

# **Library Joint Powers Authority of Santa Clara County**

**Audit Wrap-Up June 30, 2010.**

**This presentation was prepared as part of our audit, has consequential limitations, is restricted to management, the Governing Board and the Finance Committee, and should not be used by anyone other than those specified parties.**

**February 17, 2011**

## Discussion Outline

- Results of Our Audit – Audit of Financial Statements
- Results of Our Audit – Internal Control over Financial Reporting
- Required Communications

## Results of Our Audit – Audit of Financial Statements

We have completed our audit of the Library Joint Powers Authority of Santa Clara County financial statements, a component unit of the County of Santa Clara, for the year ended June 30, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The objective of our audit was to obtain reasonable - not absolute - assurance about whether the consolidated financial statements are free from material misstatements.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activity and major fund of the Authority as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

All records and information requested by Macias Gini & O'Connell LLP were freely available for our inspection.

- Management and other personnel provided full cooperation.

## Results of Our Audit – Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 Authority's internal control over financial reporting. **Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.**

Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. **We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

**The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.**

## Required Communications

Various professional guidance requires independent auditors to communicate with those charged with governance certain matters. Following is a summary of those required items along with specific discussion points as they pertain to the Authority:

Requirement	Discussion Points
<p><b>Auditor’s judgment about the quality of the Authority’s accounting policies, estimates and financial statement disclosures</b></p>	<p>In accordance with applicable auditing standards, a discussion was held regarding the quality of financial reporting, which included the Authority’s significant accounting practices, estimates and financial statement disclosures.</p> <p>We believe that the Authority’s estimates relating accrued vacation and sick leave and depreciation expenses represent particularly sensitive accounting estimates. We have tested management’s estimates and deemed them to be appropriate.</p>
<p><b>Critical accounting policies and practices</b></p>	<p>Critical accounting policies and practices used by the Authority, include the following:</p> <ul style="list-style-type: none"> <li>● Revenue recognition – availability period</li> <li>● Accrual of unpaid vacation and sick leave</li> <li>● Depreciation estimates for capital assets</li> </ul>

## Required Communications (Continued)

Requirement	Discussion Points
<b>Adoption of a change in accounting principle</b>	During the year ended June 30, 2010, the Authority changed its availability period from 180 days to 360 days and has no material impact to the Authority's financial statements.
<b>Material, corrected misstatements brought to the attention of management by the auditor</b>	None noted.
<b>Unrecorded misstatements other than those the auditor believes to be trivial</b>	See management representation letter.
<b>Disagreements with management</b>	There were no disagreements with management on financial and/or reporting matters.
<b>Consultations with other accountants</b>	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
<b>Major issues discussed with management prior to retention</b>	Prior to our being retained as auditor for the current fiscal year, there were no major accounting or other issues of concern discussed with management.
<b>Significant issues discussed with management</b>	There were no significant issues discussed with management.

## Required Communications (Continued)

Requirement	Discussion Points
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Representations requested from management	See management representation letter.
Material alternative accounting treatments discussed with management	There was no discussion with management concerning alternative accounting treatments.

**Thank you for your time  
and attention.**

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