



**City of Sunnyvale**  
**Financial Report**  
 Through Accounting Period 7  
 July 1, 2014 - January 3, 2015

**Overview**

This financial report outlines the status of actual revenue receipts and expenditures as of Accounting Period 7 (AP7) for Fiscal Year 2014/15. The conclusion of this accounting period represents 51.23% 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, major General Fund revenues appear to be tracking inline, with some exceptions. However many large installments are still scheduled for 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 51.23% of the Fiscal Year \***

	FY 2014/15 Budget	FY 2014/15 Revenue (AP7)	FY 2014/15 % to Budget	FY 2013/14 Actual	FY 2013/14 Revenue (AP7)	FY 2013/14 % to Actual
Property Tax	51,931,017	17,597,161	33.89%	50,293,385	19,434,780	38.64%
Sales & Use Tax	31,630,301	7,739,388	24.47%	31,675,533	7,659,056	24.18%
TOT	10,674,737	5,598,219	52.44%	10,858,671	4,308,734	39.68%
Utility Users Tax	6,971,420	2,606,015	37.38%	6,754,263	2,950,988	43.69%
Construction Tax	2,009,127	1,416,229	70.49%	2,983,677	784,967	26.31%
Business License Tax	1,530,000	836,618	54.68%	1,742,401	1,017,732	58.41%
Real Property Transfer Tax	807,296	695,333	86.13%	1,674,362	590,567	35.27%
Franchises	6,790,144	1,496,639	22.04%	6,694,336	1,411,576	21.09%
Service Fees <sup>1</sup>	5,483,192	2,465,687	44.97%	10,405,558	4,782,981	45.97%
Rents & Concessions	2,316,634	636,295	27.47%	2,299,405	607,833	26.43%
Permits and Fees <sup>1</sup>	1,254,277	569,436	45.40%	9,796,323	3,449,162	35.21%
Interest	666,120	322,364	48.39%	548,687	267,025	48.67%
Other	2,156,858	1,265,286	58.66%	3,711,239	1,155,684	31.14%
Sale of Property	14,000,000	11,101	0.08%	7,509,406	7,410,627	98.68%
<b>Total</b>	<b>138,221,123</b>	<b>43,255,772</b>	<b>31.29%</b>	<b>146,947,244</b>	<b>55,831,709</b>	<b>37.99%</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 three Secured Tax Advances (ten payments in the year) and one Unsecured Tax Advance (the largest of three payments received in the year) . The bulk of Secured Tax comes in after taxes are due in December and April. The fourth advance of the December payment, which was not received by the end of AP7, will be collected the following AP. 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 1.998% in the current year. Projections for FY 2014/15 property tax revenue estimated 3% growth in residential and 8% growth in commercial / industrial assessed value. Data from the County regarding new construction and change of ownership indicates property tax roll growth that is higher than projected. Staff will assess whether this additional growth is due to development values exceeding the original forecast, or whether it was due to anticipated developments getting added to the roll earlier than forecasted, and provide a revised budgeted forecast in the FY 2015/16 Recommended Budget.



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**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. First quarter returns of \$7.54 Million were disappointing with decreased returns from the Business & Industry segment. The first advance payment of \$1.7 million for the second quarter was received for October-December tax receipts.

**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 City has continued to see an elevated level of development activity. Staff will provide an revised projection as part of the FY 2015/16 Recommended Budget.

**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. Revenue collected for FY 2014/15 is currently outpacing the amount anticipated in the Adopted Budget. This revenue estimate will be revised in the FY 2015/16 Recommended Budget development process.

**General Fund Expenditures by Department through 51.23% of the Fiscal Year**

	FY 14/15 Budget	FY 14/15 Actual	FY 14/15 % to Budget	FY 13/14 Total	FY 13/14 Actual (AP 7)	FY 13/14 % to Actual
Community Development	\$ 999,892	\$ 496,163	49.62%	\$ 5,847,493	\$ 2,926,469	50.05%
Finance	\$ 8,224,057	\$ 4,056,883	49.33%	\$ 7,702,592	\$ 3,795,229	49.27%
Human Resources	\$ 3,732,817	\$ 1,760,399	47.16%	\$ 3,409,014	\$ 1,649,551	48.39%
Library and Community Services	\$ 16,589,773	\$ 7,877,242	47.48%	\$ 15,560,864	\$ 7,628,794	49.03%
Office of the City Attorney	\$ 1,404,685	\$ 689,657	49.10%	\$ 1,668,382	\$ 721,690	43.26%
Office of the City Manager	\$ 3,640,940	\$ 1,845,667	50.69%	\$ 3,875,763	\$ 2,121,051	54.73%
Public Safety	\$ 77,155,512	\$ 38,731,700	50.20%	\$ 74,921,595	\$ 37,779,648	50.43%
Public Works	\$ 20,187,081	\$ 9,941,891	49.25%	\$ 19,001,803	\$ 9,087,568	47.82%
<b>Total</b>	<b>\$ 131,934,756</b>	<b>\$ 65,399,602</b>	<b>49.57%</b>	<b>\$ 131,987,506</b>	<b>\$ 65,710,001</b>	<b>49.79%</b>

**General Fund Expenitures**

As of the close of AP 7, 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 \$4.3 million in the current year, budgeted in projects.



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**Enterprise Fund Revenues through 51.23% of the Fiscal Year**

	FY 2014/15 Budget	FY 2014/15 Revenue (AP7)	FY 2014/15 % to Budget	FY 2013/14 Actual	FY 2013/14 Revenue (AP7)	FY 2013/14 % to Actual
Water Fund	38,355,485	16,102,072	41.98%	39,279,809	19,225,250	48.94%
Wastewater Fund	30,485,771	12,580,716	41.27%	32,252,171	13,029,904	40.40%
Solid Waste Management Fund	43,062,006	17,416,783	40.45%	42,104,127	18,035,890	42.84%
Development Enterprise Fund	8,668,030	6,636,280	76.56%	-	-	-
Golf and Tennis Operations	3,851,762	1,807,320	46.92%	3,572,427	1,868,823	52.31%
<b>Total</b>	<b>124,423,055</b>	<b>54,543,171</b>	<b>43.84%</b>	<b>117,208,535</b>	<b>52,159,866</b>	<b>44.50%</b>

**Enterprise Fund Operating Expenditures through 51.23% of the Fiscal Year**

	FY 14/15 Budget	FY 14/15 Actual	FY 14/15 % to Budget	FY 13/14 Total	FY 13/14 Actual (AP 7)	FY 13/14 % to Actual
Water Fund	\$ 30,408,879	\$ 13,335,188	43.85%	\$ 27,269,924	\$ 13,179,455	48.33%
Wastewater Fund	\$ 16,098,993	\$ 7,735,542	48.05%	\$ 14,770,464	\$ 7,129,776	48.27%
Solid Waste Management Fund	\$ 34,795,302	\$ 15,292,470	43.95%	\$ 33,333,382	\$ 14,958,052	44.87%
Development Enterprise Fund	\$ 7,682,229	\$ 3,766,358	49.03%		\$ -	-
Golf and Tennis Operations	\$ 3,400,864	\$ 1,674,362	49.23%	\$ 3,495,391	\$ 1,845,324	52.79%
<b>Total</b>	<b>\$ 92,386,267</b>	<b>\$ 41,803,920</b>	<b>45.25%</b>	<b>\$ 78,869,161</b>	<b>\$ 37,112,606</b>	<b>47.06%</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. The City has already received 76.6% of forecasted revenue, and is on track for an unprecedented fourth consecutive high year.

Golf and Tennis are also treated separately. Through AP 7, Golf and Tennis revenues have come in short of 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 is lower through the winter before picking back up again in spring.