

FY 2024-25 First Quarter Financial Report

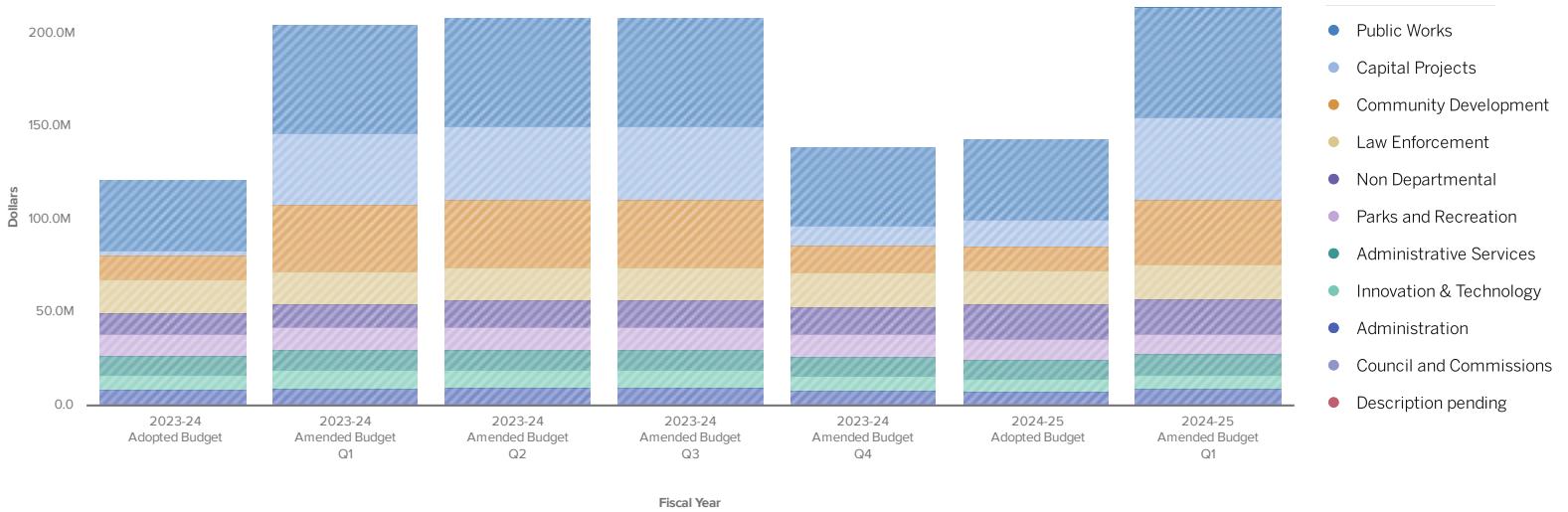
The following is the First Quarter Financial Report, submitted by the Administrative Services Department for the period of July 1, 2024 to September 30, 2024 for Fiscal Year (FY) 2024-25. It has been prepared to inform the City Council, City leadership and the public of the City's fiscal status.

This Financial Report is interactive. Click on a chart to learn more.

Background

On June 4, 2024, the City Council adopted the FY 2024-25 Adopted Budget, a \$146.6 million spending plan funded by \$139.3 million in revenue and \$7.3 million in fund balance. The adopted budget reflected a \$102,805 increase from the proposed budget. As a result of these budget adjustments, encumbrances, and carryovers, the amended budget at the end of the first quarter is \$217.4 million, funded with \$175.0 million in revenue and \$42.4 million in fund balance.

Amended Budget

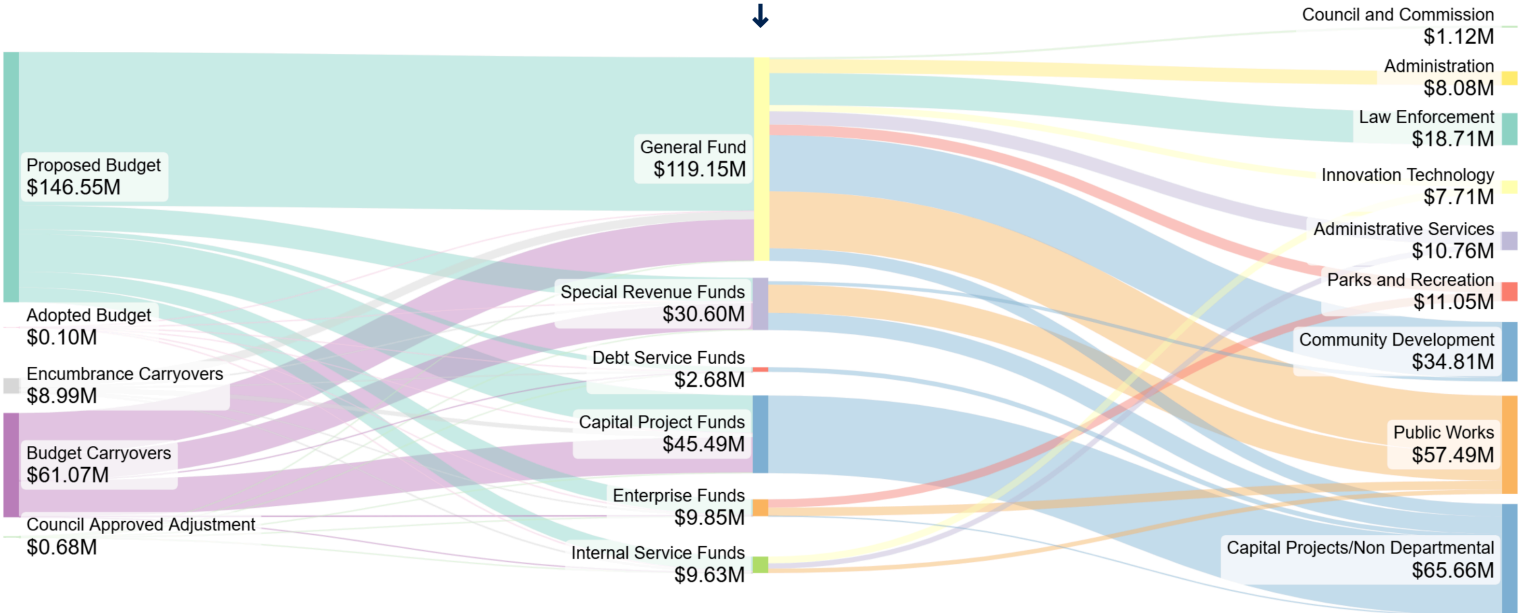


Flow of Funds Chart (\$ in Millions)

FY 25 Amended Budget
(as of 9/30/24)

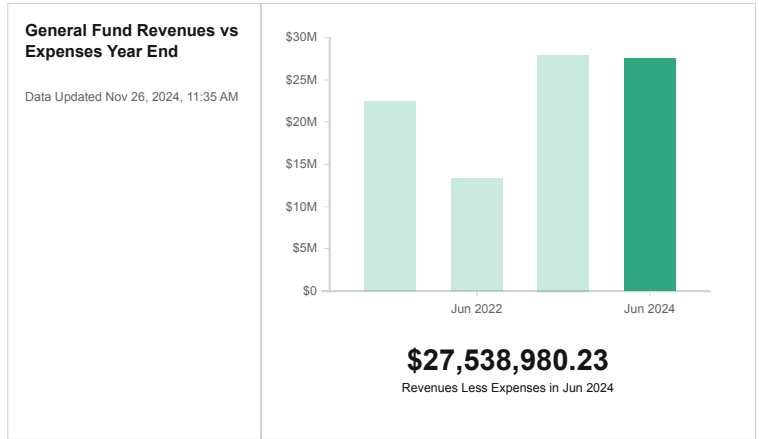
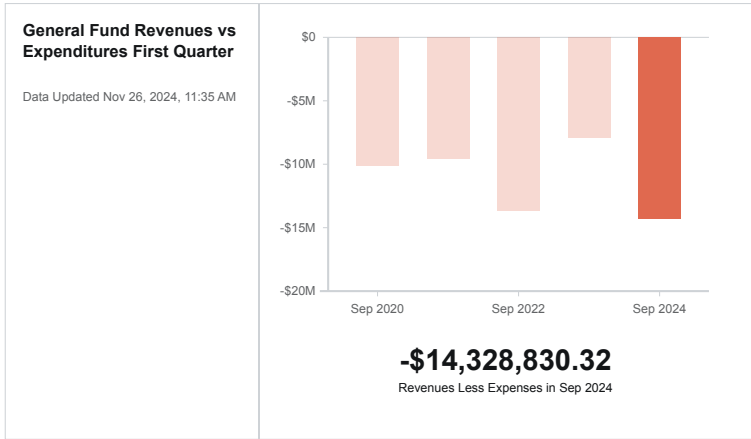
Expenditures By Department

Expenditures by Fund

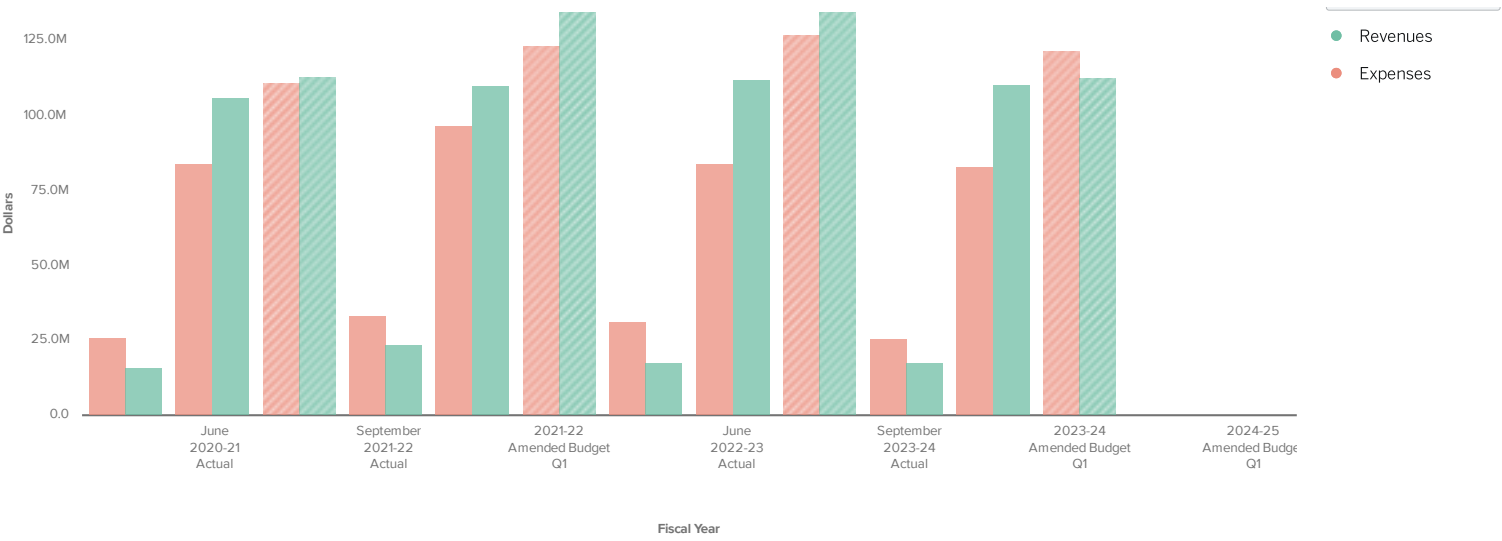


General Fund Revenues, Expenditures, and Fund Balance

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.



Revenues vs. Expenditures



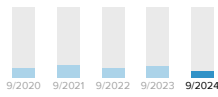
General Fund Revenue and Expenditure Trends

As of September 30, 2024, General Fund revenues are at \$11.5 million, which is 9% of budgeted revenue. Revenues at the first quarter point of the prior three years were between 13% and 18% of budgeted revenues, placing this year slightly below the range. Staff will continue to monitor its leading revenue sources as the year progresses.

General Fund expenditures are \$25.5 million, which is 21% of budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged between 23% and 27% of budgeted appropriations which places current first quarter actuals within the range.

General Fund Revenues - First Quarter vs Budget

Data Updated Nov 26, 2024, 11:35 AM

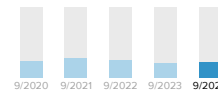


9.18%

In Revenues of \$122,062,969.00 Budgeted through Sep 2024

General Fund Expenses - First Quarter vs Budget

Data Updated Nov 26, 2024, 11:35 AM



21.43%

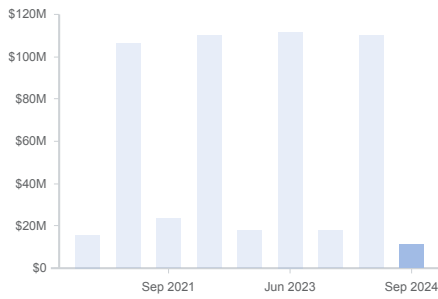
In Expenses of \$119,145,337.00 Budgeted through Sep 2024

As of the first quarter, overall revenue is \$11.5 million, which is \$7.1 million, or 70%, lower than the same time last year. This is primarily due to decreases in sales tax, intergovernmental, and use of money and property.

As of first quarter, overall expenditures are \$25.5 million, which is \$127,065, or 0%, lower than the same time last year. This is primarily due to decreases in contract services.

General Fund Revenues - First Quarter vs Year End

Data Updated Nov 26, 2024, 11:35 AM

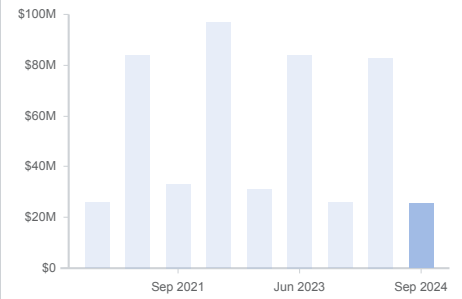


\$11,203,976.70

Revenues in Sep 2024

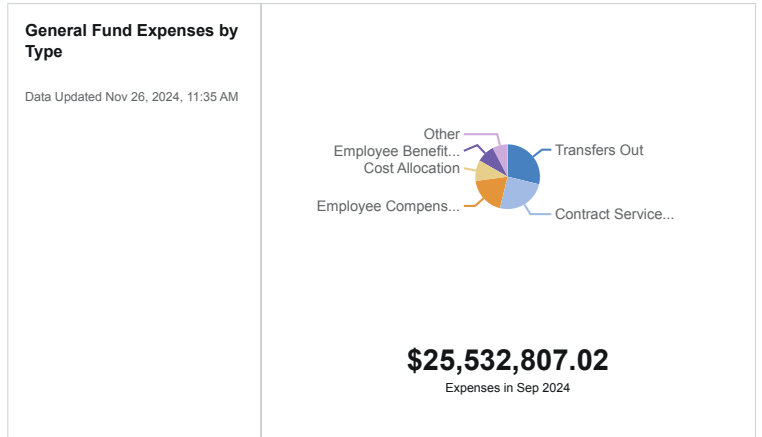
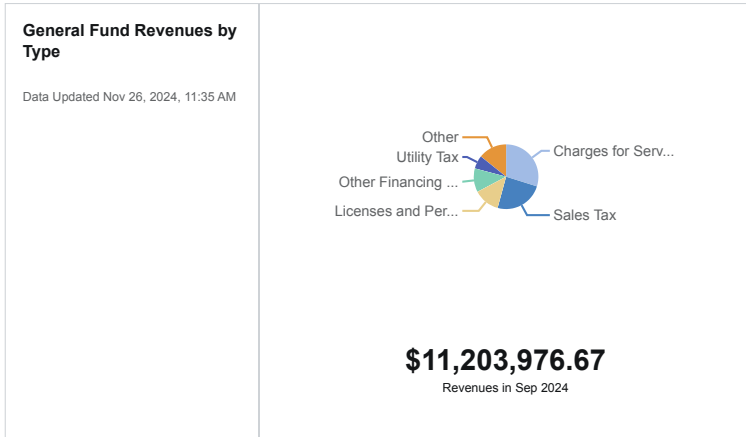
General Fund Expenses - First Quarter vs Year End

Data Updated Nov 26, 2024, 11:35 AM



\$25,532,807.02

Expenses in Sep 2024



General Fund Classification of Fund Balance

The General Fund’s estimated, unaudited ending fund balance for FY 2023-24 is \$166.1 million. An increase from estimated year-end fund balance from FY 2024-25 Final Budget and the October 15, 2024 uncommitting of sales tax repayment reserve council item of \$15.3 million. This increase is primarily due to the prior year ending with expenditure savings that outpaced revenue decreases. Expenditure savings were primarily because of salary and contract savings along with increased revenues.

As of first quarter, staff anticipates the General Fund will end FY 2024-25 with \$164.3 million in fund balance. 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, \$96.2 million is unassigned and available to be used. Options for allocating those unassigned funds will be presented to City Council for their consideration this evening.

Approximately \$10.7 million of unassigned fund balance is attributed to Vallco 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.

On October 10, 2023, the City established a committed Sales Tax Repayment Reserve with an initial allocation of \$56.5 million. This reserve was designed to address a potential adverse CDTFA decision and the uncertain outcome of the anticipated legal challenge. This reserve was later increased to \$74.5 million to account for revenue through the end of FY 2023-24. These funds were uncommitted in October 2024 after the City settled with the CDTFA. Since this change occurred after September 30, 2024, they are not reflected in the table below. Committed fund balance, as described on page 167 of the FY 2024-25 Adopted Budgets, “includes amounts that can only be used for the specific purposes determined by formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action (resolution) that imposed the constraint originally.”

The Cities’ financial auditor issued FY24 financial statements, and this chart has been updated to reflect that document.

Classification	Actual		Unaudited		Adopted Budget		1st Quarter Year End	
	2022-23		2023-24		2024-25		Projection	
Non Spendable	\$	4.0	\$	3.4	\$	0.4	\$	3.4
Restricted		19.1		23.3		20.7		23.3
Committed		34.1		108.6		99.0		108.6
Assigned*		9.7		4.7		7.0		-
Unassigned*		71.6		26.0		23.6		33.6
TOTAL FUND BALAN \$		138.6	\$	166.1	\$	150.8	\$	169.0

*Q1 Year-End Projections assume budgeted revenues and expenditures are fully collected and incurred. Fund balances do not consider City Council actions after September 30, 2024.

Recommended Adjustments

As of the first quarter, Departments are requesting budget adjustments to ensure they end the year within budget appropriations. The recommended adjustments are summarized in the table below:

Fund	Department	Revenue	Expenditure	Change in Fund Balance	Proposal
GENERAL FUND					
100 General Fund	Admin Services	-	50,000	(50,000)	Chief Negotiator for successor agreements
100 General Fund	Admin Services	-	75,000	(75,000)	General Liability potential settlement costs
100 General Fund	Admin Services	-	10,000	(10,000)	American Sign Language Translation Services
100 General Fund	Innovation & Technology	-	314,998	(314,998)	Correctly allocated deleted IT Manager (see reduction in internal service funds)
100 General Fund	Public Works	-	36,822	(36,822)	Purchase of a new bio holding tank
100 General Fund	Public Works	-	25,000	(25,000)	Replace structural column and foundation at materials bunker
100 General Fund	Public Works	-	24,490	(24,490)	Replace leaking fire hydrant at Creekside
100 General Fund	Public Works	-	41,246	(41,246)	Purchase of spot cooler and emergency rental costs
100 General Fund	Non Departmental	-	53,570	(53,570)	Transfer Out to fund Consolidated Plan
TOTAL GENERAL FUND		-	-	631,126	
SPECIAL REVENUE FUNDS					
260 Community Development Block Grant	Community Development	53,570	53,570	-	Develop the 2025-2030 Consolidated Plan
TOTAL SPECIAL REVENUE FUNDS		53,570	53,570	-	
INTERNAL SERVICE FUNDS					
610 Innovation & Technology	Innovation & Technology	-	(314,998)	314,998	Correcting position elimination
610 Innovation & Technology	Innovation & Technology	-	15,000	(15,000)	Overtime
TOTAL INTERNAL SERVICE FUNDS		-	(299,998)	299,998	
TOTAL ALL FUNDS		\$ 53,570	\$ 384,698	\$ (331,128)	

Summary

The First Quarter Financial Report shows the City is positioned as anticipated. City staff recommends adjustments of \$384,698 in new appropriations, funded by increases in revenue of \$53,570 because of transfers in from the General Fund and the use of one-time unassigned fund balance of \$331,128. 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

Cupertino City Hall
10300 Torre Avenue
Cupertino, CA 95014-3202

[View the City Council Meeting Agenda](#)

[View the City's Budgets](#)

[View the City's Financial Transparency Portal](#)