

FY 2022-23 Mid-Year Financial Report

The Administrative Services Department is pleased to present the Mid-Year Financial Report for the 2022-23 Fiscal Year, covering the period from July 1, 2022 to December 31, 2022. This report serves as an update on the City's financial standing and has been prepared with the goal of 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

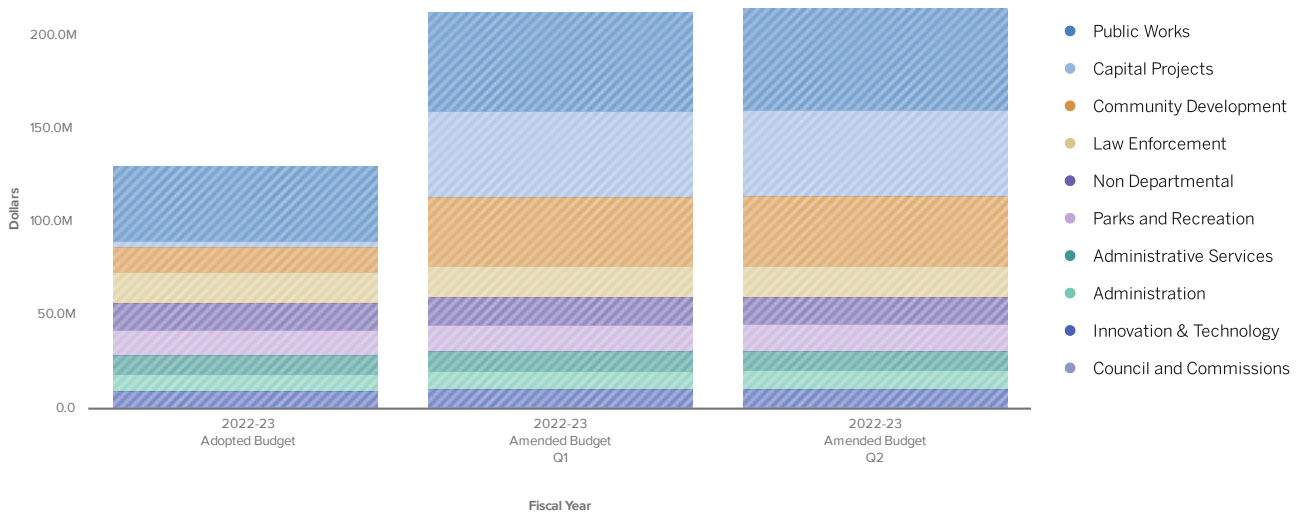
On June 9, 2022, the City Council adopted the Fiscal Year (FY) 2022-23 Budget, a \$130,587,325 spending plan funded by \$130,244,157 in revenue and \$343,168 in fund balance.

As described in the City Manager's First Quarter Financial Report presented to the City Council on November 15, 2022, the budget was revised to account for encumbrances and carryover appropriations. As part of the FY 2021-22 year-end close, additional funds were carried forward from FY 2021-22 to FY 2022-23 due to encumbrances of \$13,280,075 and carryover appropriations of \$65,916,968. The largest encumbrances were for capital projects (\$7.4 million) and Vallco Town Center (renamed The Rise) (\$2.3 million), while the largest carryovers were for capital projects (\$34.3 million) and for Vallco Town Center (\$19.7 million). Encumbrances are outstanding commitments related to unfilled purchase orders or unfilled contracts that are rolled over to the following fiscal year until those obligations are fulfilled or terminated. Carryover appropriations are unencumbered funds for unfinished projects carried over to the following fiscal year to be spent for the same purpose for which they were approved.

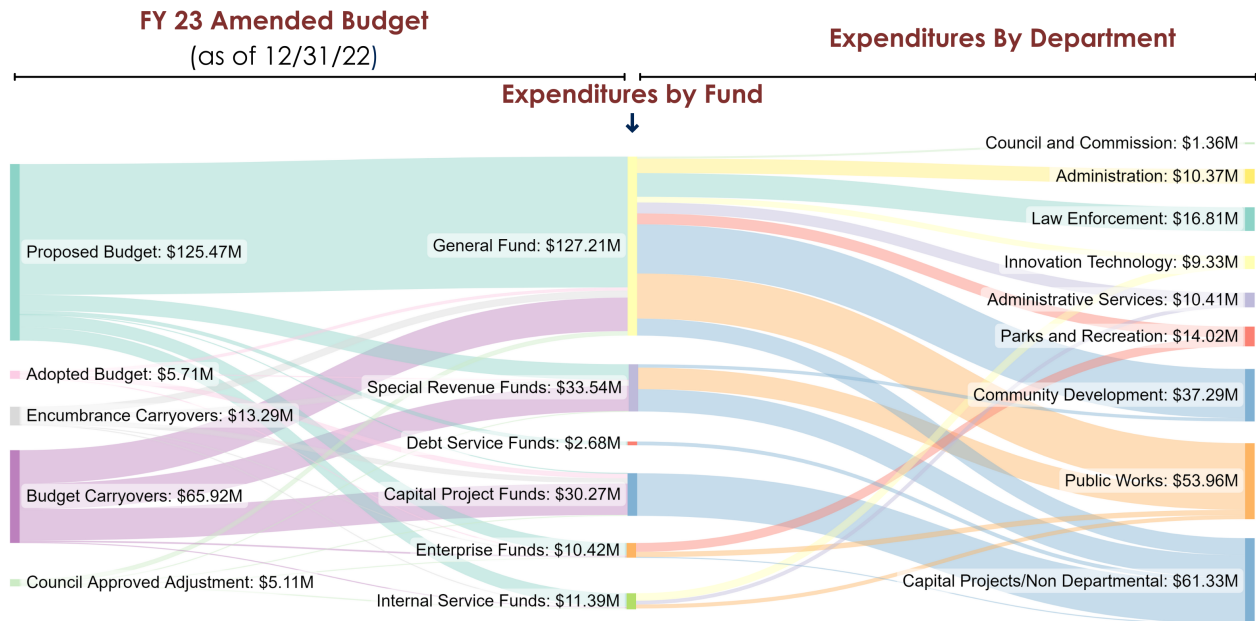
The City Council approved \$5.1 million in additional appropriations during the first two quarters of FY 2022-23. This includes \$2.4 million for negotiated amendments to the City's employee compensation programs and \$1.8 million for first quarter budget adjustments. Among the first quarter budget adjustments, \$669,000 was allocated for vehicle and equipment replacement.

As a result of these budget adjustments, encumbrances, and carryovers, the amended budget as of December 31, 2022, totaled \$214,901,056. Details of the FY 2022-23 budget adjustments are summarized in the table below.

Amended Budget

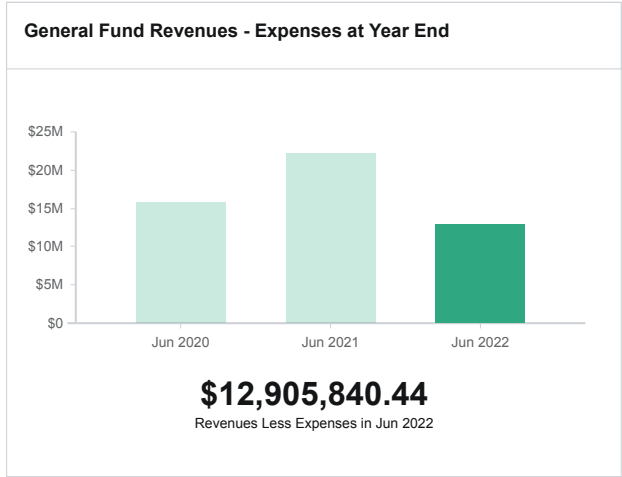
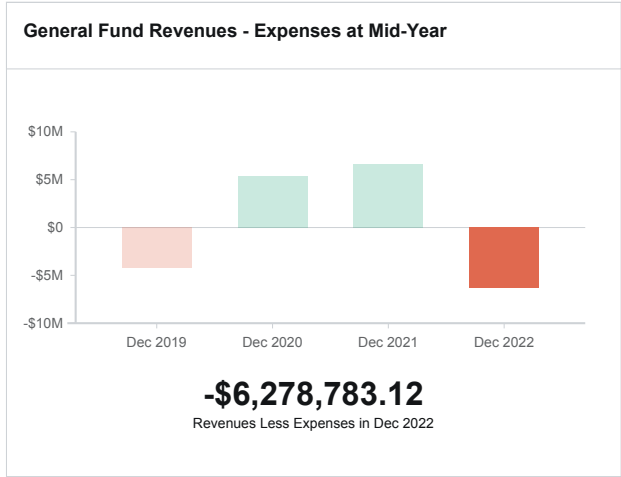
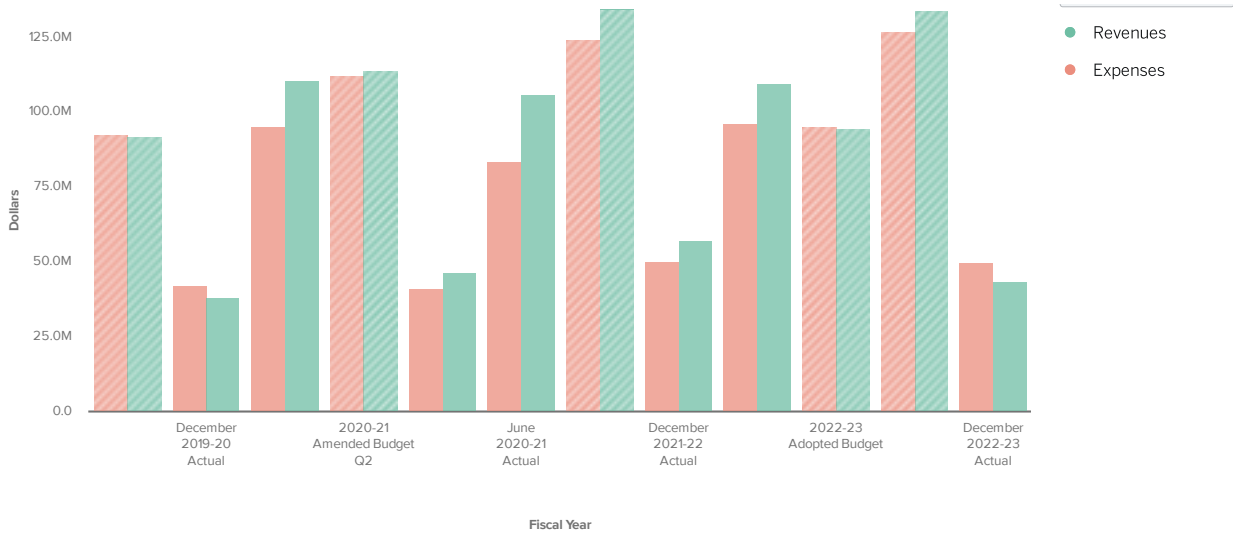


Flow of Funds Chart (in Millions)



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.

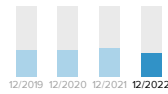


General Fund Revenue and Expenditure Trends

As of December 31, 2022, General Fund expenditures have totaled \$50.1 million, which is 39% of the budgeted appropriations. This is slightly below the mid-year expenditure range of the previous three years, which was between 44% and 52% of year-end actual expenditures. General Fund revenues have totaled \$43.8 million, representing 33% of the budgeted revenue. This falls within the mid-year revenue range of the past three years, which was between 34% and 52%. 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 18, 2023, 1:04 PM

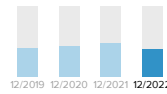


32.67%

In Revenues of **\$134,163,396.00** Budgeted through Dec 2022

General Fund Expenses - Mid-Year Actuals vs Budget

Data Updated Feb 18, 2023, 1:04 PM



39.39%

In Expenses of **\$127,218,800.00** Budgeted through Dec 2022

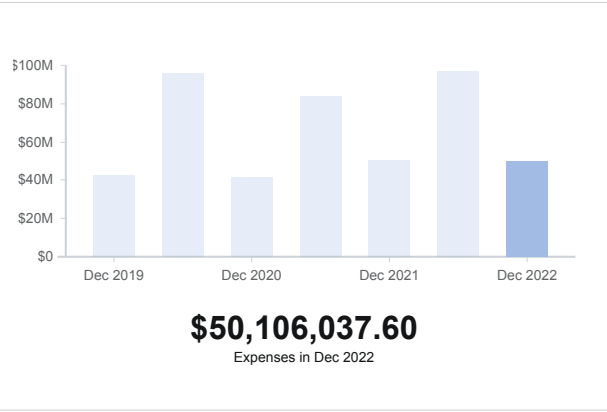
General Fund Revenues - Mid-Year vs Year End Actuals



\$43,827,254.48

Revenues in Dec 2022

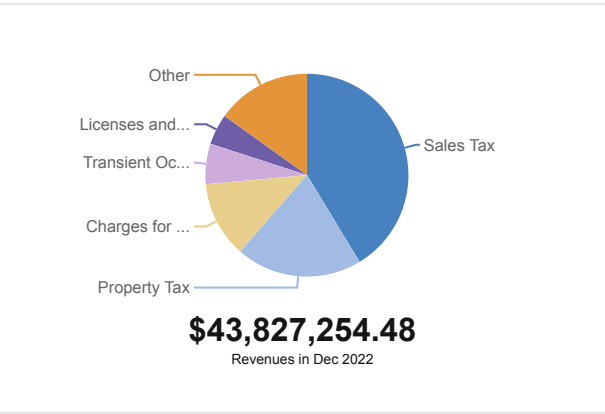
General Fund Expenses - Mid-Year vs Year End Actuals



\$50,106,037.60

Expenses in Dec 2022

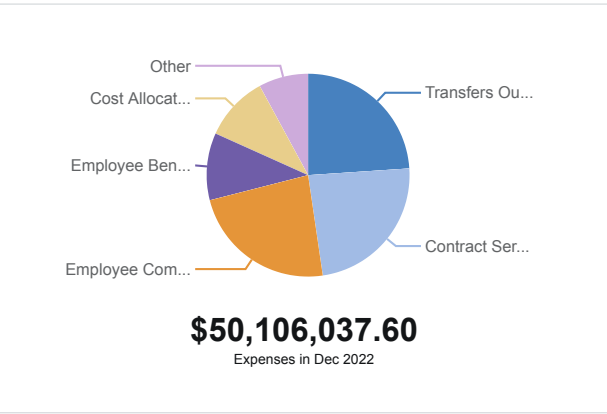
General Fund Revenues by Type



\$43,827,254.48

Revenues in Dec 2022

General Fund Expenses by Type



\$50,106,037.60

Expenses in Dec 2022

General Fund Classification of Fund Balance

The City's General Fund ended FY 2020-21 with \$96.9 million in total fund balance. Staff anticipates the General Fund will end FY 2021-22 with \$110.0 million in fund balance, an increase of \$13.1 million from the prior year due to FY 2021-22 ending with revenues higher than expenditures. At first quarter, staff projected the General Fund to end FY 2022-23 with \$121.6 million in fund balance. As of mid-year, the General Fund is expected to end FY 2022-23 with \$121.5 million in fund balance, including \$63.1 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 2020-21	Year End Projection 2021-22	Adopted Budget 2022-23	1st Quarter Year End Projection 2022-23	Mid-Year Year End Projection 2022-23
Non Spendable	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4
Restricted	19.9	18.8	24.2	18.8	18.8
Committed	19.1	34.1	34.1	34.1	34.1
Assigned	4.9	5.0	3.0	5.0	5.0
Unassigned	52.4	51.6	48.3	63.2	63.1
TOTAL FUND BALANCE	\$ 96.9	\$ 110.0	\$ 110.1	\$ 121.6	\$ 121.5

Recommended Adjustments

The City's departments regularly evaluate their budget expenditures throughout the fiscal year to ensure they stay within their budget appropriations. As of FY 2022-23 mid-year, departments are on track to meet their budget appropriations, and therefore, they are not requesting any budget adjustments at this time.

Summary

Based on the Mid-Year Financial Report, the City's current financial position is stable, and City staff is not recommending any adjustments to appropriations or revenues. The City will continue to monitor its revenue and expenditure trends closely to ensure it remains on track towards achieving its budgetary goals and objectives.

[City of Cupertino, California](#)

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