CITY OF CUPERTINO

Fiscal Year 2024–2025

Popular Annual Financial Report

CITY OF CUPERTINO • 10300 TORRE AVENUE • CUPERTINO, CA 95014 • CUPERTINO.GOV

MESSAGE FROM THE DIRECTOR OF ADMINISTRATIVE SERVICES KRISTINA ALFARO

To the Citizens of Cupertino:

It is our pleasure to present the City's first-ever Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2025.

At the City of Cupertino, we are committed to advancing transparency and public engagement. This PAFR provides a condensed and easy-to-understand summary of financial information taken from the Annual Comprehensive Financial Report (ACFR). Both reports are prepared in accordance with Generally Accepted Accounting Principles (GAAP)*.

The ACFR is audited annually by The Pun Group, LLP, the City's independent external auditor, and is reviewed by the Audit Committee before being presented to the City Council for acceptance. The City has consistently received the Government Finance Officers Association (GFOA) Award for Excellence in Financial Reporting, a recognition of our commitment to high standards of transparency and accountability.

We invite residents to explore the ACFR for more detailed financial information and to use the PAFR as a gateway to understanding how public resources are managed.

Both the PAFR and the ACFR are available online at: www.cupertino.gov/finance

For questions or more information, please contact the Cupertino Finance Department at (408) 777-3200 or via email at finlist@cupertino.gov.

Sincerely,

Kristina Alfaro
Director of Administrative Services

Contents in this Report

*GAAP is a combination of authoritative standards and the commonly accepted way of recording and reporting accounting information. To review the audited GAAP-based, full disclosure financial statements, please refer to the City's ACFR, which is available on the City's website at www.cupertino.gov/finance.

01

CITY HISTORY AND PROFILE

For a brief recap of Cupertino's history, Cupertino was first mentioned in 1776 when Captain Juan Bautista De Anza led an expedition from Mexico to California to build a fort on San Francisco Bay. As they passed through Santa Clara Valley, they bestowed the name Arroyo San Jose de Cupertino on the stream that is now called Stevens Creek. Over time, this town grew to be known for its agricultural community, leading to the name of "valley of hearts delight". In 1904, The town was officially known as Cupertino with the Cupertino name being applied to crossroads, post office, stores, etc. By 1955, Cupertino officially became Santa Clara County's 13th City.*

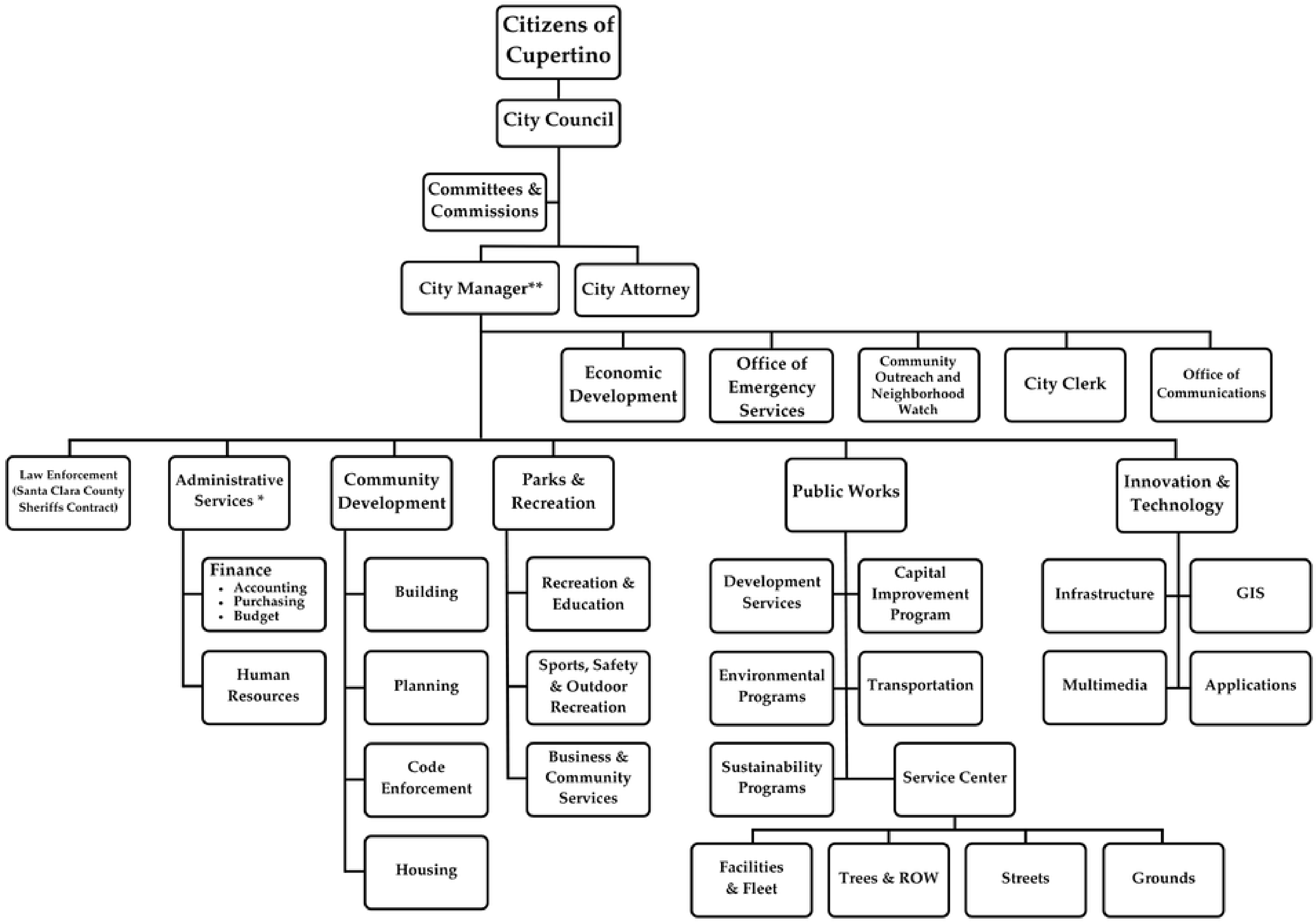
Today, The City of Cupertino is home to top notch educational institutions including De Anza College, which is one of the largest single-campus community college that is a major employer and a magnet for attracting local and international students. Cupertino is also world-renowned as the home to high-tech giants, such as Apple, Inc. and Amazon that attract a culturally diverse population. The City's proactive economic development effort and a high touch approach have also resulted in an innovative environment for start-ups and growing companies including Moxo, DURECT Corporation, Claspp, Mirapath, Aemetis Inc, Mist Systems, and many more. The City strives to retain our companies and attract new ones through active outreach, and a responsive, streamlined, and customer-oriented entitlement process.

The Cupertino Historical Society and Museum keep the City's past and present heritage alive.
If you would like to visit:

Address: Quinlan Community Center, 10185 N. Stelling Rd
Hours: Wednesday to Saturday 10 am - 4 pm

***Source pulled from City Website**

02 ORGANIZATIONAL CHART



* The City Treasurer is the Director of Administrative Services
** The City Manager is the City Labor Negotiator

03 CITY COUNCIL MEMBERS

The Cupertino City Council operates under a council-manager form of government, with five elected members serving four-year terms. The Council selects a Mayor and Vice Mayor annually at a special meeting each December, with consecutive terms prohibited for these leadership roles. This system blends elected officials' policymaking with professional City management to represent residents and guide Cupertino's development.

LIANG CHAO
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LCHAO@CUPERTINO.GOV

KITTY MOORE
VICE MAYOR
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J.R. FRUEN
COUNCILMEMBER
JRFRUEN@CUPERTINO.GOV

SHEILA MOHAN
COUNCILMEMBER
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R "RAY" WANG
COUNCILMEMBER
RWANG@CUPERTINO.GOV

04 CUPERTINO BY THE NUMBERS

59,831 APPROXIMATE POPULATION

41.3 MEDIAN AGE

4.2% UNEMPLOYEMENT RATE

48,730 JOBS*

$105,134 MEDIAN PERSONAL INCOME

13,274,796 OFFICE/INDUSTRIAL/ RETAIL SQ FT

97.2% WITH HIGH SCHOOL DEGREE

22,990 PUBLIC SCHOOL ENROLLMENT

1,287,212,6722 LOCAL SPENDING*

2,840 ACTIVE BUSINESS LICENSES*

DESIGNATED TREE CITY USA*

BRONZE LEVEL BIKE FRIENDLY COMMUNITY*

*Sources pulled from Budget at a Glance & City Website

05 FINANCIAL ANALYSIS

NET POSITION (in thousands) FOR FISCAL YEAR 2024 - 2025			
	Governmental	**Business**	**Total**
Net investment in Capital Assets	$210.6	$1.8	$212.5
Restricted	$77.6	$0.0	$77.6
Unrestricted	$163.3	$7.4	$170.7

ACTIVITY TYPES

Governmental activities - These represent the City's core functions, such as public safety, parks, street maintenance, and planning, primarily funded through taxes and grants, not user fees.

Business Type Activities - These are services operated like private enterprises and funded through user fees. Cupertino's business-type activities are designed to be self-supporting based on service usage.

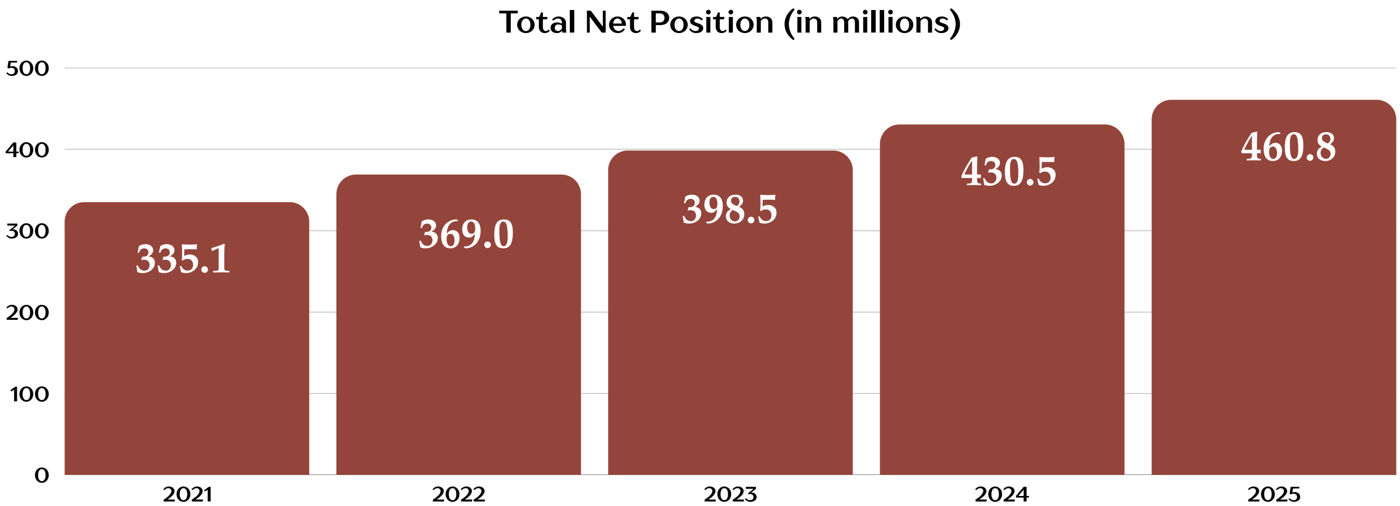
NET POSITION

Net position in capital assets - Reflects the City's investment in land, buildings, roads, parks, and equipment, net of related debt. These assets support long-term operations.

Unrestricted net position - Funds legally restricted for specific uses, such as transportation or housing, based on external requirements.

Restricted net position - Flexible resources available for general use, though often designated by the City for reserves or future needs.

06 GOVERNMENT-WIDE NET POSITION



NET POSITIONS (in millions) FISCAL YEAR 2020-21 TO FISCAL YEAR 2024-25					
	2021	**2022**	**2023**	**2024**	**2025**
Total Assets	$438.4	$456.1	$482.8	$527.8	$565.9
Deferred Outflows	$11.0	$14.1	$24.5	$23.5	$28.6
Total Liabilities	$105.4	$83.9	$104.0	$116.3	$107.4
Deferred Inflows	$8.9	$17.3	$4.8	$4.4	$26.2
Total Net Position	$335.1	$369.0	$398.5	$430.5	$460.8

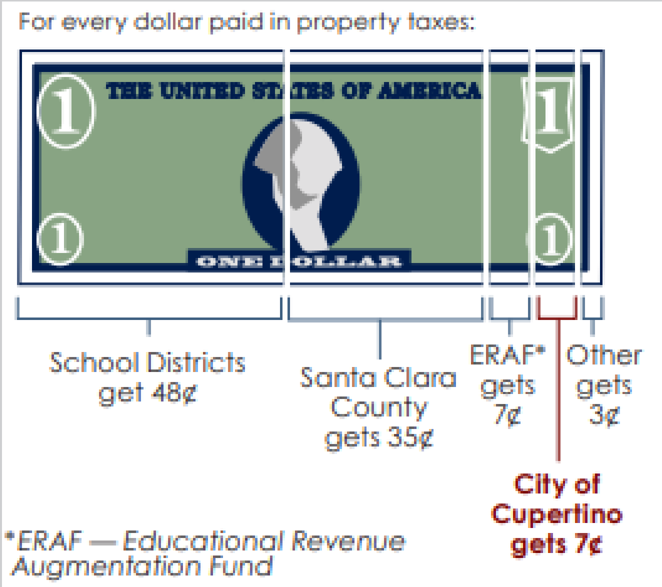
The net position is an overview of the City's asset and liabilities in both governmental activities and business type activities. As of June 2025, the City's total net position amounted to $460.8 million. Over time, the increase/decrease of the net position serves as a useful indicator of whether the City's financial position is improving or declining.

07
4 LARGEST GENERAL FUND REVENUE

PROPERTY TAX

Accounts for 30.86% of the revenue source, becoming the largest source in the General Fund.

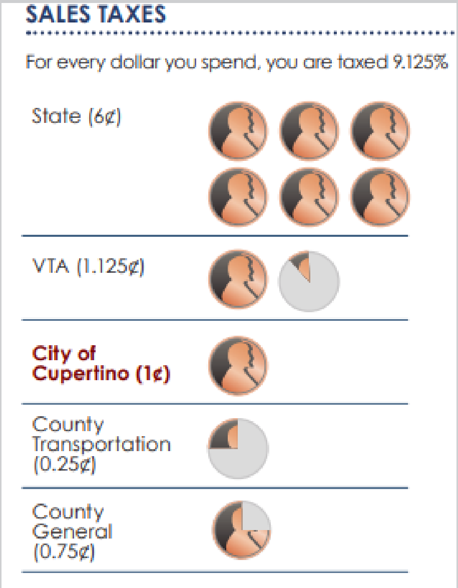
For every dollar that is paid for property tax, the City of Cupertino receives 7 cents.



SALES TAX

Accounts for 15.59% of the General Fund which was once the largest revenue source.

The State of California collects a total of 6 cents for every dollar spent. The tax rate is 9.125% with the City of Cupertino getting 1 cent.



OTHERS

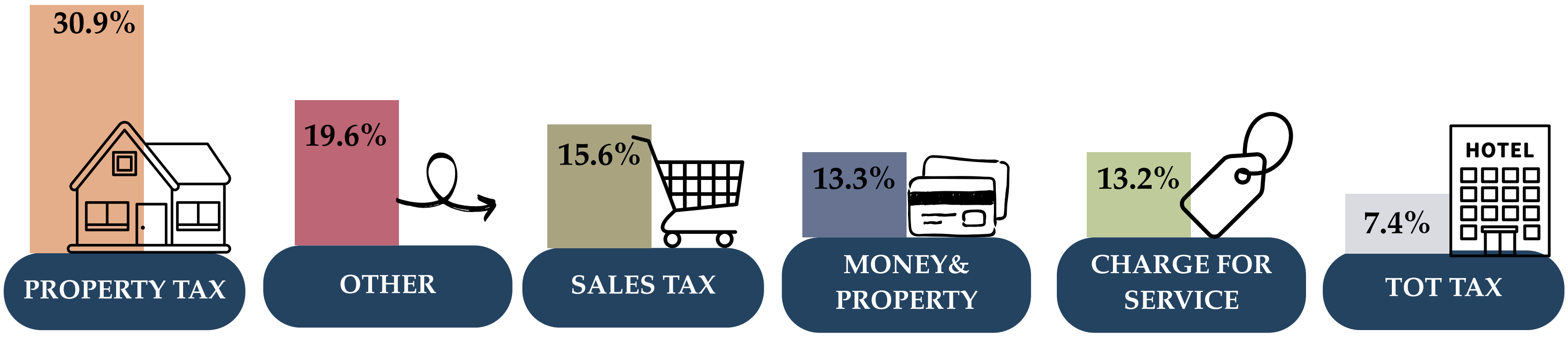
Accounts for 19.61% of the General Fund Revenue Source.

Other revenue sources represent:
Franchise fee
Intergovernmental
License and permits
Fine and forfeitures
Other miscellaneous sources

USE OF MONEY & PROPERTY

Accounts for 13.27% of the General Fund revenue source and reflects how financial and physical assets are managed for specific purposes.

08 GENERAL FUND REVENUE



GENERAL FUND - IN REVENUE (in millions) FISCAL YEAR 2024-2025		
Revenue Sources	**Percentage**	**Amount in Dollars**
Property Tax	30.9%	$34.4
Other	19.6%	$21.9
Sales Tax	15.6%	$17.4
Use of Money &Property	13.3%	$14.80
Charge for Services	13.2%	$14.78
TOT Tax	7.4%	$8.3

09 GENERAL FUND EXPENDITURE DESCRIPTION

PUBLIC WORKS

Maintains City infrastructure and essential services to support a safe and functional environment

LAW ENFORCEMENT

Protects public safety by enforcing laws and safeguarding life and property

COMMUNITY DEVELOPMENT

Supports growth through planning, zoning, housing, and economic development

ADMINISTRATIVE SERVICES

Provides internal support to ensure efficient financial and administrative operations

RECREATION SERVICES

Enhances community well-being through recreational, cultural, and leisure programs

ADMINISTRATION

Oversees City operations while supporting the mayor and city council

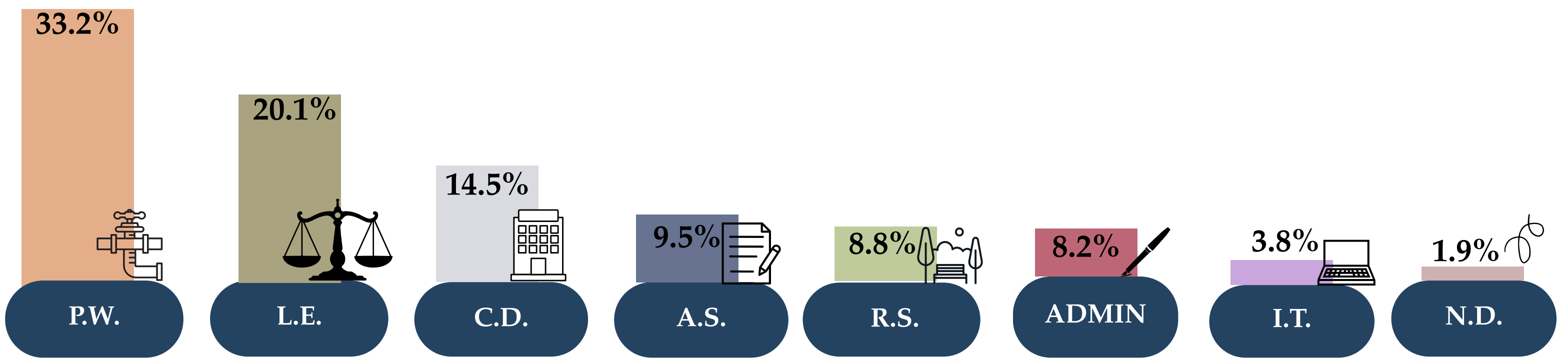
INNOVATION & TECHNOLOGY

Manages technology systems and improves services through digital innovation

NON DEPARTMENTAL

Funds transfers, debt service, and capital project costs across City operations

10 GENERAL FUND EXPENDITURES



*abbreviated expenditure sources

GENERAL FUND - EXPENDITURES FISCAL YEAR 2024-2025		
Expenditure Sources	**Percentage**	**Amount in Dollars (in millions)**
Public Works	33.2%	$28.7
Law Enforcement	20.1%	$17.4
Community Development	14.5%	$12.5
Administrative Services	9.5%	$8.2
Recreation Services	8.8%	$7.6
Administration	8.2%	$7.1
Innovation & Technology	3.8%	$3.2
Non-Departmental	1.9%	$1.7

OPENGOV

The City of Cupertino has partnered with OpenGov to enhance financial transparency and provide a more user-friendly experience for the community. Through the OpenGov Transparency Portal, residents, businesses, and vendors can explore a wide range of financial data including budgeted vs. actual revenues and expenditures.

Scan the QR code to the left to access the portal and view the City's financial information in real time.

Please note: While this report is based on the City's ACFR, figures in the OpenGov portal may vary slightly due to differences in grouping, accounting basis (e.g., cash vs. accrual), and presentation format. Both sources provide valuable insight into Cupertino's fiscal health.

11 GENERAL FUND BALANCE

The general fund is used to account for all fund balances that are not required to be reported in another fund. The total General Fund balance on June 30, 2025 was $181.8 million.

GENERAL FUND BALANCE (in millions) FISCAL YEAR 2020-21 TO FISCAL YEAR 2024-25

	2021	2022	2023	2024	2025
Nonspendable	$3.4	$3.6	$4.0	$3.5	$4.0
Restricted	$20.1	$18.8	$19.1	$23.3	$25.8
Committed	$19.1	$34.1	$34.1	$108.6	$88.6
Assigned	$4.9	$5.0	$9.7	$4.7	$7.3
Unassigned	$49.2	$48.7	$71.6	$26.0	$56.1
Total	$96.89	$110.2	$138.6	166.1	$181.8

The general fund has 5 categories including:

Non-spendable: Non-spendable amounts cannot be spent or converted into a spendable form

Restricted: Restricted can only be spent for specific purposes determined by external providers

Committed: Committed can only be spent for specific purposes determined by City council

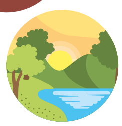
Assigned: Assigned amounts can be used by the City for specific purpose that is not restricted or committed

Unassigned: Unassigned can be used for any purpose

12 ENTERPRISE FUNDS

Cities use "proprietary funds" to account for activities that operate similarly to private businesses such as maintenance, operations, and capital assets of goods and services. A type of those Proprietary Funds is "enterprise funds." These funds include Resource Recovery, Recreation Program, Sports Center, and Blackberry Farm Golf Course.

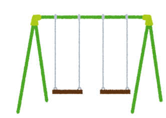
RESOURCE RECOVERY



Activities funded under Resource Recovery are related to the collection, transportation, recycling, and composting of solid waste. Staff from the Environmental Programs division of Public Works make sure Cupertino meets State and local mandates to reduce waste and divert recyclables and organics from landfill with community education, outreach, special events, and technical support. Staff also manage the agreements for collection, processing, and disposal of unwanted materials. In the Fiscal Year 2024-2025, Resource Recovery activities generated $1.8 million in operating revenue.

RECREATION PROGRAM

The Recreation Program offers a wide range of classes, camps, events, and activities for all ages—including youth, teens, adults, and families. In partnership with more than 35 contracted instructors, the program provides opportunities for educational enrichment, fitness, arts and cultural engagement, sports development, and environmental education. It also oversees athletic field use permitting for local sports organizations at all City fields, including nine school fields through a joint-use agreement between the City and the Cupertino Union School District. In addition, the program operates a robust preschool for 3- to 4-year-olds, featuring social and educational activities for both children and parents such as Monster Mash and Sweetheart Social, and produces City staff-led summer camps such as Adventure Camp, Nature Camp, and Summer Science Fun. Together, these offerings generated approximately $2 million in revenue during Fiscal Year 2024–2025.



SPORTS CENTER

The Cupertino Sports Center features a fully equipped fitness center with strength training and cardio equipment, 17 tennis courts, eight pickleball courts, two racquetball courts, both indoor and outdoor sports courts, and newly renovated personal training studio. Members can enhance their well-being through a variety of exercise classes designed to support physical and mental health, including Yoga, Zumba, Strength Training, and Pilates. The Center also partners with contracted instructors to provide additional classes, camps, and programs focused on racquet sports such as tennis, table tennis, pickleball, and badminton. Personalized one-on-one sessions with certified personal trainers are available to help members achieve their individual fitness goals. In Fiscal Year 2024–2025, the Cupertino Sports Center served approximately 1,800 members, sold over 5,000 drop-in passes, and generated more than $1.1 million in revenue.

BLACKBERRY FARM GOLF COURSE

Blackberry Farm Golf Course is a nine-hole course open year-round that welcomes players of all ages. The course offers golf and footgolf, as well as special events and tournaments such as Glow Night Golf and the Intergenerational Golf Tournament. Visitors can also take advantage of the on-site pro shop, which provides equipment rentals and merchandise sales. In Fiscal Year 2024–2025, more than 40,000 rounds of golf were played, and together with merchandise sales and equipment rentals, the course generated approximately $731,600 in revenue.

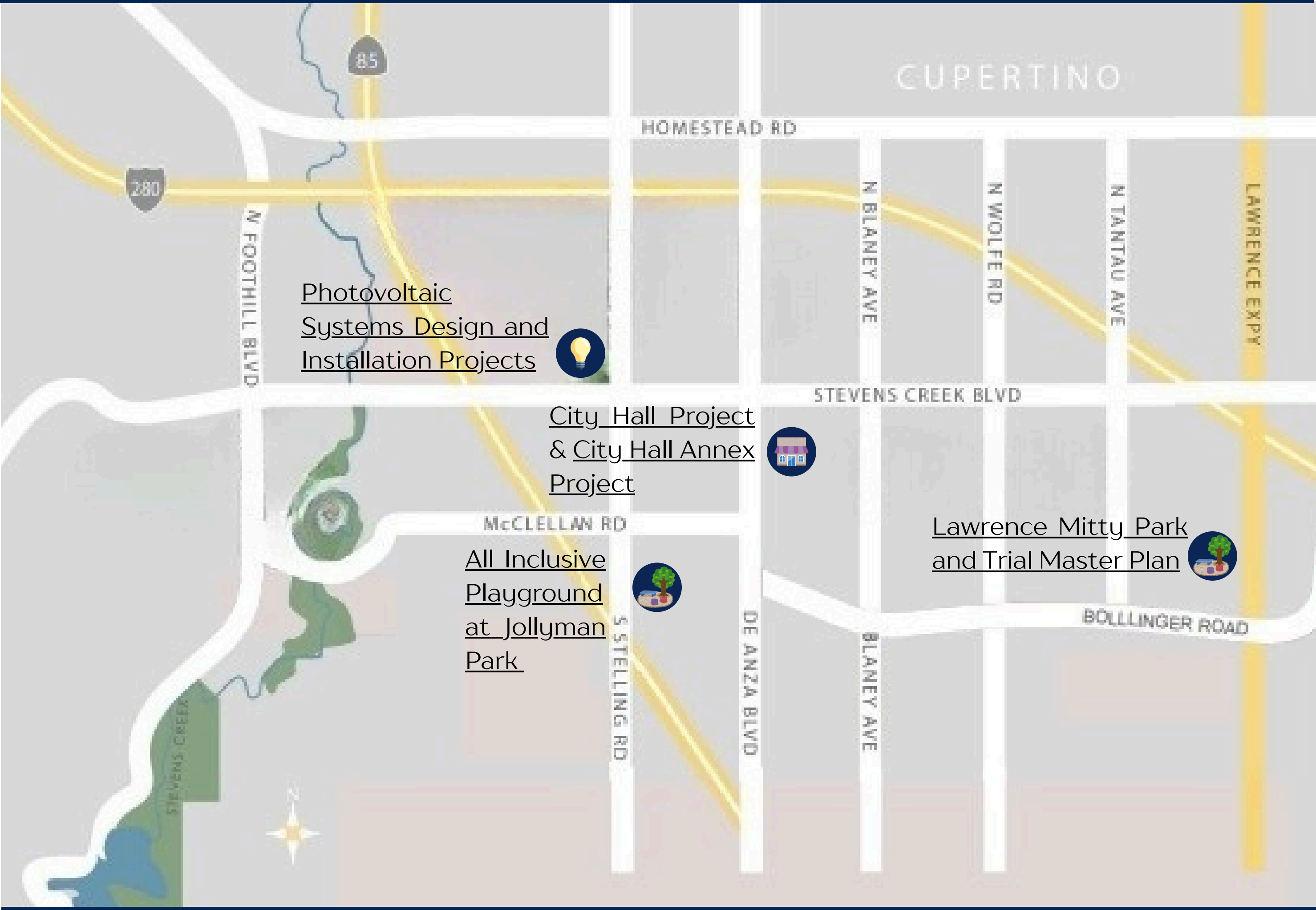
13

CAPITAL IMPROVEMENT PROJECTS

PLEASE SCAN THE QR CODE TO SEE OTHER PROJECTS

The Capital Improvement Project Fund accounts for activities related to the acquisition or construction of major capital facilities. This year, the CIP Fund has an ending fund balance of $33.1 million, reflecting an increase of $1.1 million from the prior fiscal year at $32.0 million.

Notable Projects

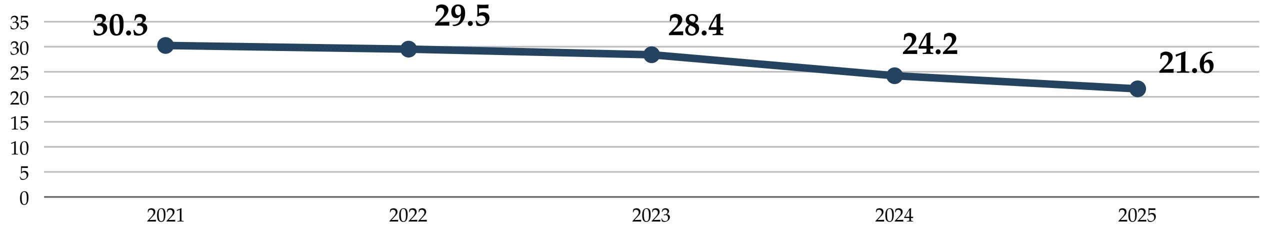


For a full list of Notable CIP projects, please refer to the QR code on the top right of the page

14 LONG TERM LIABILITIES

As of June 30, 2025, the City has long-term liabilities totaling $21.4 million.

Long-Term Liabilities For Fiscal Year 2021-2025 (in millions)

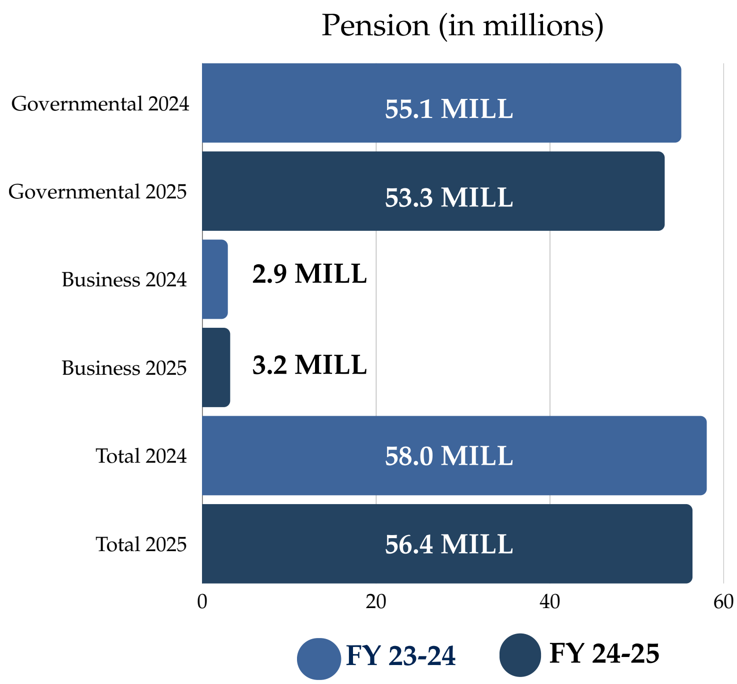


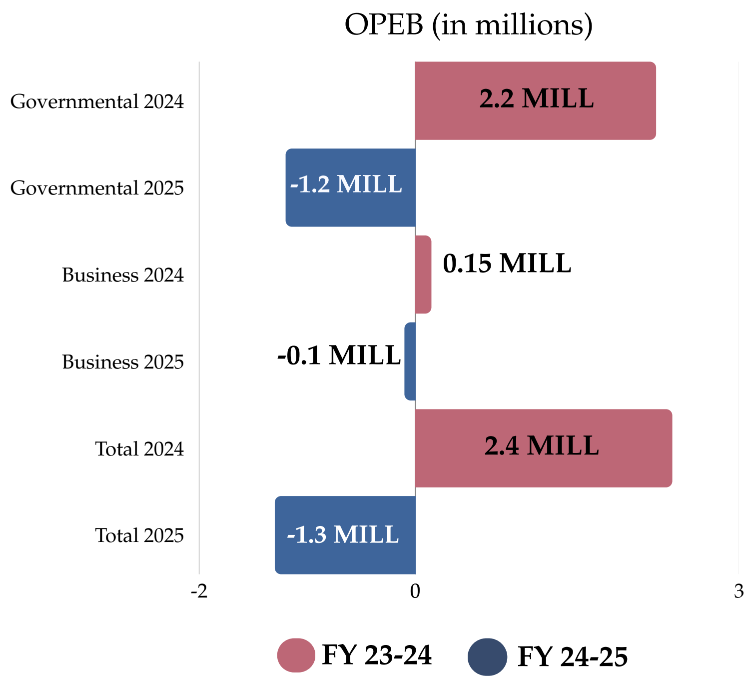
CERTIFICATE OF PARTICIPATION $11.9 M	Financing instruments that allows investors to buy a share of lease revenue rather than bond
COMPENSATED ABSENCE $4.5 M	Accumulated earnings from working, used in forms of time off with pay (PTO)
ISSUANCE PREMIUM $2.0 M	The amount investors pay above a security's face value when it is issued
CLAIMS PAYABLE $2.0 M	Insurance and settlements made to the City
SUBSCRIPTION LIABILITES $1.2 M	Assets that are used by the City
LEASE LIABILITES $0.01 M	Equipment and property getting leased

15 PENSION AND OPEB

The City of Cupertino participates in the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefits are based on years of credited services, equal to one year of full-time employment. For more description of the pension plan, please obtain through the CalPERS website under Forms and Publications www.calpers.ca.gov.

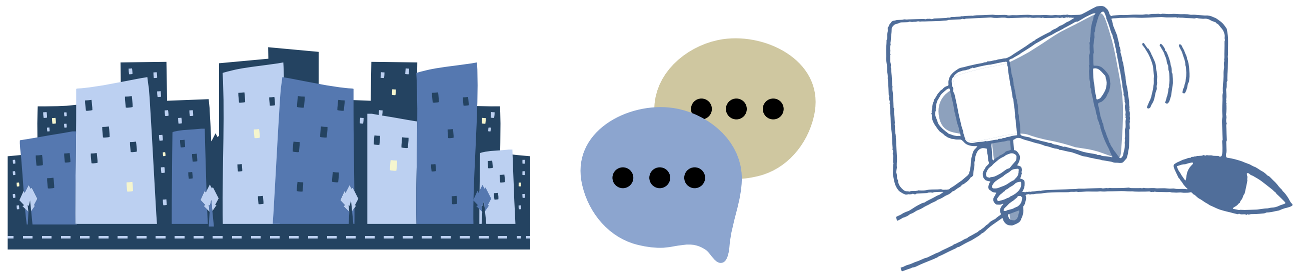
Permanent employees who retire under the City's CalPERS are eligible to have their medical insurance premiums paid by the City. The City contracts with CalPERS for this insured plan under the state Public Employees Medical and Hospital Care Act (PEMHCA). The City additionally participates in the Public Agency Retirement System (PARS) and Public agencies post-retirement health care plan trust program (PARS Trust) which is an agent multiple employer who funds other post-employment funds effective Feb 17, 2010.





16

STAY CONNECTED!



FOLLOW US ON SOCIAL MEDIA!

@CITYOFCUPERTINO

@CITYOFCUPERTINO

@CUPERTINOCA

@CITYOFCUPERTINO
-CITY HALL

@CITYOFCUPERTINO

@CITYOFCUPERTINO

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FRAUD, WASTE, AND ABUSE

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Email: reports@lighthouse-services.com
(include City name with report)

In Person: Cupertino City Hall (City Manager)