

FY 2023-24 Mid-Year Financial Report

The Administrative Services Department is pleased to present the Mid-Year Financial Report for Fiscal Year 2023-24, covering the period from July 1, 2023 to December 31, 2023. This report serves as an update on the City's financial standing, providing the City Council, City leadership, and the public with important insights on the City's fiscal status.

The City is committed to providing accurate and timely financial information, and this report reflects its ongoing efforts to maintain transparency and accountability.

This [Financial Report](#) is interactive. Click on a chart to learn more.

Background

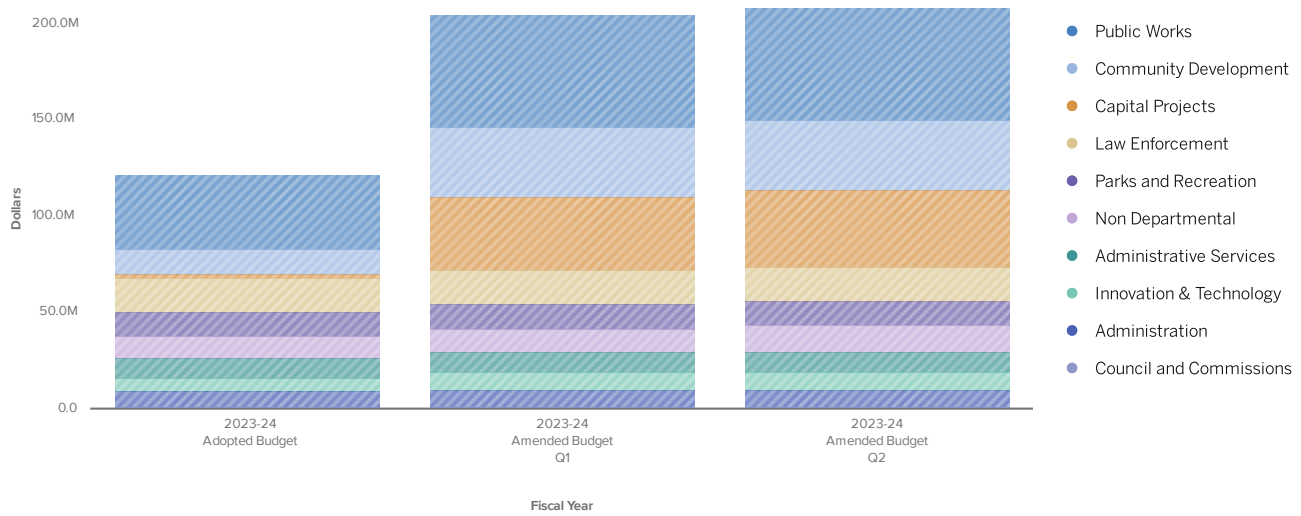
On June 6, 2023, the City Council adopted the FY 2023-24 Adopted Budget, a \$121.8 million spending plan funded by \$110.2 million in revenue and \$11.6 million in fund balance.

As described in the City Manager's First Quarter Financial Report, the budget was revised to account for encumbrances and carryover appropriations. As part of the FY 2022-23 year-end close, additional funds were carried forward to FY 2023-24, amounting to \$17.1 million in encumbrances and \$64.0 million in carryover appropriations. The largest encumbrances were for capital projects (\$3.8 million), while the largest carryovers were also for capital projects (\$31.0 million) and The Rise (\$19.1 million).

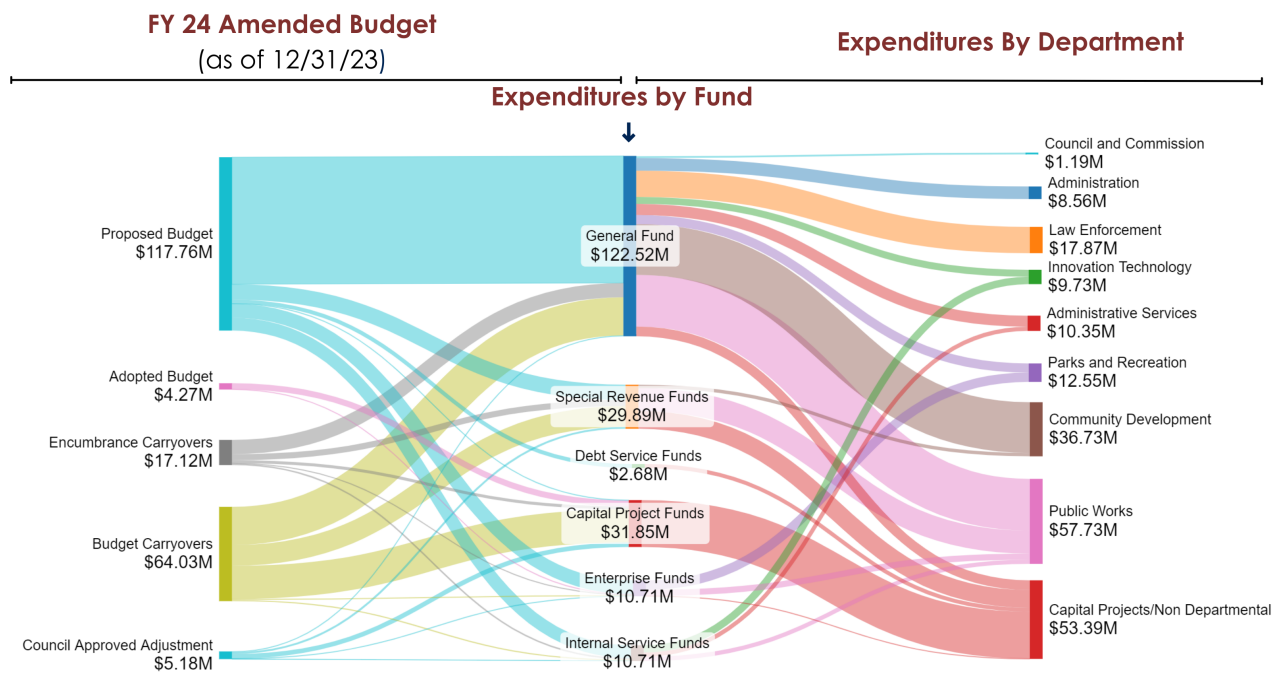
Furthermore, the FY 2023-24 Amended Budget includes Council-approved budget amendments from July 1 to December 31, 2023, totaling \$5.2 million. It included \$0.5 million in first quarter adjustments, \$0.2 million for a community resilience grant for EV chargers, and \$4.4 million for capital projects and transfers.

As a result of these budget adjustments, encumbrances, and carryovers, the amended budget at the end of the first quarter is \$208.1 million, funded with \$152.0 million in revenue and \$56.1 million in fund balance. The reflection of carryovers and encumbrances in the amended budget is a standard practice in municipal budgeting and aligns with the amounts in previous years, which have been approximately \$80 million. Carryovers and encumbrances are appropriations approved in prior years but have not yet been spent.

Amended Budget

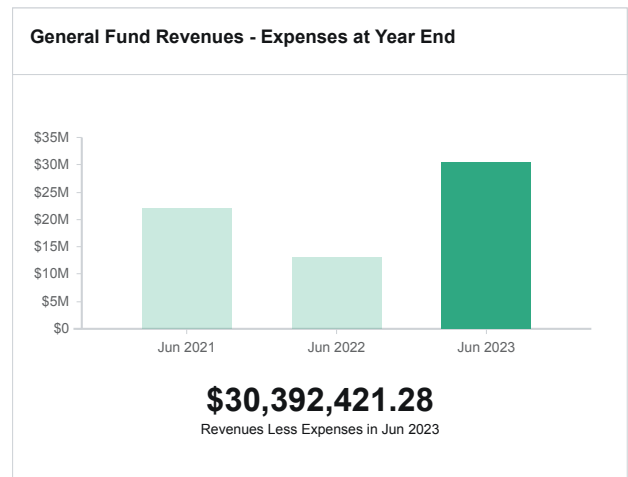
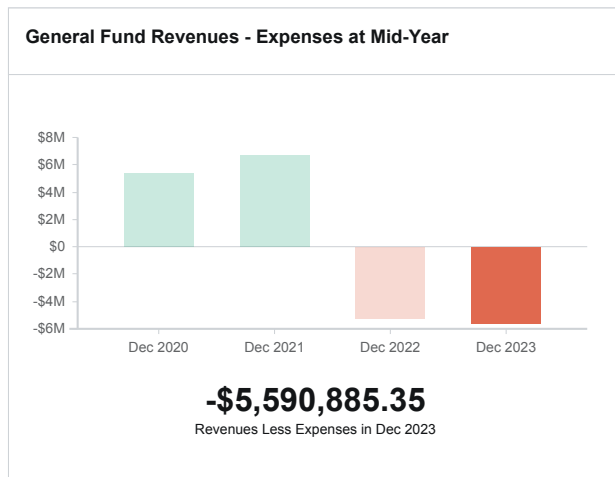
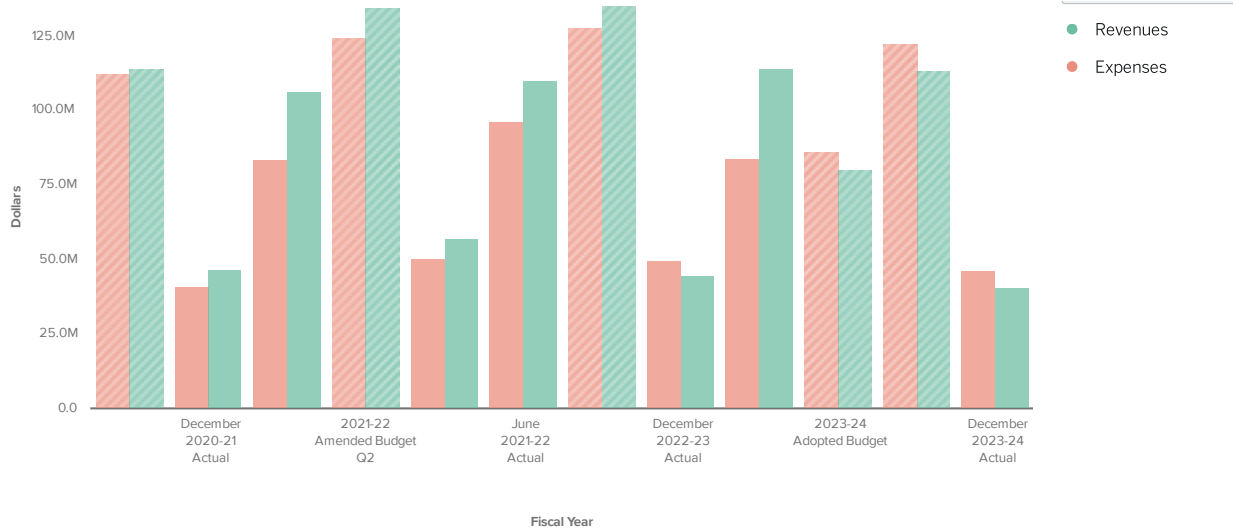


Flow of Funds Chart (in Millions)



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.

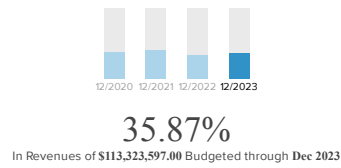


General Fund Revenue and Expenditure Trends

As of December 31, 2023, General Fund revenues have totaled \$40.6 million, representing 36% of the budgeted revenue. This is below the mid-year revenue range of the past three years, which was between 33% and 40%. General Fund expenditures have totaled \$46.2 million, which is 38% of the budgeted appropriations. This is below the mid-year expenditure range of the previous three years, which was between 44% and 51% of year-end actual expenditures. To ensure fiscal stability, staff will continue to closely monitor leading revenue sources throughout the year.

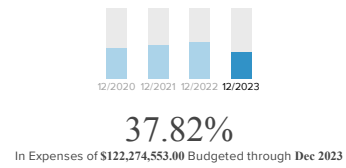
General Fund Revenues - Mid-Year Actuals vs Budget

Data Updated Feb 13, 2024, 10:07 PM

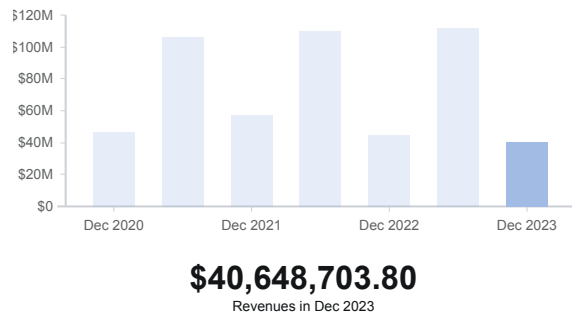


General Fund Expenses - Mid-Year Actuals vs Budget

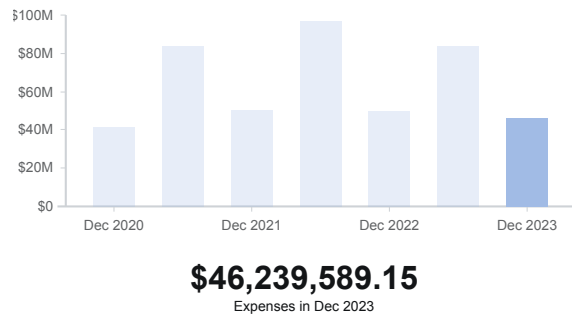
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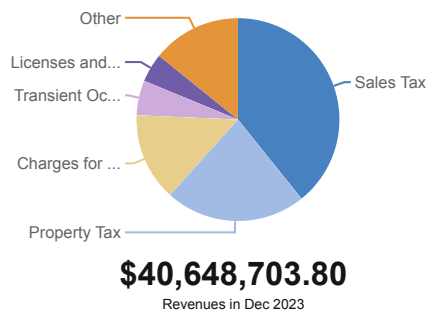
General Fund Revenues - Mid-Year vs Year End Actuals



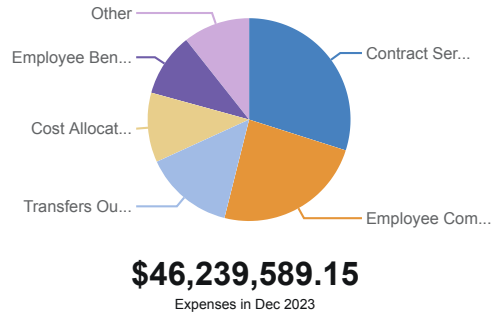
General Fund Expenses - Mid-Year vs Year End Actuals



General Fund Revenues by Type



General Fund Expenses by Type



General Fund Classification of Fund Balance

The General Fund ended FY 2021-22 with total fund balance of \$110.2 million. Staff anticipates the General Fund will end FY 2022-23 with \$140.6 million in fund balance, an increase of \$30.4 million from the prior year due to FY 2022-23 ending with revenues higher than expenditures. As of mid-year, staff anticipates the

General Fund will end FY 2023-24 with \$137.5 million in fund balance, including \$36.7 million in unassigned fund balance.

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	Actual 2021-22	Year End Projection 2022-23	Adopted Budget 2023-24	1st Quarter Year End Projection 2023-24	Mid-Year Year End Projection 2023-24
Non Spendable	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4
Restricted	18.8	20.7	18.8	18.8	20.7
Committed	34.1	34.1	34.1	34.1	74.6
Assigned	5.0	5.0	7.0	5.0	5.0
Unassigned	51.8	80.3	44.1	77.0	36.7
TOTAL FUND BALANCE	\$ 110.2	\$ 140.6	\$ 104.4	\$ 135.4	\$ 137.5

Recommended Adjustments

The City's departments regularly evaluate their budget expenditures throughout the fiscal year to ensure they stay within their budget appropriations. In case of any variance, they can request budget adjustments as necessary as part of the quarterly reports.

The budget adjustment requests are summarized in the table below.

Fund	Department	Revenue	Expenditure	Change in Fund Balance	Proposal
GENERAL FUND					
100 General Fund	Non-Departmental	795,258	-	795,258	Utility User Tax Revenue Adjustment
100 General Fund	Parks & Recreation	12,414	10,057	2,357	Hidden Treasures Proceeds
TOTAL GENERAL FUND		807,672	10,057	797,615	
TOTAL ALL FUNDS		\$ 807,672	\$ 10,057	\$ 797,615	

Summary

The Mid-Year Financial Report shows the City is positioned as anticipated. City staff recommends adjustments of \$10,057 in new appropriations, funded by \$807,672 in revenues and \$797,615 in one-time fund balance. The City will continue to monitor its revenue and expenditure trends closely to ensure it remains on track toward achieving its budgetary goals and objectives.

City of Cupertino, California

Cupertino City Hall
10300 Torre Avenue
Cupertino, CA 95014-3202

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