

FY 2025-26 Third Quarter Report

The Administrative Services Department is pleased to present the Third Quarter Financial Report for Fiscal Year 2025-26, covering the period from January 1, 2026 to March 31, 2026. 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 illustrated below.

The FY 2025-26 Amended Budget as of March 31, 2026, is \$229.7 million across all funds, increasing from an adopted budget of \$136.1 million due to carryovers and encumbrances from the last fiscal year, in addition to Council-approved budget adjustments in the first three quarters of the fiscal year.

As of Third Quarter FY 2025-26, revenue was \$2.5 million, or 3%, lower than Third Quarter 2024-25, primarily due to a decrease in reported sales tax this period compared to the prior third-quarter period, and also due to the reversal of the \$2.8 million mark-to-market adjustment recorded as a year-end entry in FY 2023-24, resulting in a temporary positive revenue impact in the prior third-quarter period FY 2024-25.

Third Quarter expenditures were \$0.5 million, or 1% lower than last year, primarily due to a City Council approved one-time Additional Discretionary Payment to CalPERS to address the City's Unfunded Accrued Liability retirement costs.

Amended Budget

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Updated On 13 May, 2026

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Broken down by

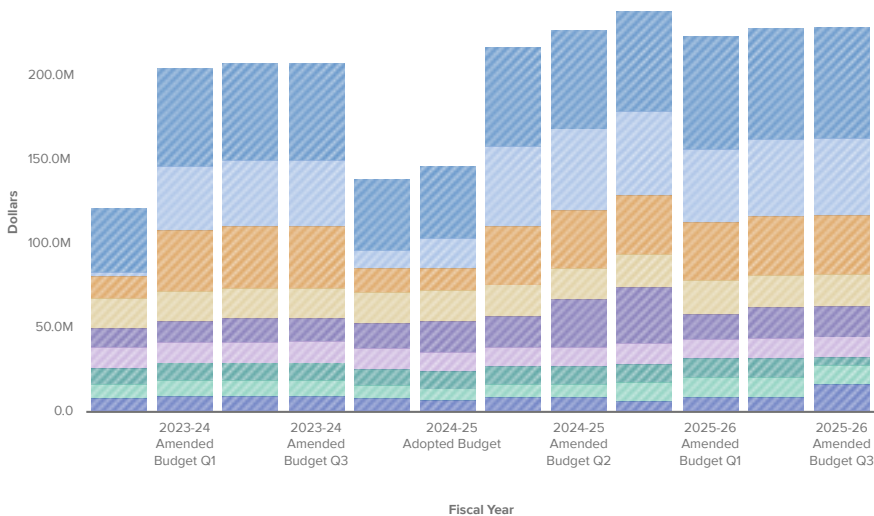
Departments Expenses



Sort Large to Small

- Public Works
- Capital Projects
- Community Development
- Law Enforcement
- Non Departmental
- Parks and Recreation
- Administrative Services
- Innovation & Technology
- Administration
- Council and Commissions

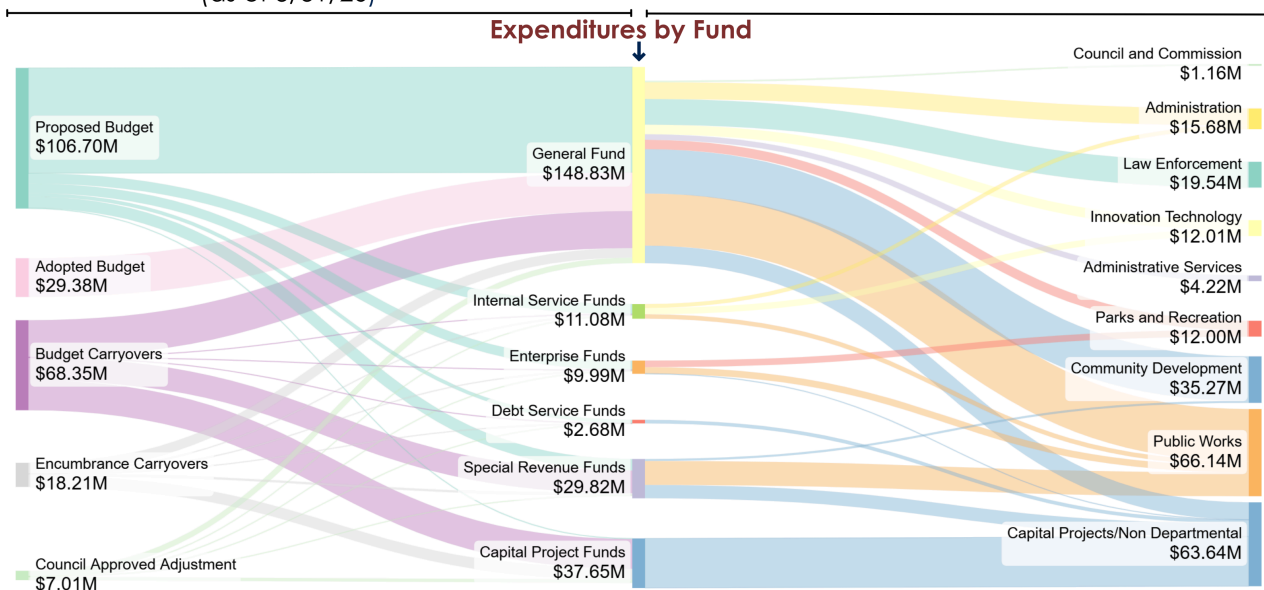
Visualization



Flow of Funds Chart (in Millions)

FY 26 Amended Budget (as of 3/31/26)

Expenditures By Department



General Fund Classification of Fund Balance

As of third quarter, staff anticipate the General Fund will end FY 2025-26 with \$178.0 million in fund balance, an increase of \$22.0 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, \$63.5 million is unassigned and available to be used.

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.

Classification	Actual	Actual	Adopted Budget	1st Quarter Year End	Mid-Year Year End	Third Quarter Year
	2023-24	2024-25	2025-26	Projection	Projection	End Projection
				2025-26	2025-26	2025-26
Non Spendable	\$ 3.4	\$ 4.0	\$ 3.5	\$ 4.0	\$ 4.0	\$ 4.0
Restricted	23.3	25.8	22.1	24.8	25.8	24.3
Committed	108.6	88.6	87.2	88.6	86.1	86.1
Assigned	4.7	7.3	-	-	-	-
Unassigned	26.0	56.1	43.3	65.5	62.7	63.5
TOTAL FUND BALANCE	\$ 166.1	\$ 181.8	\$ 156.0	\$ 183.0	\$ 178.7	\$ 178.0

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.

Fund	Department	Revenue	Expenditure	Change in Fund Balance	Proposal
GENERAL FUND					
100 General Fund	Administration	-	175,000	(175,000)	CAO Contract Services
	Administration	-	15,696	(15,696)	Sr. Asst. City Attorney salary alignment to Dept. Director - Retro to Jan 2026
100 General Fund	Community Development	-	150,000	(150,000)	Bank Fees
100 General Fund	Community Development	200,000	-	200,000	Credit Card Transaction Fees
100 General Fund	Community Development	-	25,000	(25,000)	Contracts awarded to grant recipients for FY26
100 General Fund	Community Development	-	150,000	(150,000)	Environmental Review Contracts
100 General Fund	Community Development	-	3,000	(3,000)	Advertising and Legal Notices
100 General Fund	Community Development	172,500	-	172,500	Refundable Deposit On-Call Contracts
	TOTAL GENERAL FUND	372,500	518,696	(146,196)	
610 Innovation & Technology	Innovation & Technology	-	7,488	(7,488)	GIS - Wordly
	TOTAL ENTERPRISE FUNDS	-	7,488	(7,488)	
TOTAL ALL FUNDS		\$ 372,500	\$ 526,184	\$ (153,684)	

Summary

The Third Quarter Financial Report shows the City is positioned as anticipated. City staff recommends adjustments of \$526,184 in new appropriations, funded by \$372,500 in revenues and \$153,684 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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