



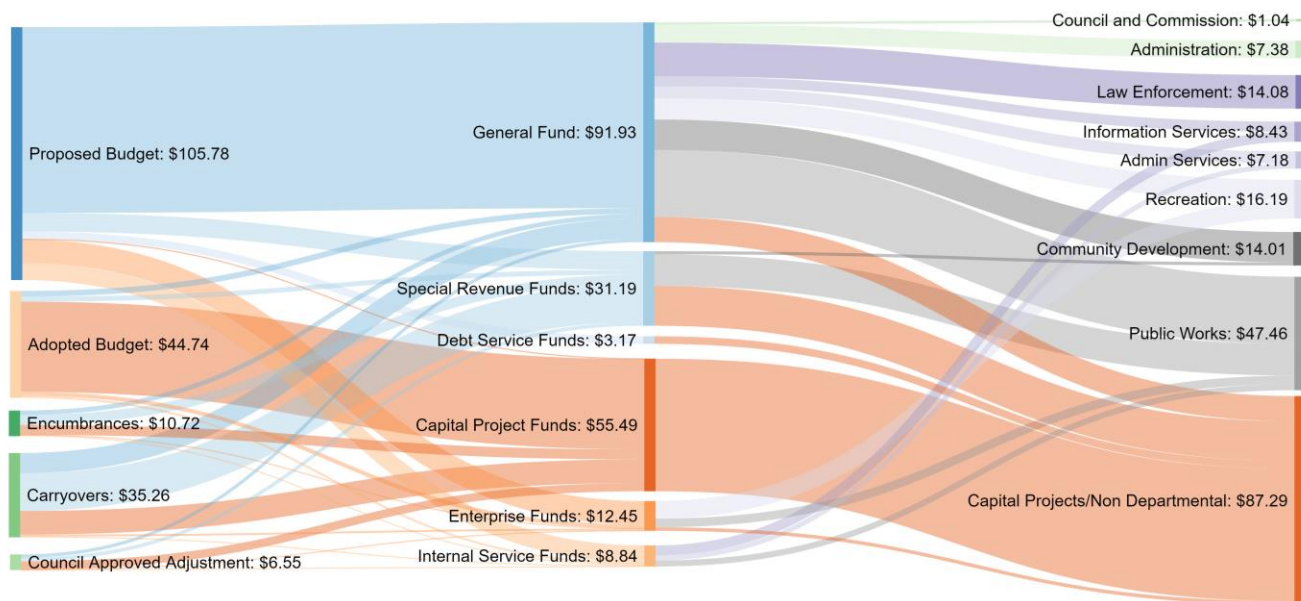
# FIRST QUARTER REPORT

CUPERTINO

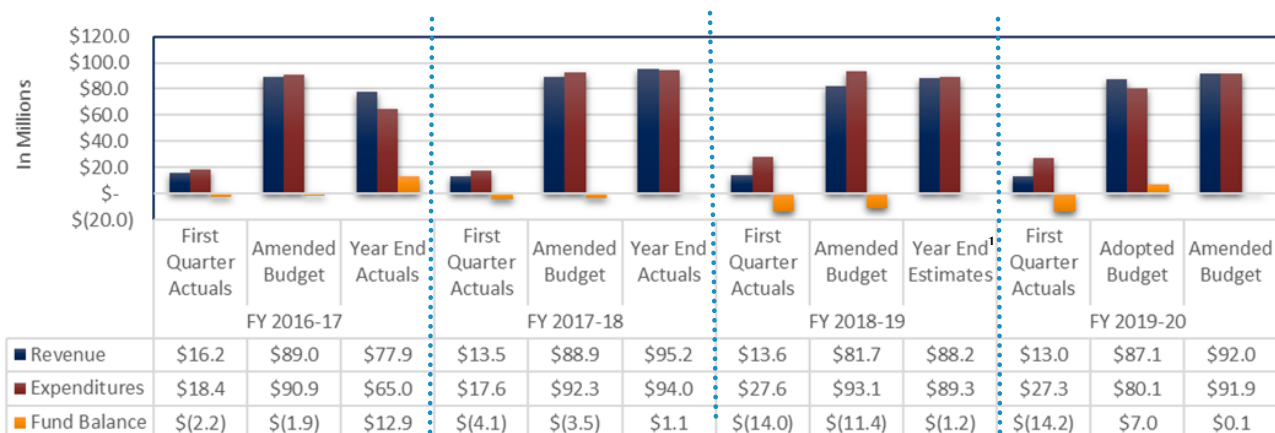
The following is the First Quarter Financial Report, submitted by the Administrative Services Department for the period of July 1, 2019 to September 30, 2019 for the 2019-2020 Fiscal Year. It has been prepared to inform the City Council, City leadership and the public of the City's fiscal status.

**BACKGROUND** – On June 18, 2019, the City Council adopted the Fiscal Year 2019-20 Adopted Budget for the City of Cupertino. This spending plan of \$150,532,151 for all funds reflected a \$44.7 million increase from the 2019-20 Proposed Budget of \$105,792,061. This is due to changes recommended by Council at the final budget hearing and adoption that include increases of \$31.4M for the Capital Improvement Plan, 9.8M in Bike and Pedestrian Projects, and \$1.8M for a Community Shuttle program and \$1.1M for depreciation expenses. First quarter adjustments include carryovers and encumbrances for obligations from the previous fiscal year, as well as adjustments approved as part of any separate Council agenda item. Combined, these adjustments result in the amended operating budget of \$203,058,692.

## Proposed Budget through the First Quarter | Amended Budget FY 2019-20 | Flow of Funds Chart (in Millions)



## GENERAL FUND UPDATE - General Fund Revenue, Expenditures and Fund Balance



<sup>1</sup> 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 UPDATE (continued)

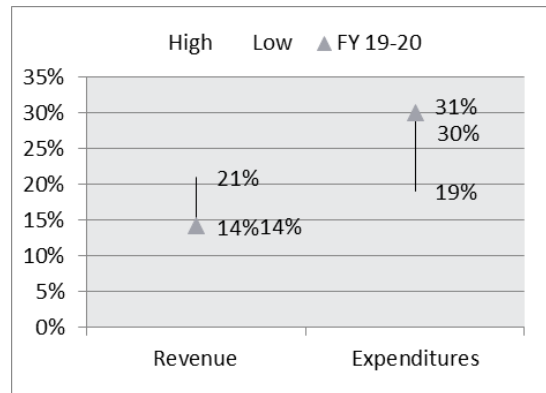
### General Fund Classification of Fund Balance

CLASSIFICATION	Actuals	Year End	Adopted	1st Quarter
	2017-18	Projection	Budget	Year End
	2017-18	2018-19	2019-20	2019-20
Non Spendable	0.46	0.45	0.46	0.46
Restricted	1.25	9.47	9.24	9.47
Committed	19.12	19.12	19.12	19.12
Assigned	9.96	1.98	5.01	5.01
Unassigned	21.70	27.51	12.80	29.15
<b>TOTAL FUND BALANCE</b>	<b>52.51</b>	<b>58.54</b>	<b>46.63</b>	<b>63.21</b>

### General Fund Revenue and Expenditure Trends

As of September 30, 2019, General Fund expenditures are \$27.3 million; this represents 30% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged between 19% and 31% of the final actual expenditures which places current first quarter actuals within the range. Although expenditures appear to be on the higher end, this is primarily due to a change in methodology for recording all annual operating transfers in the first quarter. General Fund revenues are at \$13.0 million; this represents 14% of the budgeted revenue. Revenues at the first quarter point of the prior three years were between 14% and 21%, placing this year within the range. Staff will continue to monitor its leading revenue sources as the year progresses.

### Are General Fund Revenues and Expenditures on Trend?



## RECOMMENDED FIRST QUARTER ADJUSTMENTS

Fund	Department	Recommended Adjustments			Description
		Expenditure	Revenue	Fund Balance Used	
<b>GENERAL FUND</b>					
100	Administration	30,266	-	30,266	Office of Emergency Services - Limited term conversion to permanent
100	City Attorney's Office	458,550	-	458,550	Legal costs associated with Lehigh and Stevens Creek Quarries (\$413,550) and Vallco related matters (\$45,000)
100	Law Enforcement	-	237,847	(237,847)	Apple Donation for Additional Sheriff Officers at Apple Park
100	Parks and Recreation	4,681	-	4,681	Contingency for Neighborhood Events and Youth & Teen Program
100	Community Development	64,989	-	64,989	Hearing Officer, ergo evaluations and equipment, Building Code materials, Cupertino Village Hotel and Westport planning services
100	Public Works	132,802	-	132,802	BBF fencing, Engineering staff augmentation, Aquarium filtration, Veteran's Memorial light replacement
<b>TOTAL GENERAL FUND</b>		<b>691,288</b>	<b>237,847</b>	<b>453,441</b>	
<b>SPECIAL REVENUE FUND</b>					
260	Community Development	11,565	-	11,565	Community Development Block Grant contracts
270	Public Works	30,000	-	30,000	Annual Sidewalk Inspection
<b>TOTAL SPECIAL REVENUE FUND</b>		<b>41,565</b>	<b>-</b>	<b>41,565</b>	
<b>TOTAL ALL FUNDS</b>		<b>732,853</b>	<b>237,847</b>	<b>495,006</b>	

## SUMMARY

The First Quarter Financial Report shows the City is well-positioned to move forward. City Staff recommends adjustments of \$732,853 in new appropriations funded by respective fund balance. This will be partially offset by the \$237,847 in increased estimated revenue. In total, if the recommendations are approved, appropriations would increase by \$732,853, revenues would increase by \$237,847, and estimated fund balance would decrease by \$495,006.