

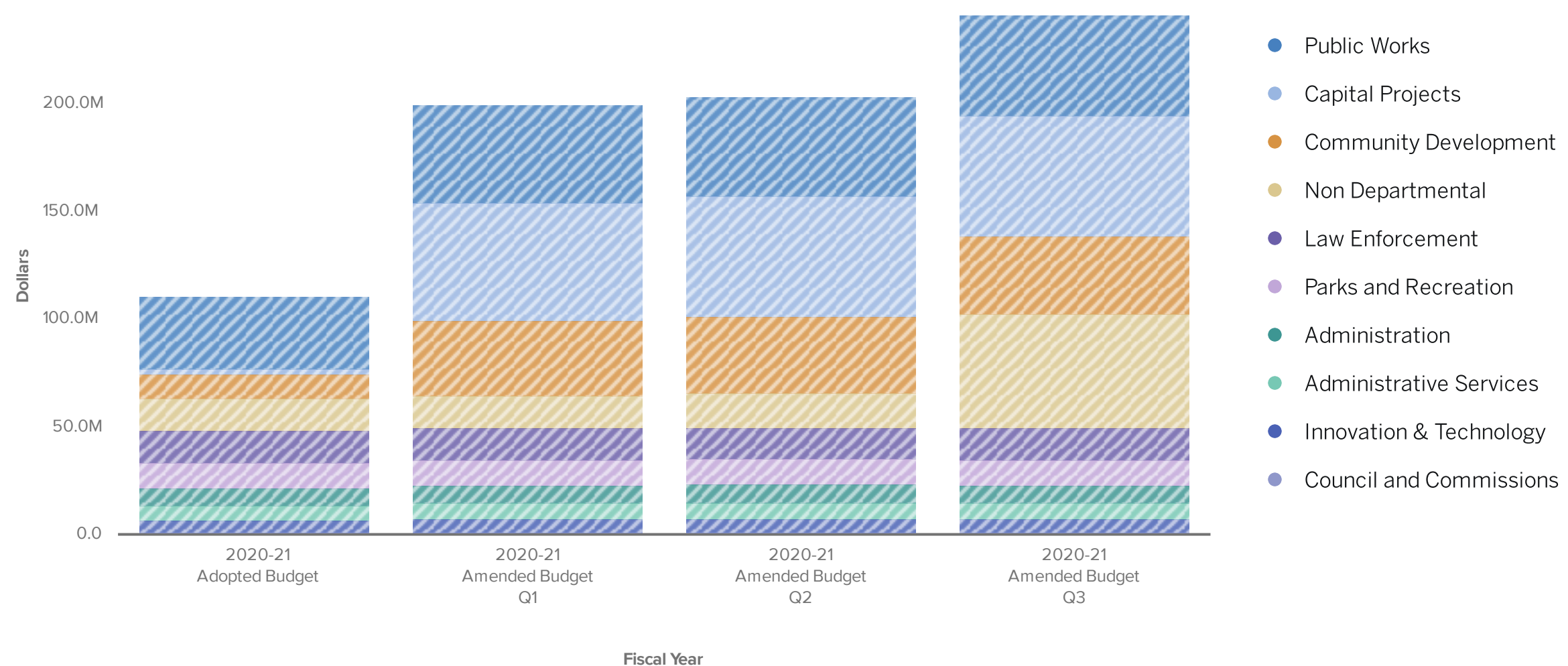
FY 2020-21 Third Quarter Report

Background

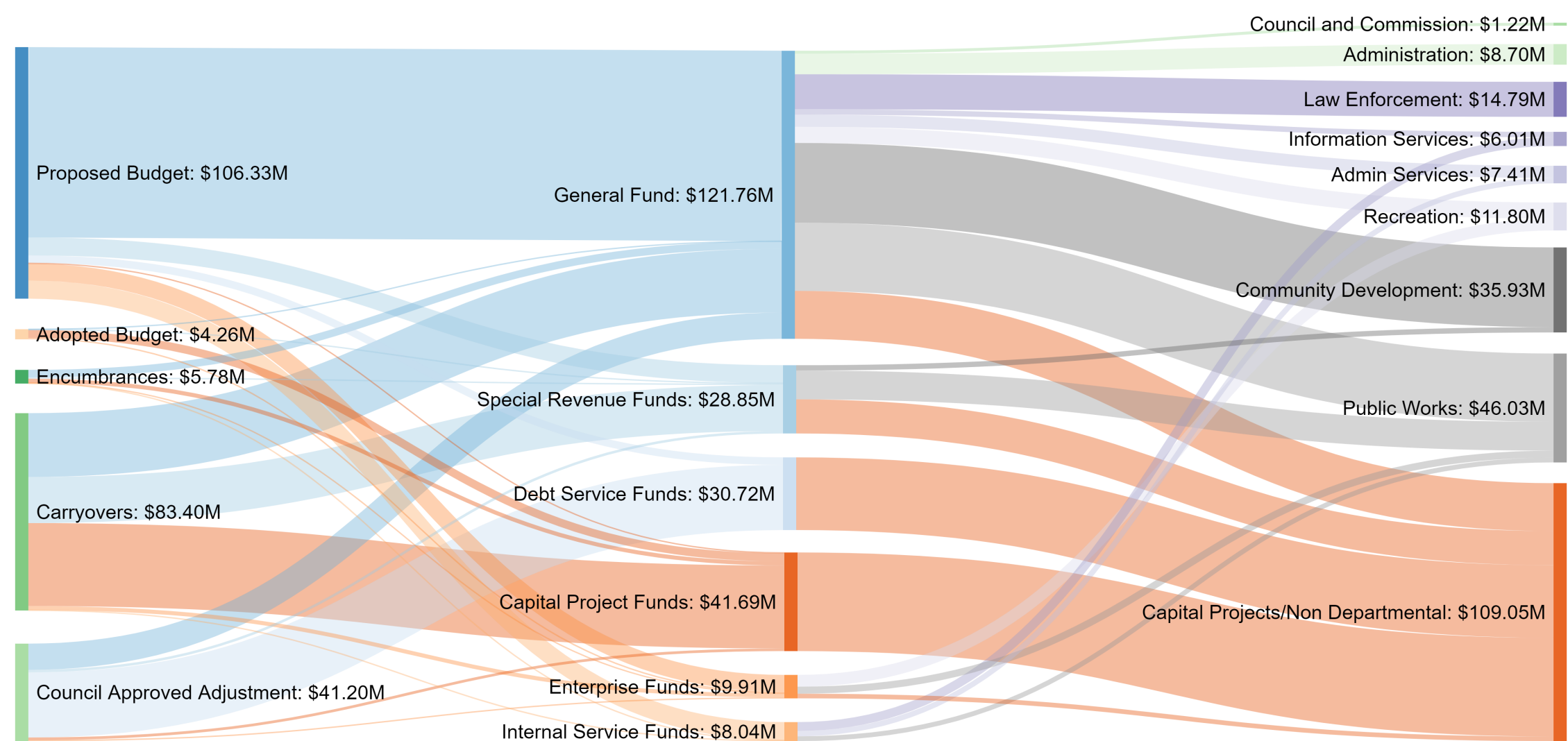
In the first three quarters of FY 2020-21, Council approved \$41,193,122 in additional appropriations mostly related to the refinancing of the City's Certificates of Participation which increased current year appropriations by \$27.5 million, a \$5 million transfer to the Capital Reserve, and a \$4.5 million increase for the Torre Ave. property acquisition.

This resulted in an amended budget of \$240,964,483.

Amended Budget

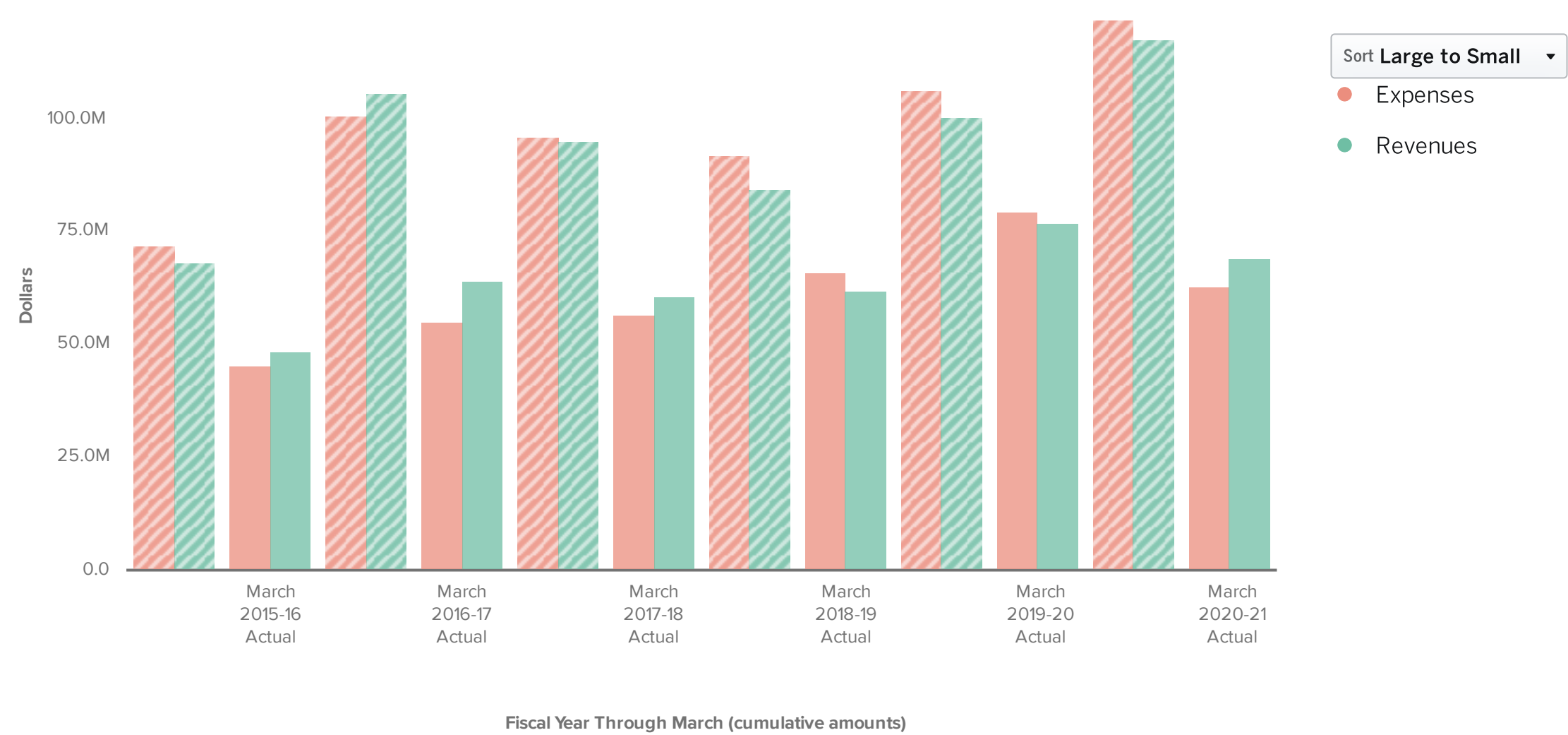


Flow of Funds Chart (in Millions)

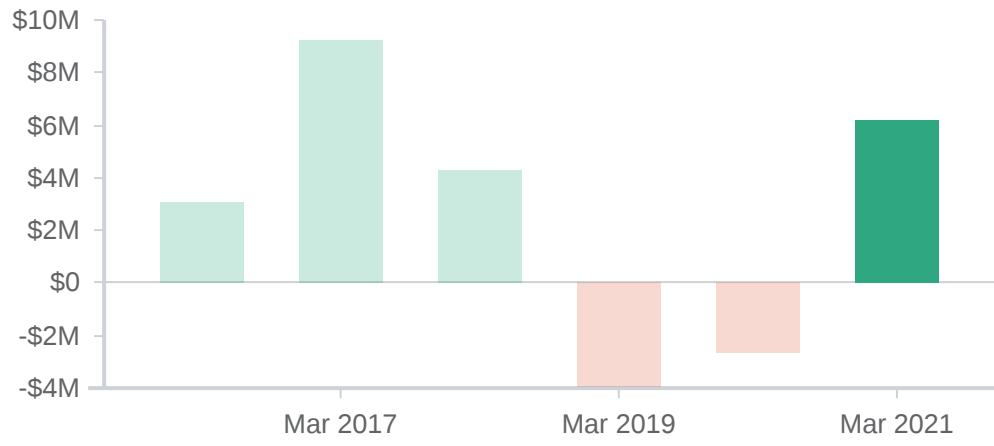


General Fund Revenues, Expenditures, and Fund Balance

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.



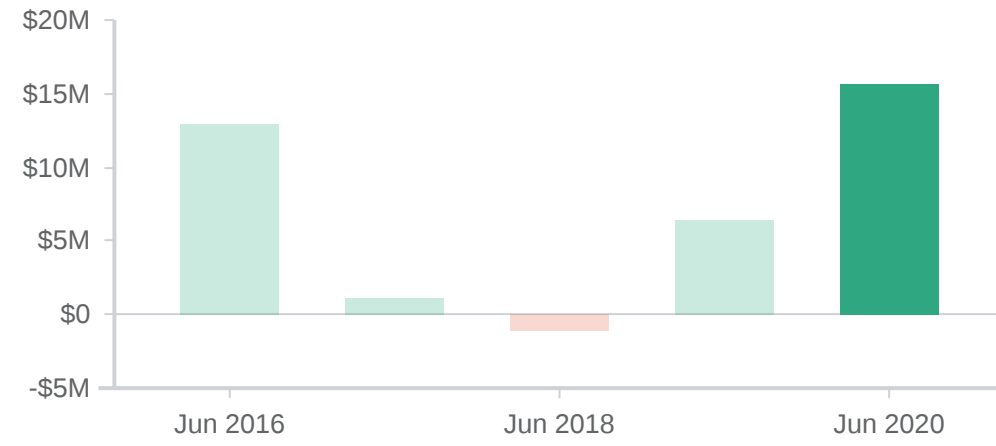
General Fund Revenues Less Expenditures at Third Quarter



\$6,164,463.44

Revenues Less Expenses in Mar 2021

General Fund Revenues Less Expenses at Year End



\$15,697,621.68

Revenues Less Expenses in Jun 2020

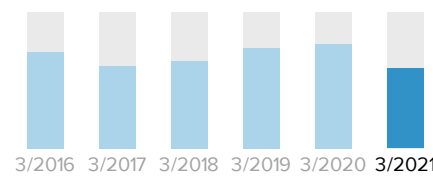
General Fund Revenue and Expenditure Trends

As of March 31, 2021, General Fund expenditures are \$63.0 million; this represents 52% of the budgeted appropriations. Expenditures at the Third Quarter point of the prior three years were between 59% and 75% of budgeted expenditures, placing this year below the range.

General Fund revenues are \$69.1 million; this represents 59% of the budgeted revenue. Revenues at the Third Quarter point of the prior three years were between 64% and 77% of budgeted revenues, placing this year below the range.

General Fund Revenues - Third Quarter Budget

Data Updated yesterday

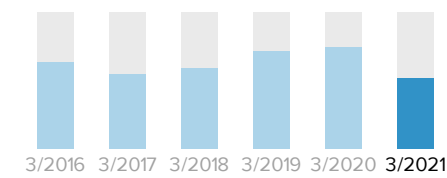


58.72%

In Revenues of \$117,746,842.00 Budgeted through Mar 2021

General Fund Expenditures - Third Quarter Budget

Data Updated yesterday

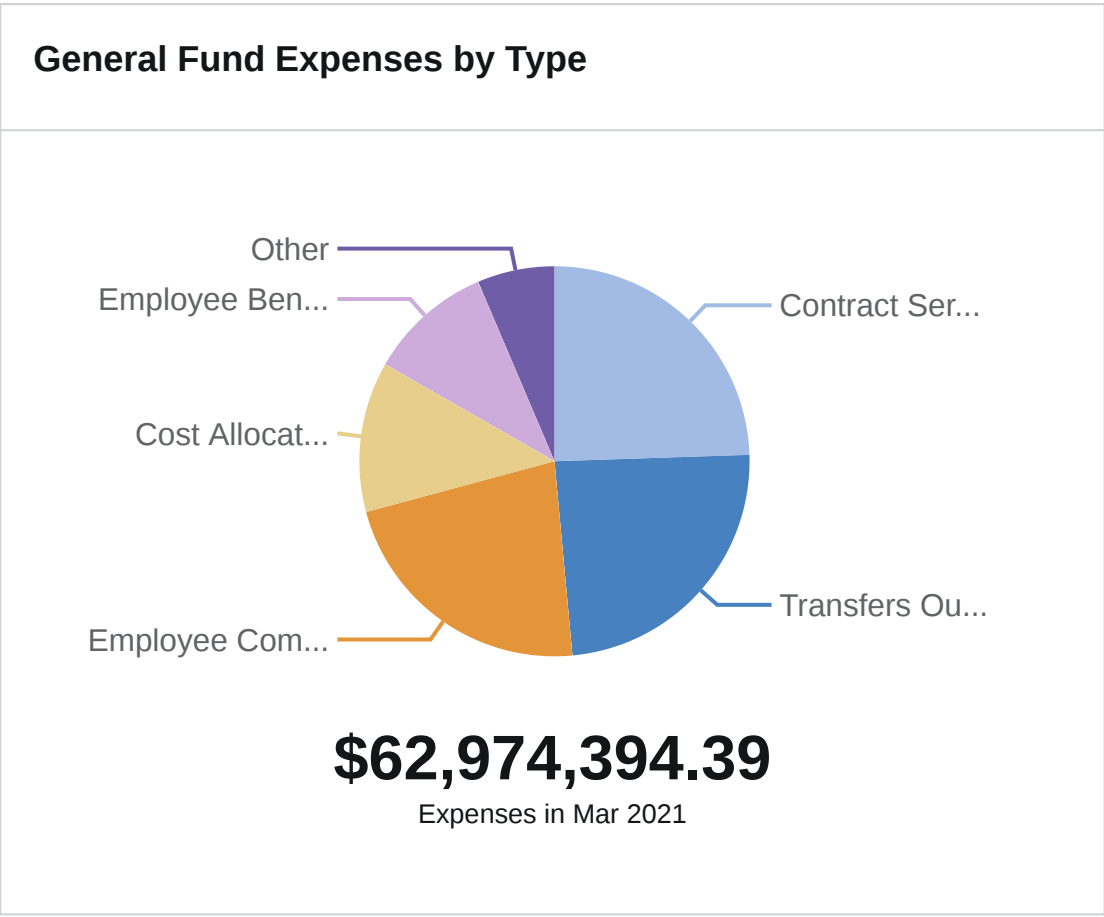
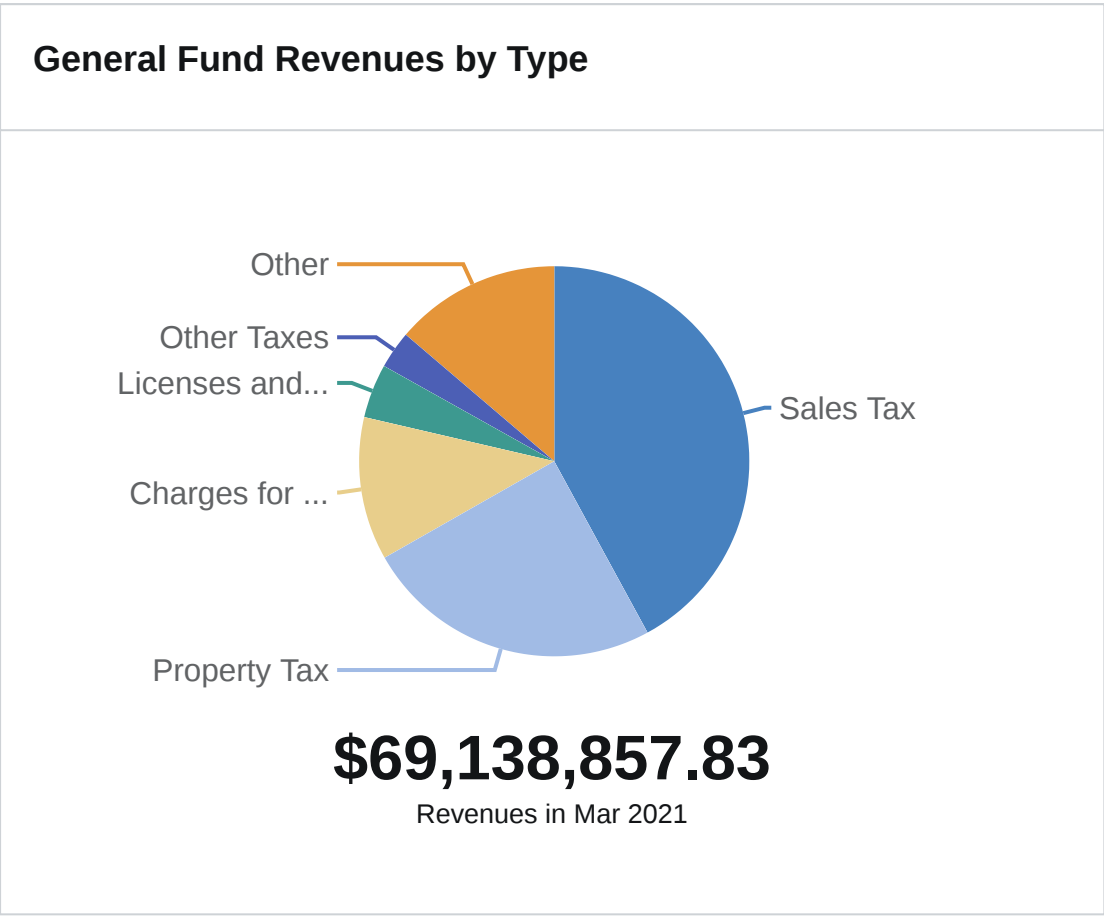
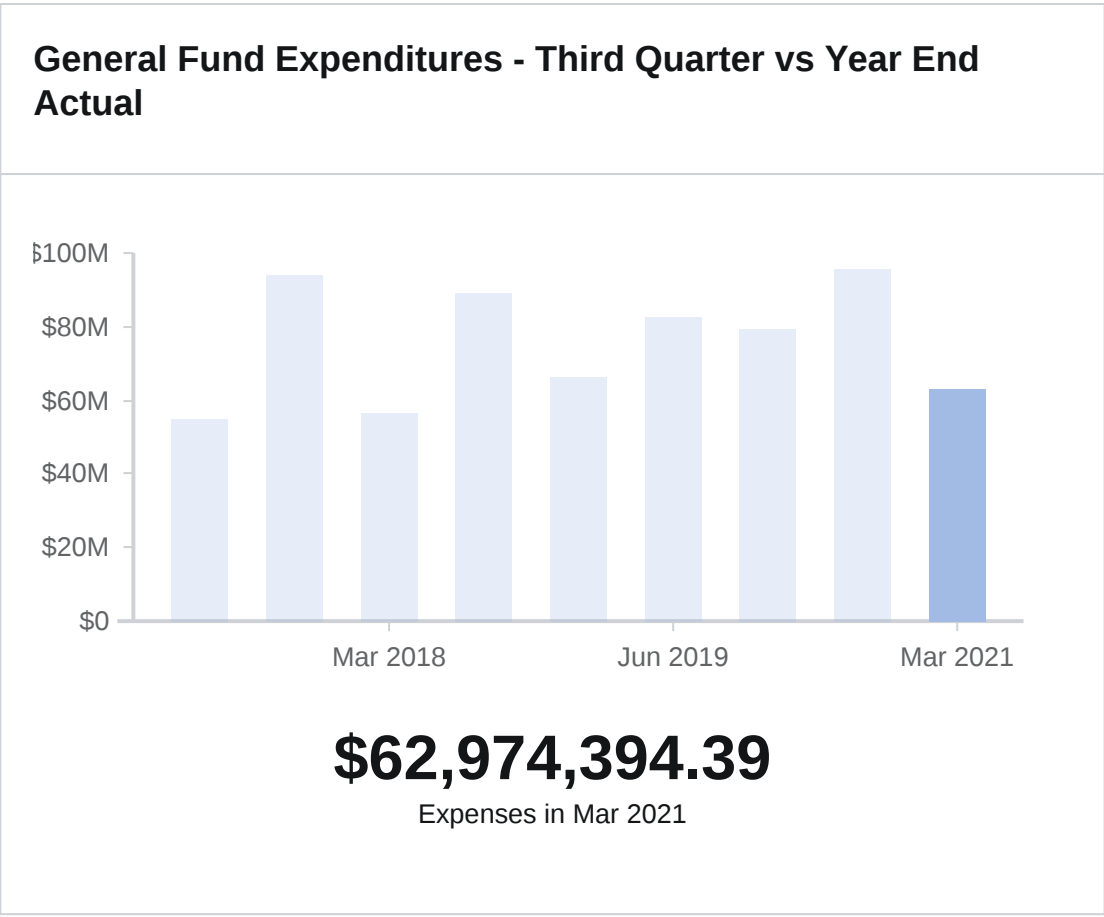
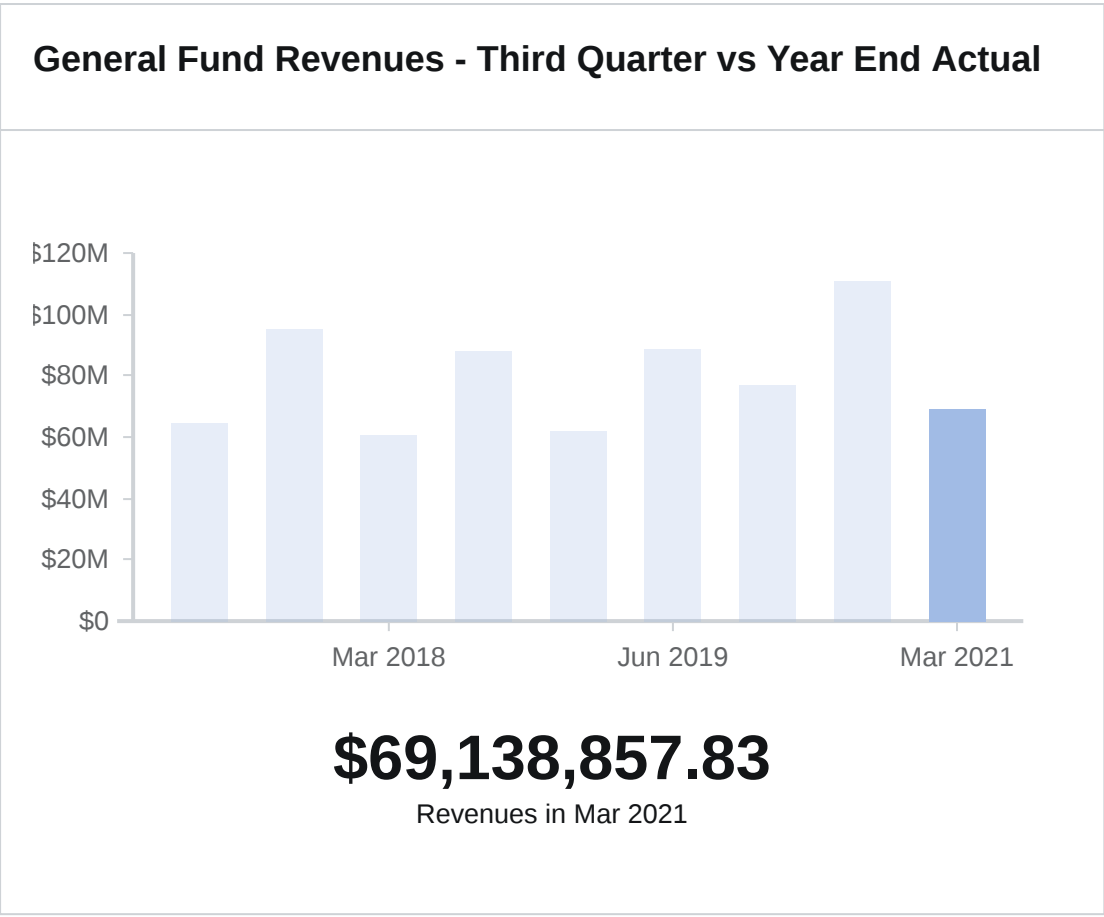


51.72%

In Expenses of \$121,757,410.00 Budgeted through Mar 2021

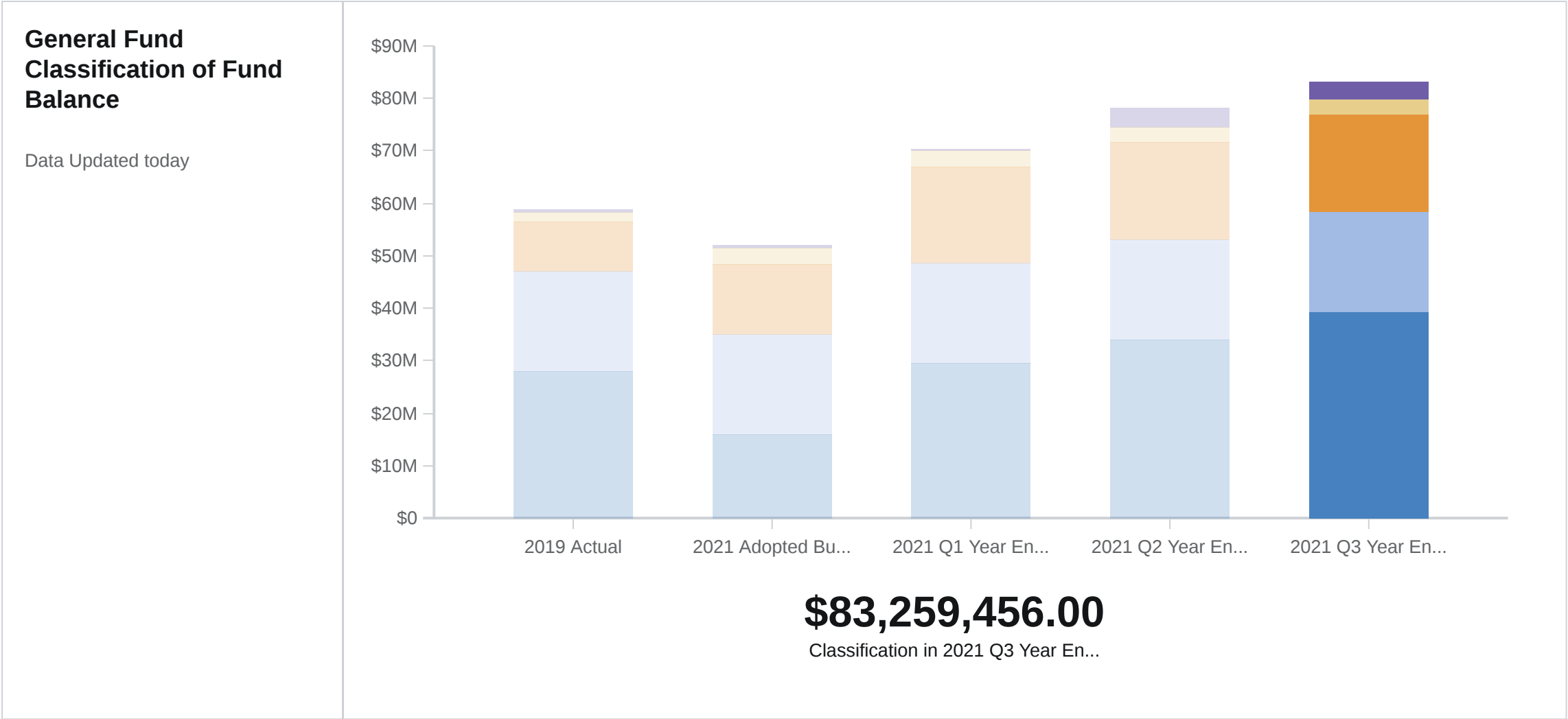
As of Third Quarter, General Fund expenditures have decreased by \$16.5 million, or 21%, when compared to the same time last year due to a \$20 million transfer from the General Fund to the Capital Reserve approved as part of mid-year. Although \$20 million was transferred at Mid-Year last year, \$10 million was transferred back to the General Fund at Third Quarter in response to COVID-19.

General Fund revenue is \$7.7 million, or 10%, lower than the same time last year due to a one-time transfer into the General Fund of \$10 million from the Capital Reserve that was a COVID-19 mitigation strategy late last fiscal year. Additionally, transient occupancy has been impacted by COVID-19 for the entire fiscal year and is tracking \$5 million, or 80%, below the same time last year.



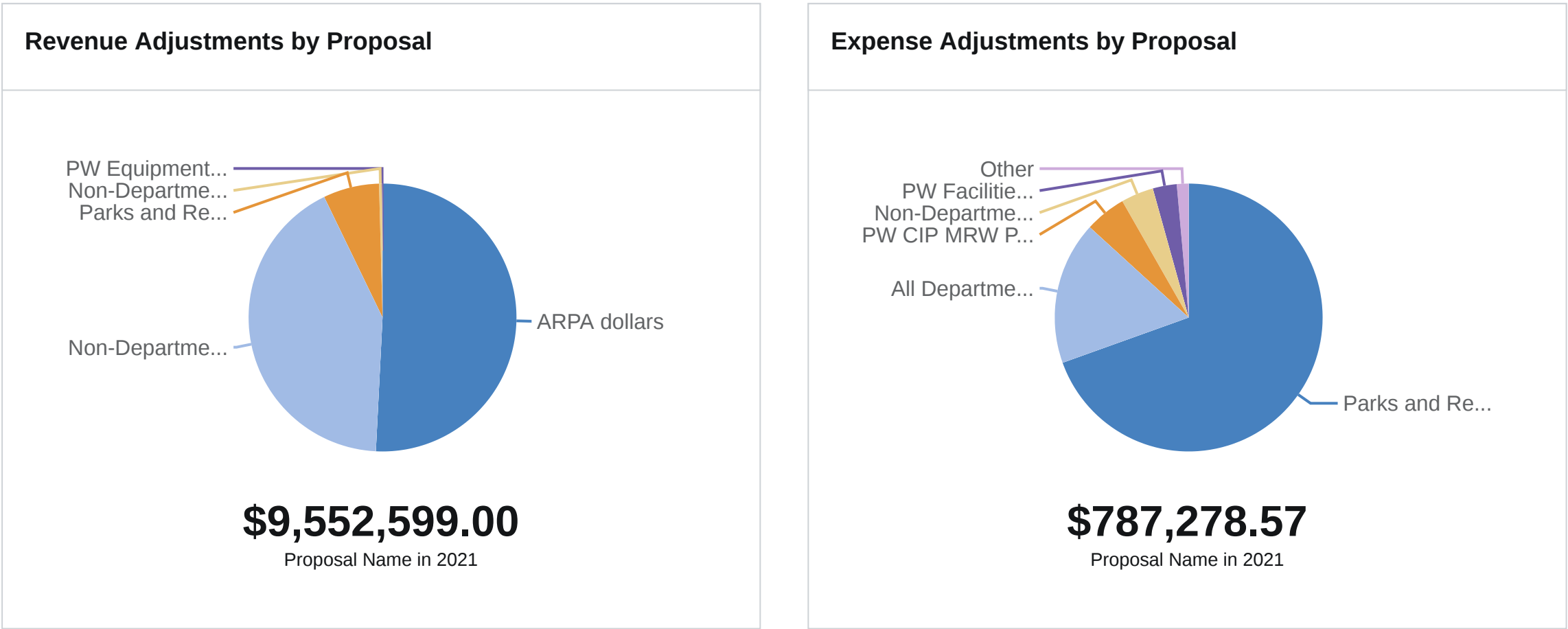
General Fund Classification of Fund Balance

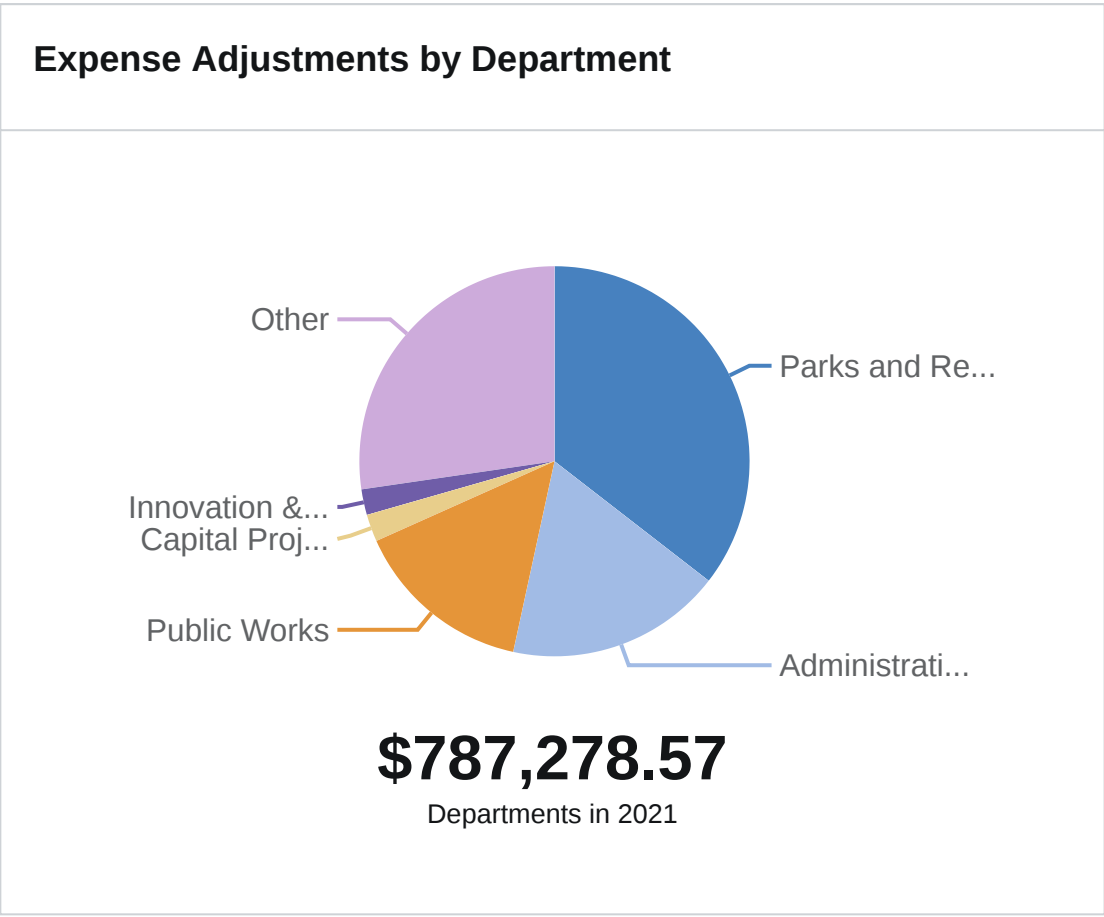
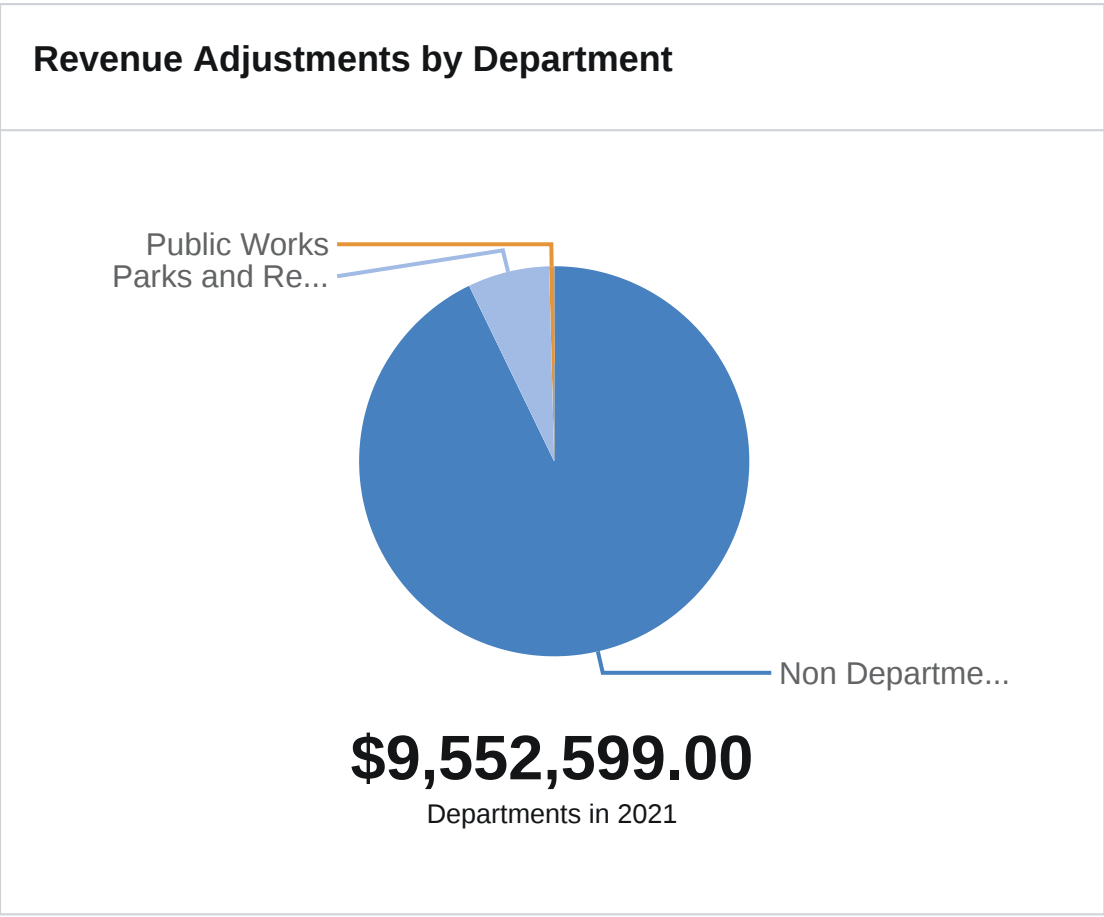
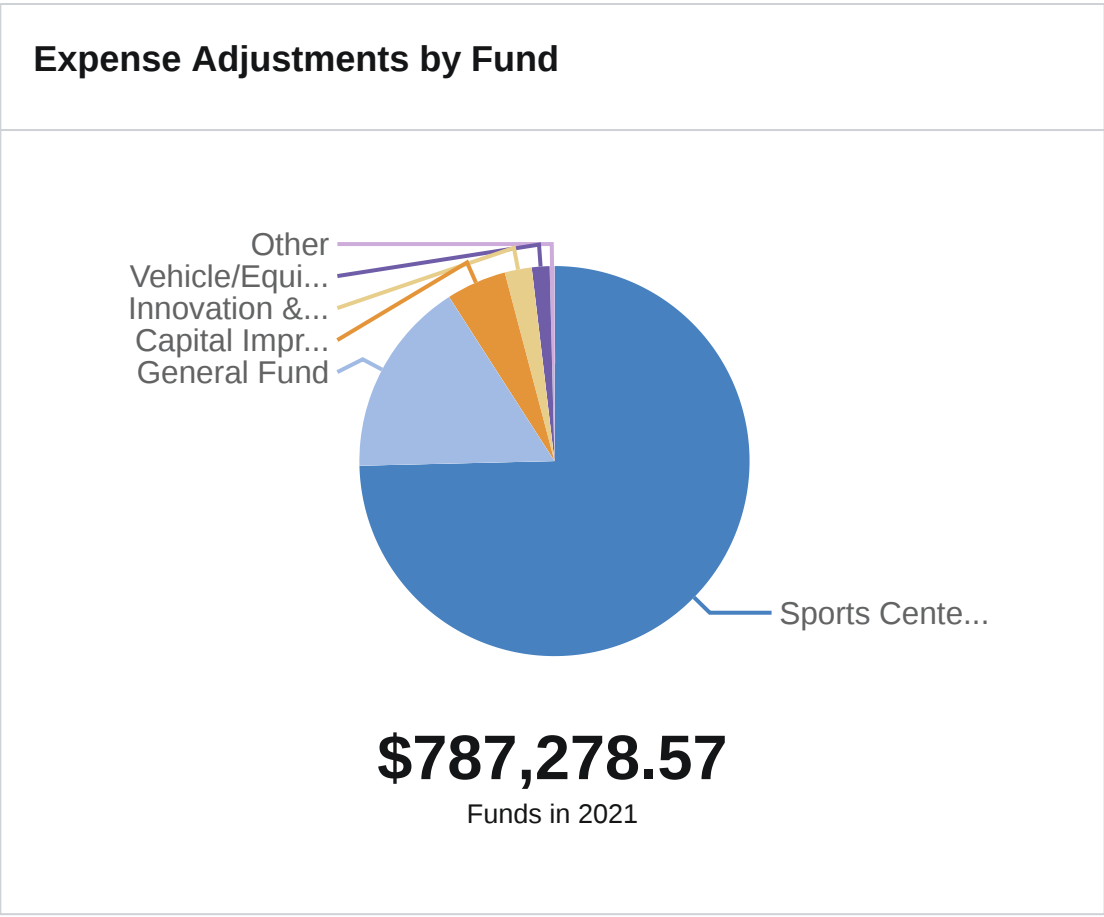
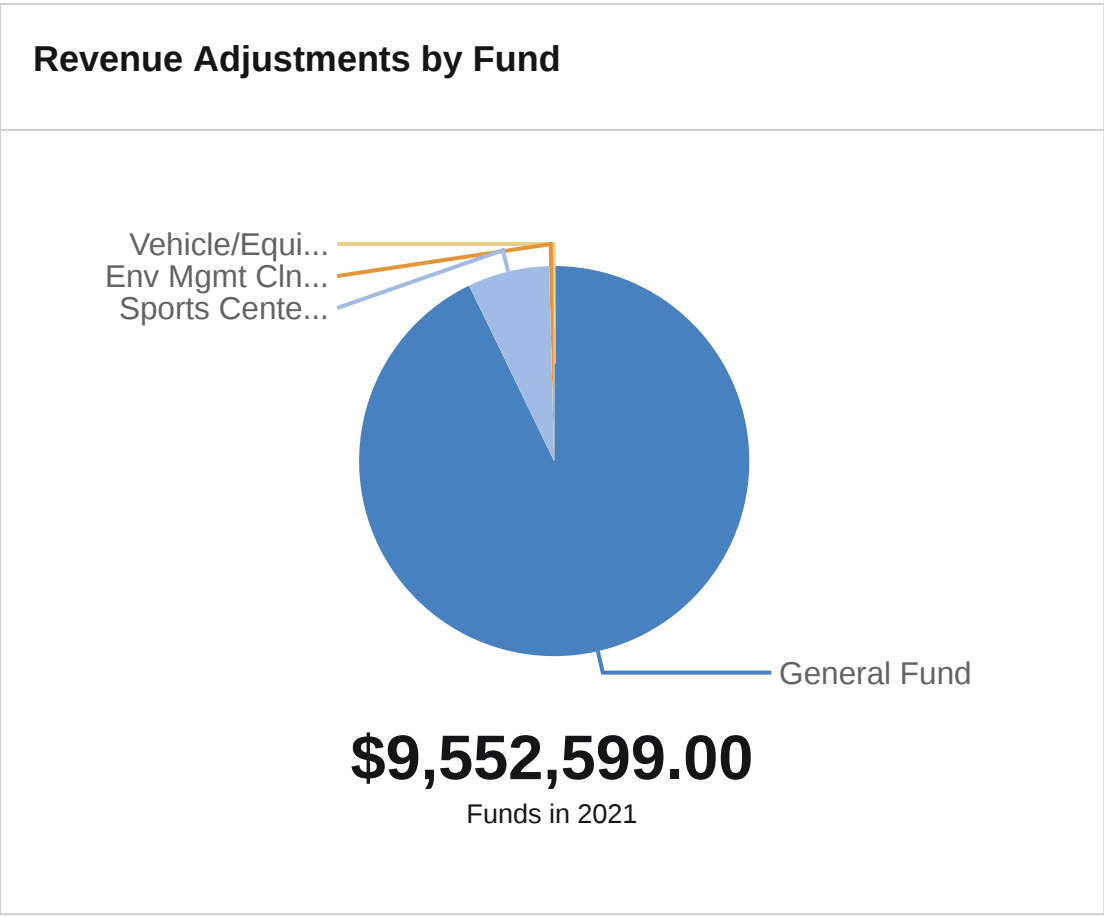
The City’s General Fund ended FY 2019-20 with \$74.5 million in total fund balance. As part of the FY 2020-21 Adopted Budget, the City projected ending the fiscal year with \$52 million in total fund balance. As of the Mid-Year Financial Report, the City updated its year-end projections for FY 2020-21 to \$78.12 million in total fund balance, an increase of nearly \$27 million due to increases in revenues received and lower expenditures in both FY 2019-20 and FY 2020-21. Projected year-end fund balance as of Third Quarter FY 2020-21 is estimated to be \$83.26 million. This represents an increase of \$5.14 million from the mid-year projections due primarily to further increases in sales tax and anticipated ARPA funding in the third quarter. The \$83.26 million includes a \$2 million contribution to the Section 115 Pension Trust.



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.





Summary

The Third Quarter Financial Report shows the City is well-positioned to move forward, despite significant impacts from COVID-19. City staff recommends adjustments of \$787,279 in new appropriations funded by \$9,552,599 in revenues. If approved, the City's fund balance across all funds will increase by \$8,765,320.

City of Cupertino, California

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