



Independent Auditor Presentation –
Audit of the Basic Financial Statements
For the fiscal year ended June 30, 2024

Audit Committee

November 21, 2024

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Agenda

- Background
- Audit Reports and Other Reports
- Results of Audit
- Key Financial Highlights
- Report on Memorandum on Internal Control (MOIC)
- Required Communications
- Results of Agreed Upon Procedures

Background

- Maze & Associates – we are an independent CPA firm, independent from the City of Santa Clara and its Component Units.
- Audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America.

Audit Reports

- City (Annual Comprehensive Financial Report)
- Silicon Valley Power (Electric Enterprise Fund)
(Basic Financial Statements)
- Single Audit (federal award programs –
in process – due by 3/31/25)

Other Reports

- San Jose-Santa Clara Clean Water Financing Authority – Bond Compliance Letter
- Agreed Upon Procedures Reports:
 - Investment Policy Compliance
 - Gann Limit Calculation

Results of Audit – ACFR and SVP

■ Independent Auditor's Reports

- (pg 1 of ACFR and SVP)
- Unmodified/clean opinions...fairly stated, in all material respects...in conformity with accounting principles generally accepted (GAAP) in the USA.
- Includes Emphasis of a Matter –
 - Restatement of SCSA balances

Results of Audit – ACFR and SVP (continued)

- Management's Discussion and Analysis
(MD&A)

(page 5 of ACFR; page 5 of SVP)

- Prepared by Finance Staff
- Discusses significant activity for the fiscal year

Key Financial Highlights of ACFR

- Management's Discussion and Analysis (page 5):
 - Introduces the basic financial statements and provides an analytical overview of the City's financial activities
- Basic Financial Statements (page 28)
 - Includes the financial activities of the City, the Santa Clara Housing Authority, the Santa Clara Stadium Authority, the City of Santa Clara Sports and Open Space Authority, and the City of Santa Clara Public Facilities Financing Corporation (legally separate but are component units of the City)
- Notes to the Basic Financial Statements (page 59)
 - An integral part of the ACFR that provides information on significant financial transactions of the City (i.e. Note 13 PERS, Note 16 Other Post Employment Benefits, Note 10 Long-term Debt)

Key Financial Highlights of ACFR (continued)

- City Assets exceeded Liabilities by \$2.6 billion in FY24
- The City's net position increased by \$313 million
- Pension liabilities increased only \$24 million
(after significant fluctuations in the last few years)
- Outstanding long-term debt decreased by \$18 million
(\$1 million repayment in governmental funds,
\$53 million repayment in enterprise funds, \$36 million
issuance of Sewer Certificates of Participation)
- General Fund's fund balance increased \$28 million to \$181 million

Key Financial Highlights of ACFR (continued)

- General Fund – Fund Balance (Note 18 page 142)

Category	Amount	Description
Nonspendable	\$5.8 million	Supplies, Inventory, Leases
Restricted	31.8 million	Grants, Donations, Pension Rate Stabilization
Committed	18.6 million	Land Sale Reserve, Historical Preservation
Assigned	15.8 million	Encumbrances
Unassigned	109.3 million	Budget Stabilization Reserve, Capital Project Reserve
Total	\$181.3 million	

Report on Memorandum on Internal Control and Required Communications (MOIC)

- Three possible categories for comments:
 - Material Weakness
 - Significant Deficiency
 - Other Matters

NOTE – Although we do not audit the SCSA, MW or SD from SCSA audit are required to be included in the City's MOIC

Required Communications

- No Changes in Accounting Policies, other than:
 - Implementation of
 - GASB 100, *Accounting Changes and Error Corrections* (Note 6)
 - GASB 99, Omnibus 2022, paragraphs 4-10 (related to financial guarantees and the classification and reporting of derivative instruments) (No Impact)

Required Communications (continued)

- Unusual Transactions, Controversial or Emerging Areas
- Accounting Estimates
- Disclosures
- Difficulties Encountered in Performing the Audit – *none*
- Corrected and Uncorrected Misstatements
- Disagreements with Management – *none*

Results of Agreed Upon Procedures

- Investment Policy Compliance
 - No exceptions

- GANN Limit Calculation
 - No exceptions

QUESTIONS?



“We are in the business to help our clients succeed”