

# Fund Structure

For accounting purposes, a state or local government is not treated as a single, integrated entity but as a collection of smaller separate businesses known as 'funds.' Fund accounting is an accounting system emphasizing accountability rather than profitability. In this system, a fund is a self-balancing set of accounts segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

The City's finances are structured in a variety of funds that are the basic accounting and reporting entities in governmental accounting. The funds are grouped into two major categories: Governmental and Proprietary Funds. The purpose of each of the various funds within these two categories is described below.

## Governmental Funds

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Funds) are accounted for through governmental funds. Governmental funds include General, Special Revenue, Debt Service, and Capital Projects Funds. They are accounted for under the modified accrual basis of accounting.

### General Fund

The General Fund is the primary operating fund for governmental services. The General Fund is a tax-supported fund.

General Fund	Purpose
100 General	The General Fund is used to pay for core services such as public safety, parks and recreation, community development, public works, and a host of other vital services. The revenue used to pay for these services comes primarily from local taxes such as sales tax, property tax, franchise fees, charges for services, and a variety of other discretionary sources.
130 Investment	Accounts for activities related to the City's investment portfolio.

### Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Special Revenue Funds include the Storm Drain, Environmental Management/Clean Creek, Community Development Block Grant, BMR Housing, Transportation, and Park Dedication funds.

Special Revenue Funds	Purpose
210 Storm Drain Improvement	Accounts for the construction and maintenance of storm drain facilities, including drainage and sanitary sewer facilities. Projects are funded by the Capital Reserve.

215 Storm Drain AB1600	Accounts for AB1600 revenue from development impact fees. Revenues were collected from developers as a result of connections to the storm drainage sewer system.
230 Environmental Management/Clean Creek/Storm Drain	Accounts for activities related to operating the Non-Point Source Pollution Program. Revenues are from parcel taxes.
260 Community Development Block Grant	Accounts for the Federal Housing and Community Development Block Grant (CDBG) Program activities. CDBG is a federally funded program for housing assistance and public improvements.
261 HCD Loan Rehab	Accounts for activities related to Community Development Block Grant (CDBG) rehabilitation loans.
265 BMR Housing	Accounts for activities related to the Below Market Rate (BMR) Housing Program. Revenues include BMR Housing Mitigation Fees collected from developers to mitigate the impact of housing needs. Monies in this fund are governed by the program's rules.
270 Transportation	Accounts for the City's gas tax, vehicle registration fees, and grant revenues and expenditures related to the maintenance and construction of City streets. All revenue in this fund is restricted exclusively for street and road purposes, including related engineering and administrative expenditures.
271 Traffic Impact	Accounts for development impact fees to ensure that new development and redevelopment projects pay their "fair share" to mitigate traffic impacts.
280 Park Dedication	Accounts for the activity granted by the business and professions code of the State of California in accordance with the open space and conservation element of the City's General Plan. Revenues are restricted for the acquisition, improvement, expansion, and implementation of the City's parks and recreation facilities.
281 Tree	Accounts for revenues from in-lieu tree replacement fees and tree damage and removal fees. The revenues are transferred to the Street Tree Maintenance program to pay for new and replacement trees.

## Debt Service Funds

Debt Service Funds account for financial resources that are restricted, committed, or assigned to expenditures for and payment of principal and interest.

<b>Debt Service Funds</b>	<b>Purpose</b>
365 Public Facilities Corporation	Accounts for the payments of principal and interest on certificates of participation issued to provide for the financing of the Civic Center, Library, Wilson Park, Memorial Park, and other City facilities.

## Capital Projects Funds

Capital Projects Funds account for the acquisition and/or construction of major capital facilities.

<b>Capital Projects Funds</b>	<b>Purpose</b>
420 Capital Improvement Projects	Accounts for activities related to the acquisition or construction of major capital facilities.
427 Stevens Creek Corridor Park	Accounts for the design and construction of the Stevens Creek Corridor Park projects.
429 Capital Reserve	Reserves to fund future capital improvement projects.

## Proprietary Funds

Proprietary Funds are used to account for “business-type” activities. Proprietary Funds include Enterprise Funds and Internal Service funds. They are accounted for under the full accrual basis of accounting.

### Enterprise Funds

Enterprise Funds are for specific services funded directly by fees charged for goods or services. Enterprise Funds include the Resource Recovery, Blackberry Farm, Sports Center, and Recreation Program funds.

<b>Enterprise Funds</b>	<b>Purpose</b>
520 Resource Recovery	Accounts for activity related to the collection, disposal, and recycling of solid waste. A private company has been issued an exclusive franchise to perform the services.
560 Blackberry Farm	Accounts for activities related to operating the City-owned golf course.
570 Sports Center	Accounts for the operation and maintenance of the Cupertino Sports Center.
580 Recreation Program	Accounts for activities of the City's community center and park facilities.

## Internal Service Funds

Internal Service Funds are for areas where goods or services are provided to other departments or governments on a cost-reimbursement basis. Internal Service Funds include the Innovation & Technology, Workers' Compensation, Vehicle and Equipment Replacement, Compensated Absences & Long-Term Disability, and Retiree Medical funds.

Internal Service Funds	Purpose
610 Innovation & Technology	Accounts for the activities related to the maintenance and replacement of the City's technology infrastructure. Equipment is depreciated based on the acquisition or historical costs for the useful life of the asset using the straight-line method.
620 Workers' Compensation	Accounts for claims and insurance premiums related to workers' compensation.
630 Vehicle/Equipment Replacement	Accounts for the purchase and maintenance of fleet and general equipment having a value greater than \$5,000 and an expected life of more than one year. Assets are depreciated based on the acquisition or historical costs for the useful life of the asset and using the straight-line method.
641 Compensated Absences & Long-Term Disability	Accounts for accrued leave payouts and the long-term disability insurance program.
642 Retiree Medical	Accounts for funds set aside for Other Post-Employment Benefits (OPEB).