



ADMINISTRATIVE SERVICES DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: May 19, 2022

Subject

Consider the FY 2020-21 Annual Comprehensive Financial Report (ACFR) and related supplemental reports.

Recommended Action

Accept the FY 2020-21 Annual Comprehensive Financial Report (ACFR) and related supplemental reports.

Discussion

The City of Cupertino's external auditor, Crowe LLP, audited the City's accompanying financial statements as of and for the year ended June 30, 2021. During the audit, procedures were performed to obtain audit evidence regarding amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design appropriate audit procedures. Audit procedures are not designed to express an opinion on the effectiveness of the entity's internal control.

Crowe LLP expressed an unmodified (or clean) opinion, stating "the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Transportation Special Revenue Fund, and the Housing Development Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America" (see FY 2020-21 ACFR, page 2).

Crowe LLP also issued an Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (GAGAS Report). The purpose of this report is solely to describe the scope of the auditor's testing

of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. The report disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

The City of Cupertino engaged Crowe LLP to perform an Agreed-Upon-Procedures (AUP) on the City's Appropriations Limit Worksheet related to the City's compliance with Section 1.5 of Article XIII B of the California Constitution during the period ending June 30, 2021. City Council adopted Resolution 20-086, establishing an Appropriations Limit of \$109,062,934 for FY 2020-21; no exceptions were noted.

The City of Cupertino engaged Crowe LLP to perform an AUP on the 2019 Clean Water and Storm Protection Fee for the City of Cupertino; no exceptions were noted.

Lastly, the City of Cupertino engaged Crowe LLP to perform an AUP on the City's investment policy dated May 2020; no exceptions were noted.

Sustainability Impact

No sustainability impact.

Fiscal Impact

No fiscal impact.

Prepared by: Thomas Leung, Acting Finance Manager

Reviewed by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

A – FY 2020-21 ACFR

B – FY 2020-21 GAGAS Report

C – FY 2020-21 Appropriation Limit AUP Report

D – FY 2020-21 Storm Drain AUP Report

E – FY 2020-21 Investment AUP Report

F – Management Letter