

FY 2021-22 Third Quarter Report

The following is the Third Quarter Financial Report, submitted by the Administrative Services Department for the period January 1, 2022 to March 31, 2022 of Fiscal Year (FY) 2021-22. 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.

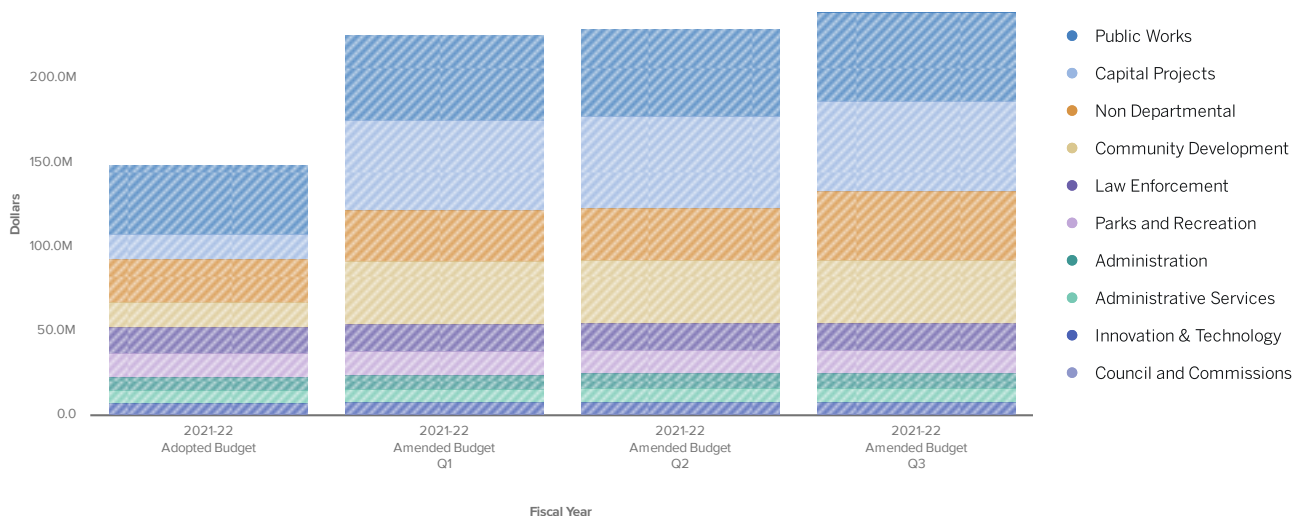
Background

On June 15, 2021, the City Council adopted the Fiscal Year (FY) 2021-22 Budget, a \$148,845,235 spending plan funded by \$132,850,958 of revenues and \$15,994,277 of fund balance. On November 16, 2021, Council received the City Manager's First Quarter Financial Report, which revised the budget to account for encumbrances of \$16,868,361 million and carryover appropriations of \$53,863,626 million from FY 2021-22. The carryover appropriations included \$18.5 million in capital projects, \$19 million for Vallco Town Center (renamed The Rise), and \$5.9 million for Transportation projects. Encumbrances represent funds for obligations related to unfilled purchase orders or unfilled contracts rolled over from one year to the next until those obligations are fulfilled or terminated. Carryover appropriations are unencumbered funds for unfinished projects carried over to the following fiscal year to complete those projects.

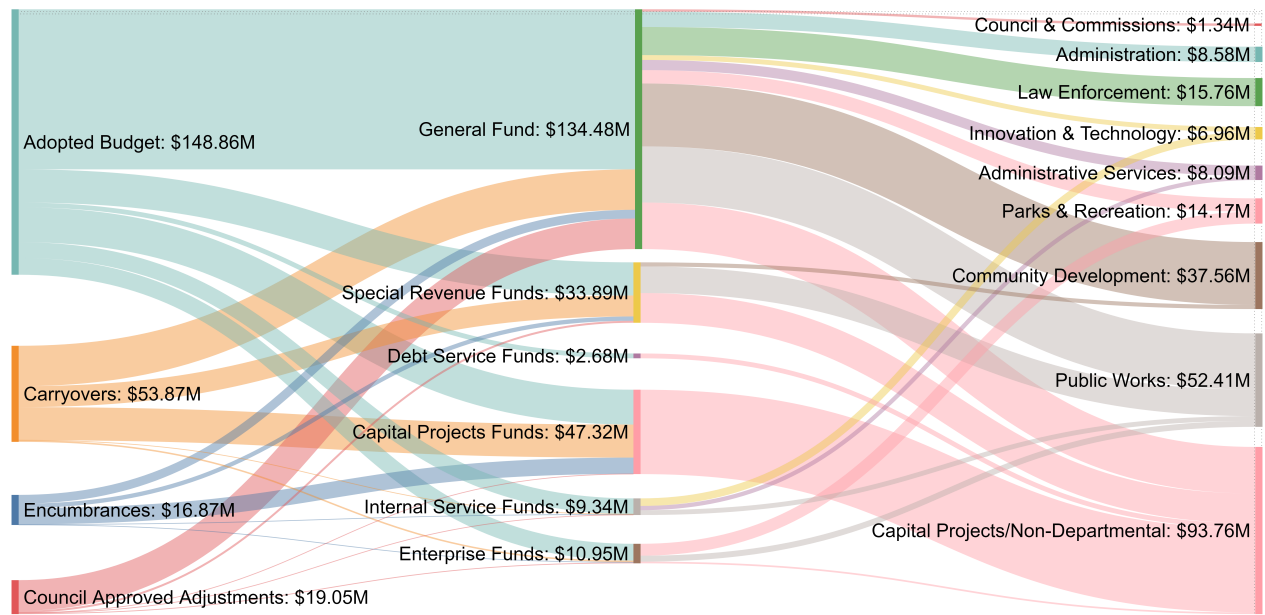
In the first three quarters of FY 2021-22, Council approved \$19.0 million in additional appropriations, mostly related to the American Rescue Plan Act of 2021 (\$4.9 million), I-280 Trail (\$1.9 million), First Quarter Adjustments (\$1.6 million), and Mid-Year Adjustments (\$10.0 million).

With carryovers, encumbrances, and Council-approved adjustments, the amended budget is \$238,620,305.

Amended Budget



Flow of Funds Chart (in Millions)

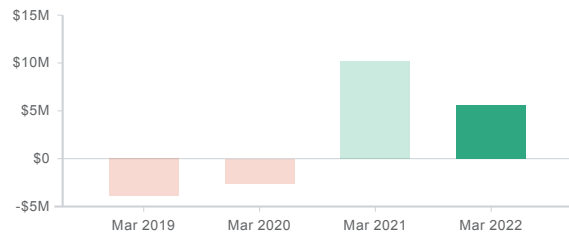


General Fund Revenues, Expenditures, and Fund Balance

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.



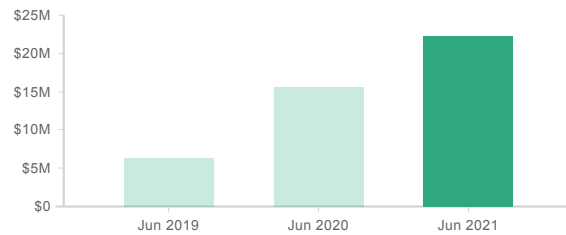
General Fund Revenues Less Expenses at Third-Quarter



\$5,583,966.55

Revenues Less Expenses in Mar 2022

General Fund Revenues Less Expenses at Year End



\$22,344,967.16

Revenues Less Expenses in Jun 2021

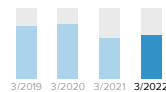
General Fund Revenue and Expenditure Trends

As of March 31, 2022, General Fund expenditures are \$77.9 million; this represents 58% of budgeted appropriations. Expenditures at the Third Quarter point of the prior three years were between 67% and 75% of budgeted expenditures, placing this year below the range.

General Fund revenues are \$73.1 million; this represents 62% of the budgeted revenue. Revenues at the Third Quarter point of the prior three years were between 58% and 77% of budgeted revenues, placing this year within the range.

General Fund Revenues - Third Quarter Budget vs Actuals

Data Updated 5 days ago

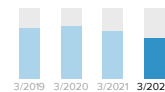


62.02%

In Revenues of \$134,543,590.00 Budgeted through Mar 2022

General Fund Expenditures - Third Quarter Budget vs Actuals

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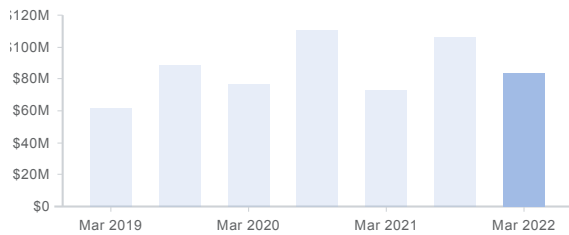
57.90%

In Expenses of \$134,469,314.00 Budgeted through Mar 2022

As of Third Quarter, General Fund revenue is \$83.4 million, an increase of \$10.4 million (or 14%) from last year due to a one-time transfer related to the American Rescue Plan Act. Additionally, transient occupancy tax revenue is \$1.0 million, or 81%, higher than last year as travel rebounds due to the relaxation of pandemic-based restrictions.

As of Third Quarter, General Fund expenditures are \$77.9 million, an increase of \$15.0 million (or 24%) compared to last year. Transfers increased due to transfers to allocate American Rescue Plan Act funding to departments and transfers to the Capital Reserve.

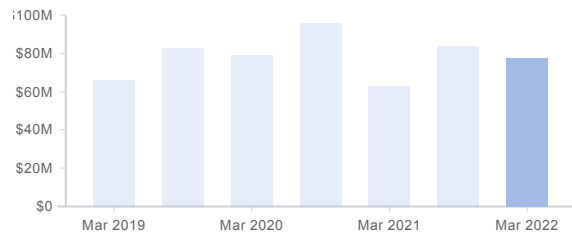
General Fund Revenues - Third Quarter vs Year End Actual



\$83,438,962.07

Revenues in Mar 2022

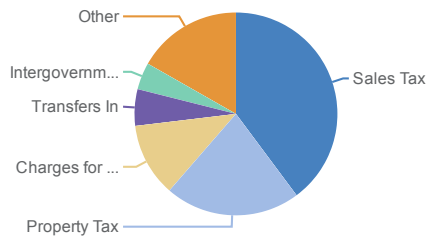
General Fund Expenditures - Third Quarter vs Year End Actual



\$77,854,995.52

Expenses in Mar 2022

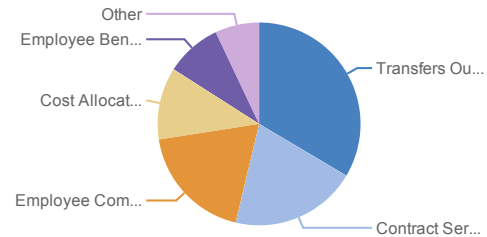
General Fund Revenues by Type



\$83,438,962.07

Revenues in Mar 2022

General Fund Expenditures by Type



\$77,854,995.52

Expenses in Mar 2022

General Fund Classification of Fund Balance

The City's General Fund ended FY 2020-21 with \$96.9 million in total fund balance. As of the First Quarter Report, the City updated its FY 2021-22 year-end projections to \$111.9 million in total fund balance, increasing \$28.8 million due to increased revenues and lower expenditures in FY 2020-21. As of the Mid-Year Financial Report, the City updated its FY 2021-22 year-end projections to \$101.8 million in total fund balance due to a one-time transfer of \$10 million to the Capital Reserve Fund. The City also transferred funds from unassigned to other classifications within the General Fund: \$2 million to the Section 115 Pension Trust (restricted), \$5 million to the Economic Uncertainty Reserve (committed), and \$10 million to a new Capital Projects Reserve (committed).

Year-end fund balance as of Third Quarter FY 2021-22 is projected to be \$110.7 million, an increase of \$8.9 million (or 9%). The increase is due to higher sales tax revenue estimates.

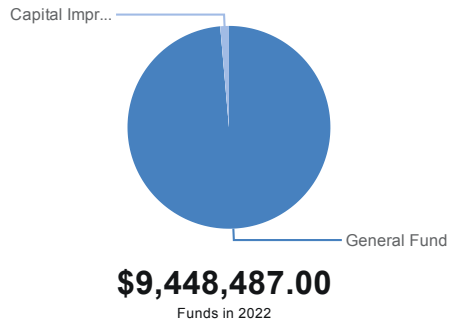
CLASSIFICATION	Actual 2019-20	Actual 2020-21	1st Quarter Year End Projection 2021-22	Mid-Year End Projection 2021-22	3rd Quarter Year End Projection 2021-22
Nonspendable	0.45	0.44	3.44	3.44	3.44
Restricted	14.32	19.92	21.92	22.20	22.20
Committed	19.13	19.13	19.13	34.13	34.13
Assigned	3.18	4.91	4.91	4.91	4.77
Unassigned	37.43	52.45	62.47	37.15	46.07
TOTAL FUND BALANCE	74.51	96.85	111.87	101.84	110.61

Recommended Adjustments

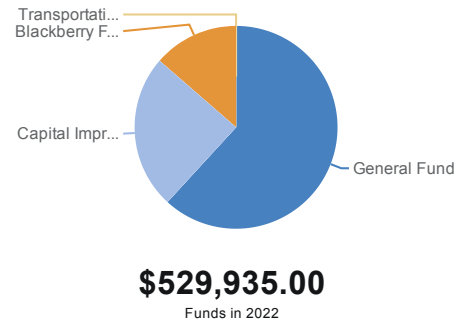
As of the third quarter, a few departments are requesting budget adjustments to ensure they end the year within budget appropriations. The recommended adjustments are summarized below.

Fund	Department	Expense	Revenue	Change in Fund Balance	Proposal
GENERAL FUND					
100 General Fund	CDD	120,642	138,738	18,096	On-Call Special Projects
100 General Fund	CDD	80,000	123,077	43,077	Canyon Crossing - Plan Review Consultant
100 General Fund	PW	(25,000)	-	25,000	Transfer for City Hall Improvements
100 General Fund	PW	7,390	-	(7,390)	Ballfield Fencing
100 General Fund	PW	20,000	-	(20,000)	Veterans' Memorial Maintenance
100 General Fund	PW	14,000	-	(14,000)	Emergency Elevator Repair
100 General Fund	PW	5,957	-	(5,957)	Lobby Monitor Electrical
100 General Fund	PW	58,471	-	(58,471)	Janitorial & Security Services
100 General Fund	PW	21,140	-	(21,140)	Wilson Park Tree Maintenance
100 General Fund	Non-Dept.	-	9,056,437	9,056,437	Sales Tax Estimate Increase
100 General Fund	Non-Dept.	25,000	-	(25,000)	Transfer for City Hall Improvements
TOTAL GENERAL FUND		327,600	9,318,252	8,990,652	
SPECIAL REVENUE FUNDS					
270 Transportation Fund	PW	(105,235)	-	105,235	Transfer for Regnart Road Improvements
270 Transportation Fund	Non-Dept.	105,235	-	(105,235)	Transfer for Regnart Road Improvements
TOTAL SPECIAL REVENUE FUNDS		-	-	-	
CAPITAL PROJECTS FUNDS					
420 Capital Improvement Fund	CIP	105,235	105,235	-	Transfer for Regnart Road Improvements
420 Capital Improvement Fund	CIP	25,000	25,000	-	Transfer for City Hall Improvements
TOTAL CAPITAL PROJECTS FUNDS		130,235	130,235	-	
ENTERPRISE FUNDS					
560 Blackberry Farm Golf Course	P&R	72,100	-	(72,100)	BBF Golf Course Netting Replacement
TOTAL ENTERPRISE FUNDS		72,100	-	(72,100)	
TOTAL ALL FUNDS		\$529,935	\$ 9,448,487	\$ 8,918,552	

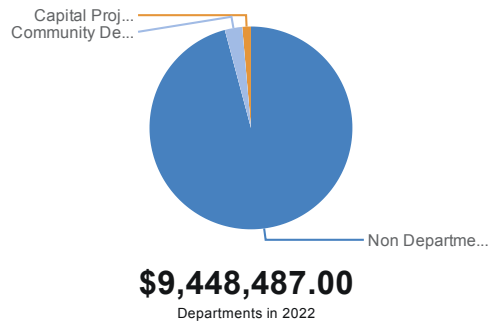
Revenue Adjustments by Fund



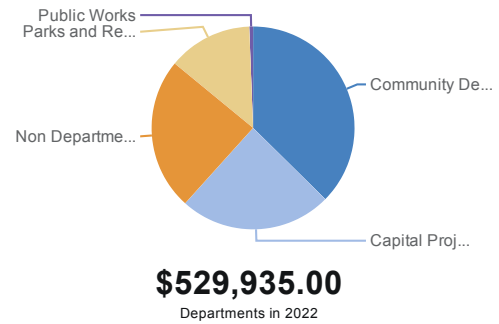
Expense Adjustments by Fund



Revenue Adjustments by Department



Expense Adjustments by Department



Summary

The Third Quarter Financial Report shows the City is well-positioned to move forward. City staff recommends adjustments of \$529,935 in new appropriations funded by \$9,448,487 in new revenues. If approved, the City's fund balance across all funds will increase by \$8,918,552.

[City of Cupertino, California](#)

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