



ADMINISTRATIVE SERVICES DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: March 4, 2025

Subject

Baker Tilly Budget Format Review and Performance Measures Updates

Recommended Action

Approve recommendations outlined in the Budget Format Review and Performance Measures Updates report as prepared by Baker Tilly

Reasons for Recommendation

Background

Historically and as good practice, major changes to its current budget document and budget format have been presented to the City Council for their review and feedback. Most recently, the City Council approved major changes to the FY14 and FY15 budget documents and its format such as organizational changes, budgeting philosophy, cost allocation and internal service fund changes, added new financial policies, and updated program narratives/format changes. For further details on these changes, please see the FY 2013-14 Adopted Budget pages 9-17 and FY 2014-15 Adopted Budget pages 8-10.

During the last round of budget preparation for FY 2024-25 review, feedback received on the budget document from City Council, residents and City staff from budget sessions, community outreach and internal budget meetings, and the City's internal auditors suggested the need to improve and streamline the annual budget. That feedback also indicated a need to reassess the City's Performance Measures to focus on outcomes that reflect the City's priorities rather than workload indicators.

In Fall 2024, the City engaged Baker Tilly US, LLP to conduct a comprehensive review of its Budget Document and Performance Measures. The primary objective of this engagement is to enhance clarity, accessibility, and to strategically align the City's annual budget document and to improve the effectiveness of performance measures in tracking progress toward key citywide goals.

The project was divided into two phases:

- Budget Document Review

- Performance Measures Assessment

The final report is included as Attachment A of this report.

Audit Committee Review

Subsequent to the publication of the final report, the Audit Committee reviewed and provided feedback on the proposed recommendations at its February 18th meeting. The Audit Committee also voted unanimously to accept the report. They also requested the following be included in the staff report to City Council:

- Pilot the recommended budget format for FY26-27 for feedback from City Council or through an Audit Committee Budget format subcommittee regarding the proposed format
- Connect the CIP with the budget book (include graphs)
- Maintaining detail availability as an appendix
- Ensuring original budget (point-in-time) is easily accessible
- Reviewing performance measures to reflect focus areas like economic development
- Graphical presentation of numbers to support a narrative description
- Hyperlink to policies within the budget book
 - Summarized policy – key point of what the policy does
 - Attachment to an agenda item for all policies including redline, new, or amended policies within the budget book that are provided to City Council with a staff report
- Internal Audit functions and responsibilities to be considered for budget presentation to the City Council

Next Steps

Following Council's approval, staff will review the draft implementation action plan (Attachment B) and include a final implementation action plan as part of the proposed budget. Any budget format changes would first be presented to the Audit Committee as budget format falls under the Committee's responsibilities.

Sustainability Impact

No sustainability impact.

Fiscal Impact

No fiscal impact to the General Fund. Funding for this work was \$89,900 through salary savings from the current Budget Manager vacancy in budget unit 100-41-426.

City Work Program (CWP) Item:

No.

CWP Item Description:

Not applicable.

Council Goal:

Public Engagement and Transparency
Sustainability and Fiscal Strategy

California Environmental Quality Act

Not applicable.

Prepared by: Toni Oasay-Anderson, Senior Management Analyst

Reviewed by: Kristina Alfaro, Director of Administrative Services
Tina Kapoor, Deputy City Manager

Approved for Submission by: Pamela Wu, City Manager

Attachments:

A – Budget Document and Performance Measures Improvements Final Report

B – Draft Implementation Action Plan