

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

**AGENDA ITEM**

## **General Purpose Financial Statements FY 2022-2023**

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### **RECOMMENDED MOTION**

That the General Purpose Financial Statements for the period from July 1, 2022 to June 30, 2023 prepared by Maze & Associates be received and filed.

### **DISCUSSION**

The following Financial Statement covers the period of July 1, 2022-June 30, 2023. 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, 2022 to June 30, 2023.

Copy of Memorandum on Internal Control and Required Communications

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

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**SILICON VALLEY ANIMAL CONTROL AUTHORITY  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### *Opinions*

We have audited the accompanying financial statements of the Silicon Valley Animal Control Authority (SVACA), California as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise SVACA's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SVACA as of June 30, 2023, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SVACA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SVACA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SVACA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Report on Summarized Comparative Information***

We have previously audited SVACA's June 30, 2022 financial statements and we expressed unmodified audit opinions on those audited financial statements in our report dated December 16, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the 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 is the responsibility of management and, 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SVACA's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maze & Associates*

Pleasant Hill, California  
December 21, 2023



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

Silicon Valley Animal Control Authority has issued the financial reports for fiscal year ending June 30, 2023 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 2022-2023 FINANCIAL HIGHLIGHTS**

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

- Total net position at June 30, 2023 was \$7,241,645. At June 30, 2022, total position was \$7,834,457.
- Total operating revenues were \$2,379,360 in FY 2023, while total operating expenses were \$3,026,941.

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

During fiscal year 2022-2023 no claims were paid.

## **INVESTMENT ACTIVITIES**

As required by GASB, Silicon Valley Animal Control Authority reports its investments at fair value. At June 30, 2023, Silicon Valley Animal Control Authority had \$3,854,263 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**

2022-23 was yet another difficult year due to the pandemic and record demand for services. Over three years of pandemic related issues have dramatically altered how shelters operate and stressed what we collectively can do for animals. It has been extremely challenging to operate through the various closures, restrictions, changes in public attitudes and requests, increase in animal intake, and a unique employment market yet we attempted to meet all demands and hold the agency together as best we could. The SVACA Team will once again do their all in 2023-24 to provide cost-effective, efficient, and humane services to residents and the animals who need us the most.

## **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, 2023 AND 2022

ASSETS

|                                | 2023             | 2022             |
|--------------------------------|------------------|------------------|
| <b>Current Assets</b>          |                  |                  |
| Cash and investments (Note 2): |                  |                  |
| Cash in bank                   | \$489,128        | \$764,754        |
| Local Agency Investment Fund   | 3,854,263        | 3,764,186        |
| Petty cash                     | 200              | 200              |
| Accounts receivable, net       | 4,153            | 4,973            |
| Prepays                        | 1,353            | 2,351            |
| <b>Total Current Assets</b>    | <b>4,349,097</b> | <b>4,536,464</b> |
| Net pension asset              |                  | 153,669          |
| Capital assets (Note 3):       |                  |                  |
| Depreciable                    | 6,503,509        | 6,502,501        |
| Less accumulated depreciation  | (3,384,009)      | (3,203,128)      |
| <b>Capital assets, net</b>     | <b>3,119,500</b> | <b>3,299,373</b> |
| <b>Total Assets</b>            | <b>7,468,597</b> | <b>7,989,506</b> |

DEFERRED OUTFLOWS OF RESOURCES

|   |                |                |
|---|----------------|----------------|
| Related to pension (Note 5)                 | 710,659        | 453,064        |
| <b>Total Deferred Outflows of Resources</b> | <b>710,659</b> | <b>453,064</b> |

LIABILITIES

|   |                |                |
|---|----------------|----------------|
| <b>Current Liabilities</b>                |                |                |
| Accounts payable                          | 5,750          | 12,505         |
| Accrued payroll                           | 27,406         | 28,134         |
| Accrued compensated absences (Note 1H)    | 142,738        | 154,774        |
| Unearned revenue                          | 6,110          | 275,317        |
| <b>Total Current Liabilities</b>          | <b>182,004</b> | <b>470,730</b> |
| <b>Noncurrent Liabilities</b>             |                |                |
| Collective net pension liability (Note 5) | 649,800        |                |
| <b>Total Liabilities</b>                  | <b>831,804</b> | <b>470,730</b> |

DEFERRED INFLOWS OF RESOURCES

|  |                |                |
|--|----------------|----------------|
| Related to pension (Note 5)                | 105,807        | 137,383        |
| <b>Total Deferred Inflows of Resources</b> | <b>105,807</b> | <b>137,383</b> |

NET POSITION (Note 6)

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
| Net investment in capital assets | 3,119,500          | 3,492,900          |
| Restricted:                      |                    |                    |
| Chubz Fund                       | 4,486              | 4,486              |
| Maddie's Fund                    | 61,438             | 61,438             |
| Animal Assistance Fund           | 827                | 827                |
| Unrestricted                     | 4,055,394          | 4,274,806          |
| <b>Net Position</b>              | <b>\$7,241,645</b> | <b>\$7,834,457</b> |

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, 2023 AND 2022

|   | 2023               | 2022               |
|---|--------------------|--------------------|
| <b>PROGRAM OPERATING REVENUES</b>         |                    |                    |
| Member operating contributions (Note 4)   | \$1,949,264        | \$1,880,407        |
| Licensing                                 | 160,951            | 182,295            |
| Program fees                              | 263,137            | 210,689            |
| Miscellaneous                             | 6,008              | 3,934              |
|   | 2,379,360          | 2,277,325          |
| <b>PROGRAM OPERATING EXPENSES</b>         |                    |                    |
| Advertising                               |                    | 114                |
| Assessment                                | 104                | 173                |
| Bank service charges                      | 12,659             | 15,400             |
| Computer costs                            | 8,788              | 10,728             |
| Contract veterinarians                    | 3,773              | 13,197             |
| Wildlife Center contract                  | 25,480             | 24,738             |
| Facility expenses:                        |                    |                    |
| Utilities                                 | 89,346             | 107,231            |
| Custodial service                         | 48,897             | 24,394             |
| Building maintenance                      | 51,366             | 31,145             |
| Communications                            | 7,424              | 7,859              |
| Dues and subscriptions                    | 3,122              | 1,980              |
| Equipment expenses                        | 7,913              | 5,583              |
| Insurance                                 | 91,370             | 79,863             |
| Supplies and miscellaneous                | 1,245              | 1,856              |
| Postage/Shipping                          | 3,628              | 7,458              |
| Printing                                  | 33                 | 191                |
| Professional services                     | 50,473             | 35,953             |
| Salaries, wages and benefits              | 2,377,332          | 990,043            |
| Animal care                               | 27,152             | 23,226             |
| Vehicle expenses                          | 20,810             | 24,515             |
| Materials, services and supplies (MS&S)   | 1,936              | 2,423              |
| Depreciation (Note 3)                     | 194,090            | 194,533            |
|   | 3,026,941          | 1,602,603          |
| <b>NET OPERATING INCOME (LOSS)</b>        | <b>(647,581)</b>   | <b>674,722</b>     |
| <b>NON-OPERATING REVENUES (Expenses)</b>  |                    |                    |
| Animal Assistance Fund donations revenue  | 125,520            | 77,643             |
| Animal Assistance Fund donations expenses | (139,559)          | (132,179)          |
| Interest income                           | 68,808             | 521                |
|   | 54,769             | (54,015)           |
| <b>NET CHANGE IN NET POSITION</b>         | <b>(592,812)</b>   | <b>620,707</b>     |
| <b>NET POSITION AT BEGINNING OF YEAR</b>  | <b>7,834,457</b>   | <b>7,213,636</b>   |
| <b>NET POSITION AT END OF YEAR</b>        | <b>\$7,241,645</b> | <b>\$7,834,457</b> |

See accompanying notes to basic financial statements

SILICON VALLEY ANIMAL CONTROL AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

|  | 2023        | 2022        |
|--|-------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |             |             |
| Cash received from member agencies   | \$1,949,264 | \$1,880,407 |
| Cash received from customers   | 430,916     | 396,075     |
| Payments for salaries, wages and benefits  | (2,390,096) | (952,928)   |
| Payments to suppliers  | (186,932)   | (954,766)   |
| Payments for Wildlife Center contract and contract veterinarians                                   | (29,253)    | (37,935)    |
| Net Cash (Used) Provided by Operating Activities   | (226,101)   | 330,853     |
| <b>CASH FLOWS FROM NON-CAPITAL ACTIVITIES</b>  |             |             |
| Animal Assistance Funds receipts   | 125,520     | 77,643      |
| Animal Assistance Funds payments   | (139,560)   | (132,179)   |
| Net Cash Flows Provided by Non-Capital<br>and Related Financing Activities                         | (14,040)    | (54,536)    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                                |             |             |
| Purchases of capital assets  | (14,216)    | (1,006)     |
| Net Cash Flows (Used) Provided by Capital<br>and Related Financing Activities                      | (14,216)    | (1,006)     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |             |             |
| Interest income  | 68,808      | 521         |
| Net Cash Provided by Investing Activities  | 68,808      | 521         |
| <b>NET CASH FLOWS</b>  | (185,549)   | 275,832     |
| <b>CASH AND INVESTMENTS AT BEGINNING OF YEAR</b>   | 4,529,140   | 4,253,308   |
| <b>CASH AND INVESTMENTS AT END OF YEAR</b>   | \$4,343,591 | \$4,529,140 |
| <b>PRESENTATION ON STATEMENT OF NET POSITION:</b>  |             |             |
| Cash in bank   | \$489,128   | \$764,754   |
| Local Agency Investment Fund   | 3,854,263   | 3,764,186   |
| Petty cash   | 200         | 200         |
|  | \$4,343,591 | \$4,529,140 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>PROVIDED BY OPERATING ACTIVITIES:</b> |             |             |
| Operating income (loss)  | (\$647,581) | \$674,836   |
| Depreciation   | 194,090     | 194,533     |
| Change in assets and liabilities:  |             |             |
| Accounts receivable  | 820         | (843)       |
| Prepays  | 998         | 2,751       |
| Accounts payable   | (6,755)     | 745         |
| Accrued payroll  | (728)       | (11,538)    |
| Accrued compensated absences   | (12,036)    | 48,653      |
| Unearned revenue   | (269,207)   | 275,317     |
| Net pension liability, deferred inflows and outflows of resources                                  | 514,298     | (853,601)   |
| <b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>  | (\$226,101) | \$330,853   |

See accompanying notes to basic financial statements

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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 2023, 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 Year Ended June 30, 2023**

**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. *Leases***

As clarified by the Government Accounting Standards Board (GASB) Statement No. 87, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The Authority recognizes lease receivables or liabilities with an initial, individual value of \$150,000 or more, based on the future lease payments remaining at the start of the lease.

SVACA has no leases subject to GASB#87 for the fiscal year 2023.

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

**G. *Subscription-Based Information Technology Arrangements (SBITAs) Accounting***

As clarified by the Government Accounting Standards Board (GASB) Statement No. 96, a Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the Authority initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets. The Authority recognizes SBITA liabilities with an initial, individual value of \$150,000 or more, based on the future SBITA payments remaining at the start of the contract.

Key estimates and judgments related to SBITAs include how the Authority determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The Authority uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the Authority uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with liabilities on the statement of net position.

The Authority has no SBITA subject to GASB#96 for the fiscal year 2023.

**H. *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 Year Ended June 30, 2023**

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

***I. 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.

***J. 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.

***K. 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.

***L. 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 Authority's financial statements for the year ended June 30, 2022, from which summarized information was derived.

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**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, 2023 consist of the following:

|                              |             |
|------------------------------|-------------|
| Cash in bank                 | \$489,128   |
| Local Agency Investment Fund | 3,854,263   |
| Cash on hand                 | 200         |
| Total cash and investments   | \$4,343,591 |

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, 2023, these investments matured in an average of 260 days.

**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.

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**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, 2023:

|  | Balance<br>June 30, 2022 | Additions          | Retirements     | Balance<br>June 30, 2023 |
|--|--------------------------|--------------------|-----------------|--------------------------|
| Capital assets being depreciated       |                          |                    |                 |                          |
| Building                               | \$5,812,752              |                    |                 | \$5,812,752              |
| Equipment & furniture                  | 542,099                  | \$14,216           | (\$13,208)      | 543,107                  |
| Vehicles                               | 147,650                  |                    |                 | 147,650                  |
| Total capital assets being depreciated | <u>6,502,501</u>         | <u>14,216</u>      | <u>(13,208)</u> | <u>6,503,509</u>         |
| Less accumulated depreciation for:     |                          |                    |                 |                          |
| Building                               | (2,543,398)              | (175,112)          |                 | (2,718,510)              |
| Equipment & furniture                  | (521,754)                | (10,529)           | 13,208          | (519,075)                |
| Vehicles                               | (137,976)                | (8,448)            |                 | (146,424)                |
| Total accumulated depreciation         | <u>(3,203,128)</u>       | <u>(194,089)</u>   | <u>13,208</u>   | <u>(3,384,009)</u>       |
| Capital assets, net                    | <u>\$3,299,373</u>       | <u>(\$179,873)</u> |                 | <u>\$3,119,500</u>       |

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**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, 2023:

| Members               | Contribution<br>Amount | Contribution<br>Percentage |
|-----------------------|------------------------|----------------------------|
| City of Campbell      | \$319,484              | 16.38%                     |
| City of Monte Sereno  | 31,903                 | 1.64%                      |
| City of Mountain View | 496,608                | 25.48%                     |
| City of Santa Clara   | 1,101,269              | 56.50%                     |
| Total                 | \$1,949,264            | 100.00%                    |

**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.

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**NOTE 5 – PENSION PLAN (Continued)**

The Plan’s provisions and benefits in effect at June 30, 2023, are summarized as follows:

|  | Prior to<br>January 1, 2013 | On or after<br>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               | 7.00%                       | 6.75%                          |
| Required employer contribution rates               | 10.32%                      | 7.47%                          |
| Required Unfunded Actuarial Liability Contribution | \$45,850                    |                                |

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 \$45,850 in fiscal year 2023.

**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, 2023, the contributions recognized as part of pension expense for the Plan were \$169,156.

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

As of June 30, 2023, SVACA reported a net pension liability of \$649,800 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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

|                              |                 |
|------------------------------|-----------------|
| Proportion - June 30, 2021   | -0.008093%      |
| Proportion - June 30, 2022   | 0.013890%       |
| Change - Increase (Decrease) | <u>0.02198%</u> |

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**NOTE 5 – PENSION PLAN (Continued)**

For the year ended June 30, 2023, SVACA recognized a pension expense of \$683,454. At June 30, 2023, SVACA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Pension contributions subsequent to measurement date   | \$169,156                                 |  |
| Differences between actual and expected experience   | 13,049                                    | (\$8,740)                                |
| Changes of assumptions   | 66,586                                    |  |
| Change in employer's proportion and differences between<br>the employer's contributions and the employer's<br>proportionate share of contributions | 342,842                                   | (97,067)                                 |
| Net differences between projected and actual earnings<br>on plan investments   | <u>119,026</u>                            |  |
| Total  | <u><u>\$710,659</u></u>                   | <u><u>(\$105,807)</u></u>                |

\$169,156 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Year Ended<br/>June 30</u> | <u>Annual<br/>Amortization</u> |
|-------------------------------|--------------------------------|
| 2024                          | \$137,195                      |
| 2025                          | 143,543                        |
| 2026                          | 82,158                         |
| 2027                          | <u>72,800</u>                  |
| Total                         | <u><u>\$435,696</u></u>        |



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**NOTE 5 – PENSION PLAN (Continued)**

**Actuarial Assumptions** – For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

|                                  | Miscellaneous (1)  |
|----------------------------------|--|
| Valuation Date                   | June 30, 2021  |
| Measurement Date                 | June 30, 2022  |
| Actuarial Cost Method            | Entry-Age Normal Cost Method   |
| Actuarial Assumptions:           |  |
| Discount Rate                    | 6.90%  |
| Inflation                        | 2.30%  |
| Payroll Growth                   | 2.80%  |
| Projected Salary Increase        | Varies by entry age and service (1)  |
| Investment Rate of Return        | 6.90% (2)  |
| Mortality Rate Table             | Derived using CalPERS Membership Data for all Funds (3)  |
| Post Retirement Benefit Increase | The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter |

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

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

(3) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the result as of a November 2021 actuarial experience study for the period of 2001 to 2019. Further details of the Experience study can be found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability for the Plan was 6.90%. 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.

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
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**NOTE 5 – PENSION PLAN (Continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rate of return by asset class are as follows:

| Asset Class (1)                | Assumed<br>Asset<br>Allocation | Real Return<br>1,2 |
|--------------------------------|--------------------------------|--------------------|
| Global Equity-Cap Weighted     | 30.00%                         | 4.54%              |
| Global Equity-Non-Cap Weighted | 12.00%                         | 3.84%              |
| Private Equity                 | 13.00%                         | 7.28%              |
| Treasury                       | 5.00%                          | 0.27%              |
| Mortgage-backed Securities     | 5.00%                          | 0.50%              |
| Investment Grade Corporates    | 10.00%                         | 1.56%              |
| High Yield                     | 5.00%                          | 2.27%              |
| Emerging Market Debt           | 5.00%                          | 2.48%              |
| Private Debt                   | 5.00%                          | 3.57%              |
| Real Assets                    | 15.00%                         | 3.21%              |
| Leverage                       | -5.00%                         | -0.59%             |
| Total                          | 100%                           |                    |

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

***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           | 5.90%       |
| Net Pension Liability | \$1,377,585 |
| Current Discount Rate | 6.90%       |
| Net Pension Liability | \$649,800   |
| 1% Increase           | 7.90%       |
| Net Pension Liability | \$51,013    |

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

**SILICON VALLEY ANIMAL CONTROL AUTHORITY**  
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**NOTE 5 – PENSION PLAN (Continued)**

*Subsequent Event - Reduction of CalPERS Discount Rate* - On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the Board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions are reflected in the GASB 68 accounting valuation reports for the June 30, 2022 measurement date.

**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               |
| Operating Reserve Fund     | 197,968                 |
| Vehicle Replacement Fund   | 57,332                  |
| Reserve for Unknown Losses | <u>15,849</u>           |
| Total                      | <u><u>\$610,004</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, 2023  
Last 10 Years\***

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

| <b>Measurement Date</b>   | <u>6/30/2014</u>   | <u>6/30/2015</u>   | <u>6/30/2016</u>   | <u>6/30/2017</u>   | <u>6/30/2018</u>   | <u>6/30/2019</u>   | <u>6/30/2020</u>   | <u>6/30/2021</u>   | <u>6/30/2022</u>   |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Plan's proportion of the Net Pension Liability  | 0.00561%           | 0.01252%           | 0.01406%           | 0.01524%           | 0.01555%           | 0.85586%           | 0.00104%           | -0.00809%          | 0.01389%           |
| Plan's proportionate share of the Net Pension Liability (Asset)   | <u>\$349,247</u>   | <u>\$343,574</u>   | <u>\$488,291</u>   | <u>\$600,963</u>   | <u>\$586,012</u>   | <u>\$342,729</u>   | <u>\$440,400</u>   | <u>(\$153,669)</u> | <u>\$649,800</u>   |
| Plan's Covered Payroll  | <u>\$1,242,627</u> | <u>\$1,271,997</u> | <u>\$1,298,269</u> | <u>\$1,336,816</u> | <u>\$1,401,394</u> | <u>\$1,452,816</u> | <u>\$1,457,319</u> | <u>\$1,348,745</u> | <u>\$1,393,765</u> |
| Plan's Proportionate Share of the Net Pension Liability (Asset)<br>as a Percentage of its Covered Payroll | 28.11%             | 27.01%             | 37.61%             | 44.95%             | 41.82%             | 23.59%             | 30.22%             | 11.39%             | -46.62%            |
| Plan's Fiduciary Net Position as a Percentage of the Total<br>Pension Liability                           | 81.15%             | 79.89%             | 75.87%             | 75.39%             | 77.69%             | 77.73%             | 77.71%             | 88.29%             | 76.68%             |

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30 valuation date. 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.** In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, 2020 and 2021, there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

\* 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, 2022  
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>        | <b>2021</b>        | <b>2022</b>        | <b>2023</b>        |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution                                   | \$117,101          | \$48,497           | \$111,023          | \$100,238          | \$455,423          | \$143,990          | \$156,290          | \$160,454          | \$169,156          |
| Contributions in relation to the actuarially determined contributions | 117,101            | 48,497             | 111,023            | 100,238            | 455,423            | 143,990            | 156,290            | 160,454            | 169,156            |
| Contribution deficiency (excess)                                      | \$0                | \$0                | \$0                | \$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> | <b>\$1,348,745</b> | <b>\$1,393,765</b> | <b>\$1,405,444</b> |
| Contributions as a percentage of covered payroll                      | 9.21%              | 3.74%              | 8.31%              | 7.15%              | 31.35%             | 9.88%              | 11.59%             | 11.51%             | 12.04%             |
| <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          | 6/30/2018          | 6/30/2019          | 6/30/2020          |

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% for 2015 to 2019, 6.25% for 2020, 2.50% for 2021 and 2022, and 2.30% for 2023  |
| Salary increase               | Varies by entry age and service  |
| Investment rate of return     | 7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, 7.00% for 2021 and 2022 and 6.80% for 2023, net of administrative expenses, including inflation.  |
| Retirement age                | The probabilities of retirement are based on the CalPERS Experience Study.   |
| Mortality                     | The probabilities of mortality are based on the 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 for 2015 to 2018. For 2019, 2020 2021, and 2022, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For 2023, pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. |

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

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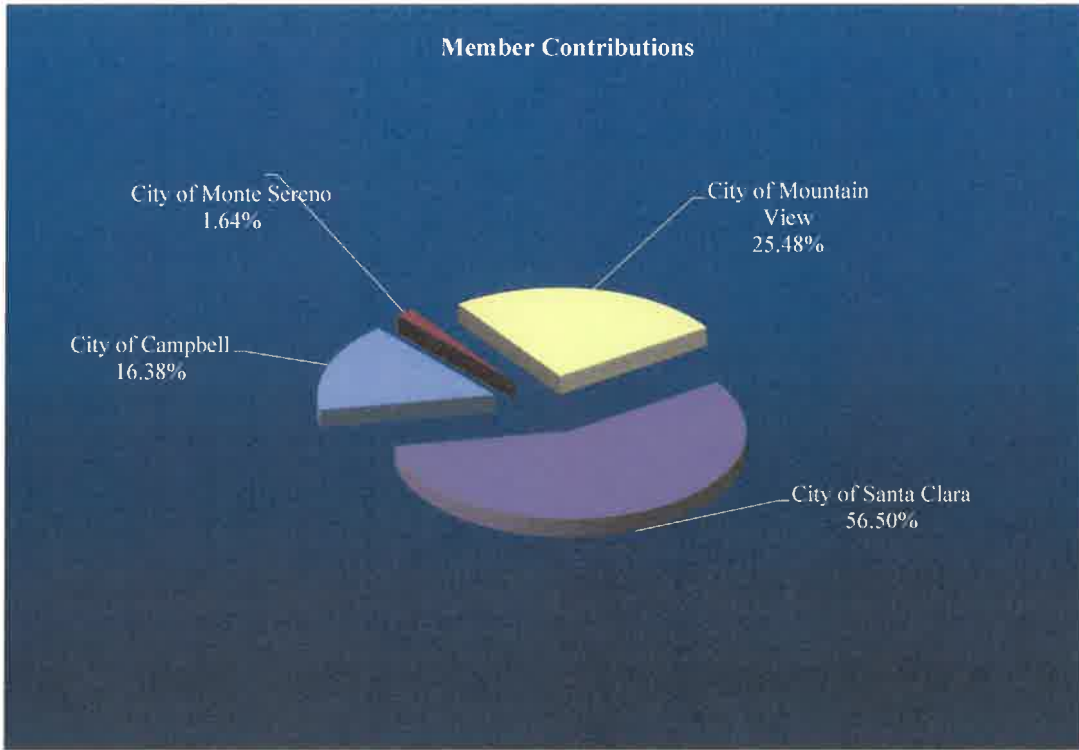
**SUPPLEMENTAL INFORMATION**



SILICON VALLEY ANIMAL CONTROL AUTHORITY  
 BUDGETARY SCHEDULE OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023

|   | Budget            | Actual             | Variance-<br>Positive<br>(Negative) |
|---|-------------------|--------------------|-------------------------------------|
| <b>PROGRAM OPERATING REVENUES</b>                   |                   |                    |                                     |
| Member operating contributions                      | \$1,949,264       | \$1,949,264        |                                     |
| Licensing   | 190,000           | 162,114            | (27,886)                            |
| Less: Fees waived for Return to Owner Hardship Fund | (2,000)           | (1,163)            | 837                                 |
| Program fees  | 215,000           | 263,137            | 48,137                              |
| Miscellaneous                                       |                   | 6,008              | 6,008                               |
| Total Operating Revenues                            | 2,352,264         | 2,379,360          | 27,096                              |
| <b>PROGRAM OPERATING EXPENSES</b>                   |                   |                    |                                     |
| Advertising   | 500               |                    | 500                                 |
| Assessment  |                   | 104                |                                     |
| Bank service charges                                | 16,000            | 12,659             | 3,341                               |
| Computer costs                                      | 10,600            | 8,788              | 1,812                               |
| Contract veterinarians                              | 10,000            | 3,773              | 6,227                               |
| Wildlife Center contract                            | 25,480            | 25,480             |                                     |
| Facility expenses:                                  |                   |                    |                                     |
| Utilities   | 90,000            | 89,346             | 654                                 |
| Custodial service                                   | 42,000            | 48,897             | (6,897)                             |
| Building maintenance                                | 41,000            | 51,366             | (10,366)                            |
| Other Facility expenses                             |                   |                    |                                     |
| Communications                                      | 7,300             | 7,424              | (124)                               |
| Dues and subscriptions                              | 2,000             | 3,122              | (1,122)                             |
| Equipment expenses                                  | 8,500             | 7,913              | 587                                 |
| Insurance   | 96,100            | 91,370             | 4,730                               |
| Supplies and miscellaneous                          | 2,500             | 1,245              | 1,255                               |
| Postage/Shipping                                    | 8,000             | 3,628              | 4,372                               |
| Printing  | 2,500             | 33                 | 2,467                               |
| Professional services                               | 51,500            | 50,473             | 1,027                               |
| Salaries, wages and benefits                        | 1,904,784         | 2,377,332          | (472,548)                           |
| Stipend   |                   |                    |                                     |
| Animal care   | 20,000            | 27,152             | (7,152)                             |
| Vehicle expenses                                    | 25,000            | 20,810             | 4,190                               |
| Materials, services and supplies (MS&S)             | 4,500             | 1,936              | 2,564                               |
| Depreciation  |                   | 194,090            | (194,090)                           |
| Total Program Operating Expenses                    | 2,368,264         | 3,026,941          | (658,573)                           |
| <b>OPERATING INCOME (LOSS)</b>                      | <b>(\$16,000)</b> | <b>(647,581)</b>   | <b>(\$631,477)</b>                  |
| <b>NON-OPERATING REVENUES (Expenses)</b>            |                   |                    |                                     |
| Animal Assistance Fund donations revenue            |                   | 125,520            |                                     |
| Animal Assistance Fund donations expenses           |                   | (139,559)          |                                     |
| Interest income                                     |                   | 68,808             |                                     |
| Net Non-Operating Revenues                          |                   | 54,769             |                                     |
| <b>NET CHANGE IN NET POSITION</b>                   |                   | <b>(592,812)</b>   |                                     |
| <b>NET POSITION AT BEGINNING OF YEAR</b>            |                   | <b>7,834,457</b>   |                                     |
| <b>NET POSITION AT END OF YEAR</b>                  |                   | <b>\$7,241,645</b> |                                     |

**SILICON VALLEY ANIMAL CONTROL AUTHORITY  
MEMBER OPERATING CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2023**



| Members               | Operating Contribution | Contribution Percentage |
|-----------------------|------------------------|-------------------------|
| City of Campbell      | \$319,484              | 16.38%                  |
| City of Monte Sereno  | 31,903                 | 1.64%                   |
| City of Mountain View | 496,608                | 25.48%                  |
| City of Santa Clara   | 1,101,269              | 56.50%                  |
| <b>Total</b>          | <b>\$1,949,264</b>     | <b>100.00%</b>          |

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**SILICON VALLEY ANIMAL CONTROL AUTHORITY**

**MEMORANDUM ON INTERNAL CONTROL**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**SILICON VALLEY ANIMAL CONTROL AUTHORITY  
MEMORANDUM ON INTERNAL CONTROL**

**For the Year Ended June 30, 2023**

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## MEMORANDUM ON INTERNAL CONTROL

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

In planning and performing our audit of the basic financial statements of the Silicon Valley Animal Control Authority (SVACA) for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the SVACA's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SVACA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SVACA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the SVACA's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Maze & Associates*

Pleasant Hill, California  
December 21, 2023



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## MEMORANDUM OF INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We have cited them here to keep you informed of developments:

#### **EFFECTIVE FISCAL YEARS 2022/23 and 2023/24:**

#### **GASB 99 – Omnibus 2022**

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.

## MEMORANDUM OF INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### **GASB 99 – Omnibus 2022 (Continued)**

- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

#### **The Requirements of this Statement are Effective as Follows:**

The requirements in paragraphs 26–32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by individual topic.

#### **How the Changes in This Statement Will Improve Financial Reporting**

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

## MEMORANDUM OF INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### EFFECTIVE FISCAL YEAR 2023/24:

#### **GASB 100 – Accounting for Changes and Error Corrections**

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

## MEMORANDUM OF INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### EFFECTIVE FISCAL YEAR 2024/25:

#### **GASB 101 – Compensated Absences**

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

#### *Recognition And Measurement*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

#### *Notes To Financial Statements*

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

#### *How the Changes in this Statement Will Improve Financial Reporting*

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In

**MEMORANDUM OF INTERNAL CONTROL**

**SCHEDULE OF OTHER MATTERS**

**GASB 101 – Compensated Absences (Continued)**

addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

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**SILICON VALLEY ANIMAL CONTROL AUTHORITY  
REQUIRED COMMUNICATIONS**

**FOR THE YEAR ENDED JUNE 30, 2023**



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**SILICON VALLEY ANIMAL CONTROL AUTHORITY  
REQUIRED COMMUNICATIONS**

**For the Year Ended June 30, 2023**

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## REQUIRED COMMUNICATIONS

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

We have audited the basic financial statements of Silicon Valley Animal Control Authority for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our Engagement letter to you dated July 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

*Accounting Policies* – Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the SVACA are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. The following pronouncements became effective, but did not have a material effect on the financial statements:

- GASB 91 – *Conduit Debt Obligations***
- GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***
- GASB 96 – *Subscription-based Information Technology Arrangement***
- GASB 99 – *Omnibus 2022, paragraphs 11-25***

*Unusual Transactions, Controversial or Emerging Areas* – We noted no transactions entered into by the SVACA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Accounting Estimates* – Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the SVACA’s financial statements were:

*Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management’s estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 5 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of SVACA. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimate of Depreciation:* Management’s estimate of depreciation is based on the estimated useful lives of the capital assets, as disclosed in Note 3 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation expense and determined that they are reasonable in relation to the basic financial statements taken as a whole.

*Disclosures* – The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole, except for the adjustments related to pension activities (GASB 68).

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board.

***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in a management representation letter dated December 21, 2023.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the SVACA’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the SVACA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information that accompanies the financial statements, but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\*\*\*\*\*

This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

*Maze & Associates*

Pleasant Hill, California  
December 21, 2023

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