



2014

# Town of Sunnyvale

## Annual Financial Report

For Year Ended  
September 30, 2014



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2014

Town of Sunnyvale, Texas

*Town Manager*

*Sean Fox*

*Finance Director*

*Elizabeth Hopkins*



**TOWN OF SUNNYVALE, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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## INTRODUCTORY SECTION





Town of Sunnyvale  
127 N. Collins Road  
Sunnyvale, TX 75182

Telephone: 972-226-7177  
Fax: 972-226-1804  
[www.townofsunnyvale.org](http://www.townofsunnyvale.org)

March 26, 2015

Honorable Mayor and Town Council  
Town of Sunnyvale, Texas

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report ("CAFR") of the Town of Sunnyvale, Texas, for the year ended September 30, 2014, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Conway Company CPAs, P.C. have issued an unqualified ("clean") opinion on the Town of Sunnyvale's financial statements for the year ended September 30, 2014. The independent auditor's report is located in the beginning of the financial section of the CAFR.

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

#### GENERAL INFORMATION – TOWN OF SUNNYVALE

The Town of Sunnyvale is a small, upscale community located about 15 miles east of downtown Dallas. Incorporated in 1953 and occupying approximately 16.8 square miles, Sunnyvale is a Town founded upon uniqueness in the quality of life that our citizens enjoy and the positive environment in which our local businesses can prosper.

The Town operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council of the Mayor and six (6) Council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, and for overseeing the day-to-day operations of the Town.

The Town provides a range of services, including public safety, fire, medical emergency, maintenance of streets and infrastructure, community development, provision of water and wastewater utilities, library services as well as general administrative services.

The annual budget serves as the foundation of the Town's financial planning and control. The respective department heads prepare and submit line item budget requests for the operations and maintenance portion of their respective departments as well as a listing of capital items for consideration. The entire

budget process includes public involvement as the various elements composing the budget are reviewed in open and advertised public meetings prior to final approval and adoption.

### ECONOMIC CONDITIONS AND OUTLOOK

During the past several years, the Town has experienced similar economic challenges as other entities in the region, state and nation. Property tax revenues provide the greatest portion of the Town's total governmental revenue stream. Historically, the Town has realized strong property value growth and experienced an increase in property values for fiscal year 2013-14. Since the property tax rate was unchanged from 2013, property tax revenues were 5.6% more than the prior year.

The Town continues to work with developers to expand and diversify available retail opportunities. Revenue from permits, fees, and fines are up 29% from last year and sales tax revenues continue to trend upward. The Town closely monitors all local economic indicators with the intention of being able to respond as needed.

### FOR THE FUTURE

The Town Council has identified strategic plan objectives and most of the major initiatives are directly related to those objectives. Of extreme importance is the objective to enhance the quality of life of our citizens, through both infrastructure improvements and the proper maintenance of the existing infrastructure. The following are current initiatives and expected completion dates:

Comprehensive Plan Update	July 2015
Water Master Plan	August 2015
Roadway Impact Fee Study	August 2015
Water/Wastewater Impact Fee Study	August 2015
Water/Wastewater CIP Plan Development	January 2016
Parks Master Plan	April 2015

Roadway improvements on Nance Road are expected to cost \$70,000 with a completion date of May 2015. Collins Road south of Highway 80 and Collins to Tripp Road improvements are under development.

At the end of September 2014, the Town of Sunnyvale was working on the following projects:

Waterline Rehabilitation is planned for four locations which include Town East (Jobson to Collins), Manor Way (Tripp to Mansfield), Deer Creek and East Fork (Tripp to Hwy 80) at an expected cost of \$1,132,000 paid for from realized savings from the 2008 Bond proceeds. These projects have an expected completion date of the Fall of 2015.

Water Tower construction is under review with an expected start date of late 2015.

### LONGER-TERM FINANCIAL PLANNING

The Town has planned to place two initiatives on the November 2014 General Election ballot. The first is a request to Town voters to approve \$6 million in bonds for the expansion and repair of the Town's water supply facilities. The second is a request to utilize 1/4 of one percent of the sales tax revenues from the 4A Economic Development Corporation to fund a Roadway Improvement Fund to repair and maintain current roadways in Sunnyvale.

On October 13, 2014, the Town Council approved the purchase of the building located at 364 Long Creek Road, to become the new Dallas County Sheriff's substation utilizing Tax Notes financed over seven years in the amount of \$785,000.

Unassigned fund balance in the general fund (84% of total general fund expenditures) falls within the policy guidelines set by the Council for budgetary and planning purposes.

Standard & Poor's Ratings rates Sunnyvale, Texas' general obligation (GO) bonds as 'AA.' The outlook is stable.

## FINANCIAL INFORMATION

### Accounting Procedures and Budgetary Controls

The Town's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's water and sewer utility, and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the Town's financial management staff, and expenditure estimates by each Town department. Budgets are reviewed by the Finance Director. The Town Manager makes final decisions and submits a recommended budget to the Town Council.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the Finance Director, the Town Manager, and the Town Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the Town Council prior to the end of the current fiscal year.

### General Governmental Functions

Tax Rates All eligible property within the Town of Sunnyvale is subject to assessment, levy, and collection by the Town. A continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs is set and approved by the Town Council. The tax rates adopted by the Town Council are shown below:

Year	Tax Rate
FY 2010-2011	\$ .40796
FY 2011-2012	\$ .40796
FY 2012-2013	\$ .40796
FY 2013-2014	\$ .40796
FY 2014-2015	\$.40796

### Acknowledgements

Many people are responsible for the preparation of this report and for the maintenance of records upon which it is based. Appreciation is expressed to the Town employees throughout the organization, who were instrumental in the successful completion of this report.

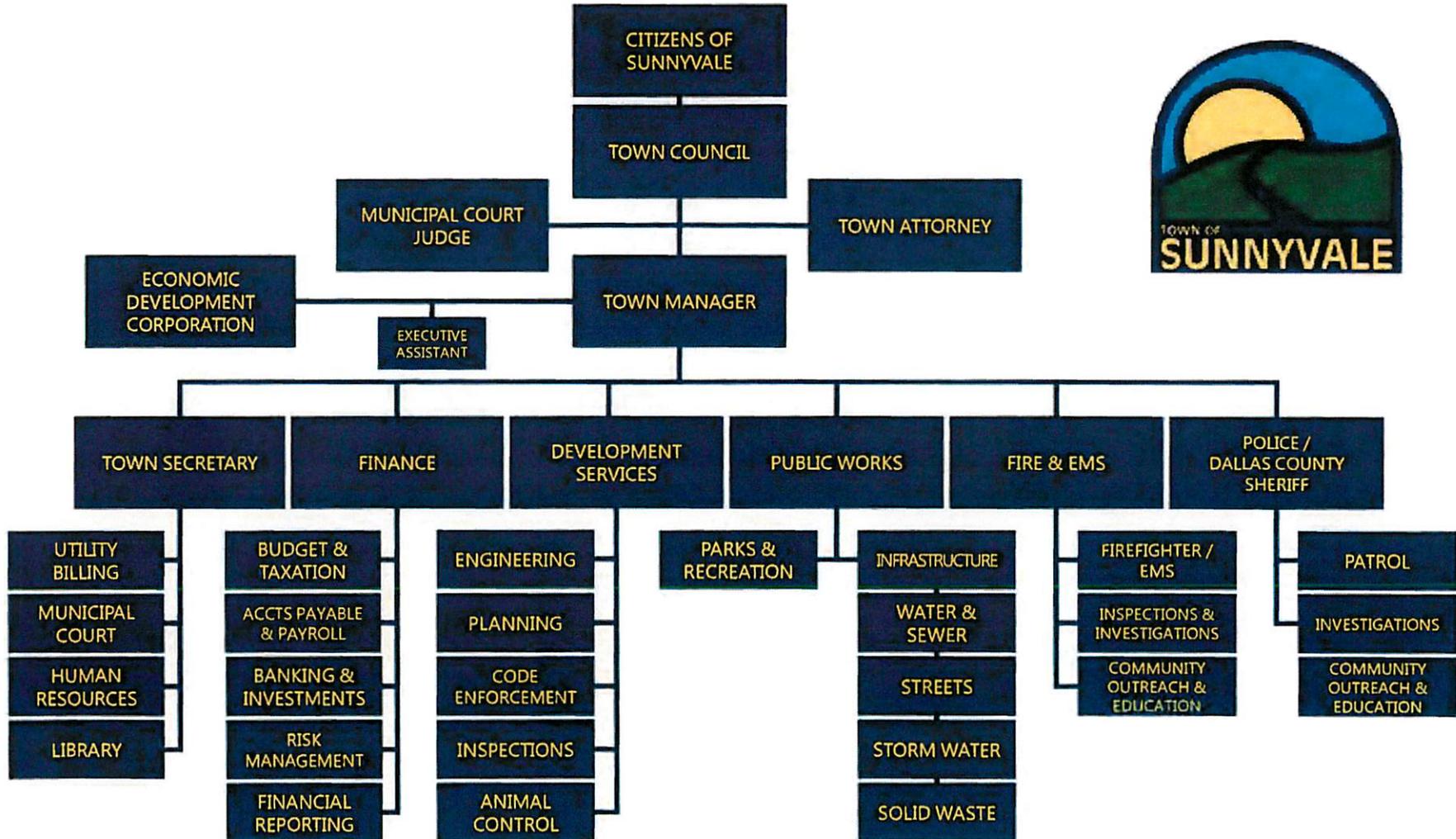
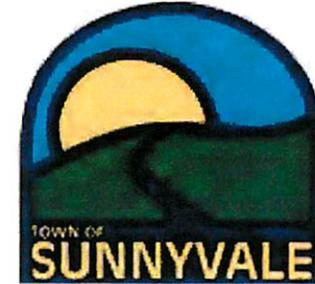
Our appreciation is also extended to the Mayor and members of the Town Council for providing the resources necessary to maintain the integrity of the Towns' financial affairs.

Respectfully submitted,



Elizabeth Hopkins  
FINANCE DIRECTOR

# Organization Chart



**TOWN OF SUNNYVALE, TX  
2013-2014**

***City Council:***

Jim Phaup	Mayor
Saji George	Mayor Pro-Tem
Kara Ranta	Council member
Ronnie Henderson, Jr.	Council member
Jim Wade	Council member
Karen Hill	Council member
John Bailey	Council member

***Administrative Officers***

Sean Fox	Town Manager
Leslie Malone	Town Secretary
Elizabeth Hopkins	Finance Director



## FINANCIAL SECTION





Michael Conway, CPA  
Neil Conway, CPA

Toll Free (800) 594-7951  
Metro (903) 450-1200

**CONWAY COMPANY CPAs PC**  
**ACCOUNTANTS & ADVISORS**

[www.conwaycpas.com](http://www.conwaycpas.com)

PO Box 8234  
Greenville, Texas 75404-8234

*Member*  
American Institute of CPAs  
Texas Society of CPAs

March 26, 2015

**Independent Auditor's Report on Financial Statements**

Town Council  
Town of Sunnyvale  
127 North Collins Road  
Sunnyvale, Texas 75182

Members of the Town Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas ("Town") as of and for the year ended September 30, 2014, and the related notes to the financial statements which collectively comprise the Town'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 opinion. An audit also includes assessing 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.

1021 Park Street  
Commerce, Texas 75428  
Office (903) 886-2123  
Fax (903) 886-6580

8910 Wesley Street  
Greenville, Texas 75402  
Office (903) 455-9898  
Fax (903) 454-3181

603 South Goliad Street  
Rockwall, Texas 75087  
Office (972) 771-1065  
Fax (972) 771-1022

## **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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas as of September 30, 2014, and the respective changes in financial position, where applicable, and cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity 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 on pages 7 to 17 and the Pension Trust – TMRS Funding Progress and Contributions on page 57 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 Town of Sunnyvale, Texas' basic financial statements. The introductory section, budgetary comparison information, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and the combining and individual nonmajor 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

*Internal Control*

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued our report dated March 26, 2015, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is 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 Town'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 Town's internal control over financial reporting and compliance.

Respectfully Submitted,

**CONWAY COMPANY CPAs, PC**

*Conway Company CPAs, P.C.*



## TOWN OF SUNNYVALE, TEXAS

### MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2014

As management of the Town of Sunnyvale ("Town"), we offer the readers of the Town of Sunnyvale's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

#### Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of the fiscal year by \$23,364,553 (net position). Of this amount, \$3,030,600 is restricted for debt service, court use, community services, and impact fees. The amount of unrestricted net position is \$6,162,136.
- The government's total net position increased by \$2,777,272 due to an increase in both governmental activities and business-type activities net position, excluding prior period adjustments. An increase in charges for services and property tax revenues, along with a decrease in expenses, account for this increase.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,590,536, an increase of \$1,478,694, or 29%, in comparison with the prior year. Approximately 62% of this total amount, or \$4,091,836, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General fund of \$4,095,036 was 84% of total general fund expenditures for the fiscal year.
- The Town's total long-term debt decreased by (\$829,067), or 8%, during the current fiscal year.

#### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Sunnyvale's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Sunnyvale.

**TOWN OF SUNNYVALE, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2014**

**Basic Financial Statements**

The first two statements (pages 21-23) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (pages 24-31) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes** (pages 32-54). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** (page 57) is provided to show details about the Town's pension plan.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The statement of net position presents information on all of the Town of Sunnyvale's assets and liabilities, 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 Town is improving or deteriorating.

The statement of activities presents information showing how the government'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 these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the utility services offered by the Town of Sunnyvale. The final category is the component unit. The Town has two component units: 4A Development Corporation and 4B Development Corporation. The government-wide financial statements are on pages 21-23 of this report.

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Sunnyvale, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Sunnyvale can be divided into two categories: governmental funds and proprietary funds.

*Governmental Funds* – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Towns' programs.

**TOWN OF SUNNYVALE, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2014**

The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Sunnyvale adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. Budgetary information required by the General Statutes can also be found in this part of the statements. The Governmental Fund financial statements can be found on pages 24-28 of this report.

*Proprietary Funds* – The Town of Sunnyvale has one type of proprietary fund which is the Utility Fund. The Town charges customers for the services it provides, whether to outside customers or to other units within the Town. These services are generally reported in proprietary funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 29-31 of this report.

**Notes to the 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. The notes to the financial statements are on pages 32-54 of this report.

**Required Supplementary Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Sunnyvale's progress in funding its obligation to provide pension benefits to its employees. This information is found on page 57.

**Supplementary Information** – The combining statements referred to earlier in connection with the non-major governmental funds are presented following the required supplementary information on pensions. Combining statements and individual fund statements can be found on pages 60-63. Budgetary statements for the debt service, water and sewer impact, and utility funds can be found on pages 65-67. Fund financial statements for the component units can be found on pages 68-73.

**Statistical Section** – The statistical section consists of unaudited information that presents details as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health. These tables can be found on pages 75-103.

**GASB Pronouncements** – The following statements for the Governmental Accounting Standards Board ("GASB") were effective for the Town in the fiscal year ending September 30, 2014.

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," was implemented by the Town as required by GASB during the fiscal year ending September 30, 2014. This statement specifies the items that

**TOWN OF SUNNYVALE, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2014**

were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources.

GASB Statement No. 66, "Technical Corrections – 2012 – an amendment of GASB Statement No. 10 and No. 62", has been implemented by the Town as required by GASB during the fiscal year ending September 30, 2014. This statement improves financial reporting by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This statement amends Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting and operating leases. The implementation of this statement will not result in any changes to the financial statements.

GASB Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25 has been implemented as required by GASB during the fiscal year ending September 30, 2014. The objective of this statement is to improve financial reporting by state and local government pension plans.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27", will be implemented as required by GASB during the fiscal year September 30, 2015. The objective of this statement is to improve accounting and financial reporting by state and local government pensions and improve the decision-usefulness of information contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirement about pensions also are addressed. This statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The Town is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 69, "Governmental Combinations and Disposals of Government Operations", will be implemented as required by GASB during the fiscal year September 30, 2015. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Town is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees", will be implemented as required by GASB during the fiscal year September 30, 2015. This statement requires a government that extends nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. It is not anticipated that the adoption of the statement will result in any changes to the Town's financial statements.

GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date", will be implemented as required by GASB during the fiscal year September 30, 2015. This statement addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Town is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

**TOWN OF SUNNYVALE, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2014**

**Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 7,878,395	\$ 8,652,781	\$ 7,676,051	\$ 7,209,335	\$ 15,554,446	\$ 15,862,116
Capital assets	8,806,526	8,626,970	10,157,096	10,360,270	18,963,622	18,987,240
Total assets	16,684,921	17,279,751	17,833,147	17,569,605	34,518,068	34,849,356
Deferred charge on refunding	-	-	3,258	4,344	3,258	4,344
Total deferred outflows of resources	-	-	3,258	4,344	3,258	4,344
Long-term liabilities outstanding	4,219,973	4,634,854	5,812,141	6,240,304	10,032,114	10,875,158
Other Liabilities	622,249	3,504,825	502,410	462,594	1,124,659	3,967,419
Total liabilities	4,842,222	8,139,679	6,314,551	6,702,898	11,156,773	14,842,577
Net position:						
Net investment in capital assets	5,533,170	4,956,375	8,638,647	8,412,549	14,171,817	13,368,924
Restricted	1,237,407	1,851,519	1,793,193	1,098,608	3,030,600	2,950,127
Unrestricted	5,072,122	2,332,178	1,090,014	1,359,894	6,162,136	3,692,072
Total net position	\$ 11,842,699	\$ 9,140,072	\$ 11,521,854	\$ 10,871,051	\$ 23,364,553	\$ 20,011,123

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of the Town exceeded liabilities by \$23,364,553 as of September 30, 2014. The Town's net position increased by \$2,777,272, excluding prior period adjustments, for fiscal year ended September 30, 2014.

*Net investment in capital assets:*

The largest portion of the Town's net position, 61%, reflects the Town's investment in capital assets (e.g. land, buildings, machinery and equipment) less any debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

*Restricted net position:*

Restricted net position of \$3,030,600, representing 13%, is subject to external restrictions on how they may be used, or by enabling legislation. The restricted net position is comprised of (a) \$810,122, for debt service and (b) \$2,220,478 for state imposed restrictions.

*Unrestricted net position:*

Unrestricted net position in the amount of \$6,162,136 representing 26%, is available to fund the Town programs to citizens and creditors.

**TOWN OF SUNNYVALE, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS (continued)**  
**SEPTEMBER 30, 2014**

**Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business Activities</b>		<b>Totals</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenues:						
Program Revenues:						
Charges for services	\$ 1,200,114	\$ 582,916	\$ 3,825,951	\$ 3,330,492	\$ 5,026,065	\$ 3,913,408
Operating grants and contributions	507,878	202,144	-	-	507,878	202,144
Capital grants and contributions	-	230,901	-	15,000	-	245,901
General Revenues:						
Property taxes	3,309,754	3,061,437	-	-	3,309,754	3,061,437
Franchise taxes	986,539	940,189	-	-	986,539	940,189
Sales tax collected	1,130,663	1,172,287	-	-	1,130,663	1,172,287
Investment income	1,343	3,167	2,381	6,014	3,724	9,181
Miscellaneous	12,870	20,229	-	-	12,870	20,229
Total Revenues	<u>7,149,161</u>	<u>6,213,270</u>	<u>3,828,332</u>	<u>3,351,506</u>	<u>10,977,493</u>	<u>9,564,776</u>
Expenses:						
Program Expenses						
General government	1,043,470	1,458,993	-	-	1,043,470	1,458,993
Public safety	1,906,497	1,900,606	-	-	1,906,497	1,900,606
Public services and operations	821,386	-	-	-	821,386	-
Public works	394,480	-	-	-	394,480	-
Parks and recreational	428,745	-	-	-	428,745	-
Library	142,695	-	-	-	142,695	-
Community services	-	1,979,301	-	-	-	1,979,301
Community development	-	305,228	-	-	-	305,228
Interest on long-term debt	88,808	228,506	-	-	88,808	228,506
Water and sewer	-	-	3,374,140	2,946,658	3,374,140	2,946,658
Total Expenses	<u>4,826,081</u>	<u>5,872,634</u>	<u>3,374,140</u>	<u>2,946,658</u>	<u>8,200,221</u>	<u>8,819,292</u>
Increase (decrease) in net position	2,323,080	340,636	454,192	404,848	2,777,272	745,484
Other revenues and financing sources (uses)						
Transfers	(196,611)	(198,200)	196,611	198,200	-	-
Total other financing sources (uses)	<u>(196,611)</u>	<u>(198,200)</u>	<u>196,611</u>	<u>198,200</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	2,126,469	142,436	650,803	603,048	2,777,272	745,484
Net position - October 1	9,140,072	8,997,636	10,871,051	10,268,003	20,011,123	19,265,639
Prior Period Adjustments	576,158	-	-	-	576,158	-
Net position - September 30	<u>\$11,842,699</u>	<u>\$9,140,072</u>	<u>\$11,521,854</u>	<u>\$10,871,051</u>	<u>\$23,364,553</u>	<u>\$20,011,123</u>

The Governmental Activities have increased the net position in the current fiscal period by \$2,126,469, excluding prior period adjustments, which is a 23% increase over the prior year. This is due to an increase in charges for services and property tax revenues received, as well as an overall decrease in expenses.

The Business-type Activities have increased the net position in the current fiscal year by \$650,803. This is a 6% increase from the prior year. This is due to an increase in charges for services to customers.

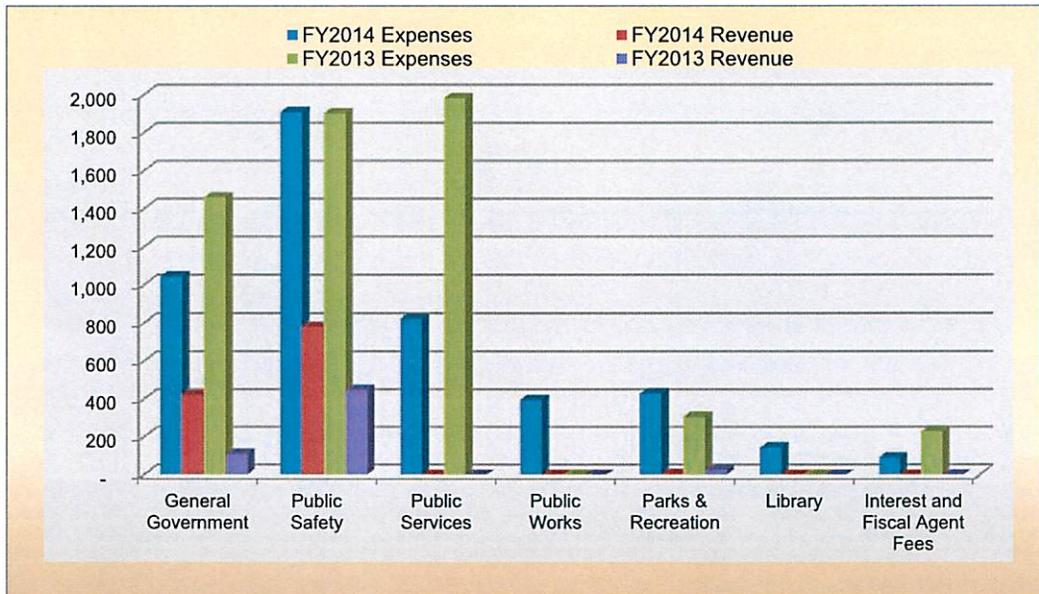
Note: Current year expenses have been reclassified for additional detail, in comparison with prior years.

**TOWN OF SUNNYVALE, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2014**

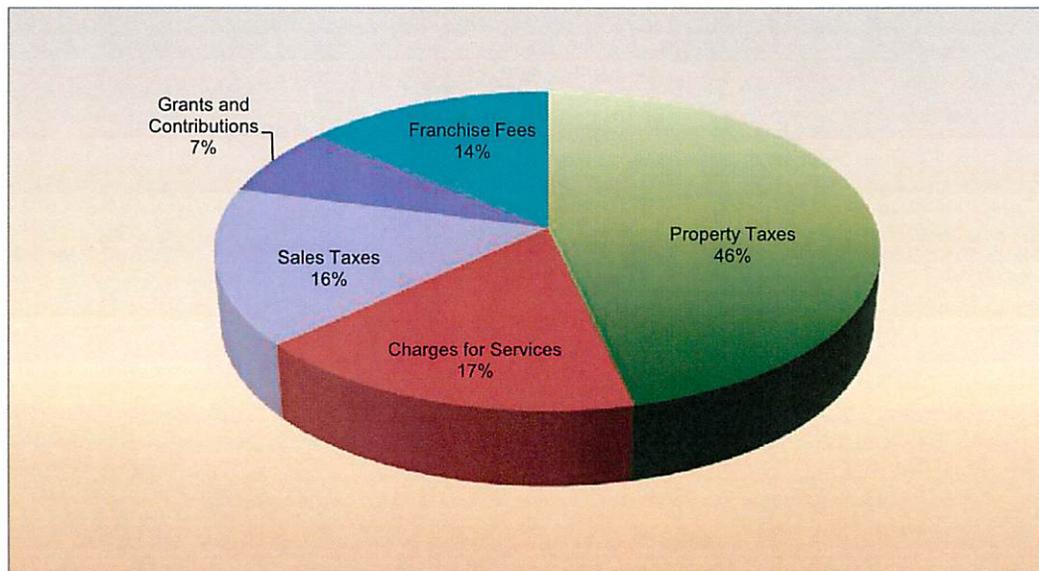
**Governmental-type activities** - Governmental-type activities increased the Town's net position by \$2,126,469, excluding prior period adjustments. Key elements of this increase are as follows:

Charges for services increased \$617,198, or 106%.  
Property tax revenues increased \$248,317, or 8%.  
Overall, expenses decreased by \$1,046,553, or 18%.

**Expenses and Program Revenues - Governmental Activities**  
(amounts expressed in thousands)



**Revenues by Source - Governmental Activities**

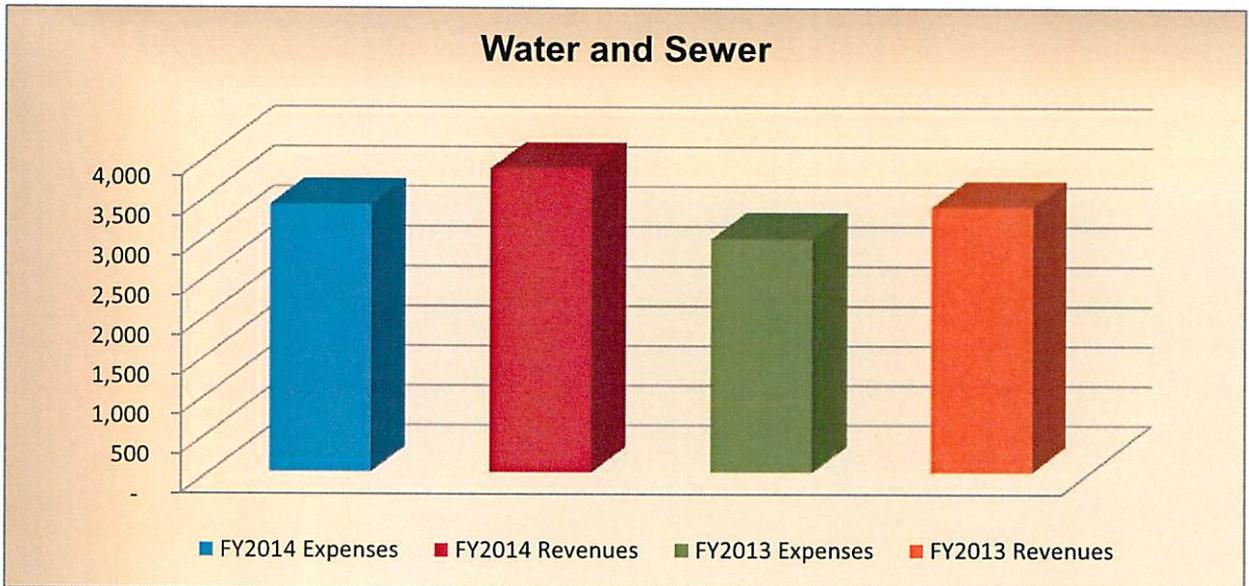


**TOWN OF SUNNYVALE, TEXAS  
 MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
 SEPTEMBER 30, 2014**

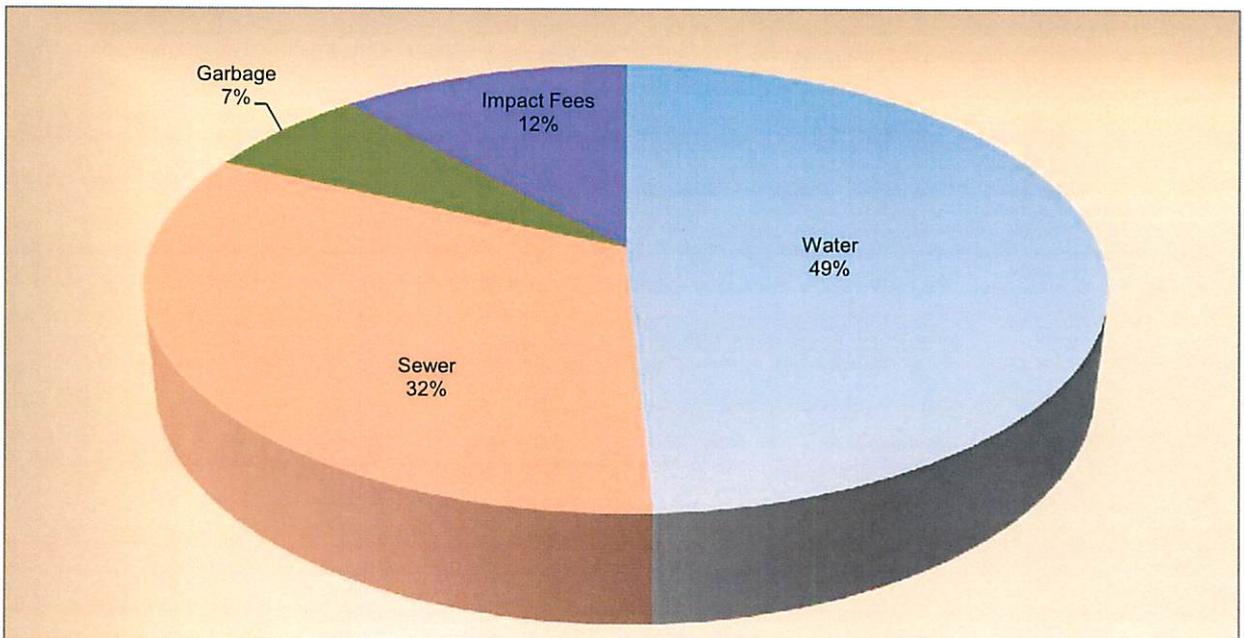
**Business-type Activities** - Business-type activities increased the Town's net position by \$650,803. A key element of this increase is as follows:

Charges for services increased \$495,459, or 15%.

**Expenditures and Program Revenues - Business-type Activities**  
 (amounts expressed in thousands)



**Revenues by Source - Business-type Activities**



**TOWN OF SUNNYVALE, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2014**

**Financial Analysis of the Town's Funds**

As noted earlier, the Town of Sunnyvale uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Specifically, the unassigned fund balance may serve as a measure of net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of \$6,590,536, an increase of \$1,478,694, or 29%, in comparison with the prior year. Of this amount, \$4,091,836, or 62%, constitutes unassigned fund balance, which is available for spending at the government's discretion. The Town has assigned fund balances of \$1,261,293 or 19%, for capital outlays. A portion of fund balance is restricted to indicate that it is available for spending for the following: 1) \$208,243, or 17%, for debt service and 2) \$1,029,164, or 83%, due to state-imposed restrictions.

The general fund is the chief operating fund of the Town of Sunnyvale. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,095,036, while total fund balance was \$4,484,644. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to the total General Fund expenditures. Unassigned General Fund balance represents 84% of total general fund expenditures.

**General Fund Budgetary Highlights:** During the fiscal year, the Town made revisions to the budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts, mainly in the areas of franchise taxes, fines and forfeitures, licenses and permits, and intergovernmental revenues. Expenditures were less than budgeted in all areas.

**Proprietary Funds** - The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$1,090,014.

**TOWN OF SUNNYVALE, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS (continued)**  
**SEPTEMBER 30, 2014**

**Capital Asset and Debt Administration**

**Capital assets** - The Town of Sunnyvale's investment in capital assets for its governmental and business-type activities as of September 30, 2014, totals \$18,963,622 (net of accumulated depreciation). These assets include land, buildings, improvements, infrastructure, machinery and equipment, vehicles and construction in progress. This amount represents a net decrease of (\$23,619), or 2%, (net of accumulated depreciation) over the prior fiscal year.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Equipment purchased for fire department
- Town Hall improvements
- Purchase of new vehicle
- Water and sewer system projects continued
- Construction of water tower continued

**Town of Sunnyvale**  
**Capital Assets**  
**September 30, 2014**  
**(net of depreciation)**

	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 963,894	\$ 963,894	\$ 127,225	\$ 127,225	\$ 1,091,119	\$ 1,091,119
Infrastructure	3,788,208	3,516,076	8,070,938	8,250,546	11,859,146	11,766,622
Buildings & Improvements	3,579,848	3,696,457	1,141,870	1,179,655	4,721,718	4,876,112
Machinery & Equipment	474,576	414,889	237,477	236,890	712,053	651,779
Construction in Progress	-	35,656	579,586	565,953	579,586	601,609
<b>Total</b>	<b>\$ 8,806,526</b>	<b>\$ 8,626,972</b>	<b>\$ 10,157,096</b>	<b>\$ 10,360,269</b>	<b>\$ 18,963,622</b>	<b>\$ 18,987,241</b>

More detailed information about the Town's capital assets is presented in Note E to the financial statements.

**Long-term debt** - As of September 30, 2014, the Town of Sunnyvale had total long-term debt outstanding of \$9,926,943 which is a decrease of (\$829,067), or 8%, from the previous year.

**Town of Sunnyvale**  
**Outstanding Debt**  
**As of September 30, 2014**

	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Certificates of Obligation (backed by tax revenues and net Water/Sewer revenues)	\$ -	\$ -	\$ 2,725,000	\$ 2,840,000	\$ 2,725,000	\$ 2,840,000
Refunding Bonds (backed by tax revenues and net Water/Sewer revenues)	4,145,040	4,541,976	2,938,845	3,247,541	7,083,885	7,789,517
Notes Payable	-	-	118,058	126,493	118,058	126,493
<b>Total</b>	<b>\$ 4,145,040</b>	<b>\$ 4,541,976</b>	<b>\$ 5,781,903</b>	<b>\$ 6,214,034</b>	<b>\$ 9,926,943</b>	<b>\$ 10,756,010</b>

More detailed information about the Town's long-term obligations is presented in Note G to the financial statements.

**TOWN OF SUNNYVALE, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2014**

**Economic Factors and Next Year's Budgets and Rates**

In the fiscal year 2014-2015 budget, the General Fund revenues are budgeted to increase by \$474,280 or 9% from the 2013-2014 budget year with general property taxes making up approximately \$3,412,549 or 54% of anticipated general fund revenues. Property values show an increase of \$26,602,191 over the prior year, primarily as a result of a 2.84% increase in parcels and 3.30% increase in taxable value. The Town Council adopted the tax rate of \$0.407962 per \$100 assessed valuation, which is unchanged from the prior year's rate.

Sales tax, the second largest revenue source for the General Fund, is budgeted at \$1,140,000 or 18% of anticipated General Fund revenue. The Town's sales tax increased 4% from the prior year with the Comptroller reporting 59 consecutive months of year over year growth. The budget reflects a conservative sales tax expectations as economic development initiatives expand business opportunities.

Other major revenue sources include \$1,980,000 from water sales, \$1,045,000 from sewer services, and \$917,000 from franchise agreements. On October 23, 2013 the Town adopted a tiered utility rate structure with annual rate increases scheduled through October 2017 to preserve the fiscal and operational integrity of the utility system while promoting water conservation.

The fiscal year 2014-2015 budget adopted by the Town Council includes an increase of \$690,432 or 14% in the Fund budget and an increase of \$235,572 or 7% in the business-type fund budget when compared to previous year's budget.

**Requests for Information**

This financial report is designed to provide an overview of the Town's finances for those with an interest in the government's finances. If you have any questions about this report or need additional information, contact the Town of Sunnyvale, Attention-Director of Finance at 127 N. Collins Road, Sunnyvale, Texas, call 972-203-4145, or email [finance@townofsunnyvale.org](mailto:finance@townofsunnyvale.org).



## **BASIC FINANCIAL STATEMENTS**



**TOWN OF SUNNYVALE, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	Primary Government			Component Unit 4A Development Corporation	Component Unit 4B Development Corporation
	Governmental Activities	Business-type Activities	Total		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,461,229	\$ 617,820	\$ 5,079,049	\$ 2,087,925	\$ 1,440,737
Receivables (net of allowance for uncollectibles)	839,252	598,986	1,438,238	96,906	94,636
Notes receivable	576,158	-	576,158	-	-
Due from other governments	-	96,406	96,406	-	-
Internal balances	33,926	(33,926)	-	-	-
Inventory	-	64,631	64,631	-	-
Restricted assets:					
Cash and cash equivalents	1,967,830	6,332,134	8,299,964	-	-
Capital assets not depreciated:					
Land	963,894	127,225	1,091,119	-	-
Construction in progress	-	579,586	579,586	-	-
Capital assets net of accumulated depreciation:					
Infrastructure	3,788,208	8,070,938	11,859,146	-	-
Buildings	3,579,848	1,141,870	4,721,718	-	-
Machinery and equipment	474,576	237,477	712,053	5,290	-
<b>Total Assets</b>	<b>16,684,921</b>	<b>17,833,147</b>	<b>34,518,068</b>	<b>2,190,121</b>	<b>1,535,373</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	-	3,258	3,258	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>3,258</b>	<b>3,258</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable	461,137	312,687	773,824	209	2,793
Other liabilities	161,112	41,990	203,102	-	-
Accrued interest payable	-	14,938	14,938	-	-
Customer deposits	-	132,795	132,795	-	-
Noncurrent Liabilities:					
Due within one year:					
Compensated absences	15,202	1,238	16,440	-	-
Notes Payable	-	12,004	12,004	44,674	-
Bonds payable	400,000	415,000	815,000	-	-
Due in more than one year:					
Compensated absences	59,731	29,000	88,731	719	3,803
Notes Payable	-	106,054	106,054	531,484	-
Bonds payable	3,745,040	5,248,845	8,993,885	-	-
<b>Total Liabilities</b>	<b>4,842,222</b>	<b>6,314,551</b>	<b>11,156,773</b>	<b>577,086</b>	<b>6,596</b>
<b>NET POSITION</b>					
Net investment in capital assets	5,533,170	8,638,647	14,171,817	5,290	-
Restricted for:					
Community services	28,831	-	28,831	-	-
Municipal Court	150,346	-	150,346	-	-
Debt service	208,243	601,879	810,122	-	-
Impact Fees	849,987	1,191,314	2,041,301	-	-
Unrestricted	5,072,122	1,090,014	6,162,136	1,607,745	1,528,777
<b>Total Net Position</b>	<b>\$ 11,842,699</b>	<b>\$ 11,521,854</b>	<b>\$ 23,364,553</b>	<b>\$ 1,613,035</b>	<b>\$ 1,528,777</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**TOWN OF SUNNYVALE, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Function/Program Activities</b>				
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$ 1,043,470	\$ 418,776	\$ 18,890	\$ -
Public Safety	1,906,497	778,203	10,383	-
Public Services and Operations	821,386	-	-	-
Public Works	394,480	-	42,441	-
Parks and Recreation	428,745	3,135	436,164	-
Library	142,695	-	-	-
Interest on Long-Term Debt	88,808	-	-	-
<b>Total governmental activities</b>	<b>4,826,081</b>	<b>1,200,114</b>	<b>507,878</b>	<b>-</b>
Business-type Activities:				
Utility Fund	3,374,140	3,825,951	-	-
<b>Total business-type activities</b>	<b>3,374,140</b>	<b>3,825,951</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>8,200,221</b>	<b>5,026,065</b>	<b>507,878</b>	<b>-</b>
<b>Component units:</b>				
4A Development Corporation	640,018	-	-	-
4B Development Corporation	586,062	-	-	-
<b>Total component units</b>	<b>\$ 1,226,080</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General revenues:**  
Property taxes  
Sales taxes  
Franchise taxes  
Miscellaneous  
Investment income  
Transfers  
Total general revenues  
Change in net position  
Net position - beginning  
Prior Period Adjustment  
Net position - ending

The accompanying notes to the financial statements are an integral part of this financial statement.

<b>Net (Expense) Revenue and Changes in Net Position</b>				
<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business Activities</b>	<b>Total</b>	<b>4A Development Corporation</b>	<b>4B Development Corporation</b>
\$ (605,804)	\$ -	\$ (605,804)	\$ -	\$ -
(1,117,911)	-	(1,117,911)	-	-
(821,386)	-	(821,386)	-	-
(352,039)	-	(352,039)	-	-
10,554	-	10,554	-	-
(142,695)	-	(142,695)	-	-
(88,808)	-	(88,808)	-	-
<u>(3,118,089)</u>	<u>-</u>	<u>(3,118,089)</u>	<u>-</u>	<u>-</u>
-	451,811	451,811	-	-
-	451,811	451,811	-	-
<u>(3,118,089)</u>	<u>451,811</u>	<u>(2,666,278)</u>	<u>-</u>	<u>-</u>
-	-	-	(640,018)	-
-	-	-	-	(586,062)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (640,018)</u>	<u>\$ (586,062)</u>
\$ 3,309,754	\$ -	\$ 3,309,754	\$ -	\$ -
1,130,663	-	1,130,663	565,332	565,332
986,539	-	986,539	-	-
12,870	-	12,870	-	-
1,343	2,381	3,724	694	583
(196,611)	196,611	-	-	-
<u>5,244,558</u>	<u>198,992</u>	<u>5,443,550</u>	<u>566,026</u>	<u>565,915</u>
2,126,469	650,803	2,777,272	(73,992)	(20,147)
9,140,072	10,871,051	20,011,123	2,263,185	1,548,924
576,158	-	576,158	(576,158)	-
<u>\$ 11,842,699</u>	<u>\$ 11,521,854</u>	<u>\$ 23,364,553</u>	<u>\$ 1,613,035</u>	<u>\$ 1,528,777</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

**TOWN OF SUNNYVALE, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,459,229	\$ -	\$ 2,000	\$ 4,461,229
Receivables (net of allowances for uncollectible)	868,418	14,980	153,350	1,036,748
Notes receivable	576,158	-	-	576,158
Restricted - cash and cash equivalents	-	215,311	1,752,519	1,967,830
<b>Total assets</b>	<b>5,903,805</b>	<b>230,291</b>	<b>1,907,869</b>	<b>8,041,965</b>
<b>LIABILITIES</b>				
Accounts payable	614,487	-	10,220	624,707
Other liabilities	161,112	-	-	161,112
<b>Total liabilities</b>	<b>775,599</b>	<b>-</b>	<b>10,220</b>	<b>785,819</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	67,404	22,048	-	89,452
Unavailable revenue - note receivable	576,158	-	-	576,158
<b>Total deferred inflows of resources</b>	<b>643,562</b>	<b>22,048</b>	<b>-</b>	<b>665,610</b>
<b>Fund Balances</b>				
Restricted for:				
Community services	-	-	28,831	28,831
Municipal court	-	-	150,346	150,346
Impact fees	-	-	849,987	849,987
Debt Service	-	208,243	-	208,243
Assigned for:				
Infrastructure improvements	238,473	-	-	238,473
Vehicle replacement	126,060	-	-	126,060
Community services	25,075	-	-	25,075
Capital improvements	-	-	871,685	871,685
Unassigned	4,095,036	-	(3,200)	4,091,836
<b>Total fund balances</b>	<b>4,484,644</b>	<b>208,243</b>	<b>1,897,649</b>	<b>6,590,536</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,903,805</b>	<b>\$ 230,291</b>	<b>\$ 1,907,869</b>	<b>\$ 8,041,965</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**TOWN OF SUNNYVALE, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

<b>Total fund balances - governmental funds balance sheet</b>	<b>\$ 6,590,536</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,298,116
Accumulated depreciation has not been included in the governmental fund financial statements.	(5,491,590)
Premiums and discounts on issuance of debt are not recognized on the balance sheet for governmental funds.	(230,040)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	665,610
Long-term liabilities, including bonds payable, are not due and payable in the current period and; therefore, are not reported in the funds.	(3,915,000)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.	(74,933)
<b>Net position of governmental activities - statement of net position</b>	<b><u><u>\$ 11,842,699</u></u></b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**TOWN OF SUNNYVALE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
Property taxes	\$ 2,558,714	\$ 711,030	\$ -	\$ 3,269,744
Franchise taxes	975,175	-	11,364	986,539
Fines and forfeitures	588,892	-	27,206	616,098
Licenses and permits	334,239	-	-	334,239
Sales tax collected	1,130,663	-	-	1,130,663
Charge for services	32,713	-	-	32,713
Impact fees	-	-	217,064	217,064
Grants	10,383	-	-	10,383
Investment income	305	218	820	1,343
Intergovernmental	492,973	-	-	492,973
Miscellaneous	12,870	-	-	12,870
<b>Total Revenues</b>	<u>6,136,927</u>	<u>711,248</u>	<u>256,454</u>	<u>7,104,629</u>
<b>EXPENDITURES</b>				
Current:				
General government	943,124	-	6,041	949,165
Public safety	1,821,954	-	-	1,821,954
Public works	311,230	-	-	311,230
Public services and operations	770,013	-	51,372	821,385
Parks and recreation	358,761	-	-	358,761
Library	142,695	-	-	142,695
Debt Service:				
Principal retirement	-	380,000	-	380,000
Interest and fiscal agent fees	-	102,439	-	102,439
Capital Outlays:				
General government	441,497	-	-	441,497
Public safety	92,457	-	-	92,457
Public services and operations	1,196	-	1,840	3,036
Library	4,705	-	-	4,705
<b>Total Expenditures</b>	<u>4,887,632</u>	<u>482,439</u>	<u>59,253</u>	<u>5,429,324</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	1,249,295	228,809	197,201	1,675,305
<b>Other Revenues and Financing Sources (uses)</b>				
Transfers	(17,441)	(179,170)	-	(196,611)
<b>Total Other Financing Sources (uses)</b>	<u>(17,441)</u>	<u>(179,170)</u>	<u>-</u>	<u>(196,611)</u>
<b>Net Change in Fund Balance</b>	1,231,854	49,639	197,201	1,478,694
<b>Fund Balances, October 1</b>	3,252,790	158,604	1,700,448	5,111,842
<b>Fund Balances, September 30</b>	<u>\$ 4,484,644</u>	<u>\$ 208,243</u>	<u>\$ 1,897,649</u>	<u>\$ 6,590,536</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

**TOWN OF SUNNYVALE, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Net change in fund balances - statement of revenues, expenditures and  
changes in fund balances - governmental funds** \$ 1,478,694

Amounts reported for governmental activities in the statement of activities  
are different because:

Current year capital outlays are expenditures in the fund financial statements  
but these are shown as an increase in capital assets in the government-wide  
financial statements. The effect of removing the 2014 capital outlays is to  
increase net position. 541,695

Depreciation is not recognized as an expense in governmental funds since it  
does not require the use of current financial resources. The effect of recording  
the current year's depreciation is to decrease net position. (362,142)

Current year long-term debt principal payments are expenditures in the fund  
financial statements but are shown as a reduction in long term debt in the  
government-wide financial statements. 380,000

Bond premiums and discounts are recognized as an other financing source  
in the governmental funds, whereas premiums and discounts are deferred and  
amortized over the life of the bonds in the statement of activities. 16,936

Current year changes in accrued interest payable do not require the use of  
current financial resources; therefore, they are not reported as expenditures  
in governmental funds. 13,331

Changes to vacation and other compensated absence liabilities are not  
shown in the fund financial statements. The net effect of the current year  
is to decrease net position. 17,945

Revenues in the statement of revenues, expenditures and changes in fund  
balances that are not recognized as revenues in the statement of activities. 40,010

**Change in net position - statement of activities** \$ 2,126,469

TOWN OF SUNNYVALE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUE</b>				
Property taxes	\$ 2,531,350	\$ 2,531,350	\$ 2,558,714	\$ 27,364
Franchise Fees	793,000	845,392	975,175	129,783
Sales Tax Collected	1,050,000	1,050,000	1,130,663	80,663
Fines and Forfeitures	396,975	394,975	588,892	193,917
Licenses and Permits	161,425	164,425	334,239	169,814
Charge for Services	46,000	46,000	32,713	(13,287)
Grants	-	-	10,383	10,383
Investment Income	1,500	500	305	(195)
Intergovernmental	-	-	492,973	492,973
Miscellaneous	9,975	9,975	12,870	2,895
<b>Total Revenues</b>	<b>4,990,225</b>	<b>5,042,617</b>	<b>6,136,927</b>	<b>1,094,310</b>
<b>EXPENDITURES</b>				
<b>General Government</b>				
Town Administration	1,348,691	1,428,113	943,124	484,989
Capital Outlay	72,000	72,000	441,497	(369,497)
<b>Total General Government</b>	<b>1,420,691</b>	<b>1,500,113</b>	<b>1,384,621</b>	<b>115,492</b>
<b>Public Safety</b>				
Police	1,392,744	1,395,874	1,400,904	(5,030)
Fire	587,901	524,350	421,050	103,300
Capital Outlay	23,234	98,279	92,457	5,822
<b>Total Public Safety</b>	<b>2,003,879</b>	<b>2,018,503</b>	<b>1,914,411</b>	<b>104,092</b>
<b>Public Services and Operations</b>				
Development Services	856,608	808,973	770,013	38,960
Capital Outlay	-	-	1,196	(1,196)
<b>Total Public Services</b>	<b>856,608</b>	<b>808,973</b>	<b>771,209</b>	<b>37,764</b>
<b>Public Works</b>				
Public Works	340,000	340,000	311,230	28,770
<b>Total Parks and Recreation</b>	<b>340,000</b>	<b>340,000</b>	<b>311,230</b>	<b>28,770</b>
<b>Parks and Recreation</b>				
Parks	339,593	375,243	358,761	16,482
<b>Total Parks and Recreation</b>	<b>339,593</b>	<b>375,243</b>	<b>358,761</b>	<b>16,482</b>
<b>Library</b>				
Library	141,303	144,052	142,695	1,357
Capital Outlay	-	5,000	4,705	295
<b>Total Parks and Recreation</b>	<b>141,303</b>	<b>149,052</b>	<b>147,400</b>	<b>1,652</b>
<b>Total Expenditures</b>	<b>5,102,074</b>	<b>5,191,884</b>	<b>4,887,632</b>	<b>304,252</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(111,849)</b>	<b>(149,267)</b>	<b>1,249,295</b>	<b>1,398,562</b>
<b>Other Revenues and Financing Sources (uses)</b>				
Transfers	111,000	87,000	(17,441)	(104,441)
<b>Total Other Financing Sources (uses)</b>	<b>111,000</b>	<b>87,000</b>	<b>(17,441)</b>	<b>(104,441)</b>
<b>Net change in Fund Balances</b>	<b>(849)</b>	<b>(62,267)</b>	<b>1,231,854</b>	<b>1,294,121</b>
<b>Fund Balances/Equity, beginning of year</b>	<b>3,252,790</b>	<b>3,252,790</b>	<b>3,252,790</b>	
<b>Fund Balances/Equity, end of year</b>	<b>\$ 3,251,941</b>	<b>\$ 3,190,523</b>	<b>\$ 4,484,644</b>	

**TOWN OF SUNNYVALE, TEXAS  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2014**

	<u>Utility Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 617,820
Restricted cash and cash equivalents	6,332,134
Receivables (net of allowance for uncollectibles)	598,986
Due from other governments	96,406
Due from other funds	56,754
Total Current Assets	<u>7,702,100</u>
Noncurrent Assets:	
Inventory	64,631
Capital Assets:	
Land	127,225
Infrastructure	11,667,748
Buildings	1,959,800
Machinery and equipment	603,700
Construction-in-progress	579,586
Less: accumulated depreciation	<u>(4,780,963)</u>
Total capital assets, net of accumulated depreciation	<u>10,157,096</u>
Total noncurrent assets	<u>10,221,727</u>
<b>Total Assets</b>	<u><b>17,923,827</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	<u>3,258</u>
<b>Total Deferred Outflows of Resources</b>	<u><b>3,258</b></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	312,687
Other liabilities	41,990
Due to other funds	90,680
Payables from restricted assets:	
Customer deposits	132,795
Accrued interest payable	14,938
Compensated absences - current	1,238
Notes payable - current	12,004
Bonds payable - current	415,000
Total Current Liabilities	<u>1,021,332</u>
Noncurrent Liabilities:	
Compensated absences	29,000
Notes payable	106,054
Bonds payable	5,248,845
Total noncurrent liabilities	<u>5,383,899</u>
<b>Total Liabilities</b>	<u><b>6,405,231</b></u>
<b>NET POSITION</b>	
Net investment in capital assets	8,638,647
Restricted for:	
Debt service	601,879
Impact fees	1,191,314
Unrestricted	1,090,014
<b>Total Net Position</b>	<u><u><b>\$ 11,521,854</b></u></u>

The accompanying notes to the financial statements are an integral part of this financial statement.

**TOWN OF SUNNYVALE, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Utility Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for sales and services:	
Water sales	\$ 1,884,254
Sewer sales	1,244,541
Garbage collection fees	253,565
Impact fees	443,591
<b>Total operating revenues</b>	<u>3,825,951</u>
<b>OPERATING EXPENSES:</b>	
Personnel services	403,253
Supplies and materials	68,447
Maintenance and repair	141,309
Contractual services	2,309,105
Depreciation	294,834
<b>Total operating expenses</b>	<u>3,216,948</u>
<b>Operating income (loss)</b>	<u>609,003</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Investment income	2,381
Amortization	18,696
Interest expense	(175,888)
<b>Total non-operating revenues (expenses)</b>	<u>(154,811)</u>
<b>Income before transfers</b>	454,192
Transfers	<u>196,611</u>
<b>Changes in net position</b>	650,803
<b>Net position, October 1</b>	10,871,051
<b>Net position, September 30</b>	<u><u>\$ 11,521,854</u></u>

The accompanying notes to the financial statements are an integral part of this financial statement.

**TOWN OF SUNNYVALE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Utility Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 3,323,915
Cash paid for other transactions	443,591
Cash paid to employees	(399,285)
Cash paid for goods and services	(2,478,470)
<b>Net cash provided by (used in) operating activities</b>	<u>889,751</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES</b>	
Transfers to other funds	196,611
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>196,611</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(91,662)
Interest and fiscal charges on debt	(181,100)
Deferred charge on refunding	1,086
Principal payments on bonds	(417,006)
<b>Net cash provided by (used in) capital &amp; related financing activities</b>	<u>(688,682)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	2,381
Advances to other funds	13,971
<b>Net cash provided by (used in) investing activities</b>	<u>16,352</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	414,032
<b>Cash and cash equivalents, October 1</b>	6,535,922
<b>Cash and cash equivalents, September 30</b>	<u>\$ 6,949,954</u>
<b>Reconciliation of operating income to net cash provided by operation activities:</b>	
Operating Income (Loss)	<u>\$ 609,003</u>
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	294,834
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables	(89,005)
Inventory	22,353
Increase (decrease) in liabilities:	
Accounts payable	18,040
Customer deposits	30,558
Compensated absences	3,968
Total adjustments	<u>280,748</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 889,751</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies**

The Town of Sunnyvale ("Town") is a municipal corporation governed by an elected mayor and a six-member Council. The Town provides the following services to the citizens of the Town as authorized by its charter: public safety (police and fire), public works, parks and recreation, water and sewer utilities, and general administrative services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to the state and local governments. Generally accepted accounting principles for local government include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments-Audit and Accounting Guide*. The more significant accounting policies of the Town are described below.

**1. Reporting Entity**

The Town is a municipal corporation governed by an elected mayor and six-member Council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Town is a financial reporting entity as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units."

Under GASB Statement No. 14, component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the Town appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Town. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. GASB Statement No. 39 added clarification to GASB Statement No. 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents;
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization;
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the Town, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the Town.

**Discretely presented component units.** The Town has two discretely presented component units, 4A Development Corporation and 4B Development Corporation. The component units described below are included in the Town's reporting entity because the Town appoints the governing body and the Corporations are fiscally dependent on the Town. To emphasize that the component units are legally separate from the Town, they are reported in a separate column in the financial statements. Fund information for the component units can be found in the supplementary information in this report. There are no separate financial statements issued for the component units.

*The Sunnyvale 4A Development Corporation* is responsible for collecting and disbursing the one-half of one percent sales tax to be used for economic development within the Town. The members of the Corporation's board are appointed by the Town. The Corporation is presented as a governmental fund type and has a September 30 year-end.

*The Sunnyvale 4B Development Corporation* is responsible for collecting and disbursing the one-half of one percent sales tax to be used for economic development within the Town. The members of the Corporation's board are appointed by the Town. The Corporation is presented as a governmental fund type and has a September 30 year-end.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies**  
1. Reporting Entity (continued)

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria to be included as a component unit if management's professional judgment determines it to be necessary and misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund but distinguish between the Town's governmental activities and business-type activities on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the Town's capital assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Management's Discussion and Analysis includes an analytical overview of the Town's financial activities. In addition, budgetary comparison statements are presented that compare the original adopted and final amended budget with actual results for the General, Debt Service, Water & Sewer Impact, and Utility funds.

The Town's basic financial statements include the accounts of all Town operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the Town is considered to be financially accountable. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable.

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, franchise taxes, and interest income).

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the funds financial statements. The major governmental funds are the General Fund and the Debt Service Fund. The major proprietary fund is the Utility Fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds. The nonmajor funds are combined in a separate column in the fund financial statements. With the adoption of GASB Statement No. 63, the presentation of deferred inflows/outflows is included in this calculation.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies**

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation (continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating 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 principle operating revenues of the Utility Fund are charges to customers for sales and services. The Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the costs of sales and service administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**b. Measurement Focus, Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net position, and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, in other words, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year-end as required by GASB Interpretation No. 6.

Ad valorem, franchise and sales tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

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

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the Town's major governmental funds:

The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvements costs that are not paid through other funds are paid from this fund.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies**

- 2. Basis of Presentation, Basis of Accounting**  
b. Measurement Focus, Basis of Accounting (continued)

The *Debt Service Fund* accounts for the accumulation of resources for the payment of general principal, interest, and related cost on long term obligation debt of governmental funds.

Proprietary funds are accounted for on a flow of economic resources measurement focus. Within the measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the Town's water and sewer services are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The following is a description of the proprietary fund:

The *Utility Fund* accounts for the activities of trash collection, and water and wastewater operations that are intended to be self-supporting on a user charge basis.

**3. Financial Statement Amounts**

a. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of one year or less from the date of acquisition.

b. Inventories and Prepaid Items

Inventories are valued using the first-in/first-out ("FIFO") method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. During the year, inventory was reviewed and obsolete items were written off and removed from inventory to comply with the TCEQ law banning lead parts.

Prepaid balances are for payments made by the Town for which benefits extend beyond the fiscal year and the reserve for prepaid items that has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures. Prepaid items are recorded using the consumption method.

c. Receivable and Payable Balances

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts and are reported as Internal Balances.

Legally authorized transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

d. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary fund represent cash and cash equivalents and investments set aside for repayment of customer's water/sewer deposits, impact fees, and various bond covenants.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies**

**3. Financial Statement Amounts**

**d. Restricted Assets (continued)**

Impact fees are the capital recovery fees that are, by law, restricted to the projects these funds may be used to support.

Customer deposits received for water and sewer services are, by law, to be considered restricted assets. These activities are included in the Utility Fund.

**e. Capital Assets**

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. The Town defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of capitalized interest for the year was \$5,645.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings	40 years
Building Improvements	10-40 years
Machinery & Equipment	3-5 years
Infrastructure	40-50 years

**f. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding debt reported in the government-wide statement of net position and on the utility operations fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualifies for reporting in this category. Accordingly, the item *unavailable revenue* is reported in the governmental funds balance sheet. Deferred revenue from property taxes is shown as a deferred inflow of resource. The amount is deferred and recognized as inflows of resources in the period that the amounts become available. Deferred revenue from the receivable from 4A is shown as a deferred resource. The amount is deferred and recognized as inflows of resources in the period that the amounts become available.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies**

**3. Financial Statement Amounts (continued)**

**g. Compensated absences**

It is the government's policy to permit employees with at least six months of continuous service to accumulate earned but unused vacation pay benefits, not to exceed two times the rate of the employees' annual rate of accrual based on years of service. It is the Town's policy to pay up to 90 days of unused sick time for full time employees upon termination. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. As such, there is an accrual at the close of the fiscal year in the government-wide and proprietary fund financial statements for the amount due to all employees as of September 30, 2014. No unused holiday leave will be paid out upon termination of employment.

**h. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. The Town has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**i. Net Position Flow Assumption**

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

**j. Fund Balance Policies**

In the fund financial statements, governmental funds report reservations of fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Town is bound to honor constraints on how specific amounts can be spent.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies**

**3. Financial Statement Amounts**

**j. Fund Balance Policies (continued)**

- *Restricted fund balance* - includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* - includes the portion of net resources that can only be used for specific purposes determined by a resolution or ordinance of the Town Council and that remains binding unless removed in the same manner. The resolution must be approved before the end commitment will be reflected on the financial statements.
- *Assigned fund balance* - includes the portion of net resources for which an *intended* use has been established by the Town Council or the Town Manager. Assignment of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund, as directed by the Town Council or the Town Manager.
- *Unassigned fund balance* - includes the amounts in the General Fund in excess of what can properly be classified in one of the other categories of fund balance. It is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

Fund balances of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The purpose of the Town's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unprecedented one-time expenditures.

It is the long-term goal of the Town to maintain a minimum unassigned fund balance in the general fund equivalent to no less than three (3) months of operating expenses. The Town is currently in compliance with this policy.

**k. Fund Balance Flow Assumption**

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

**l. Federal and State Grants**

Grants and shared revenues are generally accounted for within the fund financed.

**m. Comparative Data**

Comparative total data for the current year to budget have been presented in the supplementary section of the financial statements in order to provide an understanding of budgeted to actual results.

**TOWN OF SUNNYVALE, TEXAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies**

**3. Financial Statement Amounts (continued)**

**n. Property Taxes**

The Town's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Dallas Central Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Town bills and collects its own property taxes, which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time, substantially all property taxes are collected. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the Town may, at its own expense, require annual reviews of appraisal values. The Town may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the Town continues to set tax rates on Town property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the fiscal year ended September 30, 2014, the Town had a tax rate of \$.407962 per \$100 assessed values.

**o. Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

**p. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

**q. Program Revenues**

Certain revenues such as charges for services and impact fees are included in program revenues.

**r. Program Expenses**

Certain indirect costs such as administrative costs are included in the program expense reported for individual functional activities.

**B. Compliance and Accountability**

**1. Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

**TOWN OF SUNNYVALE, TEXAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**B. Compliance and Accountability (continued)**

**2. Deficit Fund Balance or Fund Net Position of Individual Funds**

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Action Taken</u>
Tax Increment Fund	\$ (3,200)	Deficit covered by unrestricted fund balance of the General Fund.

**3. Budgets and Budgetary Accounting**

The Town adopts an "appropriated budget" of several of the governmental funds by department. The Town is required to present the adopted and final amended budgeted revenues and expenditures. The Town compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data:

- The Town Manager shall submit a proposed budget containing a complete financial Plan for each fiscal year. Such budget shall be submitted to the Town Council not more than one hundred twenty (120) days but not less than sixty (60) days prior to the beginning of each fiscal year.
- The Town Manager shall submit a five-year Capital Improvement Program as an attachment to the annual budget. The Program shall include a list of all capital improvements that are proposed for the five fiscal years succeeding the budget year; cost estimates, method of financing, and recommended time schedules for each improvement; and the estimated annual cost of operating and maintaining the facilities to be constructed or acquired. The information may be revised and extended each year with regard to the capital improvements still pending or in process of construction or acquisition.
- The Town Council shall have published a notice for a public hearing on the budget in accordance with State Law.
- After the public hearing, the Town Council may adopt the budget with or without amendment. In amending the budget, the Town Council may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service.
- On or before the 20th day of the last month of the fiscal year currently ending, the Town Council shall adopt the budget by an affirmative vote of a majority of the members of Town Council then qualified and serving. If the Town fails to adopt the budget by this date, the amounts appropriated for current operation for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month-to-month basis, with all items in it prorated accordingly, until such time as the Town Council adopts a budget for the ensuing fiscal year. Adoption of the budget shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.
- Under conditions which may arise and which could not have been foreseen in the normal process of budget preparation, the Town Council may, by an affirmative action vote of a majority of the members of the Town Council then qualified and serving, amend the budget. Such amendments shall be by ordinance.

**C. Cash and Investments**

The Town's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with the Town's agent approved pledged securities authorized by Chapter 2257, "Collateral for Public Fund of the Government Code", in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

**TOWN OF SUNNYVALE, TEXAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**C. Cash and Investments (continued)**

Cash Deposits

At September 30, 2014, the carrying amount of the Town's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$13,379,013 and the bank balance was \$13,656,086. The Town's cash deposits at September 30, 2014 and during the year ended September 30, 2014, were entirely covered by FDIC insurance or by pledged collateral held by the Town's agent bank in the Town's name.

Cash and investments as of September 30, 2014 consist of and are classified in the financial statements as follows:

**Statement of net position:**

Primary Government	
Cash and cash equivalents	\$ 5,079,049
Restricted assets-cash and cash equivalents	8,299,964
Total cash and cash equivalents	<u>\$ 13,379,013</u>
Governmental - Restricted Cash	
Municipal court - technology and building security	\$ 25,827
Use of impact fees	855,007
Debt service	215,311
Capital projects	871,685
Total Governmental	<u>1,967,830</u>
Business-type - Restricted Cash	
Customer deposits	132,795
Debt service	601,879
Use of impact fees	1,334,006
Capital projects	4,263,454
Total Business-type	<u>6,332,134</u>
Total Restricted cash	<u>\$ 8,299,964</u>

Investments

The Public Funds Investment Act ("Act") (Government Code Chapter 2256) requires the Town to have an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the Town adhered to the requirements of the Act. Additionally, investment practices of the Town were in accordance with local policies.

Currently, all of the Town's investments are with TexSTAR. TexSTAR is administered by First Southwest Asset Management Inc. and JP Morgan Chase. Together, these organizations bring to the TexSTAR program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management. TexSTAR is a local government investment cooperative created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAM by Standard & Poor's. A request for TexSTAR's financial statement can be made at [www.TexStar.org](http://www.TexStar.org).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the Town to require full collateralization of all Town investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. government and its agencies and instrumentalities.

As of September 30, 2014, the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**C. Cash and Investments**

Custodial Credit Risk (continued)

In order to anticipate market changes and provide a level of security for all funds, it is the Town's policy that the market value of investments securing the deposit of funds shall be at least equal to or not less than 102% of the amount of the deposit of funds, reduced to the extent that the deposits are insured by the FDIC. The fair value of collateral will always equal or exceed the principal and accrued interest of deposits at financial institutions. At its discretion, the Town may require a higher level of collateralization for certain investment securities. Securities pledged as collateral shall be held by an independent third party with whom the Town has a current custodial agreement. As of September 30, 2014, The Town is in compliance with this policy.

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. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements and the actual rating as of year end for each investment type.

The Town will minimize credit risk, the risk of loss due to the failure of the security issuer or backer by:

- Limiting investment to the safest types of securities;
- Pre-qualifying the financial institutions and broker/dealers with which the Town will do business;
- Diversifying the investment portfolio so that potential loss on individual securities will be minimized.

Interest Rate Risk

Investment rate risk is the risk that changes in market interest rates will adversely affect the fair market 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 that the Town manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The Town monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Town's investment policy has no specific limitations with respect to this metric.

As of September 30, 2014, the Town had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	<u>Average Maturity</u>
TexStar	\$ 5,135,138	N/A	AAA-m	50 days

**D. Receivables**

Receivables as of year end for the government's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Utility</u>	<u>Total</u>
Receivables:				
Taxes	\$ 511,307	\$ 25,713	\$ -	\$ 537,020
Fees and Charges	1,167,050	-	614,859	1,781,909
Gross Receivables	1,678,357	25,713	614,859	2,318,929
Less: allowance for uncollectibles	<u>(854,085)</u>	<u>(10,733)</u>	<u>(15,873)</u>	<u>(880,691)</u>
Net Total Receivables	<u>\$ 824,272</u>	<u>\$ 14,980</u>	<u>\$ 598,986</u>	<u>\$ 1,438,238</u>

The Town also has an intergovernmental receivable from the City of Mesquite, Texas for the overpayment by the Town of sewer charges due to using an incorrect rate per 1,000 gallons. The City of Mesquite is conducting a review of all sewer connections as part of their due diligence before granting the refund to the Town. Future payments due from the City of Mesquite total \$96,406 as of fiscal year end September 30, 2014.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**D. Receivables (continued)**

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by the Corporation to pay a portion of the principal and interest on the bonds. The Corporation remitted \$42,441 to the Town during fiscal year 2014. The outstanding amount receivable from the Corporation as of September 30, 2014 totaled \$576,158. Note receivable requirements are as follows:

Year Ending Sept 30	Payment
2015	\$ 44,674
2016	45,909
2017	49,927
2018	52,910
2019	34,998
2020-2024	184,378
2025-2028	163,362
	<u>\$ 576,158</u>

**E. Capital Assets**

Capital asset activity for the period ended September 30, 2014 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 963,894	\$ -	\$ -	\$ -	\$ 963,894
Construction in Progress	35,656	(35,656)	-	-	-
Total capital assets, not being depreciated:	<u>999,550</u>	<u>(35,656)</u>	<u>-</u>	<u>-</u>	<u>963,894</u>
Capital assets, being depreciated:					
Buildings & Improvements	4,907,349	-	-	-	4,907,349
Machinery & Equipment	3,384,964	(69,656)	185,338	-	3,500,646
Infrastructure	4,464,558	105,312	356,357	-	4,926,227
Total capital assets being depreciated	<u>12,756,871</u>	<u>35,656</u>	<u>541,695</u>	<u>-</u>	<u>13,334,222</u>
Less accumulated depreciation for:					
Buildings & Improvements	(1,210,890)	-	(116,611)	-	(1,327,501)
Machinery & Equipment	(2,970,077)	41,912	(97,905)	-	(3,026,070)
Infrastructure	(948,481)	(41,912)	(147,626)	-	(1,138,019)
Total accumulated depreciation	<u>(5,129,448)</u>	<u>-</u>	<u>(362,142)</u>	<u>-</u>	<u>(5,491,590)</u>
Total capital assets, being depreciated, net	<u>7,627,423</u>	<u>35,656</u>	<u>179,553</u>	<u>-</u>	<u>7,842,632</u>
Governmental activities capital assets, net	<u>\$ 8,626,973</u>	<u>\$ -</u>	<u>\$ 179,553</u>	<u>\$ -</u>	<u>\$ 8,806,526</u>

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**E. Capital Assets (continued)**

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 127,225	\$ -	\$ -	\$ -	\$ 127,225
Construction in Progress	565,953	(55,266)	68,899	-	579,586
Total capital assets, not being depreciated	693,178	(55,266)	68,899	-	706,811
Capital assets, being depreciated:					
Buildings	1,959,800	-	-	-	1,959,800
Machinery & Equipment	580,938	-	22,762	-	603,700
Infrastructure	11,612,482	55,266	-	-	11,667,748
Total capital assets being depreciated	14,153,220	55,266	22,762	-	14,231,248
Less accumulated depreciation for:					
Buildings	(780,146)	-	(37,784)	-	(817,930)
Machinery & Equipment	(344,048)	-	(22,175)	-	(366,223)
Infrastructure	(3,361,935)	-	(234,875)	-	(3,596,810)
Total accumulated depreciation	(4,486,129)	-	(294,834)	-	(4,780,963)
Total capital assets, being depreciated, net	9,667,091	55,266	(272,072)	-	9,450,285
Business-type activities capital assets, net	<u>\$ 10,360,269</u>	<u>\$ -</u>	<u>\$ (203,173)</u>	<u>\$ -</u>	<u>\$ 10,157,096</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 124,367
Public Safety	70,540
Public Works	83,250
Community Service	14,001
Parks & Recreation	69,984
Total depreciation expense - governmental activities	<u>\$ 362,142</u>
Business-type activities:	
Utility	\$ 294,834
Total depreciation expense - business-type activities	<u>\$ 294,834</u>

**F. Construction Commitments**

The Town has active construction projects as of September 30, 2014. The projects include construction of a water tower and water and sewer infrastructure.

Project	Spent-to-date	Remaining Commitment
Water Tower	\$ 380,026	\$ 2,435,834
East Fork Road	29,668	270,332
Manor Way Road	78,855	281,145
Town East Road	84,661	341,419
Deer Creek	6,376	38,624
Totals	<u>\$ 579,586</u>	<u>\$ 3,367,354</u>

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**G. Long-Term Obligations**

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2014, is as follows:

	Beginning Balance	Issued	Decrease	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Refunding bonds	\$ 4,295,000	\$ -	\$ (380,000)	\$ 3,915,000	\$ 400,000
Plus: Issuance premiums	246,976	-	(16,936)	230,040	
Total bonds payable	4,541,976	-	(396,936)	4,145,040	400,000
Compensated absences	92,221	99,749	(117,037)	74,933	15,202
Governmental activity Long-term liabilities	<u>\$ 4,634,197</u>	<u>\$ 99,749</u>	<u>\$ (513,973)</u>	<u>\$ 4,219,973</u>	<u>\$ 415,202</u>
<b>Business-type Activities</b>					
Water & Sewer					
Refunding bonds	\$ 3,025,000	\$ -	\$ (290,000)	\$ 2,735,000	\$ 295,000
Certificates of obligation	2,840,000	-	(115,000)	2,725,000	120,000
Plus: Issuance Premiums	222,541	-	(18,696)	203,845	
Total Bonds Payable	6,087,541	-	(423,696)	5,663,845	415,000
Notes payable	180,055	-	(12,006)	168,049	12,004
Minus: Issuance discounts	(53,562)	-	3,571	(49,991)	
Total Notes Payable	126,493	-	(8,435)	118,058	12,004
Compensated absences	26,270	24,075	(20,107)	30,238	1,238
Business-type activity Long-term liabilities	<u>\$ 6,240,304</u>	<u>\$ 24,075</u>	<u>\$ (452,238)</u>	<u>\$ 5,812,141</u>	<u>\$ 428,242</u>

**General obligation bonds**

The general obligation bonds are backed by the full faith and credit of the Town and are payable from property taxes.

**Refunding bonds and certificates of obligation**

The refunding bonds and certificates of obligation are payable from the net revenues of the Utility Fund and from property taxes received by the Town.

**Compensated Absences**

Compensated absences represent the estimated liability for employees' accrued vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund or Proprietary Fund, based on the assignment of an employee at date of termination.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**G. Long-Term Obligations (continued)**

Changes in Governmental Long-term Debt

Description	Interest Rate Payable	Amounts Issued	Amounts Outstanding September 30 2013	Issued	Retired	Amounts Outstanding September 30 2014	Due Within One Year
2013 GO Refunding	2-3%	\$ 4,295,000	\$ 4,295,000	\$ -	\$ (380,000)	\$ 3,915,000	\$ 400,000
Total Bonds Payable		4,295,000	4,295,000	-	(380,000)	3,915,000	400,000
Compensated absences			92,221	99,749	(117,037)	74,933	15,202
Totals		\$ 4,295,000	\$ 4,387,221	\$ 99,749	\$ (497,037)	\$ 3,989,933	\$ 415,202

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2015	\$ 400,000	\$ 95,050	\$ 495,050
2016	415,000	86,900	501,900
2017	450,000	78,250	528,250
2018	470,000	69,050	539,050
2019-2023	955,000	253,500	1,208,500
2024-2028	1,225,000	95,175	1,320,175
Totals	\$ 3,915,000	\$ 677,925	\$ 4,592,925

A brief discussion of each bond issuance follows:

\$4,295,000 Series 2013 Refunding General Obligation Bonds issued in April 2013 to refund a portion of the Town's outstanding debt.

Changes in Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding September 30 2013	Issued	Retired	Amounts Outstanding September 30 2014	Due Within One Year
2010 GO Refunding	3.00%	\$ 1,090,000	\$ 655,000	\$ -	\$ (155,000)	\$ 500,000	\$ 160,000
2011 CO	2-4.25%	3,035,000	2,840,000	-	(115,000)	2,725,000	120,000
2013 GO Refunding	2-3%	2,370,000	2,370,000	-	(135,000)	2,235,000	135,000
Total Bonds Payable		6,495,000	5,865,000	-	(405,000)	5,460,000	415,000
Infrastructure Repayment		192,062	180,055	-	(12,006)	168,049	12,004
Compensated Absences			26,270	24,075	(20,107)	30,238	1,238
Totals		\$ 6,687,062	\$ 6,071,325	\$ 24,075	\$ (437,113)	\$ 5,658,287	\$ 428,242

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2015	\$ 415,000	\$ 174,875	\$ 589,875
2016	425,000	163,950	588,950
2017	440,000	152,375	592,375
2018	275,000	143,075	418,075
2019-2024	1,835,000	654,063	2,489,063
2025-2031	2,070,000	246,863	2,316,863
Totals	\$ 5,460,000	\$ 1,535,200	\$ 6,995,201

A brief discussion of each bond issuance follows:

\$1,090,000 Series 2010 Refunding General Obligation Bonds issued in March 2010 to refund a portion of the Town's outstanding debt.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**G. Long-Term Obligations**

Changes in Business-type Long-term Debt (continued)

\$3,035,000 Series 2011 Combination Tax and Revenue Certificates of Obligation bonds issued for constructing, acquiring, purchasing, renovating, enlarging, equipping and improving water system properties and facilities, including the acquisition of land and right-of-ways therefore, and professional services rendered in connection therewith.

\$2,370,000 Series 2013 Refunding General Obligation Bonds issued in April 2013 to refund a portion of the Town's outstanding debt

**Note Payable**

In fiscal year 2007, the Town executed an infrastructure repayment agreement with the Texas Department of Agriculture's Rural Economic Development Division. Under the terms of the agreement to Town agreed to repay program income to the Texas Department of Agriculture an amount up to \$192,100. The note is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 5.00%. Payments will be made in no more that two hundred and forty equal monthly installments beginning the first (1st) day of the third (3rd) month following the completion date or occupancy by the beneficiary, whichever comes first. The amount of funds to be repaid as of September 30, 2014 totals \$168,049. The amount due within one year totals \$12,004.

Future note payments are as follows:

Year Ending September 30:	Minimum Obligation
2015	\$ 12,004
2016	12,004
2017	12,004
2018	12,004
2019-2023	60,019
2024-2028	60,014
Total minimum note payments	\$ 168,049
Less: amount representing interest	(49,991)
Present value of note payments	\$ 118,058

**H. Operating Leases**

The Town leases copiers from Xerox, Kyocera, and Canon to provide equipment for the printing, copying, faxing, and scanning needs of the Town during daily operation. The total cost for the copier leases was \$11,147 for the year ended September 30, 2014. The Town also leases a postage machine from Pitney Bowes. The total cost for the postage machine lease was \$4,560 for the year ended September 30, 2014. The future minimum payments for these leases are as follows:

Year Ending September 30	Pitney	Xerox	Kyocera	Canon	Total
2015	\$ 4,560	\$ 2,352	\$ 3,421	\$ 1,636	\$ 11,969
2016	3,800	2,352	1,266	-	7,418
2017	-	980	358	-	1,338
Total	\$ 8,360	\$ 5,684	\$ 5,045	\$ 1,636	\$ 20,725

**I. Pension Plan**

1. Plan Description

The Town provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System ("TMRS"), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Town are within the options available in the governing state statutes of TMRS.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**I. Pension Plan**

**1. Plan Description (continued)**

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information ("RSI") for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS. Plan provisions for the Town were as follows:

	<u>2014</u>	<u>2013</u>
Employee Deposit Rate:	6%	6%
Matching Ratio (Town to Employee):	2-1	2-1
Years required for vesting	5 yrs	5 yrs
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**2. Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal ("EAN") cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The Town contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis of the rate and the calendar year when the rate goes into effect.

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

**Schedule of Actuarial Liabilities and Funding Progress**

Actuarial Valuation Date	<u>12/31/11</u>	<u>12/31/12</u>	<u>12/31/13</u>
Actuarial Value of Assets	\$ 2,771,176	\$ 3,060,596	\$ 3,359,346
Actuarial Accrued Liability	3,750,414	3,835,601	4,390,105
Percentage Funded	73.9%	79.8%	76.5%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	979,238	775,005	1,030,759
Annual Covered Payroll	1,402,854	1,250,289	1,340,708
UAAL as a Percentage of Covered Payroll	69.8%	62.0%	76.9%

The Town's APC, percentage of APC contributed, and NPO for the plan for the current year and each of the three preceding years were as follows:

	<u>9/30/12</u>	<u>9/30/13</u>	<u>9/30/14</u>
Annual Pension Cost (APC)	\$ 167,615	\$ 177,765	\$ 180,721
Percentage of APC Contributed	100.00%	100.00%	100.00%
Net Pension Obligation (Asset)	-	-	-

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**I. Pension Plan**

**2. Contributions (continued)**

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, as follows:

	<u>12/31/11</u>	<u>12/31/12</u>	<u>12/31/13</u>
Actuarial Valuation Date	Projected Unit	Projected Unit	Projected Unit
Actuarial cost method	Credit	Credit	Credit
Amortization method	Level % of PR	Level % of PR	Level % of PR
GASB 25 Equivalent Single	26.2 years -	25.3 years -	30.0 years -
Amortization Period	closed period	closed period	closed period
Amortization period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-yr Smoothed	10-yr Smoothed	10-yr Smoothed
	Market	Market	Market
Actuarial assumptions:			
Investment rate of return *	7.0%	7.0%	7.0%
Projected salary increase *	Varies by	Varies by	Varies by
	age & service	age & service	age & service
* Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

**Funded Status and Funding Progress** - In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**I. Pension Plan (continued)**

**3. Group-term Life Insurance**

The Town also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund ("SDBF"). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit", or OPEB.

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The Town's contributions to the TMRS SDBF for the years ended 2014, 2013 and 2012 were \$2,011, \$2,751 and \$3,086, respectively, which equaled the required contributions for each year.

**J. Health Care Coverage**

During the year ended September 30, 2014, employees of the Town were covered by a health insurance plan with Texas Municipal League Intergovernmental Employee Benefit Pool ("TMLIEBP"). The Town contributed \$479 per month per employee. Of this monthly amount, \$62.50 was credited to a Health Reimbursement Account ("HRA") for each employee. The monthly premium also included \$10,000 life insurance and accidental death and dismemberment ("AD&D") protection for each employee. The Town paid 100% of monthly premiums for full-time employees. The Town did not pay for dependent coverage; however, it is available to employees at their option and was paid through payroll deductions.

**K. Insurance Coverage**

In accordance with state statute, the Town was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$125,000 and for aggregate loss. According to the latest actuarial opinion dated October 1, 2013, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

**L. Risk Management**

The Town is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The Town pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The Town continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**TOWN OF SUNNYVALE, TEXAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**M. Commitments**

The Town entered into an agreement with VCZ Development, LLC ("Developer") on May 26, 2011. The Town Agreed to advance the sum of \$180,000 as a temporary construction and development loan to the Developer, with a maximum term of five years at an interest rate equal to the Mid Term Applicable Federal Rate in effect on the effective date of the Agreement. The loan will be repaid in equal annual installments of principal and accrued interest on the unpaid balance, with the first payment due one year from date of execution of the deed of trust. As of September 30, 2014 no amount has been loaned under the agreement.

**N. Litigation**

The Town is a party to various legal proceedings arising in the ordinary course of its operations. Management believes that the Town has adequate legal defenses and/or insurance coverage respecting each of these actions. The Town was in a lawsuit filed against the Town in 2009 alleging that the Town had breached the terms of settlement of a previous case. The court awarded attorney's fees and costs to the plaintiff, which the Town paid.

**O. Additional Water and Sewer Information**

The following information is included at the request of the Texas Water Development Board for the year under audit. Water Accountability Report:

Gallons Purchased	768,500,000
Gallons Billed	509,373,849

The Town secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59, created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation, and eminent domain power and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the Town. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contract with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of these factors, the District is not included in the Town's basic financial statements.

The Town purchases its water from the North Texas Municipal Water District ("NTMWD"). Each year, NTMWD calculates the cost of water based upon the previous year's usage. The Town currently pays \$1.93 per thousand gallons for water with the total cost for this current fiscal year being \$1,085,686.

**P. Interfund Transactions**

Transfers between funds during the fiscal year were as follows:

<u>Funds</u>	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Total</u>
General Fund	\$ (58,341)	\$ 177,355	\$ 119,014
Other Governmental Funds	(373,966)	58,341	(315,625)
Water and Sewer Funds	(399,235)	595,846	196,611
Total Major Funds	<u>\$ (831,542)</u>	<u>\$ 831,542</u>	<u>\$ -</u>

Transfers are used to 1) transfer debt service payments and 2) fund general administrative operations.

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Q. Related Party Transactions**

Finance Director Elizabeth Hopkins is married to the owner of Digital Security Systems, a company which services the security system of the Town.

**R. Prior Period Adjustments**

A prior period adjustment was made for the governmental activities. Below is the detail of the transaction:

**Governmental activities:**

\$ 576,158 To record prior year receivable from 4A

**S. Subsequent Events**

The Town has evaluated all events or transactions that occurred after September 30, 2014 up through March 26, 2015, the date the financial statements were available to be issued. During this period, management noted the following subsequent events requiring disclosure:

The Town has planned to request Town voters to approve \$6 million in bonds for the expansion and repair of the Town's water supply facilities.

The Town has planned to request to utilize 1/4 of one percent of the sales tax revenues from the 4A Development Corporation to fund a Roadway Improvement Fund to repair and maintain current roadways in the Town.

On October 13, 2014, the Town Council approved the purchase of the building located at 364 Long Creek Road, to become the new Dallas County Sheriff's substation utilizing Tax Notes financed over seven years in the amount of \$785,000.

**T. Sunnyvale 4A Development Corporation**

The 4A Development Corporation ("4A") is financed with a voter approved 1/2 cent sales tax to aid, promote and further the economic development within the Town. Under a contract between 4A and the Town, the Town provides financial services for 4A.

**1. Deposits and Investments**

**Cash Deposits**

At September 30, 2014, the carrying amount of 4A's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,087,925 and the bank balance was \$2,088,292. 4A's cash deposits at September 30, 2014 and during the year ended September 30, 2014 were entirely covered by FDIC insurance and pledged collateral held by 4A's agent bank in 4A's name.

Cash and investments as of September 30, 2014 consist of and are classified in the accompanying financial statements as follows:

**Statement of net position:**

4A Development Corporation	
Cash and Cash Equivalents	<u>\$ 2,087,925</u>

**Investments**

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the 4A adhered to the requirements of the Act. Additionally, investment practices of the Town were in accordance with local policies.

Currently, all of 4A's investments are with TexSTAR. TexSTAR is administered by First Southwest Asset Management Inc. and JP Morgan Chase. Together, these organizations bring to the TexSTAR program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management. TexSTAR is a local government investment cooperative created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAM by Standard & Poor's. A request for TexSTAR's financial statements can be made at [www.TexStar.org](http://www.TexStar.org).

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**2. Receivables**

Accounts receivable at the end of the fiscal year is due from the Town in the amount of \$96,906. No allowance for uncollectible is calculated since there is minimal chance that the entire amount will not be collected.

**T. Sunnyvale 4A Development Corporation (continued)**

**3. Commitments**

The 4A Development Corporation entered into an agreement with RKS Sunnyvale II Inc. ("Developer") on April 30, 2012. 4A agreed to reimburse the Developer an amount not to exceed the lesser of the following: (1) \$1,500,000, (2) the total cost spent for the construction of infrastructure improvements, or (3) fifty percent of the total cost spent for the construction of qualified expenditures for infrastructure improvements. The agreement will be effective until all obligations of the Developer and 4A have been performed in full, or until June 30, 2023, whichever is later; provided however, that if the obligations of the Developer have not been completed as of June 30, 2023, the terms of the agreement shall automatically be extended until June 30, 2027. \$500,000 was reimbursed during fiscal year 2014 and as of September 30, 2014, a total of \$1,000,000 has been reimbursed under this agreement thus far.

**4. Capital Assets**

Capital asset activity for the period ended September 30, 2014 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
<b>4A Component Unit</b>					
Capital assets, being depreciated:					
Machinery & Equipment	\$ 8,578	\$ -	\$ -	\$ -	\$ 8,578
Total capital assets being depreciated	<u>8,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,578</u>
Less accumulated depreciation for:					
Machinery & Equipment	(1,573)	-	(1,715)	-	(3,288)
Total accumulated depreciation	<u>(1,573)</u>	<u>-</u>	<u>(1,715)</u>	<u>-</u>	<u>(3,288)</u>
Total capital assets, being depreciated, net	<u>7,005</u>	<u>-</u>	<u>(1,715)</u>	<u>-</u>	<u>5,290</u>
4A component unit capital assets, net	<u>\$ 7,005</u>	<u>\$ -</u>	<u>\$ (1,715)</u>	<u>\$ -</u>	<u>\$ 5,290</u>

Depreciation expense was charged to functions/programs of the component unit as follows:

4A Community Service	<u>\$ 1,715</u>
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**5. Note Payable**

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by 4A to pay a portion of the principal and interest on the bonds. 4A remitted \$42,441 to the Town during fiscal year 2014. The outstanding amount owed to the Town as of September 30, 2014 totaled \$576,158. Note payable requirements are as follows:

Year ending Sept 30	Payment
2015	\$ 44,674
2016	45,909
2017	49,927
2018	52,910
2019	34,998
2020-2024	184,378
2025-2028	163,362
	<u>\$ 576,158</u>

**TOWN OF SUNNYVALE, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**T. Sunnyvale 4A Development Corporation (continued)**

**6. Compensated Absences**

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. The detail of 4A's liability for compensated absences as of September 30, 2014 is as follows:

	Amounts Outstanding September 30 2013	Issued	Retired	Amounts Outstanding September 30 2014	Due Within One Year
Compensated absences	\$ -	\$ 784	\$ (65)	\$ 719	\$ -

**7. Prior Period Adjustments**

A prior period adjustment was made for 4A. Below is the detail of the transaction:

**Governmental activities:**

\$ (576,158) To record prior year payable to Town

**U. Sunnyvale 4B Development Corporation**

**1. Deposits and Investments**

**Cash Deposits**

At September 30, 2014, the carrying amount of the 4B Development Corporation's ("4B") deposits (cash, certificates of deposit and interest-bearing savings accounts included in temporary investments) was \$1,440,737 and the bank balance was \$1,443,147. 4B's cash deposits at September 30, 2014 and during the year ended September 30, 2014 were entirely covered by FDIC insurance and pledged collateral held by 4B's agent bank in 4B's name.

Cash and investments as of September 30, 2014 consist of and are classified in the accompanying financial statements as follows:

**Statement of net position:**

4B Development Corporation	
Cash and Cash Equivalents	<u>\$ 1,440,737</u>

**Investments**

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the 4B adhered to the requirements of the Act. Additionally, investment practices of the Town were in accordance with local policies.

Currently, 4B does not have any investments with TexSTAR or any other investments.

**2. Receivables**

Accounts receivable at the end of the fiscal year is due from the Town in the amount of \$94,636. No allowance for uncollectible is calculated since there is minimal chance that the entire amount will not be collected.

**3. Compensated Absences**

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. The detail of 4B's liability for compensated absences as of September 30, 2014 is as follows:

	Amounts Outstanding September 30 2013	Issued	Retired	Amounts Outstanding September 30 2014	Due Within One Year
Compensated absences	\$ 657	\$ 5,008	\$ (1,862)	\$ 3,803	\$ -

## REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF SUNNYVALE, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**PENSION TRUST - TMRS FUNDING PROGRESS AND CONTRIBUTIONS  
 (UNAUDITED)**

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<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL) -Unit Credit</u>	<u>(3) Unfunded Actuarial Accrued Liability UAAL (2)-(1)</u>	<u>(4) Funded Percent (1)/(2)</u>	<u>(5) Covered Payroll</u>	<u>(6) UAAL as Percent of Covered Payroll (3)/(5)</u>	<u>(7) Annual Required Contributions</u>	<u>(8) Actual Contributions</u>	<u>Percent Contributed (8)/(7)</u>
2008	12/31/2007	\$ 1,255,609	\$ 2,058,351	\$ 802,742	61.0%	\$ 1,130,264	71.0%	\$ 140,154	\$ 140,154	100%
2009	12/31/2008	1,371,176	2,361,100	989,924	58.1%	1,283,928	77.1%	177,151	177,151	100%
2010	12/31/2009	1,475,686	2,553,930	1,078,244	57.8%	1,406,223	76.7%	192,915	192,915	100%
2011	12/31/2010	2,438,267	3,489,016	1,050,749	69.9%	1,432,981	73.3%	200,457	200,457	100%
2012	12/31/2011	2,771,176	3,750,414	979,238	73.9%	1,402,854	69.8%	167,615	167,615	100%
2013	12/31/2012	3,060,596	3,835,601	775,005	79.8%	1,250,289	62.0%	177,765	177,765	100%
2014	12/31/2013	3,359,346	4,390,105	1,030,759	76.5%	1,340,708	76.9%	180,721	180,721	100%



## SUPPLEMENTARY INFORMATION

**TOWN OF SUNNYVALE, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2014**

	<u>Roadway Impact</u>	<u>Homestead Amenities</u>	<u>Special Revenue</u>
<b>ASSETS</b>			
Cash and Investments:			
Unrestricted	\$ -	\$ -	\$ -
Restricted	749,995	105,012	-
Receivables (net of allowances for uncollectible)	-	-	150,346
<b>Total Assets</b>	<u>749,995</u>	<u>105,012</u>	<u>150,346</u>
<b>LIABILITIES</b>			
Accounts Payable	5,020	-	-
<b>Total Liabilities</b>	<u>5,020</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted:			
Community services	-	-	-
Municipal court	-	-	150,346
Impact Fees	744,975	105,012	-
Assigned:			
Capital improvements	-	-	-
Unassigned	-	-	-
<b>Total Fund Balances</b>	<u>744,975</u>	<u>105,012</u>	<u>150,346</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 749,995</u>	<u>\$ 105,012</u>	<u>\$ 150,346</u>

<b>PEG Capital</b>	<b>Tax Increment</b>	<b>Capital Projects</b>	<b>Total Other Governmental Funds</b>
\$ -	\$ 2,000	\$ -	\$ 2,000
25,827	-	871,685	1,752,519
3,004	-	-	153,350
<u>28,831</u>	<u>2,000</u>	<u>871,685</u>	<u>1,907,869</u>
-	5,200	-	10,220
-	<u>5,200</u>	-	<u>10,220</u>
28,831	-	-	28,831
-	-	-	150,346
-	-	-	849,987
-	-	871,685	871,685
-	(3,200)	-	(3,200)
<u>28,831</u>	<u>(3,200)</u>	<u>871,685</u>	<u>1,897,649</u>
<u>\$ 28,831</u>	<u>\$ 2,000</u>	<u>\$ 871,685</u>	<u>\$ 1,907,869</u>

**TOWN OF SUNNYVALE, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Roadway Impact</u>	<u>Homestead Amenities</u>	<u>Special Revenue</u>	<u>PEG Capital</u>
<b>REVENUE</b>				
Franchise tax	\$ -	\$ -	\$ -	\$ 11,364
Fines and forfeitures	-	-	27,206	-
Impact fees	118,035	99,029	-	-
Investment income	508	8	-	-
<b>Total Revenues</b>	<u>118,543</u>	<u>99,037</u>	<u>27,206</u>	<u>11,364</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,540	241	-	-
Public services and operations	31,310	-	20,062	-
Capital Outlays				
Public services and operations	-	-	1,840	-
<b>Total Expenditures</b>	<u>36,850</u>	<u>241</u>	<u>21,902</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	81,693	98,796	5,304	11,364
<b>Fund Balances/Equity, beginning of year</b>	663,282	6,216	145,042	17,467
<b>Fund Balances/Equity, end of year</b>	<u>\$ 744,975</u>	<u>\$ 105,012</u>	<u>\$ 150,346</u>	<u>\$ 28,831</u>

<b>Tax Increment</b>	<b>Capital Projects</b>	<b>Total Other Governmental Funds</b>
\$ -	\$ -	\$ 11,364
-	-	27,206
-	-	217,064
-	304	820
<u>-</u>	<u>304</u>	<u>256,454</u>
260	-	6,041
-	-	51,372
-	-	1,840
<u>260</u>	<u>-</u>	<u>59,253</u>
(260)	304	197,201
(2,940)	871,381	1,700,448
<u>\$ (3,200)</u>	<u>\$ 871,685</u>	<u>\$ 1,897,649</u>



**TOWN OF SUNNYVALE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Property Taxes including P&I	\$ 704,527	\$ 704,527	\$ 711,030	\$ 6,503
Interest Income	350	350	218	(132)
<b>Total Revenues</b>	<u>704,877</u>	<u>704,877</u>	<u>711,248</u>	<u>6,371</u>
<b>EXPENDITURES</b>				
Current:				
Debt Service				
Principal Payments	495,000	495,000	380,000	115,000
Interest and Fiscal Agent Fees	210,500	210,500	102,439	108,061
<b>Total Expenditures</b>	<u>705,500</u>	<u>705,500</u>	<u>482,439</u>	<u>223,061</u>
<b>Excess (deficiency) of revenues over(under) expenditures</b>	(623)	(623)	228,809	229,432
<b>Other Revenues and Financing Sources (uses)</b>				
Transfers	42,441	42,441	(179,170)	(221,611)
<b>Total Other Financing Sources (uses)</b>	<u>42,441</u>	<u>42,441</u>	<u>(179,170)</u>	<u>(221,611)</u>
<b>Net Change in Fund Balances</b>	41,818	41,818	49,639	7,821
<b>Fund Balances/Equity, beginning of year</b>	158,604	158,604	158,604	
<b>Fund Balances/Equity, end of year</b>	<u>\$ 200,422</u>	<u>\$ 200,422</u>	<u>\$ 208,243</u>	

**TOWN OF SUNNYVALE, TEXAS  
 BUDGETARY COMPARISON SCHEDULE - UTILITY FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>OPERATING REVENUES</b>				
Charges for sales and services:				
Water sales	\$ 1,851,100	\$ 1,886,100	\$ 1,884,254	\$ (1,846)
Sewer sales	950,000	950,000	1,244,541	294,541
Garbage collection fees	238,809	238,809	253,565	14,756
<b>Total Operating Revenues</b>	<b>3,039,909</b>	<b>3,074,909</b>	<b>3,382,360</b>	<b>307,451</b>
<b>OPERATING EXPENSES</b>				
Personnel services	415,938	416,433	403,253	13,180
Supplies and materials	68,100	68,100	68,447	(347)
Maintenance and repair	125,400	155,400	141,309	14,091
Contractual services	2,303,861	2,313,361	2,284,223	29,138
Depreciation	275,000	295,000	294,834	166
<b>Total Operating Expenses</b>	<b>3,188,299</b>	<b>3,248,294</b>	<b>3,192,066</b>	<b>56,228</b>
<b>Operating income (loss)</b>	<b>(148,390)</b>	<b>(173,385)</b>	<b>190,294</b>	<b>363,679</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income	400	400	109	(291)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>400</b>	<b>400</b>	<b>109</b>	<b>(291)</b>
<b>Income before transfers</b>	<b>(147,990)</b>	<b>(172,985)</b>	<b>190,403</b>	<b>363,388</b>
Transfers	(197,825)	(197,825)	(197,325)	500
<b>Changes in net position</b>	<b>(345,815)</b>	<b>(370,810)</b>	<b>(6,922)</b>	<b>363,888</b>
<b>Net position, beginning of year</b>	<b>11,226,699</b>	<b>11,226,699</b>	<b>11,226,699</b>	
<b>Net position, end of year</b>	<b>\$ 10,880,884</b>	<b>\$ 10,855,889</b>	<b>\$ 11,219,777</b>	

**TOWN OF SUNNYVALE, TEXAS  
 BUDGETARY COMPARISON SCHEDULE - WATER & SEWER IMPACT FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>OPERATING REVENUES</b>				
Impact Fees	\$ 218,300	\$ 349,280	\$ 443,591	\$ 94,311
Interest Income	5,159	2,159	787	(1,372)
<b>Total Operating Revenues</b>	<u>223,459</u>	<u>351,439</u>	<u>444,378</u>	<u>92,939</u>
<b>OPERATING EXPENSES</b>				
Current:				
Contractual services	-	38,990	24,633	14,357
<b>Total Operating Expenses</b>	<u>-</u>	<u>38,990</u>	<u>24,633</u>	<u>14,357</u>
<b>Operating income (loss)</b>	223,459	312,449	419,745	107,296
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest expense	-	5,000	3,571	1,429
<b>Total Non-Operating Revenues (Expenses)</b>	<u>-</u>	<u>5,000</u>	<u>3,571</u>	<u>1,429</u>
<b>Income before transfers</b>	223,459	317,449	423,316	108,725
Transfers	-	-	(196,975)	(196,975)
<b>Changes in net position</b>	223,459	312,449	222,770	(89,679)
<b>Net position, beginning of year</b>	972,115	972,115	972,115	
<b>Net position, end of year</b>	<u>\$ 1,195,574</u>	<u>\$ 1,284,564</u>	<u>\$ 1,194,885</u>	

**TOWN OF SUNNYVALE, TEXAS  
 COMBINING BALANCE SHEET - COMPONENT UNITS  
 SEPTEMBER 30, 2014**

	<u>Sunnyvale 4A Development Corporation</u>	<u>Sunnyvale 4B Development Corporation</u>	<u>Total Component Units</u>
<b>ASSETS AND OTHER DEBITS</b>			
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,087,925	\$ 1,440,737	\$ 3,528,662
Receivables (net of allowances for uncollectible)	96,906	94,636	191,542
<b>Total Assets</b>	<u>2,184,831</u>	<u>1,535,373</u>	<u>3,720,204</u>
<b>LIABILITIES</b>			
Accounts payable	209	2,793	3,002
<b>Total Liabilities</b>	<u>209</u>	<u>2,793</u>	<u>3,002</u>
<b>FUND BALANCE</b>			
Assigned for			
Infrastructure improvements	1,088,700	-	1,088,700
Unassigned	1,095,922	1,532,580	2,628,502
<b>Total Fund Balance</b>	<u>2,184,622</u>	<u>1,532,580</u>	<u>3,717,202</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 2,184,831</u>	<u>\$ 1,535,373</u>	<u>\$ 3,720,204</u>

**TOWN OF SUNNYVALE, TEXAS  
RECONCILIATION OF THE COMBINING BALANCE SHEET - COMPONENT UNITS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

<b>Total fund balance - component units</b>	<b>\$ 3,717,202</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,578
Accumulated depreciation is not included in the governmental fund financial statements	(3,288)
Notes payable are not due and payable in the current period and; therefore, are not reported in the funds.	(576,158)
Compensated absences recorded as governmental liabilities in prior years were transferred to component unit in the current year. Compensated absences are not due and payable in the current period and; therefore, are not reported in the funds	(4,522)
<b>Net position of component units - statement of net position</b>	<b><u><u>\$ 3,141,812</u></u></b>

**TOWN OF SUNNYVALE, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Sunnyvale 4A Development Corporation</b>	<b>Sunnyvale 4B Development Corporation</b>	<b>Total Component Units</b>
<b>REVENUE</b>			
Sales tax collected	\$ 565,332	\$ 565,332	\$ 1,130,664
<b>Total Revenues</b>	<u>565,332</u>	<u>565,332</u>	<u>1,130,664</u>
<b>EXPENDITURES</b>			
Current operating:			
Personnel services	72,971	101,950	174,921
Supplies and materials	4,796	6,998	11,794
Contractual services	503,008	24,770	527,778
Maintenance and repairs	-	12,376	12,376
Intergovernmental	56,809	436,164	492,973
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<u>637,584</u>	<u>582,258</u>	<u>1,219,842</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(72,252)	(16,926)	(89,178)
<b>Other Revenues and Financing Sources (uses)</b>			
Investment income	694	583	1,277
<b>Total Other Financing Sources (uses)</b>	<u>694</u>	<u>583</u>	<u>1,277</u>
<b>Net Change in Fund Balances</b>	(71,558)	(16,343)	(87,901)
<b>Fund Balances/Equity, October 1</b>	2,256,180	1,548,923	3,805,103
<b>Fund Balances/Equity, September 30</b>	<u>\$ 2,184,622</u>	<u>\$ 1,532,580</u>	<u>\$ 3,717,202</u>

**TOWN OF SUNNYVALE, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF COMPONENT UNITS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<b>Net change in fund balances - component units</b>	<b>\$ (87,901)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources.	(1,716)
Changes to vacation and other compensated absence liabilities are not shown in the fund financial statements. The net effect of the current year is to decrease net position.	(4,522)
<b>Change in net position of component units - statement of activities</b>	<b><u>\$ (94,139)</u></b>

**TOWN OF SUNNYVALE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL - 4A DEVELOPMENT CORPORATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Sales tax collected	\$ 525,000	\$ 525,000	\$ 565,332	\$ 40,332
<b>Total Revenues</b>	<u>525,000</u>	<u>525,000</u>	<u>565,332</u>	<u>40,332</u>
<b>EXPENDITURES</b>				
Current operating:				
Personnel services	54,000	54,000	72,971	(18,971)
Supplies and materials	5,000	5,000	4,796	204
Contractual services	556,500	556,500	503,008	53,492
Intergovernmental	42,441	42,441	56,809	(14,368)
<b>Total Expenditures</b>	<u>657,941</u>	<u>657,941</u>	<u>637,584</u>	<u>20,357</u>
<b>Excess (deficiency) of revenues over(under) expenditures</b>	(132,941)	(132,941)	(72,252)	60,689
<b>Other Revenues and Financing Sources (uses)</b>				
Interest Income	2,500	2,500	694	(1,806)
<b>Total Other Financing Sources (uses)</b>	<u>2,500</u>	<u>2,500</u>	<u>694</u>	<u>(1,806)</u>
<b>Net Change in Fund Balances</b>	(130,441)	(130,441)	(71,558)	58,883
<b>Fund Balances/Equity, beginning of year</b>	<u>2,256,180</u>	<u>2,256,180</u>	<u>2,256,180</u>	
<b>Fund Balances/Equity, end of year</b>	<u>\$ 2,125,739</u>	<u>\$ 2,125,739</u>	<u>\$2,184,622</u>	

**TOWN OF SUNNYVALE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL - 4B DEVELOPMENT CORPORATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Sales tax collected	\$ 525,000	\$ 525,000	\$ 565,332	\$ 40,332
<b>Total Revenues</b>	<u>525,000</u>	<u>525,000</u>	<u>565,332</u>	<u>40,332</u>
<b>EXPENDITURES</b>				
Current operating:				
Personnel services	105,500	105,500	101,950	3,550
Supplies and materials	10,250	10,250	6,998	3,252
Contractual services	16,500	28,100	24,770	3,330
Maintenance and repairs	475,000	433,400	12,376	421,024
Intergovernmental	50,000	80,000	436,164	(356,164)
Capital outlay	340,000	340,000	-	340,000
<b>Total Expenditures</b>	<u>997,250</u>	<u>997,250</u>	<u>582,258</u>	<u>414,992</u>
<b>Excess (deficiency) of revenues over(under) expenditures</b>	(472,250)	(472,250)	(16,926)	455,324
<b>Other Revenues and Financing Sources (uses)</b>				
Interest Income	2,000	2,000	583	(1,417)
<b>Total Other Financing Sources (uses)</b>	<u>2,000</u>	<u>2,000</u>	<u>583</u>	<u>(1,417)</u>
<b>Net Change in Fund Balances</b>	(470,250)	(470,250)	(16,343)	453,907
<b>Fund Balances/Equity, beginning of year</b>	1,548,923	1,548,923	1,548,923	
<b>Fund Balances/Equity, end of year</b>	<u>\$ 1,078,673</u>	<u>\$ 1,078,673</u>	<u>\$ 1,532,580</u>	

**STATISTICAL SECTION (UNAUDITED)**

**STATISTICAL SECTION**  
(unaudited)

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

**Contents**

**Table #s**

**Financial Trends**

These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

1,2,3,4,5

**Revenue Capacity**

These tables contain information to help the reader assess the Town's two most significant local revenue sources, property and sales taxes.

6,7,8,9

**Debt Capacity**

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

10,11,12,13,14

**Economic and Demographic Information**

These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.

15,16

**Operating Information**

These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

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**Source:** Unless otherwise noted, the information in these tables is derived from the Annual Financial Reports for the relevant year.

**TOWN OF SUNNYVALE, TX**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**  
**(unaudited)**

	<b>FISCAL YEAR</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 5,926,832	\$ 6,027,546	\$ 5,505,808	\$ 1,385,649
Restricted	2,214,183	2,783,223	3,492,062	3,590,976
Unrestricted	1,065,129	842,963	915,181	3,969,294
<b>Total governmental activities net position</b>	<b>9,206,144</b>	<b>9,653,732</b>	<b>9,913,051</b>	<b>8,945,919</b>
<b>Business-type activities</b>				
Net investment in capital assets	6,757,300	6,914,898	7,358,097	4,106,496
Restricted	132,765	12,915	50,700	1,230,666
Unrestricted	(111,002)	112,070	(453,395)	2,419,529
<b>Total business-type activities net position</b>	<b>6,779,063</b>	<b>7,039,883</b>	<b>6,955,402</b>	<b>7,756,691</b>
<b>Primary government</b>				
Net investment in capital assets	12,684,132	12,942,444	12,863,905	5,492,145
Restricted	2,346,948	2,796,138	3,542,762	4,821,642
Unrestricted	954,127	955,033	461,786	6,388,823
<b>Total primary government net position</b>	<b>\$ 15,985,207</b>	<b>\$ 16,693,615</b>	<b>\$ 16,868,453</b>	<b>\$ 16,702,610</b>

Table 1

FISCAL YEAR					
2009	2010	2011	2012	2013	2014
\$ 3,372,667	\$ 3,748,238	\$ 4,496,865	\$ 4,805,132	\$ 4,956,375	\$ 5,533,170
3,732,321	3,562,718	4,255,040	1,546,831	1,851,519	1,237,407
1,941,907	2,283,507	2,550,808	2,645,673	2,332,178	5,072,122
<u>9,046,895</u>	<u>9,594,463</u>	<u>11,302,713</u>	<u>8,997,636</u>	<u>9,140,072</u>	<u>11,842,699</u>
7,903,466	8,101,933	7,741,287	12,482,792	8,412,549	8,638,647
1,271,531	1,271,531	1,065,607	1,072,987	1,098,608	1,793,193
(68,355)	168,312	1,035,517	(3,287,776)	1,359,897	1,090,014
<u>9,106,642</u>	<u>9,541,776</u>	<u>9,842,411</u>	<u>10,268,003</u>	<u>10,871,054</u>	<u>11,521,854</u>
11,276,133	11,850,171	12,238,152	17,287,924	13,368,924	14,171,817
5,003,852	4,834,249	5,320,647	2,619,818	2,950,127	3,030,600
1,873,552	2,451,819	3,586,325	(642,103)	3,692,075	6,162,136
<u>\$ 18,153,537</u>	<u>\$ 19,136,239</u>	<u>\$ 21,145,124</u>	<u>\$ 19,265,639</u>	<u>\$ 20,011,126</u>	<u>\$ 23,364,553</u>

**TOWN OF SUNNYVALE, TX**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**  
**(unaudited)**

	<b>FISCAL YEAR</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 1,488,020	\$ 1,820,857	\$ 1,781,429	\$ 1,683,622
Public Safety	1,268,250	1,484,187	1,590,382	1,514,610
Community Services	1,433,187	986,947	1,447,173	1,498,939
Public Works	-	-	-	-
Parks and Recreation	11,970	33,595	39,703	86,901
Library	-	-	-	-
Interest on long-term debt	86,584	83,077	79,365	75,446
Total governmental activities expenses	<u>4,288,011</u>	<u>4,408,663</u>	<u>4,938,052</u>	<u>4,859,518</u>
Business-type activities:				
Utilities	1,632,600	2,110,144	1,977,875	2,307,454
Total business-type activities expenses	<u>1,632,600</u>	<u>2,110,144</u>	<u>1,977,875</u>	<u>2,307,454</u>
Total primary government expenses	<u>5,920,611</u>	<u>6,518,807</u>	<u>6,915,927</u>	<u>7,166,972</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charge for services:				
General government	9,963	9,963	7,472	12,454
Public Safety	328,954	354,062	290,462	334,643
Community Services	2,042	1,426	1,666	2,751
Public Works	246,093	252,638	327,531	213,491
Parks and Recreational	-	-	-	-
Operating grants and contributions	4,334	-	174,935	-
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>591,386</u>	<u>618,089</u>	<u>802,066</u>	<u>563,339</u>
Business-type activities:				
Charge for services:				
Utilities	2,165,238	1,944,904	1,806,709	2,701,658
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>2,165,238</u>	<u>1,944,904</u>	<u>1,806,709</u>	<u>2,701,658</u>
Total primary government program revenues	<u>2,756,624</u>	<u>2,562,993</u>	<u>2,608,775</u>	<u>3,264,997</u>
<b>NET (EXPENSE)/REVENUE</b>				
Governmental activities	(3,696,625)	(3,790,574)	(4,135,986)	(4,296,179)
Business-type activities	532,638	(165,240)	(171,166)	394,204
Total primary government program net expenses	<u>\$ (3,163,987)</u>	<u>\$ (3,955,814)</u>	<u>\$ (4,307,152)</u>	<u>\$ (3,901,975)</u>

Table 2

FISCAL YEAR					
2009	2010	2011	2012	2013	2014
\$ 1,305,921	\$ 1,436,272	\$ 1,594,165	\$ 1,626,724	\$ 1,458,993	\$ 1,043,470
1,883,403	1,920,850	1,967,396	1,954,257	1,900,606	1,906,497
1,460,763	1,348,711	1,399,123	1,048,309	1,979,301	821,386
-	-	-	-	-	394,480
594,466	935,833	460,552	510,051	305,228	428,745
-	-	-	-	-	142,695
230,136	225,028	213,247	203,199	228,506	88,808
<u>5,474,689</u>	<u>5,866,694</u>	<u>5,634,483</u>	<u>5,342,540</u>	<u>5,872,634</u>	<u>4,826,081</u>
2,467,260	2,562,480	2,873,770	2,979,588	2,946,655	3,374,140
<u>2,467,260</u>	<u>2,562,480</u>	<u>2,873,770</u>	<u>2,979,588</u>	<u>2,946,655</u>	<u>3,374,140</u>
7,941,949	8,429,174	8,508,253	8,322,128	8,819,289	8,200,221
141,938	126,133	132,788	247,301	109,181	418,776
475,524	522,244	556,500	580,392	448,154	778,203
53,844	28,310	39,689	61,626	25,581	-
-	-	-	-	-	-
-	-	-	-	-	3,135
294,444	194,441	208,401	14,678	202,144	507,878
-	416,512	264,336	45,733	230,901	-
<u>965,750</u>	<u>1,287,640</u>	<u>1,201,714</u>	<u>949,730</u>	<u>1,015,961</u>	<u>1,707,992</u>
2,659,023	3,010,925	3,402,567	3,310,713	3,330,492	3,825,951
220,554	-	-	-	15,000	-
<u>2,879,577</u>	<u>3,010,925</u>	<u>3,402,567</u>	<u>3,310,713</u>	<u>3,345,492</u>	<u>3,825,951</u>
3,845,327	4,298,565	4,604,281	4,260,443	4,361,453	5,533,943
(4,508,939)	(4,579,054)	(4,432,769)	(4,392,810)	(4,856,673)	(3,118,089)
412,317	448,445	528,797	331,125	398,837	451,811
<u>\$ (4,096,622)</u>	<u>\$ (4,130,609)</u>	<u>\$ (3,903,972)</u>	<u>\$ (4,061,685)</u>	<u>\$ (4,457,836)</u>	<u>\$ (2,666,278)</u>

(continued)

**TOWN OF SUNNYVALE, TX  
 CHANGES IN NET POSITION  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)**

	<b>FISCAL YEAR</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes:				
Property tax	\$ 1,622,990	\$ 1,805,054	\$ 2,051,295	\$ 2,204,117
Sales tax	1,463,404	1,664,981	1,646,523	2,035,788
Franchise tax	558,242	748,818	729,630	870,728
Alcoholic Beverage Tax	4,584	5,999	2,772	5,692
Investment Income	39,309	86,860	69,842	144,507
Miscellaneous	263,932	79,451	192,374	262,046
Transfers	261,941	(264,396)	(74,801)	-
<b>Total governmental activities</b>	<b>4,214,402</b>	<b>4,126,767</b>	<b>4,617,635</b>	<b>5,522,878</b>
Business-type activities:				
Investment Income	57,853	20,686	11,884	47,229
Transfers	(261,941)	264,396	74,801	-
<b>Total business-type activities</b>	<b>(204,088)</b>	<b>285,082</b>	<b>86,685</b>	<b>47,229</b>
<b>Total primary government</b>	<b>4,010,314</b>	<b>4,411,849</b>	<b>4,704,320</b>	<b>5,570,107</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	517,777	336,193	481,649	1,226,699
Business-type activities	328,550	119,842	(84,481)	441,433
<b>Total primary government</b>	<b>\$ 846,327</b>	<b>\$ 456,035</b>	<b>\$ 397,168</b>	<b>\$ 1,668,132</b>

**Table 2**  
(continued)

FISCAL YEAR					
2009	2010	2011	2012	2013	2014
\$ 2,470,096	\$ 2,885,750	\$ 2,906,223	\$ 3,017,460	\$ 3,061,437	\$ 3,309,754
1,749,084	1,330,813	1,665,837	2,007,188	1,172,287	1,130,663
987,491	814,312	914,799	903,025	940,189	986,539
6,085	1,437	-	-	-	-
64,556	19,882	17,623	11,262	3,167	1,343
39,239	49,428	349,539	12,583	20,229	12,870
(706,636)	25,000	286,923	(214,788)	(198,200)	(196,611)
<u>4,609,915</u>	<u>5,126,622</u>	<u>6,140,944</u>	<u>5,736,730</u>	<u>4,999,109</u>	<u>5,244,558</u>
23,314	11,689	18,123	4,923	6,014	2,381
706,636	(25,000)	(286,923)	214,788	198,200	196,611
<u>729,950</u>	<u>(13,311)</u>	<u>(268,800)</u>	<u>219,711</u>	<u>204,214</u>	<u>198,992</u>
<u>5,339,865</u>	<u>5,113,311</u>	<u>5,872,144</u>	<u>5,956,441</u>	<u>5,203,323</u>	<u>5,443,550</u>
100,976	547,568	1,708,175	1,343,920	142,436	2,126,469
1,142,267	435,134	259,997	550,836	603,051	650,803
<u>\$ 1,243,243</u>	<u>\$ 982,702</u>	<u>\$ 1,968,172</u>	<u>\$ 1,894,756</u>	<u>\$ 745,487</u>	<u>\$ 2,777,272</u>

**TOWN OF SUNNYVALE, TX**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
 (accrual basis of accounting)  
 (unaudited)

**Table 3**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2005	\$ 1,622,990	\$ 731,202	\$ 558,242	\$ 4,584	\$ 2,917,018
2006	1,805,054	894,629	748,818	5,999	3,454,500
2007	2,051,295	823,262	729,630	2,772	3,606,959
2008	2,204,117	1,017,894	870,728	5,692	4,098,431
2009	2,470,096	874,542	987,491	6,085	4,338,214
2010	2,885,750	665,407	814,312	1,437	4,366,906
2011	2,906,223	832,915	914,799	-	4,653,937
2012	3,017,460	1,003,594	903,025	-	4,924,079
2013	3,061,437	1,172,287	940,189	-	5,173,913
2014	3,309,754	1,130,663	986,539	-	5,426,956

**TOWN OF SUNNYVALE, TX**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)  
(unaudited)

**Table 4**

	FISCAL YEAR				
	2005	2006	2007	2008	2009
General Fund					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	1,180,443	1,039,933	802,641	717,774	1,273,986
Total General Fund	<u>1,180,443</u>	<u>1,039,933</u>	<u>802,641</u>	<u>717,774</u>	<u>1,273,986</u>
All other governmental funds					
Restricted for:					
Debt service	17,296	67,157	92,378	1,424,804	69,013
Assigned for:					
Capital improvements	2,053,159	3,064,563	3,552,147	4,089,041	5,314,049
Total all other governmental funds	<u>\$ 2,070,455</u>	<u>\$ 3,131,720</u>	<u>\$ 3,644,525</u>	<u>\$ 5,513,845</u>	<u>\$ 5,383,062</u>

	FISCAL YEAR				
	2010	2011	2012	2013	2014
General Fund					
Assigned	\$ -	\$ 298,759	\$ 171,824	\$ 163,548	\$ 389,608
Restricted	25,000	25,000	25,000	25,000	-
Unassigned	1,592,652	1,748,156	2,521,642	3,064,242	4,095,036
Total General Fund	<u>1,617,652</u>	<u>2,071,915</u>	<u>2,718,466</u>	<u>3,252,790</u>	<u>4,484,644</u>
All other governmental funds					
Restricted for:					
General Use	-	-	8,456	-	-
Court use	-	34,192	41,689	109,568	150,346
Capital improvements	-	1,474,783	1,524,500	1,540,879	-
Debt Service	78,509	72,645	90,463	158,605	208,243
Community development	-	-	2,508,190	17,467	28,831
Impact fees	-	-	-	-	849,987
Assigned for:					
Police	-	4,061	67,494	-	-
Capital improvements	5,106,889	4,011,877	1,787,461	-	871,685
Community services	-	-	36,560	36,560	-
Unassigned	-	-	-	(4,027)	(3,200)
Total all other governmental funds	<u>\$ 5,185,398</u>	<u>\$ 5,597,558</u>	<u>\$ 6,064,813</u>	<u>\$ 1,859,052</u>	<u>\$ 2,105,892</u>

**TOWN OF SUNNYVALE, TX**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)  
(unaudited)

	FISCAL YEAR			
	2005	2006	2007	2008
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 1,615,994	\$ 1,824,028	\$ 2,029,569	\$ 2,209,435
Sales tax	1,464,404	1,664,980	1,646,524	2,035,788
Franchise Fees	561,826	754,818	732,401	876,420
Alcoholic Beverage Tax	-	-	-	-
Licenses and Permits	280,563	292,269	368,831	271,166
Fines and Forfeitures	295,429	318,122	250,774	292,173
Charge for Current Services	-	-	-	-
Impact Fees	-	-	-	-
Grants	4,334	-	174,935	-
Donations	-	-	-	-
Investment Income	39,309	86,860	69,842	144,507
Intergovernmental	-	-	-	-
Miscellaneous	274,992	87,469	199,900	262,046
<b>Total Revenues</b>	<u>4,536,851</u>	<u>5,028,546</u>	<u>5,472,776</u>	<u>6,091,535</u>
<b>EXPENDITURES</b>				
General government	1,594,808	1,717,029	1,749,703	1,426,021
Public Safety	1,196,768	1,424,039	1,517,959	1,514,610
Public Works	-	-	-	-
Parks and Recreational	-	-	-	-
Public Services and Operations**	1,378,281	894,529	1,402,931	1,498,939
Library	-	-	-	-
Capital Outlay	1,948,690	147,025	121,569	3,647,066
Debt Service				
Principal Retirement	125,000	130,000	140,000	145,000
Interest and other charges	86,584	83,077	79,365	75,446
Bond issuance costs	-	-	-	-
<b>Total Expenditures</b>	<u>6,330,131</u>	<u>4,395,699</u>	<u>5,011,527</u>	<u>8,307,082</u>
Excess (deficiency) of revenues over (under) expenditures	(1,793,280)	632,847	461,249	(2,215,547)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers	1,595,495	(80,041)	-	(550,585)
Certificates of Obligation Proceeds	-	-	-	4,000,000
<b>Total other financing sources (uses)</b>	<u>1,595,495</u>	<u>(80,041)</u>	<u>-</u>	<u>3,449,415</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (197,785)</u>	<u>\$ 552,806</u>	<u>\$ 461,249</u>	<u>\$ 1,233,868</u>
Debt service as a percentage of noncapital expenditures	<u>5.07%</u>	<u>5.28%</u>	<u>4.70%</u>	<u>4.97%</u>

\* Refunding bond in fiscal year 2013.

\*\* Public Services and Operations includes Community Development, Library, and Parks and Streets for years 2005-2013.

Table 5

FISCAL YEAR						
	2009	2010	2011	2012	2013	2014
\$	2,422,829	\$ 2,864,377	\$ 2,814,655	\$ 3,078,063	\$ 3,153,354	\$ 3,269,744
	1,749,084	1,330,813	1,665,838	2,007,188	1,172,287	1,130,663
	987,491	814,312	914,799	903,025	940,189	986,539
	6,085	1,437	-	-	-	-
	129,484	116,133	132,788	247,301	109,181	334,239
	426,629	462,136	508,964	531,767	397,035	616,098
	115,193	98,419	87,225	110,251	76,700	32,713
	-	-	-	-	-	217,064
	-	-	-	-	-	10,383
	2,200	33,900	6,600	10,890	181,130	-
	64,556	19,882	17,623	11,262	3,167	1,343
	292,244	519,693	466,474	67,234	36,774	492,973
	59,335	49,428	353,518	12,583	20,229	12,870
	<u>6,255,130</u>	<u>6,310,530</u>	<u>6,968,484</u>	<u>6,979,564</u>	<u>6,090,046</u>	<u>7,104,629</u>
	1,075,036	1,577,806	1,749,208	1,554,890	1,365,401	949,165
	1,862,683	1,871,816	1,991,589	1,918,488	1,922,274	1,821,954
	-	-	-	-	-	311,230
	-	-	-	-	-	358,761
	1,949,887	2,241,941	1,876,671	1,681,729	2,161,178	821,385
	-	-	-	-	-	142,695
	-	-	-	-	-	541,695
	200,000	275,764	265,000	295,000	4,805,000 *	380,000
	224,823	222,201	210,757	200,863	173,120	102,439
	-	-	-	-	73,452	-
	<u>5,312,429</u>	<u>6,189,528</u>	<u>6,093,225</u>	<u>5,650,970</u>	<u>10,500,425</u>	<u>5,429,324</u>
	942,701	121,002	875,259	1,328,594	(4,410,379)	1,675,305
	(52,893)	173,320	121,188	149,520	25,000	(196,611)
	-	-	-	-	4,549,032 *	-
	<u>(52,893)</u>	<u>173,320</u>	<u>121,188</u>	<u>149,520</u>	<u>4,574,032</u>	<u>(196,611)</u>
\$	<u>889,808</u>	<u>\$ 294,322</u>	<u>\$ 996,447</u>	<u>\$ 1,478,114</u>	<u>\$ 163,653</u>	<u>\$ 1,478,694</u>
	8.69%	8.75%	8.47%	9.62%	7.87%	10.95%

**TOWN OF SUNNYVALE, TX  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (unaudited)**

**Table 6**

Fiscal Year Ended Sept. 30	Estimated Actual Value		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Total Taxable Assessed Value Inc / (Dec)
	Real Property	Personal Property					
2005	\$ 423,085,290	\$ 121,144,550	\$ 120,577,214	\$ 423,652,626	\$ 0.37997	\$ 544,229,840	6.76%
2006	485,725,200	86,734,180	120,741,111	451,718,269	0.37997	572,459,380	6.21%
2007	555,902,160	141,665,600	157,933,876	539,633,884	0.37997	697,567,760	16.29%
2008	608,574,940	146,837,690	183,614,707	571,797,923	0.37997	755,412,630	5.63%
2009	694,308,390	172,737,840	204,099,250	662,946,980	0.37796	867,046,230	13.75%
2010	745,473,070	207,664,100	235,483,988	717,653,182	0.40796	953,137,170	7.62%
2011	792,081,080	196,648,770	260,331,798	728,398,052	0.40796	988,729,850	1.48%
2012	802,789,310	208,338,430	242,170,205	768,957,535	0.40796	1,011,127,740	5.27%
2013	809,693,090	199,622,700	260,261,093	749,054,697	0.40796	1,009,315,790	-2.66%
2014	856,130,210	232,716,580	283,769,366	805,077,424	0.40796	1,088,846,790	6.96%
						10 Yr Avg	6.73%

**Source:** Town Administration Office.

**Note:** Property is reassessed annually. Property is assessed actual value; therefore, the assessed values are equal to actual value.

Tax rates are per \$100 of assessed value.

Residential: includes single family, vacant lots, acreage, farm and ranch

Commercial: includes real property, industrial and utilities

**TOWN OF SUNNYVALE, TX  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(PER \$100 OF ASSESSED VALUE)  
(unaudited)**

**Table 7**

Fiscal Year Ended Sept. 30	Town Direct Rates			Overlapping Rates *		Total Direct and Overlapping Rates
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Sunnyvale Independent School District	Dallas County	
2005	\$ 0.3290	\$ 0.0509	\$ 0.3800	\$ 1.4460	\$ 0.2039	\$ 2.0299
2006	0.3346	0.0454	0.3800	1.6659	0.2139	2.2598
2007	0.3346	0.0454	0.3800	1.5191	0.2139	2.1130
2008	0.3417	0.0383	0.3800	1.3801	0.2281	1.9882
2009	0.3448	0.0332	0.3780	1.3700	0.2281	1.9761
2010	0.3536	0.0544	0.4080	1.3600	0.2281	1.9961
2011	0.3530	0.0550	0.4080	1.3510	0.2431	2.0021
2012	0.3230	0.0850	0.4080	1.4100	0.2431	2.0611
2013	0.3074	0.1006	0.4080	1.4100	0.2431	2.0611
2014	0.3177	0.0902	0.4080	1.4100	0.2431	2.0611

**Source:** Town Administration Office and Dallas Central Appraisal District

\*Overlapping rates are those of local and county governments that apply to property owners within the Town of Sunnyvale, Texas.

TOWN OF SUNNYVALE, TX  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND TEN YEARS AGO  
 (unaudited)

Table 8

Taxpayer	2014 <sup>1</sup>			2005 <sup>2</sup>		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
AMERICAN MARAZZI TILE INC.	\$ 28,946,634	1	3.60%			
SABRA TEXAS PROPERTIES LP	27,875,060	2	3.46%			
HOMATEX LP	15,257,710	3	1.90%			
MILLARD REFRIGERATED SERVICES	13,998,817	4	1.74%			
301 CLAY RD LLC	11,692,210	5	1.45%			
ARHC SMSVLT01 LLC	11,025,000	6	1.37%			
DAL TILE CORPORATION	10,193,213	7	1.27%			
TEXAS REGIONAL MEDICAL CENTER	8,286,778	8	1.03%			
ONCOR ELECTRIC DELIVERY CO	7,409,170	9	0.92%			
JOHN SOULES FOODS	<u>6,877,520</u>	10	<u>0.85%</u>			
				\$ 15,134,300	1	3.57%
HOMATEX LP						
AMERICAN MARAZZI TILE				14,280,058	2	3.37%
DAL TILE CORPORATION				10,856,620	3	2.56%
MARAZZI USA INC				7,025,400	4	1.66%
HOME DEPOT USA				6,087,180	5	1.44%
SOUTHWESTERN BELL				3,965,940	6	0.94%
TEXAS UTILITIES ELEC. CO				3,814,550	7	0.90%
ASSOCIATED TRUSS CO				3,682,880	8	0.87%
SUPERIOR TRAILER SALES				3,063,290	9	0.72%
CALEAST HD LIMITED LP				2,975,054	10	<u>0.70%</u>
Total	<u>\$ 141,562,112</u>		<u>17.58%</u>	<u>\$ 70,885,272</u>		<u>16.73%</u>
Total valuation of Town net of exempt property	<u>\$ 805,077,424</u>			<u>\$ 423,652,626</u>		

Source: <sup>1</sup> Dallas County Tax Office  
<sup>2</sup> Town Administration Office.

**TOWN OF SUNNYVALE, TX  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(unaudited)**

**Table 9**

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2005	\$ 1,612,643	\$ 1,591,356	98.68%	\$ 20,587	\$ 1,611,943	99.96%
2006	1,799,570	1,795,791	99.79%	2,390	1,798,181	99.92%
2007	2,050,447	2,012,104	98.13%	37,195	2,049,299	99.94%
2008	2,202,325	2,189,331	99.41%	11,744	2,201,075	99.94%
2009	2,495,391	2,409,050	96.54%	78,995	2,488,045	99.71%
2010	2,965,195	2,785,208	93.93%	170,371	2,955,579	99.68%
2011	2,972,083	2,764,037	93.00%	196,041	2,960,078	99.60%
2012	3,139,017	2,919,286	93.00%	200,000	3,119,286	99.4%
2013	3,089,815	2,977,346	96.36%	65,834	3,043,179	98.5%
2014	3,288,047	3,241,651	98.59%	10,858	3,252,509	98.9%

**Source:** First Southwest Company, Dallas County Tax Office Year End Report 9/30/14

**TOWN OF SUNNYVALE, TX  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(unaudited)**

**Table 10**

Fiscal Year	Governmental Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Certificates of Obligation	Certificates of Obligation	Other Obligations			
2005	\$ 2,255,000	\$ 1,615,000	\$ -	\$ 3,870,000	*	1,062
2006	2,125,000	1,520,000	-	3,645,000	*	922
2007	1,985,000	1,420,000	-	3,405,000	*	841
2008	5,800,000	4,355,000	192,100	10,347,100	*	2,406
2009	5,600,000	4,140,000	363,857	10,103,857	5.67%	2,196
2010	5,365,000	3,955,707	296,892	9,617,599	*	1,869
2011	5,100,000	6,782,036	219,163	12,101,199	*	2,259
2012	4,805,000	6,435,364	185,051	11,425,415	5.40%	2,080
2013	4,541,976	6,087,541	126,493	10,756,010	4.58%	1,903
2014	4,145,040	5,663,845	118,058	9,926,943	4.42%	1,757

**Note 1:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements.  
(1) See Table 15 for personal income and population data.

**TOWN OF SUNNYVALE, TX  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(unaudited)**

**Table 11**

<b>Fiscal Year</b>	<b>Certificates of Obligation</b>	<b>Less: Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b> <sup>1</sup>	<b>Per Capita</b> <sup>2</sup>
2005	\$ 2,255,000	\$ 17,296	\$ 2,237,704	0.41%	614
2006	2,125,000	67,157	2,057,843	0.36%	520
2007	1,985,000	92,378	1,892,622	0.27%	467
2008	5,800,000	1,424,804	4,375,196	0.58%	1,017
2009	5,600,000	69,013	5,530,987	0.64%	1,202
2010	5,365,000	78,509	5,286,491	0.55%	1,027
2011	5,100,000	72,645	5,027,355	0.51%	939
2012	4,805,000	90,463	4,714,537	0.47%	858
2013	4,541,976	158,605	4,383,371	0.43%	776
2014	4,145,040	199,293	3,945,747	0.36%	698

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

**Source:**

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 6 for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics on Table 15.

**TOWN OF SUNNYVALE, TX**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2014**  
**(unaudited)**

**Table 12**

<b>Governmental Subdivision</b>	<b>Gross Bonded Debt</b>	<b>Percentage of Debt Applicable to Area 1</b>	<b>Town Share of Overlapping Debt</b>
Dallas County	\$ 111,350,000	0.48%	\$ 534,480
Dallas County CCD	339,035,000	0.48%	1,627,368
Dallas County Hospital District	736,235,000	0.48%	3,533,928
Dallas County Schools	67,265,000	0.48%	322,872
Sunnyvale I S D	<u>58,456,802</u>	100.00%	<u>58,456,802</u>
	<u>\$1,312,341,802</u>		64,475,450
Town of Sunnyvale, Texas direct debt			<u>9,926,943</u>
			<u>74,402,393</u>
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			<u>9.24%</u>
Per capita overlapping bonded debt			<u>\$13,166</u>

**Source:** "Texas Municipal Report" as of September 30, 2014, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping government that is borne by the residents and businesses of the Town of Sunnyvale. This process recognizes that, when considering the Town of Sunnyvale's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the Town of Sunnyvale's boundaries and dividing it by the overlapping government's total taxable assessed value.



**TOWN OF SUNNYVALE, TX  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(unaudited)**

	<b>FISCAL YEAR</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Debt Limit	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Current Tax Rate	0.37997	0.37997	0.37997	0.37796	0.40796
Available Tax Rate	<u>\$ 2.12003</u>	<u>\$ 2.12003</u>	<u>\$ 2.12003</u>	<u>\$ 2.12204</u>	<u>\$ 2.09204</u>
Total net debt applicable to the limit as a percentage of debt limit	17.92%	17.92%	17.92%	17.81%	19.50%

**Table 13**

<b>FISCAL YEAR</b>				
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
0.40796	0.40796	0.40796	0.40796	0.40796
<u>\$ 2.09204</u>	<u>\$ 2.09204</u>	<u>\$ 2.09204</u>	<u>\$ 2.09204</u>	<u>\$ 2.09204</u>
19.50%	19.50%	19.50%	19.50%	19.50%

**TOWN OF SUNNYVALE, TX  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (unaudited)**

**Table 14**

Tax and Revenue Refunding Bonds						
Fiscal Year	Total Revenues <sup>a</sup>	Less: Operating Expenses <sup>b</sup>	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2005	\$ 2,165,236	\$ 1,384,628	\$ 780,608	\$ 95,000	\$ 81,049	4.43
2006	1,944,904	1,782,444	162,460	100,000	76,393	0.92
2007	1,806,709	1,673,908	132,801	105,000	71,420	0.75
2008	2,701,658	2,075,113	626,545	180,100	183,352	1.72
2009	2,659,023	2,148,772	510,251	225,000	176,404	1.27
2010	3,010,925	2,194,993	815,932	250,000	142,634	2.08
2011	3,402,567	2,477,007	925,560	340,000	280,625	1.49
2012	3,310,713	2,554,226	756,487	448,419	238,541	1.10
2013	3,330,492	2,517,502	812,990	417,004	184,951	1.35
2014	3,825,951	2,922,114	903,837	415,000	174,875	1.53

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

<sup>a</sup> Revenue does not include transfers or non-operating revenues.

<sup>b</sup> Includes operating expenses minus depreciation, bond issuance costs, and other non-operating expenses.

**TOWN OF SUNNYVALE, TX  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (unaudited)**

**Table 15**

<u>Fiscal Year</u>	<u>Estimated Population <sup>1</sup></u>	<u>Personal Income</u>	<u>Per Capita Personal Income <sup>2</sup></u>	<u>Median Age <sup>5</sup></u>	<u>School Enrollment <sup>3</sup></u>	<u>Unemployment Rate <sup>4</sup></u>
2005	3,644	\$ -	(a)	(a)	(a)	5.2%
2006	3,955	-	(a)	(a)	(a)	4.8%
2007	4,050	-	(a)	(a)	(a)	4.3%
2008	4,300	-	(a)	(a)	807	5.0%
2009	4,600	178,043,000	38,705	(a)	1,010	7.7%
2010	5,147	-	(a)	42.6	1,154	8.2%
2011	5,356 **	-	(a)	(a)	1,224	7.8%
2012	5,494 **	211,694,808	38,532	(a)	1,291	6.8%
2013	5,651 **	224,791,129	39,779	(a)	1,361	6.2%
2014	5,651 **	224,791,129 **	(a)	(a)	1,512	5.5%

**Sources:**

- <sup>1</sup> North Texas Council of Governments, US Census, Town Officials
- <sup>2</sup> US Department of Commerce - Bureau of Economic Analysis
- <sup>3</sup> Sunnyvale Independent School District
- <sup>4</sup> US Department of Labor - Bureau of Labor Statistics - DFW Region
- <sup>5</sup> Median age only available in census years.
- \*\* Estimated
- (a) Information not available

**TOWN OF SUNNYVALE, TX  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND TEN YEARS AGO  
 (unaudited)**

**Table 16**

<b>Business Sector</b>	<b>2014</b>	<b>2005</b>
	<b>Number of Employees</b>	<b>Number of Employees</b>
Agriculture, Forestry, Fishing, Hunting & Mining	18	36
Construction	111	130
Manufacturing	280	117
Wholesale Trade	57	87
Retail Trade	206	194
Transportation & Warehousing, and Utilities	124	75
Information	22	52
Finance, Insurance, Real Estate, Rental & Leasing	320	179
Professional, Scientific, Management, & Administrative & Waste Management Services	288	122
Educational Services, and Health Care & Social Assistance	790	230
Arts, Entertainment, Recreation, and Accommodation & Food Services	89	47
Other Services, except Public Administration	153	55
Public Administration	57	23

**Note:** The Town of Sunnyvale is a relatively small municipality with a geographic area of approximately 16 square miles. The town's most recent estimated population is 5,651. The only available information on employers is the Economic Census from the U.S. Census Bureau. This Census does not include information on individual businesses; rather, it contains only aggregate information by business sector. The information presented is from the most recent applicable Economic Census: 2014 data was obtained from the 2009-2013 Economic Census (5 year estimates) and 2005 data was obtained from the 2000 Economic Census.



**TOWN OF SUNNYVALE, TX  
 FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (unaudited)**

<b>Function / Program</b>	<b>Fiscal Year</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>General government</b>					
Administrative Services					
Town Manager	1	1	1	1	1
Town Secretary	1	1	1	1	1
Secretary/Admin Assistant	1	1	1	1	1
Economic Development					
Financial Services					
Finance	0	0	1	1	2
Municipal Court	2	2	2	2	2
Municipal Court Judge	1	1	1	1	1
Library	3	3	3	3	4
Public Safety					
Police **	0	0	0	0	0
Development Services	2	2	2	3	4
Fire	1	1	1	2	2
Parks & Streets	3	4	5	6	6
Water and Sewer Systems	5	6	6	6	6
<b>Total</b>	<b>20</b>	<b>22</b>	<b>24</b>	<b>27</b>	<b>30</b>

**Source:** Town Administration Office.

\*\* All positions contracted with Dallas County

Table 17

Fiscal Year				
2010	2011	2012	2013	2014
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
		1	1	1
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
4	4	3	3	3
0	0	0	0	0
4	4	4	4	4
2	2	1	1	4
5	7	7	7	7
6	6	6	6	6
<u>29</u>	<u>31</u>	<u>30</u>	<u>30</u>	<u>33</u>

**TOWN OF SUNNYVALE, TX  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
(unaudited)**

Function/Program	FISCAL YEAR			
	2005	2006	2007	2008
Judicial				
Municipal Court Fines	\$ 295,429	\$ 318,122	\$ 250,774	\$ 292,173
Fire				
Fire Calls	(a)	(a)	(a)	26
Fire Loss	(a)	(a)	(a)	\$3,407,500
Inspection				
Permits Issued (Units)	(a)	(a)	(a)	(a)
Permit Value	(a)	(a)	(a)	(a)
Streets				
Miles of Streets Maintained	52.12	52.12	53.07	53.07
Health				
Animals Impounded	(a)	(a)	(a)	(a)
Cultural and Recreational				
Parks				
Parks Maintained	5	5	5	5
Sanitation Service				
Refuse Customers	1,539	1,634	1,727	1,895
Water				
Number of Water Customers	1,539	1,634	1,727	1,895
Estimated Gallons Billed (in thousands)	420,044	421,583	304,737	433,635
Sewer				
Number of Wastewater Customers	996	1,140	1,158	1,309

**Sources:** Various government departments.

(a) Information not available

Table 18

FISCAL YEAR					
2009	2010	2011	2012	2013	2014
\$ 399,536	\$ 432,809	\$ 478,838	\$ 497,790	\$ 375,898	\$ 442,434
31 \$39,600	30 \$414,560	34 \$30,000	31 \$296,390	33 \$2,500	30 \$20,000
(a) (a)	(a) (a)	(a) (a)	44 \$265,335 (b)	120 \$292,092	102 \$521,027
54.69	54.69	54.69	54.69	54.69	55.7
(a)	116	121	103	151	133
5	5	5	5	5	5
1,886	2,026	2,059	2,117	2,155	2,178
1,886 529,231	2,026 505,051	2,059 562,521	2,117 457,540	2,155 577,817	2,178 422,669
1,358	1,388	1,441	1,528	1,530	1,575

**TOWN OF SUNNYVALE, TX  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)**

<b>Function</b>	<b>Fiscal Year</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Police</b>					
Number of Stations	1	1	1	1	1
<b>Fire</b>					
Number of Stations	1	1	1	1	1
Fire Hydrants	510	513	538	548	568
<b>Streets</b>					
Miles of Streets	52.12	52.12	53.07	53.07	54.69
<b>Cultural and Recreational</b>					
Parks Maintained	5	5	5	5	5
<b>Water</b>					
Water Storage Capacity (gallons)	900,000	900,000	900,000	900,000	800,000

**Sources:** Various government departments.

**Table 19**

<b>Fiscal Year</b>				
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
1	1	1	1	1
1 616	1 657	1 662	1 685	1 710
54.69	54.69	54.69	54.69	55.7
5	5	5	5	5
800,000	800,000	800,000	800,000	800,000

