


Independent Auditor Presentation –  
Audit of the Basic Financial Statements  
For the fiscal year ended June 30, 2021

Audit Committee      November 30, 2021


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Partner

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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



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**POST MEETING MATERIAL**

## 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.



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## 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 3/31/22)



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## Other Reports

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



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## 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 –
    - Change in Accounting Principles – Implementation of GASB Statement No. 84, *Fiduciary Activities* and early implementation of Statement No. 98, *The Annual Comprehensive Financial Report*



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## Results of Audit – ACFR and SVP (continued)

- Management's Discussion and Analysis (MD&A)  
(page 5 of ACFR; page 3 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 27)
  - 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 60)
  - 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 billion in fiscal year 2020-21
- The City's net position increased by \$33 million when compared to the prior year (including restatement)
- General Fund's fund balance equaled \$178 million, a decrease of \$41 million from the prior year (assets of \$205 million and liabilities and deferred inflows of resources of \$27 million)
- Outstanding long-term debt decreased by \$41 million (primarily due to timing of Stadium Authority debt payments)

## Key Financial Highlights of ACFR (continued)

- General Fund – Fund Balance (pages 134-136)

Category	Amount	Description
Nonspendable	\$ 14 million	Supplies, Inventory, Long Term Interfund Advances
Restricted	26 million	Grants, Donations, Pension Rate Stabilization
Committed	40 million	Land Sale Reserve, Building Inspection Reserve
Assigned	7 million	Encumbrances
Unassigned	91 million	Budget Stabilization Reserve, Capital Project Reserve
<b>Total</b>	<b>\$178 million</b>	

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

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

## Required Communications

- No Changes in Accounting Policies, other than implementation of GASBs 84 and 98
- 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



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## QUESTIONS?



*"We are in the business to help our clients succeed"*

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