CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

# Memorandum

**TO:** PUBLIC SAFETY, FINANCE & STRATEGIC SUPPORT COMMITTEE

**FROM:** Scott P. Johnson
Steven Hendrickson

**SUBJECT:** SEE BELOW

**DATE:** November 1, 2007

Approved Kay Winer Date 11/8/07

**COUNCIL DISTRICT:** City-wide

**SUBJECT: INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE SAN JOSE CONVENTION CENTER AND CULTURAL FACILITIES FOR THE YEAR ENDED JUNE 30, 2007**

## RECOMENDATION

Accept the San José Convention Center and Cultural Facilities Independent Auditor's Report and Financial Statements for the fiscal year ended June 30, 2007 issued by Macias Gini & O'Connell, LLP, as presented to the Public Safety, Finance & Strategic Support Committee.

## BACKGROUND

On June 22, 2004, the City Council approved an Agreement for the management of the San José Convention Center and Cultural Facilities (Facilities) between the City of San José and Team San Jose, Inc. (Management Agreement) for a five-year period beginning July 1, 2004. The Management Agreement requires that at the end of each contract year, an audit of the books and records of the Facilities shall be performed by the City's independent certified public accountants (External Auditors) at the Facility's expense.

On December 6, 2005, the City Council adopted resolution No. 72998 which authorized the City Auditor to negotiate and execute an amendment to the General City Agreement with Macias Gini & O'Connell, LLP (MGO). The amendment added the performance of annual financial audits of the Facilities under the management of Team San Jose, Inc. for fiscal years 2004-05 through 2006-07, and two one-year extension options for fiscal years ended June 30, 2008 and 2009.

## ANALYSIS

MGO audited the financial statements of the Facilities for the fiscal year ended June 30, 2007 in accordance with auditing standards generally accepted in the United States of America. MGO issued the opinion that the financial statements presented fairly, in all material respects, the financial position of the Facilities in conformity with accounting principles generally accepted in the United States of America. (See attached report).

## COORDINATION

This memorandum has been coordinated with the City Manager's Office.

## CEQA

Not a project.

SCOTT P. JOHNSON
Director, Finance Department

STEVEN HENDRICKSON
Interim City Auditor

Attachment