Annual Budget Process

Adopted Budget

The City Council annually adopts a budget by resolution for the upcoming fiscal year. The adopted budget – a policy document, financial plan, operations guide, and communications tool – authorizes expenditures for the activities and funds specified in the budget. It is the basis of the City's financial planning and control.

Budget Process

The City's annual budget follows a July 1 to June 30 fiscal year. However, the budget process continues throughout the year, including phases of:

- Development
- Proposal
- Adoption
- Monitoring
- Amendment
- Carryover

Development

Budget development begins in December with the base budget, where departments review and adjust ongoing operational costs. The base budget does not include any one-time initiatives. Departments must justify all new costs each year.

Proposal

Every year in March, departments prepare budget proposals for new ongoing or one-time initiatives. These proposals are reviewed by Finance staff, who use data from current and past years to evaluate their feasibility. The city's long-term financial forecast is also taken into account to ensure that budget decisions align with the city's financial goals.

The City Manager, with the assistance of the Director of Administrative Services and Budget Team, reviews the proposals and selects the proposals to be included in the Proposed Budget. The Proposed Budget is published by May 1st.

In May, staff presents the Proposed Budget to the City Council during a proposed budget study session. Commissions, committees, community organizations, and the public are all welcome to review and provide feedback on the Proposed Budget. During the session, City Council members have the opportunity to ask questions, offer suggestions, and provide recommendations to staff on the Proposed Budget.

Adoption

In June, the City Council holds a public hearing to consider the Proposed Budget presented by staff. At this hearing, an updated version of the Proposed Budget is presented, and staff addresses any questions or concerns that were raised during the study session.

After the presentation, City Council members deliberate and vote to adopt the budget. The adopted budget authorizes expenditures for the specific activities and funds outlined in the budget. This ensures that the city has a clear plan for how to allocate its resources in the upcoming fiscal year.

The adopted budget goes into effect on July 1st, marking the beginning of the new fiscal year.

Monitoring

After the budget is adopted, the City enters the budget monitoring phase. Throughout the year, departments monitor their budgets to ensure spending does not exceed the budget.

In addition to the annual proposed and adopted budgets, staff reports to the City Council quarterly. Quarterly reports update the City Council on any changes from July 1 through the end of the quarter. Quarterly reports help:

- Compare budget versus actuals.
- Forecast year-end results.
- Demonstrate the City is on track to end the year within budget.
- Update City Council on any changes to the budget.
- Amend the budget to account for any unforeseen changes.

If amendments to the budget are required outside of this cycle, staff can seek approval through the budget amendment process (see next section).

Amendment

After the budget is adopted, a department may request a change through a budget amendment. A budget amendment is required to:

- Allocate additional appropriations during the fiscal year
- Reallocate appropriations between line items during the fiscal year

Adjustments to expenditures within or between departmental budgets are accomplished on an as-needed basis administratively throughout the year. The City Manager and Department Heads can transfer funds between their accounts and/or programs as needed. Transfers between fund types need approval by City Council.

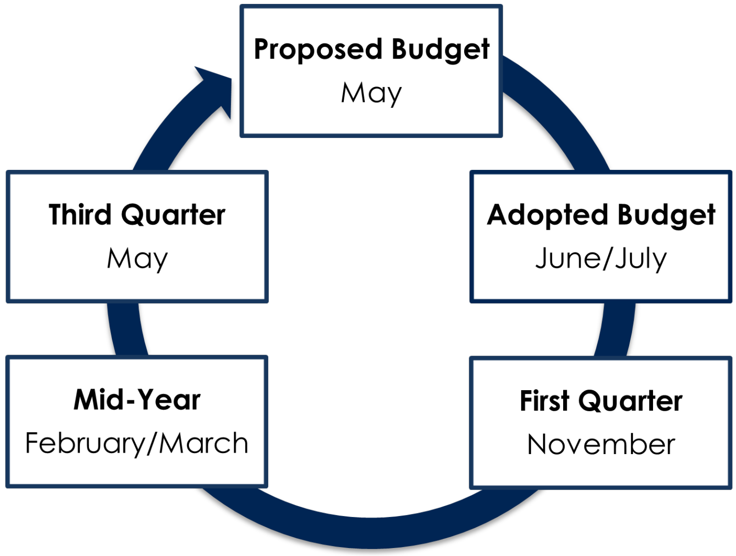
City Council approval is also required for additional appropriations from fund balances or from new revenue sources.

Carryover

Unexpended and unencumbered appropriations expire at the end of the fiscal year. A budget carryover allows an unspent appropriation to be carried over into the next fiscal year. A department may request a budget carryover for a project or purchase that is not expected to be completed in the current fiscal year. The department may only use the budget carryover for its original purpose.

Budget Reporting Cycle

The following chart illustrates the City's budget reporting cycle.



Citizen Participation

The budget study session and budget hearings are public meetings where citizens are allowed to comment on the budget. The public can also provide feedback on budget format to the Audit Committee.

This year, City Staff conducted in-person budget related outreach (Community Engagement Booths and Community Budget Focus Groups) at various locations throughout the City during the month of April 2024. These outreach events educated the community on budget-related topics in front of the Cupertino Library and at Cupertino's Earth and Arbor Day Festival. Additionally, the City hosted two Community Budget Meetings which tackled crucial discussions about the City's budget deficit (February 2024) and discussed the City's financial forecast and potential service-level reductions (April 2024).

OpenGov Financial Transparency Portal

In order to facilitate understanding and transparency of the budget document, the City presents budget information through OpenGov, an online tool that provides users with different views of the City's budget data by fund, department, revenues, and expenditures. The tool can be accessed by visiting cupertino.org/opengov.

The City invites you to use the online tool to:

- Search the current year's budget and financial data.
- View trends in revenues and expenditures over time.
- Drill down into expenses by department or account type.
- Display the data as graphs or charts.
- Download into Excel.
- Share with friends using email or social media.
- Send comments directly to the City online.

Annual Budget

Cupertino's budgets: cupertino.org/budget

Updated On **20 Jul, 2023**

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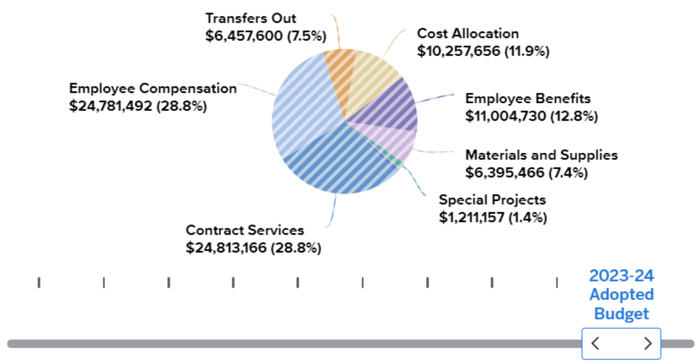
Broken down by

Expenses

General Fund

Visualization



Sort Large to Small

- Contract Services
- Employee Compensation
- Transfers Out
- Cost Allocation
- Employee Benefits
- Materials and Supplies
- Special Projects