

FY 2021-22 Mid-Year Financial Report

The following is the Mid-Year Financial Report, submitted by the Administrative Services Department for the period of July 1, 2021 to December 31, 2021 for the 2021-22 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.

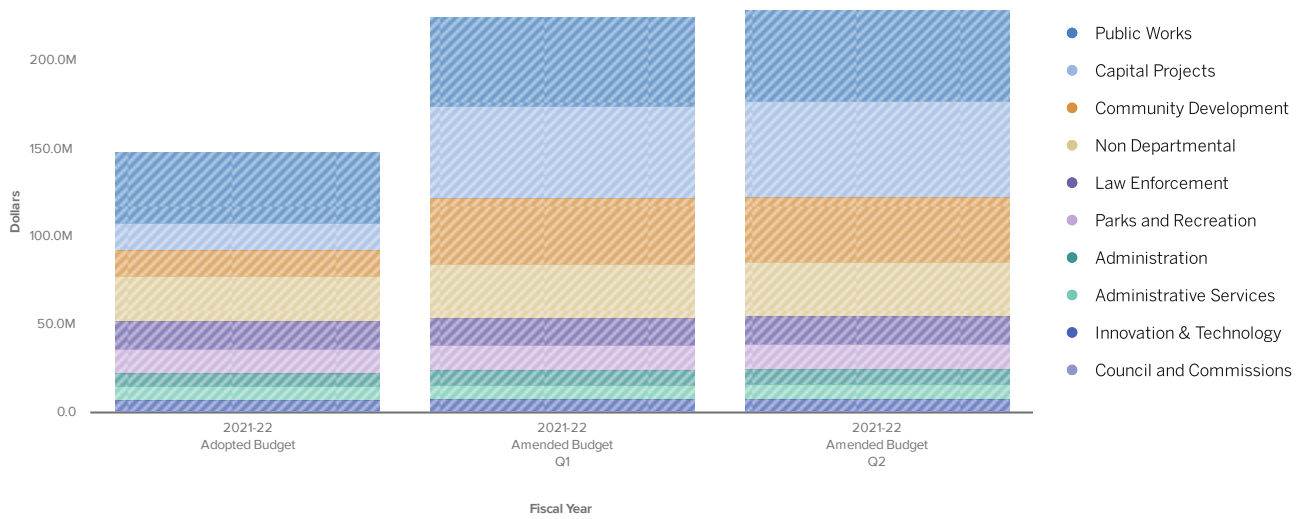
Background

On June 15, 2021, the City Council adopted the Fiscal Year (FY) 2021-22 Budget, a \$148,845,235 spending plan for the City of Cupertino that was funded by \$132,850,958 of revenues and \$15,994,277 of fund balance. On November 16, 2021, 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 \$16,868,361 and carryover appropriations of \$53,863,626 from FY 2021-22. These carryover appropriations included \$18.5 million in capital projects, \$19 million for Vallco Town Center, and \$5.9 million for Transportation projects. 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.

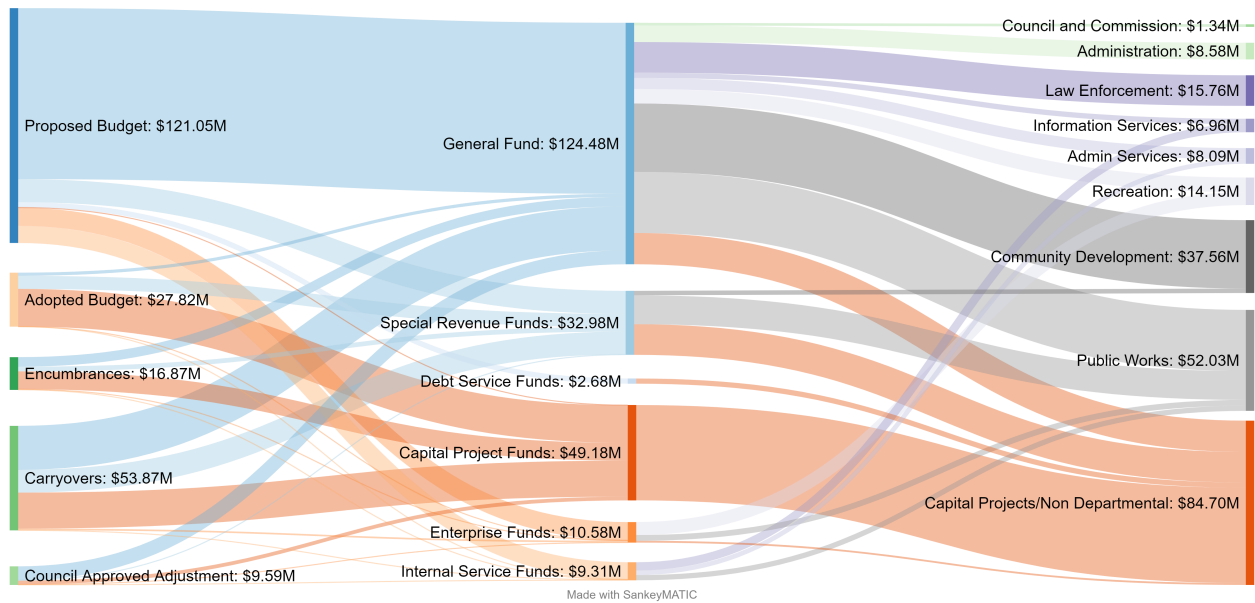
In the first two quarters of FY 2021-22, Council approved \$9.6 million in additional appropriations mostly related to the American Rescue Plan Act of 2021 (\$4.9 million), Junipero Serra Trail (\$1.9 million) and First Quarter Adjustments (\$1.6 million).

This resulted in an amended budget of \$229,162,354.

Amended Budget

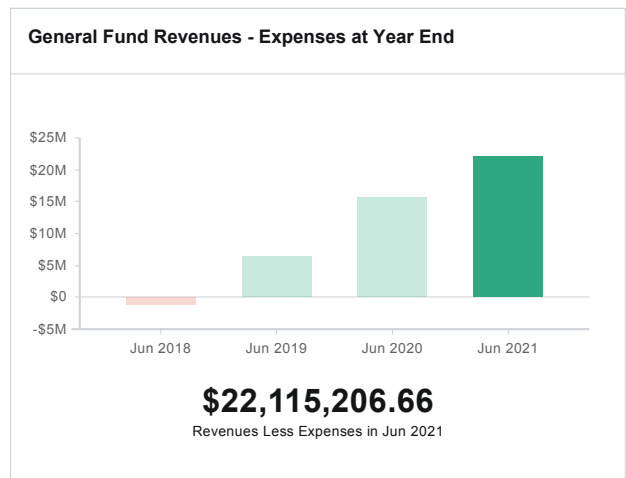
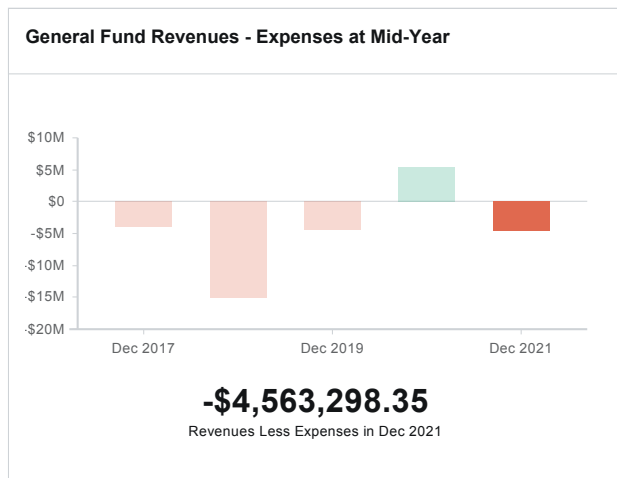
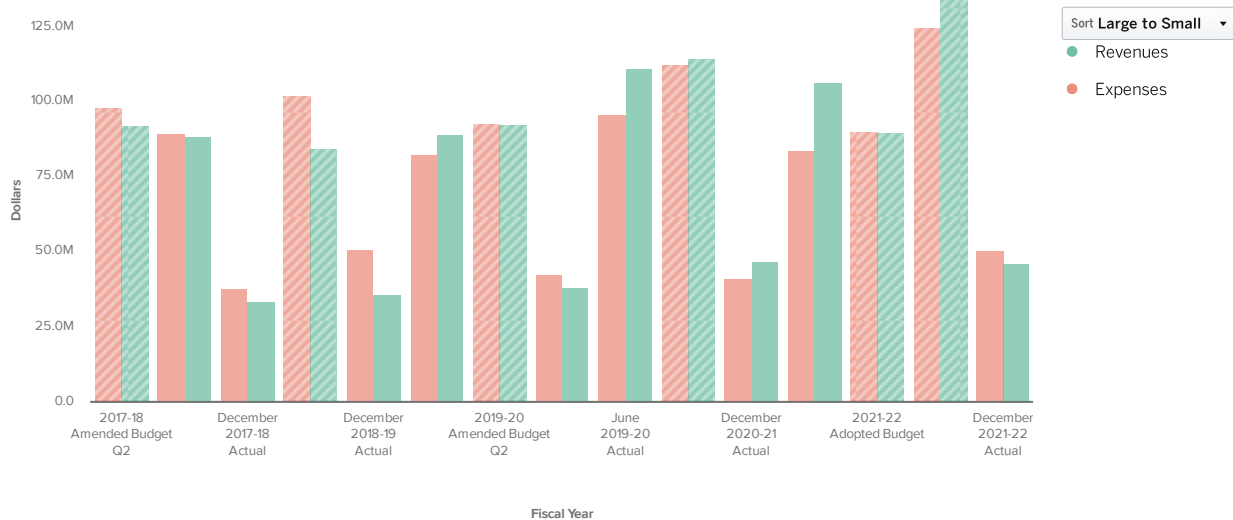


Flow of Funds Chart (in Millions)



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.

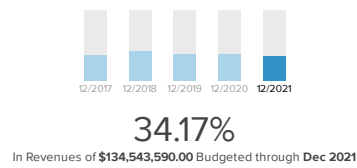


General Fund Revenue and Expenditure Trends

As of December 31, 2021, General Fund expenditures are \$50.5 million; this represents 41% of budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged between 44% and 62% of the final actual expenditures which places current mid-year actuals slightly below the range. General Fund revenues are at \$46.0 million; this represents 34% of the budgeted revenue. Revenues at the mid-year point of the prior three years were between 34% and 44%, placing this year within the range. Staff will continue to monitor its leading revenue sources as the year progresses.

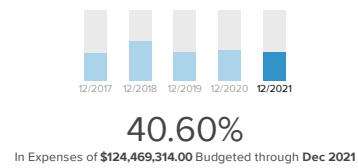
General Fund Revenues - Mid-Year Actuals vs Budget

Data Updated today



General Fund Expenses - Mid-Year Actuals vs Budget

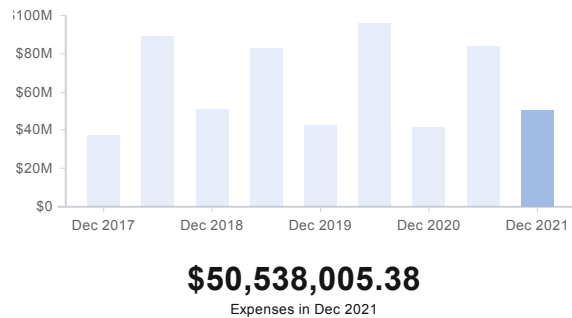
Data Updated today



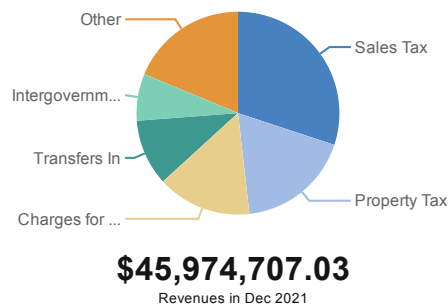
General Fund Revenues - Mid-Year vs Year End Actuals



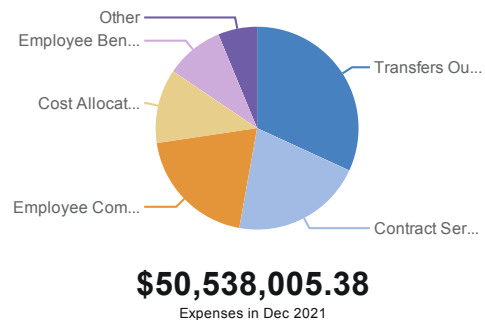
General Fund Expenses - Mid-Year vs Year End Actuals



General Fund Revenues by Type



General Fund Expenses by Type



General Fund Classification of Fund Balance

Projected year-end fund balance as of mid-year FY 2021-22 is estimated to be \$101.8 million. The \$101.8 million projection includes a one-time transfer out of \$10 million to the Capital Improvement Program Reserve Fund, a \$2 million contribution to the Section 115 Pension Trust, an increase to the Economic Uncertainty Reserve from \$19 million to \$24 million, and the establishment of a \$10 million Committed Capital Projects Reserve. If approved, projected ending unassigned fund balance will be \$37.2 million.

To date, the City's outside 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 from the auditors.

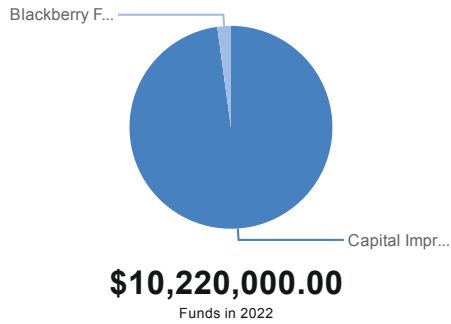
CLASSIFICATION	Actuals 2019-20	Year End Projection 2020-21	Adopted Budget 2021-22	1st Quarter Year End Projection 2021-22	Mid-Year End Projection 2021-22
Non Spendable	3.45	3.44	3.44	3.44	3.44
Restricted	14.32	20.14	21.87	21.92	22.20
Committed	19.13	19.13	19.13	19.13	34.13
Assigned	3.18	4.91	3.00	4.91	4.91
Unassigned	34.43	49.23	35.70	62.47	37.15
TOTAL FUND BALANCE	74.51	96.85	83.13	111.87	101.84

Recommended Adjustments

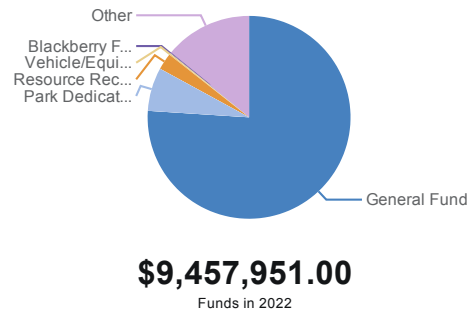
As of Mid-Year, departments are requesting budget adjustments to ensure they end the year within budget appropriations. The recommended adjustments are summarized in the table below:

Recommended Adjustments					
Fund	Department	Expenditure	Revenue	Fund Balance (Use of)	Description
GENERAL FUND					
100	Non-Departmental	10,000,000	-	(10,000,000)	Transfer from General Fund to Capital Reserve
TOTAL GENERAL FUND		10,000,000	-	(10,000,000)	
SPECIAL REVENUE FUND					
280	CIP	910,000	-	(910,000)	Lawrence-Mitty Park Debris Removal, Clean Up, and Tree Removal
TOTAL SPECIAL REVENUE FUND		910,000	-	(910,000)	
CAPITAL PROJECTS FUND					
420	CIP	(1,847,699)	-	1,847,699	All-Inclusive Play Area Budget Reduction
429	Non-Departmental	-	10,000,000	10,000,000	Transfer from General Fund to Capital Reserve
TOTAL CAPITAL PROJECTS FUND		(1,847,699)	10,000,000	11,847,699	
ENTERPRISE FUND					
520	Public Works	350,000	-	(350,000)	New Landfill Agreement and Solid Waste Consulting Services
560	Parks & Recreation	10,300	-	(10,300)	Tree Maintenance
560	Parks & Recreation	9,350	220,000	210,650	Additional Revenue Estimate and Bank Charges
TOTAL ENTERPRISE FUND		369,650	220,000	(149,650)	
INTERNAL SERVICE FUND					
630	Public Works	26,000	-	(26,000)	Leaf Blower Replacement
TOTAL INTERNAL SERVICE FUND		26,000	-	(26,000)	
TOTAL ALL FUNDS		9,457,951	10,220,000	762,049	

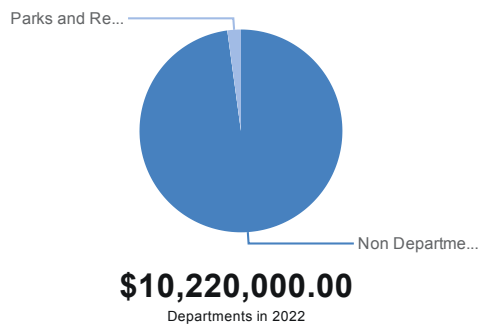
Revenue Adjustments by Fund



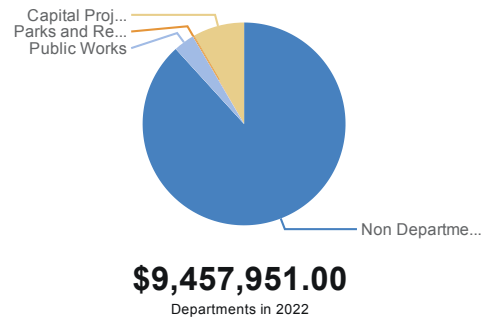
Expense Adjustments by Fund



Revenue Adjustments by Department



Expense Adjustments by Department



Summary

The Mid-Year Financial Report shows the City is well-positioned to move forward. City staff recommend adjustments of \$9,457,951 in new appropriations funded by \$10,220,000 in revenues. If approved, the City's fund balance will increase by \$762,049.

City of Cupertino, California

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