REVIEW OF AUDITS AND FINANCIAL REPORTS

The 2004-2005 Santa Clara County Civil Grand Jury (Grand Jury) examined documents received from local government entities throughout the county, including financial reports, audited financial statements, budgets, and performance audit reports. The Grand Jury reviewed the financial reports and statements and made an assessment of their timeliness and completeness. Each was reviewed with the prospect of further investigation, if warranted.

A Comprehensive Annual Financial Report (CAFR) is a financial report defined by the Government Accounting Standards Board (GASB), that includes the income, expenses, special funds, or designated funds that are part of a government entity’s financial activities. The CAFR is composed of three sections: an introductory section (e.g. transmittal letter, list of officials, organization chart), basic financial statements, and a statistical section that includes trend data covering prior periods. The basic financial statements are themselves composed of three sections: government-wide financial statements, fund financial statements, and notes to the financial statements. To receive an unqualified audit opinion, a local government is required to produce basic financial statements that conform to generally accepted accounting principles. As part of its oversight responsibility, the Grand Jury annually reviews the CAFRs or basic financial statements for the county, the cities and towns within Santa Clara County, and a limited number of special districts and joint powers agencies. This year, a number of special districts and joint powers agencies were examined in more detail, and the results can be found in a separate portion of this report entitled “Special Districts and Joint Powers Agencies”.

The Grand Jury contacted, by telephone, each of the cities and towns within Santa Clara County, as well as the County itself, and requested CAFRs and copies of other financial reports. Many government entities now have their CAFRs on-line. The table in Appendix A lists for each entity contacted, its name, whether or not the CAFR was found on-line, and a URL (Universal Resource Locater) for on-line financial data.

Each audit report received was reviewed to determine if any additional action or follow-up by the Grand Jury would be warranted. All of the CAFRs and Audits reviewed by the Grand Jury were found to be in substantial compliance with GASB standards. Note that GASB issued new guidelines on May 11, 2004, to provide for transparent financial reporting for post-employment benefit plans other than pensions, such as healthcare. Appendix B lists the audits and reports received and reviewed by the Grand Jury. No further inquiries were conducted.

Two common themes were noted in the CAFRs examined by the Grand Jury this year – revenue sources were reduced from a high in 2001-2002 and contributions for employee benefits, such as pensions, were increasing dramatically.
References

Documents

   www.gfoa.org/services/specials/gasb.shtml. (Last accessed on 6 May 2005.)

2. “GASB Issues Standards to Improve Post-employment Benefit Plan Reporting,”
   Government Accounting Standards Board website:
Appendix A
2003-2004 Comprehensive Annual Financial Reports
On-Line Access Information

<table>
<thead>
<tr>
<th>ENTITY</th>
<th>2003-2004 CAFR On-line</th>
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<td>sunnyvale.ca.gov/Departments/Finance/Budget</td>
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</table>

*URL (Uniform Resource Locater). Use “search” if the website does not immediately link to the CAFR.
Appendix B
Financial and Performance Audits and Reports Received and Reviewed

CAMPBELL

COUNTY OF SANTA CLARA
6. Internal Audit – Controller-Treasurer Dept. – Review of the State-County Property Tax Administration Grant Program.
10. Internal Audit – Medical Examiner-Coroner Office – Audit of Rates & Charges, April 15, 2005.
11. Internal Audit – Department of Corrections Funds – Audit of Rates & Changes.
13. Internal Audit – Tax Property Administration Program.
15. Internal Audit – Goods Received.
COUNTY OF SANTA CLARA (cont’d.)


24. Management Audit of the Controller-Treasurer Department of the Finance Agency.


26. Management Audit of the Department of Family and Children’s Services.

27. Management Audit of the Facilities Department Capital Programs Division of the General Services Agency.

28. Management Audit of the Department of Mental Health.

29. Management Audit of the Housing Bond/MCC Program Trust Fund.


34. Social Services Agency Information Systems Department Internal Control Report – June 27, 2003


CUPERTINO


4. Single Audit Report on Compliance Applicable to Each Major Federal Award Program.


GILROY

LOS ALTOS

LOS ALTOS HILLS

LOS GATOS

MILPITAS

MONTE SERENO

MORGAN HILL

MOUNTAIN VIEW

PALO ALTO
PALO ALTO (cont’d.)


SAN JOSE

5. Office of the City Auditor – An Audit of the Crossing Guard Program; May 2004.
6. Office of the City Auditor – An Audit of the Department of Public Works’ Real Estate Division Read Property Acquisition Process; May 2004.

SANTA CLARA

8. Single Audit Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Award Program.
SANTA CLARA VALLEY WATER DISTRICT
1. CAFR for Year Ended June 30, 2003 (Received April 5, 2004).

SARATOGA
2. One-page replacement to CAFR March 1, 2005.

SUNNYVALE
5. Internal Audit – CA Board of Corrections: Mentally Ill Offender Crime Reduction Grant.