

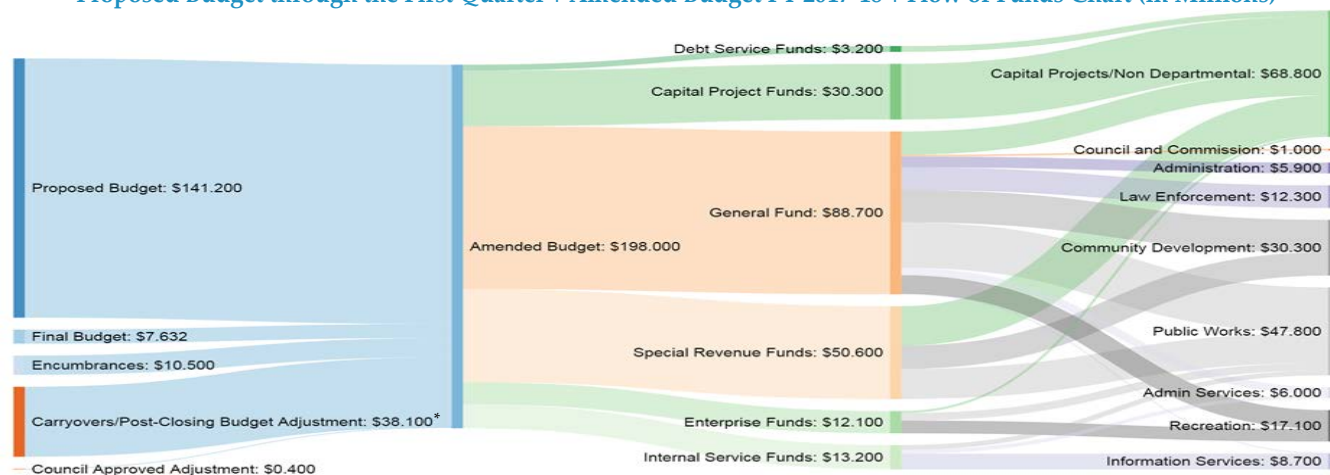


FIRST QUARTER REPORT

The following is the First Quarter Financial Report, submitted by the Administrative Services Department for the period of July 1, 2017 to September 30, 2017 for the 2017-2018 Fiscal Year. It has been prepared to inform the City Council, City leadership and the public of the City's fiscal status.

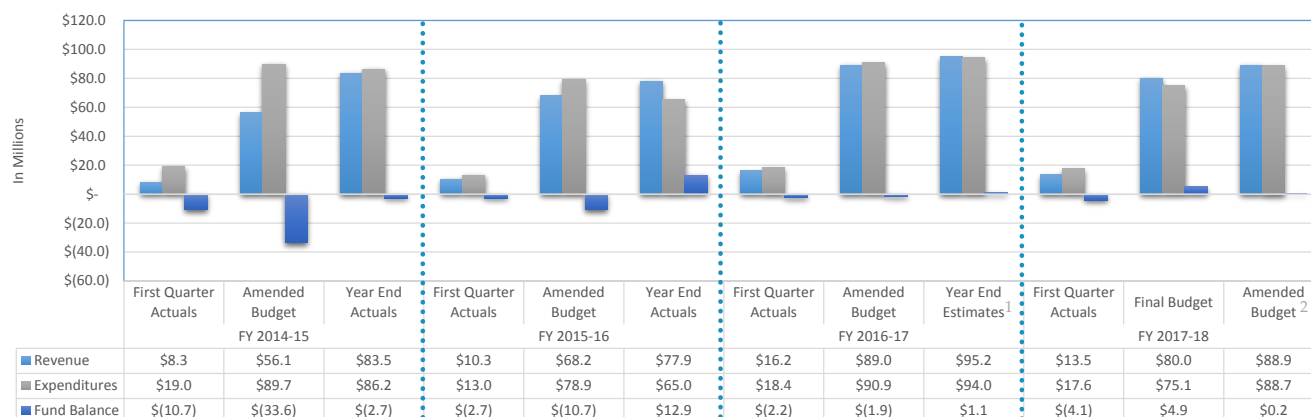
BACKGROUND - On June 20, 2017, the City Council adopted the Fiscal Year 2017-18 Final Budget for the City of Cupertino. This spending plan of \$148,868,179 for all funds reflected a \$7,631,924 increase from the 2017-18 Proposed Budget of \$141,236,255. This is due to changes recommended by Council at the final budget hearing and adoption that approved the appropriation of: 1) \$3 million in Capital Projects and \$3 million in transfers out of the Capital Reserve for the Bike Plan, 2) \$779,762 in the Capital Improvement Fund and \$779,762 in transfers out from the Transportation Fund for the Bike Plan, 3) \$50,000 for the Creekside Building Roof Modification, 4) \$22,000 in Traffic Engineering for a Senior Mobility Pilot Program, 5) \$400 in City Council Community Funding for the Iranian Federated Women's Club Event. These adjustments include carryovers and encumbrances for obligations from the previous fiscal year, adjustments as part of quarterly financial reports, as well as adjustments approved as part of any separate Council agenda item. Combined, these adjustments result in the amended operating budget of \$197,923,594.

Proposed Budget through the First Quarter | Amended Budget FY 2017-18 | Flow of Funds Chart (in Millions)



*Carryovers/Post-Closing Budget Adjustment includes \$41,133,535 in carryovers and a (\$3,028,366) in Post-Closing Budget Adjustments.

GENERAL FUND UPDATE - General Fund Revenue, Expenditures and Fund Balance



¹ To date the City has yet to have its books audited 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.

² The additional \$0.2 million in fund balance as of first quarter is to provide a funding source for prior year encumbrances and carryover appropriations and Council approve budget actions.

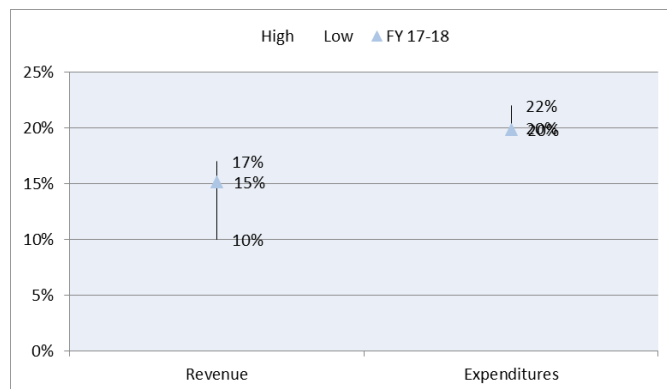
GENERAL FUND UPDATE (continued)

General Fund Classification of Fund Balance

CLASSIFICATION	Actuals 2015-16	Year End Projection 2016-17	Adopted Budget 2017-18	First Quarter 2017-18
Non Spendable	0.94	0.94	1.10	0.94
Restricted	0.89	0.69	0.76	0.69
Committed	-	11.60	11.60	10.43
Assigned	20.50	20.50	25.19	23.87
UnAssigned	29.87	11.28	6.75	19.85
TOTAL FUND BALANCE	52.19	45.01	45.41	55.77

General Fund Revenue and Expenditure Trends

As of September 30, 2017, General Fund expenditures are \$17.6 million; this represents 20% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years were between 20% and 22% of the final actual expenditures, placing this year within range. General Fund revenues are at \$13.5 million; this represents 15% of the budgeted revenue. Revenues at the first quarter point of the prior three years were between 10% and 17%, placing this year within the range.



RECOMMENDED FIRST QUARTER ADJUSTMENTS

		Recommended Adjustment			
Fund	Department	Expenditure	Revenue	Fund Balance	Description
GENERAL FUND					
100	Recreation & Community Services	47,000	-	47,000	4th of July Fireworks
100	Recreation & Community Services	30,000	-	30,000	Customer Service Training for Staff
100	Public Works	350,000	-	350,000	Asset Management Plan for Municipal Water System
100	Innovation & Technology	287,880	287,880	-	Transfer Software Costs to Applications
100	Recreation & Community Services	58,435	-	58,435	Reallocating Noontime Program Funds to 100-62-623 (Youth, Teen, and Senior Adult Recreation) and 100-11-165 (Teen Commission)
		(58,435)	-	(58,435)	
TOTAL GENERAL FUND		714,880	287,880	427,000	
SPECIAL REVENUE FUND					
260	Community Development	(56,938)	-	(56,938)	Update Budget with Final CDBG Numbers
TOTAL SPECIAL REVENUE FUND		(56,938)	-	(56,938)	
INTERNAL SERVICE FUND					
610	Innovation & Technology	(287,880)	(287,880)	-	Transfer Software Costs to Applications
TOTAL INTERNAL SERVICE FUND		(287,880)	(287,880)	-	
TOTAL ALL FUNDS		370,062	-	370,062	

SUMMARY

The First Quarter Financial Report shows the City is well-positioned to move forward. City staff recommends adjustments of \$370,062 in appropriations resulting in an increase use of fund balance of \$370,062 across all funds.