

**AUDIT COMMITTEE
SUBCOMMITTEE ON THE ANNUAL BUDGET REPORT
November 12, 2019**

CONCLUSIONS AND RECOMMENDATIONS

1. Awards from respected Associations for Budget Presentation highlight and support the outstanding work being accomplished by the City Staff of Cupertino in the budget process:
 - a. Distinguished Budget Presentation Award by Government Finance Officers Association; and
 - b. Excellence Award for Fiscal Year Operating Budget by California Society of Municipal Finance Officers.
2. Comparison of budget documents from other cities as presented in September 25, 2019 Staff Report to the Budget Book Subcommittee of the Audit Committee, shows the City of Cupertino meeting or exceeding its peers in a variety of budget presentation categories. Use of the Transparency Portal and communication of Budget At a Glance are clearly within the peer leadership.
3. In the spirit of continuous improvement and building on the strong budget formats already in-place in Cupertino, here are some areas the Subcommittee recommends further investigation and possible adjustment be considered by focus on possible enhancements to the
 - a. Budget At a Glance
 - i. Adding modules such as the Ten-Year Staffing and Population Growth chart to highlight and explain significant changes or elements of the current budget; and
 - ii. Reference Transparency portal of OpenGov for supplemental key elements.
 - b. Transparency portal of OpenGov
 - i. Provide more context to major amounts and changes from year to year or budget to actual by
 1. Linking to the context already available in other budget documents or
 2. Creating new content if needed and posting.
 - ii. Interconnect or make more obvious some of the key communication elements on the budget already underway in Cupertino and as listed by OpenGov as one of the transparency portal's strengths. For example, OpenGov on its website states "Build Trust Through Effective Communication. Engaging with constituents and stakeholders is critical to every public agency's success. With OpenGov, leaders can analyze and communicate complex topics and decisions in a simple manner anyone can understand. Agencies are able to build trust with colleagues and residents by gathering input on key initiatives and aligning budget and the strategic plan to both performance objectives and public expectations."
 1. Link into OpenGov those initiatives already underway; and
 2. Explore other ways to implement and demonstrate through the portal.

PLEASE SEE SEPARATE SUBCOMMITTEE QUESTIONS SUBMITTED TO CITY STAFF WITH RESPONSES FROM STAFF

In particular the following City Staff responses warrant additional consideration and action based on responses provided: Questions 1b, 1c, 2b, 4a, 6a, 6b, 6bii, 8, 9b and 10.

Additionally, the response by City staff to Question 9a which asked about the current stated policy of “Ensure that Enterprise activities remain self-supporting in the long-term” seems to us to indicate as a minimum the word “Ensure” might be replaced with “Monitor” or even better a policy defining “self-supporting in the long-term” be adopted so that the City indeed could ensure that said policy is being implemented.

Respectively submitted
Budget Subcommittee of Cupertino Audit Committee
Councilman Darcy Paul
Cupertino Audit Committee Chair Eno Schmidt