



City of Sunnyvale Financial Report

Through Accounting Period 10
January 1, 2015 - March 28, 2015

Overview

This financial report outlines the status of actual revenue receipts and expenditures as of Accounting Period 10 (AP10) for Fiscal Year 2014/15. The conclusion of this accounting period represents 74.25% of the fiscal year. This report provides a quarterly update on the City's major funds, including the General Fund and the Enterprise Funds. FY 2014/15 revenue projections presented in the tables below reflect the revised estimates in the FY 2015/16 Recommended Budget. FY 2014/15 expenditure totals reflect the FY 2014/15 Adopted Budget, plus all budget modifications through AP10. Overall, major General Fund revenues are strong, tracking slightly higher than last year. Property Tax, TOT, and Development related revenues remain high. General Fund expenditures are tracking inline with budget. Utility enterprises are tracking approximately as planned, with the exception of the Water Fund, which is discussed in greater detail below.

General Fund Revenues through 74.25% of the Fiscal Year *

	FY 2014/15			FY 2013/14		
	FY 2014/15 Revised Budget	Revenue (AP10)	FY 2014/15 % to Budget	FY 2013/14 Actual	Revenue (AP10)	FY 2013/14 % to Actual
Property Tax	53,511,242	33,771,860	63.11%	50,293,385	30,728,666	61.10%
Sales & Use Tax	31,312,928	17,796,389	56.83%	31,675,533	17,260,476	54.49%
TOT	12,436,990	8,570,720	68.91%	10,858,671	6,640,127	61.15%
Utility Users Tax	6,720,489	4,533,099	67.45%	6,754,263	4,333,557	64.16%
Construction Tax	3,067,503	2,388,684	77.87%	2,983,677	1,922,457	64.43%
Business License Tax	1,700,000	1,721,053	101.24%	1,742,401	1,563,153	89.71%
Real Property Transfer Tax	1,707,939	1,125,094	65.87%	1,674,362	885,408	52.88%
Franchises	6,871,846	2,597,498	37.80%	6,694,336	2,403,567	35.90%
Service Fees ¹	5,423,891	3,919,063	72.26%	10,405,558	6,916,404	66.47%
Rents & Concessions	2,369,316	1,036,615	43.75%	1,301,611	883,005	67.84%
Permits and Fees ¹	2,142,379	888,400	41.47%	9,796,323	6,492,898	66.28%
Interest	644,913	478,848	74.25%	548,687	390,167	71.11%
Other	2,629,146	1,866,540	70.99%	3,693,395	1,804,226	48.85%
Sale of Property	9,260	11,838	127.84%	7,527,250	7,523,954	99.96%
Total	130,547,842	80,705,701	61.82%	145,949,450	89,748,065	61.49%

1. Most Permit revenues and some Service Fees were shifted to the Development Enterprise Fund, effective for FY 2014/15

* Totals exclude Interfund Revenues and Transfers

Property Tax

Property tax collected year-to-date reflects seven of ten annual secured tax advances and the full remittance of unsecured property tax. 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 2012 to October 2013, which impacted the 2014/15 tax roll, the CCPI was 0.454%. Secured property tax is also impacted by changes in assessed value from new construction and ownership transfer. The original projection for FY 2014/15 property tax revenue was 3% growth in residential and 8% growth in commercial / industrial assessed value. Data from the County through March 2015 indicates that growth will be greater than the original projection (5.3% for residential and 8.8% for commercial / industrial). The FY 2015/16 Recommended Budget presents an increase to the projection of FY 2014/15 property tax revenue. \$35.1 million is projected for secured property tax and total property tax revenue is estimated to be \$53.5 million.



City of Sunnyvale
Financial Report
 Through Accounting Period 10
 January 1, 2015 - March 28, 2015

Sales Tax

Sales tax revenue is the second largest source of revenue to the General Fund. The largest source of sales tax revenue to the City is from business-to-business transactions, causing this to be a highly volatile revenue source. In fiscal year 2013/14, an environment where many of the economic measures were positive and City revenues increased, sales tax revenue growth was flat due to a marked decline in revenue from the Business & Industry segment. The City is experiencing the same results in the current year. The FY 2015/16 Recommend Budget revised the FY 2014/15 sales tax revenue projection down from \$31.6 million to \$31.3 million. It is anticipated that most segments will see growth, however, the growth will be offset by a significant accounting adjustment in the Business & Industry segment. Revenue through AP 10 comprises 7 months of sales tax remittances (advances through January 2015).

Construction Tax

The City has experienced a high level of development activity in recent years and this trend has continued into FY 2014/15. Most development-related revenues have been shifted to the Development Enterprise Fund (comprising the majority of revenues in the Permits group). Construction Tax remained in the General Fund, as it is a true tax and not a fee related to development. The City collects a tax of 0.54% of the total value of all construction work for which a permit is required. The City has continued to see an elevated level of development activity. In the FY 2015/16 Recommended Budget staff revised the projection for FY 2014/15 up from \$2.0 million to \$3.1 million.

Business License Tax

The City charges a two-year Business License Tax on all businesses operating in the City. The majority of Business License Tax revenue is renewal payments which are received between December and April. Business License Tax revenues have increased significantly over recent years; a result of the City's audit efforts and the overall high activity throughout the local economy.

General Fund Expenditures by Department through 74.25% of the Fiscal Year

	FY 14/15			FY 13/14		
	Current	FY 14/15	FY 14/15	FY 13/14	FY 13/14 Actual	FY 13/14
	Budget	Actual	% to Budget	Total	(AP 10)	% to Actual
Community Development	\$ 999,892	\$ 728,427	72.85%	\$ 5,847,493	\$ 4,349,741	74.39%
Finance	\$ 8,224,057	\$ 5,952,976	72.38%	\$ 7,702,592	\$ 5,620,195	72.96%
Human Resources	\$ 3,732,817	\$ 2,618,179	70.14%	\$ 3,409,014	\$ 2,484,021	72.87%
Library and Community Services	\$ 16,589,773	\$ 11,604,439	69.95%	\$ 15,560,864	\$ 11,348,938	72.93%
Office of the City Attorney	\$ 1,554,685	\$ 1,020,164	65.62%	\$ 1,668,382	\$ 1,151,855	69.04%
Office of the City Manager	\$ 3,647,491	\$ 2,612,796	71.63%	\$ 3,875,763	\$ 3,039,576	78.43%
Public Safety	\$ 77,158,219	\$ 56,502,558	73.23%	\$ 74,921,595	\$ 55,524,008	74.11%
Public Works	\$ 20,187,081	\$ 14,667,228	72.66%	\$ 20,992,348	\$ 14,616,510	69.63%
Total	\$ 132,094,015	\$ 95,706,766	72.45%	\$ 133,978,050	\$ 98,134,844	73.25%



City of Sunnyvale
Financial Report
 Through Accounting Period 10
 January 1, 2015 - March 28, 2015

General Fund Expenditures

As of the close of AP 10, overall expenditures in the General Fund are tracking inline with budget. 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 \$4.3 million in the current year, budgeted in projects.

Enterprise Fund Revenues through 74.25% of the Fiscal Year

	FY 2014/15	FY 2014/15	FY 2014/15	FY 2013/14	FY 2013/14	FY 2013/14
	Revised Budget	Actual (AP10)	% to Budget	Actual	Revenue (AP10)	% to Actual
Water Fund	34,839,481	22,516,037	64.63%	39,152,532	26,281,234	67.13%
Wastewater Fund	32,316,916	20,668,286	63.96%	32,233,211	20,835,354	64.64%
Solid Waste Management Fund	43,051,100	27,957,953	64.94%	42,097,337	27,521,213	65.38%
Development Enterprise Fund	13,243,826	10,406,971	78.58%	-	-	n/a
Golf and Tennis Operations	3,481,800	2,526,830	72.57%	3,572,427	2,588,365	72.45%
Total	126,933,123	84,076,078	66.24%	117,055,508	77,226,166	65.97%

Enterprise Fund Operating Expenditures through 74.25% of the Fiscal Year

	FY 14/15		FY 14/15 % to Budget	FY 13/14 Actual	FY 13/14	
	Current Budget	FY 14/15 Actual (AP10)			FY 13/14 Actual	FY 13/14 Actual (AP 10)
Water Fund	\$ 30,408,879	\$ 18,805,391	61.84%	\$ 28,102,419	\$ 18,632,877	66.30%
Wastewater Fund	\$ 16,098,993	\$ 11,343,290	70.46%	\$ 14,322,006	\$ 10,468,533	73.09%
Solid Waste Management Fund	\$ 34,795,302	\$ 23,807,245	68.42%	\$ 34,053,361	\$ 23,221,349	68.19%
Development Enterprise Fund	\$ 7,682,229	\$ 5,697,663	74.17%	\$ -	\$ -	n/a
Golf and Tennis Operations	\$ 3,250,864	\$ 2,393,639	73.63%	\$ 3,359,160	\$ 2,487,257	74.04%
Total	\$ 92,236,267	\$ 62,047,229	67.27%	\$ 79,836,947	\$ 54,810,016	68.65%

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. Its important to note that the City bills on a bi-monthly basis, which results in a slight lag in the timing of how the revenues are accounted for over fiscal years. Both revenues and expenses in the Water Fund are tracking low due to the drought. The Water Fund budget for FY 2014/15 was increased due to anticipated water cost increases. These increases have been realized, however the City has also experieced a decline in demand from the prior year, therefore total expenses for the fund are inline with FY 2013/14.



City of Sunnyvale
Financial Report
Through Accounting Period 10
January 1, 2015 - March 28, 2015

Development and Golf and Tennis Enterprise Funds

With the FY 2014/15 Adopted Budget, the City segregated development revenues and expenses into a new separate enterprise fund. The City is experiencing an unprecedented fourth consecutive high year, having already received 120% of the originally forecasted revenue. The revised estimate of \$13.2 million is presented in the FY 2015/16 Recommended Budget.

Golf and Tennis are also accounted for as an enterprise fund. Through AP 10, Golf and Tennis revenues have come in below forecast. This is partially due to the closure of the restaurant at the golf course. In addition, rounds are down slightly from last year. Given the seasonality of golf, it is anticipated that revenue will increase in the final months of the year with increased rounds played in the spring and summer months.