

**City of Sunnyvale  
Financial Report**  
Through Accounting Period 3  
July 1, 2014 – September 13, 2014

**Overview**

This financial report outlines the status of actual revenue receipts and expenditures as of Accounting Period 3 (AP3) for Fiscal Year 2014/15. The conclusion of this accounting period represents 20.55% of the fiscal year. This report provides a quarterly update on the City's major funds including the General Fund and the Enterprise Funds. Overall, it is too early for the major General Fund revenues as they are received in larger installments later in the fiscal year. Development related revenues remain high, matching the level of activity in the City, and utility enterprises are tracking approximately as planned.

**General Fund Revenues through 20.55% of the Fiscal Year \***

	FY 2014/15			FY 2013/14		
	Budget	Revenue (AP3)	% to Budget	Actual	Revenue (AP3)	% to Actual
Property Tax	\$ 51,931,017	\$ 54,012	0.10%	\$ 50,293,385	\$ 26,876	0.05%
Sales & Use Tax	31,630,301	(28,453)	-0.09%	31,675,533	(6,576)	-0.02%
TOT	10,674,737	995,171	9.32%	10,858,671	903,327	8.32%
Utility Users Tax	6,971,420	665,300	9.54%	6,754,263	633,601	9.38%
Construction Tax	2,009,127	826,903	41.16%	2,983,677	419,096	14.05%
Business License Tax	1,530,000	92,204	6.03%	1,742,401	99,244	5.70%
Real Property Transfer Tax	807,296	275,098	34.08%	1,674,362	216,808	12.95%
Franchises	6,790,144	147,196	2.17%	6,694,336	147,170	2.20%
Service Fees <sup>1</sup>	5,483,192	1,142,265	20.83%	10,405,558	1,926,330	18.51%
Rents & Concessions	2,316,634	263,729	11.38%	2,299,405	258,855	11.26%
Permits and Fees <sup>1</sup>	1,254,277	316,516	25.23%	9,796,323	1,731,441	17.67%
Interest	666,120	136,330	20.47%	548,687	137,389	25.04%
Other	1,740,422	389,906	22.40%	3,711,239	1,107,185	29.83%
Sale of Property	14,000,000	6,623	0.05%	7,509,406	3,616	0.05%
<b>Total</b>	<b>\$ 137,804,687</b>	<b>\$ 5,282,801</b>	<b>3.83%</b>	<b>\$ 146,947,244</b>	<b>\$ 7,604,361</b>	<b>5.17%</b>

1. Most Permit and some Service Fees have moved to the Development Enterprise Fund for FY 2014/15

\* Totals exclude Interfund Revenues and Transfers

**Property Tax**

Property tax collected year-to-date reflects one Supplemental Property Tax receipt collected in AP3. The majority of property tax revenue is Secured Tax, which is received in installments throughout the year. The first half of Secured Tax revenue is typically received in December (Accounting Period 7). Growth in the secured property tax roll over the prior year is limited to the lower of 2% or the California CPI (CCPI) factor for the period October 2013 to October 2014, which is typically published in mid-December. In addition to the CCPI, staff forecasted additions to the property tax roll for new construction that is either recently completed or under development. Projections for FY 2014/15 property tax revenue estimated 3% growth in residential and 8% growth in commercial / industrial assessed value.

**Sales Tax**

Sales tax revenue is the second largest source of revenue to the General Fund. This is a highly volatile source of revenue. For Fiscal Year 2013/14, in an environment where many of the economic measures were positive and City revenues increased, sales tax revenue growth was flat at 0.8 percent. The FY 2014/15 Adopted Budget anticipates that sales tax revenue will be flat again in the current year. Very modest growth is anticipated for the Business & Industry segment, but staff anticipates that the growth will be mitigated by accounting adjustments. The year to date number reflects an accounting adjustment done at the beginning of the fiscal year. The City just received its first advance payment of \$1.6 million for July-September tax receipts.

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**Construction Tax**

The City has experienced a high level of development activity in recent years and this trend has continued into FY 2014/15. While most development-related revenues have been shifted to the Development Enterprise Fund (comprising the majority of revenues in the Permits group), as it is a true tax and not a fee related to development, Construction Tax remained in the General Fund. The City collects a tax of 0.54% of the total value of all construction work for which a permit is required. The budget factored in a moderation from last year's high, however should an elevated level of activity continue, it is likely this estimate will be exceeded.

**Real Property Transfer Tax**

The General Fund receives one half of a real property transfer tax of \$1.10 per \$1,000 value, applied to property transactions within the City. With average home prices reaching record high levels on the residential side, and a very active commercial sector, the City has experienced a corresponding growth in this revenue source. The initial revenue collected for FY 2014/15 outpaces the anticipated amount in the Adopted Budget. This revenue estimate will be re-visited in the FY 2015/16 Recommended Budget development process.

**General Fund Expenditures by Department through 20.55% of the Fiscal Year**

	FY 2014/15			FY 2013/14		
	Budget	Actual	% to Budget	Total	Actual (AP 3)	% to Actual
Community Development	\$ 999,892	\$ 216,672	21.67%	\$ 5,847,493	\$ 1,149,262	19.65%
Finance	8,224,057	1,687,548	20.52%	7,702,592	1,577,886	20.49%
Human Resources	3,732,817	777,837	20.84%	3,409,014	668,792	19.62%
Library and Community Services	16,589,773	3,381,785	20.38%	15,560,864	3,263,224	20.97%
Office of the City Attorney	1,404,685	255,547	18.19%	1,668,382	294,027	17.62%
Office of the City Manager	3,640,940	750,106	20.60%	3,875,763	756,894	19.53%
Public Safety	78,856,693	15,363,921	19.48%	74,921,595	15,166,929	20.24%
Public Works	20,187,081	3,751,482	18.58%	20,992,348	4,030,312	19.20%
<b>Total</b>	<b>\$ 133,635,937</b>	<b>\$ 26,184,897</b>	<b>19.59%</b>	<b>\$ 133,978,050</b>	<b>\$ 26,907,326</b>	<b>20.08%</b>

**General Fund Expenditures**

As of the close of AP 3, overall expenditures are tracking below budget in the General Fund. Of note is that costs related to development were moved from the General Fund to the newly formed Development Enterprise Fund. Additionally, the operating cost for Public Safety does not include the expense for recruitment and training of new officers, which is an additional \$4.15 million in the current year, budgeted in projects.

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**Enterprise Fund Revenues through 20.55% of the Fiscal Year**

	FY 2014/15			FY 2013/14		
	Budget	Revenue (AP3)	% to Budget	Actual	Revenue (AP3)	% to Actual
Water Fund	\$ 38,355,485	\$ 5,467,620	14.26%	\$ 39,279,809	\$ 6,700,539	17.06%
Wastewater Fund	30,485,771	3,678,373	12.07%	32,252,171	3,533,835	10.96%
Solid Waste Management Fund	43,062,006	5,146,076	11.95%	42,104,127	5,318,236	12.63%
Development Enterprise Fund	8,668,030	2,969,164	34.25%	-	-	-
Golf and Tennis Operations	3,851,762	930,130	24.15%	3,572,427	941,267	26.35%
<b>Total</b>	<b>\$ 124,423,055</b>	<b>\$ 18,191,363</b>	<b>15%</b>	<b>\$ 117,208,535</b>	<b>\$ 16,493,877</b>	<b>14.07%</b>

**Enterprise Fund Operating Expenditures through 20.55% of the Fiscal Year**

	FY 2014/15			FY 2013/14		
	Budget	Actual	% to Budget	Total	Actual (AP 3)	% to Actual
Water Fund	\$ 30,408,879	\$ 3,762,528	12.37%	\$ 28,367,194	\$ 5,992,872	21.13%
Wastewater Fund	16,098,993	3,124,524	19.41%	14,322,006	2,911,163	20.33%
Solid Waste Management Fund	34,739,222	5,026,333	14.47%	34,053,361	4,821,272	14.16%
Development Enterprise Fund	7,682,229	1,484,286	19.32%	-	-	-
Golf and Tennis Operations	3,400,864	690,040	20.29%	3,359,160	841,995	25.07%
<b>Total</b>	<b>\$ 92,330,187</b>	<b>\$ 14,087,710</b>	<b>15.26%</b>	<b>\$ 80,101,721</b>	<b>\$ 14,567,303</b>	<b>18.19%</b>

**Utility Enterprise Funds**

The City accounts for Water, Sewer, and Garbage and Recycling activities in separate enterprise funds. All revenues and expenditures associated with these activities are segregated, and no General Fund monies are used to subsidize these activities. Year to date, the utilities are tracking approximately as planned, with the exception of the water fund which is tracking down both in both revenues and expenses as the City sells and buys less water due to the drought.

**Development and Golf and Tennis Enterprise Funds**

Development continues to occur at record high levels. With the FY 2014/15 Adopted Budget, the City segregated development revenues and expenses into a new separate enterprise. Although expenses are lagging revenues, staff is currently ramping up resources through contracts and temporary staff to process the very heavy workload currently being experienced.

Golf and Tennis are also treated separately. Through AP 3, Golf and Tennis revenues are strong, although that is typical and the revenues will generally drop off through the winter before picking back up again in spring.