

# FY 2025-26 Mid-Year Financial Report

The Administrative Services Department is pleased to present the Mid-Year Financial Report for Fiscal Year 2024-25, covering the period from July 1, 2025 to December 31, 2025. This report serves as an update on the City's financial standing, providing the City Council, City leadership, and the public with important insights on the City's fiscal status.

The City is committed to providing accurate and timely financial information, and this report reflects its ongoing efforts to maintain transparency and accountability.

This [Financial Report](#) is interactive. Click on a chart to learn more.

## Background

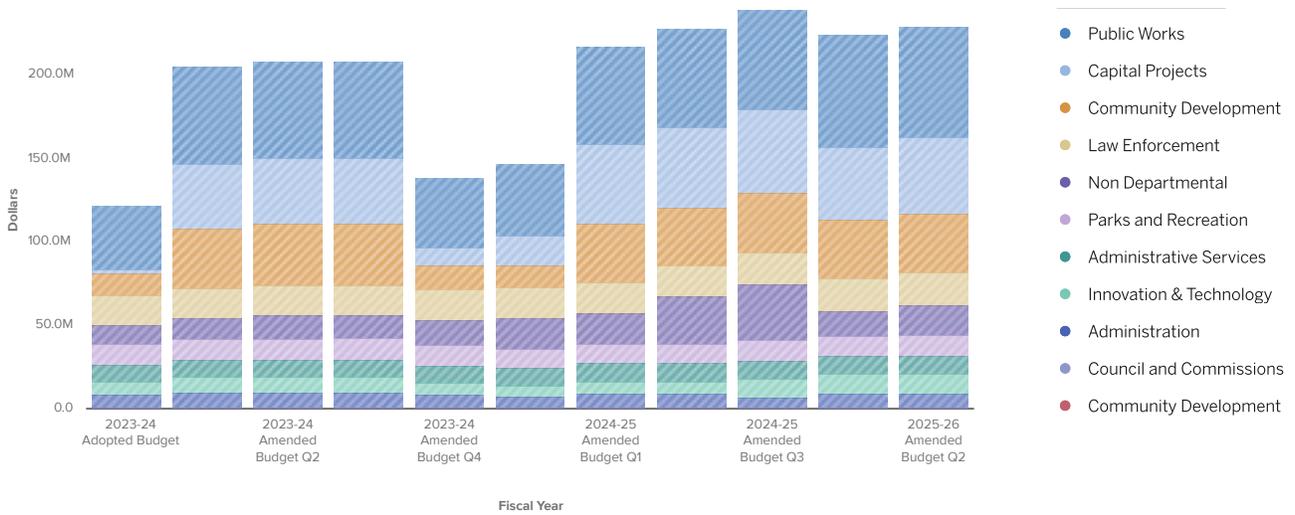
On June 3, 2025, the City Council adopted the FY 2025-26 Adopted Budget, a \$136.1 million spending plan funded by \$133.7 million in revenue and \$2.4 million in fund balance. The adopted budget reflected a \$68,966 increase from the proposed budget.

As described in the City Manager's First Quarter Financial Report, the budget was revised to account for encumbrances and carryover appropriations. As part of the FY 2024-25 year-end close, additional funds were carried forward to FY 2025-26, amounting to \$18.2 million in encumbrances and \$68.3 million in budget carryovers. The largest encumbrances were for Capital Projects (\$8.2 million), and the largest carryovers were for General Fund (\$28.1 million).

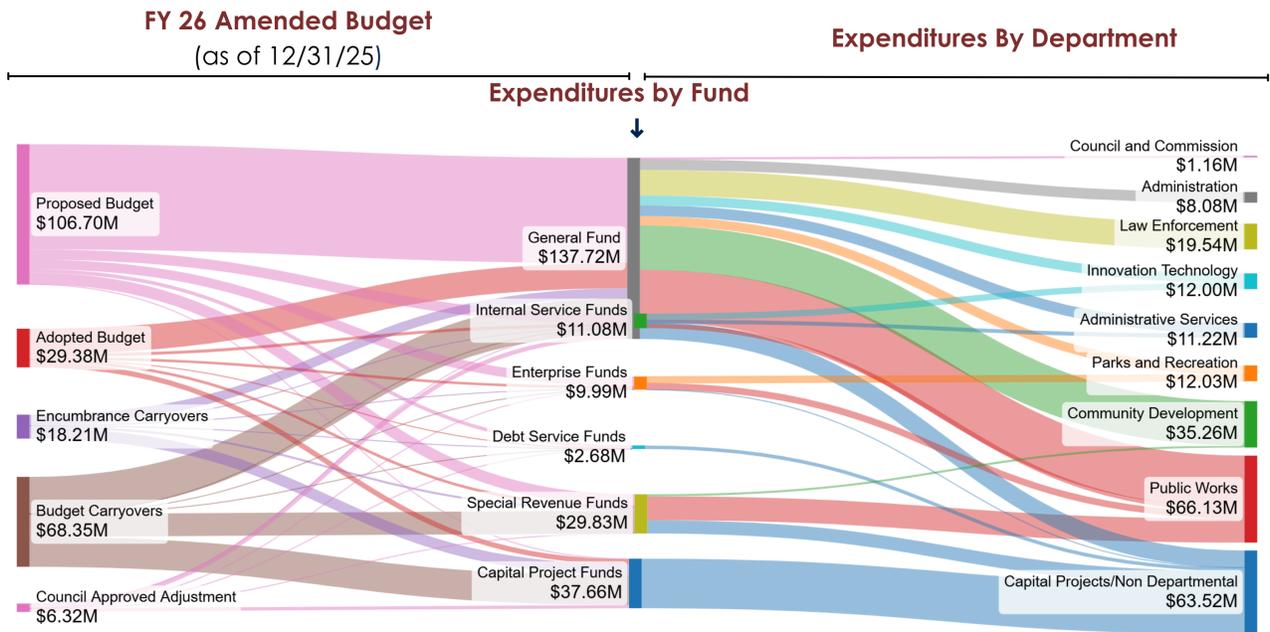
Furthermore, the FY 2025-26 Amended Budget includes Council-approved budget adjustments from July 1 to December 31, 2025, totaling \$228,948,923 across all funds primarily due to negotiated increases for all bargaining groups.

The amended budget at the end of mid-year is \$228.9 million, funded with \$186.2 million in revenue and \$42.7 million in fund balance. The amended budget is the adopted budget, plus encumbrances, carryovers, and Council-approved budget adjustments. The reflection of carryovers and encumbrances in the amended budget is a standard practice in municipal budgeting and aligns with the amounts in previous years, which have been approximately \$80 million. Carryovers and encumbrances are appropriations approved in prior years but have not yet been spent and are still required for ongoing projects or obligations.

### Amended Budget

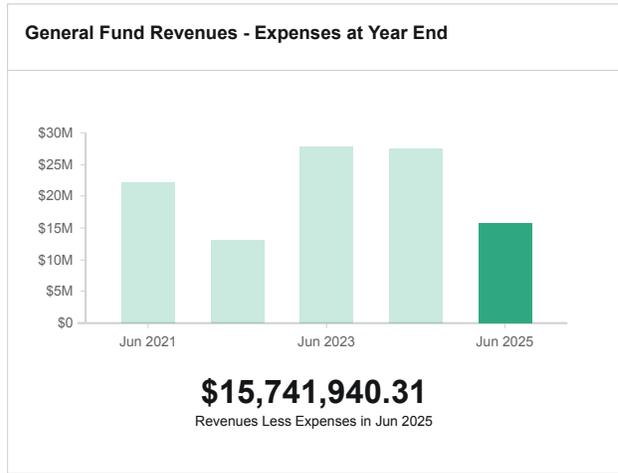
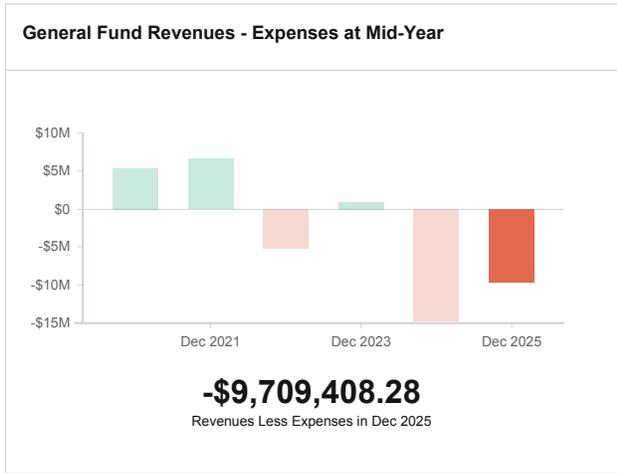
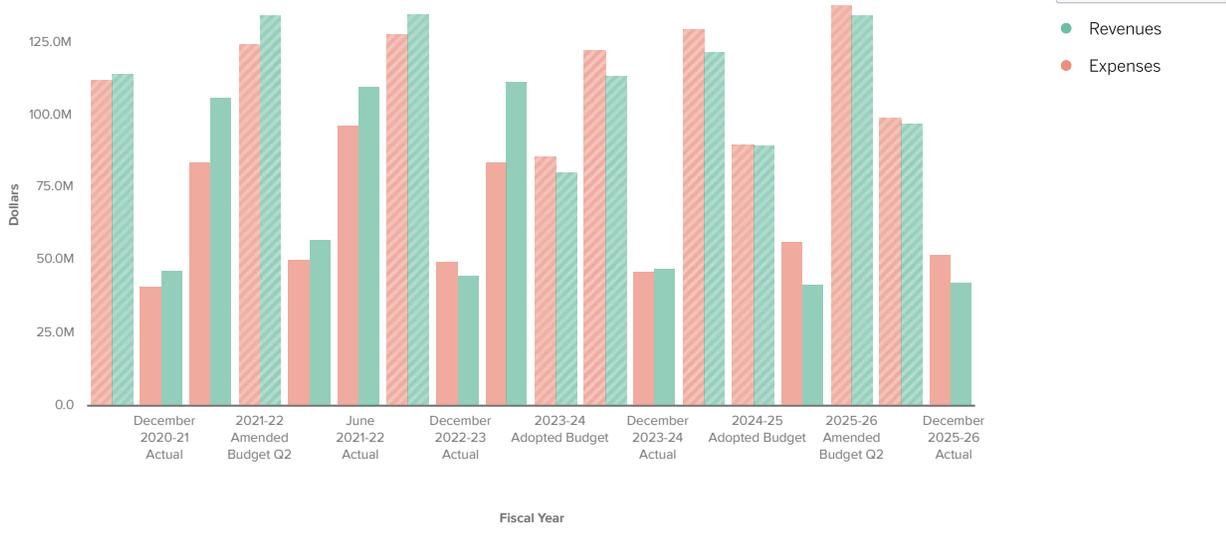


### Flow of Funds Chart (in Millions)



### General Fund Revenues, Expenditures, and Fund Balance

To date the City's financial statement audit has yet to be issued and revenue, expenditure, and fund balance totals listed in this report are preliminary and subject to change after a full review by the City's auditors. City staff does not anticipate many if any changes from the auditors.

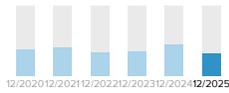


## General Fund Revenue and Expenditure Trends

As of December 31, 2025, General Fund revenues have totaled \$134.6 million, representing 31.74% of the budgeted revenue. This is below the mid-year revenue range of the past three years, which was between 33% and 405%. General Fund expenditures have totaled \$137.6 million, which is 38.08% of the budgeted appropriations\*. This is below the mid-year expenditure range of the previous three years, which was between 43% and 53% of year-end actual expenditures. To ensure fiscal stability, staff will continue to closely monitor leading revenue sources throughout the year.

**General Fund Revenues - Mid-Year Actuals vs Budget**

Data Updated Feb 20, 2026, 11:35 AM

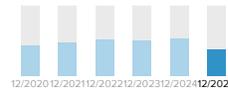


**31.74%**

In Revenues of **\$134,564,941.00** Budgeted through Dec 2025

**General Fund Expenses - Mid-Year Actuals vs Budget**

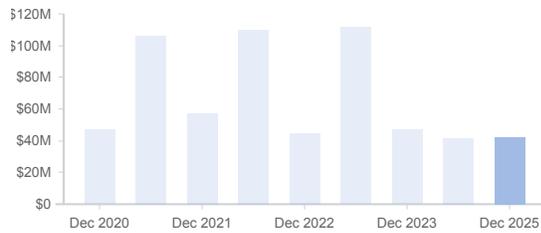
Data Updated Feb 20, 2026, 11:35 AM



**38.08%**

In Expenses of **\$137,641,838.00** Budgeted through Dec 2025

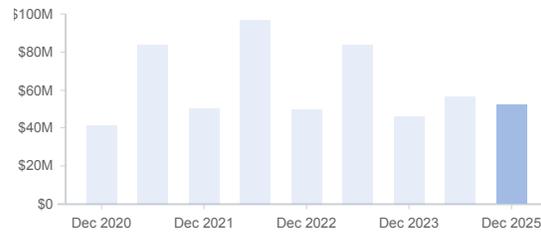
**General Fund Revenues - Mid-Year vs Year End Actuals**



**\$42,709,391.70**

Revenues in Dec 2025

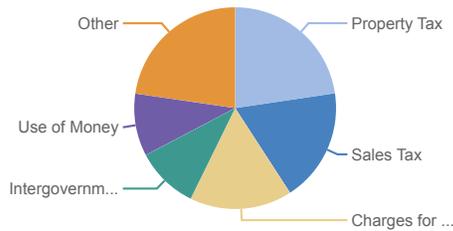
**General Fund Expenses - Mid-Year vs Year End Actuals**



**\$52,418,799.98**

Expenses in Dec 2025

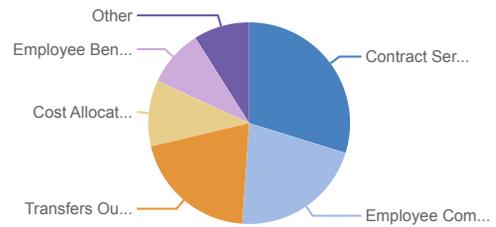
**General Fund Revenues by Type**



**\$42,709,391.70**

Revenues in Dec 2025

**General Fund Expenses by Type**



**\$52,418,799.98**

Expenses in Dec 2025

## General Fund Classification of Fund Balance

As of mid-year, staff anticipate the General Fund will end FY 2025-26 with \$185 million in fund balance, an increase of \$29.0 million from the FY 2025-26 Adopted Budget fund balance projection. The increase from the Adopted Budget is a result of both year-end revenues exceeding expenditures and budget savings achieved in the prior fiscal year. It's important to note that the only portion available for use, according to City policy, is unassigned funds. Committed funds are set aside for specific purposes determined by City Council resolution. Restricted funds, such as the Section 115 Pension Trust, are allocated for specific purposes stipulated by external resource providers. Assigned funds are reserved for encumbrances. Of the total fund balance, \$89.7 million is unassigned and available to be used.

Approximately \$10.7 million of unassigned fund balance is attributed to Valco Town Center plan check and building inspection revenues that were carried over. These revenues will continue to be carried over each year until the services are rendered, and the revenues are recognized.

Classification	Actual	Unaudited	Adopted Budget	1st Quarter Projection	Mid-Year Year End
	2023-24	2024-25	2025-26	2025-26	Projection 2026-27
Non Spendable	\$ 3.4	\$ 4.0	\$ 3.5	\$ 4.0	\$ 4.0
Restricted	23.3	25.8	22.1	24.8	2.7
Committed	108.6	88.6	87.2	88.6	88.6
Assigned	4.7	7.3	-	-	-
Unassigned	26.0	56.1	43.3	63.5	89.7
<b>TOTAL FUND BALANCE</b>	<b>\$ 166.1</b>	<b>\$ 181.8</b>	<b>\$ 156.0</b>	<b>\$ 183.0</b>	<b>\$ 185.0</b>

## Recommended Adjustments

The City's departments regularly evaluate their budget expenditures throughout the fiscal year to ensure they stay within their budget appropriations. In case of any variance, they can request budget adjustments as necessary as part of the quarterly reports.

The budget adjustment requests are summarized in the table below.

Department	Change in Fund			Proposal
	Revenue	Expenditure	Balance	
Administration - City Attorney's Office	-	410,000	(410,000)	City Attorney's Office Contract Services
Administration - City Attorney's Office	-	10,461	(10,461)	Senior Assistant City Attorney salary alignment - remainder of FY 2026
Admin Services	-	75,000	(75,000)	Finance consulting, additional auditing and tax services pun group
Innovation & Technology	-	15,000	(15,000)	ADA Closed Captioning
Parks & Recreation	18,478	15,944	2,534	Hidden Treasures Proceeds
Public Works	-	6,111	(6,111)	Emergency HVAC Compressor Replacement
Non-Departmental	-	131,100	(131,100)	IT PEG Transfer Out
<b>TOTAL GENERAL FUND</b>	<b>18,478</b>	<b>663,616</b>	<b>(645,138)</b>	
Innovation & Technology	131,100	-	131,100	IT PEG Transfer In
<b>TOTAL INTERNAL SERVICE FUND</b>	<b>131,100</b>	<b>-</b>	<b>131,100</b>	
<b>TOTAL ALL FUNDS</b>	<b>\$ 149,578</b>	<b>\$ 663,616</b>	<b>\$ (514,038)</b>	

# Summary

The Mid-Year Financial Report shows the City is positioned as anticipated. City staff recommends adjustments of \$663,616 in new appropriations, funded by \$149,578 in revenues and \$514,038 in one-time fund balance. The City will continue to monitor its revenue and expenditure trends closely to ensure it remains on track toward achieving its budgetary goals and objectives.

## City of Cupertino, California

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