



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Cupertino
California**

For the Fiscal Year Beginning

July 1, 2018

Christopher P. Morill

Executive Director



Government Finance Officers Association

203 North LaSalle Street, Suite 2700

Chicago, Illinois 60601-1210

312.977.9700 fax: 312.977.4806

January 11, 2019

Zach Korach
Finance Manager
City of Cupertino
10300 Torre Avenue
Cupertino, CA 95014

Dear Mr. Korach:

We are pleased to inform you, based on the examination of your budget document by a panel of independent reviewers, that your budget document has been awarded the Distinguished Budget Presentation Award from Government Finance Officers Association (GFOA) for the current fiscal period. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant achievement by your organization.

The Distinguished Budget Presentation Award is valid for one year. To continue your participation in the program, it will be necessary to submit your next annual budget document to GFOA within 90 days of the proposed budget's submission to the legislature or within 90 days of the budget's final adoption. A Distinguished Budget Program application is posted on GFOA's website. This application must be completed and accompany your next submission. (See numbers 12 and 13 on page 2 of the application for fee information and submission instructions.)

Each program participant is provided with confidential comments and suggestions for possible improvements to the budget document. Your comments are enclosed. We urge you to carefully consider the suggestions offered by our reviewers as you prepare your next budget.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual(s) or department designated as being primarily responsible for its having achieved the award. Enclosed is a Certificate of Recognition for Budget Preparation for:

Kristina Alfaro, Director of Administrative Services

Continuing participants will find a brass medallion enclosed with these results. First-time recipients will receive an award plaque that will be mailed separately and should arrive within eight to ten weeks. Also enclosed is a camera-ready reproduction of the award for inclusion in your next budget. If you reproduce the camera-ready image in your next budget, it should be accompanied by a statement indicating continued compliance with program criteria.

The following standardized text should be used:

Washington, DC Office

Federal Liaison Center, 660 North Capitol Street, NW, Suite 410 • Washington, DC 20001 • 202.393.8020 fax: 202.393.0780

www.gfoa.org



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Zach Korach

January 11, 2019

Page 2

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **City of Cupertino, California**, for its Annual Budget for the fiscal year beginning **July 1, 2018**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

A press release is enclosed.

Upon request, GFOA can provide a video from its Executive Director congratulating your specific entity for winning the Budget Award.

We appreciate your participation in this program, and we sincerely hope that your example will encourage others in their efforts to achieve and maintain excellence in governmental budgeting. The most current list of award recipients can be found on GFOA's website at www.gfoa.org. If we can be of further assistance, please contact the Technical Services Center at (312) 977-9700.

Sincerely,

Michele Mark Levine
Technical Services Center

Enclosure

Washington, DC Office

Federal Liaison Center, 660 North Capitol Street, NW, Suite 410 • Washington, DC 20001 • 202.393.8020 fax: 202.393.0780

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FOR IMMEDIATE RELEASE

January 11, 2019

For more information, contact:

Technical Services Center

Phone: (312) 977-9700

Fax: (312) 977-4806

E-mail: budgetawards@gfoa.org

(Chicago, Illinois)--Government Finance Officers Association is pleased to announce that **City of Cupertino, California**, has received GFOA's Distinguished Budget Presentation Award for its budget.

The award represents a significant achievement by the entity. It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the entity had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as:

- a policy document
- a financial plan
- an operations guide
- a communications device

Budget documents must be rated "proficient" in all four categories, and in the fourteen mandatory criteria within those categories, to receive the award.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual(s) or department designated as being primarily responsible for having achieved the award. This has been presented to **Kristina Alfaro, Director of Administrative Services**.

There are over 1,600 participants in the Budget Awards Program. The most recent Budget Award recipients, along with their corresponding budget documents, are posted quarterly on GFOA's website. Award recipients have pioneered efforts to improve the quality of budgeting and provide an excellent example for other governments throughout North America.

Government Finance Officers Association is a major professional association servicing the needs of more than 19,000 appointed and elected local, state, and provincial-level government officials and other finance practitioners. It provides top quality publications, training programs, services, and products designed to enhance the skills and performance of those responsible for government finance policy and management. The association is headquartered in Chicago, Illinois, with offices in Washington D.C.

Washington, DC Office

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www.gfoa.org

BUDGET REVIEW COMPOSITE RATING FORM
GFOA Distinguished Budget Presentation Awards Program

fiscal period beginning July 2018

document number B9939564 8,730

At least two of the three reviewers must rate the document proficient or outstanding ratings on all four overall categories and all mandatory criteria in order for the document to receive the award.

| | | | |
|-------------|----------|------------|-------------|
| Information | Does Not | | |
| Not Present | Satisfy | Proficient | Outstanding |
| (1) | (2) | (3) | (4) |

| | | | | |
|--|--|---|---|---|
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |

- * C1 Table of contents (**mandatory**)
- P1 Strategic goals & strategies
- P2 Short-term organization-wide factors influencing decisions
- * P3 Priorities and issues (**mandatory**)
- * C2 Budget Overview (**mandatory**)

Financial Structure, Policy, and Process

| | | | | |
|--|---|---|---|---|
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | ✓ | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |

- * O1 Organization chart (**mandatory**)
- F1 Fund descriptions and fund structure
- O2 Department/fund relationship
- F2 Basis of Budgeting
- * P4 Financial policies (**mandatory**)
- * P5 Budget process (**mandatory**)

Financial Summaries

| | | | | |
|--|--|---|---|---|
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |

- * F3 Consolidated financial schedule (**mandatory**)
- * F4 Three (four) year consolidated and fund financial schedules (**mandatory**)
- * F5 Fund balance (**mandatory**)
- * F6 Revenues (**mandatory**)
- F7 Long-range financial plans

Capital & Debt

| | | | | |
|---|---|---|---|---|
| | ✓ | ✓ | ✓ | ✓ |
| ✓ | ✓ | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |

- * F8 Capital expenditures (**mandatory**)
- F9 Impact of capital investments on operating budget
- * F10 Debt (**mandatory**)

Departmental Information

| | | | | |
|--|--|---|---|---|
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |

- * O3 Position summary schedule (**mandatory**)
- * O4 Department descriptions (**mandatory**)
- O5 Unit goals and objectives
- O6 Performance measures

Document-wide Criteria

| | | | | |
|--|---|---|---|---|
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | ✓ | ✓ | ✓ | ✓ |

- C3 Statistical/supplemental section
- C4 Glossary
- C5 Charts and graphs
- C6 Understandability and usability

| | | | | |
|--|---|---|---|---|
| | | ✓ | ✓ | ✓ |
| | ✓ | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ |

- Overall as a policy document
- Overall as a financial plan
- Overall as an operations guide
- Overall as a communications device

yes
☐

no
☒

SPECIAL CAPITAL RECOGNITION - outstanding ratings by all three reviewers on F#8 & F#9

☐

☒

SPECIAL PERFORMANCE MEASURE RECOGNITION - outstanding ratings by all three reviewers on O#6

Reviewer ID S411

Name of Entity CITY OF CUPERTINO

Record Number 31635001

Document Number B9939564

State/Province CA

Order Rec'd Number 8730

1 = Information not present, 2= Does not satisfy criterion, 3=Proficient, 4= Outstanding

Please rate each criterion and each overall category

| | Policy | Financial | Operations | Communications | Process | Criteria Description |
|-------|--------|-----------|------------|----------------|---------|---|
| | | | | | | Grade |
| * C1 | | | | 4 | | Introduction and Overview |
| P1 | 3 | | | | | Table of contents (mandatory) |
| P2 | 3 | | | | | Strategic goals & strategies |
| * P3 | 3 | | | | | Short-term organization-wide factors influencing decisions |
| * C2 | | | | 3 | | Priorities and issues (mandatory) |
| | | | | | | Budget Overview (mandatory) |
| | | | | | | Financial Structure, Policy, and Process |
| * O1 | | | 4 | | | Organization chart (mandatory) |
| F1 | | 3 | | | | Fund descriptions and fund structure |
| O2 | | | 3 | | | Department/fund relationship |
| F2 | | 3 | | | | Basis of Budgeting |
| * P4 | 3 | | | | | Financial policies (mandatory) |
| * P5 | 3 | | | | | Budget process (mandatory) |
| | | | | | | Financial Summaries |
| * F3 | | 3 | | | | Consolidated financial schedule (mandatory) |
| * F4 | | 3 | | | | Three (four) year consolidated and fund financial schedules (mandatory) |
| * F5 | | 3 | | | | Fund balance (mandatory) |
| * F6 | | 4 | | | | Revenues (mandatory) |
| F7 | | 4 | | | | Long-range financial plans |
| | | | | | | Capital & Debt |
| * F8 | | 3 | | | | Capital expenditures (mandatory) |
| F9 | | 2 | | | | Impact of capital investments on operating budget |
| * F10 | | 3 | | | | Debt (mandatory) |
| | | | | | | Departmental Information |
| * O3 | | | 3 | | | Position summary schedule (mandatory) |
| * O4 | | | 3 | | | Department descriptions (mandatory) |
| O5 | | | 3 | | | Unit goals and objectives |
| O6 | | | 3 | | | Performance measures |
| | | | | | | Document-wide Criteria |
| C3 | | | | 3 | | Statistical/supplemental section |
| C4 | | | | 4 | | Glossary |
| C5 | | | | 4 | | Charts and graphs |
| C6 | | | | 2 | | Understandability and usability |
| | 3 | | | | | Overall as a policy document |
| | | 3 | | | | Overall as a financial plan |
| | | | 3 | | | Overall as an operations guide |
| | | | | 3 | | Overall as a communications device |
| | | | | | 3 | Overall as a best practice in school budgeting |

Return this rating sheet and your narrative comments to the Budget Awards Program (budgetawards@gfoa.org)

GOVERNMENT FINANCE OFFICERS ASSOCIATION
DISTINGUISHED BUDGET PRESENTATION AWARDS PROGRAM
BUDGET REVIEWER'S COMMENTS AND SUGGESTIONS

For: CITY OF CUPERTINO, CA

Order #8730

Fiscal year: 2018-19

Introduction and Overview:

The City of Cupertino presented a linked table of contents, their mission, initiatives, issues and challenges that guided them in the budget development process and provide the framework for future budgets.

Financial Structure, Policy and Process:

All criteria were rated at least proficient. Department organization charts enhanced the overall chart. To further enhance F1, O2 and F2, see pages 66, 72, 75-78 and 87 of the GFOA publication, Building a Better Budget Document, 2nd edition, by John Fishbein.

Financial Summaries:

All criteria were rated at least proficient. Revenues were enhanced with trend charts. Nice job on presenting categorized and forecasted summary for the general fund – do for all the funds to earn outstanding on F3 and F4 as well.

Capital and Debt:

Mandatory criteria were rated proficient. Capital was presented, but I did not locate quantified operating impacts. Debt information was provided.

Departmental Information:

All criteria were rated proficient. Present a one-line summary of total FTEs within the departments to earn outstanding on O3 from this reviewer. Categorize the multi-year measures as workload (output), efficiency and/or effectiveness.

Document-Wide Criteria:

Most criteria were rated at least proficient. Some economic and demographic information was presented. Add audit, bonds, depreciation, and retained earnings to the glossary and list of acronyms. Charts and graphs were effectively presented. Add the state to the cover. Try to reduce the document size to around 400 pages.

Other Comments/Suggestions:

The GFOA publication (mentioned above), Building a Better Budget Document, 2nd edition, by John Fishbein and the GFOA website under Best Practices are valuable resources available to assist you in further enhancing your budget document. Staff is to be commended for their efforts.

Control: B9939564

Record #31635001

Reviewer: S411

Nov 2018

Reviewer ID R931
 Name of Entity City of Cupertino
 Record Number 31635001

Document Number B9939564
 State/Province CA
 Order Rec'd Number 8,730

1 = Information not present, 2= Does not satisfy criterion, 3=Proficient, 4= Outstanding

Please rate each criterion and each overall category

| | Policy | Financial | Operations | Communications | Criteria Description |
|-------|--------|-----------|------------|----------------|--|
| | | | | | Grade |
| * C1 | | | | 3 | Introduction and Overview |
| P1 | 3 | | | | Table of contents (mandatory) |
| P2 | 3 | | | | Strategic goals & strategies |
| * P3 | 3 | | | | Short-term organization-wide factors influencing decisions |
| * C2 | | | | 3 | Priorities and issues (mandatory) |
| | | | | | Budget Overview (mandatory) |
| | | | | | Financial Structure, Policy, and Process |
| * O1 | | | 3 | | Organization chart (mandatory) |
| F1 | | 3 | | | Fund descriptions and fund structure |
| O2 | | | 2 | | Department/fund relationship |
| F2 | | 3 | | | Basis of Budgeting |
| * P4 | 3 | | | | Financial policies (mandatory) |
| * P5 | 3 | | | | Budget process (mandatory) |
| | | | | | Financial Summaries |
| * F3 | | 3 | | | Consolidated financial schedule (mandatory) |
| * F4 | | 3 | | | Three (four) year consolidated and fund financial schedules (mandatory) |
| * F5 | | 3 | | | Fund balance (mandatory) |
| * F6 | | 3 | | | Revenues (mandatory) |
| F7 | | 4 | | | Long-range financial plans |
| | | | | | Capital & Debt |
| * F8 | | 2 | | | Capital expenditures (mandatory) |
| F9 | | 1 | | | Impact of capital investments on operating budget |
| * F10 | | 3 | | | Debt (mandatory) |
| | | | | | Departmental Information |
| * O3 | | | 3 | | Position summary schedule (mandatory) |
| * O4 | | | 3 | | Department descriptions (mandatory) |
| O5 | | | 3 | | Unit goals and objectives |
| O6 | | | 3 | | Performance measures |
| | | | | | Document-wide Criteria |
| C3 | | | | 3 | Statistical/supplemental section |
| C4 | | | | 3 | Glossary |
| C5 | | | | 3 | Charts and graphs |
| C6 | | | | 3 | Understandability and usability |
| | 3 | | | | Overall as a policy document |
| | | 2 | | | Overall as a financial plan |
| | | | 3 | | Overall as an operations guide |
| | | | | 3 | Overall as a communications device |

Return this rating sheet and your narrative comments to the Budget Awards Program (budgetawards@gfoa.org)

Government Finance Officers Association
Budget Presentation Awards Program

City of Cupertino, CA (FY2019)

The Budget as a Policy Document:

The budget message includes a thorough overview of what's included in the budget, significant changes, and some issues that are influencing the budget. Clarify long-term strategic goals and priorities; budget priorities are clear from the funded initiatives. Expand discussion of organizational priorities and long-term vision. Include discussion that defines success, expectations, and context of goals. Incorporate goal setting and capital and long-range planning into the budget process and the calendar. Detailed financial policies.

The Budget as a Financial Plan:

Good presentation and explanation of fund balance. Briefly describe major capital projects; all readers may not be familiar with project titles as listed. Estimate and describe potential operating costs or savings of current or proposed capital projects on future budgets, i.e. "may require ongoing rent, maintenance, or periodic updates" or "should result in lower maintenance and energy costs" even if the amount cannot be easily determined. Nearly all projects have some type of operating impact. Present principal and interest for the budget year and list outstanding debt. Great discussion of assumptions used in the forecast. Good presentation and graphs of the General Fund forecast and analysis of the implications on current and future budget. Good inclusion of other funds.

The Budget as an Operations Guide:

Clearly identify which departments, as shown on the organizational chart, are supported by and/or manage which funds, especially beyond the General Fund. Consider expanding the fund narrative or adding a matrix that shows departments by funds to better illustrate the relationship between accounting and operating structures. Move department descriptions to the beginning of the department sections. Be careful assuming what the reader knows about the goals, organization, structure, or operations and the community issues. Clearly link some unit goals or key projects with organization-wide goals. Avoid using jargon or assuming the reader knows any specifics about the department and avoid using duty or task lists or generic statements as goals. Great blend of performance measures including efficiency, effectiveness, input, and output measures; clearly indicate which direction measures are intended to go to achieve success.

The Budget as Communications Device:

Include the state on the cover. Extensive acronyms list. Consider integrating some more complex acronyms with brief definitions into the glossary.

Reviewer ID R356

Document number B9939564

Name of entity City of Cupertino

State/Province CA

Record number 31635001

Order number 8730

1 = Information not present, 2= Does not satisfy criterion, 3=Proficient, 4= Outstanding

Please rate each criterion and each overall category

| | Policy | Financial | Operations | Communications |
|-------|--------|-----------|------------|----------------|
| | Grade | | | |
| * C1 | | | | 4 |
| P1 | 3 | | | |
| P2 | 3 | | | |
| * P3 | 4 | | | |
| * C2 | | | | 3 |
| * O1 | | | 3 | |
| F1 | | 3 | | |
| O2 | | | 3 | |
| F2 | | 3 | | |
| * P4 | 3 | | | |
| * P5 | 3 | | | |
| * F3 | | 3 | | |
| * F4 | | 3 | | |
| * F5 | | 3 | | |
| * F6 | | 3 | | |
| F7 | | 4 | | |
| * F8 | | 3 | | |
| F9 | | 1 | | |
| * F10 | | 3 | | |
| * O3 | | | 3 | |
| * O4 | | | 3 | |
| O5 | | | 4 | |
| O6 | | | 3 | |
| C3 | | | | 4 |
| C4 | | | | 3 |
| C5 | | | | 3 |
| C6 | | | | 3 |
| | 3 | | | |
| | | 3 | | |
| | | | 3 | |
| | | | | 3 |

Criteria DescriptionIntroduction and Overview**Table of contents (mandatory)**

Strategic goals & strategies

Short-term organization-wide factors influencing decisions

Priorities and issues (mandatory)**Budget Overview (mandatory)**Financial Structure, Policy, and Process**Organization chart (mandatory)**

Fund descriptions and fund structure

Department/fund relationship

Basis of Budgeting

Financial policies (mandatory)**Budget process (mandatory)**Financial Summaries**Consolidated financial schedule (mandatory)****Three (four) year consolidated and fund financial schedules (mandatory)****Fund balance (mandatory)****Revenues (mandatory)**

Long-range financial plans

Capital & Debt**Capital expenditures (mandatory)**

Impact of capital investments on operating budget

Debt (mandatory)Departmental Information**Position summary schedule (mandatory)****Department descriptions (mandatory)**

Unit goals and objectives

Performance measures

Document-wide Criteria

Statistical/supplemental section

Glossary

Charts and graphs

Understandability and usability

Overall as a policy document**Overall as a financial plan****Overall as an operations guide****Overall as a communications device**

**GOVERNMENT FINANCE OFFICERS ASSOCIATION
DISTINGUISHED BUDGET PRESENTATION AWARDS PROGRAM
BUDGET REVIEWER'S COMMENTS AND SUGGESTIONS**

For: City of Cupertino, CA

Fiscal Year: 2019

The Budget as a Policy Document: Proficient

This document is rated proficient overall as a policy document, with strategic goals and strategies, criterion P1, satisfied within the general construct of the budget overview, where the City's goals are discussed. Similarly, criterion P2, short-term organization-wide factors influencing decisions, is discussed concerning the City's short-term affluence while being threatened by long-term pension liabilities.

Criterion P3, priorities and issues, is rated outstanding for its coverage of ballooning pension costs and costs of the capital program. Since Cupertino is set in Silicon Valley, the budget would be remiss if it did not emphasize the role of technology.

Mandatory criteria, such as financial policies, P4, and the budget process, P5, are rated proficient as supporting the budget's financial structure.

The Budget as a Financial Plan: Proficient

The document is rated proficient overall as a financial plan, beginning with the presentation of fund descriptions and fund structure, F1. The information provided, starting on p. 65, is clear and comprehensive, as is the basis of budgeting, F2, on p. 63.

All financial summaries are rated at least proficient, all well laid-out and clear, but one criterion earns an outstanding rating, and that is in long-range financial plans, F7. The 5- and 20-year forecasts, both narrative and chart driven, are among the best and most comprehensive I have seen, and this effort earns an outstanding rating.

Capital and debt issues answered proficiently, with the exception that criterion F9, the impact of capital investments on the operating budget, seems to be missing entirely.

The Budget as an Operations Guide: Proficient

This budget is proficient overall as an operations guide, leading off with a good organization chart, O1, placed early in the document.

Criterion O2, the department/fund relationship, is rated proficient, but only from inferring information in general way from the whole document. The Detailed Criteria Location Guide shows only narrative, not page numbers, for where to find the information.

**GOVERNMENT FINANCE OFFICERS ASSOCIATION
DISTINGUISHED BUDGET PRESENTATION AWARDS PROGRAM
BUDGET REVIEWER'S COMMENTS AND SUGGESTIONS**

For: City of Cupertino, CA

Fiscal Year: 2019

Is the reviewer supposed to find the answer himself? Please provide specific page numbers in response to the criteria.

The rest of the departmental information is rated proficient or better, justifying the overall rating.

The Budget as a Communications Device: Proficient

This budget is rated proficient overall as a communications device, starting with an outstanding rating for the table of contents, C1. This rating is earned for the ease of use and search capabilities of the table.

The budget overview, C2, the heart of the document, is rated proficient for its presentation of the budget story.

The document-wide criteria are rated proficient, with the exception of the statistical/supplemental section, C3. The history of Cupertino makes for fascinating reading, and the writing is good, so the rating is outstanding.

General Comments and Suggestions:

This is a publication well worth the Distinguished Budget Presentation Award, carrying a great deal of information in an attractive package.

Staff preparing this document deserves congratulations for creating an easily understood and readable publication.

Suggested Priorities for Improving the Budget Presentation:

Please display the budget impact of your CIP on the operating budget. I feel certain you have the information, given the volume of data you presented in your 5- and 20-year projections.

Document number: B9939564

Reviewer: R356