



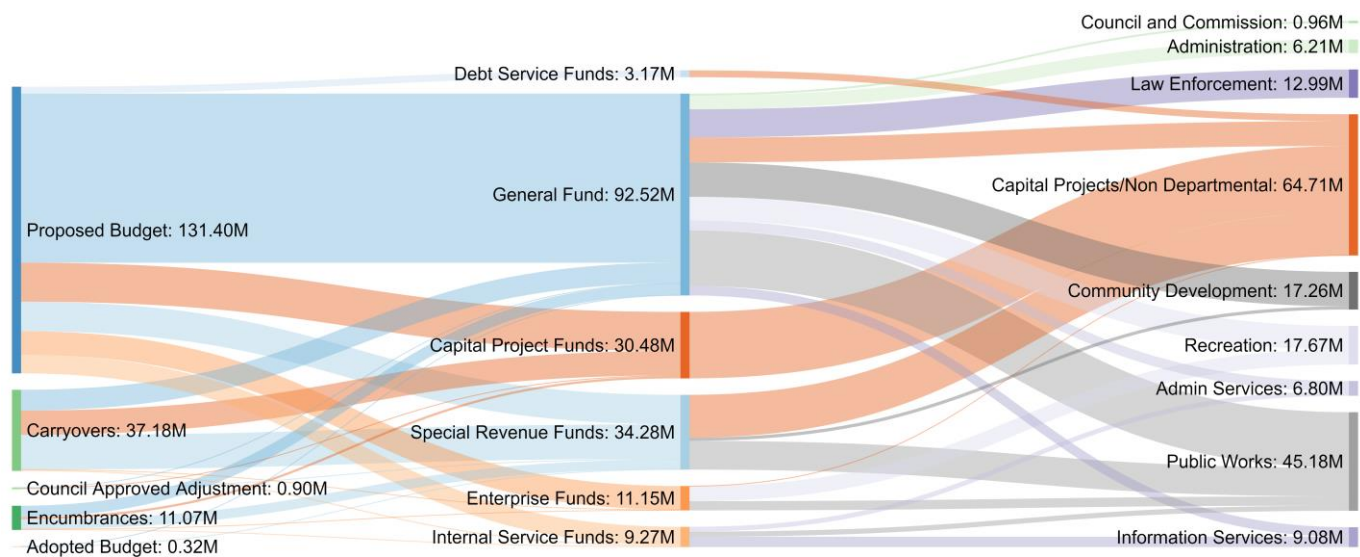
## CUPERTINO

## FIRST QUARTER REPORT

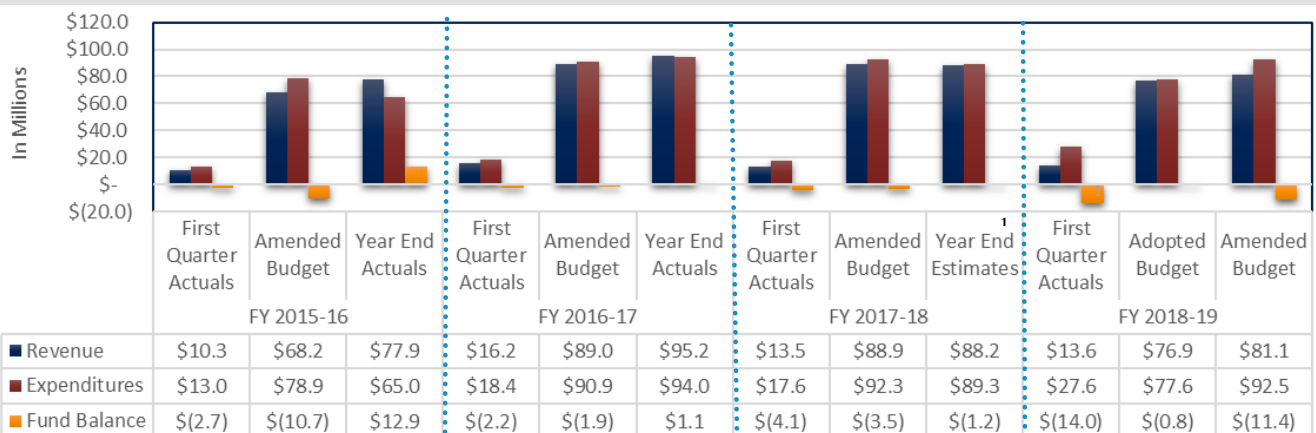
The following is the First Quarter Financial Report, submitted by the Administrative Services Department for the period of July 1, 2018 to September 30, 2018 for the 2018-2019 Fiscal Year. It has been prepared to inform the City Council, City leadership and the public of the City's fiscal status.

**BACKGROUND** – On June 5, 2018, the City Council adopted the Fiscal Year 2018-19 Adopted Budget for the City of Cupertino. This spending plan of \$131,718,859 for all funds reflected a \$317,630 increase from the 2018-19 Proposed Budget of \$131,401,229. This is due to changes recommended by Council at the final budget hearing and adoption that include increases of: 1) \$175,000 in Community Development for BMR linkage fees update and \$175,000 in transfers out of the General Fund for the BMR linkage fees update, 2) \$150,000 in Public Works Administration for the Conceptual Study – 85 Transit Guideway, 3) \$22,000 in Traffic Engineering for a Senior Mobility RYDE Program, 4) \$3,500 in Law Enforcement for Sheriff costs for Tournament of Bands event. Other changes include decreases of: 1) \$186,770 for a risk manager, 2) \$21,100 for community funding. 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 \$180,858,233.

### Proposed Budget through the First Quarter | Amended Budget FY 2018-19 | 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)

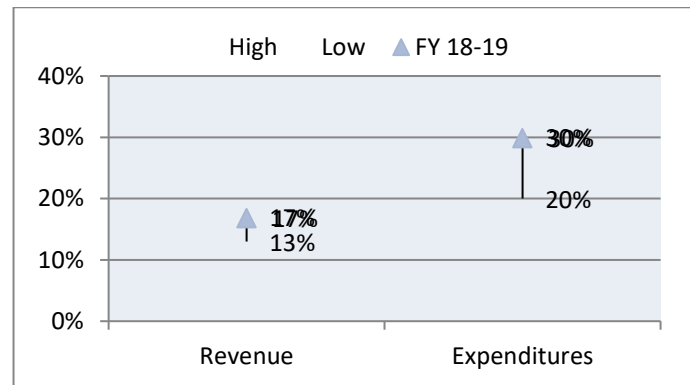
### General Fund Classification of Fund Balance

CLASSIFICATION	Actuals 2016-17	Year End Projection 2017-18	Adopted Budget 2018-19	1st Quarter Year End Projection
				2018-19
Non Spendable	0.88	0.46	0.47	0.47
Restricted	1.02	1.25	0.84	1.25
Committed	19.00	23.92	27.08	27.08
Assigned	4.64	5.17	7.93	7.93
Unassigned	28.06	21.62	8.89	12.23
<b>TOTAL FUND BALANCE</b>	<b>53.59</b>	<b>52.42</b>	<b>45.21</b>	<b>48.96</b>

### General Fund Revenue and Expenditure Trends

As of September 30, 2018, General Fund expenditures are \$27.6 million; this represents 30% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years were 20% of the final actual expenditures. First quarter expenditures are higher compared to the prior three years due to a change in methodology for recording operating transfers. The City elected to record them at the beginning of the fiscal year rather than on a monthly basis. General Fund revenues are at \$13.6 million; this represents 17% of the budgeted revenue. Revenues at the first quarter point of the prior three years were between 13% and 17%, placing this year within the range.

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



## RECOMMENDED FIRST QUARTER ADJUSTMENTS

Recommended Adjustments					
Fund	Department	Expenditure	Revenue	Fund Balance Used	Description
GENERAL FUND					
100	City Manager's Office	67,661	-	67,661	Position Reclassification; Converting PT Front Desk Staff to FT Senior Office Assistant; PT Community Coordinator for Disaster Preparedness
100	Administrative Services	123,473	-	123,473	Position Reclassification and HR Manager Double Fill and PT salary savings
100	Law Enforcement	2,972	-	2,972	Animal Services Contract Increases
100	Public Works	285,747	-	285,747	Facility/Grounds/Bridge Maintenance and Repair; Blesch Property Improvements; Seivert Property Improvements
100	Recreation & Community Services	(20,000)	-	(20,000)	Defunding Neighborhood Events Projector and Screen
TOTAL GENERAL FUND		459,853	-	459,853	
SPECIAL REVENUE FUND					
270	Public Works	28,778	-	28,778	Roadway Striping and Legends; Position Reclassification
TOTAL SPECIAL REVENUE FUND		28,778	-	28,778	
CAPITAL IMPROVEMENT FUND					
420	CIP	(1,800,000)	(1,800,000)	-	Defunding Bike Improvement appropriation that was replaced by a carryover
429	CIP Reserve	(1,925,000)	-	(1,925,000)	Defunding CIP Reserve transfers for Bike Improvement project and Aquatic Habitat project
TOTAL CAPITAL IMPROVEMENT FUND		(3,725,000)	(1,800,000)	(1,925,000)	
ENTERPRISE FUND					
580	Recreation & Community Services	27,864	-	27,864	Sexual Abuse and Molestation Insurance Fees
TOTAL ENTERPRISE FUND		27,864	-	27,864	
INTERNAL SERVICE FUND					
610	Innovation & Technology	4,800	-	4,800	Position Promotion
TOTAL INTERNAL SERVICE FUND		4,800	-	4,800	
TOTAL ALL FUNDS		(3,203,705)	(1,800,000)	(1,403,705)	

## SUMMARY

The First Quarter Financial Report shows the City is well-positioned to move forward. City Staff recommends adjustments of \$541,295 in new appropriations funded by respective fund balance. This will be partially offset by \$20,000 in defunded General Fund appropriations which will increase fund balance. City staff also recommends the defunding of \$1,925,000 in transfers and related appropriations that were replaced by carryovers and Park Dedication funds, resulting in an increase of \$1,925,000 in fund balance. In total, if the recommendations are approved, appropriations would decrease by \$3,203,705, transfer in revenues would decrease by \$1,800,000, and estimated fund balance would increase by \$1,403,705.