

**SILICON VALLEY**  
**ANIMAL CONTROL AUTHORITY**

**AGENDA ITEM**

**General Purpose Financial Statements FY 2019-2020**

---

**RECOMMENDED MOTION**

That the General Purpose Financial Statements for the period from July 1, 2019 to June 30, 2020 prepared by Maze & Associates be received and filed.

**DISCUSSION**

The following Financial Statement covers the period of July 1, 2019-June 30, 2020. This statement was prepared by Maze & Associates in conjunction with SVACA staff.

This agenda item contains a copy of the report. An original document is available upon request.

**DOCUMENTS ATTACHED**

Copy of Silicon Valley Animal Control Authority General Purpose Financial Statements for the period from July 1, 2019 to June 30, 2020.

Copy of Memorandum on Internal Control and Required Communications

Annual Valuation-Classic Miscellaneous Plan

Annual Valuation-PEPRA Plan

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**PREPARED BY THE EXECUTIVE DIRECTOR AND ADMINISTRATION DEPARTMENT**

This Page Left Intentionally Blank

**SILICON VALLEY ANIMAL CONTROL AUTHORITY  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Table of Contents**

	<u>Page</u>
<i>Independent Auditor's Report</i> .....	1
<i>Management's Discussion and Analysis</i> .....	3
<b><i>Basic Financial Statements:</i></b>	
Statement of Net Position .....	6
Statement of Revenues, Expenses, and Changes in Net Position .....	7
Statement of Cash Flows .....	8
Notes to the Basic Financial Statements.....	9
<b><i>Required Supplementary Information:</i></b>	
Schedule of the Plans' Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date .....	22
Miscellaneous Plan, a Cost-Sharing Multiple-Employer Defined Pension Plan Schedule of Contributions .....	23
<b><i>Supplemental Information:</i></b>	
Budgetary Schedule of Revenues, Expenses and Changes in Net Position.....	26
Member Operating Contributions .....	27

This Page Left Intentionally Blank



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Silicon Valley Animal Control Authority  
Santa Clara, California

We have audited the accompanying financial statements of the Silicon Valley Animal Control Authority (SVACA) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SVACA's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SVACA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SVACA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of SVACA as of June 30, 2020 and 2019, and changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SVACA's basic financial statements as a whole. The Supplemental Section as listed in the Table of Contents is presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Section is fairly stated in all material respects in relation to the financial statements as a whole.

### *Report on Summarized Comparative Information*

We have previously audited the City's June 30, 2019 financial statements and we expressed unmodified audit opinions on those audited financial statements in our report dated November 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Maze & Associates*

Pleasant Hill, California  
December 15, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Silicon Valley Animal Control Authority has issued the financial reports for fiscal year ending June 30, 2020 based on the provisions of the Government Accounting Standards Board Statement 34, "Basic Financial Statement and Management's Discussion & Analysis—for State and Local Governments," (GASB 34). One of the most significant requirements of GASB 34 is for government entities to prepare financial reports using the full accrual basis of accounting. Since Silicon Valley Animal Control Authority has always been using this method of accounting, changes in its financial reports are primarily in the format of presentation.

GASB 34 requires Silicon Valley Animal Control Authority to provide an overview of financial activities in the fiscal year and it should be read in conjunction with the accompanying financial statements.

### **OVERVIEW OF BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements required under GASB 34 include:

- (1) Statement of Net Positions—provides information about the financial position of Silicon Valley Animal Control Authority, including assets, liabilities and net assets. The difference between this statement and the traditional Balance Sheet is that net assets (fund equity) are shown as the difference between total assets and total liabilities.
- (2) Statement of Activities—presents revenues, expenses and changes in net assets for the fiscal year. It differs with the traditional Statement of Revenues and Expenses in that revenues and expenses directly attributable to operating programs are presented separately from investment income and financing costs.
- (3) Statement of Cash Flows—provides itemized categories of cash flows. This statement differs from the traditional Statement of Cash Flows in that it presents itemized categories of cash in flows and out flows instead of computing the net cash flows from operation by backing out non-cash revenues and expenses from net operating income. In addition, cash flows related to investments and financing activities are presented separately.

### **FISCAL YEAR 2019-2020 FINANCIAL HIGHLIGHTS**

Silicon Valley Animal Control Authority's financial highlights for the fiscal year include the following:

- Total net position at June 30, 2020 was \$5,825,174. At June 30, 2019, total position was \$6,338,585.
- Total operating revenues were \$2,350,670 in FY 2020, while total operating expenses were \$2,995,057.

### **CLAIMS SETTLEMENT AND RESERVES FOR CLAIMS**

During fiscal year 2019-2020 no claims were paid.



## **INVESTMENT ACTIVITIES**

As required by GASB, Silicon Valley Animal Control Authority reports its investments at fair value. At June 30, 2020, Silicon Valley Animal Control Authority had \$1,969,320 invested in the Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California.

## **MAJOR PROGRAM INITIATIVES AND ECONOMIC OUTLOOK**

2019-20 was one of SVACA's most challenging yet due to the COVID-19 Pandemic, yet another recession, civil unrest and most recently, unprecedented local wildfires. As always, staff met the challenges head-on and continued to care for the community's animals at the center come rain or shine or virus or smoke or fire. Animal Control Officers also continued to respond to protect the public's health and safety and attended to all animals who needed us in the field.

Staff will continue to do their all in 2020-21 to continue to provide cost-effective, efficient and humane services to their residents and the animals who need us so very much.

## **CONTACTING PLAN'S FINANCIAL MANAGEMENT**

The Basic Financial Statements are intended to provide Silicon Valley Animal Control Authority members, citizens, creditors and other interested parties a general overview of the Silicon Valley Animal Control Authority's finances. Questions about these statements should be directed to Silicon Valley Animal Control Authority, 3370 Thomas Road, Santa Clara, CA 95054.

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**

**STATEMENT OF NET POSITION  
AND STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN NET POSITION**

The purpose of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position is to summarize SVACA's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all SVACA's assets, liabilities, deferred inflows/outflows of resources, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the SVACA's transactions is taken into account, regardless of whether or when cash changes hands.

The Statement of Net Position reports the difference between SVACA's total assets and deferred outflows of resources and SVACA's total liabilities and deferred inflows of resources, including all SVACA's capital assets and all its long-term debt. The Statement of Net Position presents information in a way that focuses the reader on the composition of SVACA's net position, by subtracting total liabilities from total assets.

The Statement of Revenue, Expenses and Changes in Net Position reports increases and decreases in SVACA's net position. It is also prepared on the full accrual basis, which means it includes all SVACA's revenues and all its expenses, regardless of when cash changes hands.

SILICON VALLEY ANIMAL CONTROL AUTHORITY  
STATEMENT OF NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
Current Assets		
Cash and investments (Note 2):		
Cash in bank	\$973,424	\$426,184
Local Agency Investment Fund	1,969,320	1,929,827
Petty cash	200	200
Accounts receivable, net	2,255	7,340
Prepays	3,453	6,924
Total Current Assets	2,948,652	2,370,475
Capital assets (Note 3):		
Depreciable	6,492,227	6,492,227
Less accumulated depreciation	(2,816,527)	(2,618,247)
Capital assets, net	3,675,700	3,873,980
Total Assets	6,624,352	6,244,455

DEFERRED OUTFLOWS OF RESOURCES

Related to pension (Note 5)	433,727	943,597
Total Deferred Outflows of Resources	433,727	943,597

LIABILITIES

Current Liabilities		
Accounts payable	30,397	45,829
Accrued payroll	50,483	43,829
Accrued compensated absences (Note 1F)	134,802	137,492
Unearned revenue	265,886	
Total Current Liabilities	481,568	227,150
Noncurrent Liabilities		
Collective net pension liability (Note 5)	342,729	586,012
Total Liabilities	824,297	813,162

DEFERRED INFLOWS OF RESOURCES

Related to pension (Note 5)	408,608	36,305
Total Deferred Inflows of Resources	408,608	36,305

NET POSITION (Note 6)

Net investment in capital assets	3,675,700	3,873,980
Restricted:		
Chubz Fund	17,666	4,486
Maddie's Fund	61,438	61,438
Animal Assistance Fund	826	827
Unrestricted	2,069,544	2,397,854
Net Position	\$5,825,174	\$6,338,585

See accompanying notes to basic financial statements

SILICON VALLEY ANIMAL CONTROL AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
<b>PROGRAM OPERATING REVENUES</b>		
Member operating contributions (Note 4)	\$1,983,906	\$1,878,156
Licensing	173,327	183,851
Program fees	185,740	214,625
Miscellaneous	7,697	11,602
Total Operating Revenues	2,350,670	2,288,234
<b>PROGRAM OPERATING EXPENSES</b>		
Advertising	726	605
Assessment	316	
Bank service charges	15,547	36,917
Computer costs	5,845	5,540
Contract veterinarians	8,365	23,551
Wildlife Center contract	26,175	26,175
Facility expenses:		
Utilities	83,241	91,360
Custodial service	24,087	26,188
Building maintenance	35,677	30,583
Communications	11,866	11,355
Dues and subscriptions	2,302	2,830
Equipment expenses	7,998	7,324
Insurance	64,185	56,924
Supplies and miscellaneous	3,203	2,513
Postage/Shipping	10,024	5,395
Printing		282
Professional services	35,335	34,897
Salaries, wages and benefits	2,405,769	1,474,004
Stipend		53,584
Animal care	24,543	22,822
Vehicle expenses	20,897	46,355
Materials, services and supplies (MS&S)	11,331	9,347
Depreciation (Note 3)	197,625	196,675
Total Program Operating Expenses	2,995,057	2,165,226
<b>NET OPERATING INCOME (LOSS)</b>	<b>(644,387)</b>	<b>123,008</b>
<b>NON-OPERATING REVENUES</b>		
Animal Assistance Fund donations	91,483	1,196
Interest income	39,493	45,889
Net Non-Operating Revenues	130,976	47,085
<b>NET CHANGE IN NET POSITION</b>	<b>(513,411)</b>	<b>170,093</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>6,338,585</b>	<b>6,168,492</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$5,825,174</b>	<b>\$6,338,585</b>

See accompanying notes to basic financial statements

SILICON VALLEY ANIMAL CONTROL AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from member agencies	\$1,983,906	\$1,878,156
Cash received from customers	371,849	407,428
Payments for salaries, wages and benefits	(2,401,805)	(1,518,702)
Payments to suppliers	536,347	(988,390)
Payments for Wildlife Center contract and contract veterinarians	(34,540)	(49,726)
Net Cash (Used) Provided by Operating Activities	455,757	(271,234)
<b>CASH FLOWS FROM NON-CAPITAL ACTIVITIES</b>		
Animal Assistance Funds	91,483	1,196
Net Cash Flows Provided by Non-Capital and Related Financing Activities	91,483	1,196
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets		(87,357)
Proceeds from sale of capital assets		2,068
Net Cash Flows (Used) Provided by Capital and Related Financing Activities		(85,289)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	39,493	45,889
Net Cash Provided by Investing Activities	39,493	45,889
<b>NET CASH FLOWS</b>	586,733	(309,438)
<b>CASH AND INVESTMENTS AT BEGINNING OF YEAR</b>	2,356,211	2,665,649
<b>CASH AND INVESTMENTS AT END OF YEAR</b>	\$2,942,944	\$2,356,211
<b>PRESENTATION ON STATEMENT OF NET POSITION:</b>		
Cash in bank	\$973,424	\$426,184
Local Agency Investment Fund	1,969,320	1,929,827
Petty cash	200	200
	\$2,942,944	\$2,356,211
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	(\$644,387)	\$123,008
Depreciation	197,625	196,675
Change in assets and liabilities:		
Accounts receivable	5,740	(2,650)
Prepays	3,471	139
Accounts payable	(15,432)	31,608
Accrued payroll	6,654	(16,866)
Accrued compensated absences	(2,690)	(27,832)
Unearned revenue	265,886	
Net pension liability, deferred inflows and outflows of resources	638,890	(575,316)
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	\$455,757	(\$271,234)

See accompanying notes to basic financial statements

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

Silicon Valley Animal Control Authority (SVACA) is a Joint Powers Agency established in July 2000. SVACA provides animal services to the City of Campbell, City of Monte Sereno, City of Mountain View and the City of Santa Clara. During fiscal year 2020, SVACA was governed by a Board of Directors consisting of one representative each from the Cities of Mountain View, Santa Clara, Campbell and Monte Sereno (see Note 4).

**Mission**

The mission of SVACA is to ensure the well-being of both animals and people through advocacy, education, and cost effective yet efficient services by providing a superior level of care, compassion, and respect for all living things. SVACA's dedicated, passionate and enlightened Board of Directors, Technical Advisory Committee, volunteers and staff accomplish our mission by enforcing animal control laws, offering progressive programs and services, promoting responsible and humane guardianship, investigating cruelty and abuse, and operating a warm, inviting and state-of-the-art animal care center that encourages the community to participate and help us foster life-long relationships between residents and their animal companions.

**Our Vision of the Future**

We envision the day when all residents, their property and neighborhood will be safe from the dangers and nuisances of irresponsible animal owners.

We envision the day when animals will not suffer because of human abuse, neglect or ignorance and will be valued as true companions.

We envision the day when every companion animal born will be assured of a forever home and live a full life free from suffering.

We envision the day when the entire community embraces the spaying and neutering of companion animals and wholeheartedly assists us in ending the unnecessary euthanasia of our beloved animal friends.

We believe success will be ours when no animal is euthanized except those for who euthanasia is an escape from suffering or necessary for the safety of people and other animals.

The following is a summary of significant accounting policies of SVACA, which conform with generally accepted accounting principles applicable to governments.

**B. Basis of Presentation**

SVACA's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. *Fund Accounting***

SVACA is accounted for as an enterprise fund. This fund is a set of self-balancing accounts which comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses.

**D. *Basis of Accounting***

Basis of accounting refers to when revenues and expenses are recognized. SVACA is accounted for using the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when they are incurred. SVACA follows Governmental Accounting Boards Statements.

**E. *Risk Management***

SVACA is a member of the Special Districts Risk Management Association (SDRMA), a joint powers authority which provides annual general liability and physical damage coverage up to \$10,000,000 in the aggregate. SVACA has a \$500 deductible for general liability claims and has a \$1,000 deductible for physical damage claims. SVACA also has workers' compensation insurance with SDRMA which covers employers' liability and workers' compensation insurance commercially up to \$5,000,000 and statutory limit respectively. SVACA has no self-insured retention for workers' compensation claims.

SDRMA is governed by a board consisting of representatives from member municipalities. The board controls the operations of SDRMA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

SVACA's premiums are based upon the following factors: claims history, total payroll, SVACA's exposure, the results of an on-site underwriting inspection, total insurable values, and employee classification ratings. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating which generally occurs in the third year after the completion of the program year.

SVACA has not had any claims exceeding coverage in any of the past four years.

**F. *Accrued Compensated Absences***

The liability for accrued compensated absences is recorded as an expense when vacation is earned. Accumulated vacation is computed using current employee accumulated vacation hours at current pay rates. Sick leave does not vest and is not accrued.

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. *Deferred Outflows and Inflows of Resources***

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**H. *Fair Value Measurements***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**I. *Estimates***

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**J. *Prior Fiscal Year Summarized Comparative Information***

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2019, from which summarized information was derived.



**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020**

**NOTE 2 – CASH AND INVESTMENTS**

**A. Policies**

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of SVACA’s cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law this collateral is held in SVACA’s name and places SVACA ahead of general creditors of the institution. SVACA has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

SVACA adjusts the carrying value of its investments to reflect their fair market value at each fiscal year end, and it includes the effects of these adjustments in interest income for that fiscal year.

**B. Investments Authorized by SVACA’s Investment Policy**

SVACA’s investment policy authorizes investments in the local government investment pool administered by the State of California (LAIF) and certificates of deposit up to \$250,000, collateralized at 110% of value.

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Cash and investments as of June 30, 2020 consist of the following:

Cash in bank	\$973,424
Local Agency Investment Fund	1,969,320
Cash on hand	<u>200</u>
Total cash and investments	<u><u>\$2,942,944</u></u>

SVACA is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. SVACA reports its investment in LAIF at the fair value amount provided by LAIF. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2020, these investments matured in an average of 191 days.

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**D. Credit Rate Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

**NOTE 3 – CAPITAL ASSETS**

Capital assets are recorded at cost and depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of fixed assets over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of the capital assets.

Depreciation of capital assets in service is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. SVACA has assigned useful lives as follows: Building – 30 years, equipment and furniture - 3 to 7 years, and vehicles - 5 to 10 years. SVACA capitalizes capital assets exceeding \$500.

Capital assets comprised the following at June 30, 2020:

	Balance June 30, 2019	Additions	Balance June 30, 2020
Capital assets being depreciated			
Building	\$5,812,752		\$5,812,752
Equipment & furniture	531,825		531,825
Vehicles	147,650		147,650
Total capital assets being depreciated	<u>6,492,227</u>		<u>6,492,227</u>
Less accumulated depreciation for:			
Building	(2,018,056)	(\$175,113)	(2,193,169)
Equipment & furniture	(488,659)	(14,133)	(502,792)
Vehicles	(111,532)	(9,034)	(120,566)
Total accumulated depreciation	<u>(2,618,247)</u>	<u>(198,280)</u>	<u>(2,816,527)</u>
Capital assets, net	<u>\$3,873,980</u>	<u>(\$198,280)</u>	<u>\$3,675,700</u>

**SILICON VALLEY ANIMAL CONTROL AUTHORITY  
BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2020**

**NOTE 4 – MEMBER OPERATING CONTRIBUTIONS**

Operations of SVACA are funded by member contributions. Contributions for field operations are based on a formula weighted on 50% calls for service, 25% population and 25% square miles. The allocation formula for the Shelter is based on the number of animals received at the animal care center.

Member operating contributions were as follows for the year ended June 30, 2020:

Members	Contribution Amount	Contribution Percentage
City of Campbell	\$325,162	16.38%
City of Monte Sereno	32,470	1.64%
City of Mountain View	505,433	25.48%
City of Santa Clara	1,120,841	56.50%
Total	<u>\$1,983,906</u>	<u>100.00%</u>

**NOTE 5 – PENSION PLAN**

**A. General Information about the Pension Plan**

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in SVACA’s Miscellaneous Employee Pension Rate Plans. SVACA’s Miscellaneous Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. SVACA sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and SVACA resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020**

**NOTE 5 – PENSION PLAN (Continued)**

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.00% to 2.50%
Required employee contribution rates	7.000%	6.75%
Required employer contribution rates	9.680%	6.985%
Required Unfunded Actuarial Liability Contribution	\$28,270	

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. SVACA’s required contribution for the unfunded liability and side fund was \$28,270 in fiscal year 2020.

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. SVACA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for the Plan were \$143,990.

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020**

**NOTE 5 – PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2020, SVACA reported a net pension liability of \$342,729 for its proportionate share of the net pension liability of the Plan.

SVACA's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. SVACA's proportion of the net pension liability was based on a projection of SVACA's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. SVACA's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.015549%
Proportion - June 30, 2019	<u>0.008559%</u>
Change - Increase (Decrease)	<u><u>-0.00699%</u></u>

For the year ended June 30, 2020, SVACA recognized a pension expense of \$638,890. At June 30, 2020, SVACA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$143,990	
Differences between actual and expected experience	23,803	(\$1,844)
Changes in assumptions	16,343	(5,793)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	249,591	(394,979)
Net differences between projected and actual earnings on plan investments		<u>(5,992)</u>
<b>Total</b>	<u><u>\$433,727</u></u>	<u><u>(\$408,608)</u></u>

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020**

**NOTE 5 – PENSION PLAN (Continued)**

\$143,990 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2021	(\$57,052)
2022	(82,135)
2023	19,105
2024	1,211
Total	<u><u>(\$118,871)</u></u>

**Actuarial Assumptions** – For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

	Miscellaneous (1)
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	3.2% - 12.2% (2)
Investment Rate of Return	7.15% (3)
Mortality Rate Table	Derived using CalPers Membership Data for all Funds (4)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) Actuarial assumptions are the same for all benefit tiers ( Classic Tier I, Classic Tire II, and PEPRA)

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expenses, including inflation

(4) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) available on CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the result as of a December 2017 actuarial experience study for the period of 1997 to 2015. Further details of the Experience study can be found on the CalPERS website.

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020**

**NOTE 5 – PENSION PLAN (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected benefits payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rate of return by asset class.

Asset Class (a)	Current Target Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets		0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

- (a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

**SILICON VALLEY ANIMAL CONTROL AUTHORITY  
BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2020**

**NOTE 5 – PENSION PLAN (Continued)**

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following presents SVACA’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what SVACA’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$864,734
Current Discount Rate	7.15%
Net Pension Liability	\$342,729
1% Increase	8.15%
Net Pension Liability	(\$88,149)

***Pension Plan Fiduciary Net Position*** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

***Subsequent Event - CalPERS Pension Contribution Rates*** - The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the Authority’s contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.



**SILICON VALLEY ANIMAL CONTROL AUTHORITY  
BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2020**

**NOTE 6 – NET POSITION**

Net Position is the excess of all SVACA’s assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position is divided into three captions as described below:

*Net investment in capital assets*, describes the portion of Net Position which is represented by the current net book value of SVACA’s capital assets.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which SVACA cannot unilaterally alter.

*Unrestricted* describes the portion of Net Position which is not restricted to use.

The Board of Directors has designated the amounts of unrestricted net position below for the purposes listed:

<u>Designated</u>	
Shelter Project	\$338,855
Capital Project Improvement Fund	34,000
Operating Reserve Fund	197,968
Vehicle Replacement Fund	57,332
Reserve for Unknown Losses	<u>347,072</u>
Total	<u><u>\$975,227</u></u>

**NOTE 7 – CONTINGENT LIABILITIES**

SVACA is subject to litigation arising in the normal course of business. In the opinion of SVACA’s legal counsel there is no pending litigation which is likely to have a material adverse effect on the financial position of SVACA.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Silicon Valley Animal Control Authority - Miscellaneous Plan,  
a Cost-Sharing Multiple-Employer Defined Pension Plan  
As of fiscal year ending June 30, 2019  
Last 10 Years\***

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE**

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Plan's proportion of the Net Pension Liability	0.00561%	0.01252%	0.01406%	0.01524%	0.01555%	0.85586%
Plan's proportionate share of the Net Pension Liability	\$349,247	\$343,574	\$488,291	\$600,963	\$586,012	\$342,729
Plan's Covered Payroll	\$1,242,627	\$1,271,997	\$1,298,269	\$1,336,816	\$1,401,394	\$1,452,816
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	28.11%	27.01%	37.61%	44.95%	41.82%	23.59%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	81.15%	79.89%	75.87%	75.39%	77.69%	77.73%

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumptions.** GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016 and 2018, (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts were based on the 7.5% discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

\* Fiscal year 2015 was the 1st year of implementation. Additional years will be displayed as they become available.

**Silicon Valley Animal Control Authority - Miscellaneous Plan,  
a Cost-Sharing Multiple-Employer Defined Pension Plan  
As of fiscal year ending June 30, 2019  
Last 10 Years\***

**SCHEDULE OF CONTRIBUTIONS**

<b>For the Year Ended June 30</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Actuarially determined contribution	\$117,101	\$48,497	\$111,023	\$100,238	\$455,423	\$143,990
Contributions in relation to the actuarially determined contributions	117,101	48,497	111,023	100,238	455,423	143,990
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
<b>Covered payroll</b>	<b>\$1,271,997</b>	<b>\$1,298,269</b>	<b>\$1,336,816</b>	<b>\$1,401,394</b>	<b>\$1,452,816</b>	<b>\$1,457,319</b>
Contributions as a percentage of covered payroll	9.21%	3.74%	8.31%	7.15%	31.35%	9.88%
<b>Notes to Schedule</b>						
Valuation date	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll
Remaining amortization period	15 Years as of the Valuation Date
Asset valuation method	Market Value of Assets
Inflation	2.75%
Salary increase	3.3% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50% for 2015 to 2018 7.375% for 2019, net of administrative expenses, includes inflation.
Retirement age	The probabilities of retirement and mortality are based on 2014 CalPERS experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation. Additional years will be displayed as they become available.

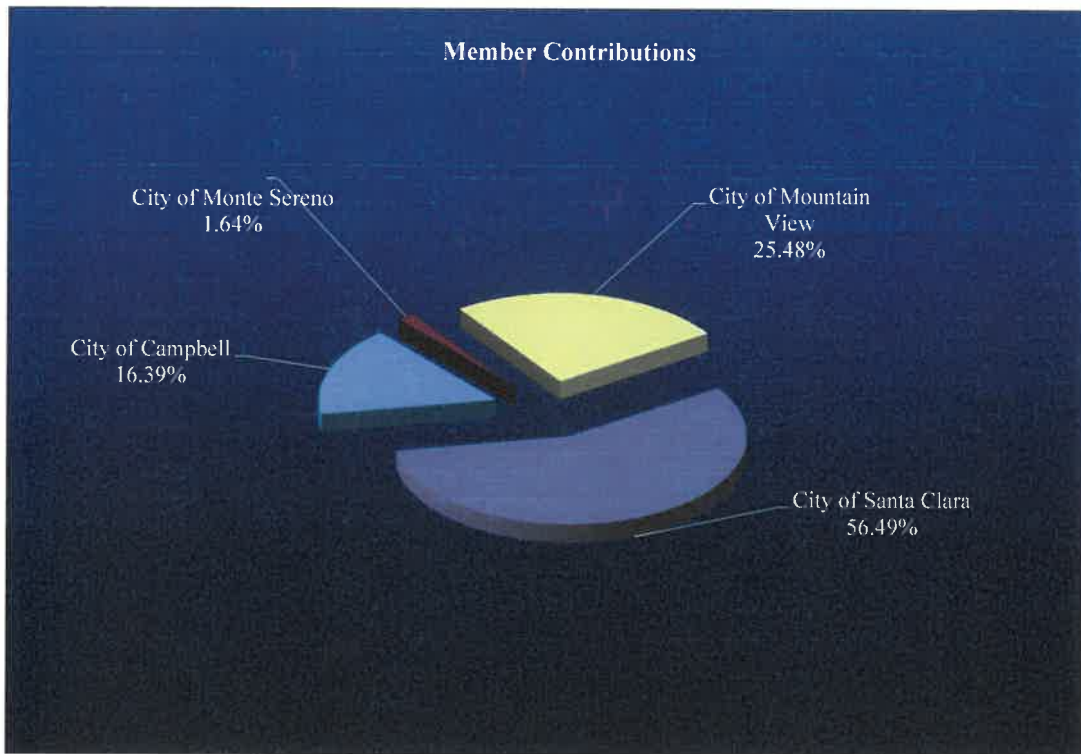
This Page Left Intentionally Blank

**SUPPLEMENTAL INFORMATION**

SILICON VALLEY ANIMAL CONTROL AUTHORITY  
 BUDGETARY SCHEDULE OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>PROGRAM OPERATING REVENUES</b>			
Member operating contributions	\$1,983,907	\$1,983,906	(\$1)
Licensing	200,000	173,540	(\$26,460)
Less: Fees waived for Return to Owner Hardship Fund	(213)	(213)	
Program fees	240,000	185,740	(54,260)
Miscellaneous		7,697	7,697
Total Operating Revenues	<u>2,423,694</u>	<u>2,350,670</u>	<u>(73,024)</u>
<b>PROGRAM OPERATING EXPENSES</b>			
Advertising	500	726	(226)
Assessment		316	
Bank service charges	20,000	15,547	4,453
Computer costs	10,600	5,845	4,755
Contract veterinarians	10,000	8,365	1,635
Wildlife Center contract	26,175	26,175	
Facility expenses:			
Utilities		83,241	(83,241)
Custodial service	29,445	24,087	5,358
Building maintenance	40,000	35,677	4,323
Other Facility expenses	90,000		90,000
Communications	17,900	11,866	6,034
Dues and subscriptions	2,000	2,302	(302)
Equipment expenses	11,500	7,998	3,502
Insurance	55,000	64,185	(9,185)
Supplies and miscellaneous	2,500	3,203	(703)
Postage/Shipping	10,000	10,024	(24)
Printing			
Professional services	33,700	35,335	(1,635)
Salaries, wages and benefits	2,029,988	2,405,769	(375,781)
Stipend			
Animal care	23,000	24,543	(1,543)
Vehicle expenses	25,000	20,897	4,103
Materials, services and supplies (MS&S)	16,000	11,331	4,669
Depreciation		197,625	(197,625)
Total Program Operating Expenses	<u>2,453,308</u>	<u>2,995,057</u>	<u>(541,433)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(\$29,614)</u>	<u>(644,387)</u>	<u>(\$614,457)</u>
<b>NON-OPERATING REVENUES</b>			
Animal Assistance Fund donations		91,483	
Interest income		39,493	
Net Non-Operating Revenues		<u>130,976</u>	
<b>NET CHANGE IN NET POSITION</b>		(513,411)	
<b>NET POSITION AT BEGINNING OF YEAR</b>		<u>6,338,585</u>	
<b>NET POSITION AT END OF YEAR</b>		<u>\$5,825,174</u>	

**SILICON VALLEY ANIMAL CONTROL AUTHORITY  
MEMBER OPERATING CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2020**



Members	Operating Contribution	Contribution Percentage
City of Campbell	\$325,162	16.39%
City of Monte Sereno	32,470	1.64%
City of Mountain View	505,433	25.48%
City of Santa Clara	1,120,841	56.50%
<b>Total</b>	<b>\$1,983,906</b>	<b>100.01%</b>



This Page Left Intentionally Blank