

FY 2020-21 Mid-Year Report

The following is the Mid-Year Financial Report, submitted by the Administrative Services Department for the period of July 1, 2020 to December 31, 2020 for the 2020-2021 Fiscal Year. 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.

For a comprehensive discussion of Mid-Year, view the Staff Report.

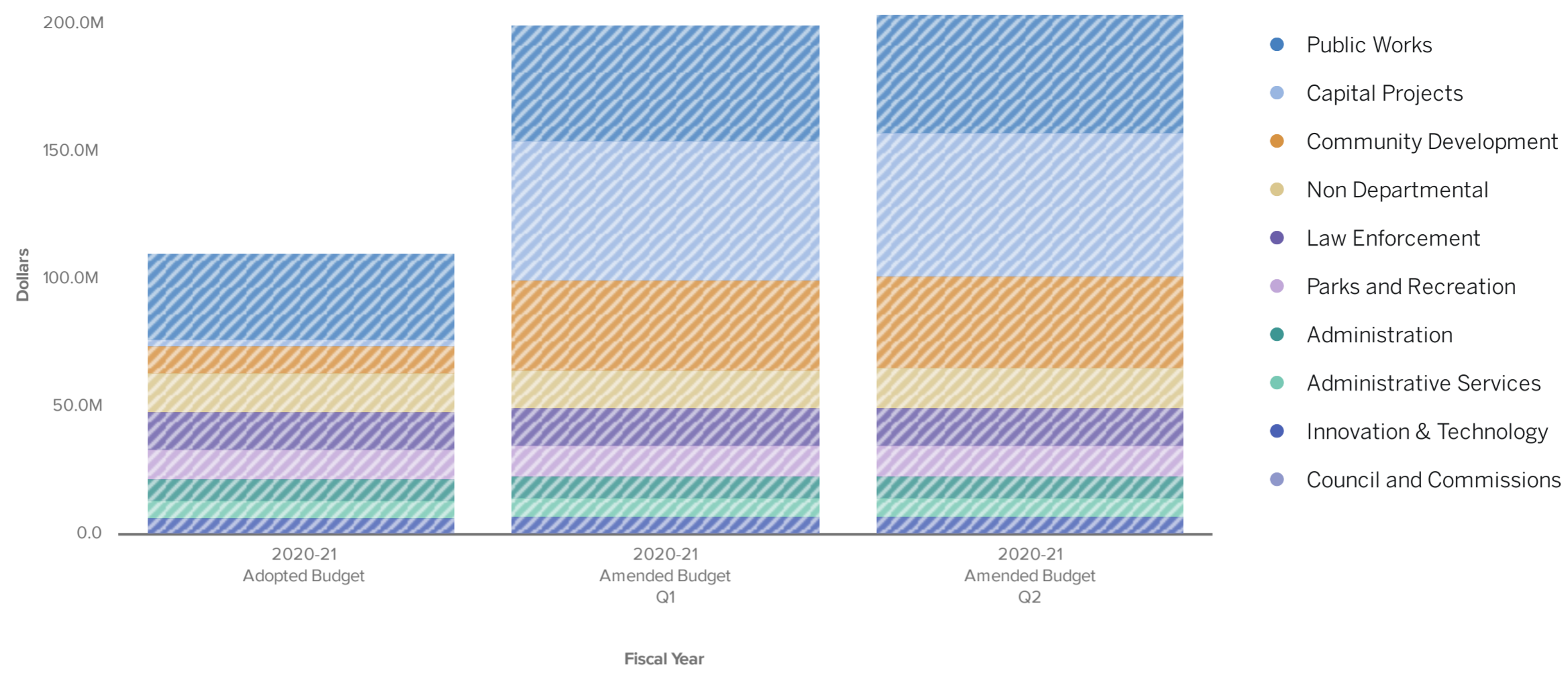
Background

On June 16, 2020, the City Council adopted the Fiscal Year (FY) 2020-21 Budget, a \$110,591,225 spending plan for the City of Cupertino. On November 17, 2020 Council received an update on the City's spending plan as part of the City Manager's First Quarter Financial Report, which revised the budget to account for encumbrances of \$5,775,664 and carryover appropriations of \$83,404,472 from FY 2019-20. These carryover appropriations included \$35 million in capital projects, \$20 million for Vallco Town Center, and \$8 million for Lawrence Mitty Park. Encumbrances represent funds for obligations related to unfilled purchase orders or unfilled contracts that are rolled over from one year to the next until those obligations are fulfilled or terminated. Carryover appropriations are unencumbered funds for unfinished projects that are carried over for use in the following fiscal year in order to complete those projects.

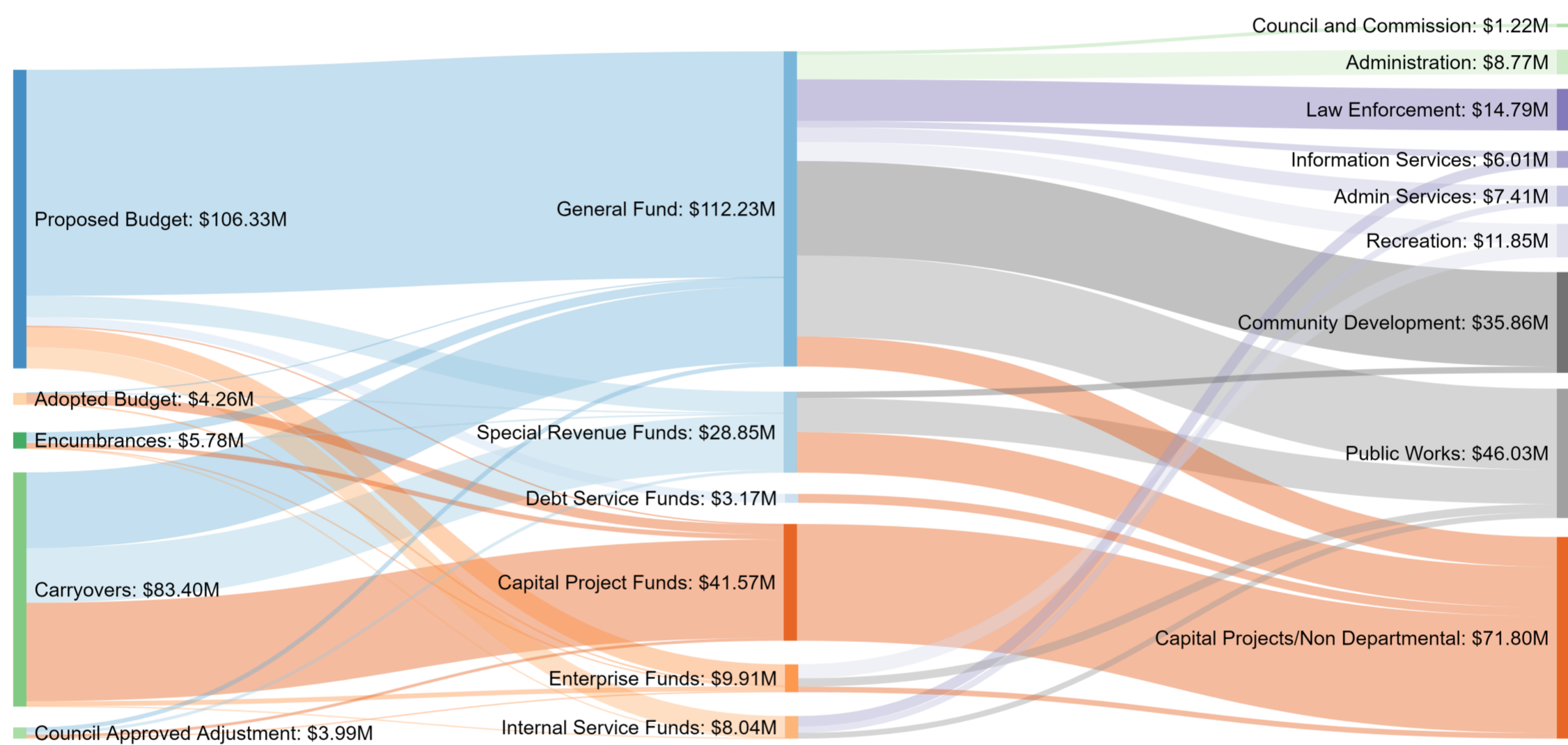
In the first two quarters of FY 2020-21, Council approved \$3,990,830 in additional appropriations mostly related to First Quarter Adjustments (\$1 million for McClellan Road Bikeway Improvement Phase 3, \$213,300 for Homestead/De Anza Signal Upgrade, \$175,000 for plan-check engineer back fil, \$175,000 for Westport legal services) as well as \$250,000 for short term rental enforcement, \$735,259 for additional COVID-19 related projects, \$200,000 for Wolfe Road homeless encampment, and \$286,000 for Recology franchise agreement.

This resulted in an amended budget of \$203,762,191.

Amended Budget

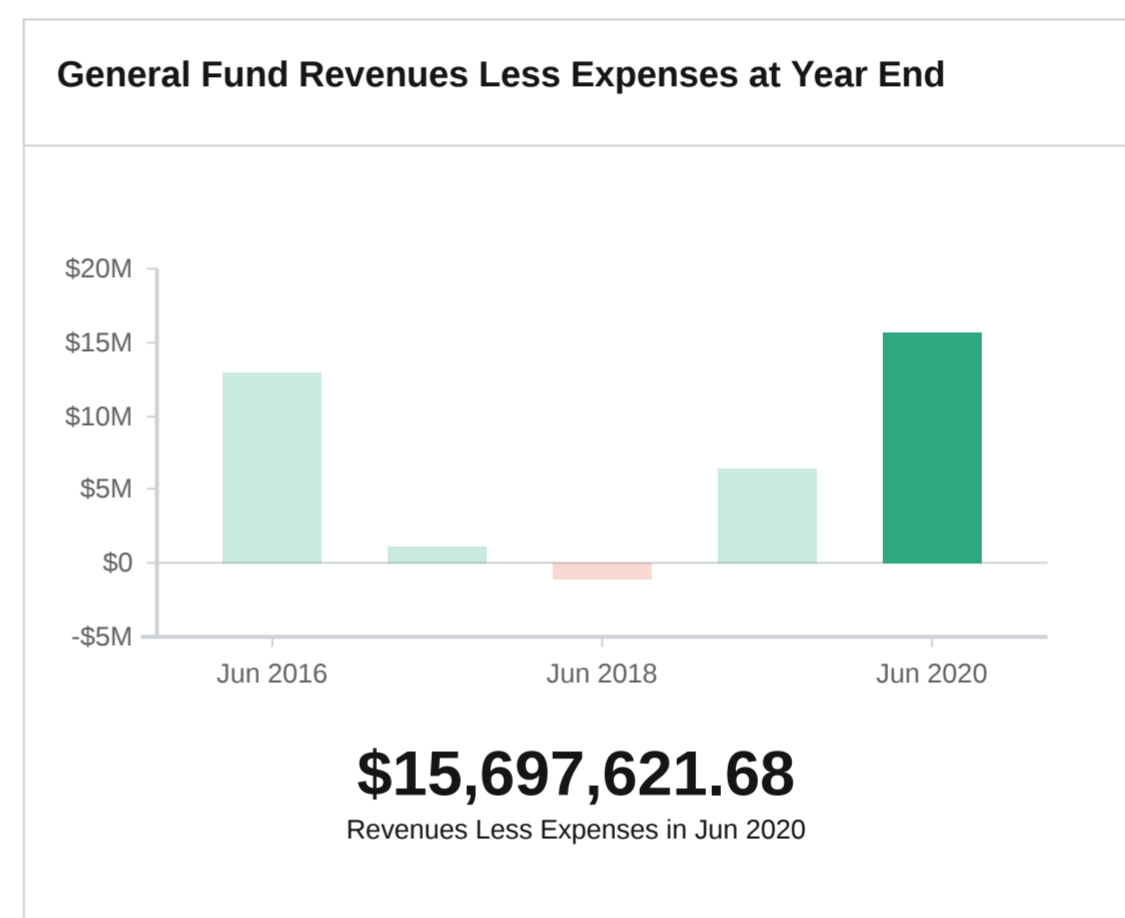
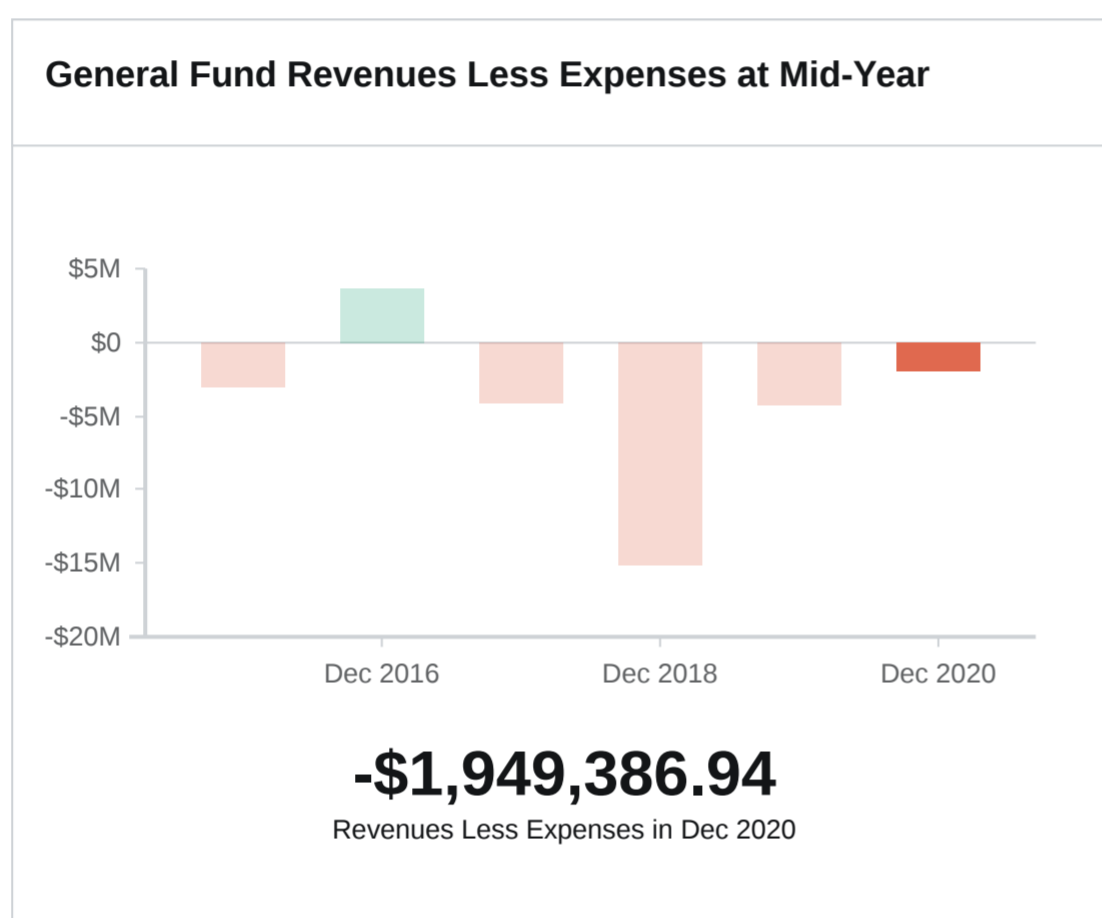
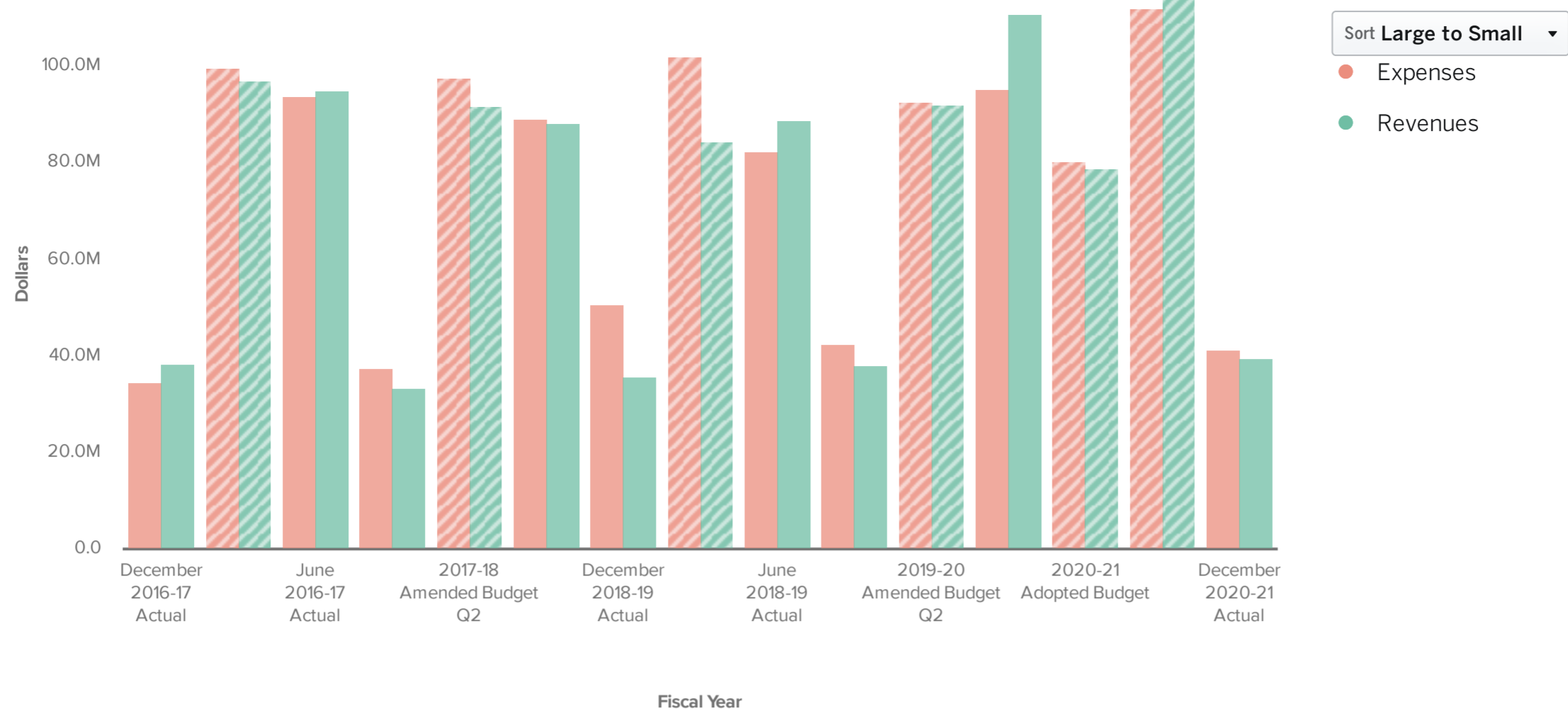


Flow of Funds Chart (in Millions)



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.

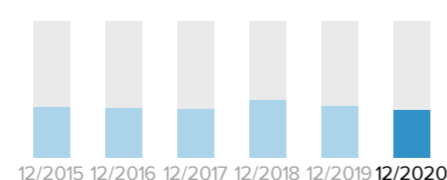


General Fund Revenue and Expenditure Trends

As of December 31, 2020, General Fund expenditures are \$41.4 million; this represents 40% of budgeted appropriations. Expenditures at the mid-year point of the prior three years were between 34% and 55% of year-end expenditures placing this year within range. General Fund revenues are at \$39.5 million; this represents 38% of budgeted revenue. Revenues at the mid-year point of the prior three years were between 35% and 42% of year-end revenues, placing this year within the range. Staff will continue to monitor its leading revenue sources as the year progresses.

General Fund Revenues - Mid-Year vs Budget

Data Updated today

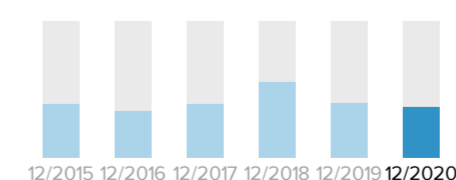


34.59%

In Revenues of \$114,156,390.00 Budgeted through Dec 2020

General Fund Expenses - Mid-Year vs Budget

Data Updated today



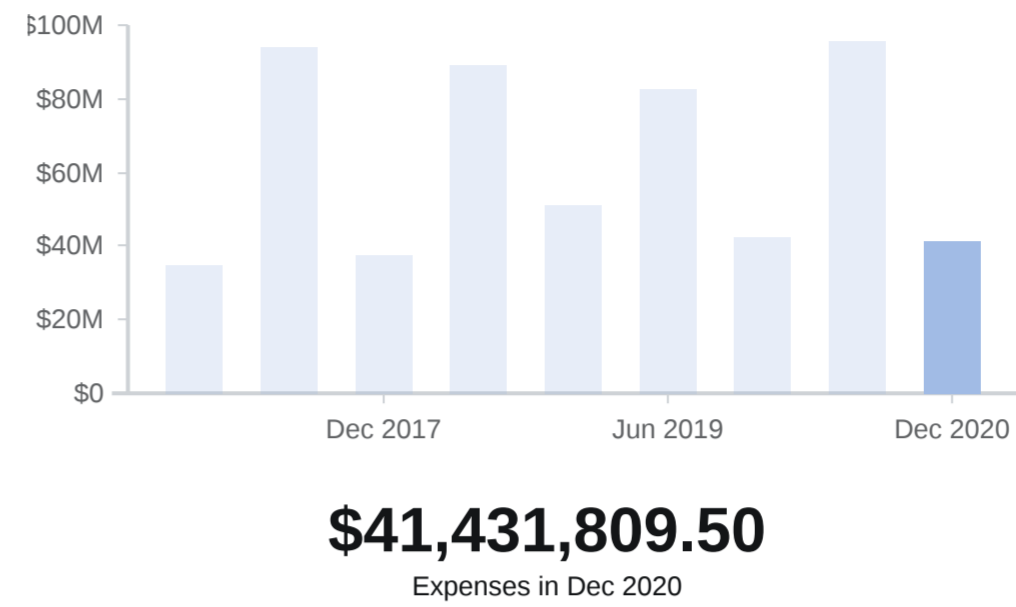
36.92%

In Expenses of \$112,230,610.00 Budgeted through Dec 2020

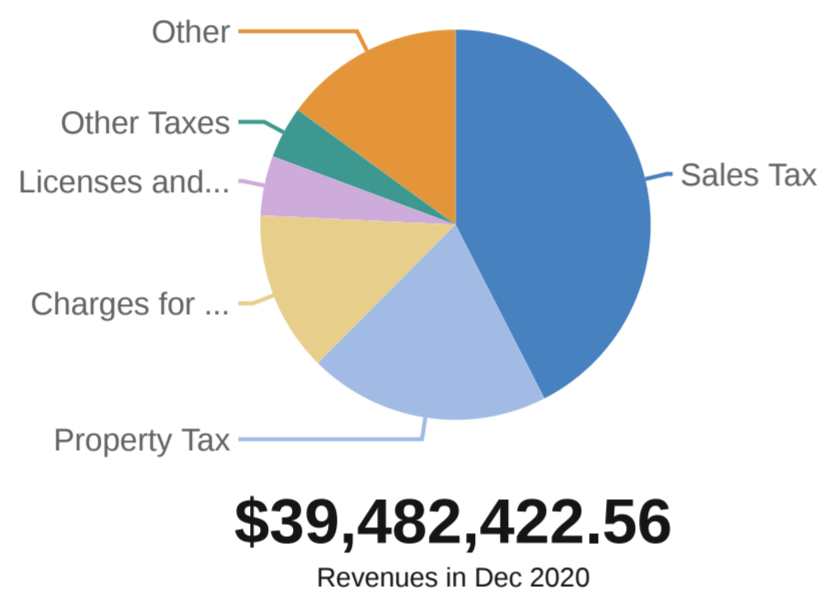
General Fund Revenues - Mid-Year vs Year End



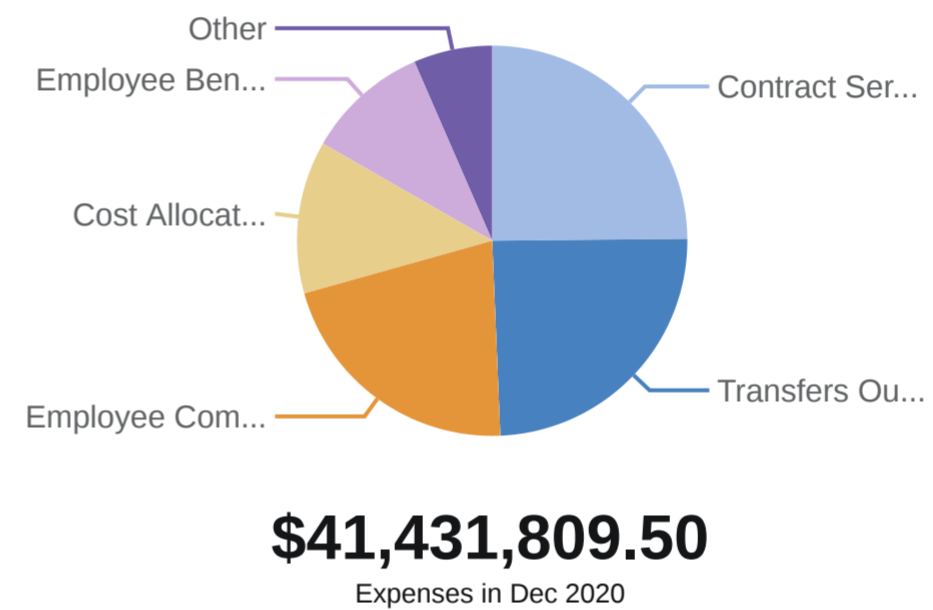
General Fund Expenses - Mid-Year vs Year End



General Fund Revenues by Type



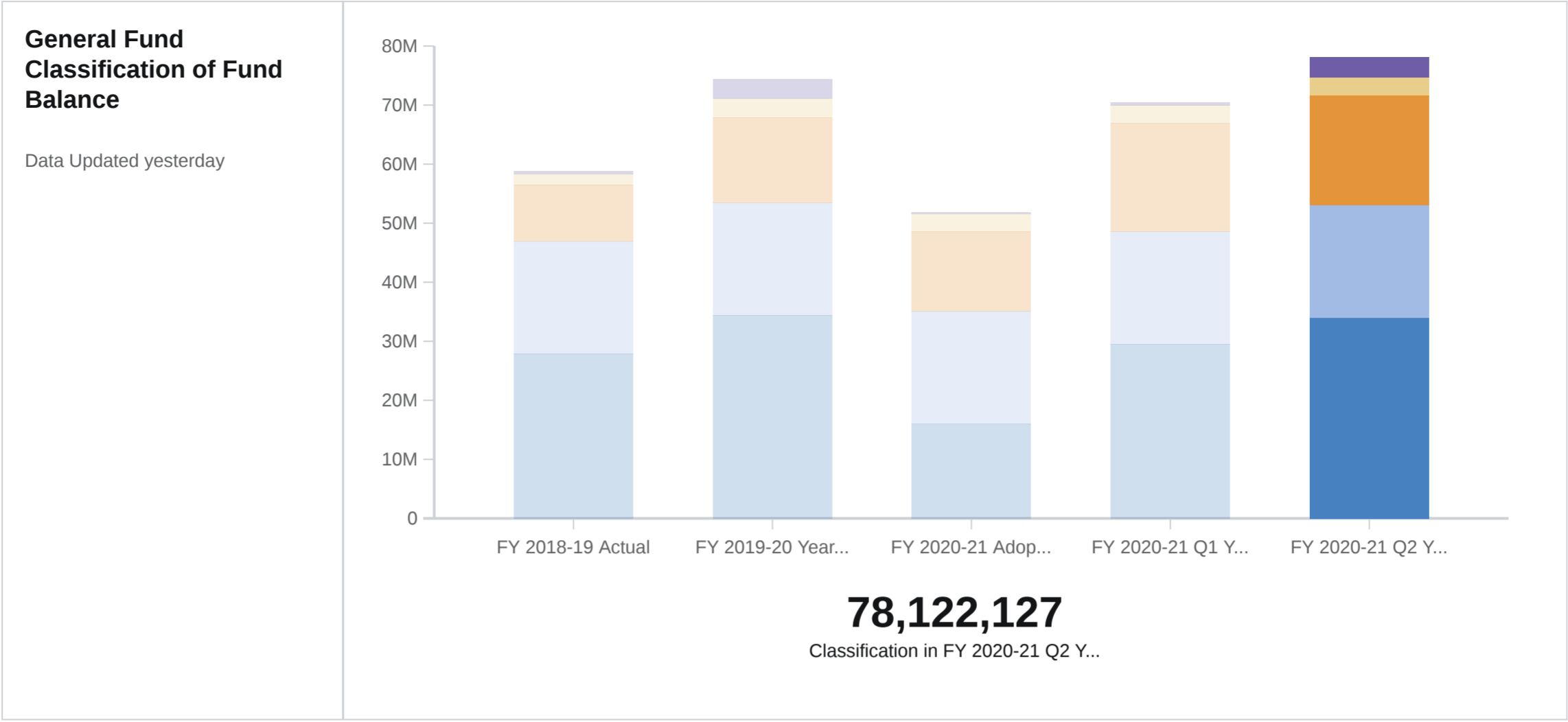
General Fund Expenses by Type



General Fund Classification of Fund Balance

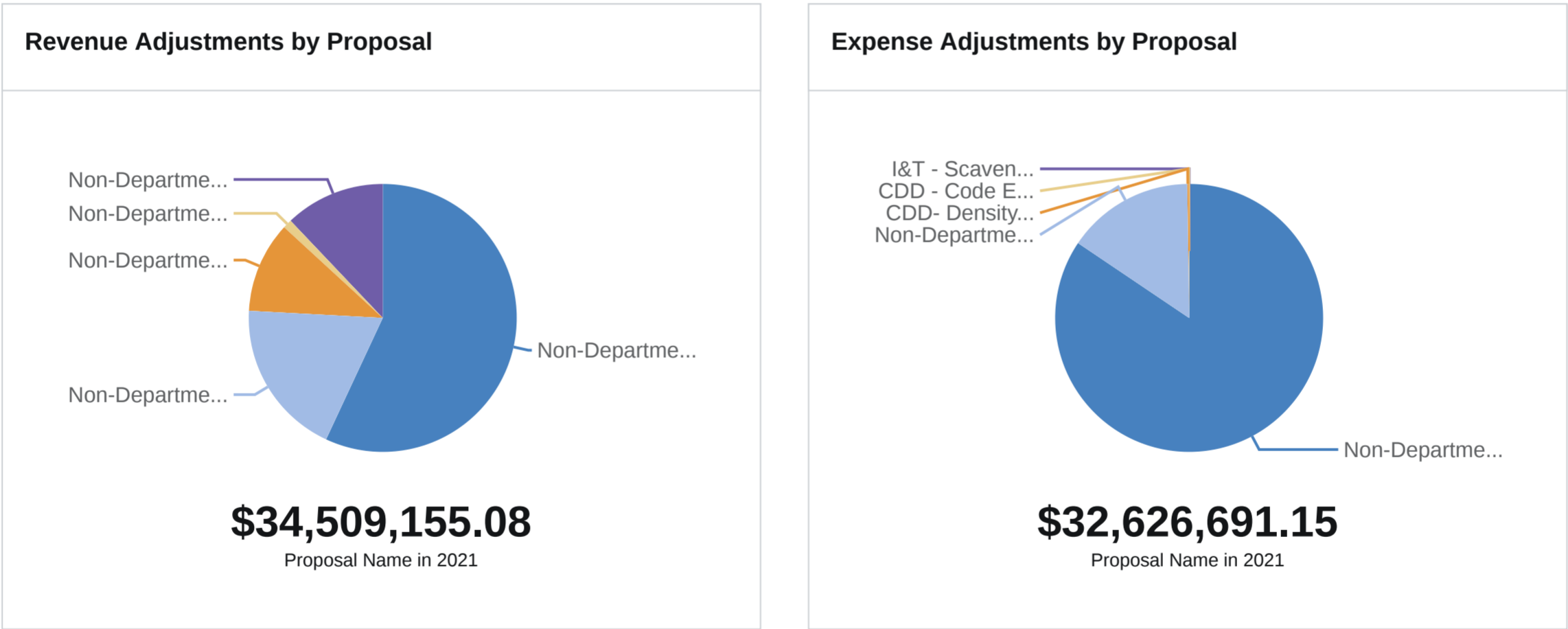
The City's General Fund ended FY 2019-20 with \$74.5 million in total fund balance. As part of the FY 2020-21 Adopted Budget, the City projected ending the fiscal year with \$52 million in total fund balance. As of the First Quarter Report, the City updated its year-end projections for FY 2020-21 to \$70.5 million in total fund balance, an increase of \$18.5 million due to increases in revenues received and lower expenditures in FY 2019-20. Projected year-end fund balance as of mid-year FY 2020-21 estimated to be \$78.1 million an increase of \$7.6 million from the first quarter projections due primarily to further increases in sales tax in the second quarter. The \$78.1 million projection includes a one-time transfer out of \$5 million to the Capital Improvement Program Reserve Fund as well as a \$2 million contribution to the Section 115 Pension Trust.

To date, the City's external auditors have not completed their review of the City's financials. 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 to these figures.

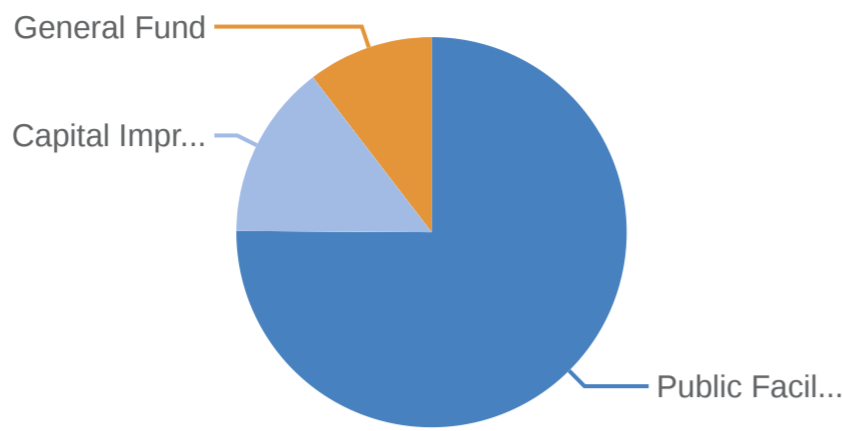


Recommended Adjustments

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

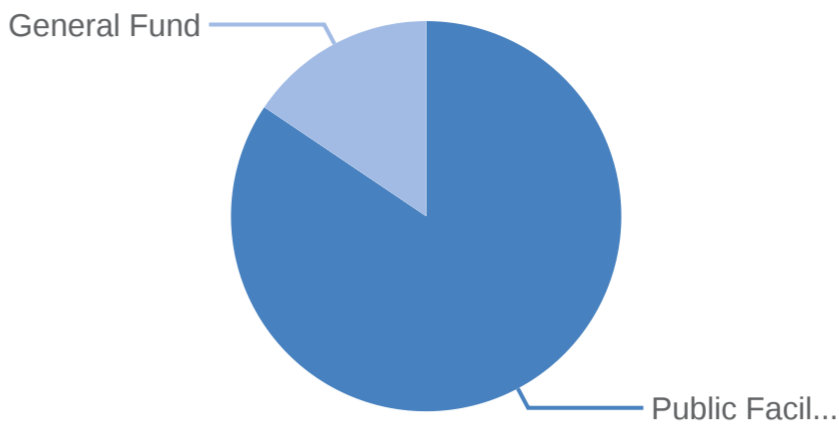


Revenue Adjustments by Fund



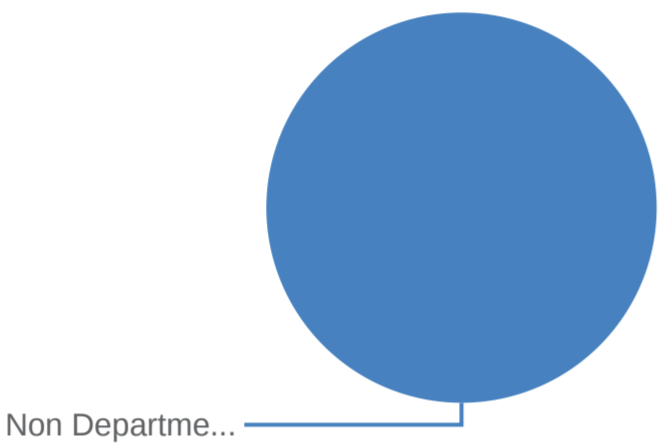
\$34,509,155.08
Funds in 2021

Expense Adjustments by Fund



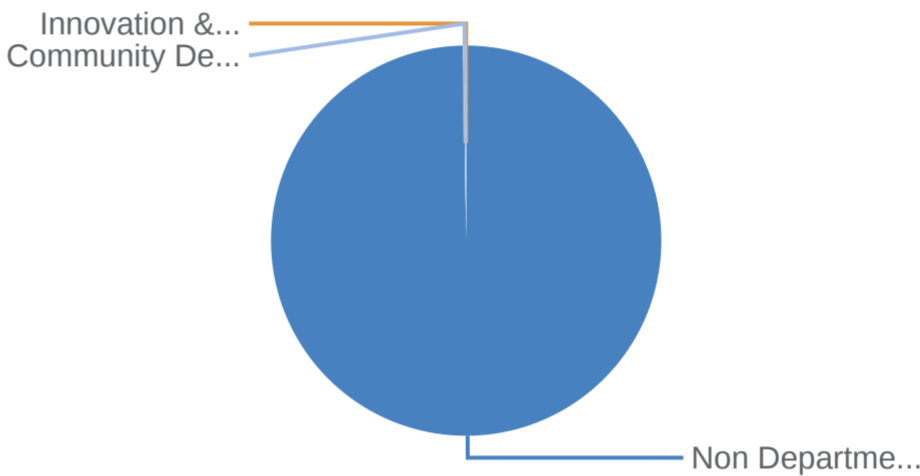
\$32,626,691.15
Funds in 2021

Revenue Adjustments by Department



\$34,509,155.08
Departments in 2021

Expense Adjustments by Department



\$32,626,691.15
Departments in 2021

Summary

The Mid-Year Financial Report shows the City is well-positioned to move forward. City staff recommends adjustments of \$32,626,692 in new appropriations funded by \$34,509,156 in revenues. If approved, the City’s fund balance will increase by \$1,882,464.

City of Cupertino, California

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