



# Financial Policies and Schedules

## THE ANNUAL BUDGET PROCESS

---

The City's annual budget is prepared on a July 1 to June 30 fiscal year basis. The budget process is an ongoing process that includes the phases of development, proposal, adoption, monitoring and budget amendments.

The budget development phase begins in December with the preparation of budget instructions and work program development by the City Council and City Manager. During March, departments prepare the budgets for which they are responsible. These proposed department budgets are reviewed by the Finance Division using current and prior year trends data. The City Manager then reviews the proposals with the Director of Administrative Services and departmental staff and makes final decisions which form the basis of the City Managers Proposed Budget. The proposed budget is then submitted to the City Council in May.

During the months of May and June, the City Council considers the budget proposals at a study session and public hearing. At these times, the Council hears from Boards, Commissions, community groups, and the public regarding budget requests and recommendations. The final budget is adopted by resolution in June and takes effect on July 1.

### *Budget Amendment Process*

After the budget is adopted, the City enters the budget monitoring phase. Throughout the year, expenditures are monitored by the Finance Division staff and department managers to ensure that funds are used in an approved manner. 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 line items and/or divisions as needed.

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

# STRUCTURE OF CITY FINANCES

---

## **COST ACCOUNTING**

The City of Cupertino has six internal service funds that account for information technology, city channel and website, equipment replacement, workers compensation, long-term disability and compensated absence, and retiree health costs experienced by City departments. Fund costs are allocated to user departments or operating funds based on salaries, equipment and software purchase price, actuarial studies and actual and projected service level. Please view the Cost Allocation Plan and Changes to the Internal Service Fund section of this document for details.

Other employee fringe benefits such as medical, dental, life insurance, and pensions are directly added to department costs as a percentage of salaries. Staff salary and benefit costs are split among departments and related funds based on the anticipated percentage of time spent working in various departments.

## **OVERHEAD COST ALLOCATION**

All overhead costs are allocated to the appropriate program within the limits of local, State and federal laws. The City will utilize a two-step method (double step down method) where costs are first allocated among the central service department support programs to arrive at the total costs of central service programs. Beginning in FY14 overhead/indirect costs associated with service department in the General Fund will be allocated based on Cost Allocation Plan (CAP).

These total costs are then allocated to the departments and funds that are benefiting from these expenses. The corresponding revenue is collected by the General Fund for indirect/overhead costs associated with Cost Allocation Plan (CAP) and Internal Service Funds and allocated directly to the department providing the service.

## **BASIS OF BUDGETING**

Basis of Budgeting refers to the method used to recognize revenues and expenditures in the budget. For the City of Cupertino, the basis of budgeting is the same basis used for accounting. The modified accrual basis is followed in the Governmental Funds, including the General, Capital, Debt Service, and Special Revenue funds. Under this basis, revenues are recognized when they become "susceptible to accrual", which means they are both measurable and available. Measurable means the transaction can be determined.

The budget is split into nine divisions: City Council and Commissions, Administration, Law Enforcement, Public Affairs, Administrative Services, Parks and Recreation, Planning and Community Development, Public Works and Non Departmental (includes budget that are not attributable to any specific division). These divisions are further split into department then programs. The programs within the divisions are balanced at the department level within a given fund.

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

The Comprehensive Annual Financial Report (CAFR) is prepared by Maze and Associates according to “Generally Accepted Accounting Principles” (GAAP).

### **CITIZEN PARTICPATION**

Every two years the City of Cupertino has a Community Survey completed by Godbe Research to measure resident’s satisfaction with living in the City, City Services and to identify issues facing the City. In addition, the budget study session and budget hearings are public meetings where citizen are given the opportunity to comment on the budget. The public can also provide feedback to two Council sub-committees, the Fiscal Strategic Planning and Audit Committees.

# FUND STRUCTURE

---

For accounting purposes, a state or local government is not treated as a single, integral entity. Rather, a government is viewed as a collection of smaller separate businesses known as ‘funds’. Fund accounting is an accounting system emphasizing accountability rather than profitability. In this system, a fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

The City’s finances are structured in a variety of funds that are the basic accounting and reporting entities in governmental accounting. The funds that comprise the FY 2013-14 budget are grouped into two major categories, Governmental Funds and Proprietary Funds. The purpose of each of the various funds within these two categories is described below:

## GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City’s expendable financial resources and the related liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. Governmental funds include Tax Supported Funds, Special Revenue Funds and Federal Grant Funds. They are accounted for under the modified accrual basis of accounting.

### *Tax Supported Funds*

Tax Supported Funds include the General and Capital Improvement Funds. The General Fund is the primary operating fund for governmental services. The Capital Improvements Fund is utilized for the acquisition or construction of major capital facilities.

<b>Tax Supported Funds</b>	<b>Purpose</b>
General	The General Fund is used to pay for core services such as public safety, parks and recreation, planning and community development, public works, and a host of other vital services. The revenue used to pay for these services comes primarily from local taxes such as property tax and sales tax, franchise fees, charges for services, and a variety of other discretionary sources.
Capital Improvement	
Capital Improvement Projects	This fund pays for the acquisition and/or construction of major capital facilities.
Stevens Creek Corridor Park Capital Projects	This fund pays for the design and construction of the Stevens Creek Corridor Park projects.

### *Special Revenue Funds*

Special Revenue Funds are a fund type used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Special Revenue Funds include the Park Dedication, Transportation, Storm Drain, and Environmental Management/Clean Creeks funds.

<b>Special Revenue Funds</b>	<b>Purpose</b>
Storm Drain Improvement	This fund pays for the construction and maintenance of storm drain facilities, including drainage and sanitary sewer facilities.
Park Dedication	This fund pays for the activity granted by the business and professions code of the State of California in accordance with the open space and conservation element of the City's General Plan.
Environmental Management/Clean Creek/ Storm Drain	This fund pays for all activities related to operating the Non-Point Source pollution program.
Transportation	This fund pays for expenditures related to the maintenance and construction of City streets.
Housing & Community Development	This fund pays for the Federal Housing and Community Development Grant Program activities administered by the City. This fund also pays for activities related to the Below Market Rate Housing Program.

### *Federal Grant Funds*

Federal Grant Funds include the Community Development Block Grant program. The Community Development Block Grant is a federally funded program for housing assistance and public improvements.

<b>Federal Grant Funds</b>	<b>Purpose</b>
Community Development Block Grant	This fund pays for activities related to the Community Development Block Grant (CDBG).

## PROPRIETARY FUNDS

Proprietary Funds are used to account for “business-type” activities. Proprietary Funds include Enterprise Funds and Internal Service funds. They are accounted for under the full accrual basis of accounting.

### *Enterprise Funds*

Enterprise Funds are set up for specific services that are funded directly by fees charged for goods or services. Enterprise Funds include the Resource Recovery, Sports Center, Blackberry Farm Golf Course and Recreation funds.

<b>Enterprise Fund</b>	<b>Purpose</b>
Resource Recovery	This fund pays for operating costs related to the collection, disposal, and recycling of solid waste performed under a franchise agreement with Recology.
Blackberry Farm Golf Course	This fund pays for operating costs related to the Blackberry Farm Golf Course.
Sports Center	This fund pays for operating costs related to the Sports Center.
Recreation Programs	This fund pays for operating costs related to the City’s community centers and park facilities.

### *Internal Service Funds*

Internal Service Funds are used for areas where goods or services are provided to other departments or governments on a cost-reimbursement basis. Internal Service Funds include the Information Technology, City Channel and Website, Equipment, Workers Compensation, Long-Term Disability/Compensated Absence, and Retiree Medical funds.

<b>Internal Service Funds</b>	<b>Purpose</b>
Information Technology	This fund pays for all technology related expenses for the citywide management of information services. This fund pays for the replacement of existing hardware and software and the funding of new hardware and software needs city-wide. Equipment is depreciated based on the acquisition or historical costs for the useful life of the asset using the straight line method.
City Channel and Website	This fund pays for all operating and equipment costs related to City Channel and the City Website.
Workers’ Compensation	This fund pays for claims and insurance premiums related to workers’ compensation.

<b>Internal Service Funds</b>	<b>Purpose</b>
Equipment Maintenance and Fixed Asset Acquisition	This fund pays for the purchase and maintenance of fleet and general equipment having a value greater than \$5,000 and expected life of more than one year. Assets are depreciated based on the acquisition or historical costs for the useful life of the asset and using the straight line method.
Compensated Absences & Long Term Disability	This fund pays for liabilities associated with employees retiring or leaving service and claims and premiums associated with long term disability.
Retiree Medical	This fund pays for Retiree Medical costs.



## **FISCAL POLICIES –Revenue Policies**

---

### **PURPOSE**

To establish revenue policies that assist the City in striving for and maintaining a diversified and stable revenue system to prevent undue or unbalanced reliance on any one source of funds. This revenue diversity will shelter the City from short-run fluctuations in any one revenue source.

### **SCOPE**

All revenue sources across all funds.

### **POLICY**

To the extent possible, maximize investment yield while maintaining a high level of liquidity for the City's anticipated capital costs.

Identify and recommend sources of revenue necessary to maintain the services desired by the community and to maintain the City's quality of life.

Perform ongoing evaluations of existing sources of revenue to maximize the City's revenue base.

Recover costs of special services through user fees.

Pursue full cost recovery and reduce the General Fund fee subsidy to the degree feasible.

Allocate all internal service and Cost Allocation Plan charges to appropriate user departments and

Ensure that Enterprise activities remain self-supporting in the long term.

## **FISCAL POLICIES – Expenditure Policies**

---

### **PURPOSE**

To establish expenditure control policies through the appropriate internal controls and procedures. Management must ensure expenditures comply with the legally adopted or amended budget.

### **SCOPE**

All expenditure categories across all funds.

### **POLICY**

Each Department or Division Manager will be responsible for the administration of their department/division budget. This includes accomplishing the goals and objectives incorporated into the budget and monitoring each department/division budget for compliance with spending limits.

Accurately charge expenditures to the appropriate chart of accounts;

Maintain operating activities at levels which are offset by revenues;

The City will make every effort to control expenditures to ensure City services and programs provided to its citizens and tax payers are cost effective and efficient;

Evaluate expenditures at the department and project levels to ensure control;

Before the City purchases any major asset or undertakes any operating or capital arrangements that create fixed assets or ongoing operational expenses, the implications of such purchases or arrangements will be fully determined for current and future years;

All compensation planning and collective bargaining will include analysis of total cost of compensation which includes analysis of salary increases, health benefits, pension contributions, fringe benefits and other personnel costs. The City will only propose operating personnel costs which can be sustained by on-going operating revenues;

Reduce costs and improve productivity through the use of efficiency and effective measures and

Structure debt financing to provide the necessary capital while minimizing future debt service costs.

## **FISCAL POLCIES – Capital Improvement Policy**

---

### **PURPOSE**

To establish a Capital Improvement Policy to assist in future planning.

### **SCOPE**

All anticipated Capital Improvement Projects for the current fiscal year plus four additional fiscal years.

### **POLICY**

The City will prepare and update a five year Capital Improvement Plan (CIP) encompassing all City facilities

Projects included in the CIP will have complete information on the need for the project (project justification), description and scope of work, total cost estimates, future cost estimates, future operating and maintenance costs and how the project will be funded.

An objective process for evaluating CIP projects with respect to the overall needs of the City will be established through a priority ranking of CIP projects. The ranking of projects will be used to allocate resources to ensure priority projects are completed effectively and efficiently.

Changes to the CIP such as addition of new projects, changes in scope and costs of a project or reprioritization of projects will require City Manager and City Council approval.

The City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future operating maintenance and replacement costs. The City recognizes that deferred maintenance increases future capital costs, thus placing a burden on future residents. Therefore, the budget will provide for adequate maintenance and the orderly replacement of capital plant and equipment from current revenues when possible.

The City will determine the least costly funding method for its capital projects and will obtain grants, contributions and low cost state or federal loans whenever possible.

The City will utilize "pay-as-you-go" funding for capital improvement expenditures considered recurring, operating or maintenance in nature. The City may also utilize "pay-as-you-go" funding for capital improvements when current revenues and adequate fund balances are available or when issuing debt would adversely affect the City's credit rating.

The City will consider the use of debt financing for capital projects under the following circumstances:

- When the project's useful life will exceed the terms of the financing
- When resources are deemed sufficient and reliable to service the long-term debt
- When market conditions present favorable interest rates for City financing
- When the issuance of debt will not adversely affect the City's credit rating and debt coverage ratios.

## **FISCAL POLCIES –Pension and Retirement Funding Policy**

---

### **PURPOSE**

To establish a policy for the funding of Retirement and Retiree health.

### **SCOPE**

Retirement and Retiree Health costs citywide, across all funds.

### **POLICY**

Fund all current pension liabilities shall be funded on an annual basis.

Monitor certain health and dental care benefits for retired employees. Funding the liability for future retiree benefits will be determined by City Council action.

## **FISCAL POLICIES –Long Term Financial Stability Policies**

---

### **PURPOSE**

To establish a policy for Long Term Financial Stability

### **SCOPE**

All programs across all funds

### **POLICY**

Ensure ongoing productivity through employee training and retention programs.

Pursue consolidation of resources and activities with other agencies and jurisdictions where beneficial.

Ensure financial planning flexibility by maintaining adequate fund balances and reserves.

Provide for major maintenance and repair of City buildings and facilities on a timely basis.

Provide for infrastructure asset preservation that maximizes the performance of these assets at minimum life-cycle costs.

Continually evaluate and implement long-term financial planning including technology automation, multiple year capital improvement programs, revenue and expenditure forecasting, automating and streamlining service delivery, stabilizing and repositioning revenue sources, and decreasing expenditures and risk exposure.

# FISCAL POLICIES – Assigned and Unassigned Fund Balance and Use of One Time Funds Policy

## PURPOSE

To establish assigned and unassigned fund balance and one time use policies.

## SCOPE

The General Fund and Capital Funds.

## POLICY

To maintain sufficient assigned and unassigned fund balance (general fund only) in each fund for the ability to meet following economic uncertainties:

**Economic Uncertainty I** –\$19,000,000 and represents two months of General Fund (GF) operating expenditures excluding transfers out plus a two year drop in total general fund revenue of 13% or approximately 1.5 months, excluding the use of reserves. Transfers out are primarily used to fund Capital Projects and do not represent on going expenditures. This assignment will change from year to year based on budgeted general fund expenditures and revenues.

- Mitigate short-term economic downturns and volatility in revenues (2 years or less)
- Sustain city services in the event of an emergency
- Meet requirements for debt reserves
- Meet operating cash flow requirements as a result of delay in the receipt of taxes, grant proceeds and other operating revenues

**Economic Fluctuations** – \$1,400,000 and represents the most recent transfer of local funds to the State. This reserve may change from year to year based on the Consumer Price Index (CPI).

- For shifts of City funds to the state to address State budget deficits.

**PERS**– \$100,000 and represents the highest retirement rate increase based on the most recent five years of rate increases. This assignment may change from year to year based on retirement rates and citywide budgeted retirement costs.

- For pension cost increases

**Unassigned** – \$500,000 and represents 1% of the total general fund operating budget. This assignment may change from year to year based on budgeted general fund expenditures.

- Absorb unanticipated operating needs that arise during the fiscal year that were not anticipated during the budget process
- Absorb unexpected claims or litigation settlements

**Capital Improvement** – \$5,000,000 and represents average dollars spent for capital projects in the last three fiscal years. This assignment may change from year to year based on actuals dollars spent on capital projects and anticipated future capital project needs.

- Meet future capital project needs so as to minimize future debt obligations

The City shall not use fund balances/reserves in lieu of revenues to pay for ongoing expenses except as specifically provided in the City’s reserve policy.

The chart below summarizes reserve policy levels as described above:

Funding Priority	Reserve	Reserve Level	Escalator <sup>1</sup>	Description
<b>GENERAL FUND</b>				
1	Economic Uncertainty	\$19,000,000	GF Budgeted Operating Expenditures <sup>2</sup> GF Budget Revenue <sup>3</sup>	For economic downturns and major revenue changes.
2	Economic Fluctuations	\$1,400,000	CPI	For shifts of City funds to the state to address state budget deficits.
3	PERS	\$100,000	Budgeted Citywide retirement costs	For pension cost increases.
4	Unassigned	\$500,000	Budgeted GF Operating Expenditures <sup>4</sup>	For mid-year budget adjustments and redeployment into the five year budget.
<b>CAPITAL PROJECT FUNDS</b>				
5	Capital Improvement	\$5,000,000	None	Reserves set aside for future capital projects.

<sup>1</sup> Rounded to the nearest hundred thousand

<sup>2</sup> Excludes Transfers Out

<sup>3</sup> Excludes the use of reserves

<sup>4</sup> Excludes Transfers Out



**Changes to Assigned Fund Balance** – All reserves listed in this policy are classified as Assigned Fund Balance under Government Accounting Standards Board (GASB) Statement 54. Assigned fund balance is comprised of amounts intended to be used by the government for specific purposes that are neither committed nor restricted. Intent can be expressed by the governing body or by an official body to which the governing body delegates the authority. Changes to assigned fund balances must be approved by City Council. This policy will be reviewed annually as part of the budget process.

**Replenishment process** – Should the City need to utilize any of the assigned fund balances listed in this policy, with the exception of the annual Infrastructure assignment, a plan to replenish the assignment will be developed in conjunction with its use.

**Excess** – Funding of these reserves will come generally from one-time revenues, annual net income, and transfers from other reserves that exceed policy levels. They will be funded in the following priority order with any remaining funds to be placed in the Capital Reserve:

- 1) Economic Uncertainty
- 2) Economic Fluctuations
- 3) PERS
- 4) Unassigned

## **FISCAL POLICIES – Investment Policy**

---

The City Council annually updates and adopts a City Investment Policy that is in compliance with State statutes on allowable investments. By policy, the Audit Committee reviews the policy and acts as an oversight committee on investments. The policy directs that an external auditor perform agreed-upon procedures to review City compliance with the policy. The full policy is available on the City website as part of the May 6, 2014 City Council agenda packet.

# DEBT LIMIT

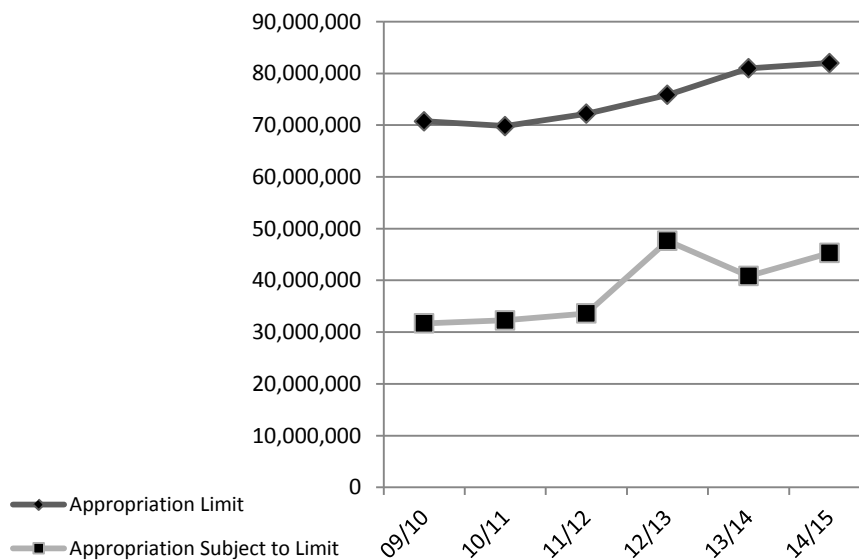
---

## GANN APPROPRIATIONS LIMIT

Fiscal Year 2014-15

Article XIII B of the California State Constitution as enacted by Proposition 4, the Gann initiative of 1979, mandates a limit on the amount of proceeds of taxes that state and local governments can receive and appropriate (authorize to spend) each year. The purpose of this law is to limit government spending by putting a cap on the total proceeds of taxes that may be appropriated each year. The original Article XIII B was further modified by Proposition 111 and SB 88 approved by California voters in June of 1990. Proposition 111 allows cities more flexibility in choosing certain inflation and population factors to calculate the limit. As of the time of the printing of this document the FY 2015 debt had not been updated by the State of California Department of Finance. As part of the Final Budget the GANN appropriations limit will be updated.

### Appropriations Subject to Limit



The limit is different for each agency and the limit changes each year. Each year's limit is based on the amount of tax proceeds that were authorized to be spent in fiscal year 1978-79 in each agency, modified for changes in inflation and population in each subsequent year. Proposition 111 has modified those factors to allow cities to choose either the growth in California Per Capita Income or the growth in non-residential assessed valuation due to new construction in the city. Alternatively, the city could select a population growth factor represented by the

population growth in Santa Clara County. Each year the city establishes its appropriations limit for the following fiscal year.

The City's appropriations limit for FY 2014-15 of \$82,005,631 is \$1,025,652 or 1.27% higher than the fiscal year 2013/14 limit of \$80,979,979. For FY 2014-15, the City's estimated appropriations of proceeds from taxes, less statutory exclusions, are \$45,307,000. This is 55.25% of the legal limit. If a city exceeds the legal limit, excess tax revenue must be returned to the State or citizens through a process of refunds, rebates, or other means that may be determined at that time. The appropriations limit is not expected to present a restraint on current or future budget deliberations.

# Information Technology Replacement and Capitalization Policy

## Purpose

The purpose of this policy is to establish guidelines for replacing and capitalizing technology equipment and systems. Replacement is indicated when a product has run its useful life and updating/upgrading is no longer an option. Capitalization of equipment requires the set aside of funding for future replacement.

Generally, technology equipment with a life expectancy of at least 5 years and a total cost of over \$5,000 shall be capitalized. Software with an expected life of at least 7 years or a cost of over \$10,000 shall also be capitalized.

Technology upgrades are determined by the Information Technology Division (IT) and user departments based on functionality, vendor support, and industry standards.

## Scope

This policy covers the City of Cupertino: network infrastructure (routers, switches, firewalls, security appliances); server infrastructure (files servers, database servers, mail servers, web servers, etc); user laptops and workstations; mission-critical systems, telephone system (telephone equipment not already listed previously); desktop software; enterprise software; workgroup software; and broadcast video and audiovisual equipment.

Cell phones, printers, and tablet devices are not covered by this policy as these items do not meet the minimum criteria for capitalization. Replacement of these items are at the discretion of the department.

## Policy

All technology shall be replaced according to the following:

**Network infrastructure** (routers, switches, firewalls) shall be replaced when no longer functional, as determined by the Information Technology Division (IT), or when parts or support are no longer available from the manufacturer. Replacement needs will be determined by IT annually as part of the operating budget process. Network infrastructure with a life expectancy of at least 5 years and a total cost of over \$5,000 shall be capitalized.

**Server infrastructure** shall be replaced when it is no longer functional (defined as not being able to meet its intended purpose), or when parts or support are no longer available from the manufacturer. These needs are evaluated annually by IT and user departments as part of the operating budget process. Servers are evaluated as they approach 3 years in service, and placed

on the schedule accordingly. Server lifetime may be extended by the purchase of additional memory or disk. Server infrastructure with a life expectancy of at least 5 years and a total cost of over \$5,000 shall be capitalized.

**User workstations** shall be replaced, on average, after 4 years as is industry standard. Zero Client work stations shall be replaced, on average, every 8 years. IT will determine the need for specific replacements. User workstations shall not be capitalized as they do not meet the minimum criteria for capitalization.

**Interoperable systems** are defined as a group of interdependent and/or interoperable components that together form a single functional unit. These components may be interconnected by their structural relationships, their common functional behavior, or by both. Generally, for a system to be eligible for capitalization, the cumulative value of its components should be at least \$5,000 and have a life expectancy of five years or more.

**Telephone system components** (desktop and user equipment) is either repaired or replaced when determined no longer functional; telephone servers may be leased over 5 years and replaced at those times; the replacement period may exceed 5 years if the products are supported by vendors and parts are readily available. Telephone system components shall not be capitalized as they do not meet the minimum criteria for capitalization. Telephone system software is maintained under agreement with vendors and kept within 2 major versions to ensure functionality and vendor support.

**Enterprise Software** replacement shall be determined individually by IT and the end users. Only those large enterprise systems with an expected life of at least 7 years or a cost of over \$10,000 shall be capitalized.

**Desktop Software** is replaced/updated according to Microsoft's releases of Windows and Office. Software shall not be more than one version out of date to ensure functionality and vendor support. IT will generally wait at least 90 days after a new release to roll out new versions. Only software with an expected life of at least 7 years or a cost of over \$10,000 shall be capitalized. Desktop software generally does not meet this criterion.

**Broadcast Video and Audiovisual Equipment/Systems** shall be repaired or replaced when determined no longer functional. Replaced will occur on average after 10 years. Broadcast video and audiovisual equipment/systems with a life expectancy of at least 5 years and a total cost of over \$5,000 shall be capitalized. Equipment that does not meet these criteria may still be capitalized if the item is a component of interoperable systems.

# COMMUNITY FUNDING POLICY

## Purpose

The City of Cupertino currently provides funding to local non-profit organizations in the areas of social services, fine arts and other programs for the general public. This policy establishes a standard application process whereby funding decisions of non-profit requests can be addressed on a fair and consistent basis by establishing a set of criteria for evaluating requests, ensuring that all entities follow a formal application process and pre-approving a dollar limit for those requests.

## Scope

All requests for funding must comply with this policy.

## Policy

The applicant should identify the services provided, purpose for the funds, how the expenditure aligns to City priorities and how the funds will be used to benefit the Cupertino community.

A recurring organization should state how prior year funds, if any, were used.

The applicant should include information about the organization, its budget and its purpose.

Non-profit organizations which serve multi-jurisdictions should state what they have requested from other cities/organizations they service in regards to this program request.

Cupertino does not fund ongoing operational costs. Requests should be for one-time, project specific needs.

The organization must show that their staff has the experience to implement and manage the project. More than 75% of the budget must go to direct service costs versus administrative costs.

Staff should include all requests and funding recommendations for Council consideration. Staff report will reference City rules and regulations.

Non-profits will be notified of our process in advance and no proposals will be entertained after **March 1 of each year**.

City Council will make the final decision as part of the budget process

## CHANGES TO OTHER NON FINANCIAL POLICIES

### **Sponsorship Policy**

Sponsorship for City events by outside agencies will continue subject to execution of an appropriate Sponsorship Agreement by the City Manager. Then an administrative policy will be signed by the City Manager on the scope of the Sponsorship Agreements.

### **Limited Term Position Conversions**

Update the City's Administrative Rules and Regulation of the Personnel Code to allow incumbents in limited-term positions to be converted to a full-time benefitted employees prior to the expiration of the limited term subject to budget authority.

### **Leave Time for Exempt Employees**

Authorize City Manager to grant additional leave time for exempt employees working on special projects that require a significant amount of additional work time.

### **Exempt Appointments**

Remove the provision in the City's Administrative Procedures that allows City staff to hire a full time benefitted position without going thru a recruitment process.

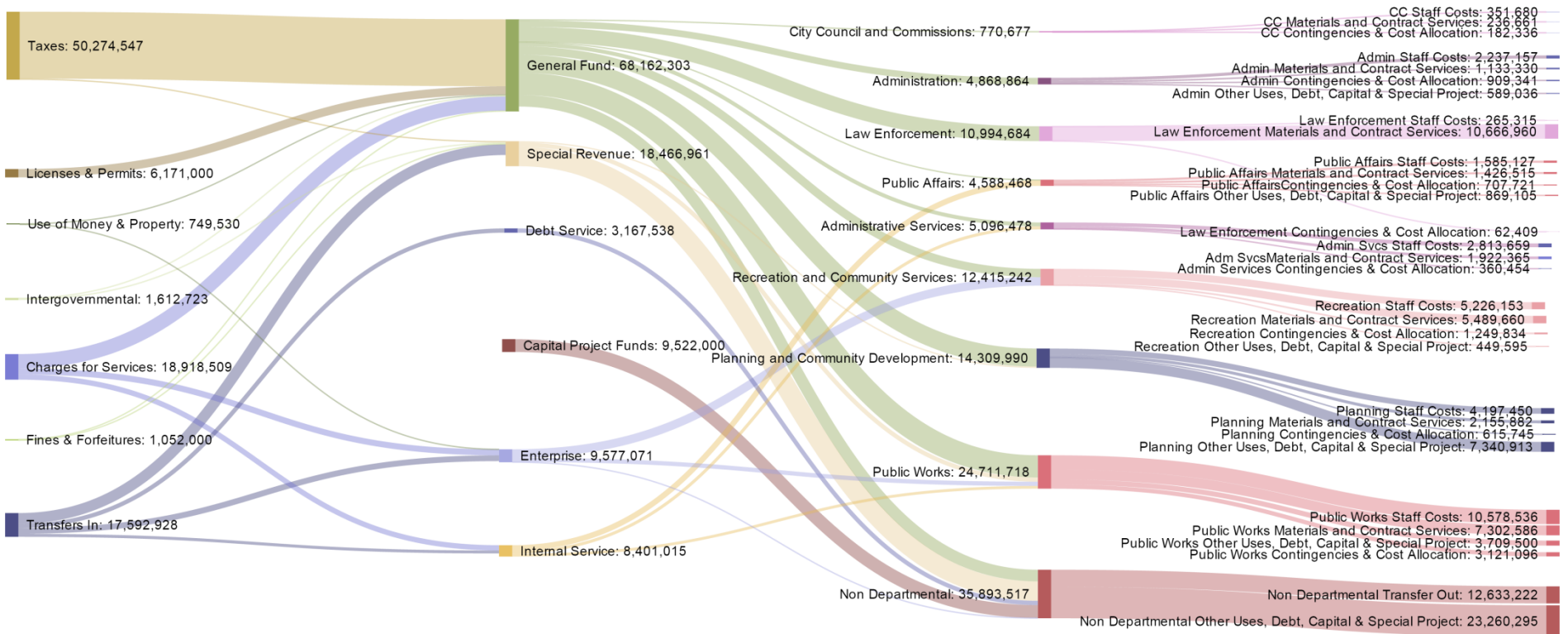


**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**FINANCIAL OVERVIEW BY FUND**

Revenue Categories	General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Funds	Enterprise Funds	Internal Service Funds	2013-2014 Proposed Budget Total
Sales Tax	\$ 20,360,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,360,000
Property Tax	16,055,000	-	-	-	-	-	16,055,000
Transient Occupancy	5,072,000	-	-	-	-	-	5,072,000
Utility Tax	3,100,000	-	-	-	-	-	3,100,000
Franchise Fees	2,800,000	-	-	-	-	-	2,800,000
Other Taxes	1,400,000	766,652	-	-	-	-	2,166,652
Licenses & Permits	6,171,000	-	-	-	-	-	6,171,000
Use of Money & Property	742,530	-	-	-	7,000	-	749,530
Intergovernmental	600,000	1,012,723	-	-	-	-	1,612,723
Charges for Services	10,590,878	-	-	-	4,434,855	3,892,776	18,918,509
Fines & Forfeitures	550,000	502,000	-	-	-	-	1,052,000
Miscellaneous	720,895	-	-	-	-	-	720,895
Transfers In	-	7,913,237	3,167,538	-	4,291,990	2,220,163	17,592,928
<b>TOTAL REVENUE</b>	<b>\$ 68,162,303</b>	<b>\$ 10,194,612</b>	<b>\$ 3,167,538</b>	<b>\$ -</b>	<b>\$ 8,733,845</b>	<b>\$ 6,112,939</b>	<b>\$ 96,371,237</b>

Appropriation Categories	General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Funds	Enterprise Funds	Internal Service Funds	2013-2014 Proposed Budget Total
Employee Compensation	\$ 14,665,219	\$ 899,197	\$ -	\$ -	\$ 1,684,519	\$ 1,233,363	\$ 18,482,298
Employee Benefits	6,303,677	444,742	-	-	492,698	1,531,662	8,772,779
Materials	3,971,681	831,465	-	-	457,468	429,618	5,690,232
Contract Services	16,465,626	440,400	-	-	5,484,662	2,253,039	24,643,727
Contingencies	1,432,349	880,000	-	-	56,500	1,715,105	4,083,954
Cost Allocation	3,078,842	453,701	-	-	592,675	210,027	4,335,245
Special Projects	9,976,674	-	-	-	-	-	9,976,674
Capital Outlays	10,000	14,467,994	-	3,260,000	200,000	-	17,937,994
Debt Service/Other Uses	2,239,763	49,462	3,167,538	6,262,000	608,549	1,028,201	13,355,513
Transfers Out	6,371,222	-	-	-	-	-	6,371,222
<b>TOTAL EXPENDITURES</b>	<b>\$ 64,515,053</b>	<b>\$ 18,466,961</b>	<b>\$ 3,167,538</b>	<b>\$ 9,522,000</b>	<b>\$ 9,577,071</b>	<b>\$ 8,401,015</b>	<b>\$ 113,649,638</b>
<b>Net Increase (Decrease) in Fund Balance/Retained Earnings</b>	<b>\$ 3,647,250</b>	<b>\$ (8,272,349)</b>	<b>\$ -</b>	<b>\$ (9,522,000)</b>	<b>\$ (843,226)</b>	<b>\$ (2,288,076)</b>	<b>\$ (17,278,401)</b>

# FISCAL YEAR 2015-16 PROPOSED BUDGET FLOW OF FUND CHART



**FISCAL YEAR 2015-16 PROPOSED BUDGET  
GENERAL FUND CONTRIBUTION SCHEDULE**

Fund Type	Proposed Budget Expenditures	Projected Program Revenues	Proposed Budget Fund Balance/ Retained Earnings/ (Usage) /	Proposed General Fund Contribution
<b>General Fund</b>				
City Council	\$ 419,099	\$ 31,436	\$ -	\$ 387,663
City Council - Community Funding	70,000	-	-	70,000
City Council - Sister Cities	24,682	-	-	24,682
Telecommunications Commission	23,877	-	-	23,877
Library Commission	10,666	-	-	10,666
Fine Arts Commission	27,536	-	-	27,536
Public Safety Commission	12,430	-	-	12,430
Bike and Pedestrian Commission	4,400	-	-	4,400
Recreation Commission	21,087	-	-	21,087
Teen Commission	34,432	-	-	34,432
Planning Commission	100,765	-	-	100,765
Housing Commission	21,703	-	-	21,703
City Manager	841,345	124,491	-	716,854
Environmental Affairs	987,727	31,452	-	956,275
City Clerk	572,024	27,252	-	544,772
Duplicating and Postage	75,928	-	-	75,928
Elections	-	-	-	-
City Manager Discretionary Fund	540,000	-	-	540,000
City Attorney	1,851,840	27,198	-	1,824,642
Law Enforcement	10,400,180	100,000	-	10,300,180
Interoperability Project	48,000	-	-	48,000
Code Enforcement	546,504	-	-	546,504
Public Affairs	294,142	41,336	-	252,806
Cupertino Scene	103,266	-	-	103,266
Public Access Support	64,890	-	-	64,890
Administration	461,327	59,085	-	402,242
Accounting	894,134	137,433	-	756,701
Business Licenses	114,958	-	-	114,958
Human Resources	840,692	162,605	-	678,087
Insurance Administration	540,697	-	-	540,697
Employee Housing Loan	2,239,763	-	-	2,239,763
Leadership 95014	36,447	17,000	-	19,447
Recreation Administration	464,148	-	-	464,148
Park Restoration	220,859	-	-	220,859
Supervision	656,602	-	-	656,602
Blackberry Farm Picnic Area	669,461	260,000	-	409,461
Community Hall Operation	98,016	18,000	-	80,016
Cultural Programs	249,931	-	-	249,931
Quinlan Community Center	264,792	134,000	-	130,792
Administration	117,798	-	-	117,798
Youth Programs	123,541	25,000	-	98,541
Teen Programs	18,388	1,100	-	17,288
Teen Center	105,544	4,200	-	101,344
Nature Programs	414,941	22,430	-	392,511
Supervision	94,639	-	-	94,639
Creekside Park	5,367	11,000	-	(5,633)
Monta Vista Recreation Center	5,575	24,000	-	(18,425)
Senior Adult Programs	640,826	230,000	-	410,826
Senior Center Case Manager	235,261	5,000	-	230,261
Senior Adult Recreation	1,031,892	400,000	-	631,892

**FISCAL YEAR 2015-16 PROPOSED BUDGET  
GENERAL FUND CONTRIBUTION SCHEDULE**

Fund Type	Proposed Budget Expenditures	Projected Program Revenues	Proposed Budget Fund Balance/ Retained Earnings/ (Usage) /	Proposed General Fund Contribution
Blue Pheasant Restaurant	15,725	100,000	-	(84,275)
Community Outreach	119,705	-	-	119,705
Disaster Preparedness	79,479	9,125	-	70,354
Neighborhood Watch	78,767	-	-	78,767
Library Service	409,403	-	-	409,403
Planning Administration	274,390	-	-	274,390
Current Planning	4,187,174	3,812,600	-	374,574
Mid and Long Range Planning	2,353,143	1,821,500	-	531,643
Annexation	137,500	-	-	137,500
Economic Development	243,176	29,607	-	213,569
Human Service Grants	40,000	-	-	40,000
General Building	579,471	700,000	-	(120,529)
Construction Plan Checking	3,436,542	2,759,153	-	677,389
Building Code Enforcement	1,812,889	1,486,000	-	326,889
Muni Code Enforcement	307,178	17,000	-	290,178
Public Works Administration	657,682	-	-	657,682
Engineering Design	1,716,277	1,930,000	-	(213,723)
Inspection Services	-	-	-	-
CIP Administration	831,277	-	-	831,277
Public Works Supervision	1,020,181	-	-	1,020,181
McClellan Ranch Park	76,121	-	-	76,121
Memorial Park	656,628	-	-	656,628
School Site Maintenance	826,357	-	-	826,357
Neighborhood Parks	1,448,321	-	-	1,448,321
Sports Fields/Jollyman/Creekside	599,760	-	-	599,760
Civic Center Maintenance	170,601	-	-	170,601
Storm Drain Maintenance	239,235	-	-	239,235
Overpasses & Medians Maintenance	1,245,715	-	-	1,245,715
Street Trees Maintenance	1,198,510	-	-	1,198,510
Elmwood Program	374,190	-	-	374,190
City Hall	538,843	-	-	538,843
Library	431,156	140,300	-	290,856
Service Center	428,142	-	-	428,142
Quinlan Community Center	369,982	-	-	369,982
Senior Center	224,873	-	-	224,873
McClellan Ranch	169,204	-	-	169,204
Monta Vista	138,390	-	-	138,390
Wilson	54,262	-	-	54,262
Portal	30,799	-	-	30,799
Creekside	74,729	-	-	74,729
Community Hall	242,868	-	-	242,868
Teen Center	36,813	-	-	36,813
Park Restrooms	129,867	-	-	129,867
BBF picnic facilities	316,094	-	-	316,094
Traffic Engineering	741,553	-	-	741,553
Traffic Signal Maintenance	812,959	-	-	812,959
Street Lighting	484,665	-	-	484,665
Environmental Materials	141,113	-	-	141,113
Transfers Out	6,371,222	-	-	6,371,222
<b>GENERAL FUND SUBTOTAL I</b>	<b>\$ 64,515,053</b>	<b>\$ 14,699,303</b>	<b>\$ -</b>	<b>\$ 49,815,750</b>

**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**GENERAL FUND CONTRIBUTION SCHEDULE**

Fund Type	Proposed Budget Expenditures	Projected Program Revenues	Proposed Budget Fund Balance/ Retained Earnings (Usage) /	Proposed General Fund Contribution
<b><u>General Fund Revenue/Fund Balance</u></b>				
General Fund Revenue	-	53,463,000	-	(53,463,000)
Unassigned Fund Balance	-	-	\$ -	-
<b>GENERAL FUND SUBTOTAL II \$</b>				
	-	\$ 53,463,000	\$ -	\$ (53,463,000)
<hr/>				
<b>TOTAL GENERAL FUND \$ 64,515,053 \$ 68,162,303 \$ - \$ (3,647,250)</b>				
<b><u>Special Revenue Fund</u></b>				
Lawrence Mitty Park	8,270,994	100,000	8,170,994	-
Minor Storm Drain Improvement	75,000	100,000	(25,000)	-
Non Point Source	630,679	502,000	-	128,679
HCD General Administration	61,309	61,309	-	-
CDBG- Capital Grants	370,103	199,256	170,847	-
Public Service Grants	45,982	45,982	-	-
Below Market Rate Housing	461,133	566,652	(105,519)	-
Sidewalk, Curb and Gutter Maint	962,547	962,509	38	-
Street Pavement Maintenance	698,224	647,802	50,422	-
Street Signs/Markings	768,990	757,456	11,534	-
Orange and Byrne Sidewalk Improvement	500,000	500,000	-	-
Street Median Irrigation & Plant Replacement	220,000	220,000	-	-
Bicycle & Pedestrian Facility Improvements	700,000	700,000	-	-
Mary Ave Complete Street	3,662,000	3,662,000	-	-
McClellan Rd. Sidewalk Improvement - Phase II	935,000	935,000	-	-
Stevens Creek Blvd Pocket Extension	105,000	105,000	-	-
<b>TOTAL SPECIAL REVENUE FUNDS \$ 18,466,961 \$ 10,064,966 \$ 8,273,316 \$ 128,679</b>				
<b><u>Debt Service</u></b>				
Public Facilities Corporation	3,167,538	-	-	3,167,538
<b>TOTAL DEBT SERVICE \$ 3,167,538 \$ - \$ - \$ 3,167,538</b>				
<b><u>Capital Funds</u></b>				
Blackberry Farm Splash Pad	70,000	-	70,000	-
Sports Center - Resurface Tennis Courts	1,000,000	-	1,000,000	-
ADA Improvements	75,000	-	75,000	-
McClellan Ranch West-Simms House Removal	220,000	-	220,000	-
Quinlan Community Center-Cupertino Room Lighting	108,000	-	108,000	-
Quinlan Community Center-Fire Alarm Control Panel Upgrade	135,000	-	135,000	-
Service Center-Parking Lot Modification	176,000	-	176,000	-
Senior Center - Mary Ave Landscape	106,000	-	106,000	-
Bicycle Transportation Plan Update	50,000	-	50,000	-
Pasadena Avenue Public Improvement	827,000	-	827,000	-
Blackberry Farm Golf Course Renovation	493,000	-	493,000	-
Transfer Out	6,262,000	-	6,262,000	-
<b>TOTAL CAPITAL FUNDS \$ 9,522,000 \$ - \$ 9,522,000 \$ -</b>				
<b><u>Enterprise Funds</u></b>				
Resources Recovery	2,707,226	1,924,000	783,226	-
Golf Course	672,004	410,000	-	262,004
Sports Center	2,353,022	2,107,000	-	246,022
Sports Center Maintenance	411,710	-	-	411,710
Cultural, Youth and Teen Programs	1,983,544	1,401,800	-	581,744

**FISCAL YEAR 2015-16 PROPOSED BUDGET  
GENERAL FUND CONTRIBUTION SCHEDULE**

Fund Type	Proposed Budget Expenditures	Projected Program Revenues	Proposed Budget Fund Balance/ Retained Earnings/ (Usage) /	Proposed General Fund Contribution
Sports and Physical	1,249,565	1,116,055	-	133,510
Blacksmith Shop Forge Restoration-Design	60,000	-	60,000	-
Wilson Park Building and Landscape Improvements	140,000	140,000	-	-
<b>TOTAL ENTERPRISE FUNDS</b>	<b>\$ 9,577,071</b>	<b>\$ 7,098,855</b>	<b>\$ 843,226</b>	<b>\$ 1,634,990</b>
<b>Internal Service Funds</b>				
Information Technology	1,866,370	1,658,064	208,306	-
Information Tech Equip Acquisition	392,000	-	392,000	-
GIS	352,589	-	352,589	-
Government Channel	1,220,119	542,544	677,575	-
Gov't Channel--Special Project	-	-	-	-
City Web Site	295,092	237,124	57,968	-
Equipment Maintenance	1,184,175	979,537	204,638	-
Equipment Fixed Asset Acquisition	846,000	451,000	395,000	-
Workers' Compensation Claims	719,365	719,365	-	-
Disability Claims	84,810	84,810	-	-
Leave Payouts	440,000	-	-	440,000
Retiree Medical Insurance	1,000,495	-	-	1,000,495
<b>TOTAL INTERNAL SERVICE FUNDS</b>	<b>\$ 8,401,015</b>	<b>\$ 4,672,444</b>	<b>\$ 2,288,076</b>	<b>\$ 1,440,495</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 113,649,638</b>	<b>\$ 89,998,568</b>	<b>\$ 20,926,618</b>	<b>\$ 2,724,452</b>

# FISCAL YEAR 2015-16 PROPOSED BUDGET

## FUND BALANCE REPORT

FUND	Fund Balance 7/1/2014	Projected Fund Balance 7/1/2015	Projected Program Revenue	Proposed Budget Expenditures	Projected Fund Balance 7/1/2016
110 <b><u>GENERAL FUND</u></b>	45,680,396	35,989,416	68,162,303	64,515,053	39,636,666
<b><u>SPECIAL REVENUE</u></b>					
210, Storm Drain Improvement	231,220	231,220	100,000	75,000	256,220
230 Environmental Management/ Clean Creek / Storm Drain	320,308	311,856	630,679	630,679	311,856
260, Housing & Community Development 265	1,463,461	6,354,984	873,199	938,527	6,289,656
270 Transportation	657,874	657,874	8,489,767	8,551,761	595,880
280 Park Dedication	1,637,034	8,534,028	100,000	8,270,994	363,034
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>\$ 4,309,897</b>	<b>\$ 16,089,962</b>	<b>\$ 10,193,645</b>	<b>\$ 18,466,961</b>	<b>\$ 7,816,646</b>
<b><u>Debt Service</u></b>					
365 Public Facilities Corporation	\$ 1,686,974	\$ 1,594,136	\$ 3,167,538	\$ 3,167,538	\$ 1,594,136
<b><u>Capital Funds</u></b>					
420 Capital Improvement Fund	1,891,364	3,260,000	-	3,260,000	-
427 Stevens Creek Corridor Park	1,657,129	-	-	-	-
429 Capital Reserve	1,476,037	8,320,000	-	6,262,000	2,058,000
<b>TOTAL CAPITAL FUNDS</b>	<b>\$ 5,024,530</b>	<b>\$ 11,580,000</b>	<b>\$ -</b>	<b>\$ 9,522,000</b>	<b>\$ 2,058,000</b>
<b><u>Enterprise Funds</u></b>					
520 Resource Recovery	613,054	5,993,610	1,924,000	2,707,226	5,210,384
560 Blackberry Farm	812,677	383,844	672,004	672,004	383,844
570 Sports Center	691,799	670,106	2,764,732	2,764,732	670,106
580 Recreation Programs	3,794,683	2,048,288	3,373,109	3,433,109	1,988,288
<b>TOTAL ENTERPRISE FUNDS</b>	<b>\$ 5,912,213</b>	<b>\$ 9,095,848</b>	<b>\$ 8,733,845</b>	<b>\$ 9,577,071</b>	<b>\$ 8,252,622</b>
<b><u>Internal Service Funds</u></b>					
610 Information Technology	4,092,504	2,494,208	1,658,064	2,610,959	1,541,313
615 City Channel and Website	-	1,000,000	779,668	1,515,211	264,457
620 Workers' Compensation	247,553	172,604	719,365	719,365	172,604
630 Equipment	3,167,325	2,772,902	1,430,537	2,030,175	2,173,264
641 Compensated Absence & LTD	7,111	33,919	524,810	524,810	33,919
642 Retiree Medical	3,689,332	3,689,332	1,000,495	1,000,495	3,689,332
<b>TOTAL INTERNAL SERVICE FUNDS</b>	<b>\$ 11,203,825</b>	<b>\$ 10,162,965</b>	<b>\$ 6,112,939</b>	<b>\$ 8,401,015</b>	<b>\$ 7,874,889</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 73,817,835</b>	<b>\$ 84,512,327</b>	<b>\$ 96,370,270</b>	<b>\$ 113,649,638</b>	<b>\$ 67,232,959</b>

## GENERAL FUND SUMMARY

The General Fund is the City's primary operating fund. It accounts for basic services such as public safety, public works, planning and development, park maintenance, code enforcement, and the administrative services required to support them. The fund also accounts for the City's discretionary funding sources (e.g., property tax, sales tax, transient occupancy tax and utility tax). As a rule, general fund resources are used only to fund operations that do not have other dedicated (restricted) funding sources. Operations that rely heavily upon non-general fund resources, such as street maintenance, solid waste collection, and recreation are accounted for in other funds. Information on these funds may be found in the Other Funds section of this document.

For FY 2015-16, final General Fund revenue estimates (excluding fund balance) total \$68.2 million, representing a 22.9% decrease from the FY 2014-15 Amended Budget. When fund balance carryover is included, General Fund resources total \$39.6 million, which is 10.1% above the prior year. Final General Fund expenditure estimates total \$64.5 million, representing a 34.7% decrease from FY 2014-15 Amended Budget, mostly due to one-time special projects and the transfer of General Fund unassigned fund balance to the Capital Reserve per the City's reserve policy. The General Fund's ending fund balance is projected to increase significantly by 10.1% from FY 2014-15 Final Budget level.

GENERAL FUND OPERATING SUMMARY					
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Percent
	Actual	Actual	Estimate	Proposed	Change*
<b>Beginning Fund Balance</b>					
Assigned/Other	\$17,795,708	\$18,082,730	\$20,508,200	\$24,691,460	20.40%
Unassigned	7,844,856	17,961,579	25,917,331	11,297,956	-56.41%
<b>Total Beginning Fund Balance</b>	<b>25,640,563</b>	<b>36,044,309</b>	<b>46,425,531</b>	<b>35,989,416</b>	<b>-22.48%</b>
Operating Revenue	53,242,302	73,999,513	88,353,411	68,162,303	-22.85%
Operating Expenditures	(41,715,845)	(64,363,426)	(98,789,526)	(64,515,053)	-34.69%
Net Revenue/ Expenditures	11,526,457	9,636,087	(10,436,115)	3,647,250	-134.95%
<b>Ending Fund Balance</b>					
Assigned/Other	18,082,730	20,508,200	24,691,460	25,691,420	4.05%
Unassigned	17,961,579	25,917,331	11,297,956	13,945,246	23.43%
<b>Total Ending Fund Balance</b>	<b>\$36,044,309</b>	<b>\$46,425,531</b>	<b>\$35,989,416</b>	<b>\$39,636,666</b>	<b>10.13%</b>

\*From Amended Budget



This section provides information on the FY 2015-16 General Fund budget including, expenditure and revenue highlights, transfers to other funds, reserve funds and the financial forecast.

## General Fund Revenue

Estimates for the FY 2015-16 beginning fund balance and for the individual general fund revenue accounts are based upon a careful examination of the collection history and patterns as they relate to such factors as seasonality and performance in the economic environment that the City is most likely to encounter in the coming year. FY 2015-16 revenue estimates are based on the anticipated increase or decrease in activity and receipts over the current year. Each source of revenue can be influenced by external (outside of the City’s control) and/or internal factors. The FY 2015-16 revenue estimates are built on the assumption that the economy absorbed modest growth in FY 2014-15 and that FY 2015-16 will stabilize, resulting in nominal impact on the City’s economic performance.

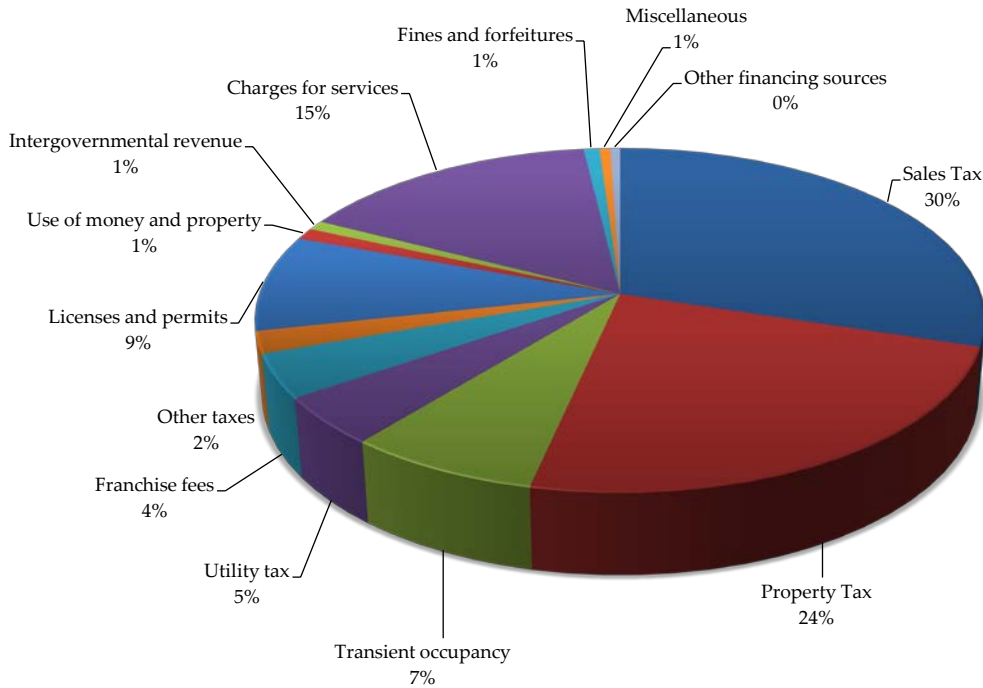
As shown in the chart below, FY 2015-16 revenues are estimated at \$68.2 million, a 22.9% decrease over the FY 2014-15 Amended Budget.

<b>GENERAL FUND REVENUE SUMMARY</b>				
<b>REVENUES</b>	<b>FY 2013-14 Actuals</b>	<b>FY 2014-15 Amended</b>	<b>FY 2015-16 Proposed</b>	<b>Percent Change*</b>
Sales Tax	19,794,036	18,288,000	20,360,000	11.3%
Property Tax	14,405,997	15,067,000	16,055,000	6.6%
Transient Occupancy	4,590,156	4,510,000	5,072,000	12.5%
Utility Tax	3,098,639	3,100,000	3,100,000	0.0%
Franchise Fees	2,775,892	2,897,000	2,800,000	-3.3%
Other Taxes	10,425,761	5,020,000	1,400,000	-72.1%
Licenses & Permits	3,679,942	1,600,000	6,171,000	285.7%
Use of Money & Property	690,483	724,000	742,530	2.6%
Intergovernmental	399,938	265,000	600,000	126.4%
Charges for Services	12,962,322	12,501,154	10,590,878	-15.3%
Fines & Forfeitures	615,085	550,000	550,000	0.0%
Miscellaneous/Non-Op	395,472	23,831,257	720,895	-97.0%
<b>TOTAL REVENUE</b>	<b>73,833,722</b>	<b>88,353,411</b>	<b>68,162,303</b>	<b>-22.9%</b>

\*From Amended Budget

Approximately 52% of Cupertino’s General Fund operating revenues are generated by sales and property taxes followed by charges for service and other taxes made up largely by construction tax. The chart below illustrates the sources of General Fund revenue by category.

## FY 2015-16 Estimated Operating General Fund Revenue



The FY 2015-16 General Fund revenue estimates are discussed by category in the material that follows.

SALES & USE TAX	
FY 13-14 Actual	19,794,036
FY 14-15 Amended	18,288,000
FY 15-16 Proposed	20,360,000
% of General Fund	29.9%
% Change from FY 14-15 Amended	11.3%

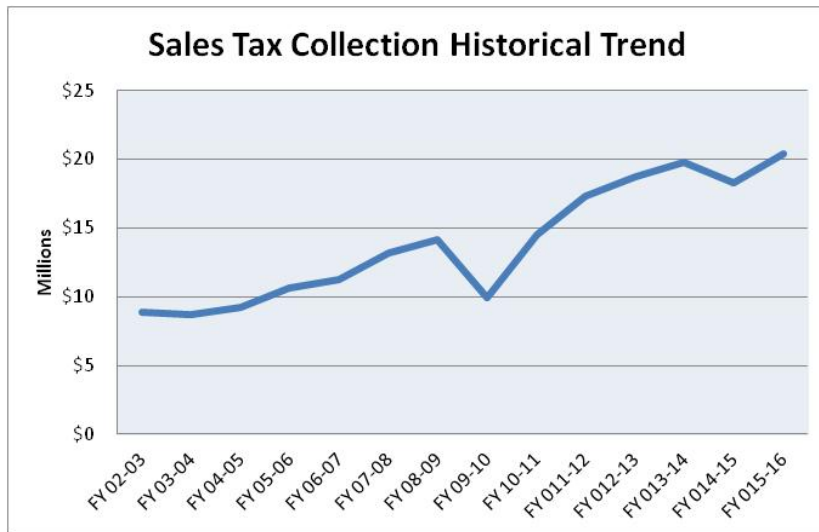
Sales tax is an excise tax imposed on retailers for the privilege of selling tangible personal property. The Use Tax is an excise tax imposed on a person for the storage,

use, or other consumption of tangible personal property purchased from any retailer. The proceeds of sales and use taxes imposed within the boundaries of Cupertino are distributed by the State to various agencies, with the City of Cupertino receiving one percent, as shown in the chart to the right.

Agency	Sales Tax Distribution
State	6.250%
Valley Transportation Authority	1.125%
City of Cupertino	1.000%
County Transportation	0.250%
County General Purpose	0.125%
<b>Total:</b>	<b>8.750%</b>

The City’s tax revenues are generated from four principal economic categories: business-to-business 71.8% (includes electronic equipment and software manufacturers and distributors), general retail 9.3%, food products 8.6%, and construction 5.9%.

Our three largest sales tax payers in the business-to-business category represent a large part of that sector and therefore can significantly affect sales tax trends. The top tax payer’s corporate growth and increased business technology spending has caused tremendous growth in this sector. Despite the departure of Hewlett Packard, sales tax activity has increased slightly across all sectors, particularly business-to-business, general retail, food products, and construction. Given this trend, the City’s FY 2015-16 sales tax revenue is expected to increase modestly.



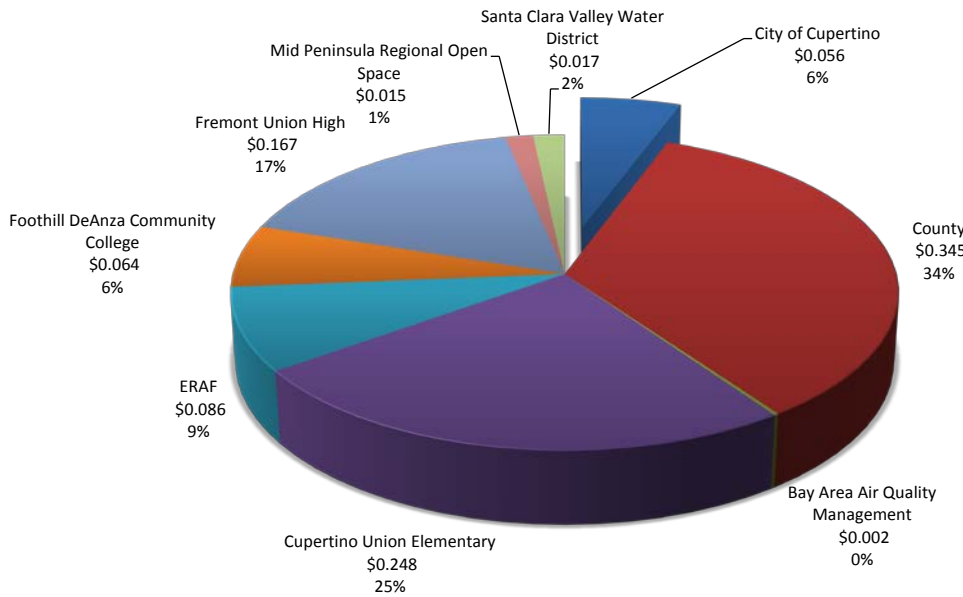
Sales and Use Tax receipts increased 8.1% in FY 2012-13 and then another 5.7% in FY 2013-14. This chart reflects the FY 2014-15 Amended Budget, however, FY 2014-15 actuals are expected to exceed the amended budget and reflect the growth trend. Sales Tax revenues are estimated to generate \$20.4 million in FY 2015-16, which is up 11.3% from the FY 2014-15 amended budget.

**PROPERTY TAX**

FY 13-14 Actual	14,405,997
FY 14-15 Amended	15,067,000
FY 15-16 Proposed	16,055,000
% of General Fund	22.0%
% Change from FY 14-15 Amended	6.6%

Under current law, property is assessed at actual full cash value with the maximum levy being 1% of the assessed valuation. The assessed value of real property that has not changed ownership can be adjusted by the change in the California Consumer Price Index (CCPI) up to a maximum of 2% per year. Property which changes ownership, property which is substantially altered, newly-constructed property, State-assessed property, and personal property are assessed at the full market value in the first year and subject to the two percent cap, thereafter.

In 1978, voters approved the passage of Proposition 13, which froze property tax rates and limited the amount that rates could increase each year. Cupertino had one of the lowest property tax rates in Santa Clara County receiving \$.02 for every \$1.00 paid. Subsequent legislation required Counties to provide “no/low tax” cities with a Tax Equity Allocation (TEA) equal to 7% of the property tax share, however, the property tax distribution for the no/low tax cities in Santa Clara County was limited to 55% of what other TEA cities in the state received.



A major success in FY 2006-07 was the passage of State legislation which restored a portion of Cupertino’s property tax revenue. This TEA change provided an additional \$1.35 million in property tax annually and increased the City’s share of property taxes to 5.6%, as illustrated in the graph. Cupertino, in conjunction with three other West Valley cities, continues its legislative efforts to gain parity with other no/low property tax cities in the state.

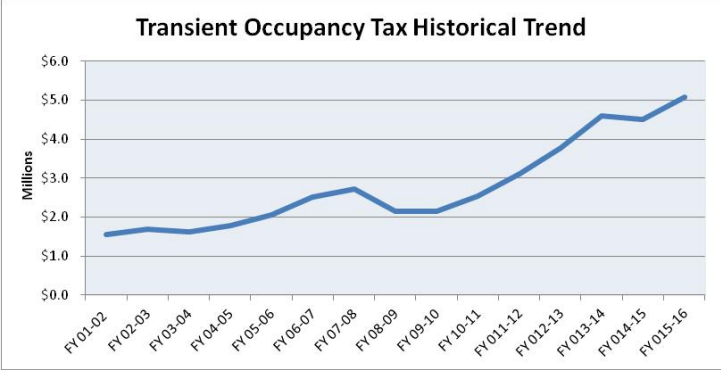


Property Tax receipts increased 13.4% in FY 2012-13 and then another 6.6% in FY 2013-14. The same trend is expected to happen in FY 2014-15, resulting in actual receipts exceeding its amended budget. Property Tax revenues are estimated to generate \$16.1 million in FY 2015-16, which is up 6.6% from the FY 2014-15 Amended Budget.

**TRANSIENT OCCUPANCY TAX**

FY 13-14 Actual	4,590,156
FY 14-15 Amended	4,510,000
FY 15-16 Proposed	5,072,000
% of General Fund	6.9%
% Change from FY 14-15 Amended	2.5%

Transient occupancy taxes (TOT) are levied on five hotels located in the City at the rate of 12% of room revenues. In November 2011, 83% of voters approved increasing the rate from 10% to 12%. This rate increase contributed to the upwards trend shown in the TOT Tax Historical Trend graph to the right. In addition, the new Aloft Hotel, which opened in December 2012, has increased ongoing TOT collections significantly.



**UTILITY TAX**

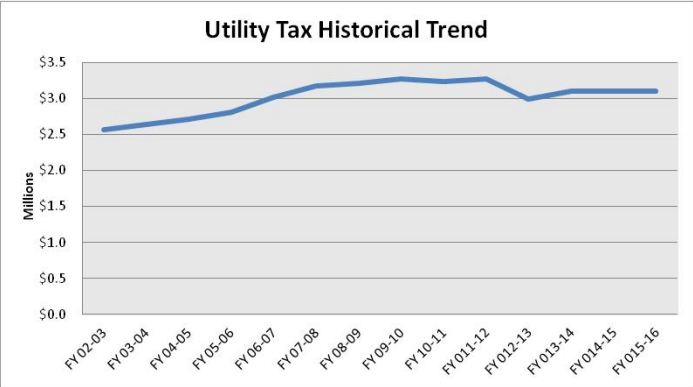
FY 13-14 Actual	3,098,639
FY 14-15 Amended	3,100,000
FY 15-16 Proposed	3,100,000
% of General Fund	4.2%
% Change from FY 14-15 Amended	0.0%

The utility user tax (UUT), approved by voters in 1990, is assessed on gas, electricity and telecommunication service provided within the City’s jurisdiction at a rate of 2.4% of billed charges. Revenues generated from this tax can be used for general City purposes.

The City’s tax rate is generally lower than that of other cities within Santa Clara County, as shown in the chart to the right. In March 2002, voters approved extending the utility tax’s sunset date from 2015 to 2030. This extension corresponded with the extended debt maturity date resulting from the refinancing of debt for capital improvement projects. To maintain tax revenues currently received from telecom services, voters passed a measure in 2009 to update the ordinance to the changing technology in this area.

Utility User Tax Comparison				
	Gas/Electric	Cable	Water	Telecom
Sunnyvale	2.00%	--	--	2.00%
Cupertino	2.40%	--	--	2.40%
Mountain View	3.00%	--	--	3.00%
Los Altos	3.50%	3.20%	3.50%	3.20%
Palo Alto	5.00%	--	5.00%	5.00%
Gilroy	5.00%	4.50%	--	4.50%
San Jose	5.00%	--	5.00%	4.50%

In FY 2012-13, UUT revenues declined by 8.28% compared to FY 2011-12, primarily due to

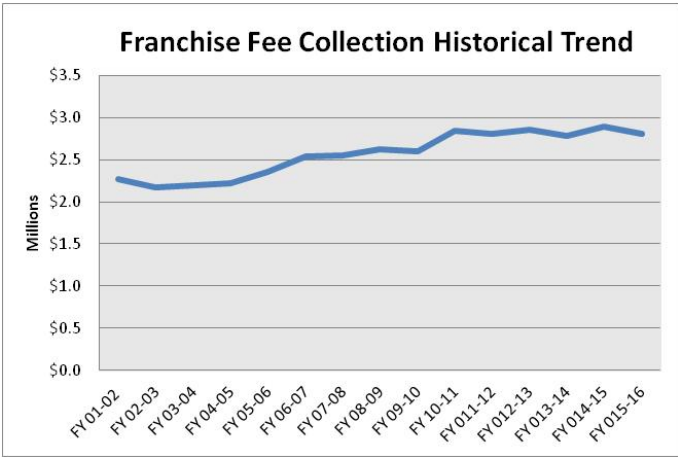


lower electricity usage resulting from large investments in solar infrastructure made by educational institutions in Cupertino. UUT revenues made a slight recovery in FY 2013-14 with a 3.48% increase. Further increases are not anticipated for UUT and budgeted revenues will remain at \$3.1 million for FY 2015-16. This revenue source will be monitored closely as the fiscal year progresses.

**FRANCHISE FEES**

FY 13-14 Actual	2,775,893
FY 14-15 Amended	2,897,000
FY 15-16 Proposed	2,800,000
% of General Fund	3.8%
% Change from FY 14-15 Amended	1.7%

Franchise fees are received from cable, solid waste, water, gas and electricity franchisees that operate in the City. The fees range from 1% to 12% of the franchisee’s gross revenues depending on each particular agreement. As shown in the graph below, these revenues are relatively steady and not sensitive to economic fluctuations.



Franchise fee revenues declined by 2.56% in FY 2013-14 from the previous year. Budgeted revenues are expected to remain at approximately \$2.8 million for FY 2015-16. This revenue source will be monitored closely as the fiscal year progresses.



<b>OTHER TAXES</b>	
--------------------	--

FY 13-14 Actual	10,425,761
FY 14-15 Amended	5,020,000
FY 15-16 Proposed	1,400,000
% of General Fund	1.9%
% Change from FY 14-15 Amended	-72.1%

Other taxes are comprised mainly of business license taxes, construction taxes, and property transfer taxes. As shown in the graph, business license taxes are relatively steady while construction and property transfer taxes are extremely volatile and sensitive to economic fluctuations.

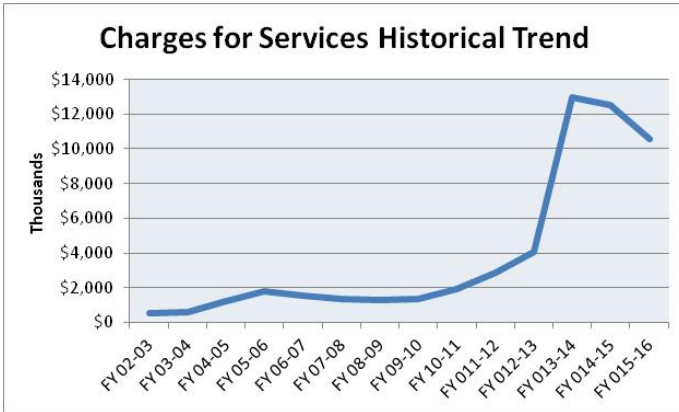
Major construction projects, including improvements at Vallco Mall (AMC Theaters), the Adobe Mixed-Use project, and Whole Foods resulted in a spike in revenues in FY 2006-07. Revenues then plummeted during the great recession. Since FY 2010-2011, several major construction projects were started and revenues began increasing dramatically. The largest of the projects included Apple Campus 2 and Main Street developments. These projects coupled with a strong housing recovery created a record year of revenues in FY 2013-14 totaling \$10,425,761 and \$5.0 million in FY 2014-15. These levels will not be sustained in FY 2015-16 as projects are in the queue, but of smaller size. These revenues are budgeted to come in just slightly at \$1.4 million next fiscal year.

<b>CHARGES FOR SERVICES</b>	
-----------------------------	--

FY 13-14 Actual	12,962,322
FY 14-15 Amended	12,501,154
FY 15-16 Proposed	10,590,878
% of General Fund	14.5%
% Change from FY 14-15 Amended	-15.3%

This category accounts for charges to users of City services funded by the General Fund. The City attempts to recover the cost of the services, including planning, zoning, and engineering permit processing for new property development. As such, this revenue source is sensitive to economic fluctuations, as shown in the graph below. The Apple Campus 2 generated large one-time revenues in FY 2013-14 and is expected to continue bringing in record revenue levels in FY 2014-15.

Beginning in FY 2013-14, enterprise funds, internal service funds, and special funds began charging for overhead services previously subsidized by the General Fund. These cost allocation plan (CAP) charges contributed slightly to the FY 2014-15 revenues.



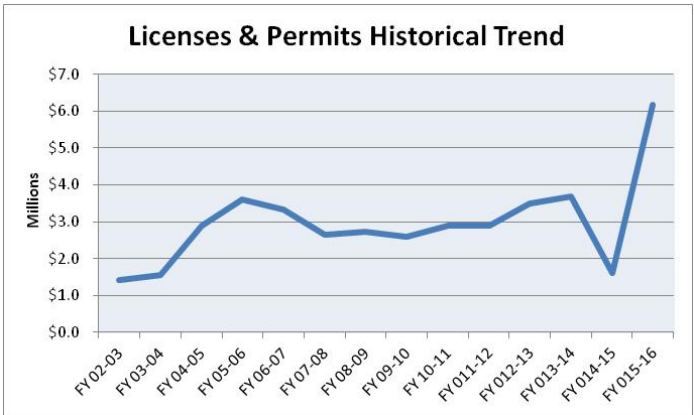
Given that development project revenues are one-time in nature, but the CAP charges are ongoing, Charges for Services is expected to begin large corrections over the next two fiscal years. For FY 2015-16, Charges for Services will decline to \$10.6 million and then stabilize at \$5.3 million in the following fiscal year.

**LICENSES & PERMITS**

FY 13-14 Actual	3,679,972
FY 14-15 Amended	1,600,000
FY 15-16 Proposed	6,171,000
% of General Fund	8.4%
% Change from FY 14-15 Amended	285.7%

Licenses and permits include fees for reviewing building plans, building inspections, construction, tenant improvements, and commercial/residential installations for compliance with state and municipal building codes.

Past referendums limited the height and density of new construction and building of condominium housing. Some residential developers hesitated to invest in Cupertino for fear that their project will not be approved or will be reversed by voter referendum. However, this trend began to reverse in FY 2011-12 with the economic recovery.



The Apple Campus 2 project and large residential projects (Rosebowl, Biltmore expansion, Main Street) generated significant permitting revenues in FY 2013-14. The FY 2014-15 budget expected licenses and permits to dip do to the completion of several development projects. The City’s administration changed its methodology for tracking developer deposits and, as a result, both budgets for revenues and expenses were increased by anticipated deposit amounts and server new development projects were added, hence the dramatic increase in the FY 2015-16 budget level.

**USE OF MONEY AND PROPERTY**

FY 13-14 Actual	690,483
FY 14-15 Amended	724,000
FY 15-16 Proposed	742,530
% of General Fund	1.1%
% Change from FY 14-15 Amended	2.6%

The use of money and property category is comprised of General Fund interest earnings as well as facility and concession rental income of City-owned property. The City’s portfolio is approximately \$118.0 million. Fluctuations in this revenue category are a result of investment earnings, as rental income is fairly steady.

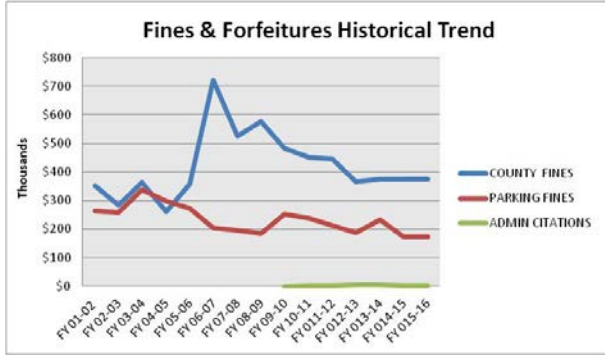
Investment earnings are a function of the amount of excess cash available for investment, current interest rates, and composition of investments. The City’s investment policy requires investments to be made in this order of priority: safety, liquidity, and yield. The unprecedented turmoil in the financial markets and state cash flow problems necessitated a weighting of the portfolio toward safety and lower average yields. The Federal Reserve has kept short-term interest rates down to almost zero and has increased money supply to support credit markets and spur the economy. As a result, the rate of return was 0.53% in the last quarter.



Investment earnings are expected to be low until the Federal Reserve increases interest rates. Economists predicted this would occur in FY 2014-15, when the unemployment rate was projected to fall below 6.5%. The unemployment rate did fall below that threshold, but the Federal Reserve did not increase rates. Revenue in this category is estimated to increase slightly in FY 2015-16 as General Fund reserves stabilize, Capital Fund reserves are spent (after absorbing one-time funding from the Apple Campus 2 project), and interest rates remain at record low levels.

**FINES AND FORFEITURES**

FY 13-14 Actual	615,085
FY 14-15 Amended	550,000
FY 15-16 Proposed	550,000
% of General Fund	0.8%
% Change from FY 14-15 Amended	0.0%



Fines and forfeiture account for revenues generated from vehicle, parking, and miscellaneous code violations issued by the County Sheriff and the City’s Code Enforcement officers. The recent downtrend in County fines, resulting from lower court assessed fines and forfeitures, have leveled off in recent years. Parking fine revenues have also leveled off. Fines and Forfeitures revenue

is expected to remain flat in FY 2015-16 at \$550,000.

**INTERGOVERNMENTAL**

FY 13-14 Actual	399,938
FY 14-15 Amended	265,000
FY 14-15 Estimate	265,000
FY 15-16 Proposed	600,000
% of General Fund	0.8%
% Change from FY 14-15 Amended	126.4%

Intergovernmental revenues are made up of federal, state, and regional grants, including the CDBG grants and miscellaneous intergovernmental revenue. The FY 2015-16 budget is markedly higher due to anticipated increases in grant awards for housing.

<b>MISCELLANEOUS</b>	
----------------------	--

FY 13-14 Actual	395,473
FY 14-15 Amended	23,831,257
FY 15-16 Proposed	720,895
% of General Fund	1.1%
% Change from FY 14-15 Amended	-97.0%

Miscellaneous revenues account for the sale of land and other miscellaneous revenues. The sale of Pruneridge Avenue to Apple, Inc. as part of the Apple Campus 2 development project closed in FY 2014-15. No significant miscellaneous revenues are anticipated in FY 2015-16.

## General Fund Expenditures

Estimates for the FY 2015-16 General Fund expenditures are based upon anticipated personnel and non-personnel cost increases. This year department budgets reflect actual projected costs based on a 3-year actual trend and any anticipated/known increased costs in FY 2015-16. In addition, most budgets were given additional funds for any unexpected expenditures. Lastly, per the City's new Reserve policy and unassigned General Fund balance above the \$500,000 maximum balance will be transferred to the Capital Fund for future capital and infrastructure projects, however this transfer will now be completed as part of the year end close and not in the budget. As shown in the chart below, FY 2015-16 expenditures are estimated at \$64.5 million, a 20.2% decrease under the final budget.

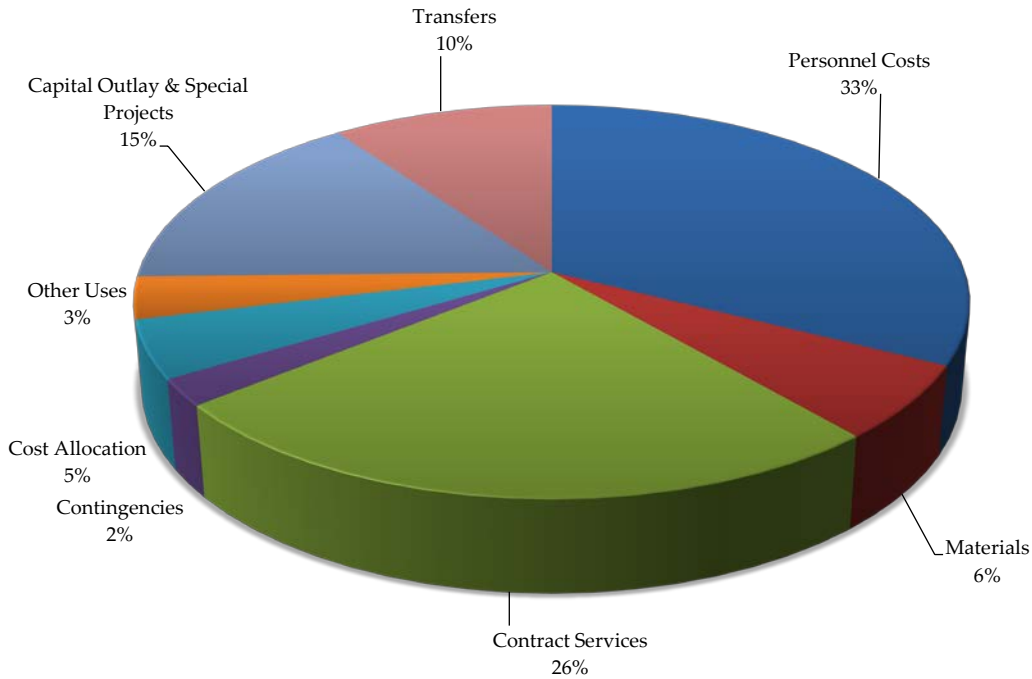
GENERAL FUND EXPENDITURE SUMMARY					
EXPENDITURES	2013-2014 Actuals	2014-2015 Final	2014-2015 Amended	2015-2016 Proposed	Percent Change
<b>Personnel Costs</b>					
Employee Compensation	11,915,729	13,557,481	13,656,167	14,665,219	7.55%
Employee Benefits	4,777,772	5,795,013	5,795,013	6,303,677	8.07%
<b>Total Personnel Costs</b>	<b>16,693,501</b>	<b>19,352,494</b>	<b>19,451,180</b>	<b>20,968,896</b>	<b>7.71%</b>
<b>Non-Personnel Costs</b>					
Materials	3,206,363	3,359,738	3,642,483	3,971,681	15.41%
Contract Services	12,998,291	14,976,577	16,879,015	16,465,626	9.04%
Contingencies	-	1,232,747	1,233,659	1,432,349	13.94%
Cost Allocation	2,875,422	3,336,132	3,336,132	3,078,842	-8.36%
Other Uses	2,903	1,256,000	1,256,000	2,239,763	43.92%
Capital Outlay & Special Projects	5,730,232	2,410,995	13,813,771	9,986,674	75.86%
<b>Total Non-Personnel</b>	<b>24,813,211</b>	<b>26,572,189</b>	<b>40,161,060</b>	<b>37,174,935</b>	<b>28.52%</b>
<b>Transfers</b>	<b>22,891,804</b>	<b>31,627,286</b>	<b>39,177,286</b>	<b>6,371,222</b>	<b>-396.41%</b>
<b>TOTAL EXPENDITURES</b>	<b>64,398,516</b>	<b>77,551,969</b>	<b>98,789,526</b>	<b>64,515,053</b>	<b>-20.21%</b>

The largest General Fund operating expenditure categories include personnel costs (33%), contract services (26%) and Capital Outlay and Special Projects (15%) as illustrated in the FY 2015-16 General Fund Expenditures by Category chart on the next page.

### Personnel Costs

Personnel cost total \$19.5 million in FY 2013-14, comprising 25% of General Fund expenditures. These costs are made up of salaries and compensation for benefitted staff (70%), retirement benefits (19%), and other fringe benefits (11%), including health coverage.

## FY 2015-16 General Fund Expenditures by Category



Costs were calculated by taking an extract of payroll system information. This individual position-level information was then reviewed, corrected, and updated by each department to include current vacancies and filled positions, accurate salary step status, as well as any position reallocations. Also, all categories of benefit costs in the coming year were projected. The most recent retirement plan and health plan information for each position was also updated from the payroll system. Not included in personnel costs, is the ongoing contribution for retiree healthcare which is included in the transfers category.

Life and Long Term disability rates are projected to remain flat in FY 2015-16 and retirement rates are projected to increase a net 3%.

A total of 180.75 FTEs are budgeted in FY 2015-16, up from 169.75 in FY 2014-15. This increase of 11 FTE represents a 6% increase in staffing. Positions requested as part of the Proposed Budget are summarized below:

Department(s)	Classification	Salaries	Benefits	Total Costs	Funding Source/Purpose
City Attorney	Deputy City Attorney (1 Year Limited Term)	109,208	42,712	\$151,920.00	General Fund Transition to new City Attorney
City Manager	Management Analyst	97,066	42,949	\$140,015.00	General Fund for implementation of Climate Action Plan
City Manager	Management Analyst	97,066	42,949	\$140,015.00	General Fund for



Department(s)	Classification	Salaries	Benefits	Total Costs	Funding Source/Purpose
	(2 Year Limited Term)				implementation of Climate Action Plan
Community Development	Plan Check Engineer (3 Year Limited Term)	109,788	42,100	\$151,888.00	General Fund and Pass Thru Revenues Increased demand for services driven by increased development in the City
Community Development and Public Works	Senior Code Enforcement Officer	85,228	36,005	\$121,233.00	General Fund Increased demand for inspections driven by increased development in the City
Public Affairs	GIS Technician	88,145	39,873	\$128,018.00	General Fund Replaces 2 part time employees
Public Works	Associate Civil Engineer (3 Year-Limited Term)	104,037	39,987	\$144,024.00	General Fund Focus on bicycle and pedestrian safety and the transportation impact fee
Recreation and Community Development	Recreation Coordinator	71,554	31,034	\$102,588.00	General Fund Service Enhancement
Recreation and Community Services	Case Manager	74,820	32,452	\$107,272.00	General Fund Service Enhancement
POSITIONS FUNDED BY THE GENERAL FUND		\$974,584	\$412,492	\$1,387,076.00	

### Non-Personnel

Non-personnel cost total \$37.2 million in FY 2015-16, comprising 29% of General Fund expenditures. These costs are made up of contractual services (25%), cost allocation charges (5%), materials (6%), capital outlays and special projects (15%), other uses (3%), and program contingencies (2%). Costs were developed based on actual expenditures in prior years, and then adjusted for FY 14-15 funding needs. One-time projects were moved to a separated category in FY 13-14 to ensure that expenditure trends reflect ongoing expenditure needs and this continues in the current year.

Given this tightening of budgeted expenditures, contingencies totaling 15.0% of the total General Fund budget for contractual services and supplies and materials have been established. This contingency level is recommended by the Government Finance Officers Association. Of the 15.0% contingency, 10.0% is allocated proportionately amongst operating programs based on each program's share of General Fund budget for contractual services and supplies and

materials. The remaining 5.0% will be allocated to the City Manager's Discretionary Program. Program contingency budgets may be used to cover unanticipated program expenses at the department's discretion, while the use of the City Manager's Discretionary Program will require City Manager approval. This brings total contingencies to 15%. This percentage is consistent with best practices adopted by the Governmental Accounting Standards Board (GASB) which recommends a 5-15% contingency.

Cost Allocation expenditures related to ISF charges for service mainly driven by the new Internal Service Fund for City Channel and City website. Changes in cost allocation methodologies in Information Technology and Workers' Compensation as described in the budget message also contributed to this increase.

## General Fund Transfers

Transfers out represent transfers of monies out of the General Fund to various other funds. These transfers provide resources to the receiving fund to support operating and capital project costs. For Fiscal Year 2015-16, budgets have been established for the following transfers.

<b>Transfer Out from</b>	<b>Description</b>	<b>Amount</b>
<b>General Fund</b>		
<b>Special Revenue Funds</b>	Non-Point Source	\$ 128,679
<b>Debt Service Fund</b>	Annual Debt Payment	\$ 3,167,538
<b>Enterprise Fund</b>	General Fund subsidy of several Recreation Enterprise Funds	1,634,510
<b>Internal Service Funds</b>	Compensated Absence Funding for employee accumulated leave cash-outs	\$440,000
	Retiree Health	1,000,495
<b>TOTAL GENERAL FUND TRANSFERS OUT</b>		<b>\$6,371,222</b>

## GENERAL FUND—RESERVES AND CLASSIFICATION OF FUND BALANCE

---

The Government Accounting Standards Board (GASB) Statement No. 54 establishes five categories for the classification of fund balance: Non-spendable, Restricted, Committed, Assigned and Unassigned.

Although only the General Fund is addressed in this section, Statement No. 54 applies to the Special Revenue and Capital Project funds as well.

**Non-spendable** fund balance includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact. Loans receivable or prepaid expenses comprise this category in the City.

**Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external parties (such as creditors, grant providers or contributors) or through enabling legislation. Franchise fees collected for public, educational, and governmental access purposes comprise this classification.

**Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, such as the City Council. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The City has no fund balance in this category.

**Assigned** fund balance is comprised of amounts intended to be used by the government for specific purposes that are neither restricted nor committed. Intent can be expressed by the governing body or by an official body to which the governing body delegates the authority. Reserves discussed in the Reserve and Use of One Time Funds Policy are assigned to this classification. General Fund assigned reserves at June 30, 2013 are projected to be at policy levels.

**Unassigned** fund balance is the classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

# FISCAL YEAR 2015-16 PROPOSED BUDGET

## GENERAL FUND ENDING FUND BALANCE CLASSIFICATION

CLASSIFICATION	Actual 2013-14	Adopted 2014-15	Mid-Year 2014-15	Projection 2014-15	Proposed Changes	Proposed 2015-16
<u>Non Spendable</u>						
Loans Receivable	3,296,637	937,011	3,296,637	1,032,275	-	1,032,275
Prepaid Items	66,428	66,428	66,428	66,428	-	66,428
<b>Total Non Spendable</b>	<b>3,363,065</b>	<b>1,003,439</b>	<b>3,363,065</b>	<b>1,098,703</b>	<b>-</b>	<b>1,098,703</b>
<u>Restricted</u>						
Public Access Television	-	695,564	-	761,693	-	761,653
<b>Total Restricted</b>	<b>-</b>	<b>695,564</b>	<b>-</b>	<b>761,693</b>	<b>-</b>	<b>761,653</b>
<u>Committed</u>						
None in this classification	-	-	-	-	-	-
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Assigned</u>						
Economic Uncertainty I	12,500,000	18,000,000	18,000,000	18,000,000	1,000,000	19,000,000
Economic Uncertainty II	1,400,000	-	-	-	-	-
Economic Fluctuation	2,000,000	1,400,000	1,400,000	1,400,000	-	1,400,000
PERS	500,000	100,000	100,000	100,000	-	100,000
One Time Revenue	-	-	-	-	-	-
Equipment Fund Loan for 1A	-	-	-	-	-	-
Reserve for Encumbrances	1,267,233	172,659	11,081,064	2,081,064	-	2,081,064
Revenue Liability	3,920,000	8,940,000	-	-	-	-
General Building	1,148,549	603,739	-	-	-	-
Wolfe Road Transportation Study	1,000,000	1,000,000	1,000,000	1,000,000	-	1,000,000
I-280 Trail Study	250,000	250,000	250,000	250,000	-	250,000
<b>Total Assigned</b>	<b>23,985,782</b>	<b>30,466,398</b>	<b>31,831,064</b>	<b>22,831,064</b>	<b>1,000,000</b>	<b>23,831,064</b>
<u>Unassigned</u>	18,331,549	836,219	795,287	11,297,956	-	13,945,246

## Five-Year General Fund Forecast

---

The financial forecast is a planning tool that helps staff identify important trends and anticipate the longer term consequences of budget decisions. The forecast tools can be instrumental in modeling the effects of such recent issues as rising retirement system costs, increases in employee compensation, and potential scenarios of future revenue performance.

The forecast is not a plan but a model based on cost and revenue assumptions that are updated regularly as new information becomes available. Of these components, future costs projections based on known costs, are relatively reliable. Revenue forecasts, on the other hand, are based on assumptions related to future economic conditions, which are fraught with uncertainty. Economic forecasts in the financial markets and the media swing from optimistic to pessimistic on a seemingly daily basis and demonstrate the difficulties of committing to a particular prediction of the future. For this reason the forecast should be updated regularly.

A discussion of both the national and local economic outlooks used to develop the revenue estimates for the 2015-2016 Forecast is discussed below. Key economic forecasts were reviewed in the development of the revenue estimates, including the national, State and regional economic forecasts produced by the Congressional Budget Office and California's Legislative Analyst's Office (LAO). The City also uses a sales tax consultant to assist in the development of sales tax revenue estimates.

While economic conditions are the primary drivers for economically sensitive revenues like the sales tax and property tax categories, performance is primarily driven by other factors for non-economically sensitive categories such as the utility user tax and franchise fee categories. These revenue categories are more heavily impacted by rate changes, energy prices, and consumption levels. Collections from local, State, and federal agencies are primarily driven by the grant and reimbursement funding available from these agencies. As a result, these general fund revenues experience no significant net gain or loss in times of an economic expansion or slowdown. All revenue projections based upon a careful examination of the collection history and patterns as they relate to such factors as seasonality and performance in the economic environment that the City is most likely to encounter in the coming year.

### **National Economic Outlook**

Moderate economic growth is likely during the next two to three years, according to several economic forecasts. Growth will be driven by the housing market recovery, auto sales, the expansion of domestic energy production resulting from the boom in natural gas, increased business spending, and stabilizing government spending. Economists are expecting the growth in the economy to be hampered by economic weakness abroad, and a less than desired rate inflation rate. Europe has been slow to emerge from its long recession hampering US exports. In addition, despite the Federal Reserve Board's aggressive monetary policy, inflation has remained low due to decreasing energy costs and stagnant wages. The CPI increased by 1.6% in 2014, below the Federal Reserve Board's core annual inflation target of 2%. According to

economists, modest inflation is a key driver for business and consumer demand as well as future property and sales taxes. Economists anticipate that will increase modestly during the forecast period.

### **Cupertino Economic Outlook**

The outlook for Cupertino and the Silicon Valley overall has been positive, with growth likely to level off in this Forecast. Given the Silicon Valley's concentration of high tech companies, the strength in the technology sector as well as continued improvement in the housing sector are expected to grow the local economy through 2015. Property taxes, which have had a strong performance the last two years, are expected to temper as interest rates begin to rise during the forecast period. The limited supply of housing may eventually dampen growth as well.

Current residential construction projects have generated strong development-related revenue for the City's coffers and are expected to level off in FY 2015-16. The majority of revenues associated with the Apple Campus 2 project have already been collected per the development agreement. No other major projects are anticipated at this time. Development projects that have yet to be approved and permitted are not included in this Forecast out of prudence. It would be risky to rely on these one-time revenues given uncertainty around timing and general volatility of development projects.

The Forecast also assumes sales tax revenue will experience steady growth in the out years. Cupertino lost a top three sales tax generator in 2013 and the City is no longer experiencing the double-digit growth in business-to-business sales tax that had been driven by strong growth in the technology sector last year. The high stock valuations of many technology companies indicate that the current technology product cycle may be over its peak. Therefore, the Forecast assumes steady growth in the out years.

In summary, the steady recovery from the great recession is expected to continue impacting the City's revenue performance. The economically sensitive revenues, such as sales tax and property tax receipts, are expected to experience moderate growth over the forecast period. Development-related revenue such as licenses and permits, construction tax, and charges for service are expected to decline from the peak experienced in FY 2013-14 due to one-time projects.

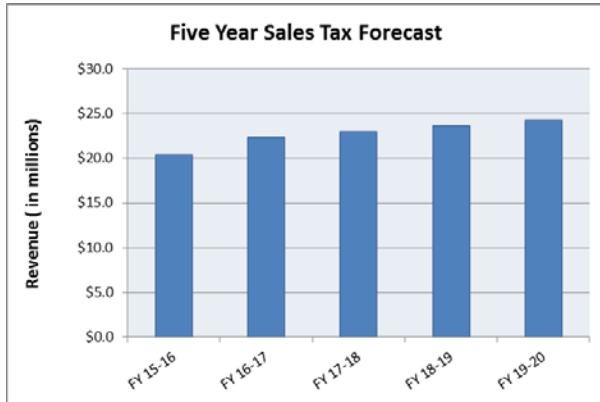
As shown in the chart on the next page, operating revenues are expected to exceed operating expenditures in all five years of the forecast. In addition, reserve levels are projected to increase as the City proactively prepares for future expenditure liabilities. Per the City's new Reserve Policy any additional unassigned fund balance above the \$500,000 maximum will be transferred out to the Capital Reserve.

FIVE-YEAR GENERAL FUND FORECAST						
	2014-2015	2015-2016	2016-17	2017-18	2018-19	2019-20
	Amended	Proposed	Forecast	Forecast	Forecast	Forecast
BEGINNING FUND BALANCE						
Assigned/Other	35,194,129	24,691,420	31,985,920	44,484,622	46,185,328	50,835,066
Unassigned	495,287	11,297,996	11,297,996	500,000	500,000	500,000
<b>Total BFB</b>	<b>35,689,416</b>	<b>35,989,416</b>	<b>43,283,916</b>	<b>44,984,622</b>	<b>46,685,328</b>	<b>51,335,066</b>
Revenue	88,353,411	68,162,303	672,480,000	709,190,000	72,912,000	74,945,000
Expenditures	98,789,526	64,515,053	65,547,294	66,858,240	68,262,263	69,695,770
NET REV/EP	(10,436,115)	3,647,250	606,932,706	642,331,760	4,649,737	5,249,230
ENDING FUND BALANCE						
Assigned/Other	24,691,420	25,691,420	44,484,622	46,185,328	50,835,066	56,093,295
Unassigned	11,297,996	13,945,246	500,000	500,000	500,000	500,000
<b>Total EFB</b>	<b>35,989,416</b>	<b>39,636,666</b>	<b>44,984,622</b>	<b>46,685,328</b>	<b>51,335,066</b>	<b>56,593,295</b>



<b>FIVE-YEAR SALES TAX FORECAST</b>						
	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
	<b>Estimate</b>	<b>Proposed</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Sales Tax</b>	\$18,288,000	\$20,360,000	\$22,371,000	\$22,975,000	\$23,595,000	\$24,232,000

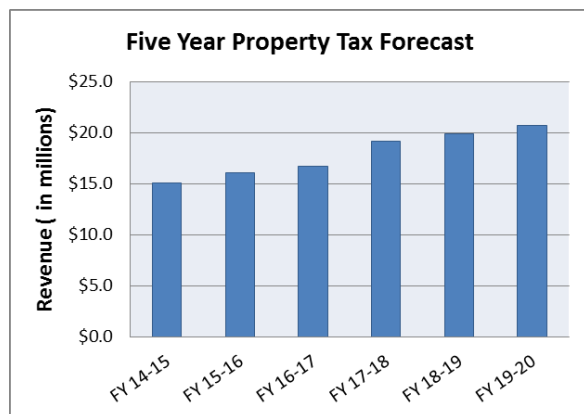
The City’s heavy reliance on the volatile business-to-business sector of its sales tax revenue base has made it vulnerable to large swings. Currently, the City’s two largest sales tax generators—both technology companies—account for approximately 67% of the City’s total sales tax. Moderate growth in base sales tax revenues are anticipated in the range of 2-3% annually in the out years, with the exception of FY 2016-17. In that fiscal year, the base is expected to increase an additional 7.3% due to Apple Campus 2 and the Main Street Retail developments opening for business in FY 2015-16.



Given the volatility of business-to-business revenue, which accounts for the vast majority of the City’s sales tax, a key goal of the City’s long-term fiscal strategic plan is to diversify its sales tax base by building up the general retail and food product sectors. Development projects such as the Rosebowl and Main Street are expected to generate new or replacement retail. Once completed, these developments should help boost retail sales and reduce the City’s reliance on business-to-business revenues.

<b>FIVE-YEAR PROPERTY TAX FORECAST</b>						
	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
	<b>Estimate</b>	<b>Proposed</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Property Tax</b>	\$15,067,000	\$16,055,000	\$16,697,000	\$19,134,000	\$19,899,000	\$20,695,000

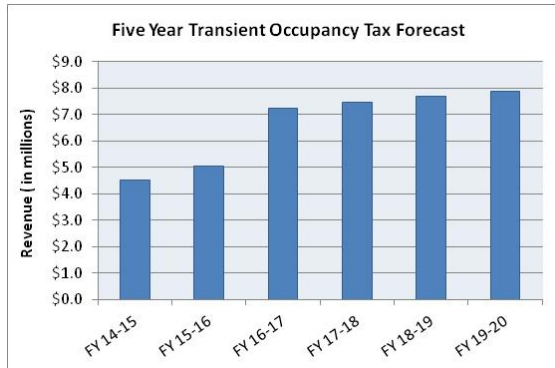
The housing recovery experienced in FY 2013-14 and FY 2014-15 is not expected to continue to create large growth in property tax revenues in FY 2015-16. Assessed values for Cupertino properties increased by \$640.3 million in FY 2013-14 but increased by only \$434.0 million in FY 2014-15. With a declining rate of growth in assessed values, FY 2015-16 and FY 2016-17 property tax revenues are projected to have



increases of 6.5% and 4.0%, respectively. In FY 2016-17 however, the Apple Campus 2 is expected to be completed which will allow the property to be reassessed. This reassessment is projected to increase FY 2017-18 property tax revenues by 14.6%.

<b>FIVE-YEAR TRANSIENT OCCUPANCY TAX FORECAST</b>						
	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
	<b>Estimate</b>	<b>Proposed</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Transient Occupancy</b>	\$4,510,000	\$5,072,000	\$7,256,000	\$7,481,000	\$7,690,000	\$7,898,000

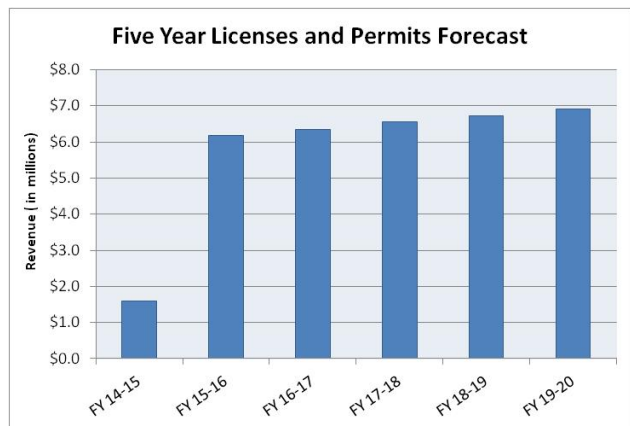
Transient occupancy tax (TOT) revenues were expected to stabilize after FY 2014-15, once the additional rooms from the Aloft Hotel came on line. The increase in TOT revenues, however, is projected to continue into FY 2015-16 as occupancy rates are at record levels. In FY 2015-16, the 302 rooms in two projects located at the Oaks Shopping Center and within the Main Street



project are expected to open for business. These additional rooms are expected to fill unmet demand and increase TOT revenues by \$2.0 million in FY 2016-17. Beyond FY 2016-17, the forecast assumes that out year growth tracks with the projected national gross domestic product (GDP) as a proxy for economic activity. Available economic forecasts project annual GDP growth to be 3.1% in FY 2017-18, 2.8% in FY 2018-19, and 2.7% in FY 2019-20.

<b>FIVE-YEAR LICENSES &amp; PERMITS FORECAST</b>						
	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
	<b>Estimate</b>	<b>Proposed</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Licenses &amp; Permits</b>	\$1,600,000	\$6,171,000	\$6,350,000	\$6,547,000	\$6,730,000	\$6,912,000

The City's administration changed its methodology for tracking developer deposits and, as a result, both budgets for revenues and expenses were increased by anticipated deposit amounts. For FY 2015-16, this change appears as a dramatic increase in license and permit fees. If the methodology change were to be removed, fee revenues are assumed to track with the projected national gross domestic product (GDP) as a proxy for economic activity. Available economic forecasts project annual



GDP grow to be 2.9% in FY 2016-17, 3.1% in FY 2017-18, 2.8% in FY 2018-19, and 2.7% in FY 2019-20.

<b>FIVE-YEAR CHARGES FOR SERVICES FORECAST</b>						
	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
	<b>Estimate</b>	<b>Proposed</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Charges for Services</b>	\$12,501,154	\$10,591,878	\$5,295,000	\$5,401,000	\$5,514,000	\$5,630,000

FY 2014-15 revenues from charges and services were extremely high due to collection of planning, zoning, and engineering permit fees related to large development projects. As these projects move out of the planning and engineering phases, revenues are expected to return to base levels. For out years, the revenue stream is expected to increase in line with CPI which is projected to be approximately 2.0%.



<b>FIVE-YEAR FORECAST - OTHER REVENUE</b>						
	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
	<b>Estimate</b>	<b>Proposed</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Utility User Tax</b>	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000
<b>Franchise Fees</b>	2,897,000	2,800,000	2,845,000	2,902,000	2,963,000	3,025,000
<b>Other Taxes</b>	5,020,000	1,400,000	1,441,000	1,486,000	1,528,000	1,569,000
<b>Intergovernmental</b>	265,000	600,000	600,000	600,000	600,000	600,000
<b>Use of Money &amp; Property</b>	724,000	742,530	743,000	743,000	743,000	743,000
<b>Fines &amp; Forfeitures</b>	550,000	550,000	550,000	550,000	550,000	550,000
<b>Miscellaneous/Non-Op</b>	23,831,257	720,895	0	0	0	0

*Utility user taxes* are not sensitive to economic fluctuations as they are based on usage and rates. The forecast assumes no growth as declining consumption is offsetting projected rate increases.

*Franchise fee* agreements have escalators based on CPI and the forecast assumes annual growth in collections tracks with CPI. The solid waste management contract was renewed and did not significantly impact projections for this revenue source.

*Other taxes* made up of construction, property transfer, and business license taxes were estimated to peak in FY 2013-14 given construction taxes from the Rosebowl, Biltmore, Apple Alves Café, Main Street, and the Apple Campus 2 projects. These revenues continued to impact

FY 2014-15, but the forecast assumes collections will return to base levels in FY 2015-16 and track with GDP growth in the out years.

*Intergovernmental revenues* will increase in FY 2015-16 due to increased grant awards and new grants. Once this new base level is reached, grant revenues are assumed to remain at base levels throughout the forecast period.

*Use of money and property* is expected to be flat throughout the forecast period based on the City's current conservative investment strategy. The forecast will not be updated to account for interest rate increases until the Federal Reserve actually increases the Fed Funds rate.

*Fines and Forfeitures* are not anticipated to change in the forecast period. The forecast assumes collections remain flat in the out years.

*Miscellaneous and non-operational* revenues are not assumed in the forecast.

<b>FIVE-YEAR GENERAL FUND FORECAST</b>						
	2014-2015	2015-2016	2016-17	2017-18	2018-19	2019-20
	Amended	Proposed	Forecast	Forecast	Forecast	Forecast
Personnel Costs	19,451,180	20,968,896	21,304,398	21,730,486	22,186,827	22,652,750
Non-Personnel Costs (ongoing)	26,347,289	27,188,261	27,623,273	28,175,739	28,767,429	29,371,545
Non-Personnel Costs (one-time)	13,813,771	9,986,674	10,146,461	10,349,390	10,566,727	10,788,628
Total Non-Personnel	40,161,060	37,174,935	37,769,734	38,525,129	39,334,156	40,160,174
Transfers	39,177,286	6,371,222	7,371,222	7,371,222	7,371,222	7,371,222
Total Expenditures	98,789,526	64,515,053	66,445,354	67,626,837	68,892,205	70,184,145

An in-depth analysis of the general fund expenditure categories was completed to develop the FY 2015-16 expenditure estimates included in this Forecast. As displayed in the chart above, general fund expenditures are projected to decrease from \$98.8 million in FY 2014-15 to \$64.5 million in FY 2015-16 and increase by inflation over the forecast period. In the past, large swings in expenditures were mostly driven by transfer out to fund various capital projects.

It is important to note that the Forecast is adjusted to eliminate one-time additions/deletions and annualize partial year allocations that were included in the 2014-15 Adopted Budget. Various one-time additions totaling \$10.0 million scheduled to expire in June 2015 were eliminated in the out years of the Forecast.

The following discussion focuses on the assumptions used for estimating each of the expenditure categories in the general fund Forecast.

### **Personnel Expenditures**

Personnel costs in FY 2015-16 are increasing due to negotiated salary and benefit increases and the recommendation to add 11.0 additional positions, of which four are limited term and 2.4 are non-general fund positions. As discussed in more detail below, these cost increases are driven mostly by assumed changes in salary and retirement costs.

#### *Sick Leave Benefits for Part-Time Employees*

The Healthy Workplace Healthy Family Act of 2014 (AB 1522) entitles employees, including part-time and temporary employees, to paid sick leave as of July 1, 2015. Employees covered by qualifying collective bargaining agreements are not covered by the law. With nearly 250 part-time staff, it is estimated that AB 1522 could increase the City's costs for part-time employees by 3% (roughly \$35,000) in the first year of implementation.

#### *Retirement Benefits*

The chart below shows the current breakdown of retirement costs borne by the City and employees for the three retirement tiers. Virtually all employees in the City are currently covered under the Tier 1 retirement system. Savings from the Tier 2 and Tier 3 are not expected to be substantial for another 10-15 years.

Tier	Benefits	Employer Share	Employer Pickup	Total Employer Share	Employee Share	Total Rate
I	2.7% @ 55 Highest Year	23.54%	4.50%	28.04%	3.00%	31.04%
II	2% @ 60 Highest 3 Yr Avg	23.54%	0.50%	24.04%	7.00%	31.04%
III	2% @ 62 Highest 3 Yr Avg	23.54%	0.00%	23.54%	6.25%	29.79%

Significant investment losses experienced by CalPERS during the great recession resulted in overall funded status of the retirement system dropping to 60.8%.<sup>1</sup> Given the economic recovery, the funded status of the system has improved to 70.5%.<sup>2</sup> However, the desired goal is 100% funded status, where assets on hand are equal to the desired level of assets needed to pay pension benefits. After a thorough analysis, CalPERS actuaries determined the retirement system was at significant risk of falling to dangerously low funded status levels under existing actuarial policies.

This prompted the CalPERS Board to adopt revised actuarial policies that aim to return the system to 100% funded level within 30 years. The new method includes changing the asset smoothing period from 15 years to 5 years and paying gains and losses over a fixed 30 year period with a 5-year ramp up at the beginning of the 30-year period and a 5-year ramp down at the end. The new method is expected to increase public agency retirement contributions beginning in FY 2017-18.

CalPERS has yet to provide the City with estimated contribution rates that factor in the new smoothing methodology. Staff, therefore, reviewed the CalPERS reports on the Final method, which provided models of how the Final change could affect public agency retirement rates. Based on staff's preliminary estimates, the average annual retirement rate increase assumed in the Forecast is 3%. Rates are predicted to level off after the 5-year ramp up period, which began in FY 2014-15.

*Other Benefits*

The Forecast assumes an annual minimal cost escalators for life insurance, long-term disability insurance, and the employee assistance program. Workers' compensation costs vary widely depending on the number and type of claims, which makes these costs very hard to predict. No increases were forecasted for the following benefits: car allowance, internet allowance, excess medical pay, stand by pay and recreation bucks.

---

<sup>1</sup> CalPERS Facts at a Glance. April 2015.

<sup>2</sup> Ibid.

### Non-Personnel Expenditures

Non-personnel expenditures in FY 2014-15 were adjusted to remove one-time uses and build forecast projections off of base levels. For the out years of the Forecast, a growth rate based on projected CPI has been assumed from the FY 2014-15 non-personnel base levels in each of the four years. The average growth rate for the non-personnel category is 1.9% annually.

Transfers represent the general fund's contributions to other City funds to support debt payments, pay retiree health costs, finance capital projects, replenish capital project reserves, acquire new equipment, and to subsidize enterprises and operations. With the implementation of full cost allocation in FY 2013-14, general fund expenses were shifted to other City funds causing some of those funds' revenues to fall short of expenses and necessitating the use of fund balances to cover expenses. The cost shift initially benefited the general fund, however, as fund balances in those other funds are drawn down to minimum levels, and absent aggressive revenue or cost actions in those other funds, general fund subsidies are projected to kick in and increase in the outer years of the Forecast in order to maintain those fund balance minimums.

FIVE-YEAR GENERAL FUND ASSIGNED RESERVE FORECAST						
	2014-2015	2015-2016	2016-17	2017-18	2018-19	2019-20
	Adopted	Proposed	Forecast	Forecast	Forecast	Forecast
<b>BEGINNING FUND BALANCE</b>						
Economic Uncertainty I	18,000,000	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Economic Uncertainty II	-	-	-	-	-	-
Economic Fluctuation	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
PERS	100,000	100,000	100,000	100,000	100,000	100,000
One Time Revnue	-	-	-	-	-	-
Equipment Fund Loan for 1A	-	-	-	-	-	-
Reserve for Encumbrances	172,659	2,081,064	2,081,064	2,081,064	2,081,064	2,081,064
Revenue Liability	8,940,000	-	-	-	-	-
General Building	603,739	-	-	-	-	-
Wolfe Road Transportation Study	1,000,000	1,000,000	-	-	-	-
I-280 Trail Study	250,000	250,000	-	-	-	-
<b>Total Assigned Reserves</b>	<b>30,466,398</b>	<b>23,831,064</b>	<b>23,831,064</b>	<b>23,831,064</b>	<b>23,831,064</b>	<b>23,831,064</b>

General fund reserves are projected to stay flat over the Forecast period.

FIVE-YEAR GENERAL FUND UNASSIGNED FUND BALANCE FORECAST					
2014-2015	2015-2016	2016-17	2017-18	2018-19	2019-20
Amended	Proposed	Forecast	Forecast	Forecast	Forecast
11,297,996	13,945,246	500,000	500,000	500,000	500,000

General fund unassigned fund balance is expected to remain relatively flat in the forecast. As mentioned several times throughout this document any General fund unassigned fund balances above the \$500,000 maximum will be transferred out to the Capital Reserve at year end.

## ALL FUNDS SUMMARY

This section provides information on the FY 2014-15 Special Revenue, Debt Service, Capital Project, Enterprise and Internal Service Funds budgets including, expenditure and revenue highlights, transfers to other funds, reserve funds and the financial forecast.

### Revenue Estimates

Estimates for the FY 2014-15 beginning fund balance and for the individual revenue accounts are based upon a careful examination of the collection history and patterns as they relate to such factors as seasonality and performance in the economic environment that the City is most likely to encounter in the coming year. Each source of revenue can be influenced by external (outside of the City's control) and/or internal factors. The FY 2014-15 revenue estimates are built on the assumption that the economy will continue to experience modest growth, which will positively impact the City's economic performance.

### Special Revenue Funds

Special Revenue Funds are a fund type used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Special Revenue Funds include the Park Dedication, Transportation, Storm Drain, and Environmental Management/Clean Creeks funds.

### Revenue

Revenue sources for special revenue funds are summarized in the table below and discussed in greater detail following the table:

REVENUE SOURCES	2013-14 Actuals	2014-15 Final Budget	2015-16 Proposed Budget
Other Taxes	17,121,242	200,000	766,652
Use of Money & Property	72,662	33,000	0
Intergovernmental	2,533,111	2,358,943	1,012,723
Charges for Services	489,037	365,000	0
Miscellaneous Revenue	2,136	0	0
Fines and Forfeitures	1,804	0	502,000
Transfers In	3,906,804	1,256,357	7,783,591
<b>Total Revenue Sources</b>	<b>\$24,126,797</b>	<b>\$4,213,300</b>	<b>\$10,064,966</b>

Revenues are projected decrease minimally by \$5.9 million dollars due to the transfer in of dollars from the Capital Reserve to fund several capital projects in this fund.



*Expenditures*

Expenditure uses for special revenue funds are summarized in the table below and discussed in greater detail following the table:

<b>EXPENDITURE USES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
	<b>Actuals</b>	<b>Final Budget</b>	<b>Proposed Budget</b>
Employee Compensation	732,634	871,535	899,197
Employee Benefits	348,664	405,758	444,742
Materials	360,278	998,541	831,465
Contract Services	391,687	417,000	440,400
Contingencies	0	47,304	49,462
Cost Allocation	603,365	419,731	453,701
Special Projects	5,599,118	4,618,000	15,439,986
Transfers Out	17,350	0	0
<b>Total Expenditures Uses</b>	<b>\$8,053,096</b>	<b>\$7,777,869</b>	<b>\$18,558,953</b>

Expenditures are projected to increase by \$10.8 million dollars this is driven primarily due to new capital projects.

*Fund Balance*

Fund balance represents a funds savings and is calculated by taking the beginning balance and then adding the difference between revenue and expenditures to arrive at the ending fund balance.

<b>CHANGES TO FUND BALANCE</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
	<b>Actuals</b>	<b>Final Budget</b>	<b>Proposed Budget</b>
Beginning Balance	14,034,825	30,108,526	26,543,957
Net Increase (Decrease) in Fund Balance	16,073,701	\$ (3,564,569)	(8,493,987)
<b>Ending Balance</b>	<b>\$30,108,526</b>	<b>\$26,543,957</b>	<b>\$18,049,970</b>

The biggest drop in fund balance is due to the Lawrence Mitty project that is anticipated to use over \$8 million in Park Land fund dollars.

### Debt Service Fund

The Debt Service Fund provides for the payment of principal and interest and associated administrative costs incurred with the issuance of debt instruments for the City's Public Facilities Corporation. The budget funds the Corporation's annual payment of principal and interest on the City Hall/Library, Wilson/Memorial Open Space and Library Certificates of Participation (COP) that will be paid off by the year 2030.

#### Revenue

Revenue sources for special revenue funds are summarized in the table below and discussed in greater detail following the table:

REVENUE SOURCES	2013-14 Actuals	2014-15 Final Budget	2015-16 Proposed Budget
Use of Money & Property	1,151	0	0
Transfers In	3,079,000	3,171,838	3,167,538
<b>Total Revenue Sources</b>	<b>\$3,080,151</b>	<b>\$3,171,838</b>	<b>\$3,167,538</b>

Revenue is projected to decrease slightly. This is due to a decrease in the debt service payment amount in FY 2015-16.

#### Expenditures

Expenditure uses for special revenue funds are summarized in the table below and discussed in greater detail following the table:

EXPENDITURE USES	2013-14 Actuals	2014-15 Final Budget	2015-16 Proposed Budget
Debt Service	3,170,428	3,171,838	3,167,538
Transfers Out	81,403	0	0
<b>Total Expenditures Uses</b>	<b>\$3,251,831</b>	<b>\$3,171,838</b>	<b>\$3,167,538</b>

Expenditures are expected to decrease slightly. This is due to a decrease in the debt service payment amount in FY 2015-16. This represents a repayment of debt and payments are fixed for the life of the loan that is set to be paid off in 2030.

#### Fund Balance

Fund balance represents a funds savings and is calculated by taking the beginning balance and then adding the difference between revenue and expenditures to arrive at the ending fund balance.

CHANGES TO FUND BALANCE	2013-14	2014-15	2015-16
	Actuals	Final Budget	Proposed Budget
Beginning Balance	1,596,697	1,425,017	1,425,017
Net Increase (Decrease) in Fund Balance	-171,681	\$ -	0
<b>Ending Balance</b>	<b>\$1,425,017</b>	<b>\$1,425,017</b>	<b>\$1,425,017</b>

### Capital Project Funds

This fund pays for the acquisition and/or construction of major capital facilities.

#### Revenue

Revenue sources for special revenue funds are summarized in the table below and discussed in greater detail following the table:

REVENUE SOURCES	2013-14	2014-15	2015-16
	Actuals	Final Budget	Proposed Budget
Intergovernmental	130,713	0	0
Transfers In	6,624,500	15,184,787	0
<b>Total Revenue Sources</b>	<b>\$6,755,213</b>	<b>\$15,184,787</b>	<b>\$0</b>

Revenue is projected to increase by \$15.2 million dollars. This decrease is due to the timing of the transfer out of unassigned fund balance. This transfer will now occur at part of the year end process instead of in the budget.

#### Expenditures

Expenditure uses for special revenue funds are summarized in the table below and discussed in greater detail following the table:

EXPENDITURE USES	2013-14	2014-15	2015-16
	Actuals	Final Budget	Proposed Budget
Employee Compensation	16,378	0	0
Employee Benefits	257	0	0
Materials	919	0	0
Contract Services	32,088	0	0
Contingencies	5,076,899	0	0
Cost Allocation	0	0	0
Special Projects	0	4,968,000	3,260,000
Transfers Out	1,590,000	0	6,262,000
<b>Total Expenditures Uses</b>	<b>\$6,716,541</b>	<b>\$4,968,000</b>	<b>\$9,522,000</b>

Expenditures are projected to increase by \$4.6 million dollars this is due to an increase in the transfer out of funds to fund capital projects in other funds.

*Fund Balance*

Fund balance represents a funds savings and is calculated by taking the beginning balance and then adding the difference between revenue and expenditures to arrive at the ending fund balance.

CHANGES TO FUND BALANCE	2013-14	2014-15	2015-16
	Actuals	Final Budget	Proposed Budget
Beginning Balance	5,338,576	5,377,248	15,594,035
Net Increase (Decrease) in Fund Balance	38,672	\$ 10,216,787	(9,522,000)
<b>Ending Balance</b>	<b>\$5,377,248</b>	<b>\$15,594,035</b>	<b>\$6,072,035</b>

**Enterprise Funds**

Enterprise Funds are set up for specific services that are funded directly by fees charged for goods or services. Enterprise Funds include the Resource Recovery, Sports Center, Blackberry Farm Golf Course and Recreation funds.

*Revenue*

Revenue sources for special revenue funds are summarized in the table below and discussed in greater detail following the table:

REVENUE SOURCES	2013-14	2014-15	2015-16
	Actuals	Final Budget	Proposed Budget
Use of Money & Property	24,485	30,000	7,000
Intergovernmental	15,841	0	0
Charges for Services	7,015,962	6,961,278	6,209,845
Miscellaneous Revenue	3	0	0
Transfers In	401,350	113,657	2,517,000
<b>Total Revenue Sources</b>	<b>\$7,457,641</b>	<b>\$7,104,935</b>	<b>\$8,733,845</b>

Revenue is projected to increase by \$1.6 this is driven by increased transfers in from the General Fund. As part of the budget process each fund is evaluated, funds that bringing in less revenue than they are expending require the use of fund balance or a subsidy from the General Fund. For FY 2015-16 programs within the enterprise fund required an increased subsidy.

*Expenditures*

Expenditure uses for special revenue funds are summarized in the table below and discussed in greater detail following the table:

EXPENDITURE USES	2013-14	2014-15	2015-16
	Actuals	Final Budget	Proposed Budget
Employee Compensation	1,361,895	1,492,435	1,684,519
Employee Benefits	381,415	443,968	492,698
Materials	348,910	400,014	457,468
Contract Services	4,691,849	5,076,934	5,484,662
Contingencies	0	295,454	341,869
Cost Allocation	717,720	581,095	592,675
Special Projects	180,728	952,339	534,818
Transfers Out	0	986,000	
<b>Total Expenditures Uses</b>	<b>\$7,682,517</b>	<b>\$10,228,239</b>	<b>\$9,588,709</b>

Expenditures are projected to decrease by \$0.6 million dollars. This decrease is driven primarily a reduction in transfers out.

*Fund Balance*

Fund balance represents a funds savings and is calculated by taking the beginning balance and then adding the difference between revenue and expenditures to arrive at the ending fund balance.

CHANGES TO FUND BALANCE	2013-14	2014-15	2015-16
	Actuals	Final Budget	Proposed Budget
Beginning Balance	11,402,616	11,177,740	8,054,436
Net Increase (Decrease) in Fund Balance	-224,876	\$ (3,123,304)	(854,864)
<b>Ending Balance</b>	<b>\$11,177,740</b>	<b>\$8,054,436</b>	<b>\$7,199,572</b>

### Internal Service Funds

Internal Service Funds are used for areas where goods or services are provided to other departments or governments on a cost-reimbursement basis. Internal Service Funds include the Information Technology, City Channel and Website, Equipment, Workers Compensation, Long-Term Disability/Compensated Absence, and Retiree Medical funds.

#### Revenue

Revenue sources for special revenue funds are summarized in the table below and discussed in greater detail following the table:

REVENUE SOURCES	2013-14	2014-15	2015-16
	Actuals	Final Budget	Proposed Budget
Use of Money & Property	21,107	14,000	0
Charges for Services	3,799,292	0	0
Miscellaneous Revenue	25,092	4,350,386	3,892,776
Transfers In	11,395,036	0	2,220,163
<b>Total Revenue Sources</b>	<b>\$15,240,527</b>	<b>\$4,364,386</b>	<b>\$6,112,939</b>

Revenues are project to increase by \$1.8 million dollars. The increase is due to increased transfer in from the General Fund to fund increased workers' compensation costs.

#### Expenditures

Expenditure uses for special revenue funds are summarized in the table below and discussed in greater detail following the table:

EXPENDITURE USES	2013-14	2014-15	2015-16
	Actuals	Final Budget	Proposed Budget
Employee Compensation	1,246,802	1,110,406	1,233,363
Employee Benefits	2,459,931	1,450,373	1,531,662
Materials	357,203	399,353	429,618
Contract Services	1,160,574	1,575,734	2,253,039
Contingencies	41,878	193,047	262,701
Cost Allocation	249,371	210,027	210,027
Special Projects	733,940	2,352,557	2,595,605
Transfers Out	907,536	0	0
<b>Total Expenditures Uses</b>	<b>\$7,157,235</b>	<b>\$7,291,497</b>	<b>\$8,516,015</b>

Expenditures are projected to increase by \$1.20 this is due to increased costs related equipment and vehicle purchases and increased workers' compensation costs.

#### Retained Earning

Internal Service Funds carry retained earnings instead of fund balance. Retained earnings represent a funds savings and are calculated in the same manner as fund balance, taking the beginning balance and then adding the difference between revenue and expenditures to arrive at the ending fund balance.

CHANGES TO RETAINED EARNINGS	2013-14	2014-15	2015-16
	Actuals	Final Budget	Proposed Budget
Beginning Balance	19,385,982	27,469,274	24,542,163
Net Increase (Decrease) in Fund Balance	8,083,292	\$ (2,927,111)	(2,403,076)
<b>Ending Balance</b>	<b>\$27,469,274</b>	<b>\$24,542,163</b>	<b>\$22,139,087</b>



**CUPERTINO**

# Five Year Budget Forecast



**FISCAL YEAR 2015-2016 PROPOSED BUDGET  
FIVE YEAR FORECAST - GENERAL FUND REVENUE**

OBJECT	2013-14	2014-15	FY2014-15	5 YEAR FORECAST				
	Actuals	Adopted	Amended	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Sales Tax	19,794,036	18,288,000	18,288,000	20,360,000	22,371,000	22,975,000	23,595,000	24,232,000
Property Tax	14,405,997	15,067,000	15,067,000	16,055,000	16,697,000	19,134,000	19,899,000	20,695,000
Transient Occupancy	4,590,156	4,510,000	4,510,000	5,072,000	7,256,000	7,481,000	7,690,000	7,898,000
Utility Tax	3,098,639	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
Franchise Fees	2,775,893	2,897,000	2,897,000	2,800,000	2,845,000	2,902,000	2,963,000	3,025,000
Other Taxes	10,425,761	5,020,000	5,020,000	1,400,000	1,441,000	1,486,000	1,528,000	1,569,000
Licenses & Permits	3,679,942	1,600,000	1,600,000	6,171,000	6,350,000	6,547,000	6,730,000	6,912,000
Use of Money & Property	690,483	724,000	724,000	742,530	743,000	743,000	743,000	743,000
Intergovernmental	399,938	265,000	265,000	600,000	600,000	600,000	600,000	600,000
Charges for Services	12,962,322	4,074,500	12,501,154	10,590,878	5,295,000	5,401,000	5,514,000	5,630,000
Fines & Forfeitures	615,085	550,000	550,000	550,000	550,000	550,000	550,000	550,000
Miscellaneous/Other	395,473	17,000	23,831,257	720,895	0	0	0	0
<b>TOTAL REVENUE</b>	<b>73,833,722</b>	<b>56,112,500</b>	<b>88,353,411</b>	<b>68,162,303</b>	<b>67,248,000</b>	<b>70,919,000</b>	<b>72,912,000</b>	<b>74,954,000</b>

**FISCAL YEAR 2015-16 PROPOSED BUDGET  
FIVE YEAR FORECAST - SPECIAL REVENUE FUND REVENUE**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>STORM DRAIN IMPROVEMENT</b>								
Investment Earnings		1,000	1,000	-	1,000	1,000	1,000	1,000
Developer Fees	1,527,558	100,000	100	100,000	100,000	100,000	100,000	100,000
Transfer from General Fund	-	210,000	210,000	-	210,000	210,000	210,000	210,000
<b>TOTAL</b>	<b>1,527,558</b>	<b>311,000</b>	<b>211,100</b>	<b>100,000</b>	<b>311,000</b>	<b>311,000</b>	<b>311,000</b>	<b>311,000</b>
<b>PARK DEDICATION</b>								
Park Dedication Fee	8,369,259	200,000	200,000	100,000	200,000	200,000	200,000	200,000
Investment Earnings	11,131	1,000	1,000	-	-	-	-	-
<b>TOTAL</b>	<b>8,380,390</b>	<b>201,000</b>	<b>201,000</b>	<b>100,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>ENVIRON. MGMT./CLEAN CREEKS/STORM DRAIN</b>								
Investment Earnings	416	1,000	1,000	-	-	-	-	-
Fees	369,204	365,000	365,000	365,000	365,000	365,000	365,000	365,000
Transfer from General Fund	135,000	135,000	135,000	158,000	158,000	158,000	158,000	158,000
<b>TOTAL</b>	<b>504,620</b>	<b>501,000</b>	<b>501,000</b>	<b>523,000</b>	<b>523,000</b>	<b>523,000</b>	<b>523,000</b>	<b>523,000</b>
<b>TRANSPORTATION</b>								
Investment Earnings	2,184	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer from General Fund	3,350,000	7,913,357	7,913,357	1,935,000	2,000,000	2,000,000	2,000,000	2,000,000
Transfer from Capital Reserves		-	-	6,509,023	-	-	-	-
Vehicle Registration Fee	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Grants	2,045,412	-	-					
Gasoline Tax	45,620	1,717,000	1,717,000	100,000	100,000	100,000	100,000	100,000
<b>TOTAL</b>	<b>5,773,216</b>	<b>9,962,357</b>	<b>9,962,357</b>	<b>8,876,023</b>	<b>2,432,000</b>	<b>2,432,000</b>	<b>2,432,000</b>	<b>2,432,000</b>

**FISCAL YEAR 2015-16 PROPOSED BUDGET  
FIVE YEAR FORECAST - SPECIAL REVENUE FUND REVENUE**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>HOUSING &amp; COMMUNITY DEVELOPMENT</b>								
Investment Earnings	55,448	30,000	30,000	45,000	45,000	45,000	45,000	45,000
Grants	157,699	310,000	310,000	310,943	310,943	310,943	310,943	310,943
Loan Repayments	15,000	15,000	15,000	10,000	10,000	10,000	10,000	10,000
Housing Mitigation Fees	7,227,408	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Transfer from General Fund	211,804	212,000	212,000	-	-	-	-	-
<b>TOTAL</b>	<b>7,667,359</b>	<b>667,000</b>	<b>667,000</b>	<b>465,943</b>	<b>465,943</b>	<b>465,943</b>	<b>465,943</b>	<b>465,943</b>
<hr/>								
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>23,853,143</b>	<b>11,642,357</b>	<b>11,542,457</b>	<b>10,064,966</b>	<b>3,931,943</b>	<b>3,931,943</b>	<b>3,931,943</b>	<b>3,931,943</b>

FISCAL YEAR 2015-16 PROPOSED BUDGET  
FIVE YEAR FORECAST - DEBT SERVICE REVENUE

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST					
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
<b>PUBLIC FACILITIES CORPORATION</b>									
Investment Earnings	2,298	-	-	-	-	-	-	-	-
Debt Refinancing	-	-	-	-	-	-	-	-	-
Transfer from General Fund	3,181,000	3,079,000	3,079,000	3,167,538	3,167,538	3,167,538	3,167,538	3,167,538	
<b>TOTAL</b>	3,183,298	3,079,000	3,079,000	3,167,538	3,167,538	3,167,538	3,167,538	3,167,538	

**FISCAL YEAR 2015-16 PROPOSED BUDGET  
FIVE YEAR FORECAST - CAPITAL PROJECT FUNDS REVENUE**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>CAPITAL IMPROVEMENT PROJECTS</b>								
Transfers from Capital Reserves	-	590,000	590,000	-	-	-	-	-
Transfers from General Fund	4,423,000	1,933,000	1,933,000	-	-	-	-	-
Transfers from Recreation Programs	-	-	-	-	-	-	-	-
Transfers from Stevens Creek Corridor Park	-	-	-	-	-	-	-	-
Transfers from Park Dedication	-	-	-	-	-	-	-	-
Grants/Other Income	8,000	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>4,431,000</b>	<b>2,523,000</b>	<b>2,523,000</b>	-	-	-	-	-
<b>CAPITAL RESERVES</b>								
Transfers from Stevens Creek Corridor Park	-	-	-	-	-	-	-	-
Transfers from Capital Improvement	-	-	-	-	-	-	-	-
Transfers from Transportation	-	-	-	-	-	-	-	-
Transfers from General Fund	-	5,100,000	5,100,000	-	-	-	-	-
<b>TOTAL</b>	-	<b>5,100,000</b>	<b>5,100,000</b>	-	-	-	-	-
<b>STEVENS CREEK CORRIDOR PARK</b>								
Transfers from Park Dedication	-	-	-	-	-	-	-	-
Transfers from Capital Reserves	-	-	-	-	-	-	-	-
Transfers from Recreation	-	-	-	-	-	-	-	-
Grants	-	289,000	289,000	-	-	-	-	-
<b>TOTAL</b>	-	<b>289,000</b>	<b>289,000</b>	-	-	-	-	-
<b>TOTAL CAPITAL FUNDS</b>	<b>4,431,000</b>	<b>7,912,000</b>	<b>7,912,000</b>	-	-	-	-	-

**FISCAL YEAR 2015-16 PROPOSED BUDGET  
FIVE YEAR FORECAST - ENTERPRISE FUNDS REVENUE**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>RESOURCE RECOVERY</b>								
Investment Earnings	6,490	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Charges for Services	2,058,409	1,917,000	1,917,000	1,917,000	1,917,000	1,917,000	1,917,000	1,917,000
Grants	15,841	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,080,740</b>	<b>1,924,000</b>	<b>1,924,000</b>	<b>1,924,000</b>	<b>1,924,000</b>	<b>1,924,000</b>	<b>1,924,000</b>	<b>1,924,000</b>
<b>BLACKBERRY FARM GOLF COURSE</b>								
Investment Earnings	-	1,000	1,000	-	-	-	-	-
Rent	12,624	15,000	15,000	150,000	150,000	150,000	150,000	150,000
Charges for Services	290,609	358,000	358,000	260,000	260,000	260,000	260,000	260,000
Transfer from General Fund	230,000	230,000	230,000	262,004	262,004	262,004	262,004	262,004
<b>TOTAL</b>	<b>533,233</b>	<b>604,000</b>	<b>604,000</b>	<b>672,004</b>	<b>672,004</b>	<b>672,004</b>	<b>672,004</b>	<b>672,004</b>
<b>SPORTS CENTER</b>								
Investment Earnings	2,343	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Rent	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Tennis	1,624,741	1,640,000	1,640,000	1,640,000	1,640,000	1,640,000	1,640,000	1,640,000
Membership	560,000	560,000	560,000	465,000	465,000	465,000	465,000	465,000
Transfer from General Fund	-	154,000	154,000	657,732	154,000	154,000	154,000	154,000
<b>TOTAL</b>	<b>2,188,084</b>	<b>2,356,000</b>	<b>2,356,000</b>	<b>2,764,732</b>	<b>2,261,000</b>	<b>2,261,000</b>	<b>2,261,000</b>	<b>2,261,000</b>
<b>RECREATION PROGRAMS</b>								
Investment Earnings	3,028	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cultural, Youth, and Teen Programs	1,413,717	1,364,000	1,364,000	1,432,327	1,432,327	1,432,327	1,432,327	1,432,327
Physical Recreation and Sports	1,066,488	1,040,000	1,040,000	1,080,528	1,080,528	1,080,528	1,080,528	1,080,528
Transfer from General Fund	-	-	-	715,254	150,000	150,000	150,000	150,000
Transfer from Capital Reserves	-	-	-	140,000	140,000	140,000	140,000	140,000
Transfer from Capital Improvement	-	-	-	-	-	-	-	-

FISCAL YEAR 2015-16 PROPOSED BUDGET  
 FIVE YEAR FORECAST - ENTERPRISE FUNDS REVENUE

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
TOTAL	2,483,233	2,409,000	2,409,000	3,373,109	2,807,855	2,807,855	2,807,855	2,807,855
TOTAL ENTERPRISE FUNDS	7,285,290	7,293,000	7,293,000	8,733,845	7,664,859	7,664,859	7,664,859	7,664,859

0.57

**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**FIVE YEAR FORECAST - INTERNAL SERVICE FUNDS REVENUE**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>INFORMATION TECHNOLOGY</b>								
Investment Earnings	2,728	5,000	5,000	0	0	0	0	0
Service Charges	1,399,734	1,400,000	1,400,000	1,658,064	1,658,064	1,658,064	1,658,064	1,658,064
Transfers In from General Fund	344,000	333,000	333,000	0	0	0	0	0
<b>TOTAL</b>	<b>1,746,462</b>	<b>1,738,000</b>	<b>1,738,000</b>	<b>1,658,064</b>	<b>1,658,064</b>	<b>1,658,064</b>	<b>1,658,064</b>	<b>1,658,064</b>
<b>CITY CHANNEL</b>								
Service Charges	1,678	939,000	939,000	779,668	779,668	779,668	779,668	779,668
Transfers In from General Fund	939,484	50,000	50,000	0	0	0	0	0
<b>TOTAL</b>	<b>941,162</b>	<b>989,000</b>	<b>989,000</b>	<b>779,668</b>	<b>779,668</b>	<b>779,668</b>	<b>779,668</b>	<b>779,668</b>
<b>WORKERS' COMPENSATION</b>								
Investment Earnings	1,857	2,000	2,000	-	-	-	-	-
Premiums	317,936	346,482	346,482	719,365	719,365	719,365	719,365	719,365
Transfers In from General Fund	-	10,970	10,970	0	0	0	0	0
<b>TOTAL</b>	<b>319,793</b>	<b>359,452</b>	<b>359,452</b>	<b>719,365</b>	<b>719,365</b>	<b>719,365</b>	<b>719,365</b>	<b>719,365</b>
<b>EQUIPMENT</b>								
Investment Earnings	3,000	-	-	-	-	-	-	-
Service Charges	1,099,092	1,436,672	1,436,672	1,430,537	999,537	999,537	999,537	999,537
Transfers In from General Fund	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,102,092</b>	<b>1,436,672</b>	<b>1,436,672</b>	<b>1,430,537</b>	<b>999,537</b>	<b>999,537</b>	<b>999,537</b>	<b>999,537</b>
<b>COMPENSATED ABSENCE &amp; LONG-TERM DISABILITY</b>								
Investment Earnings	-	-	-	-	-	-	-	-
LTD Premiums	-	81,000	81,000	524,810	524,810	524,810	524,810	524,810
Transfers In from General Fund	-	300,000	300,000	524,810	524,810	524,810	524,810	524,810



FISCAL YEAR 2015-16 PROPOSED BUDGET  
 FIVE YEAR FORECAST - INTERNAL SERVICE FUNDS REVENUE

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST					
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
<b>TOTAL</b>	-	381,000	381,000	1,049,620	1,049,620	1,049,620	1,049,620	1,049,620	
<b>RETIREE MEDICAL</b>									
Investment Earnings	11,476	-	-	-	-	-	-	-	
Transfers In from General Fund	9,700,000	-	-	-	1,000,495	975,000	975,000	975,000	
<b>TOTAL</b>	<b>9,711,476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,495</b>	<b>975,000</b>	<b>975,000</b>	<b>975,000</b>	
<b>TOTAL ALL PROGRAMS</b>	<b>13,820,985</b>	<b>4,904,124</b>	<b>4,904,124</b>	<b>5,637,254</b>	<b>6,206,749</b>	<b>6,181,254</b>	<b>6,181,254</b>	<b>6,181,254</b>	

**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**FIVE YEAR FORECAST - SPECIAL REVENUE FUNDS EXPENDITURES**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>STORM DRAIN IMPROVEMENT</b>								
9612 Storm Drain Improvements		770,000	770,000	-	-	-	-	-
9613 CIP- Minor Storm Drain Improvements		-	-	-	-	-	-	-
9614 SD MASTER PLAN UPDATE		75,000	75,000	75,000	-	-	-	-
9616 BUBB RD ELM CT SD IMPROV		-	-	-	-	-	-	-
96xx CIP-Calabazas Creek (Bollinger) Outfall		135,000	135,000	-	-	-	-	-
9620 CIP - Monta Vista Storm Drain System		-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>980,000</b>	<b>980,000</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PARK DEDICATION</b>								
0100 Transfer to Stevens Crk Corridor Park	-	-	-	-	-	-	-	-
0100 Transfer to Capital Improvement	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ENVIRON. MGMT./CLEAN CREEKS/STORM DRAIN</b>								
8004 Non Point Source	376,945	508,000	508,000	545,829	545,829	545,829	545,829	545,829
<b>TOTAL</b>	<b>376,945</b>	<b>508,000</b>	<b>508,000</b>	<b>545,829</b>	<b>545,829</b>	<b>545,829</b>	<b>545,829</b>	<b>545,829</b>
<b>TRANSPORTATION</b>								
8403 Sidewalk, Curb and Gutter Maint	100,889	387,000	387,000	956,806	956,806	956,806	956,806	956,806
8404 Street Pavement Maintenance	440,602	4,600,000	4,600,000	8,173,694	2,000,000	2,000,000	2,000,000	2,000,000
8405 Street Signs/Markings	560,105	701,111	701,111	757,002	757,002	757,002	757,002	757,002
9463 BRIDGE REHAB MINOR	-	-	-	165,000	-	-	-	-
9464 ST MEDIAN IRRG PLANT REPL	-	-	-	220,000	220,000	220,000	-	-
9465 BICYCLE PED FACILITY IMPR	-	-	-	83,000	83,000	83,000	-	-
9466 MARY PED STSCA IMPROV	-	-	-	28,000	275,000	-	-	-
9562 FIBER NTKW SIGNAL INTERCO	-	-	-	132,000	-	-	-	-
9563 SPEED BUMP VISTA LAZANEO	-	-	-	22,000	-	-	-	-
9564 PH 2 MCL SIDEWALK IMPROV	-	-	-	1,100,000	935,000	-	-	-
9565 SCB PERIMETER TURN EXT	-	-	-	110,000	-	-	-	-
94xx CIP-McClellan Sidewalk Improve-Phase 1	-	250,000	250,000	-	-	-	-	-
94xx CIP-Bridge Rehabilitation-Minor	-	-	-	-	-	-	-	-

**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**FIVE YEAR FORECAST - SPECIAL REVENUE FUNDS EXPENDITURES**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
94xx CIP-Sidewalk Imprv-Orange & Byrne Ave	-	1,650,000	1,650,000	-	1,815,000	-	-	-
94xx CIP-Accessibility Transition Plan Update	-	50,000	50,000	-	-	-	-	-
94xx CIP-Street Median Irrig & Plant Replace	-	-	-	-	-	-	-	-
0100 Transfer to Capital Reserves	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,101,596</b>	<b>7,638,111</b>	<b>7,638,111</b>	<b>11,747,502</b>	<b>7,041,808</b>	<b>4,016,808</b>	<b>3,713,808</b>	<b>3,713,808</b>
<b>HOUSING &amp; COMMUNITY DEVELOPMENT</b>								
7401 General Administration	58,707	141,000	61,309	69,551	69,551	69,551	69,551	69,551
7403 Affordable Housing	324,887	214,000	370,103	557,000	557,000	557,000	557,000	557,000
7404 Public Service Grants	45,281	43,000	45,982	48,141	48,141	48,141	48,141	48,141
7405 Below Market Rate Housing	204,320	330,000	454,681	481,846	481,846	481,846	481,846	481,846
<b>TOTAL</b>	<b>633,195</b>	<b>728,000</b>	<b>932,075</b>	<b>1,156,538</b>	<b>1,156,538</b>	<b>1,156,538</b>	<b>1,156,538</b>	<b>1,156,538</b>
<b>RDA SUCCESSOR AGENCY</b>								
7304 Successor Agency	64,742	-	-	-	-	-	-	-
7304 Successor Housing Agency	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>64,742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ALL SPECIAL REVENUE</b>	<b>2,176,478</b>	<b>9,854,111</b>	<b>10,058,186</b>	<b>13,524,869</b>	<b>8,744,175</b>	<b>5,719,175</b>	<b>5,416,175</b>	<b>5,416,175</b>

FISCAL YEAR 2015-16 PROPOSED BUDGET  
 FIVE YEAR FORECAST - DEBT SERVICE FUND EXPENDITURES

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>PUBLIC FACILITIES CORPORATION</b>								
5301 Principal	3,176,922	2,055,000	2,055,000	2,055,000	2,055,000	2,055,000	2,055,000	2,055,000
5301 Interest + Fees	-	1,116,838	1,116,838	1,112,538	1,112,538	1,112,538	1,112,538	1,112,538
5301 Debt Refinancing	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>3,176,922</b>	<b>3,171,838</b>	<b>3,171,838</b>	<b>3,167,538</b>	<b>3,167,538</b>	<b>3,167,538</b>	<b>3,167,538</b>	<b>3,167,538</b>

**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**FIVE YEAR FORECAST - CAPITAL PROJECT FUNDS EXPENDITURES**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>CAPITAL IMPROVEMENT PROJECTS</b>								
9130 Wilson Park Irrigation Renovation	79,693	-	-	-	-	-	-	-
9133 McClellan Environmental Ed Center	230,992	-	-	-	-	-	-	-
9136 Scenic Circle Access	1,005	-	-	-	-	-	-	-
9140 Park Path & Park Lot Repairs Resurfacing	19,734	-	-	-	-	-	-	-
9145 Park Path & Lot Repairs Resurf-Phase 2	-	-	-	-	-	-	-	-
9141 Trail Resurfacing at School Sports Fields	128,463	-	-	-	-	-	-	-
9144 Civic Center Master Plan Projects	3,806	400	400	-	-	-	-	-
9145 Phase II Park Path Repair	126,510	-	-	-	-	-	-	-
9146 Phase II Trail Resurface	30,153	-	-	-	-	-	-	-
9149 Stevens Creek Trail to Bay Study	10,000	-	-	-	-	-	-	-
91xx Spts Ctr Tennis Court Retaining Wall	-	250	250	-	-	-	-	-
9158 Blackberry Farm Splash Pad	-	-	-	-	641,000	-	-	-
9159 McClellan Paths & Landscape Imprvmnt	-	-	-	358,000	-	-	-	-
91xx McClellan Community Garden Irrigation	-	-	-	-	-	433,000	-	-
9160 McClellan Miscellaneous Improvements	-	-	-	-	-	55,000	-	-
91xx Portal Park Renovation Master Plan	-	-	-	-	55,000	-	-	-
91xx SCCP Chain MP-McClellan to SCB	-	300	300	-	-	-	-	-
9161 Sports Center-Resurface Tennis Courts	-	-	-	235,000	481,000	-	-	-
9162 Memorial Park Master Plan	-	-	-	-	-	150,000	-	-
9163 MV Rec Ctr Preschool Play Area Impv	-	-	-	140,000	300,000	-	-	-
9164 Portal Park - Collins School Cricket Batting	-	-	-	106,000	-	-	-	-
9xxx Quinlan Ctr Preschool Play Area Impv	-	-	-	-	57,000	-	-	-
9xxx Blackberry Farm - Play Area Improvements	-	-	-	-	-	-	-	406,000
9xxx McClellan Ranch - Community Garden Fence Replacement	-	-	-	-	-	263,000	-	-
9xxx McClellan Ranch - Construct Trash Enclosure	-	-	-	-	90,000	-	-	-
9xxx Sports Center Court Lights	-	-	-	-	500,000	-	-	-
9xxx Sports Center - Interior Upgrades	-	-	-	-	20,000	-	-	-
91xx Park Path Repairs Phase 3	-	90	90	-	-	-	-	-
91xx Trail Resurfacing Sports Field Phase 3	-	30	30	-	-	-	-	-
9261 McClellan Barn Eval & Renovation	576	-	-	-	-	-	-	-
9262 McClellan Historic/Structural Assessm	7,633	-	-	-	-	-	-	-
9263 Solar Assessment Public Bldgs-Phase 1	14,964	-	-	-	-	-	-	-
9252 McClellan Ranch Repairs and Painting	46,606	-	-	-	-	-	-	-

**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**FIVE YEAR FORECAST - CAPITAL PROJECT FUNDS EXPENDITURES**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
9259 Emergency Van Upgrade	5,358	-	-	-	-	-	-	-
92xx McClellan Restroom & Site Access	-	110	110	-	-	-	-	-
92xx Environ Ed Ctr-Solar PV System	-	50	50	-	-	-	-	-
92xx Quinlan Fiber Installation	-	50	50	-	-	-	-	-
92xx Senior Center Various Improvements	-	160	160	-	-	-	-	-
92xx Sports Center Various Improvements	-	58	58	-	-	-	-	-
92xx City Hall Distributed Antenna System	-	125	125	-	-	-	-	-
92xx Public Bldg Solar Install-Service Center	-	400	400	-	-	-	-	-
9270 Public Building Solar - Service Center	-	-	-	300,000	-	-	-	-
9271 Library Story Room Expansion	-	500	500	1,500,000	-	-	-	-
9274 Initial Civic Center Projects Design	-	-	-	2,200,000	-	-	-	-
9275 Senior Center Exercise Room Wood Floor Replace	-	-	-	79,000	-	-	-	-
9276 Senior Center - May Ave Landscaping	-	-	-	50,000	-	-	-	-
9277 Senior Center - Exterior Upgrades	-	-	-	-	250,000	-	-	-
9558 Various Trf Signal/Intersection Modify	5,748	-	-	-	-	-	-	-
9560 McClellan Road Sidewalk Study	22,516	-	-	-	-	-	-	-
9561 Traffic Mgmt Study-3 Intersections	40,604	-	-	-	-	-	-	-
9704 Streetlight & Irrigation Conservation	20,000	-	-	-	-	-	-	-
<b>Capital Projects</b>	<b>794,361</b>	<b>2,523</b>	<b>2,523</b>	<b>4,968,000</b>	<b>2,394,000</b>	<b>901,000</b>	<b>-</b>	<b>406,000</b>
Transfers Out:								
0100 Transfer to Recreation Programs	-	-	-	-	-	-	-	-
0100 Transfer to Capital Reserves	221,078	-	-	-	-	-	-	-
0100 Transfer to General Fund	-	-	-	-	-	-	-	-
<b>Transfers Out from Current Operations</b>	<b>221,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL IMPROVEMENT</b>	<b>1,015,439</b>	<b>2,523</b>	<b>2,523</b>	<b>4,968,000</b>	<b>2,394,000</b>	<b>901,000</b>	<b>-</b>	<b>406,000</b>
<b>CAPITAL RESERVES</b>								
0100 Transfer to Capital Improvement	3,099,121	590	590	-	-	-	-	-
0100 Transfer to Transportation	-	-	-	-	-	-	-	-
0100 Transfer to Stevens Crk Corridor Park	-	-	-	-	-	-	-	-
0100 Transfer to Recreation Programs	-	-	-	-	-	-	-	-

**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**FIVE YEAR FORECAST - CAPITAL PROJECT FUNDS EXPENDITURES**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST					
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
0100 Transfer to General Fund	-	-	-	-	-	-	-	-	
<b>Transfers Out from Reserves</b>	<b>3,099,121</b>	<b>590</b>	<b>590</b>	-	-	-	-	-	
<b>STEVENS CREEK CORRIDOR PARK</b>									
9112 Stevens Creek Corridor Park-Phase 1	14,483	-	-	-	-	-	-	-	
9134 Stevens Creek Corridor Park-Phase 2	284,166	289	289	-	-	-	-	-	
9135 BBF Infrastructure Upgrades	-	-	-	-	-	-	-	-	
0100 Transfer to Capital Improvement	-	-	-	-	-	-	-	-	
0100 Transfer to Capital Reserves	12,586	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>311,235</b>	<b>289</b>	<b>289</b>	-	-	-	-	-	
<hr/>									
<b>TOTAL ALL CAPITAL PROJECTS</b>	<b>4,425,795</b>	<b>3,402</b>	<b>3,402</b>	<b>9,522,000</b>	<b>2,394,000</b>	<b>901,000</b>	-	<b>406,000</b>	

**FISCAL YEAR 2015-16 PROPOSED BUDGET  
FIVE YEAR FORECAST - ENTERPRISE FUNDS EXPENDITURES**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST					
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
<b>RESOURCE RECOVERY</b>									
8003 Solid Waste & Recycling	215,047	2,304,496	2,358,541	2,707,226	2,707,226	2,707,226	2,707,226	2,707,226	
<b>TOTAL</b>	<b>215,047</b>	<b>2,304,496</b>	<b>2,358,541</b>	<b>2,707,226</b>	<b>2,707,226</b>	<b>2,707,226</b>	<b>2,707,226</b>	<b>2,707,226</b>	
<b>BLACKBERRY FARM GOLF COURSE</b>									
6440 Golf Course	571,001	665,635	6,665,635	672,004	672,004	672,004	672,004	672,004	
9139 CIP Golf Irrigation Upgrade	-	-	-	-	80,000	-	-	-	
9139 CIP Golf Well & Pond Modifications	-	-	-	-	413,000	-	-	-	
9150 CIP Golf Course Master Plan	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>571,001</b>	<b>665,635</b>	<b>6,665,635</b>	<b>672,004</b>	<b>1,165,004</b>	<b>672,004</b>	<b>672,004</b>	<b>672,004</b>	
<b>SPORTS CENTER</b>									
6450 Sports and Physical	1,928,048	2,054,000	2,054,000	2,353,022	2,353,022	2,353,022	2,353,022	2,353,022	
8510 Maintenance	293,656	305,000	305,000	411,710	411,710	411,710	411,710	411,710	
<b>TOTAL</b>	<b>2,221,704</b>	<b>2,359,000</b>	<b>2,359,000</b>	<b>2,764,732</b>	<b>2,764,732</b>	<b>2,764,732</b>	<b>2,764,732</b>	<b>2,764,732</b>	
<b>RECREATION PROGRAMS</b>									
6349 Cultural, Youth and Teen Programs	1,685,280	1,811,234	1,869,438	1,983,544	1,983,544	1,983,544	1,983,544	1,983,544	
6449 Sports and Physical	1,045,483	1,264,370	1,279,515	1,249,565	1,249,565	1,249,565	1,249,565	1,249,565	
9129 CIP Stocklmeir Orchard Irrigation	-	-	-	-	-	-	-	-	
9165 Wilson Ball Safety Netting	-	-	65,000	-	-	-	-	-	
9166 Wilson Bleacher Shade Canopy	-	-	190,000	-	-	-	-	-	
9167 Wilson Renovation Master Plan	-	-	55,000	-	-	-	-	-	
9278 Wilson Building & Landscape Improvements	-	-	65,000	-	-	-	-	-	
9255 Quinlan Center Upgrades	-	-	159,000	-	-	-	-	-	
Blacksmith Shop Forge Restoration-Design	-	-	-	60,000	-	-	-	-	
Wilson Park Building and Landscape	-	-	-	140,000	-	-	-	-	
0100 Transfer to Capital Improvement	-	-	986,000	-	-	-	-	-	
<b>TOTAL</b>	<b>2,730,763</b>	<b>3,075,604</b>	<b>4,668,953</b>	<b>3,433,109</b>	<b>3,233,109</b>	<b>3,233,109</b>	<b>3,233,109</b>	<b>3,233,109</b>	



FISCAL YEAR 2015-16 PROPOSED BUDGET  
FIVE YEAR FORECAST - ENTERPRISE FUNDS EXPENDITURES

TOTAL ALL ENTERPRISE FUNDS	5,738,515	8,404,735	16,052,129	9,577,071	9,870,071	9,377,071	9,377,071	9,377,071
----------------------------	-----------	-----------	------------	-----------	-----------	-----------	-----------	-----------

**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**FIVE YEAR FORECAST - INTERNAL SERVICE FUNDS EXPENDITURES**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST					
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
<b>INFORMATION TECHNOLOGY</b>									
3800 Operations	2,166,963	1,525,000	1,525,000	2,218,959	2,218,959	2,218,959	2,218,959	2,218,959	
0100 Transfer to General Fund	-	-	-	-	-	-	-	-	
9800 Acquisitions & Projects	186,903	333,000	333,000	392,000	-	-	-	-	
<b>TOTAL</b>	<b>2,353,866</b>	<b>1,858,000</b>	<b>1,858,000</b>	<b>2,610,959</b>	<b>2,218,959</b>	<b>2,218,959</b>	<b>2,218,959</b>	<b>2,218,959</b>	
<b>CITY CHANNEL</b>									
3500 Government Channel	1,074,748	777,000	777,000	1,220,119	1,220,119	1,220,119	1,220,119	1,220,119	
3501 Gov't Channel--Special Project	-	97,000	97,000	-	-	-	-	-	
3600 City Web Site	-	231,000	231,000	295,092	295,092	295,092	295,092	295,092	
9800 Acquisitions & Projects	-	50,000	50,000	-	-	-	-	-	
<b>TOTAL</b>	<b>1,074,748</b>	<b>1,155,000</b>	<b>1,155,000</b>	<b>1,515,211</b>	<b>1,515,211</b>	<b>1,515,211</b>	<b>1,515,211</b>	<b>1,515,211</b>	
<b>WORKERS' COMPENSATION</b>									
4550 Claims	715,714	434,000	434,000	719,365	719,365	719,365	719,365	719,365	
<b>TOTAL</b>	<b>715,714</b>	<b>434,000</b>	<b>434,000</b>	<b>719,365</b>	<b>719,365</b>	<b>719,365</b>	<b>719,365</b>	<b>719,365</b>	
<b>EQUIPMENT</b>									
8840 Equipment Maintenance	1,012,423	1,109,000	1,109,000	1,184,175	1,184,175	1,184,175	1,184,175	1,184,175	
9820 Equipment Acquisition	772	138,000	138,000	846,000	846,000	846,000	846,000	846,000	
<b>TOTAL</b>	<b>1,013,195</b>	<b>1,247,000</b>	<b>1,247,000</b>	<b>2,030,175</b>	<b>2,030,175</b>	<b>2,030,175</b>	<b>2,030,175</b>	<b>2,030,175</b>	
<b>COMPENSATED ABSENCE &amp; LONG-TERM DISABILITY</b>									
4570 Disability Claims	78,195	79,000	79,000	84,810	84,810	84,810	84,810	84,810	
4571 Leave Payouts	290,502	275,000	275,000	440,000	440,000	440,000	440,000	440,000	
<b>TOTAL</b>	<b>368,697</b>	<b>354,000</b>	<b>354,000</b>	<b>524,810</b>	<b>524,810</b>	<b>524,810</b>	<b>524,810</b>	<b>524,810</b>	

**RETIREE MEDICAL**

**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**FIVE YEAR FORECAST - INTERNAL SERVICE FUNDS EXPENDITURES**

PROGRAM	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
4512 Insurance	930,000	930,000	930,000	1,000,495	1,000,495	1,000,495	1,000,495	1,000,495
4512 Long Term Obligation	1,125,217	770,000	770,000	-	-	-	-	-
<b>TOTAL</b>	<b>2,055,217</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,000,495</b>	<b>1,000,495</b>	<b>1,000,495</b>	<b>1,000,495</b>	<b>1,000,495</b>
 <b>TOTAL ALL INTERNAL SERVICE</b>	 <b>7,581,437</b>	 <b>6,748,000</b>	 <b>6,748,000</b>	 <b>8,401,015</b>	 <b>8,009,015</b>	 <b>8,009,015</b>	 <b>8,009,015</b>	 <b>8,009,015</b>

**FISCAL YEAR 2015-16 PROPOSED BUDGET  
FIVE YEAR FORECAST - SPECIAL FUNDS FUND BALANCE**

Classification	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b><u>SPECIAL REVENUE</u></b>								
Beginning Fund Balance	15,782,669	2,233,308	2,233,308	11,286,613	11,286,613	6,474,381	4,687,149	3,202,917
Assigned	6,711,969	2,233,308	2,233,308	11,286,613	6,474,381	4,687,149	3,202,917	1,718,685
Unassigned	-	-	-	-	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>6,711,969</b>	<b>2,233,308</b>	<b>2,233,308</b>	<b>11,286,613</b>	<b>6,474,381</b>	<b>4,687,149</b>	<b>3,202,917</b>	<b>1,718,685</b>
<b><u>DEBT SERVICE</u></b>								
Beginning Fund Balance	1,674,624	1,681,000	1,681,000	1,596,697	1,596,697	1,558,162	1,558,162	1,558,162
Assigned	1,681,000	1,588,162	1,558,162	1,596,697	1,558,162	1,558,162	1,558,162	1,558,162
Unassigned	-	-	-	-	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>1,681,000</b>	<b>1,588,162</b>	<b>1,558,162</b>	<b>1,596,697</b>	<b>1,558,162</b>	<b>1,558,162</b>	<b>1,558,162</b>	<b>1,558,162</b>
<b><u>CAPITAL PROJECT</u></b>								
Beginning Fund Balance	3,646,072	1,866,000	1,866,000	9,952,624	9,952,624	9,952,624	9,051,624	9,051,624
Assigned	5,299,905	3,477,500	3,477,500	9,952,624	9,952,624	9,051,624	9,051,624	8,645,624
Unassigned	-	-	-	-	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>5,299,905</b>	<b>3,477,500</b>	<b>3,477,500</b>	<b>9,952,624</b>	<b>9,952,624</b>	<b>9,051,624</b>	<b>9,051,624</b>	<b>8,645,624</b>
<b><u>ENTERPRISE</u></b>								
Beginning Fund Balance	10,057,000	8,540,000	8,540,000	7,066,796	7,066,796	4,861,584	3,149,372	1,437,160
Assigned	10,802,474	7,646,279	7,646,279	7,066,796	4,861,584	3,149,372	1,437,160	(275,052)
Unassigned	-	-	-	-	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>10,802,474</b>	<b>7,646,279</b>	<b>7,646,279</b>	<b>7,066,796</b>	<b>4,861,584</b>	<b>3,149,372</b>	<b>1,437,160</b>	<b>(275,052)</b>
<b><u>INTERNAL SERVICE</u></b>								
Beginning Fund Balance	5,441,000	5,084,000	5,084,000	9,257,601	9,257,601	7,455,335	5,627,574	3,799,813
Assigned	4,988,272	4,598,692	4,598,692	9,257,601	7,455,335	5,627,574	3,799,813	1,972,052

FISCAL YEAR 2015-16 PROPOSED BUDGET  
 FIVE YEAR FORECAST - SPECIAL FUNDS FUND BALANCE

Classification	2013-14	2014-15	FY 2014-15	5 YEAR FORECAST				
	Actuals	Final Budget	Projection	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Unassigned	-	-	-	-	-	-	-	-
<b>Total Ending Fund Balance</b>	4,988,272	4,598,692	4,598,692	9,257,601	7,455,335	5,627,574	3,799,813	1,972,052

**FISCAL YEAR 2015-16 PROPOSED BUDGET**  
**FIVE YEAR FORECAST - GENERAL FUND EXPENDITURES**

OBJECT	2013-14	2014-15	2014-15	5 YEAR FORECAST				
	Actuals	Adopted	Amended	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Employee Compensation	11,915,729	13,557,481	13,656,167	14,665,219	14,899,863	15,197,860	15,517,015	15,842,872
Employee Benefits	4,777,772	5,795,013	5,795,013	6,303,677	6,404,536	6,532,627	6,669,812	6,809,878
<b>Personnel Costs</b>	<b>16,693,502</b>	<b>19,352,494</b>	<b>19,451,180</b>	<b>20,968,896</b>	<b>21,304,398</b>	<b>21,730,486</b>	<b>22,186,827</b>	<b>22,652,750</b>
Materials	3,206,363	3,359,738	3,642,483	3,971,681	4,035,228	4,115,932	4,202,367	4,290,617
Contract Services	12,998,291	14,976,577	16,879,015	16,465,626	16,729,076	17,063,658	17,421,994	17,787,856
Appropriations for Contingencies	-	1,232,747	1,233,659	1,432,349	1,455,267	1,484,372	1,515,544	1,547,370
Cost Allocation	2,875,422	3,336,132	3,336,132	3,078,842	3,128,103	3,190,666	3,257,670	3,326,081
Debt Service/Other Uses	2,903	1,256,000	1,256,000	2,239,763	2,275,599	2,321,111	2,369,855	2,419,621
Capital Outlays & Special Projects	5,730,232	2,410,995	13,813,771	9,986,674	10,146,461	10,349,390	10,566,727	10,788,628
Total Non-Personnel	24,813,210	26,572,189	40,161,060	37,174,935	37,769,734	38,525,129	39,334,156	40,160,174
<b>Net Transfers</b>	<b>22,891,804</b>	<b>31,627,286</b>	<b>39,177,286</b>	<b>6,371,222</b>	<b>6,473,162</b>	<b>6,602,625</b>	<b>6,741,280</b>	<b>6,882,847</b>
<b>TOTAL EXPENDITURES</b>	<b>64,398,516</b>	<b>77,551,969</b>	<b>98,789,526</b>	<b>64,515,053</b>	<b>65,547,294</b>	<b>66,858,240</b>	<b>68,262,263</b>	<b>69,695,770</b>
				CPI	101.6%	102.0%	102.1%	102.1%

FISCAL YEAR 2015-16 PROPOSED BUDGET  
 FIVE YEAR FORECAST - GENERAL FUND FUND BALANCE

Classification	2013-14	2014-15	FY2014-15	5 YEAR FORECAST				
	Actuals	Adopted	Amended	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Beginning Fund Balance</b>		45,680,396	35,989,416	39,636,666	43,283,916	44,984,622	46,685,328	51,335,066
Non Spendable		-	1,098,703	1,098,703	1,098,703	1,098,703	1,098,703	1,098,703
Restricted		-	761,653	761,653	761,653	761,653	761,653	761,653
Assigned		24,691,460	23,831,064	22,831,064	42,624,266	44,324,972	48,974,710	54,232,939
Unassigned		11,297,956	13,945,246	11,297,996	500,000	500,000	500,000	500,000
<b>Total Ending Fund Balance</b>	<b>45,680,396</b>	<b>35,989,416</b>	<b>39,636,666</b>	<b>43,283,916</b>	<b>44,984,622</b>	<b>46,685,328</b>	<b>51,335,066</b>	<b>56,593,295</b>