



ADMINISTRATIVE SERVICES DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: April 6, 2021

Subject

FY 2019-20 Comprehensive Annual Financial Report (CAFR) and related supplemental reports.

Recommended Action

Accept the FY 2019-20 Comprehensive Annual Financial Report (CAFR) 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, 2020. 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, 2020 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."

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 that are 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, 2020. City Council adopted Resolution 2019-068 establishing a Limit of \$104,753,580 for FY 2019-20; no exceptions were noted.

The City of Cupertino requested reimbursement for expenditures incurred in accordance with the Transportation Development Act (TDA). As a result, The City of Cupertino engaged Crowe LLP to perform a special-purpose financial statement audit for the TDA activities for the purpose of complying with the financial report provisions of Section 6666 of Title 21 of California Code of Regulations and the provisions of the Transportation Development Act as enacted in the California State Statutes. Crowe LLP, issued an unmodified opinion finding that the City's TDA financial statements presented fairly, in all material respects, the financial position of the City of Cupertino Transportation Development Act Program as of June 30, 2020.

Lastly, the City of Cupertino engaged Crowe LLP to perform an AUP on the City's investment policy dated May 21, 2019; no notable exceptions were noted.

Sustainability Impact

No sustainability impact.

Fiscal Impact

No fiscal impact.

Prepared by: Zach Korach, Finance Manager

Reviewed by: Kristina Alfaro, Administrative Services Director

Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

A – FY 2019-20 CAFR

B – FY 2019-20 GAGAS Report

C – FY 2019-20 Appropriation Limit AUP Report

D – FY 2019-20 TDA Report

E – FY 2019-20 Investment AUP Report