other	-	-	14	14
Total revenues	<u>1,726</u>	<u>1,726</u>	<u>11,120</u>	<u>9,394</u>
Expenditures:				
Current:				
Community development	<u>1,858</u>	<u>16,741</u>	<u>2,137</u>	<u>14,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132)</u>	<u>(15,015)</u>	<u>8,983</u>	<u>23,998</u>
Other financing uses:				
Transfers in	469	469	665	196
Transfers out	<u>(3)</u>	<u>(353)</u>	<u>(353)</u>	<u>-</u>
Total other financing uses	<u>466</u>	<u>116</u>	<u>312</u>	<u>196</u>
Net change in fund balance	<u>\$ 334</u>	<u>(14,899)</u>	<u>9,295</u>	<u>24,194</u>
Fund balance, beginning of year			<u>134,976</u>	
Fund balance, end of year			<u>\$ 144,271</u>	

CITY OF MOUNTAIN VIEW
Proprietary Funds
Statement of Net Position
June 30, 2021
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Solid Waste
Assets:			
Current assets:			
Cash and investments	\$ 33,847	26,745	13,317
Restricted cash and investments	-	4,553	-
Receivables:			
Accounts	6,281	4,530	4,107
Interest	224	162	59
Deposits and prepaid items	-	-	-
Total current assets	40,352	35,990	17,483
Noncurrent assets:			
Advance to other funds	22,425	17,478	927
Capital assets:			
Nondepreciable	9,236	8,227	616
Depreciable, net of accumulated depreciation	49,024	27,214	2,264
Total noncurrent assets	80,685	52,919	3,807
Total assets	121,037	88,909	21,290
Deferred outflows of resources:			
Pension items	1,802	985	691
OPEB items	178	97	54
Total deferred outflows of resources	1,980	1,082	745
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	4,009	50	1,261
Refundable deposits	380	-	-
Current portion of accrued compensated absences	109	55	40
Current portion of accrued self-insurance costs	-	-	-
Current portion of revenue bonds	440	-	-
Current portion of loans payable	250	560	-
Total current liabilities	5,188	665	1,301
Noncurrent liabilities:			
Noncurrent portion of accrued compensated absences	349	335	219
Noncurrent portion of accrued self-insurance costs	-	-	-
Noncurrent portion of revenue bonds	3,695	-	-
Noncurrent portion of loans payable	1,750	8,419	-
Net pension liability	10,467	5,757	4,394
Net OPEB liability	178	97	54
Total liabilities	21,627	15,273	5,968
Net position:			
Net investment in capital assets	52,125	31,015	2,880
Unrestricted	49,265	43,703	13,187
Total net position	\$ 101,390	74,718	16,067

Business-type Activities - Enterprise Funds Total	Governmental Activities - Internal Service Funds
73,909	53,848
4,553	975
14,918	-
445	217
-	-
93,825	55,040
40,830	-
18,079	-
78,502	3
137,411	3
231,236	55,043
3,478	-
329	-
3,807	-
5,320	75
380	-
204	18
-	2,837
440	-
810	-
7,154	2,930
903	124
-	5,615
3,695	-
10,169	-
20,618	-
329	-
42,868	8,669
86,020	3
106,155	46,371
192,175	46,374

CITY OF MOUNTAIN VIEW
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Solid Waste
Operating revenues:			
Charges for services	\$ 36,386	22,261	14,453
Other	1,819	701	278
Total operating revenues	38,205	22,962	14,731
Operating expenses:			
Salaries and related expenses	7,230	3,901	2,842
Insurance claims and premiums	-	-	-
Cost of sales and services	21,251	12,215	8,293
General and administrative	3,252	3,184	2,095
Depreciation	4,634	2,147	343
Total operating expenses	36,367	21,447	13,573
Operating income (loss)	1,838	1,515	1,158
Nonoperating revenues (expenses):			
Investment income	56	(105)	25
Interest expense	(251)	(309)	-
Loss on disposal of capital assets	(363)	(92)	-
Total nonoperating revenues (expenses)	(558)	(506)	25
Income (loss) before contributions and transfers	1,280	1,009	1,183
Capital contributions - developer fees	2,222	2,496	-
Capital contributions - other	248	67	-
Transfers in	495	1,027	20
Transfers out	(440)	(934)	(159)
Change in net position	3,805	3,665	1,044
Net position, beginning of year	97,585	71,053	15,023
Net position, end of year	\$ 101,390	74,718	16,067

Business-type Activities - Enterprise Funds Total	Governmental Activities - Internal Service Funds
73,100	12,287
2,798	457
75,898	12,744
13,973	6,568
-	2,500
41,759	-
8,531	3,980
7,124	4
71,387	13,052
4,511	(308)
(24)	(130)
(560)	-
(455)	-
(1,039)	(130)
3,472	(438)
4,718	-
315	-
1,542	4,147
(1,533)	(1,025)
8,514	2,684
183,661	43,690
192,175	46,374

CITY OF MOUNTAIN VIEW
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Solid Waste
Cash flows from operating activities:			
Cash receipts from customers	\$ 36,316	23,195	14,098
Cash paid to suppliers for goods and services	(25,098)	(15,461)	(10,278)
Cash paid to employees for services	(7,262)	(3,738)	(2,757)
Claims paid	-	-	-
Other receipts	1,828	701	278
Net cash provided by (used in) operating activities	5,784	4,697	1,341
Cash flows from noncapital financing activities			
Transfers in	495	1,027	20
Transfers out	(440)	(934)	(159)
Advances received from (paid to) other funds	(48)	1,924	55
Net cash provided by (used in) noncapital financing activities	7	2,017	(84)
Cash flows from capital and related financing activities:			
Principal payment on capital debt	(425)	-	-
Principal payment on loan payable	(300)	-	-
Principal payment on direct financing arrangement	-	(542)	-
Interest paid	(203)	(311)	-
Acquisition of capital assets	(2,179)	(2,773)	(339)
Contributions from developers	2,222	2,496	-
Net cash used in capital and related financing activities	(885)	(1,130)	(339)
Cash flows from investing activities:			
Interest received	85	(60)	25
Net cash provided by investing activities	85	(60)	25
Net increase (decrease) in cash and cash equivalents	4,991	5,524	943
Cash and cash equivalents, beginning of year	28,856	25,774	12,374
Cash and cash equivalents, end of year	<u>\$ 33,847</u>	<u>31,298</u>	<u>13,317</u>
Reconciliation of cash and cash equivalents:			
Cash and investments	\$ 33,847	26,745	13,317
Restricted cash and investments	-	4,553	-
Total cash and cash equivalents	<u>\$ 33,847</u>	<u>31,298</u>	<u>13,317</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,838	1,515	1,158
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	4,634	2,147	343
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(70)	934	(355)
Decrease (increase) in deposits and prepaid items	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(595)	(62)	110
Increase (decrease) in refundable deposits	9	-	-
Increase (decrease) in accrued compensated absences	(219)	49	9
Decrease (increase) in deferred outflows of resources - pension items	(13)	8	23
Increase (decrease) in deferred inflows of resources - pension items	(210)	(118)	(90)
Increase (decrease) in net pension liability	410	224	143
Decrease (increase) in deferred outflows of resources - OPEB items	508	26	16
Increase (decrease) in net OPEB liability	(508)	(26)	(16)
Net cash provided by (used in) operating activities	<u>\$ 5,784</u>	<u>4,697</u>	<u>1,341</u>
Supplemental disclosure of noncash capital and related financing activities:			
Receipt of capital assets contributions	\$ 248	67	-

Business-type Activities - Enterprise Funds Total	Governmental Activities - Internal Service Funds
73,609	12,744
(50,837)	(5,709)
(13,757)	(6,540)
-	(2,544)
2,807	-
11,822	(2,049)
1,542	4,147
(1,533)	(1,025)
1,931	-
1,940	3,122
(425)	-
(300)	-
(542)	-
(514)	-
(5,291)	-
4,718	-
(2,354)	-
50	(86)
50	(86)
11,458	987
67,004	53,836
78,462	54,823
73,909	53,848
4,553	975
78,462	54,823
4,511	(308)
7,124	4
509	-
-	-
(547)	(20)
9	-
(161)	28
18	-
(418)	-
777	-
550	-
(550)	-
11,822	(2,049)
315	-

CITY OF MOUNTAIN VIEW
Statement of Fiduciary Net Position
June 30, 2021
(Dollars in Thousands)

	Custodial Funds
Assets:	
Cash and investments	\$ 207
Restricted cash and investments	299
	<hr/>
Total assets	506
	<hr/>
Net Position:	
Restricted for others	\$ 506
	<hr/> <hr/>

CITY OF MOUNTAIN VIEW
Statement of Changes in Fiduciary Net Position
June 30, 2021
(Dollars in Thousands)

	Custodial Funds
Additions:	
Fees and others collected	\$ 144
Deductions:	
Distribution to others	127
Change in net position	17
Net position, beginning of year	489
Net position, end of year	\$ 506

This page intentionally left blank

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 Annual Comprehensive 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

Custodial funds - These funds are fiduciary funds used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. These include custodial balances and activities of the labor unions, flexible benefits, and Center for Performing Arts. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in separate fiduciary fund financial statements.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund 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 to first apply restricted grant resources to such programs, followed by general revenues if necessary.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 levied, 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 Sheets 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 Sheets 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

As of July 1, 2020, the City implemented the following GASB Statements:

- 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 City evaluated all funds and activities in accordance with the statement and determined that payroll, Education Enhancement Reserve Joint Powers Agreement, and lease activities previously reported as agency funds should be reported in the primary government.
- 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. Implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2021.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In October 2021, the GASB issued Statement No. 98, The Annual Comprehensive Financial Report. This statement establishes the term annual comprehensive financial report and its acronym ACFR and eliminates the prior name and acronym in generally accepted accounting principles for state and local governments. No changes were made to the report's structure or content. Implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2021.

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

- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the City's fiscal year ending June 30, 2022.
- In 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, 2022.
- In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosure. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2022.
- In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2022.
- In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2023.
- In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2023.
- In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the City's fiscal year ending June 30, 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

A. Policies

For custodial credit risk, 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 and periodically 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.

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, 2021. Cash and investments are as follows (dollars in thousands):

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 773,241	73,909	207	847,357
Restricted cash and investments	81,164	4,553	299	86,016
Total cash and investments	<u>\$ 854,405</u>	<u>78,462</u>	<u>506</u>	<u>933,373</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2021 consist of the following (dollars in thousands):

Cash on hand	\$ 14
Deposits with financial institutions	12,013
Investments	921,346
Total cash and investments	<u>\$ 933,373</u>

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.

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

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.

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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:			
LAIIF	\$ 136,540	N/A	
U.S. Treasury Obligations	361,909	2.41	
U.S. Agency Securities	233,700	2.62	
Medium-Term Notes	52,895	2.06	
Supranational Securities	50,522	1.67	
Municipal Bonds - Shoreline Regional Park Community			
2011 and 2018 Revenue Bonds	10,114	1.73	
Money Market Mutual Funds	201	N/A	
The modified duration of the City's portfolio as of			
June 30, 2021		2.00	
The modified duration of the City's portfolio as of			
June 30, 2021, excluding Shoreline Regional Park			
Community 2011 and 2018 Revenue Bonds		2.01	
Held by Bond Trustee:			
Money Market Mutual Funds	14,923	N/A	
U.S. Agency Securities	6,497		6/17/2022
U.S. Treasury Obligations	54,045		*
Total investments	<u>\$ 921,346</u>		

* \$17,999 on 9/9/2021, \$17,997 on 12/30/2021, and \$18,049 on 3/31/2022.

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, 2021, the allowed modified duration ranged from 1.77 to 2.39 years and the actual is within this range.

Investments in municipal bonds shown above represent the City's investment in the Shoreline Regional Park Community 2011 and 2018 Revenue Bonds. The balance as of June 30, 2021, is stated at amortized cost, which approximates fair value.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$193.3 billion as of June 30, 2021. Of that amount, 97.7 percent was invested in nonderivative financial products and 2.3 percent in structured notes and asset backed securities. As of June 30, 2021, LAIF has an average maturity of 291 days.

Mutual Money Market Funds investments are available for withdrawal on demand and as of June 30, 2021, 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, 2021, 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 A and AA 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 Local Agency Investment Fund were not rated as of June 30, 2021.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2021, those investments held by the City consisted of (dollars in thousands):

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal Agency Securities	\$ 84,276
Federal Home Loan Bank	Federal Agency Securities	84,171
Federal Home Loan Mortgage Association	Federal Agency Securities	65,253

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - LOANS AND NOTES RECEIVABLE

As of June 30, 2021, the City's loans and notes receivable are as follows (dollars in thousands):

CDBG Rehabilitation	\$ 95
Mid-Peninsula Support network	55
Ginzton Terrace	1,007
Project Match	132
Central Park Apartments	3,898
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	8,157
El Camino Real	18,059
Housing Trust Silicon Valley	10,000
Employee Homebuyer Program	2,033
Total	<u><u>\$ 107,685</u></u>

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 housing loans, the City is not accruing interest on these loans. Interest revenue is recognized upon receipt.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - LOANS AND NOTES RECEIVABLE (Continued)

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, 2021.

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. As of June 30, 2021, the amount of the loan outstanding is \$55,000.

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - LOANS AND NOTES RECEIVABLE (Continued)

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, 2021, 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 percent interest.

Total outstanding balance of all loans related to the Latham Street Apartments was paid off during Fiscal Year 2020-21.

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 amounts are deferred. The loan is collateralized by a second deed of trust. As of June 30, 2021, the amount of the loan outstanding is \$132,000.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - LOANS AND NOTES RECEIVABLE (Continued)

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 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 2020-21, \$10,000 was repaid and the outstanding Housing Successor's loan balance was paid off.

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. During Fiscal Year 2020-21, \$254,000 was repaid and the outstanding Housing Successor's loan balance is \$810,000.

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, 2021, the amount of this CDBG loan is \$367,000.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - LOANS AND NOTES RECEIVABLE (Continued)

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, 2021, the total outstanding balance of all loans related to Central Park apartments is \$3.9 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, 2021, the amount of the loans outstanding is \$238,000.

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. As of June 30, 2021, the amount of the loan outstanding is \$124,000.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - LOANS AND NOTES RECEIVABLE (Continued)

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. As of June 30, 2021, the amount of the loan outstanding is \$100,000.

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, 2021, the amount of the loan outstanding is \$5.5 million.

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 and is due in 50 years. The loan agreement from HOME funds was executed on July 1, 2015, with 3.0 percent simple interest and is due in 43 years.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - LOANS AND NOTES RECEIVABLE (Continued)

As of June 30, 2021, 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, 2021, 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, 2021, the amount of the loan outstanding is \$1.1 million.

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.

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, 2021, the total outstanding balance of all loans related to SR Fountains LP is \$2.0 million.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - LOANS AND NOTES RECEIVABLE (Continued)

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, 2021, the total outstanding balance of all loans related to Franklin Street Family Apartments is \$12.5 million.

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, 2021, 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, 2021, the amount of the loan outstanding is \$8.2 million.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - LOANS AND NOTES RECEIVABLE (Continued)

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, 2021, 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, 2021, the amount of the loan outstanding is \$21.7 million.

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, 2021, the remaining \$3.0 million was funded by Housing funds. As of June 30, 2021, the amount of the loan outstanding is \$8.2 million.

U. *El Camino Real*

On June 1, 2020, the City entered into a loan agreement with 950 El Camino Real, L.P. (950 ECR) for an affordable housing development at 950 West El Camino Real. The total loan amount is \$22.7 million and was funded by Housing funds. The loan has a 55-year term with 3.0 percent simple interest rate. During the fiscal year ended June 30, 2021, \$6.6 million was funded. As of June 30, 2021, the amount of the loan outstanding is \$18.1 million.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - LOANS AND NOTES RECEIVABLE (Continued)

During the year June 30, 2020, 950 ECR entered into a loan agreement with a third party. The City's loan is subordinate to the third party loan. 950 ECR, the third party, and the City entered into a subordination agreement in which the City is required to holdback loan proceeds of \$4.7 million and deposit into a segregated bank account. As of June 30, 2021, the holdback balance of \$4.7 million was held in a segregated bank account and reported as restricted cash and investments.

V. *Housing Trust Silicon Valley*

On June 20, 2019, the City entered into an assignment and assumption agreement with LinkedIn Corporation and accepted the assignment of a promissory note of \$10.0 million with Housing Trust Silicon Valley. LinkedIn Corporation assigned the promissory note to the City as payment for the housing impact fees related to its development projects. The note has a final maturity date of April 30, 2022, with 1.5 percent interest rate payable semi-annually. As of June 30, 2021, \$5.0 million of the balance is considered unavailable for governmental funds, the remaining \$5.0 million of the balance is considered unearned, and the amount of the loan outstanding is \$10.0 million.

W. *Employee Homebuyer Program*

On April 1, 2021, the City entered into an agreement to loan up to \$2.0 million to an employee for the purchase of a residence in the City pursuant to the City's Employee Homebuyer Program. The note was funded by General Fund, has a term of thirty years and interest rate of 1.97 percent payable biweekly. The borrower has the option to make interest-only payments for up to the first three years. As of June 30, 2021, the amount of the loan outstanding is \$2.0 million.

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

Transfers between funds during the fiscal year ended June 30, 2021, are as follows (dollars in thousands):

Funds Receiving Transfers	Funds Making Transfers	Amount Transferred	Funding Purpose
General Fund	Shoreline Regional Park Community	\$ 50	C
	General Capital Projects	1,801	B
	Nonmajor Governmental	1,705	C
	Water	220	C
		<u>3,776</u>	
Shoreline Regional Park Community	General Capital Projects	<u>2,294</u>	B
Housing	General Fund	441	C
	General Capital Projects	224	B
		<u>665</u>	
General Capital Projects	General Fund	6,817	C
	Shoreline Regional Park Community	7,374	C
	Housing	350	C
	Park Land Dedication Capital Projects	9,643	C
	Nonmajor Governmental	12,410	C
	Internal Service	234	C
		<u>36,828</u>	
Park Land Dedication Capital Projects	General Capital Projects	<u>380</u>	B
Nonmajor Governmental	Shoreline Regional Park Community	6,293	A
	General Capital Projects	8,674	B
		<u>14,967</u>	
Water	General Capital Projects	400	B
	Internal Service	95	C
		<u>495</u>	
Wastewater	General Capital Projects	331	B
	Internal Service	696	C
		<u>1,027</u>	
Solid Waste	General Capital Projects	<u>20</u>	B
Internal Service Funds	General Fund	2,483	C
	Shoreline Regional Park Community	120	C
	Housing	3	C
	General Capital Projects	3	B
	Nonmajor Governmental	225	C
	Water	220	C
	Wastewater	934	C
	Solid Waste	159	C
		<u>4,147</u>	
	Total Interfund Transfers	<u>\$ 64,599</u>	

The reasons for these transfers are as follows:

- A. To fund debt service payments.
- B. To transfer remaining balances on completed capital improvement projects, interest back to original funding source, and other funds.
- C. Recurring transfers for capital, operating costs, or equipment replacement.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2021, the General Capital Projects Fund has outstanding advances of \$22.4 million, \$17.5 million, and \$927,000 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
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

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2021, is as follows (dollars in thousands):

	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$ 110,311	-	-	-	110,311
Construction in progress	46,038	24,503	-	(9,076)	61,465
Total capital assets not being depreciated	156,349	24,503	-	(9,076)	171,776
Capital assets being depreciated:					
Buildings	188,468	-	-	-	188,468
Improvements other than buildings	213,276	-	-	6,731	220,007
Machinery and equipment	40,018	2,030	(739)	231	41,540
Traffic signals	14,848	-	-	530	15,378
Streetlights	10,165	-	-	370	10,535
Bridges and culverts	18,440	-	-	-	18,440
Sidewalks, curbs and gutters	114,378	160	(23)	655	115,170
Streets and roads	278,155	-	-	559	278,714
Total capital assets being depreciated	877,748	2,190	(762)	9,076	888,252
Less accumulated depreciation for:					
Buildings	(94,958)	(5,173)	-	-	(100,131)
Improvements other than buildings	(159,233)	(9,410)	-	-	(168,643)
Machinery and equipment	(27,902)	(2,838)	717	-	(30,023)
Traffic signals	(7,652)	(711)	-	-	(8,363)
Streetlights	(6,911)	(86)	-	-	(6,997)
Bridges and culverts	(5,876)	(309)	-	-	(6,185)
Sidewalks, curbs and gutters	(73,572)	(2,771)	16	-	(76,327)
Streets and roads	(170,269)	(7,146)	-	-	(177,415)
Total accumulated depreciation	(546,373)	(28,444)	733	-	(574,084)
Net capital assets being depreciated	331,375	(26,254)	(29)	9,076	314,168
Governmental activities capital assets, net	\$ 487,724	(1,751)	(29)	-	485,944

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
<i>Business-type activities</i>					
Capital assets not being depreciated:					
Land	\$ 220	-	-	-	220
Construction in progress	26,600	5,087	-	(13,828)	17,859
Total capital assets not being depreciated	26,820	5,087	-	(13,828)	18,079
Capital assets being depreciated:					
Buildings	8,748	-	-	-	8,748
Improvements other than buildings	152,027	315	(1,530)	13,828	164,640
Machinery and equipment	8,331	204	(19)	-	8,516
Total capital assets being depreciated	169,106	519	(1,549)	13,828	181,904
Less accumulated depreciation for:					
Buildings	(8,537)	(6)	-	-	(8,543)
Improvements other than buildings	(82,922)	(6,765)	1,075	-	(88,612)
Machinery and equipment	(5,913)	(353)	19	-	(6,247)
Total accumulated depreciation	(97,372)	(7,124)	1,094	-	(103,402)
Net capital assets being depreciated	71,734	(6,605)	(455)	13,828	78,502
Business-type activities capital assets, net	\$ 98,554	(1,518)	(455)	-	96,581

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, 2021, are as follows (dollars in thousands):

Governmental Activities:

General government	\$ 2,091
Public safety	1,590
Public works	16,579
Community development	344
Culture and recreation	7,836
Internal services funds	4
Total	<u>\$ 28,444</u>

Business-type Activities:

Water	\$ 4,634
Wastewater	2,147
Solid Waste	343
Total	<u>\$ 7,124</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2021, are as follows (dollars in thousands):

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Governmental activities:		
Land	\$ -	28,383
Improvements other than buildings	40,754	11,278
Buildings	2,696	10
Infrastructure	<u>18,015</u>	<u>13,596</u>
Total governmental activities	<u>\$ 61,465</u>	<u>53,267</u>
Business-type activities:		
Water projects	\$ 9,029	1,781
Wastewater projects	8,214	579
Solid Waste projects	<u>616</u>	<u>3</u>
Total business-type activities	<u>\$ 17,859</u>	<u>2,363</u>

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.

D. Joint Use Open Space and Recreational Facilities at a Future School Site

The Los Altos School District (LASD) intends to acquire an approximately 11.65-acre site (Property) within the City for the construction of a new school facility. Of the total site, 9.65-acre of the property (School Site) will be retained by LASD to develop as a school site and for joint use recreational purposes with the City. The remaining 2.0-acre open space (Open Space Park) is planned to be developed into a community park and recreational facilities. On December 11, 2018, the City Council authorized a contribution of \$43.0 million toward the site acquisition, of which \$23.0 million is for the School Site and \$20.0 million is for the Open Space Park.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 6 - CAPITAL ASSETS (Continued)

On July 16, 2019, the City executed a funding and joint use agreement with LASD outlining the City's involvement in the development of the School Site and the opportunities for use of certain joint use recreational facilities during non-school days and non-school hours serving the community. During the year ended June 30, 2020, LASD acquired the Property and the City contributed \$23.0 million to LASD.

On November 19, 2019, the City entered into a property transfer agreement where LASD agrees to transfer the title of the Open Space Park to the City upon the acquisition of the Property and the completion of pre-transfer due diligence activities. As of June 30, 2021, pre-transfer due diligence activities are not completed and the \$20.0 million payment made by the City for the Open Space Park was reported as deposits and prepaid items.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 other liability transactions are summarized below and discussed in detail thereafter.

A. Composition and Changes

Noncurrent liabilities activities for the fiscal year ended June 30, 2021, are as follows (dollars in thousands):

	Original Issue Amount	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	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	25,865	-	(1,985)	23,880	2,085
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	6,091	-	(217)	5,874	217
Subtotal 2018 Revenue Bonds Series A	59,901	59,576	-	(217)	59,359	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	95,756	-	(2,202)	93,554	2,302
Special Assessment Debt						
with City Commitment:						
2000 Yardis Court						
7.0%, due Fiscal Year 2020-21	195	12	-	(12)	-	-
Compensated Absences	-	11,117	2,061	(413)	12,765	2,042
Landfill Containment	-	41,071	493	-	41,564	-
Claims liabilities	-	10,205	791	(2,544)	8,452	2,837
Total governmental activities	<u>\$ 109,441</u>	<u>158,161</u>	<u>3,345</u>	<u>(5,171)</u>	<u>156,335</u>	<u>7,181</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 7 – NONCURRENT LIABILITIES (Continued)

	Original Issue Amount	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
<i>Business-type activities:</i>						
Water Revenue Bonds						
2004 Series A						
3.0%-4.5%, due Fiscal Year 2028-29	\$ 9,700	4,560	-	(425)	4,135	440
City of Palo Alto Loan						
0%, due Fiscal Year 2028-29	6,000	2,700	-	(300)	2,400	300
Less unamortized discount	(1,000)	(450)	-	50	(400)	(50)
Wastewater Direct Financing Arrangement						
3.4%, due Fiscal Year 2033-34	10,100	9,521	-	(542)	8,979	560
Compensated Absences	-	1,268	106	(267)	1,107	204
Total business-type activities	<u>\$ 24,800</u>	<u>17,599</u>	<u>106</u>	<u>(1,484)</u>	<u>16,221</u>	<u>1,454</u>

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 the 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.

The 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2021, is approximately \$41.6 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 \$2.7 million as of June 30, 2021, 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 the City's postclosure care cost is not estimable.

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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) 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 the City of 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 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.

C. *Debt Service Requirements*

The pledge of future tax increment revenues ends upon repayment of the \$163.3 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, 2021, tax increment revenues amounted to \$51.9 million, which represented coverage of 8.1 over the \$6.4 million in debt service.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 7 – NONCURRENT LIABILITIES (Continued)

The pledge of future water fund revenues ends upon repayment of the \$7.4 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, 2021, Water Fund revenues including operating revenues, non-operating interest earnings, capital contributions – developer fees, and transfers in amounted to \$41.0 million and operating expenses, excluding depreciation or amortization amounted to \$31.7 million. Net Revenues available for debt service amounted to \$9.3 million, which represented coverage of 10.0 over the \$928,000 in debt service.

The pledge of future wastewater fund revenues ends upon repayment of the \$11.1 million 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, 2021, Wastewater Fund revenues including operating revenues, non-operating interest earnings, capital contributions – developer fees, and transfers in amounted to \$26.4 million and operating expenses, excluding depreciation or amortization amounted to \$19.3 million. Net Revenues available for debt service amounted to \$7.1 million, which represented coverage of 8.3 over the \$853,000 in debt service.

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

For the Fiscal Year Ending June 30	Governmental Activities		Business-type Activities (Excluding Wastewater Direct Financing Arrangement)		Wastewater Direct Financing Arrangement	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,085	4,328	740	184	560	292
2023	1,615	4,243	760	166	579	273
2024	1,680	4,175	780	146	599	253
2025	1,750	4,103	805	124	619	233
2026	1,825	4,026	825	101	641	212
2027-2031	10,420	18,793	2,625	158	3,548	714
2032-2036	13,135	15,905	-	-	2,433	124
2037-2041	17,100	11,901	-	-	-	-
2042-2046	22,025	6,872	-	-	-	-
2047-2049	16,045	1,229	-	-	-	-
Total	<u>\$ 87,680</u>	<u>75,575</u>	<u>6,535</u>	<u>879</u>	<u>8,979</u>	<u>2,101</u>

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 8 - PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<i>Miscellaneous</i>	
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hire date		
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+	52+
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	34.402%	34.402% (A)
	<i>Safety</i>	
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hire date		
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+
Required employee contribution rates	9.00%	10.50%
Required employer contribution rates	52.214%	52.214% (A)

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

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 8 - PENSION PLANS (Continued)

Employees Covered – Employees covered by the benefit terms for each Plan as of June 30, 2020, the most recent actuarial valuations information available, are as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	701	308
Inactive employees entitled to but not yet receiving benefits	533	106
Active employees	459	157
Total	<u>1,693</u>	<u>571</u>

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 \$1.1 million and \$0.8 million in excess of the actuarially determined contributions for the Miscellaneous and Safety Plans, respectively, during the fiscal year ended June 30, 2021.

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, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 8 - PENSION PLANS (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using actuarial assumptions as follows:

	Miscellaneous and Safety Plans
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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	The lesser of contract COLA or 2.50% until Purchasing Power Protection 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 probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of projected mortality improvements using 90 percent of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the 2017 CalPERS Experience Study available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the 2017 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 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 current member contribution rates and that 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 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, 2019, 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 percent is used for this period.

(2) An expected inflation rate of 2.92 percent is used for this period.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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)		
	Plan		
	Total Pension Liability	Fiduciary Net Position	Net Position Liability
Balance at June 30, 2019	\$ 441,651	330,451	111,200
Changes during the measurement period:			
Service cost	8,622	-	8,622
Interest on the total pension liability	31,427	-	31,427
Differences between expected and actual experience	4,461	-	4,461
Contributions - employer	-	18,696	(18,696)
Contributions - employee	-	3,959	(3,959)
Investment income	-	16,690	(16,690)
Administrative expenses	-	(466)	466
Benefit payments, including refunds of employee contributions	(21,764)	(21,764)	-
Net changes	22,746	17,115	5,631
Balance at June 30, 2020	\$ 464,397	347,566	116,831

Safety Plan:

	Increase (Decrease)		
	Plan		
	Total Pension Liability	Fiduciary Net Position	Net Position Liability
Balance at June 30, 2019	\$ 381,538	275,253	106,285
Changes during the measurement period:			
Service cost	7,613	-	7,613
Interest on the total pension liability	27,043	-	27,043
Differences between expected and actual experience	2,235	-	2,235
Contributions - employer	-	15,569	(15,569)
Contributions - employee	-	3,345	(3,345)
Investment income	-	13,769	(13,769)
Administrative expenses	-	(388)	388
Benefit payments, including refunds of employee contributions	(18,711)	(18,711)	-
Net changes	18,180	13,584	4,596
Balance at June 30, 2020	\$ 399,718	288,837	110,881
Total Net Pension Liability - All Plans at June 30, 2020	\$ 864,115	636,403	227,712

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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	\$ 176,248	116,831	67,518
Safety Plan	163,628	110,881	67,259
Total	<u>\$ 339,876</u>	<u>227,712</u>	<u>134,777</u>

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, 2021, the City recognized pension expense of \$17.8 million and \$17.1 million for the Miscellaneous and Safety Plans, respectively.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 8 - PENSION PLANS (Continued)

The City reported deferred outflows of resources related to pensions by sources for the fiscal year ended June 30, 2021 as follows (dollars in thousands):

<i>Miscellaneous Plan:</i>	<u>Deferred Outflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 15,273
Differences between expected and actual experience	3,632
Net differences between projected and actual earnings on plan investments	<u>2,761</u>
Total	<u><u>\$ 21,666</u></u>
 <i>Safety Plan:</i>	
	<u>Deferred Outflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 12,508
Differences between expected and actual experience	2,513
Net differences between projected and actual earnings on plan investments	<u>2,483</u>
Total	<u><u>\$ 17,504</u></u>
 Total - All Plans	 <u><u>\$ 39,170</u></u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 8 - PENSION PLANS (Continued)

As of June 30, 2021, the City reported \$15.3 million and \$12.5 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, 2022. 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
2022	\$ 1,107	726	1,833
2023	2,207	1,556	3,763
2024	1,699	1,538	3,237
2025	1,380	1,176	2,556
Total	\$ 6,393	4,996	11,389

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 OPEB 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, 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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	Any	5 years CalPERS service	Any	PEMHCA benefits; Same contribution % as active employees
POA Safety				
Fire and Police Managers				
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, July 1, 2007 and later*	15		
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, 1998	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, July 1, 2007 and later*	15	Any	
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

*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

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered - Employees covered by the benefit terms as of June 30, 2019, the most recent actuarial valuations information available, are as follows:

Inactive employees or beneficiaries currently receiving benefits	414
Active employees	408
Total	822

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, 2021, the City's contributions totaled \$6.8 million. For the purpose of increasing the funded status of the OPEB Plan, the City contributed \$2.6 million in excess of the actuarially determined contributions during the fiscal year ended June 30, 2021.

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, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020 using standard update procedures. 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 June 30, 2019 actuarial valuation were determined using actuarial assumptions as follows:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.25%
Post Retirement Benefit Increase	For medical plan premiums: 7.50% for the year beginning January 1, 2020 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 the 2017 CalPERS Experience Study for the period from 1997 to 2015, except for the MacLeod Watts Scale 2018 applied generationally from 2015 as the basis to project future mortality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 15 years of Scale MP-2016 to central year 2008.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability is 6.25 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 6.25 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%	4.80%	5.98%
Fixed Income	43.0	1.10	2.62
REITS	8.0	3.20	5.00
TIPS	5.0	0.25	1.46
Commodities	4.0	1.50	2.87

(1) An expected inflation rate of 2.00 percent is used for this period.

(2) An expected inflation rate of 2.92 percent is used for this period.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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	Plan	Net OPEB
	Liability	Fiduciary	Liability
	Net Position		
Balance at June 30, 2019	\$ 145,040	136,249	8,791
Changes during the measurement period:			
Service cost	3,320	-	3,320
Interest on the total OPEB liability	9,079	-	9,079
Contributions - employer	-	8,497	(8,497)
Investment income	-	7,384	(7,384)
Administrative expenses	-	(67)	67
Benefit payments	(6,183)	(6,183)	-
Net changes	6,216	9,631	(3,415)
Balance at June 30, 2020	\$ 151,256	145,880	5,376

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The net OPEB liability (asset) of the City, calculated using the discount rate of 6.25 percent, as well as what the City's net OPEB (asset) 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):

	Current	
Discount Rate	Discount Rate	Discount Rate
-1 % (5.25%)	(6.25%)	+1 % (7.25%)
\$ 25,754	5,376	(11,359)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The net OPEB liability (asset) of the City, as well as what the City's net OPEB liability (asset) 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	Healthcare	Healthcare
Cost Trend	Cost Trend	Cost Trend
Rate -1 %	Current Rate	Rate +1 %
\$ (12,739)	5,376	27,601

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2021, the City recognized OPEB expense of \$3.0 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, 2021 are as follows (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 6,772	-
Differences between expected and actual experience	-	(9,445)
Changes in assumptions	2,203	(424)
Net differences between projected and actual earnings on plan investments	780	-
Total	<u>\$ 9,755</u>	<u>(9,869)</u>

As of June 30, 2021, the City reported \$6.8 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, 2022. 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,	
2022	\$ (1,384)
2023	(2,252)
2024	(2,369)
2025	(881)
Total	<u>\$ (6,886)</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 of medium-sized California municipalities, which pools catastrophic general liability, automobile liability and public officials' errors and omissions losses. Amounts of settlements have not exceeded insurance coverage in the past three years .

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 discounted at 2.0% annually and independently determined estimates of the amounts needed to pay prior and current year claims.

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

	2020	2021
Beginning Balance	\$ 11,481	10,205
Liability for current and change in prior fiscal year		
claims and claims incurred but not reported (IBNR)	477	791
Claims paid	(1,753)	(2,544)
Ending Balance	\$ 10,205	8,452
Current portion	\$ 2,727	2,837

The City has not significantly reduced its insurance coverage from the prior fiscal year except for the reduction of general liability coverage from \$100 million to \$55 million due to insurance market capacity. Furthermore, settlements have not exceeded insurance coverage for the past three fiscal years.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 – LEASING ARRANGEMENTS

A. SFX Entertainment, Inc.

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 the terms of the Agreement. Beginning March 15, 2018, the minimum lease payment shall be increased 2.0 percent each year, compounded. Due to impacts of the COVID-19 pandemic, on May 5, 2020, the City Council authorized the deferral of rent payments due for April, May and June 2020 totaling \$0.6 million to January, February, and March 2021, respectively. On December 8, 2020, the City Council authorized the reduction of rent from April to December 2020 by 50 percent. For the fiscal year ended June 30, 2021, the City received lease payments of \$1.6 million, which included \$0.3 million for the months of April, May, and June 2020.

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
2022	\$ 1,961
2023	2,001
2024	2,041
2025	2,081
2026	1,406
Total	<u>\$ 9,490</u>

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 - LEASING ARRANGEMENTS (Continued)

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.

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, 2021, \$15.5 million of lease revenues have been recognized under the aforementioned three leases.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 - LEASING ARRANGEMENTS (Continued)

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

Fiscal Year Ending June 30	Amount
2022	\$ 16,146
2023	16,771
2024	17,421
2025	18,096
2026	17,103
2027-2031	27,496
2032-2036	25,991
2037-2041	22,720
2042-2046	25,991
2047-2051	20,443
2052-2056	7,400
2057-2061	6,272
2062-2063	1,978
Total	<u>\$ 223,828</u>

On April 1, 2011, the City, as lessor, entered into a 52-year lease with Google (termination to coincide with the 2007 Lease). Google advanced the rent for the initial 52-year lease term in the amount of \$30.0 million to the City. Revenue is recognized in the General Fund on a straight-line basis over the lease term. For the year ended June 30, 2021, \$581,000 of lease revenue has been recognized.

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 - LEASING ARRANGEMENTS (Continued)

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, 2021, \$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 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, 2021, \$1.4 million of lease payments were received. At June 30, 2021, the leased land has a book value of \$9.5 million.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 - LEASING ARRANGEMENTS (Continued)

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

Fiscal Year Ending June 30	Amount
2022	\$ 1,421
2023	1,464
2024	1,508
2025	1,553
2026	1,599
2027-2031	8,746
2032-2036	9,748
2037-2041	7,000
2042-2046	7,000
2047-2051	7,000
2052-2056	7,000
2057-2061	7,000
2062-2066	7,000
2067-2070	5,250
Total	<u>\$ 73,289</u>

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 12 - NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2021, 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	\$ 748	-	-	-	-	60	808
Deposits and prepaid costs	3,544	-	-	-	17,000	-	20,544
Total Nonspendable	4,292	-	-	-	17,000	60	21,352
Restricted:							
Shoreline Regional Park Community	-	45,104	-	-	-	-	45,104
Landfill Containment	-	9,000	-	-	-	-	9,000
Housing	-	-	144,271	-	-	-	144,271
General Capital Projects	-	-	-	274,603	-	-	274,603
Park Land Dedication Fees	-	-	-	-	81,457	-	81,457
Gas Tax	-	-	-	-	-	1,641	1,641
Other Streets and Transportation	-	-	-	-	-	927	927
Construction & Conveyance Tax	-	-	-	-	-	11,626	11,626
Development Services	-	-	-	-	-	1,452	1,452
CSFRA/Rental Housing Committee	-	-	-	-	-	1,555	1,555
Housing Successor	-	-	-	-	-	12,762	12,762
Downtown Benefit Assessment District	-	-	-	-	-	20,430	20,430
Police Asset Forfeitures	-	-	-	-	-	506	506
Grants	-	-	-	-	-	19,389	19,389
Cable Television	-	-	-	-	-	757	757
Deferred Assessments	-	-	-	-	-	390	390
Debt Service	-	-	-	-	-	6,545	6,545
Storm Drain Construction	-	-	-	-	-	437	437
Minor Estate Trust	437	-	-	-	-	-	437
Total Restricted	437	54,104	144,271	274,603	81,457	78,417	633,289
Committed:							
Development Services	23,483	-	-	-	-	20,546	44,029
Budget Contingency	9,667	-	-	-	-	-	9,667
Earned Lease Revenue	8,515	-	-	-	-	-	8,515
Property Management	1,577	-	-	-	-	-	1,577
Graham Site Maintenance	701	-	-	-	-	-	701
Transportation	6,674	-	-	-	-	-	6,674
Capital Improvement	16,590	-	-	-	-	-	16,590
Open Space Acquisition	3,456	-	-	-	-	-	3,456
Strategic Property Acquisition	6,394	-	-	-	-	-	6,394
Childcare Commitment	357	-	-	-	-	-	357
Compensated Absences	6,039	-	-	-	-	-	6,039
General Special Purpose	-	-	-	-	-	279	279
Shoreline Golf Links	-	-	-	-	-	44	44
Total Committed	83,453	-	-	-	-	20,869	104,322
Assigned:							
Contractual Obligations	4,044	-	-	-	-	-	4,044
Unassigned:	67,792	-	-	-	-	-	67,792
Total Fund Balances	\$ 160,018	54,104	144,271	274,603	98,457	99,346	830,799

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.
13. The Shoreline Golf Links Reserve shall be used to fund Shoreline Golf Links and related golf course operations and improvements.

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 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

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.
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 \$1.1 million for the fiscal year ended June 30, 2021, and \$12.0 million to rebuild a new landfill system. As of June 30, 2021, the City restricted \$9.0 million for landfill containment and planned to increase the balance by \$1.0 million annually until \$12.0 million is reached.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. *Encumbrances*

The City's outstanding encumbrances as of June 30, 2021, are as follows (dollars in thousands):

	<u>Amount</u>	<u>Fund Balance Classification</u>
General Fund	\$ 3,945	Committed
General Fund	4,044	Assigned
Shoreline Regional Park Community	292	Restricted
Housing	5,094	Restricted
General Capital Projects	80,314	Restricted
Nonmajor Governmental Funds	1,099	Restricted
Total	<u>\$ 94,788</u>	

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, 2021, these costs totaled \$11.2 million, which is included as a component of cost of sales and services expenses in the Wastewater Enterprise Fund.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

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, 2021, the City's share of debt services totaled to \$1.0 million.

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, 2021, these costs totaled \$8.1 million.

E. *Education Enhancement Reserve Joint Powers Agreement (JPA)*

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, 2021, the Shoreline Community paid a total of \$7.4 million in contributions to the school districts.

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, 2021, \$1.7 million and \$2.3 million in retirement tax override levies and pass-through payments, respectively, were paid to the County.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2021, the City made a \$2.1 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 \$1.4 million during the fiscal year ended June 30, 2021, which is included as a component of cost of sales and services expenses in the Water Enterprise Fund. The surcharge for Fiscal Year 2021-22 is estimated to be \$1.4 million.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 and the City has set aside funds for the acquisition. The construction schedule was extended due to the COVID-19 pandemic and the subsequent safety order and required practices. Escrow is expected to close within six month from Google LLC obtaining a Certificate of Occupancy for their new headquarters. The City acquired the property during August 2021.

I. Uncertainties

In March of 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This pandemic and related adverse public health developments have adversely affected workforces, customers, economies, and financial markets globally, leading to economic downturn. It has also disrupted the normal operations of many governments, including the City. The City expects this pandemic to impact the City's operations for future reporting periods. It is not possible for the City to predict the duration or magnitude of the adverse results of the pandemic and its effects on the City's operations.

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,						
	2021	2020	2019	2018	2017	2016	2015
Measurement period	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 8,622	8,342	7,669	7,473	6,675	6,412	6,218
Interest on the total pension liability	31,427	29,850	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	4,461	2,677	2,350	(2,154)	(577)	(568)	-
Benefit payments, including refunds of employee contributions	(21,764)	(19,708)	(18,056)	(17,303)	(15,518)	(14,861)	(13,823)
Net change in total pension liability	22,746	21,161	17,814	37,435	16,849	10,013	16,268
Total pension liability, beginning	441,651	420,490	402,676	365,241	348,392	338,379	322,111
Total pension liability, ending	\$ 464,397	441,651	420,490	402,676	365,241	348,392	338,379
Plan fiduciary net position							
Contributions, employer	\$ 18,696	17,514	17,917	12,413	11,318	8,673	7,796
Contributions, employee	3,959	3,549	3,513	3,121	3,065	3,148	3,147
Plan to plan resource movement	-	-	(1)	-	-	-	-
Investment income	16,690	20,477	24,062	29,071	1,328	5,709	38,300
Benefit payments, including refunds of employee contributions	(21,764)	(19,708)	(18,056)	(17,303)	(15,518)	(14,861)	(13,823)
Administrative expenses	(466)	(219)	(1,277)	(378)	(156)	(288)	-
Net change in plan fiduciary net position	17,115	21,613	26,158	26,924	37	2,381	35,420
Plan fiduciary net position, beginning	330,451	308,838	282,680	255,756	255,719	253,338	217,918
Plan fiduciary net position, ending	\$ 347,566	330,451	308,838	282,680	255,756	255,719	253,338
Plan net pension liability	\$ 116,831	111,200	111,652	119,996	109,485	92,673	85,041
Plan fiduciary net position as a percentage of the total pension liability	74.8%	74.8%	73.4%	70.2%	70.0%	73.4%	74.9%
Covered payroll	\$ 46,084	43,994	40,657	39,034	38,450	36,233	34,163
Plan net pension liability as a percentage of covered payroll	253.5%	252.8%	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, 2019 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. There are no change in assumptions during measurement periods 2019 and 2020.

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

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,						
	2021	2020	2019	2018	2017	2016	2015
Measurement period	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 7,613	7,066	6,677	6,857	5,945	6,061	6,311
Interest on the total pension liability	27,043	25,815	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	2,235	2,998	1,416	(157)	(1,633)	1,234	-
Benefit payments, including refunds of employee contributions	(18,711)	(17,734)	(16,998)	(15,977)	(14,765)	(13,721)	(12,416)
Net change in total pension liability	18,180	18,145	14,303	34,010	12,251	10,021	14,536
Total pension liability, beginning	381,538	363,393	349,090	315,080	302,829	292,808	278,272
Total pension liability, ending	\$ 399,718	381,538	363,393	349,090	315,080	302,829	292,808
Plan fiduciary net position							
Contributions, employer	\$ 15,569	14,385	14,872	10,572	9,904	8,139	7,244
Contributions, employee	3,345	2,951	2,965	2,709	2,697	2,656	2,924
Plan to plan resource movement	-	-	(1)	-	-	32	-
Investment income	13,769	17,013	20,199	24,545	1,117	4,852	32,936
Benefit payments, including refunds of employee contributions	(18,711)	(17,734)	(16,998)	(15,977)	(14,765)	(13,721)	(12,416)
Administrative expenses	(388)	(184)	(1,079)	(321)	(133)	(246)	-
Net change in plan fiduciary net position	13,584	16,431	19,958	21,528	(1,180)	1,712	30,688
Plan fiduciary net position, beginning	275,253	258,822	238,864	217,336	218,516	216,804	186,116
Plan fiduciary net position, ending	\$ 288,837	275,253	258,822	238,864	217,336	218,516	216,804
Plan net pension liability	\$ 110,881	106,285	104,571	110,226	97,744	84,313	76,004
Plan fiduciary net position as a percentage of the total pension liability	72.3%	72.1%	71.2%	68.4%	69.0%	72.2%	74.0%
Covered payroll	\$ 26,188	24,248	22,764	23,263	22,493	22,547	23,051
Plan net pension liability as a percentage of covered payroll	423.4%	438.3%	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, 2019 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. There are no change in assumptions during measurement periods 2019 and 2020.

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

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,							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions (ADC)	\$ 14,159	10,784	12,769	11,289	9,925	8,806	8,073	7,796
Contributions in relation to the ADC	(15,273)	(18,696)	(17,514)	(17,917)	(12,413)	(11,318)	(8,673)	(7,796)
Contribution deficiency (excess)	<u>\$ (1,114)</u>	<u>(7,912)</u>	<u>(4,745)</u>	<u>(6,628)</u>	<u>(2,488)</u>	<u>(2,512)</u>	<u>(600)</u>	<u>-</u>
Covered payroll	\$ 46,446	46,084	43,994	40,657	39,034	38,450	36,233	34,163
Contributions as a percentage of covered payroll	32.9%	40.6%	39.8%	44.1%	31.8%	29.4%	23.9%	22.8%

Safety Plan

	Fiscal Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 11,752	11,682	10,277	9,112	8,915	8,229	7,739	7,244
Contributions in relation to the ADC	(12,508)	(15,569)	(14,385)	(14,872)	(10,572)	(9,904)	(8,139)	(7,244)
Contribution deficiency (excess)	<u>\$ (756)</u>	<u>(3,887)</u>	<u>(4,108)</u>	<u>(5,760)</u>	<u>(1,657)</u>	<u>(1,675)</u>	<u>(400)</u>	<u>-</u>
Covered payroll	\$ 25,600	26,188	24,248	22,764	23,263	22,493	22,547	23,051
Contributions as a percentage of covered payroll	48.9%	59.5%	59.3%	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, 2021 were as follows:

ADC for fiscal year	June 30, 2021
Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.50%
Salary increases	Varies by entry age and services
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment and administrative expenses, includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of projected mortality improvements using 90% of Scale MP-2016 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 eight years of information is shown.

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,			
	2021	2020	2019	2018
Measurement period	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 3,320	3,336	3,231	3,054
Interest on the total OPEB liability	9,079	9,857	9,392	8,820
Changes of assumptions	-	(670)	-	15,660
Differences between expected and actual experience	-	(12,915)	-	(9,020)
Benefit payments, including refunds of employee contributions	(6,183)	(5,729)	(5,459)	(5,044)
Net change in total OPEB liability	6,216	(6,121)	7,164	13,470
Total pension OPEB, beginning	145,040	151,161	143,997	130,527
Total OPEB liability, ending	\$ 151,256	145,040	151,161	143,997
Plan fiduciary net position				
Contributions, employer	\$ 8,497	8,014	13,233	12,424
Investment income	7,384	8,797	6,858	7,065
Benefit payments, including refunds of employee contributions	(6,183)	(5,729)	(5,459)	(5,044)
Administrative expenses	(67)	(27)	(206)	(51)
Net change in plan fiduciary net position	9,631	11,055	14,426	14,394
Plan fiduciary net position, beginning	136,249	125,194	110,768	96,374
Plan fiduciary net position, ending	\$ 145,880	136,249	125,194	110,768
Plan net OPEB liability	\$ 5,376	8,791	25,967	33,229
Plan fiduciary net position as a percentage of the total OPEB liability	96.4%	93.9%	82.8%	76.9%
Covered payroll	\$ 50,838	49,135	46,799	44,181
Plan net OPEB liability as a percentage of covered payroll	10.6%	17.9%	55.5%	75.2%

Note to schedule:

Change in assumptions - During measurement period 2019, the discount rate was reduced from 6.50 percent to 6.25 percent. Demographic assumptions were change in accordance to the 2017 CalPERS Experience Study. There is no change in assumptions during measurement period 2020.

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only four years of information is shown.

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

	Fiscal Year Ended June 30,				
	2021	2020	2019	2018	2017
Actuarially determined contributions (ADC)	\$ 4,151	6,068	5,334	5,639	5,577
Contributions in relation to the ADC	(6,772)	(8,497)	(8,014)	(13,233)	(12,424)
Contribution deficiency (excess)	<u>\$ (2,621)</u>	<u>(2,429)</u>	<u>(2,680)</u>	<u>(7,594)</u>	<u>(6,847)</u>
Covered payroll	\$ 49,105	50,838	49,135	46,799	44,181
Contributions as a percentage of covered payroll	13.8%	16.7%	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, 2021 were as follows:

ADC for fiscal year	June 30, 2021
Actuarial valuation date	June 30, 2019
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	6.25%
Post Retirement Benefit Increase	For medical plan premiums: 7.50% for the year beginning January 1, 2020 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. Demographic actuarial assumptions used are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, except for the MacLeod Watts Scale 2018 applied generationally as the basis to project future mortality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 15 years of Scale MP-2016 to central year 2008.

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only five years of information is shown.

This page intentionally left blank

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, 2021
(Dollars in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 1,265	1,265	983	(282)
Developer fees and contributions	-	-	30,582	30,582
Total revenues	<u>1,265</u>	<u>1,265</u>	<u>31,565</u>	<u>30,300</u>
Other financing sources (uses):				
Transfers in	-	-	380	380
Transfers out	<u>(4,091)</u>	<u>(9,643)</u>	<u>(9,643)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,091)</u>	<u>(9,643)</u>	<u>(9,263)</u>	<u>380</u>
Net change in fund balance	<u>\$ 37,174</u>	<u>31,622</u>	22,302	<u>(9,320)</u>
Fund balance, beginning of year			<u>76,155</u>	
Fund balance, end of year			<u>\$ 98,457</u>	

CITY OF MOUNTAIN VIEW
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2021

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.

CITY OF MOUNTAIN VIEW
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2021

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 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.

CITY OF MOUNTAIN VIEW
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021
(Dollars in Thousands)

	SPECIAL REVENUE FUNDS			
	Gas Tax	Other Streets and Transportation	Construction & Conveyance Tax	Other Developer Fees
Assets:				
Cash and investments	\$ 1,343	915	11,482	21,912
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	273	-	-	-
Interest	25	12	144	86
Loans and notes	-	-	-	-
Inventory	-	-	-	-
Deposits and prepaid items	-	-	-	-
Total assets	<u>\$ 1,641</u>	<u>927</u>	<u>11,626</u>	<u>21,998</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable and accrued liabilities	-	-	-	-
Refundable deposits	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	1,641	927	11,626	1,452
Committed	-	-	-	20,546
Total fund balances	<u>1,641</u>	<u>927</u>	<u>11,626</u>	<u>21,998</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,641</u>	<u>927</u>	<u>11,626</u>	<u>21,998</u>

SPECIAL REVENUE FUNDS

CSFRA / Rental Housing Committee	Housing Successor	Shoreline Golf Links	Downtown Benefit Assessment District	General Special Purpose
1,490	1,537	400	20,371	623
-	-	10	-	-
118	-	-	28	-
6	-	1	80	3
-	11,410	-	-	-
-	-	60	-	-
-	-	-	-	-
<u>1,614</u>	<u>12,947</u>	<u>471</u>	<u>20,479</u>	<u>626</u>
59	185	5	47	-
-	-	2	2	347
-	-	360	-	-
<u>59</u>	<u>185</u>	<u>367</u>	<u>49</u>	<u>347</u>
-	-	60	-	-
1,555	12,762	-	20,430	-
-	-	44	-	279
<u>1,555</u>	<u>12,762</u>	<u>104</u>	<u>20,430</u>	<u>279</u>
<u>1,614</u>	<u>12,947</u>	<u>471</u>	<u>20,479</u>	<u>626</u>

(Continued)

CITY OF MOUNTAIN VIEW
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020
(Dollars in Thousands)

	SPECIAL REVENUE FUNDS			
	Police Asset Forfeitures	Grants	Cable Television	Deferred Assessments
Assets:				
Cash and investments	507	1,907	800	390
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	-	8	-	-
Interest	-	-	-	-
Loans and notes	-	17,499	-	-
Inventory	-	-	-	-
Deposits and prepaid items	-	609	-	-
Total assets	507	20,023	800	390
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable and accrued liabilities	1	25	43	-
Refundable deposits	-	609	-	-
Unearned revenue	-	-	-	-
Total liabilities	1	634	43	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	506	19,389	757	390
Committed	-	-	-	-
Total fund balances	506	19,389	757	390
Total liabilities, deferred inflows of resources and fund balances	507	20,023	800	390

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND	
Shoreline Regional Park Community 2011 Revenue Bonds	Shoreline Regional Park Community 2018 Revenue Bonds	Special Assessments	Storm Drain Construction	Total Nonmajor Governmental Funds
-	-	45	433	64,155
6,500	-	-	-	6,510
-	-	-	-	427
-	-	-	4	361
-	-	-	-	28,909
-	-	-	-	60
-	-	-	-	609
6,500	-	45	437	101,031
-	-	-	-	365
-	-	-	-	960
-	-	-	-	360
-	-	-	-	1,685
-	-	-	-	60
6,500	-	45	437	78,417
-	-	-	-	20,869
6,500	-	45	437	99,346
6,500	-	45	437	101,031

CITY OF MOUNTAIN VIEW
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021
(Dollars in Thousands)

	SPECIAL REVENUE FUNDS			
	Gas Tax	Other Streets and Transportation	Construction & Conveyance Tax	Other Developer Fees
Revenues:				
Property taxes	\$ -	-	-	-
Other taxes	-	-	8,709	-
Licenses, permits and fees	-	-	-	-
Use of money and property	(25)	1	(76)	(70)
Intergovernmental	3,327	553	-	-
Charges for services	-	-	-	-
Developer fees and contributions	-	-	-	1,908
Other	-	-	-	-
Total revenues	3,302	554	8,633	1,838
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	29	-	-
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	29	-	-
Excess (deficiency) of revenues over (under) expenditures	3,302	525	8,633	1,838
Other financing sources (uses):				
Proceeds from the sale of capital assets	-	-	-	-
Transfers in	83	63	2,737	5,781
Transfers out	(4,055)	(1,138)	(8,262)	(156)
Total other financing sources (uses)	(3,972)	(1,075)	(5,525)	5,625
Net change in fund balances	(670)	(550)	3,108	7,463
Fund balance, beginning of year, as previously reported	2,311	1,477	8,518	14,535
Prior period adjustments	-	-	-	-
Fund balances, beginning of year	2,311	1,477	8,518	14,535
Fund balances, end of year	\$ 1,641	927	11,626	21,998

SPECIAL REVENUE FUNDS

CSFRA/Rental Housing Committee	Housing Successor	Shoreline Golf Links	Downtown Benefit Assessment District	General Special Purpose
-	-	-	1,110	-
-	-	-	-	16
-	-	-	6	-
6	26	13	(14)	1
-	-	-	3	-
1,255	-	3,132	204	26
-	-	-	401	-
-	-	66	3	-
<u>1,261</u>	<u>26</u>	<u>3,211</u>	<u>1,713</u>	<u>43</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,270	209	-	565	17
-	-	2,716	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,270</u>	<u>209</u>	<u>2,716</u>	<u>565</u>	<u>17</u>
(9)	(183)	495	1,148	26
-	-	-	-	-
-	-	-	-	-
(8)	-	(471)	(109)	-
(8)	-	(471)	(109)	-
(17)	(183)	24	1,039	26
1,572	12,945	80	19,391	253
-	-	-	-	-
<u>1,572</u>	<u>12,945</u>	<u>80</u>	<u>19,391</u>	<u>253</u>
<u>1,555</u>	<u>12,762</u>	<u>104</u>	<u>20,430</u>	<u>279</u>

(Continued)

CITY OF MOUNTAIN VIEW
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020
(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	-	181	-	-
Intergovernmental	4	605	-	-
Charges for services	-	-	-	-
Developer fees and contributions	-	-	-	-
Other	-	-	181	-
Total revenues	4	786	181	-
Expenditures:				
Current:				
General government	-	-	223	-
Public safety	12	195	-	-
Public works	-	-	-	-
Community development	-	341	-	-
Culture and recreation	-	-	-	-
Capital outlay	14	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	26	536	223	-
Excess (deficiency) of revenues over (under) expenditures	(22)	250	(42)	-
Other financing sources (uses):				
Proceeds from the sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(100)	-
Total other financing sources (uses)	-	-	(100)	-
Net change in fund balances	(22)	250	(142)	-
Fund balance, beginning of year, as previously reported	528	19,139	899	390
Prior period adjustments	-	-	-	-
Fund balances, beginning of year	528	19,139	899	390
Fund balances, end of year	\$ 506	19,389	757	390

estimable

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND	Total Nonmajor Governmental Funds
Shoreline Regional Park Community 2011 Revenue Bonds	Shoreline Regional Park Community 2018 Revenue Bonds	Special Assessments	Storm Drain Construction	
-	-	-	-	1,110
-	-	-	-	8,725
-	-	-	-	6
8	-	-	4	55
-	-	-	-	4,492
-	-	-	-	4,617
-	-	-	-	2,309
-	-	-	172	422
8	-	-	176	21,736
-	-	-	-	223
-	-	-	-	207
-	-	-	-	29
-	-	-	-	2,402
-	-	-	-	2,716
-	-	-	-	14
1,985	-	12	-	1,997
1,356	3,079	2	-	4,437
3,341	3,079	14	-	12,025
(3,333)	(3,079)	(14)	176	9,711
-	-	-	-	-
3,215	3,078	-	10	14,967
-	-	(9)	(32)	(14,340)
3,215	3,078	(9)	(22)	627
(118)	(1)	(23)	154	10,338
6,618	1	68	283	89,008
-	-	-	-	-
6,618	1	68	283	89,008
6,500	-	45	437	99,346

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, 2021
(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	75	(25)	(100)	38	1	(37)
Intergovernmental	3,347	3,327	(20)	5,760	553	(5,207)
Charges for services	-	-	-	-	-	-
Developer fees and contributions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	3,422	3,302	(120)	5,798	554	(5,244)
Expenditures:						
Current:						
General government:						
City manager	-	-	-	-	-	-
Public safety:						
Police	-	-	-	-	-	-
Public works	-	-	-	370	29	341
Community Development	-	-	-	-	-	-
Culture and recreation:						
Community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	-	-	370	29	341
Excess (deficiency) of revenues over (under) expenditures	3,422	3,302	(120)	5,428	525	(4,903)
Other financing sources (uses):						
Transfers in	-	83	83	-	63	63
Transfers out	(4,055)	(4,055)	-	(4,708)	(1,138)	3,570
Total other financing sources (uses)	(4,055)	(3,972)	83	(4,708)	(1,075)	3,633
Net change in fund balances	\$ (633)	(670)	(37)	\$ 720	(550)	(1,270)
Fund balances, beginning of year		2,311			1,477	
Fund balances, end of year		\$ 1,641			\$ 927	

Construction & Conveyance Tax			Other Developer Fees			CSFRA/ Rental Housing Committee		
Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance
-	-	-	-	-	-	-	-	-
4,004	8,709	4,705	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
631	(76)	(707)	394	(70)	(464)	8	6	(2)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,271	1,255	(16)
-	-	-	-	1,908	1,908	-	-	-
-	-	-	-	-	-	-	-	-
4,635	8,633	3,998	394	1,838	1,444	1,279	1,261	(18)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	45	-	45	2,206	1,270	936
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	186	-	186
-	-	-	45	-	45	2,392	1,270	1,122
4,635	8,633	3,998	349	1,838	1,489	(1,113)	(9)	1,104
-	2,737	2,737	-	5,781	5,781	-	-	-
(8,262)	(8,262)	-	(156)	(156)	-	(8)	(8)	-
(8,262)	(5,525)	2,737	(156)	5,625	5,781	(8)	(8)	-
\$ (3,627)	3,108	6,735	\$ 193	7,463	7,270	\$ (1,121)	(17)	1,104
	8,518			14,535			1,572	
	\$ 11,626			\$ 21,998			\$ 1,555	

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, 2020
(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	33	26	(7)	5	13	8
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	4,208	3,132	(1,076)
Developer fees and contributions	-	-	-	-	-	-
Other	-	-	-	15	66	51
Total revenues	33	26	(7)	4,228	3,211	(1,017)
Expenditures:						
Current:						
General government:						
City manager	-	-	-	-	-	-
Public safety:						
Police	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community Development	259	209	50	-	-	-
Culture and recreation:						
Community services	-	-	-	3,807	2,716	1,091
Capital outlay	-	-	-	-	-	-
Total expenditures	259	209	50	3,807	2,716	1,091
Excess (deficiency) of revenues over (under) expenditures	(226)	(183)	43	421	495	74
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(601)	(471)	130
Total other financing sources (uses)	-	-	-	(601)	(471)	130
Net change in fund balances	\$ (226)	(183)	43	\$ (180)	24	204
Fund balance, beginning of year		12,945			80	
Fund balance, end of year		\$ 12,762			\$ 104	

Downtown Benefit Assessment District			General Special Purpose			Police Asset Forfeitures		
Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance
1,018	1,110	92	-	-	-	-	-	-
-	-	-	-	16	16	-	-	-
500	6	(494)	-	-	-	-	-	-
312	(14)	(326)	7	1	(6)	-	-	-
3	3	-	-	-	-	4	4	-
223	204	(19)	50	26	(24)	-	-	-
-	401	401	-	-	-	-	-	-
-	3	3	-	-	-	-	-	-
2,056	1,713	(343)	57	43	(14)	4	4	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	504	12	492
-	-	-	-	-	-	-	-	-
896	565	331	106	17	89	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	26	14	12
896	565	331	106	17	89	530	26	504
1,160	1,148	(12)	(49)	26	75	(526)	(22)	504
-	-	-	-	-	-	-	-	-
(109)	(109)	-	-	-	-	-	-	-
(109)	(109)	-	-	-	-	-	-	-
\$ 1,051	1,039	(12)	\$ (49)	26	75	\$ (526)	(22)	504
	19,391			253			528	
	\$ 20,430			\$ 279			\$ 506	

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, 2020
(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	-	181	181	-	-	-
Intergovernmental	1,061	605	(456)	-	-	-
Charges for services	-	-	-	-	-	-
Developer fees and contributions	-	-	-	-	-	-
Other	-	-	-	200	181	(19)
Total revenues	1,061	786	(275)	200	181	(19)
Expenditures:						
Current:						
General government:						
City manager	-	-	-	288	223	65
Public safety:						
Police	195	195	-	-	-	-
Public works	-	-	-	-	-	-
Community Development	4,797	341	4,456	-	-	-
Culture and recreation:						
Community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	4,992	536	4,456	288	223	65
Excess (deficiency) of revenues over (under) expenditures	(3,931)	250	4,181	(88)	(42)	46
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(350)	-	350	(100)	(100)	-
Total other financing sources (uses)	(350)	-	350	(100)	(100)	-
Net change in fund balances	\$ (4,281)	250	4,531	\$ (188)	(142)	46
Fund balances, beginning of year		19,139			899	
Fund balances, end of year		\$ 19,389			\$ 757	

Deferred Assessments			Storm Drain Construction		
Final Budget	Actual	Variance	Final Budget	Actual	Variance
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	15	4	(11)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	10	172	162
-	-	-	25	176	151
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	25	176	151
-	-	-	-	10	10
-	-	-	(32)	(32)	-
-	-	-	(32)	(22)	10
\$ -	-	-	\$ (7)	154	161
	390			283	
	\$ 390			\$ 437	

This page intentionally left blank

CITY OF MOUNTAIN VIEW
Internal Service Funds
For the Fiscal Year Ended June 30, 2021

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.

CITY OF MOUNTAIN VIEW
Internal Service Funds
Combining Statement of Net Position
June 30, 2021
(Dollars in Thousands)

	Equipment Maintenance & Replacement	Workers' Compensation Insurance	Unemployment Self-Insurance
Assets:			
Current assets:			
Cash and investments	\$ 34,528	\$ 12,503	\$ 497
Restricted cash and investments	-	90	-
Receivables:			
Interest	139	49	2
Total current assets	<u>34,667</u>	<u>12,642</u>	<u>499</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net of accumulated depreciation	3	-	-
Total assets	<u>34,670</u>	<u>12,642</u>	<u>499</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	50	17	-
Current portion of accrued compensated absences	18	-	-
Current portion of accrued self-insurance costs	-	2,158	-
Total current liabilities	<u>68</u>	<u>2,175</u>	<u>-</u>
Noncurrent liabilities:			
Noncurrent portion of accrued compensated absences	124	-	-
Noncurrent portion of accrued self-insurance costs	-	4,724	-
Total liabilities	<u>192</u>	<u>6,899</u>	<u>-</u>
Net position:			
Net investment in capital assets	3	-	-
Unrestricted	34,475	5,743	499
Total net position	<u>\$ 34,478</u>	<u>\$ 5,743</u>	<u>\$ 499</u>

<u>Liability Self-Insurance</u>	<u>Retirees' Health Plan</u>	<u>Employee Benefits Plan</u>	<u>Total Internal Service Funds</u>
\$ 5,426	\$ 415	\$ 479	53,848
885	-	-	975
21	2	4	217
6,332	417	483	55,040
-	-	-	3
6,332	417	483	55,043
6	-	2	75
-	-	-	18
679	-	-	2,837
685	-	2	2,930
-	-	-	124
891	-	-	5,615
1,576	-	2	8,669
-	-	-	3
4,756	417	481	46,371
\$ 4,756	\$ 417	\$ 481	46,374

CITY OF MOUNTAIN VIEW
Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2021
(Dollars in Thousands)

	Equipment Maintenance & Replacement	Workers' Compensation Insurance	Unemployment Self-Insurance
Operating revenues:			
Charges for services	\$ 2,452	2,085	48
Other	312	31	-
Total operating revenues	<u>2,764</u>	<u>2,116</u>	<u>48</u>
Operating expenses:			
Salaries and related expenses	1,479	-	-
Insurance claims and premiums	-	1,257	191
General and administrative	3,349	160	-
Depreciation	4	-	-
Total operating expenses	<u>4,832</u>	<u>1,417</u>	<u>191</u>
Operating income (loss)	<u>(2,068)</u>	<u>699</u>	<u>(143)</u>
Nonoperating revenues (expenses):			
Investment income	<u>(37)</u>	<u>(79)</u>	<u>(5)</u>
Income (loss) before transfers	<u>(2,105)</u>	<u>620</u>	<u>(148)</u>
Transfers in	3,447	-	-
Transfers out	<u>(392)</u>	<u>-</u>	<u>-</u>
Change in net position	950	620	(148)
Net position, beginning of year	<u>33,528</u>	<u>5,123</u>	<u>647</u>
Net position, end of year	<u><u>\$ 34,478</u></u>	<u><u>5,743</u></u>	<u><u>499</u></u>

Liability Self-Insurance	Retirees' Health Plan	Employee Benefits Plan	Total Internal Service Funds
1,988	5,651	63	12,287
80	34	-	457
2,068	5,685	63	12,744
-	5,048	41	6,568
1,052	-	-	2,500
454	10	7	3,980
-	-	-	4
1,506	5,058	48	13,052
562	627	15	(308)
19	(39)	11	(130)
581	588	26	(438)
700	-	-	4,147
-	(633)	-	(1,025)
1,281	(45)	26	2,684
3,475	462	455	43,690
4,756	417	481	46,374

CITY OF MOUNTAIN VIEW
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
(Dollars in Thousands)

	Equipment Maintenance & Replacement	Workers' Compensation Insurance	Unemployment Self-Insurance
Cash flows from operating activities:			
Cash receipts from customers	\$ 2,764	2,116	48
Cash paid to suppliers for goods and services	(3,380)	(610)	(191)
Cash paid to employees for services	(1,451)	-	-
Claims paid	-	(1,215)	-
Net cash provided by (used in) operating activities	(2,067)	291	(143)
Cash flows from noncapital financing activities:			
Transfers in	3,447	-	-
Transfers out	(392)	-	-
Net cash provided by noncapital financing activities	3,055	-	-
Cash flows from investing activities:			
Interest received	(15)	(62)	(4)
Net cash provided by investing activities	(15)	(62)	(4)
Net increase (decrease) in cash and cash equivalents	973	229	(147)
Cash and cash equivalents, beginning of year	33,555	12,364	644
Cash and cash equivalents, end of year	\$ 34,528	12,593	497
Reconciliation of cash and cash equivalents:			
Cash and investments	\$ 34,528	12,503	497
Restricted cash and investments	-	90	-
Total cash and cash equivalents	\$ 34,528	12,593	497
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (2,068)	699	(143)
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 and accrued liabilities	(31)	16	-
Increase (decrease) in refundable deposits	-	-	-
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in accrued compensated absences	28	-	-
Net cash provided by (used in) operating activities	\$ (2,067)	291	(143)

Liability Self-Insurance	Retirees' Health Plan	Employee Benefits Plan	Total Internal Service Funds
2,068	5,685	63	12,744
(1,511)	(11)	(6)	(5,709)
-	(5,048)	(41)	(6,540)
(1,329)	-	-	(2,544)
(772)	626	16	(2,049)
700	-	-	4,147
-	(633)	-	(1,025)
700	(633)	-	3,122
17	(31)	9	(86)
17	(31)	9	(86)
(55)	(38)	25	987
6,366	453	454	53,836
6,311	415	479	54,823
5,426	415	479	53,848
885	-	-	975
6,311	415	479	54,823
562	627	15	(308)
-	-	-	4
-	-	-	-
(5)	(1)	1	(20)
-	-	-	-
-	-	-	-
-	-	-	28
(772)	626	16	(2,049)

This page intentionally left blank

CITY OF MOUNTAIN VIEW
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

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

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

The **Flexible Benefits Plan Custodial Fund** accounts for money received from employees for the employer's flexible benefits plan established under Internal Revenue Code Section 125.

The **Center for the Performing Arts Custodial Fund** accounts for money received by the Center for the Performing Arts on behalf of the event organizers.

CITY OF MOUNTAIN VIEW
Combining Statement of Fiduciary Net Position
June 30, 2021
(Dollars in Thousands)

	Fire Union	Police Union	Flexible Benefits Plan	Center For the Performing Arts	Total
Assets:					
Cash and investments	\$ 42	29	136	-	207
Restricted cash and investments	-	-	-	299	299
Total assets	42	29	136	299	506
Net Position:					
Restricted for others	\$ 42	29	136	299	506

CITY OF MOUNTAIN VIEW
Combining Statement of Fiduciary Net Position
June 30, 2021
(Dollars in Thousands)

	Fire Union	Police Union	Flexible Benefits Plan	Center For the Performing Arts	Total
Additions:					
Fees and others collected	44	29	59	12	144
Deductions:					
Distribution to others	30	23	61	13	127
Change in net position	14	6	(2)	(1)	17
Net position, beginning of year	28	23	138	300	489
Net position, end of year	<u>\$ 42</u>	<u>29</u>	<u>136</u>	<u>299</u>	<u>506</u>

This page intentionally left blank

CITY OF MOUNTAIN VIEW
Statistical Section
For the Fiscal Year Ended June 30, 2021

This section of the City's Annual Comprehensive 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 Annual Comprehensive Financial Reports for the relevant year.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Net Position by Component

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 440,921	433,059	456,410	454,939
Restricted	105,365	148,253	171,881	194,850
Unrestricted	145,497	134,551	(13,764) ⁽¹⁾	(3,057)
Total governmental activities net position	<u>\$ 691,783</u>	<u>715,863</u>	<u>614,527</u>	<u>646,732</u>
Business-type activities				
Net investment in capital assets	\$ 79,412	83,040	82,850	84,170
Unrestricted	45,032	41,971	30,417	32,410
Total business-type activities net position	<u>\$ 124,444</u>	<u>125,011</u>	<u>113,267</u>	<u>116,580</u>
Primary government				
Net investment in capital assets	\$ 520,333	516,099	539,260	539,109
Restricted	105,365	148,253	171,881	194,850
Unrestricted	190,529	176,522	16,653 ⁽¹⁾	29,353
Total primary government net position	<u>\$ 816,227</u>	<u>840,874</u>	<u>727,794</u>	<u>763,312</u>

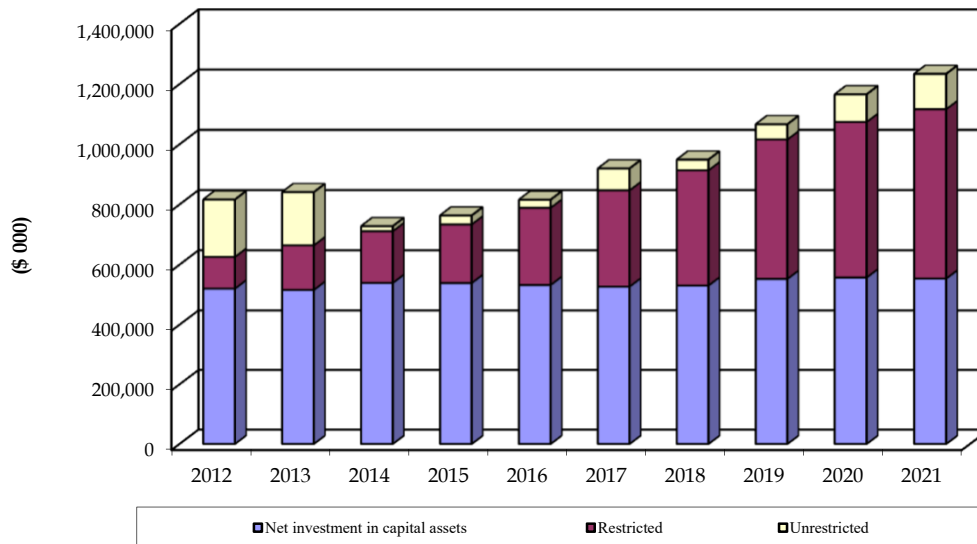
(1) The Unrestricted Net Position since fiscal year ended June 30, 2014 decreased due to the implementation of GASB No. 68.

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

Schedule 1

CITY OF MOUNTAIN VIEW, CALIFORNIA

Net Position by Component
Primary Government



Fiscal Year Ended June 30,

2016	2017	2018	2019	2020	2021
450,011	446,280	450,851	466,424	467,378	467,855
256,471	319,980	382,993	463,224	516,825	562,840
(11,492)	20,918	(42,935) (2)	(31,615)	(1,976)	10,977
<u>694,990</u>	<u>787,178</u>	<u>790,909</u>	<u>898,033</u>	<u>982,227</u>	<u>1,041,672</u>
82,555	80,809	79,783	86,332	89,969	86,020
38,244	51,586	78,278	82,193	93,692	106,155
<u>120,799</u>	<u>132,395</u>	<u>158,061</u>	<u>168,525</u>	<u>183,661</u>	<u>192,175</u>
532,566	527,089	530,634	552,756	557,347	553,875
256,471	319,980	382,993	463,224	516,825	562,840
26,752	72,504	35,343 (2)	50,578	91,716	117,132
<u>815,789</u>	<u>919,573</u>	<u>948,970</u>	<u>1,066,558</u>	<u>1,165,888</u>	<u>1,233,847</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA

Changes in Net Position

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	2012	2013	2014	2015
Expenses				
Governmental activities				
General government	\$ 30,983	31,825	32,517	33,782
Public safety	51,302	50,818	51,719	51,946
Public works	16,487	26,967	13,264	30,630
Community development	10,611	8,134	15,013	10,501
Culture and recreation	31,403	29,703	30,623	30,083
Interest on long term debt	3,459	3,368	2,998	2,178
Total governmental activities expenses	144,245	150,815	146,134	159,120
Business-type activities				
Water	23,812	26,199	24,168	26,001
Wastewater	13,413	14,167	13,962	15,433
Solid Waste	9,963	10,989	12,124	11,199
Total business-type activities expenses	47,188	51,355	50,254	52,633
Total primary government expenses	<u>\$ 191,433</u>	<u>202,170</u>	<u>196,388</u>	<u>211,753</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 22,893	25,966	24,584	26,852
Public safety	1,436	1,952	1,988	1,849
Public works	4,777	10,753	10,276	10,122
Community development	8,409	13,117	14,483	10,487
Culture and recreation	4,868	4,631	5,023	5,313
Operating grants and contributions	4,147	4,643	4,507	4,756
Capital grants and contributions	12,806	20,293	21,859	21,895
Total government activities program revenues	59,336	81,355	82,720	81,274
Business-type activities				
Charges for services:				
Water	23,183	25,823	28,887	26,914
Wastewater	13,296	14,558	15,367	15,925
Solid Waste	11,048	11,445	11,864	12,462
Capital grants and contributions	2,078	776	187	552
Total business-type activities program revenues	49,605	52,602	56,305	55,853
Total primary government program revenues	<u>\$ 108,941</u>	<u>133,957</u>	<u>139,025</u>	<u>137,127</u>
Net (Expense) Revenue				
Governmental activities	\$ (84,909)	(69,460)	(63,414)	(77,846)
Business-type activities	2,417	1,247	6,051	3,220
Total primary government net expense	<u>\$ (82,492)</u>	<u>(68,213)</u>	<u>(57,363)</u>	<u>(74,626)</u>

Schedule 2

Fiscal Year Ended June 30,					
2016	2017	2018	2019	2020	2021
35,510	38,460	44,602	46,797	48,167	51,531
53,538	57,759	66,688	70,435	76,853	77,385
31,052	29,541	36,057	35,195	40,789	39,487
11,991	13,564	18,206	18,859	20,423	17,143
30,105	31,275	35,698	35,619	58,221	35,164
1,860	1,732	1,633	3,971	4,278	4,176
164,056	172,331	202,884	210,876	248,731	224,886
27,809	30,459	35,101	35,868	37,522	36,981
17,332	18,250	17,294	19,526	20,109	21,848
11,945	11,762	13,235	13,682	15,077	13,573
57,086	60,471	65,630	69,076	72,708	72,402
221,142	232,802	268,514	279,952	321,439	297,288
28,846	34,198	39,415	53,704	39,191	43,087
1,643	1,205	1,333	1,407	1,270	801
3,911	3,165	3,546	3,906	2,916	3,397
11,941	14,055	20,485	18,266	15,229	13,123
5,106	5,057	5,315	5,741	4,993	4,903
4,297	3,902	3,265	5,111	6,637	4,572
31,291	68,541	68,479	62,861	81,176	56,217
87,035	130,123	141,838	150,996	151,412	126,100
27,953	33,847	40,571	34,844	38,092	38,205
19,730	22,818	22,369	23,513	25,850	22,962
13,125	14,053	14,870	15,588	15,837	14,731
385	2,443	12,761	2,636	5,014	5,033
61,193	73,161	90,571	76,581	84,793	80,931
148,228	203,284	232,409	227,577	236,205	207,031
(77,021)	(42,208)	(61,046)	(59,880)	(97,319)	(98,786)
4,107	12,690	24,941	7,505	12,085	8,529
(72,914)	(29,518)	(36,105)	(52,375)	(85,234)	(90,257)

CITY OF MOUNTAIN VIEW, CALIFORNIA

Changes in Net Position

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes:				
Property taxes	\$ 57,709	58,515	62,601	64,954
Sales taxes	15,939	16,744	16,935	19,773
Transient occupancy tax	4,397	4,668	5,595	6,559
Utility users tax	6,157	7,954	7,335	7,988
Nonregulatory franchise and business	4,204	4,241	4,633	4,793
Intergovernmental revenue	194	222	209	209
Investment income	6,363	966	3,870	4,944
Other	-	-	1,091	575
Transfers	355	510	739	256
Total government activities	95,318	93,820	103,008	110,051
Business-type activities				
Investment income	526	22	394	349
Transfers	(355)	(510)	(739)	(256)
Total business-type activities	171	(488)	(345)	93
Total primary government	<u>\$ 95,489</u>	<u>93,332</u>	<u>102,663</u>	<u>110,144</u>
Change in Net Position				
Change in net position before extraordinary and special items:				
Governmental activities	\$ 10,409	24,360	39,594	32,205
Business-type activities	2,588	759	5,706	3,313
Total primary government	12,997	25,119	45,300	35,518
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	-	-	16,679	-
Land held contributed from Successor Agency	-	-	6,250	-
Change in net position	<u>\$ (4,412)</u>	<u>25,119</u>	<u>68,229</u>	<u>35,518</u>

Schedule 2

Fiscal Year Ended June 30,					
2016	2017	2018	2019	2020	2021
71,563	86,373	92,478	95,420	107,192	119,678
21,401	21,829	20,713	25,058	19,792	18,284
6,591	7,043	7,057	7,051	5,602	1,918
9,898	8,573	8,136	7,850	7,870	7,654
4,954	4,997	5,364	5,549	7,886	9,408
211	219	228	219	245	242
8,551	1,314	1,459	26,411	33,613	1,056
1,724	2,859	-	-	-	-
386	1,189	(588)	(554)	(687)	(9)
125,279	134,396	134,847	167,004	181,513	158,231
498	95	137	2,405	2,364	(24)
(386)	(1,189)	588	554	687	9
112	(1,094)	725	2,959	3,051	(15)
125,391	133,302	135,572	169,963	184,564	158,216
48,258	92,188	73,801	107,124	84,194	59,445
4,219	11,596	25,666	10,464	15,136	8,514
52,477	103,784	99,467	117,588	99,330	67,959
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
52,477	103,784	99,467	117,588	99,330	67,959

CITY OF MOUNTAIN VIEW, CALIFORNIA

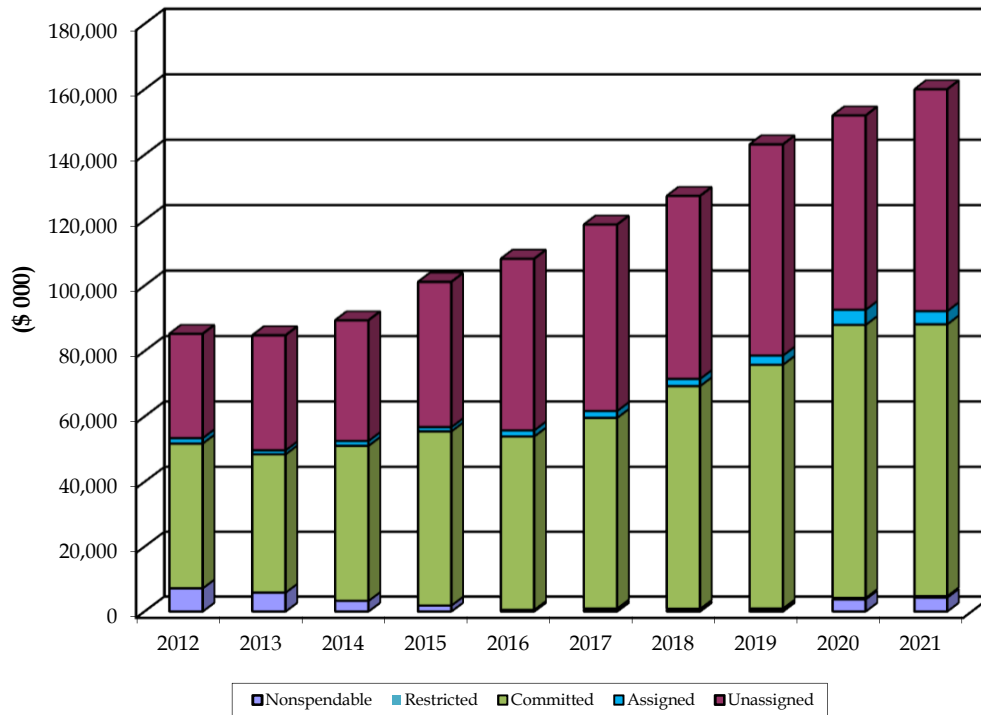
Fund Balances of Governmental Funds

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 7,147	5,828	3,276	1,847
Restricted	-	-	-	-
Committed	44,609	42,626	47,771	53,622
Assigned	1,648	1,222	1,498	1,294
Unassigned	31,882	35,150	36,880	44,395
Total General Fund	<u>\$ 85,286</u>	<u>84,826</u>	<u>89,425</u>	<u>101,158</u>
All Other Governmental Funds				
Nonspendable	\$ 47	76	67	69
Restricted	159,532	191,843	218,699	228,910
Committed	-	-	-	930
Unassigned	-	-	(18)	(18)
Total all other governmental funds	<u>\$ 159,579</u>	<u>191,919</u>	<u>218,748</u>	<u>229,891</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA

Fund Balance for General Fund



Fiscal Year Ended June 30,

2016	2017	2018	2019	2020	2021
523	541	407	519	3,757	4,292
-	410	420	424	430	437
53,399	58,655	68,483	74,881	83,827	83,453
1,860	2,094	2,202	2,819	4,604	4,044
52,459	56,979	55,913	64,539	59,394	67,792
<u>108,241</u>	<u>118,679</u>	<u>127,425</u>	<u>143,182</u>	<u>152,012</u>	<u>160,018</u>
57	64	60	72	17,051	17,060
256,281	318,281	382,132	532,282	586,008	632,852
4,149	17,027	10,553	8,175	13,318	20,869
(3)	-	(55)	(128)	-	-
<u>260,484</u>	<u>335,372</u>	<u>392,690</u>	<u>540,401</u>	<u>616,377</u>	<u>670,781</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Revenues					
Taxes	\$ 89,496	93,385	98,806	107,135	116,783
Licenses, permits and fees	15,614	22,482	23,677	31,421	28,136
Fines and forfeitures	954	1,043	1,068	920	697
Use of money and property	15,112	10,659	14,878	14,932	19,730
Intergovernmental	5,622	7,200	7,840	6,255	6,415
Charges for services	23,339	36,221	33,810	24,323	27,882
Developer fees and contributions	-	-	-	-	-
Other	3,528	4,415	3,212	5,091	7,681
Total Revenues	153,665	175,405	183,291	190,077	207,324
Expenditures					
Current:					
General government	28,707	29,653	30,475	31,714	34,269
Public safety	48,364	49,474	50,517	52,457	54,790
Public works	8,377	8,736	9,340	10,098	11,924
Community development	9,581	8,316	14,494	10,275	11,941
Culture and recreation	20,997	21,072	21,904	22,899	23,979
Capital outlay	23,940	15,493	14,148	28,080	17,914
Debt service:					
Principal	18,093	5,103	5,296	5,535	7,187
Interest and fiscal charges	3,736	2,872	2,895	2,056	1,936
Total Expenditures	161,795	140,719	149,069	163,114	163,940
Excess (deficiency) of revenues over (under) expenditures	(8,130)	34,686	34,222	26,963	43,384
Other Financing Sources (Uses)					
Sale of capital assets	-	-	1,469	1,910	1,950
Issuance of bonds	39,454	-	12,135	-	-
Bond premium	-	-	-	-	-
Payment to refund bond escrow agent	-	-	(12,035)	-	-
Transfers in	50,417	32,211	34,028	33,286	42,300
Transfers (out)	(53,032)	(35,017)	(38,391)	(39,283)	(49,958)
Total other financing sources (uses)	36,839	(2,806)	(2,794)	(4,087)	(5,708)
Net Change in fund balances before extraordinary items	28,709	31,880	31,428	22,876	37,676
Extraordinary Items:					
Assets transferred to/liabilities assumed by Successor Agency, net of LAIF rate remeasurement	-	(9,299)	-	-	-
Net Change in fund balances	\$ 28,709	22,581	31,428	22,876	37,676
Debt service as a percentage of noncapital expenditures	16.0%	6.4%	6.2%	5.6%	6.1%

- (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.

Schedule 4

Fiscal Year Ended June 30,				
2017	2018	2019	2020	2021
131,921	136,206	146,048	149,433	160,404
12,554	17,202	14,688	12,368	12,521
872	912	979	768	312
17,508	20,228	45,389	52,008	22,833
4,590	5,706	7,062	6,397	8,251
27,330	30,077	32,594	30,479	27,642
57,628 (1)	60,239	52,291	66,709	45,890
6,233	7,055	17,052	6,903	7,509
258,636	277,625	316,103	325,065	285,362
37,379	43,432	44,284	46,303	49,541
56,893	65,276	65,968	69,665	71,579
12,852	16,229	16,400	16,875	18,548
13,304	18,099	17,988	20,062	16,828
24,707	29,257	28,315	52,912	27,192
16,495	32,688	39,817	24,490	29,699
4,782	3,355	3,453	1,927	1,997
1,782	1,673	2,847	4,533	4,437
168,194	210,009	219,072	236,767	219,821
90,442	67,616	97,031	88,298	65,541
2,894	1,821	-	-	-
-	-	63,800	-	-
-	-	6,416	-	-
-	-	-	-	-
57,452	96,599	82,995	143,720	58,910
(65,462)	(99,972)	(86,774)	(147,212)	(62,041)
(5,116)	(1,552)	66,437	(3,492)	(3,131)
85,326	66,064	163,468	84,806	62,410
-	-	-	-	-
85,326	66,064	163,468	84,806	62,410
4.3%	2.8%	3.5%	3.0%	3.3%

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
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
2019-20	18,323,758	6,408,156	4,373,020	1,386,810
2020-21	20,011,424	6,971,532	4,498,546	1,936,547

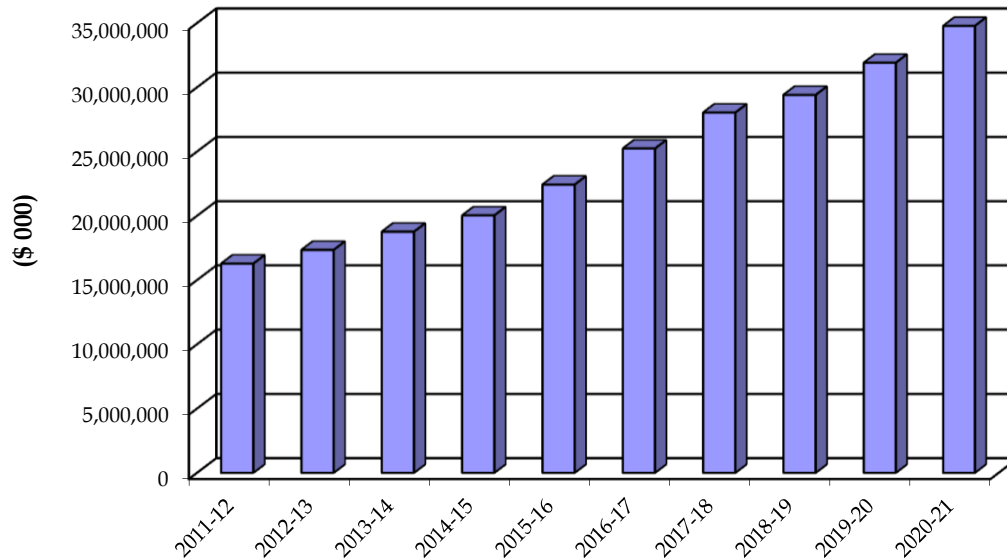
Source: Santa Clara County Assessor

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Total Taxable Assessed Value



<u>Unsecured</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (1)</u>
1,852,725	(501,151)	16,276,693	1.00%
2,400,336	(521,424)	17,344,773	1.00%
2,527,347	(545,680)	18,759,660	1.00%
2,444,399	(1,011,970)	20,026,703	1.00%
2,689,859	(993,411)	22,425,807	1.00%
2,972,482	(1,094,913)	25,232,918	1.00%
3,437,332	(1,145,258)	28,031,336	1.00%
2,830,453	(1,125,615)	29,405,297	1.00%
2,816,506	(1,400,344)	31,907,906	1.00%
2,969,624	(1,611,881)	34,775,792	1.00%

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	
2011-12	1.00	1.00	0.0388	0.0459	0.0747	0.1110	0.0129	0.0064	1.1199	1.1762
2012-13	1.00	1.00	0.0439	0.0463	0.1005	0.1149	0.0129	0.0069	1.1513	1.1810
2013-14	1.00	1.00	0.0423	0.0423	0.0941	0.1059	0.0129	0.0070	1.1434	1.1681
2014-15	1.00	1.00	0.0479	0.0479	0.0747	0.1164	0.0129	0.0065	1.1291	1.1837
2015-16	1.00	1.00	0.0476	0.0476	0.0632	0.1174	0.0129	0.0065	1.1173	1.1844
2016-17	1.00	1.00	0.0474	0.0474	0.0772	0.0943	0.0129	0.0092	1.1338	1.1638
2017-18	1.00	1.00	0.0597	0.0597	0.0737	0.1052	0.0100	0.0071	1.1405	1.1820
2018-19	1.00	1.00	0.0565	0.0565	0.1015	0.1259	0.0100	0.0060	1.1640	1.1984
2019-20	1.00	1.00	0.0557	0.0557	0.0962	0.1158	0.0100	0.0057	1.1576	1.1872
2020-21	1.00	1.00	0.0457	0.0457	0.1110	0.1578	0.0100	0.0052	1.1619	1.2187

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Principal Property Tax Payers

Current Year and Nine Years Ago
(Dollars in Thousands)

Taxpayer	Fiscal Year 2020-21			Fiscal Year 2011-12		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Google LLC	\$ 5,234,051	1	15.0%	\$ 1,235,214	1	7.6%
Nor Cal Plymouth Realty LLC	218,877	2	0.6%	-	-	-
Sobrato Interests	339,765	3	1.0%	-	-	-
Baccarat Shoreline LLC	120,589	4	0.3%	-	-	-
P A Charleston Road LLC	116,525	5	0.3%	99,037	6	0.6%
Intuit Inc.	227,899	6	0.7%	-	-	-
Richard T. Peery Trustee	103,000	7	0.3%	143,290	4	0.9%
Microsoft Corporation	90,713	8	0.3%	141,883	5	0.9%
MGP IX SAC II Properties LLC	408,743	9	1.2%	-	-	-
Charleston Properties	64,041	10	0.2%	-	-	-
HCP Life Science REIT Inc.	-	-	-	317,826	2	2.0%
Mission West Shoreline LLC	-	-	-	176,755	3	1.1%
BRCP Landmark LLC	-	-	-	98,712	7	0.6%
Richard M. and Beverly J. Salado Trustee	-	-	-	70,591	8	0.4%
Trust NOIP Charleston	-	-	-	65,500	9	0.4%
400 Castro St. Inc.	-	-	-	54,400	10	0.3%
Subtotal	<u>\$ 6,924,203</u>		<u>19.9%</u>	<u>\$ 2,403,208</u>		<u>14.8%</u>

Fiscal Year 2020-21 Total Net Assessed Valuation: \$ 34,775,792

Fiscal Year 2011-12 Total Net Assessed Valuation: \$ 16,276,693

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

This page intentionally left blank

CITY OF MOUNTAIN VIEW, CALIFORNIA

Property Tax Levies and Collections

Last Ten Fiscal Years
(Dollars in Thousands)

<u>Fiscal Year</u>	<u>Taxes Levied (1)</u>	<u>Current Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Taxes Collected</u>	<u>Percent of Levy</u>
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%
2019-20	107,192	107,192	100%	-	107,192	100%
2020-21	119,678	119,678	100%	-	119,678	100%

Source: City of Mountain View

(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.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Ratio of Outstanding Debt by Type

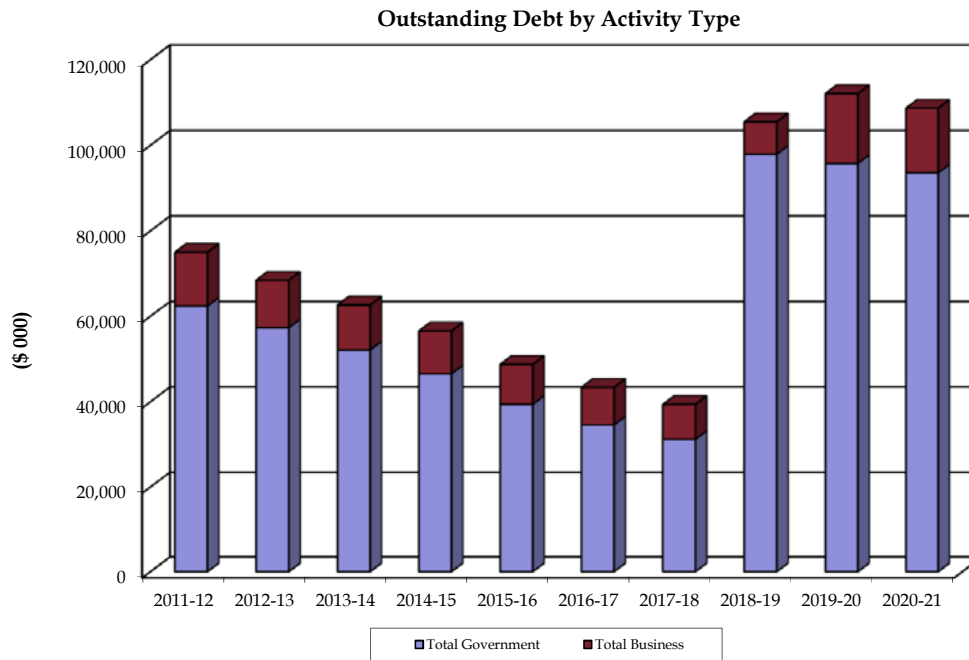
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Governmental Activities			
	Tax Allocation Bonds	Certificates of Participation	Bank Loan	Special Assessment Debt
2011-12	\$ 56,330	5,779	-	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 (3)	-	-	49
2019-20	95,756	-	-	12
2020-21	93,554	-	-	-

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

- (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) Includes 2018 SRPC Revenue Bonds, Series A and Series B.
(4) In Fiscal Year 2019-20, the remaining balance of \$10.0M of the \$10.1M loan was drawn. See Note 7 for additional information.
(5) Personal income data for Fiscal Year 2020-21 is not available until May of 2022.

CITY OF MOUNTAIN VIEW, CALIFORNIA



Business-Type Activities		Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
Water Bonds (1)	WasteWater Direct Financing			
12,525	-	74,940	1.59%	0.99
11,115	-	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	0.76%	0.61
8,740	-	43,351	0.59%	0.54
8,110	-	39,367	0.49%	0.49
7,470	59	105,441	1.21%	1.30
6,810	9,521 (4)	112,099	1.19%	1.38
6,135	8,979	108,668	(5)	1.31

CITY OF MOUNTAIN VIEW, CALIFORNIA

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita (1)
	Tax Allocation Bonds	Total		
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%	1.21
2019-20	95,756	95,756	0.30%	1.18
2020-21	93,554	93,554	0.27%	1.13

(1) Per capita numbers are restated as updated population numbers are available.

(2) Includes 2018 SRPC Revenue Bonds, Series A and Series B.

Schedule 11

CITY OF MOUNTAIN VIEW, CALIFORNIA Direct and Overlapping Governmental Activities Debt As of June 30, 2021

2020-21 Assessed Valuation: \$34,775,791,652 (A)

	Total Debt 6/30/21	% Applicable (1)	City's Share of Debt 6/30/21
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Santa Clara County	\$812,685,000	6.312%	\$ 51,296,677
Foothill-DeAnza Community College District	707,932,142	18.003	127,449,024
Fremont Union High School District	617,160,088	0.281	1,734,220
Mountain View-Los Altos Union High School District	207,011,101	57.192	118,393,789
Los Altos School District	164,070,000	16.559	27,168,351
Mountain View School District	4,530,000	87.406	3,959,492
Sunnyvale School District	209,495,820	0.620	1,298,874
Mountain View-Whisman School District	279,115,000	91.517	255,437,675
Whisman School District	8,380,054	98.376	8,243,962
El Camino Hospital District	116,290,000	32.373	37,646,562
Midpeninsula Regional Open Space District	86,400,000	10.333	8,927,712
Shoreline Regional Park Community	87,680,000	100.000	87,680,000
Santa Clara Valley Water District Benefit Assessment District	57,010,000	6.312	3,598,471
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$732,834,809
OVERLAPPING GENERAL FUND DEBT:			
Santa Clara County General Fund Obligations	\$914,957,860	6.312%	\$ 57,752,140
Santa Clara County Pension Obligation Bonds	341,399,194	6.312	21,549,117
Santa Clara County Board of Education Certificates of Participation	2,670,000	6.312	168,530
Foothill-DeAnza Community College District Certificates of Participation	22,085,000	18.003	3,975,963
Mountain View-Los Altos Union High School District General Fund Obligations	2,489,970	57.192	1,424,064
Los Altos School District Certificates of Participation	1,954,070	16.559	323,574
City of Mountain View	0	100.000	0
Midpeninsula Regional Park District General Fund Obligations	106,000,600	10.333	10,953,042
Santa Clara County Vector Control District Certificates of Participation	1,765,000	6.312	111,407
TOTAL OVERLAPPING GENERAL FUND DEBT			\$96,257,837
Less: Santa Clara County supported obligations			1,595,503
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$94,662,334
TOTAL DIRECT DEBT			\$93,553,497 (3)
TOTAL GROSS OVERLAPPING DEBT			\$741,412,646
TOTAL NET OVERLAPPING DEBT			\$739,817,143
GROSS COMBINED TOTAL DEBT			\$834,966,143 (2) (3)
NET COMBINED TOTAL DEBT			\$833,370,640 (2) (3)

- (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.
- (3) Includes unamortized premium for direct debt of \$5,873,497.

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.11%
Total Direct Debt	0.27%
Gross Combined Total Debt.....	2.40%
Net Combined Total Debt.....	2.40%

Source: California Municipal Statistics, Inc.

(A) The assessed valuation number provided by Santa Clara County Assessor.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Legal Debt Margin Information

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year			
	2011-12	2012-13	2013-14	2014-15
Debt limit	\$ 1,982,930	2,601,716	2,813,949	3,004,005
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 1,982,930</u>	<u>2,601,716</u>	<u>2,813,949</u>	<u>3,004,005</u>
Total net debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

(1) Source: Santa Clara County Assessor.

(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.

Legal Debt Margin Calculation for Fiscal Year 2019-20

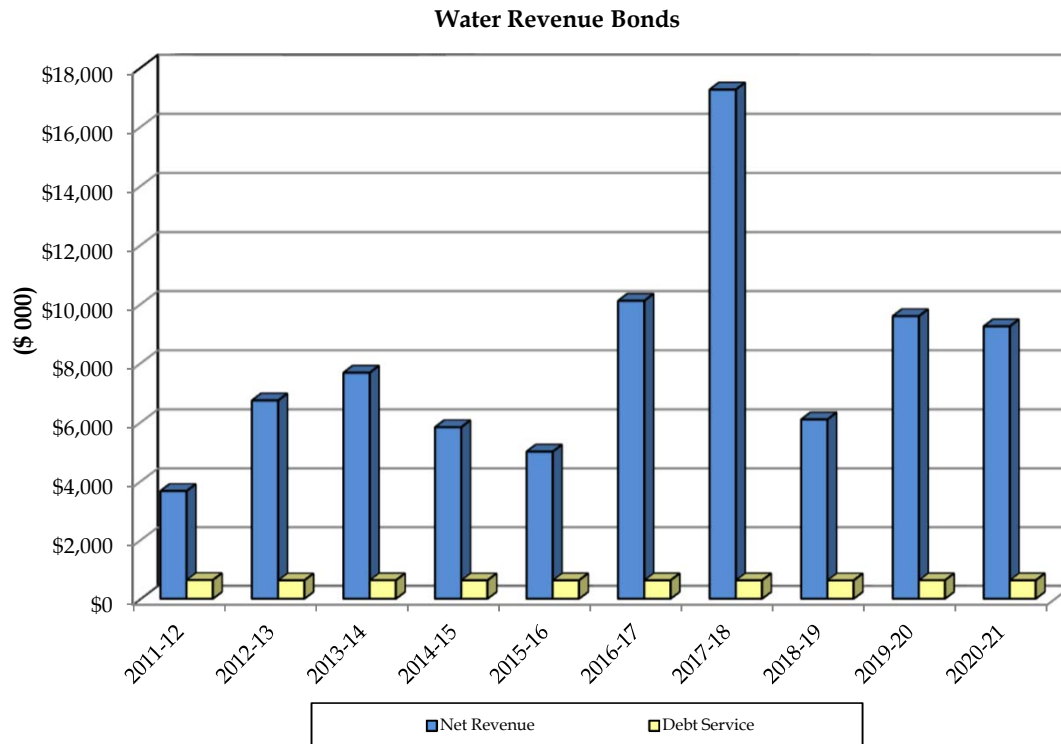
Assessed value (net) - June 30, 2021 (1)	\$ <u>34,775,792</u>
Debt limit: 15% of assessed value	5,216,369
Less total bonded debt, general obligation	<u>-</u>
Legal debt margin (2)	\$ <u>5,216,369</u>

Fiscal Year					
<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
3,363,871	3,784,938	4,204,700	4,410,795	4,786,186	5,216,369
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,363,871</u>	<u>3,784,938</u>	<u>4,204,700</u>	<u>4,410,795</u>	<u>4,786,186</u>	<u>5,216,369</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF MOUNTAIN VIEW, CALIFORNIA

Debt Pledged-Revenue Coverage

Last Ten Fiscal Years
(Dollars in Thousands)



Fiscal Year	Water Revenue Bonds					
	Gross Revenues	Less: Operating Costs	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
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	25,894	10,111	365	263	16.1
2017-18	48,005	30,746	17,259	380	248	27.5
2018-19	37,520	31,425	6,095	390	234	9.8
2019-20	42,135	32,544	9,591	410	219	15.2
2020-21	40,978	31,733	9,245	425	202	14.7

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

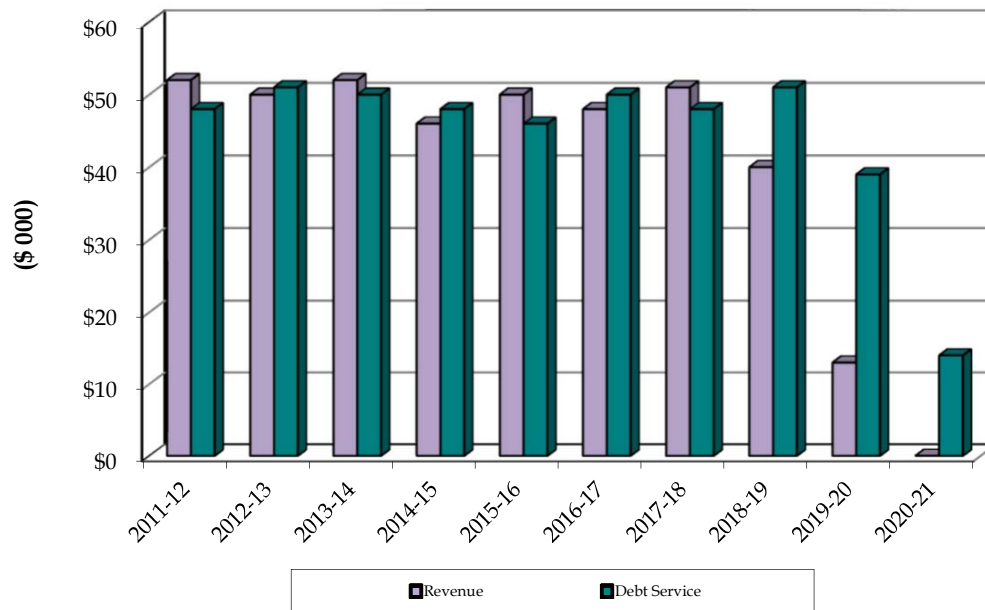
Gross revenues include developer capital contribution fees, non-operating interest earnings and transfers in. Operating costs exclude depreciation or amortization. Interest also includes fiscal charges and other related costs.

CITY OF MOUNTAIN VIEW, CALIFORNIA

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		Coverage	
		Principal	Interest		
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	
2019-20	13	37	2	0.3	
2020-21	-	12	2	0.0	

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

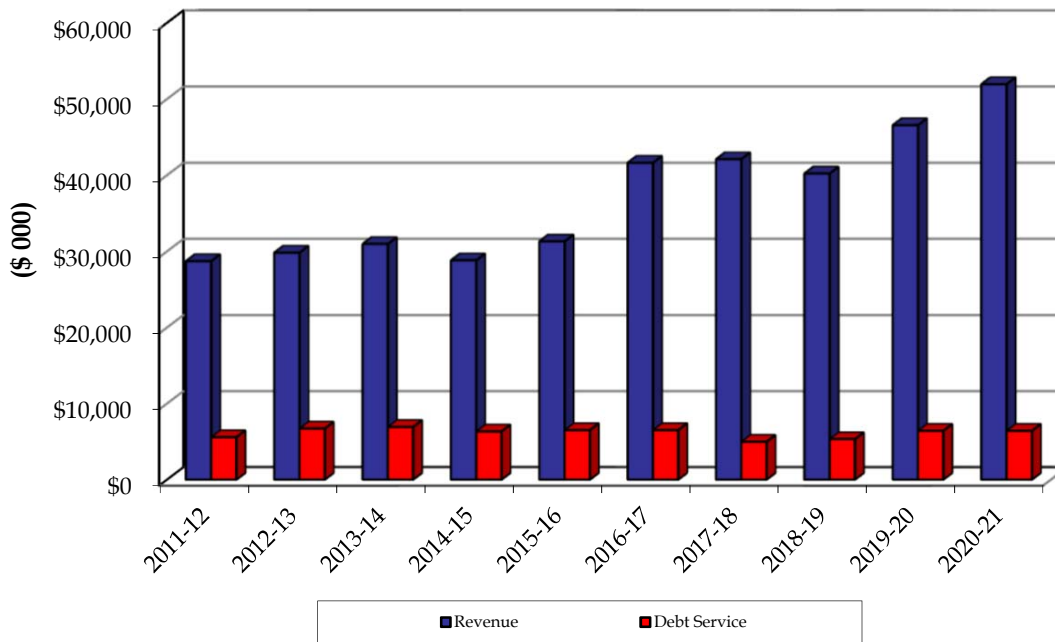
(1) Collections include interest payments from property owners.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Debt Pledged-Revenue Coverage

Last Ten Fiscal Years
(Dollars in Thousands)

Revenue Bonds - Shoreline Regional Park Community



Revenue Bonds-Shoreline Regional Park Community (1)

Fiscal Year	Tax				Coverage
	Increment Revenues	Debt Service			
		Principal	Interest (2)		
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	
2019-20	46,565	1,890	4,531	7.3	
2020-21	51,943	1,985	4,435	8.1	

(1) Comprised of Shoreline Regional Park Community 2011 Revenue Bonds, 2014 Bank Loan, and 2018 Revenue Bonds.

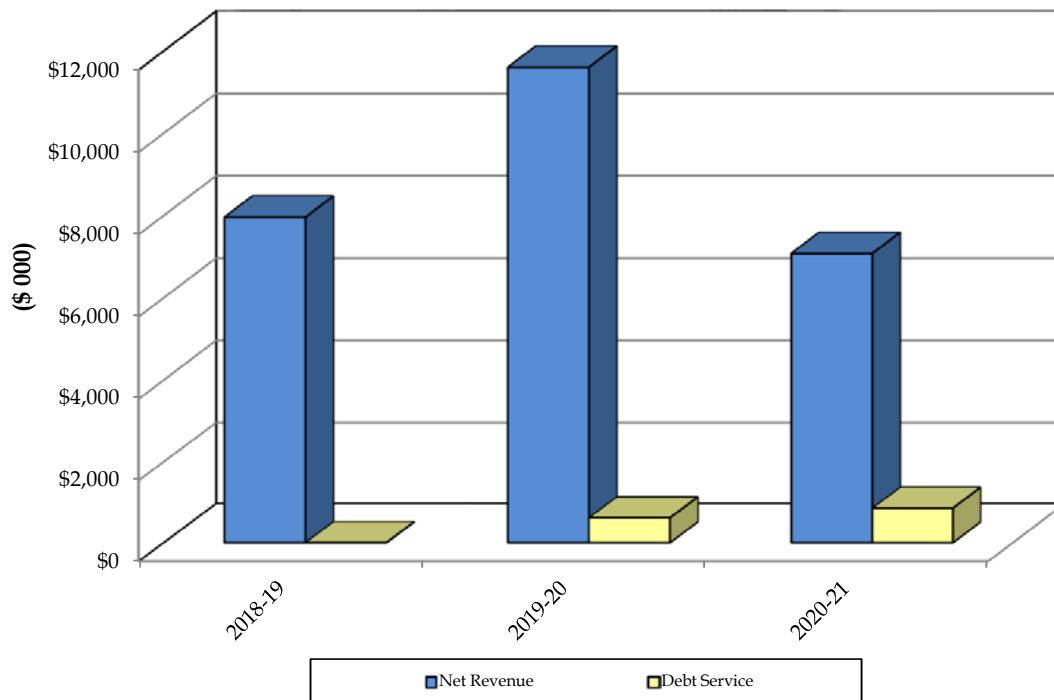
(2) Includes other fiscal charges.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Debt Pledged-Revenue Coverage

Last Ten Fiscal Years
(Dollars in Thousands)

Wastewater Direct Financing Arrangement



Wastewater Direct Financing Arrangement

Fiscal Year	Gross Revenues	Less: Operating Costs	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2018-19	\$ 25,394	17,434	7,960	-	1	7,960
2019-20	29,452	17,847	11,605	579	35	19
2020-21	26,380	19,300	7,080	542	311	8.3

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.

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)
2011-12	75,905	6,222	\$ 4,706,110	62	7,351	8.7%
2012-13	76,739	6,290	5,141,513	67	7,524	6.8%
2013-14	77,052	6,316	5,393,640	70	7,535	5.4%
2014-15	78,564	6,440	5,892,300	75	7,552	3.9%
2015-16	79,429	6,511	6,433,749	81	7,577	4.0%
2016-17	79,966	6,555	7,356,872	92	7,620	3.5%
2017-18	80,104	6,566	8,010,400	100	7,678	2.9%
2018-19	80,986	6,638	8,746,488	108	7,719	2.6%
2019-20	81,302	6,664	9,431,032	116	7,511	9.3%
2020-21	82,814	6,788	(4)	(4)	7,427	4.8%

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.

(2) Population Density per square mile calculations are restated from 11.7 to 12.2 square miles in Fiscal Year 2015-16.

(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 2020-21 is not available until May of 2022.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2020-21			Fiscal Year 2011-12		
	Estimated Number of Employees	Rank	Percentage of Total City Employment	Estimated Number of Employees	Rank	Percentage of Total City Employment
Google LLC	26,000	1	19.6%	12,000	1	10.3%
Intuit Inc.	2,553	2	1.9%	1,969	5	1.7%
El Camino Hospital	2,265	3	1.7%	2,994	2	2.6%
LinkedIn	1,959	4	1.5%	2,810	4	2.4%
Microsoft Corporation	1,800	5	1.4%	1,700	6	1.5%
Waymo LLC	1,732	6	1.3%	-	-	-
Pure Storage	1,157	7	0.9%	-	-	-
Synopsys Inc.	1,101	8	0.7%	1,100	7	0.9%
Palo Alto Medical Foundation	1,000	9	0.8%	990	8	0.8%
Samsung	822	10	0.6%	-	-	-
Symantec	-	-	-	2,885	3	2.5%
Siemens	-	-	-	238	9	0.2%
Complete Genomics	-	-	-	150	10	0.1%
Subtotal	<u>40,389</u>		<u>30.4%</u>	<u>26,836</u>		<u>22.9%</u>
Total City Daytime Population	132,976	(1)		117,000		

Sources: City of Mountain View Business License Data
 Silicon Valley Business Journal
 Company Representatives

(1) Total City daytime population is from Fiscal Year 2019-20. Data for Fiscal Year 2020-21 is not available.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function	Adopted for Fiscal Year Ended June 30,			
	2012 (1)	2013	2014	2015
General government	73.75	73.75	74.75	74.75
Public safety:				
Fire:				
Firefighters and Safety Officers	73.00	74.00	74.00	74.00
Civilians	8.60	5.60	5.60	5.60
Police:				
Sworn Police	95.00	96.00	96.00	96.00
Civilians	46.50	44.00	44.00	44.00
Public works	52.05	53.05	54.05	54.55
Community development	32.00	32.00	34.00	34.00
Culture and recreation:				
Community Services	99.25	81.75 (2)	81.75	82.75
Library	30.00	30.00	30.00	30.00
Water	38.15	38.15	37.65	37.50
Wastewater	21.50	21.50	21.50	21.45
Solid Waste	14.95	14.95	14.95	14.65
Total Regular Positions	584.75	564.75	568.25	569.25
Limited-Period Positions	3.00	3.50	6.25	10.00
Total	587.75	568.25	574.50	579.25

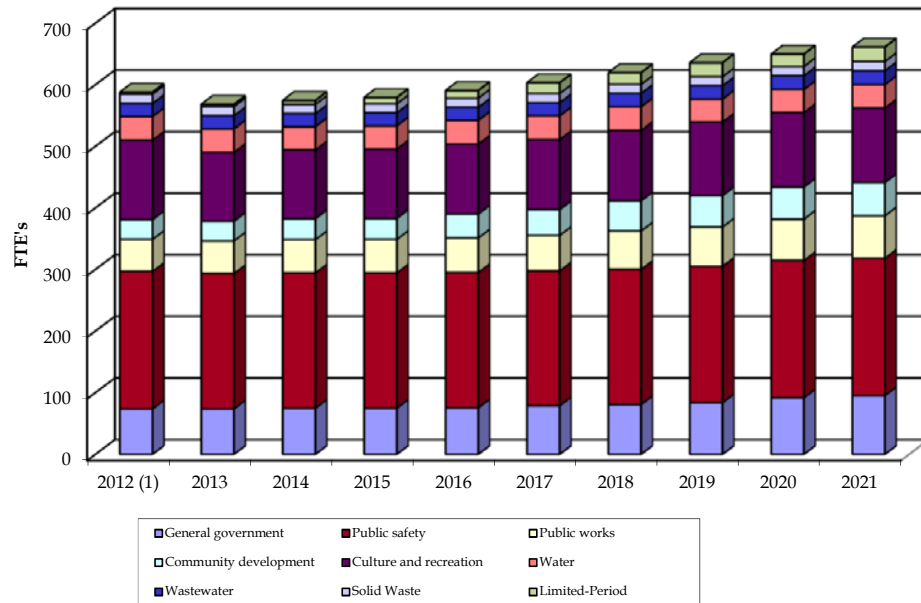
Source: City of Mountain View

(1) Fiscal year ended June 30, 2012 includes 1.0 unfunded position.

(2) Includes the elimination of 17.5 positions with the transfer of the management of the golf course to a private operator.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Employees by Function



Adopted for Fiscal Year Ended June 30,

2016	2017	2018	2019	2020	2021
75.40	78.65	80.65	83.65	91.65	95.15
74.00	74.00	73.00	73.00	71.00	71.00
5.60	4.60	5.60	7.60	8.60	8.60
96.00	95.00	95.00	95.00	96.00	96.00
44.00	45.50	46.00	46.00	47.50	47.50
56.20	57.70	62.40	63.90	66.90	68.90
38.75	41.75	49.00	51.00	52.00	54.00
83.75	84.25	84.50	88.50	90.50	90.50
30.00	29.75	29.75	30.75	30.75	30.75
38.25	38.25	38.35	37.35	37.35	37.85
21.60	21.60	21.70	21.70	22.70	22.70
14.70	14.70	14.80	14.80	14.80	14.80
578.25	585.75	600.75	613.25	629.75	637.75
12.25	17.50	19.00	22.50	20.00	23.50
590.50	603.25	619.75	635.75	649.75	661.25

CITY OF MOUNTAIN VIEW, CALIFORNIA

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,			
	2012	2013	2014	2015
Public safety:				
Fire:				
Fire calls for service	5,141	5,196	5,526	5,703
Primary fire inspections conducted	965 (1)	999 (1)	957 (1)	1,857 (2)
Environmental safety inspections conducted	1,626 (1)	1,593 (1)	1,851	1,769
Police:				
Communication Center calls answered	81,820	79,662	85,175	90,559
Police calls for service	71,758	72,318	61,525	63,093
Law violations:				
Part I and Part II crimes	4,548	4,465	4,384	4,369
Physical arrests (adult and juvenile)	2,346	2,706	2,320	2,262
Traffic violations	10,789 (5)	18,908	13,411	13,745
Parking violations	4,755 (5)	4,120	8,235	5,990
Public works				
Street resurfacing (miles)	1.83 (6)	1.20 (7)	1.49	- (8)
Potholes repaired (square feet)	430	1,102 (11)	821	1,439
Culture and recreation:				
Community Services:				
Recreation class participants	7,604	7,020	8,558	9,438
Performing Arts Center performances	348	340	399	394
Library:				
Volumes in Collection (thousands)	333	331	337	337
Total Volumes Borrowed (thousands)	1,799	1,747	1,685	1,564
Water				
Water service connections	17,497	17,636	17,781	17,858
Water main breaks	6	6	8	9
Average daily consumption (thousands of gallons)	10,350	10,520	10,475	8,713
Wastewater				
Storm drain inlets	2,767	2,776	2,776	2,829
Sewer service connections	17,149	17,373	17,377	17,461
Sewer main blockages	4	6	5	15
Average daily treatment (thousands of gallons)	7,860	7,608	6,980	6,750
Solid Waste				
Landfilled (tons per year)	48,332	46,894	44,878	46,865 (16)
Recyclables Processed (tons per year)	24,703	28,136	30,411	35,465

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) Diversion of street resurfacing funds to a Federally funded streets project contributed to lower than average street resurfacing miles.
- (7) Reflects focus on other street improvements such as drain grates, sidewalks, gutters, and curbs; which has diverted funding away from resurfacing efforts.
- (8) The City was unable to advertise and bid the surface project and therefore street resurfacing project was delayed.
- (9) Increase in mileage due to increase in funding availability in Fiscal Year 2019-20.
- (10) Decrease in mileage due to extension of design schedules to accommodate additional project features to include pedestrian and bike improvements.
- (11) 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.
- (12) Increase due to responses to sections of California St., Shoreline Blvd., Miramonte, and El Camino Real (this is a state highway that City assisted with abating the most hazardous potholes).
- (13) The measures may have been affected by customers slowly returning to the Library upon the finished remodel and as programs were steadily added.
- (14) Methodology to estimate number of sewer connections changed to reflect more accurate count.
- (15) Fiscal Year ended June 30, 2018 is restated due to incorrect figures reflected for the year.
- (16) Fiscal Year ended June 30, 2015 was restated in Fiscal Year ended June 30, 2016 due to incorrect calculations.
- (17) 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.
- (18) Variance, unless otherwise noted, due to the COVID-19 public health crisis and Shelter-in-Place restrictions.

Fiscal Year Ended June 30,					
2016	2017	2018	2019	2020 (18)	2021 (18)
5,955	6,117	6,049	6,188	6,120	5,604
2,844 (3)	1,972 (1)	1,520 (1)	2,262	2,498	1,401
1,641	1,572	1,613	1,363	1,718	1,605
91,826	91,782	92,011	83,400	73,201	65,360
48,875 (4)	48,515	44,188	44,725	40,254	34,953
4,901	4,689	4,914	5,335	4,873	4,241
1,978	2,218	2,119	1,970	1,732	1,147
11,821	8,233	3,563	4,270 (5)	3,073	1,307
6,733	8,149	12,506	12,144	6,761	559
2.40	6.80	2.97	3.93	9.62 (9)	2.25 (10)
1,800	3,271	1,071	3,724 (12)	2,025	780
8,697	8,412	8,501	9,023	2,606	2,356
399	437	555	504	276	274
326	329	302	308	305	283
1,416	1,339	1,177 (13)	1,253	961	742
17,516	18,004	18,199	18,341	18,572	18,747
5	10	2	8	7	15
6,917	7,807	8,395	8,341	8,823	8,950
3,030	3,086	3,086	3,086	3,086	3,242
16,906 (14)	16,906	16,863 (15)	16,990	17,373	17,373
4	3	6	6	6	9
6,235	6,285	7,005	7,295	7,598	6,400
40,961	40,092	41,320	47,578 (17)	42,667	35,067
40,499	41,649	41,381	42,248	36,751	35,961

CITY OF MOUNTAIN VIEW, CALIFORNIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,			
	2012	2013	2014	2015
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	139.2	140.2	140.2	140.2
Street lights	4,117	4,117	4,117	4,117
Traffic Signals	80	83	83	83
Culture and recreation:				
Community services:				
City parks (2)	37	37	39	41
City parks acreage (2)	195.7	195.7	196.35	199.12
Playgrounds (2)	30	30	30	30
City trails (2)	5	5	5	5
City trails miles (2)	9.35	9.35	9.26 (4)	9.26
Roadway landscaping acreage	120.25	120.25	120.25	120.25
Regional park acreage (including trails) (2)	796.63	796.63	796.13 (6)	796.13
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 (7)	1	1	1	1
Community gardens	2	2	2	2
Community centers	1	1	1	1
Senior centers	1	1	1	1
Teen Center (8)	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	176	176	176
Fire hydrants	2,070	2,072	2,074	2,091
Storage capacity (thousands of gallons)	38,530	38,530	38,530	38,530
Wastewater				
Miles of sanitary sewers	159	158	158	158
Miles of storm sewers	108	108	109	109
Number of treatment plants (10)	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 are based on the certified report dated May 22, 2019 derived from the updated database.
- (2) Includes assets not owned by the City but maintained by the City.
- (3) Shoreline Athletic Fields converted 12 acres of Regional park acreage to City parks acreage in Fiscal Year ended June 30, 2016.
- (4) The total length of the trails adjusted due to more precise Geographic Information Systems measurement.
- (5) Additions of Permanente Creek Trail Rock St to Middlefield Rd and Hetch-Hetchy Trail between N Whisman Rd and Tyrella Ave.
- (6) No longer includes the Dog Park and Charleston Park.
- (7) Separate category to reflect Adobe Building and Immigrant House beginning Fiscal Year ended June 30, 2017.
- (8) Reflects Teen Center as a separate category beginning Fiscal Year ended June 30, 2017.
- (9) The miles of sanitary sewers are updated based on correction by GIS due to mischaracterization.
- (10) The City of Mountain View owns treatment capacity at the Palo Alto Treatment Plant.

Fiscal Year Ended June 30,					
2016	2017	2018	2019	2020	2021
5	5	5	5	5	5
1	1	1	1	1	1
38	38	38	38	38	38
140.2	140.2	140.2	140.1 (1)	140.1	140.1
4,120	4,120	4,120	4,270	4,270	4,270
83	83	85	85	86	87
42	42	42	42	42	42
212.32 (3)	212.32	212.32	212.32	212.32	212.59
30	30	30	30	30	33
5	5	5	5	5	5
9.26	9.26	9.71 (5)	9.71	9.71	9.71
120.25	120.25	120.25	120.25	120.25	120.25
784.13 (3)	784.13	784.13	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	3	3	3	3	3
2	2	2	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
0	1	1	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
8	8	8	8	8	8
16	16	16	16	16	16
1	1	1	1	1	1
176	177	188	188	188	188
2,118	2,118	2,136	2,136	2,136	2,117
38,530	38,530	38,530	38,530	38,530	38,530
158	158	158	157 (9)	157	157
109	109	109	109	109	114
0	0	0	0	0	0
15,100	15,100	15,100	15,100	15,100	15,100

This page intentionally left blank

**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, 2021

Prepared by the

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

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

This page intentionally left blank

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

For the Fiscal Year Ended June 30, 2021

Table of Contents

	<u>Page</u>
Independent Auditor's Report	191
Management's Discussion and Analysis (Required Supplementary Information - Unaudited)	193
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	204
Statement of Activities	205
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	206
Reconciliation of the Balance Sheet of Governmental Funds to the	
Government-wide Statement of Net Position - Governmental Activities	207
Statement of Revenues, Expenditures, and Changes in Fund Balances	208
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Government-wide	
Statement of Activities - Governmental Activities	209
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual - Shoreline Regional Park Community Fund	210
Notes to Basic Financial Statements	211
Required Supplementary Information - Unaudited:	
Schedule of the Shoreline Community's Proportionate Share	
of the Net Pension Liability	242
Schedule of the Shoreline Community Pension Contributions	243
Schedule of the Shoreline Community's Proportionate Share	
of the Net OPEB Liability	244
Schedule of the Shoreline Community OPEB Contributions	245
Other Supplementary Information:	
Shoreline Regional Park Community Fund:	
Combining Balance Sheet	248
Combining Statement of Revenues, Expenditures, and Changes in	
Fund Balances	249
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	251

This page intentionally left blank



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 and each major fund of the Mountain View Shoreline Regional Park Community (Shoreline Community), a component unit of the City of Mountain View, California, as of and for the year ended June 30, 2021, 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 and each major fund of the Shoreline Community as of June 30, 2021, 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.

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 Shoreline Regional Park Community Fund combining 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 Shoreline Regional Park Community Fund combining 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 Shoreline Regional Park Community Fund combining 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 16, 2021, 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.



Walnut Creek, California
November 16, 2021

**Mountain View Shoreline Regional Park Community
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Fiscal Year Ended June 30, 2021**

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, 2021. 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 2020-21, property taxes increased by 11.5%. Fiscal Year 2020-21 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, 2021, by \$28.3 million (net position). Of this amount, negative \$17.5 million reflects its net investment in capital assets, \$48.9 million is restricted for Shoreline Community indebtedness, and negative \$3.1 million is unrestricted.
- The Shoreline Community's total net position increased by \$19.6 million during the fiscal year compared to the prior fiscal year decrease of \$59.8 million. The significant change is primarily due to transfers for capital projects occurring in the prior fiscal year, including transfers of unspent SRPC 2018 Revenue Bonds proceeds of \$69.3 million.
- Governmental revenues of \$58.8 million, including program revenues and general revenues, excluding net transfers, are \$3.3 million more than the prior fiscal year. The change is primarily due to increases in property taxes and capital contributions from the City offset by decreases in capital grants and contributions and investment income received during the fiscal year compared to the prior fiscal year.
- Shoreline Community expenses are \$33.9 million, an increase of \$2.3 million over the prior fiscal year.

- Governmental fund balances for the fiscal year ended June 30, 2021 increased \$16.3 million to \$60.6 million, primarily due to revenue exceeding expenditure and transfers.
- Governmental fund revenues are \$52.9 million for the fiscal year ended June 30, 2021, an increase of \$1.6 million from the prior fiscal year, primarily from increases in property taxes offset by decreases in developer fees and contributions and investment income received.
- Governmental fund expenditures are \$31.4 million for the fiscal year ended June 30, 2021, an increase of \$1.2 million from the prior fiscal year's expenditures of \$30.2 million.
- The Shoreline Community's total long-term debt decreased by \$2.2 million compared with the prior fiscal year, mostly due to the annual principal payment of bonds.

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 and other 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.

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 three 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, and SRPC 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.

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 SRPC Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Shoreline Community has presented its financial statements under the reporting model required accounting principles generally accepted in the United States of America. 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 the Shoreline Community's net position is as follows:

Condensed Statement of Net Position (Dollars in Thousands)

	<u>2021</u>	<u>2020</u>
Assets:		
Current and other assets	\$ 65,187	\$ 48,450
Capital assets	<u>67,321</u>	<u>66,129</u>
Total assets	<u>132,508</u>	<u>114,579</u>
Deferred outflows of resources:		
Pension items	1,002	993
OPEB items	<u>112</u>	<u>602</u>
Total deferred outflows of resources	<u>1,114</u>	<u>1,595</u>
Liabilities:		
Current and other liabilities	6,408	6,028
Noncurrent liabilities	93,554	95,756
Net pension liability	5,268	5,032
Net OPEB liability	<u>112</u>	<u>602</u>
Total liabilities	<u>105,342</u>	<u>107,418</u>
Deferred inflows of resources:		
Deferred inflows related to pension	<u>-</u>	<u>113</u>
Net Position:		
Net investment in capital assets	(17,469)	(21,018)
Restricted for Shoreline Community indebtedness	48,881	33,047
Restricted for debt service	-	50
Unrestricted	<u>(3,132)</u>	<u>(3,436)</u>
Total net position	<u>\$ 28,280</u>	<u>\$ 8,643</u>

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 \$28.3 million at the end of the fiscal year. The components of net position are as follows:

- Net investment in capital assets was negative \$17.5 million, which was an increase of \$3.5 million compared to the prior fiscal year. This increase was mainly due to increased capital assets and decreased debt outstanding during the current fiscal year.
- Another significant component of the Shoreline Community's net position is \$48.9 million in Restricted for Shoreline Community Indebtedness, which may be used to meet the Shoreline Community's current and future obligations. The balance increased by \$15.8 million from prior fiscal year.

The Shoreline Community's current and other assets increased \$16.7 million while net position increased \$19.6 million compared to the prior fiscal year, primarily due to revenues exceeding expenses by \$24.9 million and net transfers out to the City of \$5.3 million.

Statement of Activities

A summary of the Shoreline Community's changes in net position is as follows:

Condensed Statement of Activities (Dollars in Thousands)

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues		
Charges for services	\$ 299	\$ 539
Capital grants and contributions	27	1,508
General revenues:		
Taxes	51,943	46,565
Capital contributions	5,904	4,230
Investment income	663	2,732
Total revenues	<u>58,836</u>	<u>55,574</u>
Expenses:		
General government	19,893	18,508
Public safety	201	278
Public works	2,044	2,280
Community development	327	251
Culture and recreation	7,260	5,958
Interest on long-term debt	4,175	4,276
Total expenses	<u>33,900</u>	<u>31,551</u>
Increase in net position before transfers	<u>24,936</u>	<u>24,023</u>
Transfers (net)	(5,250)	(83,484)
Transfer of capital assets to the City of Mountain View	<u>(49)</u>	<u>(319)</u>
Change in net position	<u>19,637</u>	<u>(59,780)</u>
Beginning net position	<u>8,643</u>	<u>68,423</u>
Ending net position	<u>\$ 28,280</u>	<u>\$ 8,643</u>

The major component of the Shoreline Community's current fiscal year revenues is \$51.9 million of property taxes. This is an increase of \$5.4 million when compared to the prior fiscal year due to changes in the commercial vacancy rate and assessed values. Program revenues were \$326,000, a decrease of \$1.7 million from the prior fiscal year. This decrease was due primarily to one-time developer fees and contributions of \$1.5 million received during the prior fiscal year. Investment earnings accounted for \$663,000 of Shoreline Community revenues and decreased by \$2.1 million compared to the prior fiscal year. This decrease was mainly due to lower interest rate and a reduction in fair value of the investment portfolio.

Expenses totaling \$33.9 million increased \$2.3 million when compared to the prior fiscal year. This was attributable primarily to increases in general government and culture and recreation operations.

The change in net position is an increase of \$19.6 million compared to the prior fiscal year decrease of \$59.8 million. The difference is due to the items mentioned above, notably the decrease in transfers for capital projects occurring in the current 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, 2021, the Shoreline Community's funds reported combined fund balances of \$60.6 million, an increase of \$16.3 million from the prior fiscal year. The Committed Fund Balance increased by \$375,000 while the Restricted Fund Balance increased by \$15.9 million when compared to the prior fiscal year. The increase in the Restricted Fund Balance is mainly due to higher property tax revenues which exceed expenditures as previously noted.

Revenues for the fiscal year ended June 30, 2021 totaled \$52.9 million, an increase of \$1.6 million, or 3.1%, when compared to the prior fiscal year. The increase is primarily due to increases in property taxes, offset in part by decreases in developer fees and investment earnings during the fiscal year. Expenditures totaling \$31.4 million were \$1.2 million higher compared 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 was \$54.1 million. As a measure of the SRPC Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. The total fund balance represents 216.9% of the total fund expenditures of \$24.9 million.

The fund balance of the SRPC Fund increased by \$16.4 million during the current fiscal year. Key factors in this increase are as follows:

- Total revenues are \$52.9 million in the current fiscal year, an increase of \$1.7 million from the prior fiscal year. The increase is primarily due to increases in property taxes offset by decreases in developer fees and contributions and investment income received.
- Expenditures of \$24.9 million are comparable to the prior fiscal year.
- Net transfers out to the City were \$5.3 million for the fiscal year ended June 30, 2021 compared to net transfers out of \$83.5 million in the prior fiscal year. The decrease is primarily related to reduced transfers to the City for capital projects.

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

Debt service expenditures included \$2.0 million in principal retirement and \$1.4 million in interest and fiscal charges for the fiscal year ended June 30, 2021, comparable to the prior fiscal year.

The SRPC 2018 Revenue Bonds Fund accounts for the resources used for the purpose of paying the principal, interest, and related costs on the SRPC 2018 Revenue Bonds as they become due.

Debt service expenditures included \$3.1 million in interest and fiscal charges for the fiscal year ended June 30, 2021, comparable to the prior fiscal year.

CAPITAL ASSETS

A summary of Shoreline Community's capital assets is as follows:

Capital Assets (Dollars in Thousands)		
	2021	2020
Land	\$ 15,860	15,860
Construction in progress	13,647	10,338
Buildings	23,908	23,908
Improvements other than building	102,924	100,474
Machinery and equipment	2,240	2,189
Traffic signals	1,546	1,500
Streetlights	1,029	1,009
Less accumulated depreciation	(93,833)	(89,149)
Total	\$ 67,321	66,129

For the fiscal year ended June 30, 2021, capital assets, net of accumulated depreciation, totaled \$67.3 million, comparable to the prior fiscal year. The Shoreline Community transferred capital assets of \$49,000 to the City. At June 30, 2021, construction commitments were \$41.1 million. Additional information about the City's capital assets is discussed in Note 6 to the Financial Statements.

DEBT ADMINISTRATION

As of June 30, 2021, the Shoreline Community has \$93.6 million of outstanding long-term debt. During the year, the Shoreline Community's total long-term debt decreased by \$2.2 million compared with the prior fiscal year, primarily due to the scheduled principal retirement of \$2.0 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 is discussed in Note 7 to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- Secured and Unsecured property taxes for the Shoreline Community are expected to increase slightly for the upcoming fiscal year. Secured assessed values are also expected to increase due to the 1.036 California Consumer Price Index 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.

Unsecured assessed values are self-reported, and unsecured property taxes are projected to increase slightly. Supplemental tax was significantly higher in Fiscal Year 2020-21 and is not projected to be at that same level in Fiscal Year 2021-22 as this tax fluctuates due to changes in ownership and new construction. Therefore, in total, Property Taxes are projected lower in Fiscal Year 2021-22. 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. This was considered in preparing the Shoreline Community's budget for Fiscal Year 2021-22.

- The COVID-19 pandemic impacted the Shoreline Community's operations starting March 2020. The Shoreline Community cannot predict the duration or magnitude of the adverse results of the pandemic and its effects on the Shoreline Community or results of operations.

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 FinanceAdmin@mountainview.gov.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**Statement of Net Position - Governmental Activities****June 30, 2021****(Dollars in Thousands)****Assets:**

Cash and investments	\$	55,786
Restricted cash and investments		8,764
Receivables:		
Accounts		33
Interest		604
Capital assets:		
Nondepreciable		29,507
Depreciable, net of accumulated depreciation		37,814
Total assets		<u>132,508</u>

Deferred outflows of resources:

Pension items		1,002
OPEB items		112
Total deferred outflows of resources		<u>1,114</u>

Liabilities:

Accounts payable and accrued liabilities		4,517
Interest payable		1,825
Refundable deposits		16
Unearned revenue		50
Noncurrent liabilities:		
Due within one year		2,302
Due in more than one year		91,252
Net pension liability		5,268
Net OPEB liability		112
Total liabilities		<u>105,342</u>

Net position:

Net investment in capital assets		(17,469)
Restricted for:		
Shoreline Community indebtedness		48,881
Unrestricted		(3,132)
Total net position	\$	<u>28,280</u>

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

Statement of Activities - Governmental Activities

For the Fiscal Year Ended June 30, 2021

(Dollars in Thousands)

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Function/Program Activities:	Expenses			
General government	\$ 19,893	-	-	(19,893)
Public safety	201	-	-	(201)
Public works	2,044	-	-	(2,044)
Community development	327	-	27	(300)
Culture and recreation	7,260	299	-	(6,961)
Interest on long-term debt	4,175	-	-	(4,175)
Total governmental activities	<u>\$ 33,900</u>	<u>299</u>	<u>27</u>	<u>(33,574)</u>
General revenues:				
Property taxes				51,943
Capital contributions from the City of Mountain View				5,904
Investment income				663
Transfers:				
Transfers from the City of Mountain View				2,294
Transfers to the City of Mountain View				(7,544)
Transfer of capital assets to the City of Mountain View				(49)
Total general revenues and transfers				<u>53,211</u>
Change in net position				19,637
Net position, beginning of year				<u>8,643</u>
Net position, end of year				<u>\$ 28,280</u>

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

Governmental Funds

Balance Sheet

June 30, 2021

(Dollars in Thousands)

	Shoreline Regional Park Community	Shoreline Regional Park Community 2011 Revenue Bonds	Shoreline Regional Park Community 2018 Revenue Bonds	Total
Assets:				
Cash and investments	\$ 55,786	-	-	55,786
Restricted cash and investments	2,264	6,500	-	8,764
Receivables:				
Accounts	33	-	-	33
Interest	604	-	-	604
Total assets	<u>\$ 58,687</u>	<u>6,500</u>	<u>-</u>	<u>65,187</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,517	-	-	4,517
Refundable deposits	16	-	-	16
Unearned revenue	50	-	-	50
Total liabilities	<u>4,583</u>	<u>-</u>	<u>-</u>	<u>4,583</u>
Fund Balances:				
Restricted	51,145	6,500	-	57,645
Committed	2,959	-	-	2,959
Total fund balances	<u>54,104</u>	<u>6,500</u>	<u>-</u>	<u>60,604</u>
Total liabilities and fund balances	<u>\$ 58,687</u>	<u>6,500</u>	<u>-</u>	<u>65,187</u>

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, 2021
(Dollars in Thousands)

Fund balances - total governmental funds	\$ 60,604
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.	67,321
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.	(1,825)
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	1,114
Noncurrent 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	(5,268)
Net OPEB liability	(112)
Bonds and loans payable	(93,554)
Net position of governmental activities	<u>\$ 28,280</u>

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2021

(Dollars in Thousands)

	Shoreline Regional Park Community	Shoreline Regional Park Community 2011 Revenue Bonds	Shoreline Regional Park Community 2018 Revenue Bonds	Total
Revenues:				
Property taxes	\$ 51,943	-	-	51,943
Use of money and property	871	8	-	879
Intergovernmental	15	-	-	15
Charges for services	28	-	-	28
Developer fees and contributions	27	-	-	27
Other	40	-	-	40
Total revenues	52,924	8	-	52,932
Expenditures:				
Current:				
General government	19,843	-	-	19,843
Public safety	161	-	-	161
Public works	1,063	-	-	1,063
Community development	235	-	-	235
Culture and recreation	3,625	-	-	3,625
Capital outlay	21	-	-	21
Debt service:				
Principal	-	1,985	-	1,985
Interest and fiscal charges	-	1,356	3,079	4,435
Total expenditures	24,948	3,341	3,079	31,368
Excess (deficiency) of revenues over (under) expenditures	27,976	(3,333)	(3,079)	21,564
Other financing sources (uses):				
Transfers in	-	3,215	3,078	6,293
Transfers out	(6,293)	-	-	(6,293)
Transfers from the City of Mountain View	2,294	-	-	2,294
Transfers to the City of Mountain View	(7,544)	-	-	(7,544)
Total other financing sources (uses)	(11,543)	3,215	3,078	(5,250)
Net change in fund balances	16,433	(118)	(1)	16,314
Fund balances, beginning of year	37,671	6,618	1	44,290
Fund balances, end of year	\$ 54,104	6,500	-	60,604

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, 2021
(Dollars in Thousands)**

Net change in fund balances - total governmental funds		\$	16,314
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	\$	5,904	
Capital assets additions - Capital outlay		21	
Depreciation		(4,684)	
Transfer of capital assets to the City of Mountain View		<u>(49)</u>	1,192
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.			792
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.			(906)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.			1,985
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		217	
Change in accrued interest payable		<u>43</u>	<u>260</u>
Change in net position of governmental activities		\$	<u>19,637</u>

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, 2021

(Dollars in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Property taxes	\$ 46,648	46,648	51,943	5,295
Use of money and property	2,082	2,082	871	(1,211)
Intergovernmental	-	-	15	15
Charges for services	55	55	28	(27)
Developer fees and contributions	-	-	27	27
Other	34	34	40	6
Total revenues	48,819	48,819	52,924	4,105
Expenditures:				
Current:				
General government:				
City attorney	10	10	-	10
Finance and administrative services	19,514	19,862	19,843	19
Public safety:				
Fire	169	170	161	9
Police	40	40	-	40
Public works	1,305	1,437	1,063	374
Community development	528	677	235	442
Culture & recreation:				
Community services	4,512	5,084	3,625	1,459
Capital outlay	37	37	21	16
Total expenditures	26,115	27,317	24,948	2,369
Excess of revenues over expenditures	22,704	21,502	27,976	6,474
Other financing sources (uses):				
Transfers out	(6,421)	(6,421)	(6,293)	128
Transfers from the City of Mountain View	-	-	2,294	2,294
Transfers to the City of Mountain View	(4,322)	(7,544)	(7,544)	-
Total other financing sources (uses)	(10,743)	(13,965)	(11,543)	2,422
Net change in fund balances	\$ 11,961	7,537	16,433	8,896
Fund balance, beginning of year			37,671	
Fund balance, end of year			\$ 54,104	

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

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 annual comprehensive 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

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

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 financial activities of the primary government (the Shoreline Community). 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. 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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

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*

As of July 1, 2020, the City implemented the following GASB Statement:

- 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 Shoreline Community evaluated all funds and activities in accordance with the statement and upon the implementation of this statement, the Shoreline Community no longer presents any fiduciary fund or activity in its financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

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. Implementation of this statement did not have a significant impact on the Shoreline Community's financial statements for the fiscal year ended June 30, 2021.

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 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, 2022.
- 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, 2022.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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, 2023.
- In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for the Shoreline Community's fiscal year ending June 30, 2022.
- In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. The requirements of this statement are effective for the Shoreline Community's fiscal year ending June 30, 2022.
- In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for the Shoreline Community's fiscal year ending June 30, 2023.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for the Shoreline Community's fiscal year ending June 30, 2023.
- In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the 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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

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, 2021. Cash and investments are as follows (dollars in thousands):

Cash and investments	\$ 55,786
Restricted cash and investments	<u>8,764</u>
Total cash and investments	<u>\$ 64,550</u>

The Shoreline Community's cash and investments of \$55.8 million are invested in the City's cash and investments pool. Restricted cash and investments are held by bond trustee of which \$6.5 million and \$2.3 million are invested in 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, 2021, 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 2.00 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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

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 Community's investment in the U.S. Agency Securities of \$6.5 million has a maturity date of June 17, 2022.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

NOTE 3 – CASH AND INVESTMENTS (Continued)

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, 2021, the Shoreline Community's investments in U.S. Agency Securities and Money Market Mutual Funds are rated AA and AAA, respectively, by Standard & Poor's.

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 money market mutual funds and external investment pools. As of June 30, 2021, Shoreline Community's investments in U.S. Agency Securities represented 10.1% of the Shoreline Community's total investments.

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. Agency Securities are 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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

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, 2021, Shoreline Regional Park Community Fund transferred \$3.2 million and \$3.1 million to the Shoreline Regional Park Community 2011 Revenue Bonds Fund and Shoreline Regional Park Community 2018 Revenue Bonds Fund, respectively, to fund debt service payments.

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, 2021, the Shoreline Community transferred to the City \$7.4 million to fund capital projects, \$120,000 for equipment replacements, and \$50,000 for operating costs. The City transferred \$2.3 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:

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

NOTE 6 – CAPITAL ASSETS (Continued)

Buildings	25 to 50 years
Improvements other than buildings	5 to 50 years
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, 2021 is as follows (dollars in thousands):

	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 15,860	-	-	-	15,860
Construction in progress	10,338	5,874	-	(2,565)	13,647
Total capital assets not being depreciated	26,198	5,874	-	(2,565)	29,507
Capital assets being depreciated:					
Buildings	23,908	-	-	-	23,908
Improvements other than buildings	100,474	-	-	2,450	102,924
Machinery and equipment	2,189	51	-	-	2,240
Traffic signals	1,500	-	-	46	1,546
Streetlights	1,009	-	-	20	1,029
Total capital assets being depreciated	129,080	51	-	2,516	131,647
Less accumulated depreciation for:					
Buildings	(11,229)	(723)	-	-	(11,952)
Improvements other than buildings	(74,797)	(3,789)	-	-	(78,586)
Machinery and equipment	(1,730)	(92)	-	-	(1,822)
Traffic signals	(784)	(59)	-	-	(843)
Streetlights	(609)	(21)	-	-	(630)
Total accumulated depreciation	(89,149)	(4,684)	-	-	(93,833)
Net capital assets being depreciated	39,931	(4,633)	-	2,516	37,814
Total capital assets, net	\$ 66,129	1,241	-	(49)	67,321

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

NOTE 6 – CAPITAL ASSETS (Continued)

During the fiscal year ended June 30, 2021, the Shoreline Community transferred certain infrastructure including bridges and culverts; sidewalks, curbs and gutters; and streets and roads funded by the Shoreline Community totaling \$49,000 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, 2021 are as follows (dollars in thousands):

General government	\$ 50
Public safety	40
Public works	974
Community development	64
Culture and recreation	3,556
Total	<u>\$ 4,684</u>

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, 2021, are as follows (dollars in thousands):

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Land	\$ -	28,383
Improvements other than buildings	8,125	564
Buildings	210	-
Infrastructure	5,312	12,156
Total	<u>\$ 13,647</u>	<u>41,103</u>

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

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, 2021, are as follows (dollars in thousands):

	Original Issue Amount	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	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	25,865	-	(1,985)	23,880	2,085
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	6,091	-	(217)	5,874	217
Subtotal 2018 Revenue Bonds Series A	59,901	59,576	-	(217)	59,359	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 noncurrent liabilities	\$ 109,246	95,756	-	(2,202)	93,554	2,302

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

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

NOTE 7 – NONCURRENT LIABILITIES (Continued)

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.

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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

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

NOTE 7 – NONCURRENT LIABILITIES (Continued)

C. *Debt Service Requirements*

The pledge of future tax increment revenues ends upon repayment of the \$163.3 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, 2021, tax increment revenues amounted to \$51.9 million, which represented coverage of 8.1 over the \$6.4 million in debt service.

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

For the Fiscal Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2022	\$ 2,085	4,328	6,413
2023	1,615	4,243	5,858
2024	1,680	4,175	5,855
2025	1,750	4,103	5,853
2026	1,825	4,026	5,851
2027-2031	10,420	18,793	29,213
2032-2036	13,135	15,905	29,040
2037-2041	17,100	11,901	29,001
2042-2046	22,025	6,872	28,897
2047-2049	16,045	1,229	17,274
Total	<u>\$ 87,680</u>	<u>75,575</u>	<u>163,255</u>

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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

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, 2021, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
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 +	52+
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	34.402%	34.402% (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 2020-21, the Shoreline Community recognized \$680,000 as contributions for pension.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, 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, 2021 and 2020, (measurement dates of June 30, 2020 and 2019, 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, 2020	\$ 5,268	4.51 %
Proportion - Measurement date June 30, 2019	5,032	4.53 %
Change	\$ 236	-0.02 %

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

NOTE 8 – PENSION PLAN (Continued)

Actuarial Assumptions – The total pension liability for the Plan in the June 30, 2019 actuarial valuation was determined using actuarial assumptions as follows:

	Miscellaneous Plan
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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	The lesser of contract COLA or 2.50% until Purchasing Power Protection 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 probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of projected mortality improvements using 90 percent of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the 2017 CalPERS Experience Study available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the 2017 CalPERS Experience Study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the 2017 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 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 current member contribution rates and that 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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

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 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, 2019, 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 percent is used for this period.
(2) An expected inflation rate of 2.92 percent is used for this period.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

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	\$ 7,949	5,268	3,045

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

For the fiscal year ended June 30, 2021, the Shoreline Community recognized pension expense of \$794,000. The Shoreline Community reported deferred outflows of resources related to pensions by sources for the fiscal year ended June 30, 2021 are as follows (dollars in thousands):

	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	\$ 680
Differences between expected and actual experience	183
Net differences between projected and actual earnings on plan investments	139
Total	<u>\$ 1,002</u>

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

NOTE 8 – PENSION PLAN (Continued)

As of June 30, 2021, the Shoreline Community reported \$680,000 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, 2022. Net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (dollars in thousands):

Fiscal Year Ending June 30,	Amount
2022	\$ 56
2023	111
2024	86
2025	69
Total	<u>\$ 322</u>

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 OPEB 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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

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, 2021, the Shoreline Community's contributions totaled \$112,000.

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, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020 using standard update procedures. 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, 2021 and 2020, (measurement dates of June 30, 2020 and 2019, 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, 2020	\$ 112	2.08 %
Proportion - Measurement date June 30, 2019	602	6.85 %
Change	\$ (490)	-4.76 %

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – The total OPEB liability for the City’s OPEB plan in the June 30, 2019 actuarial valuation were determined using actuarial assumptions as follows:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.25%
Post Retirement Benefit Increase	For medical plan premiums: 7.50% for the year beginning January 1, 2020 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 the 2017 CalPERS Experience Study for the period from 1997 to 2015, except for the MacLeod Watts Scale 2018 applied generationally from 2015 as the basis to project future mortality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 15 years of Scale MP-2016 to central year 2008.

Discount Rate – The discount rate used to measure the total OPEB liability is 6.25 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 6.25 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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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%	4.80%	5.98%
Fixed Income	43.0	1.10	2.62
REITS	8.0	3.20	5.00
TIPS	5.0	0.25	1.46
Commodities	4.0	1.50	2.87

(1) An expected inflation rate of 2.00 percent is used for this period.

(2) An expected inflation rate of 2.92 percent 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 (asset), calculated using the discount rate of 6.25 percent, as well as what the net OPEB liability (asset) 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 % (5.25 %)	Current Discount Rate (6.25 %)	Discount Rate +1 % (7.25 %)
\$ 536	112	(236)

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 (asset), as well as what the net OPEB liability (asset) 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 %
\$ (265)	112	574

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

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, 2021, the Shoreline Community recognized OPEB expense of \$112,000. As of June 30, 2021, the Shoreline Community reported \$112,000 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, 2022.

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 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:

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

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, 2021, the Shoreline Community has restricted fund balances of \$51.1 million for Shoreline Community indebtedness and \$6.5 million for debt service.

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, 2021, the Shoreline Community has committed fund balances of \$3.0 million for capital projects.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

NOTE 11 – NET POSITION AND FUND BALANCES (Continued)

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 \$1.1 million for the fiscal year ended June 30, 2021 and \$12.0 million to rebuild a new landfill system. As of June 30, 2021, the Shoreline Regional Park Community Fund has reported \$9.0 million for the landfill containment as part of restricted fund balance and planned to increase the balance by \$1.0 million annually until \$12.0 million is reached.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. *Encumbrances*

The Shoreline Community's outstanding encumbrances as of June 30, 2021, are \$292,000 recorded as part of restricted fund balance.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

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, 2021, the Shoreline Community paid a total of \$7.4 million in contributions to the school districts.

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, 2021, \$1.7 million and \$2.3 million in retirement tax override levies and pass-through payments, respectively, were paid to the County.

D. *Uncertainties*

In March of 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This pandemic and related adverse public health developments have adversely affected workforces, customers, economies, and financial markets globally, leading to economic downturn. It has also disrupted the normal operations of many governments, including the Shoreline Community. The Shoreline Community expects this pandemic to impact the Authority's operations for future reporting periods. It is not possible for the Shoreline Community to predict the duration or magnitude of the adverse results of the pandemic and its effects on the Shoreline Community's operations.

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,						
	2021	2020	2019	2018	2017	2016	2015
Measurement period	2020	2019	2018	2017	2016	2015	2014
Shoreline Community's proportion of the net pension liability (NPL)	4.3%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Shoreline Community's proportionate share of the NPL	\$ 5,032	5,032	5,038	5,431	4,948	4,177	3,783
Shoreline Community's covered payroll	2,037	2,009	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	247.0%	250.5%	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	74.8%	74.8%	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, 2019 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. There are no change in assumptions during measurement period 2019 and 2020.

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

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,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required								
contributions (actuarially determined) (CRC)	\$ 680	847	779	819	565	509	359	284
Contributions in relation to the CRC	(680)	(847)	(779)	(819)	(565)	(509)	(359)	(284)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
Covered payroll	\$ 2,078	2,037	2,009	1,907	\$ 1,797	\$ 1,622	\$ 1,520	1,429
Contributions as a percentage of covered payroll	32.7%	41.6%	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, 2021 were as follows:

Actuarially determined contribution for fiscal year	June 30, 2021
Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.500%
Salary increases	Varies by entry age and services
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment and administrative expenses, includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of projected mortality improvements using 90% of Scale MP-2016 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 eight years of information is shown.

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,			
	2021	2020	2019	2018
Measurement period	2020	2019	2018	2017
Shoreline Community's proportion of the net OPEB liability (NOPEBL)	2.1%	6.8%	1.1%	3.3%
Shoreline Community's proportionate share of the NOPEBL	\$ 112	\$ 602	\$ 290	\$ 1,085
Shoreline Community's covered payroll	2,037	2,009	1,907	1,797
Shoreline Community's proportionate share of the NOPEBL as a percentage of its covered payroll	5.5%	30.0%	15.2%	60.4%
City OPEB Plan's fiduciary net position as a percentage of the City OPEB Plan's total OPEB liability	96.4%	93.9%	82.8%	76.9%

Note to schedule:

Change in assumptions - During measurement period 2019, the discount rate was reduced from 6.50 percent to 6.25 percent. Demographic assumptions were change in accordance to the 2017 CalPERS Experience Study. There is no change in assumptions during measurement period 2020.

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only four years of information is shown.

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	2021	2020	2019	2018	2017
Actuarially determined contributions (ADC)	\$ 112	602	290	1,085	1,014
Contributions in relation to the ADC	(112)	(602)	(290)	(1,085)	(1,014)
Contribution deficiency (excess)	\$ -	-	-	-	-
Covered payroll	\$ 2,078	2,037	2,009	1,907	1,797
Contributions as a percentage of covered payroll	5.4%	29.6%	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, 2021 were as follows:

ADC for fiscal year	June 30, 2021
Actuarial valuation date	June 30, 2019
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	6.25%
Post Retirement Benefit Increase	For medical plan premiums: 7.50% for the year beginning January 1, 2020 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. Demographic actuarial assumptions used are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, except for the MacLeod Watts Scale 2018 applied generationally as the basis to project future mortality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 15 years of Scale MP-2016 to central year 2008.

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only five years of information is shown.

This page intentionally left blank

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
For the Fiscal Year Ended June 30, 2021

The **Administrative Fund** in accordance with the Act, accounts for 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, accounts for 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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Shoreline Regional Park Community Fund
Combining Balance Sheet
June 30, 2021
(Dollars in Thousands)

	Shoreline Regional Park Community Administrative	Shoreline Regional Park Community Special	North Bayshore Impact Fee	Total
Assets:				
Cash and investments	\$ 48,652	4,275	2,859	55,786
Restricted cash and investments	2,264	-	-	2,264
Receivables:				
Accounts	33	-	-	33
Interest	504	-	100	604
Total assets	<u>\$ 51,453</u>	<u>4,275</u>	<u>2,959</u>	<u>58,687</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable and accrued liabilities	4,517	-	-	4,517
Refundable deposits	16	-	-	16
Unearned revenue	50	-	-	50
Total liabilities	<u>4,583</u>	<u>-</u>	<u>-</u>	<u>4,583</u>
Fund Balances:				
Restricted	46,870	4,275	-	51,145
Committed	-	-	2,959	2,959
Total fund balances	<u>46,870</u>	<u>4,275</u>	<u>2,959</u>	<u>54,104</u>
Total liabilities and fund balances	<u>\$ 51,453</u>	<u>4,275</u>	<u>2,959</u>	<u>58,687</u>

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, 2021
(Dollars in Thousands)

	Shoreline Regional Park Community Administrative	Shoreline Regional Park Community Special	North Bayshore Impact Fee	Interfund Elimination	Total
Revenues:					
Property taxes	\$ -	51,943	-	-	51,943
Use of money and property	822	60	(11)	-	871
Intergovernmental	15	-	-	-	15
Charges for services	28	-	-	-	28
Developer fees and contributions	-	-	27	-	27
Other	40	-	-	-	40
Total revenues	905	52,003	16	-	52,924
Expenditures:					
Current:					
General government	19,843	-	-	-	19,843
Public safety	161	-	-	-	161
Public works	1,063	-	-	-	1,063
Community development	235	-	-	-	235
Culture and recreation	3,625	-	-	-	3,625
Capital outlay	21	-	-	-	21
Total expenditures	24,948	-	-	-	24,948
Excess (deficiency) of revenues over (under) expenditures	(24,043)	52,003	16	-	27,976
Other financing sources (uses):					
Transfers in	45,660	-	-	(45,660)	-
Transfers out	-	(51,953)	-	45,660	(6,293)
Transfers from the City of Mountain View	1,935	-	359	-	2,294
Transfers to the City of Mountain View	(7,544)	-	-	-	(7,544)
Total other financing sources (uses)	40,051	(51,953)	359	-	(11,543)
Net change in fund balances	16,008	50	375	-	16,433
Fund balances, beginning of year	30,862	4,225	2,584	-	37,671
Fund balances, end of year	\$ 46,870	4,275	2,959	-	54,104

This page intentionally left blank



**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, 2021, 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 16, 2021.

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) as a basis for designing 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 financial statements. 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*.

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 Shoreline Community'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 Shoreline Community's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 16, 2021