

City of San José, California

Single Audit Report

For the Year Ended June 30, 2023

City of San José, California
Single Audit Report
For the Year Ended June 30, 2023

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**Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

City Council
City of San José, California

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San José, California (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated November 17, 2023, except for our report on the schedule of expenditures of federal awards as to which the date is March 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit 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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Macias Gini E O'Connell LPA". The signature is written in a cursive, slightly slanted style.

Walnut Creek, California
November 17, 2023

**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

City Council
City of San José, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of San José’s, California (City), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2023. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses,

as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated November 17, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Walnut Creek, California
March 8, 2024

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CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing Number	Grant Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Agriculture				
Pass-through California Department of Education Nutrition Services Division:				
Summer Food Service Program for Children	10.559	05394-SFSP-43	\$ 42,010	\$ -
Total U.S. Department of Agriculture			<u>42,010</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Direct programs:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-06-0021	933	933
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-06-0021	1,000	1,000
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-06-0021	740,331	721,311
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-06-0021	3,862,527	942,335
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-06-0021	3,241,100	1,248,107
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-06-0021	6,369,036	6,171,179
Subtotal CDBG - Entitlement Grants Cluster			<u>14,214,927</u>	<u>9,084,865</u>
Emergency Solutions Grant Program	14.231	E-20-MC-06-0021	166,304	114,480
Emergency Solutions Grant Program	14.231	E-21-MC-06-0021	72,733	18,504
Emergency Solutions Grant Program	14.231	E-22-MC-06-0021	344,803	274,718
COVID-19 Emergency Solutions Grant Program	14.231	E-20-MW-06-0021	4,094,752	3,282,882
Subtotal Emergency Solutions Grant Program			<u>4,678,592</u>	<u>3,690,584</u>
Home Investment Partnerships Program	14.239	M-17-MC-06-0215	30,737	30,737
Home Investment Partnerships Program	14.239	M-18-MC-06-0215	1,032	1,032
Home Investment Partnerships Program	14.239	M-19-MC-06-0215	106,941	22,554
Home Investment Partnerships Program	14.239	M-20-MC-06-0215	1,137	1,137
Home Investment Partnerships Program	14.239	M-21-MC-06-0215	145,677	145,677
Home Investment Partnerships Program	14.239	M-22-MC-06-0215	77,819	-
Subtotal Home Investment Partnerships Program			<u>363,343</u>	<u>201,137</u>
Housing Opportunities for Persons with AIDS	14.241	CAH20-F004	531	531
Housing Opportunities for Persons with AIDS	14.241	CAH21-F004	1,028,730	1,028,730
Housing Opportunities for Persons with AIDS	14.241	CAH22-F004	663,734	620,384
COVID-19 Housing Opportunities for Persons with AIDS	14.241	CAH20FW004	(3,392)	(3,392)
Housing Opportunities for Persons with AIDS	14.241	CA-H19-0010	149,600	147,229
COVID-19 Housing Opportunities for Persons with AIDS	14.241	CAH2001W028	3,872	3,872
Subtotal Housing Opportunities for Persons with AIDS			<u>1,843,075</u>	<u>1,797,354</u>
Total U.S. Department of Housing and Urban Development			<u>21,099,937</u>	<u>14,773,940</u>
U.S. Department of Justice				
Direct programs:				
Missing Children's Assistance	16.543	2020-MC-FX-K006	764,103	-
Bulletproof Vest Partnership Program	16.607	2021 BOBX21026408	59,868	-
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-22-GG-04074-LEMH	9,750	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-02976-MUMU	73,778	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0965	104,148	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0843	208,259	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0690	149,065	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0772	8,762	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01199-JAGX	202,747	-
Subtotal Edward Byrne Memorial Justice Assistance Grant Program			<u>746,759</u>	<u>-</u>
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2018-MO-BX-K0015	119,640	-
Congressionally Recommended Awards	16.753	15PBJA-22-GG-00106-BRND	137,698	-
STOP School Violence	16.839	2018-YS-BX-0040	31,690	31,690
STOP School Violence	16.839	2018-YS-BX-0042	12,384	12,384
Subtotal STOP School Violence			<u>44,074</u>	<u>44,074</u>
Pass-through California Office of Emergency Services:				
Crime Victim Assistance	16.575	KI 21 04 7928	64,010	30,546
Crime Victim Assistance	16.575	KI 22 05 7928	71,403	-
Subtotal Pass-through California Office of Emergency Services			<u>135,413</u>	<u>30,546</u>
Total U.S. Department of Justice			<u>2,017,305</u>	<u>74,620</u>

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing Number	Grant Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Labor				
Pass-through State of California, Employment Development Department (EDD):				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
WIOA Adult Program	17.258	AA211037202	\$ 979,127	\$ 979,127
WIOA Adult Program	17.258	AA211037500	554,520	26,345
WIOA Adult Program	17.258	AA1110371230	98,330	-
WIOA Adult Program	17.258	AA311037201	398,827	-
WIOA Adult Program	17.258	AA311037202	794,157	-
Subtotal - WIOA Adult Program			<u>2,824,961</u>	<u>1,005,472</u>
WIOA Youth Activities	17.259	AA211037301	1,520,555	1,388,785
WIOA Youth Activities	17.259	AA311037301	717,274	-
Subtotal - WIOA Youth Activities			<u>2,237,829</u>	<u>1,388,785</u>
WIOA Dislocated Worker Formula Grants				
WIOA Dislocated Worker Formula Grants	17.278	AA211037501	225,122	225,122
WIOA Dislocated Worker Formula Grants	17.278	AA211037502	1,017,865	206,285
WIOA Dislocated Worker Formula Grants	17.278	AA211037541	171,122	-
WIOA Dislocated Worker Formula Grants	17.278	AA211037293	37,561	-
WIOA Dislocated Worker Formula Grants	17.278	AA311037292	23,422	-
WIOA Dislocated Worker Formula Grants	17.278	AA311037293	93,049	-
WIOA Dislocated Worker Formula Grants	17.278	AA311037540	79,613	-
WIOA Dislocated Worker Formula Grants	17.278	AA311037541	316,287	-
WIOA Dislocated Worker Formula Grants	17.278	AA311037501	259,450	-
WIOA Dislocated Worker Formula Grants	17.278	AA311037502	144,778	-
Subtotal WIOA Dislocated Worker Formula Grants			<u>2,368,269</u>	<u>431,407</u>
Subtotal WIOA Cluster pass-through State of California EDD			<u>7,431,059</u>	<u>2,825,664</u>
Workforce Investment Act (WIA) National Emergency Grants:				
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	AA0110371194	137,996	-
Pass-through City of Sunnyvale:				
WIOA Adult Program	17.258	002-1221-21	1,724	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	002-2064-22	249,745	-
Pass-through Npower Inc.:				
WIOA Adult Program	17.258	N/A	13,919	-
Total U.S. Department of Labor			<u>7,834,443</u>	<u>2,825,664</u>
U.S. Department of Transportation				
Direct programs:				
Airport Improvement Program	20.106	3-06-0226-098-2020	11,263	-
Airport Improvement Program	20.106	3-06-0226-099-2020	11,387	-
Airport Improvement Program	20.106	3-06-0226-103-2021	4,024,808	-
COVID-19 Airport Improvement Program	20.106	3-06-0226-106-2022	28,910,633	-
Airport Improvement Program	20.106	3-06-0226-108-2022	3,863,563	-
Airport Improvement Program	20.106	3-06-0226-109-2023	4,049,143	-
Subtotal Airport Improvement Program			<u>40,870,797</u>	<u>-</u>
Pass-through California Department of Transportation:				
Highway Planning and Construction:				
Highway Planning and Construction	20.205	HSIP-5005 (149)	72,174	-
Highway Planning and Construction	20.205	HSIPL-5005 (150)	22,364	-
Highway Planning and Construction	20.205	HSIPL-5005 (165)	51,462	-
Subtotal Highway Planning and Construction			<u>146,000</u>	<u>-</u>
Recreational Trails Program:				
Recreational Trails Program	20.219	STPL-5005 (140)	3,318	3,318
Recreational Trails Program	20.219	HPLUL-5005 (051)	16,101	16,101
Subtotal Recreational Trails Program			<u>19,419</u>	<u>19,419</u>
Subtotal pass-through California Department of Transportation			<u>165,419</u>	<u>19,419</u>

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing Number	Grant Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Transportation (Continued)				
Pass-through Metropolitan Transportation Commission:				
Highway Planning and Construction:				
Highway Planning and Construction	20.205	SCL-210026	\$ 169,457	\$ -
Highway Planning and Construction	20.205	STPL-5005 (154)	2,692,578	-
Highway Planning and Construction	20.205	SCL-170029	290,439	-
Highway Planning and Construction	20.205	SCL-170061	666,841	-
Highway Planning and Construction	20.205	SCL170031	203,449	-
Highway Planning and Construction	20.205	STPL-5005 (167)	21,798	-
Highway Planning and Construction	20.205	STPL-5005 (166)	45,840	-
Highway Planning and Construction	20.205	STPL-5005 (169)	102,196	-
Highway Planning and Construction	20.205	STPL-5005 (168)	114,133	-
Highway Planning and Construction	20.205	STPL-5005(148)	3,338	-
Subtotal pass-through Metropolitan Transportation Commission			<u>4,310,069</u>	<u>-</u>
Pass-through California Office of Traffic Safety:				
State and Community Highway Safety	20.600	PS23030	99,850	-
State and Community Highway Safety	20.600	PT22073	17,408	-
State and Community Highway Safety	20.600	PT23171	31,585	-
Subtotal State and Community Highway Safety			<u>148,843</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT22073	34,162	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT23171	80,991	-
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>115,153</u>	<u>-</u>
Subtotal pass-through California Office of Traffic Safety			<u>263,996</u>	<u>-</u>
Total U.S Department of Transportation			<u>45,610,281</u>	<u>19,419</u>
U.S. Department of the Treasury				
Direct program:				
COVID-19 Emergency Rental Assistance Program	21.023	ERA-2101060091	1,071,645	1,071,645
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	106,463,822	-
Pass-through California Department of Community Services & Development				
COVID-19 California Arrearage Payment Program	21.027	22CAPP-PN-05	2,072,444	-
Pass-through California Volunteers				
COVID-19 Californias For All Youth Workforce Program	21.027	JP1004	67,387	-
COVID-19 Californias For All Youth Workforce Program	21.027	JP1004	3,768,715	3,768,715
COVID-19 Californias For All Youth Workforce Program	21.027	JP1004	3,575,117	3,550,526
Subtotal California Volunteers			<u>7,411,219</u>	<u>7,319,241</u>
Total U.S. Department of the Treasury			<u>117,019,130</u>	<u>8,390,886</u>
U.S. Environmental Protection Agency				
Direct program:				
The San Francisco Bay Water Quality Improvement Fund	66.126	98T20301	360,743	303,123
Total U.S. Environmental Protection Agency			<u>360,743</u>	<u>303,123</u>
U.S. Department of Health and Human Services				
Aging Cluster:				
Pass-through Santa Clara County Social Services:				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	4300010957	362,783	-
Nutrition Services Incentive Program	93.053	4300010957	82,951	-
Subtotal Aging Cluster			<u>445,734</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>445,734</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct programs:				
COVID-19 Assistance to Firefighters Grant	97.044	EMW-2020-FG-02814	15,768	-
Pass-through California Office of Emergency Services:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4301-DR	13,898	13,898
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4308-DR	305,991	305,991
Subtotal pass-through Disaster-Grants - Public Assistance (Presidentially Declared Disasters)			<u>319,889</u>	<u>319,889</u>
Hazard Mitigation Grant	97.039	FEMA-4344-DR	284,170	-
Subtotal pass-through California Office of Emergency Services			<u>604,059</u>	<u>319,889</u>
Pass-through Santa Clara County:				
Emergency Management Performance Grants	97.042	2021-0015	46,985	-
Pass-through Bay Area UASI:				
Homeland Security Grant Program	97.067	2020-0095	110,810	-
Homeland Security Grant Program	97.067	2021-0081	247,774	-
Homeland Security Grant Program	97.067	2022-0043	162,130	-
Homeland Security Grant Program	97.067	2020-0095	32,696	-
Homeland Security Grant Program	97.067	2020-0095	14,734	-
Homeland Security Grant Program	97.067	2020-0095	44,219	-
Homeland Security Grant Program	97.067	2019 SHSGP	131,700	-
Homeland Security Grant Program	97.067	2020 SHSGP	54,418	-
Homeland Security Grant Program	97.067	2020-0095	226,100	-
Homeland Security Grant Program	97.067	FY2016-2017	307,863	-
Homeland Security Grant Program	97.067	2021	240,207	-
Homeland Security Grant Program	97.067	N/A	152,065	-
Homeland Security Grant Program	97.067	2021-0081	47,264	-
Subtotal pass-through the Bay Area UASI			<u>1,771,980</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>2,438,792</u>	<u>319,889</u>
Total Expenditures of Federal Awards			<u>\$ 196,868,375</u>	<u>\$ 26,707,541</u>

City of San José, California
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

(1) GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of the federal award programs of the City of San José, California (the City). The City's reporting entity is defined in Note I to its basic financial statements. The SEFA includes all federal awards received directly from federal agencies and federal awards passed-through other governmental agencies.

(2) BASIS OF PRESENTATION

The accompanying schedule is presented using the modified accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds as described in Note I to the City's basic financial statements. The City did not elect to use the 10% de minimis cost rate as covered in U.S. Code of Federal Regulations, Title 2 section 200.414 *Indirect (F&A) costs*.

For reimbursable grants, the City recognizes revenues commencing on the date of grant approval (provided all eligibility requirements are met) since this is when the City is eligible to claim expenditures for reimbursements. Pass-through entity identifying numbers are presented where available.

(3) RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

Expenditures of federal awards are reported in the City's basic financial statements as expenditures in the general, special revenue, and capital projects funds and as expenses for non-capital expenditures and as additions to capital assets for capital related expenditures in the enterprise funds. Federal award expenditures agree or can be reconciled with the amounts reported in the City's basic financial statements.

During the year ended June 30, 2023, the City discovered overages related to Department of Housing & Urban Development grant. These overages were caused by overestimating accruals in the year ended June 30, 2022. As a result, this caused the grant CAH20FHW004 to be negative \$3,392 in year ended June 30, 2023.

City of San José, California
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

(4) INTERNET CRIMES AGAINST CHILDREN (ICAC) GRANT

The following schedule represents expenditures and revenues for the Internet Crimes Against Children Task Force Program from the U.S. Department of Justice and the California Governor's Office of Emergency Services (CalOES) for the year ended June 30, 2023. Federal funding of the program is reported under assistance number 16.543.

Program Title and Expenditure Category	Grant Number Grant Period	Cumulative Expenditures through June 30, 2022	Actual 7/1/22-6/30/23		Cumulative Expenditures through June 30, 2023	Cumulative Program Revenue
			Non-match	Match		
Internet Crimes Against Children Task Force Program (Federal)	2020-MC-FX-K006					
Personnel Services	10/1/2020-9/30/2024	\$ 238,265	\$ 250,501	\$ -	\$ 488,766	\$ 488,766
Operating Expenses		245,878	513,602	-	759,480	759,480
Total		<u>\$ 484,143</u>	<u>\$ 764,103</u>	<u>\$ -</u>	<u>\$ 1,248,246</u>	<u>\$ 1,248,246</u>
Internet Crimes Against Children Task Force Program (State)	IC20-12-7928					
Personnel Services	1/1/2022-12/31/2022	\$ 71,446	\$ 110,927	\$ -	\$ 182,373	\$ 182,373
Operating Expenses		19,924	125,324	-	145,248	145,248
Equipment		-	622,379	-	622,379	622,379
Total		<u>\$ 91,370</u>	<u>\$ 858,630</u>	<u>\$ -</u>	<u>\$ 950,000</u>	<u>\$ 950,000</u>
Internet Crimes Against Children Task Force Program (State)	IC22-13-7928					
Personnel Services	1/1/2023-12/31/2023	\$ -	\$ 86,873	\$ -	\$ 86,873	\$ 86,873
Operating Expenses		-	124,314	-	124,314	124,314
Equipment		-	144,510	-	144,510	144,510
Total		<u>\$ -</u>	<u>\$ 355,697</u>	<u>\$ -</u>	<u>\$ 355,697</u>	<u>\$ 355,697</u>

City of San José, California
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

(5) PROGRAM TOTALS

The following table summarizes programs funded by various sources or grants whose totals are not shown on the SEFA:

WIOA Adult Program			
Passed through California Employment Development Department	17.258	\$	2,824,961
Passed through City of Sunnyvale	17.258		1,724
Passed through NPower Inc.	17.258		13,919
Subtotal WIOA Adult Program		\$	<u>2,840,604</u>
WIOA Youth Activities	17.259	\$	2,237,829
WIOA dislocated Worker Formula Grants	17.278		2,368,269
Total WIOA Cluster		\$	<u>7,446,702</u>
Workforce Investment Act (WIA) National Emergency Grants			
Passed through California Employment Development Department	17.277	\$	137,996
Passed through City of Sunnyvale	17.277		249,745
Total WIA National Emergency Grants		\$	<u>387,741</u>
Highway Planning and Construction			
Highway Planning and Construction			
Passed through California Department of Transportation	20.205	\$	146,000
Passed through Metropolitan Transportation Commission	20.205		4,310,069
Total Highway Planning and Construction		\$	<u>4,456,069</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Funds			
Direct from U.S. Department of Treasury	21.027	\$	106,463,822
Passed through California Department of Community Services & Development	21.027		2,072,444
Passed through California Volunteers	21.027		7,411,219
Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds		\$	<u>115,947,485</u>

City of San José, California
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

Section I Summary of Audit Results

Financial Statements

Type of report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- ◆ Material weakness(es) identified? No
- ◆ Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major federal programs:

- ◆ Material weakness(es) identified? No
- ◆ Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance with major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.231	Emergency Solutions Grant Program
20.106	Airport Improvement Program
21.023	Emergency Rental Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as a low-risk auditee? No

City of San José, California
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section II Financial Statement Findings

None reported.

Section III Federal Award Findings and Questioned Costs

None reported.

City of San José, California
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Summary Schedule of Prior Audit Findings

There were no audit findings nor questioned costs reported for the year ended June 30, 2022.