



**POLICE DEPARTMENT
201 W. Mission Street
San Jose, CA 95110**

**REPORT ON THE AUDIT OF
OCJP GRANT #PR98017928
SANTA CLARA CAL-GANG REGIONAL NODE**

For the Period
July 1, 1998 through November 30, 2001

GERALD A. SILVA, CPA
City Auditor
800 North First Street
San Jose, CA 95112

City of San Jose – Police Department

**Report on the Audit of
OCJP Grant # PR98017928
Santa Clara Cal-Gang Regional Node**

For the Period
July 1, 1998 through November 30, 2001

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City of San Jose – Police Department

**Report on the Audit of
OCJP Grant # PR98017928
Santa Clara Cal-Gang Regional Node**

For the Period
July 1, 1998 through November 30, 2001

I. SUMMARY

We have performed an audit of the grant listed below. This grant was awarded to the City of San Jose Police Department by the State of California Office of Criminal Justice Planning (OCJP).

| <u>Grant Number</u> | <u>Grant Period</u> | <u>Grant Award</u> | <u>Expenditures Claimed</u> |
|---------------------|---------------------|--------------------|-----------------------------|
| PR98017928 | 7/1/98–11/30/01 | \$50,000 | \$50,000 |

The Status of Cash (Exhibit A), the Statement of Approved Budget and Cumulative Expenditures (Exhibit B), and the Statement of Costs Claimed and Accepted (Exhibit C) are referred to as the program statements of the San Jose Police Department. These statements were prepared from the Report of Expenditures and Request for Funds (OCJP-201) (Exhibit E) and San Jose Police Department records.

Our audit of this program statement covered OCJP Grant No. PR98017928 from July 1, 1998 through November 30, 2001. The objectives of our audit were to determine the fairness of the City of San Jose's final OCJP-201 submitted to OCJP and whether the City of San Jose complied with applicable laws and regulations. The City of San Jose's internal controls and procedures were subjected to single audit testwork performed by KPMG LLP for the year ended June 30, 1999, and by Macias, Gini & Company LLP for the years ended June 30, 2000, and 2001. The audit reports these independent auditors issued are shown in Section VI of this report.



CITY OF SAN JOSÉ, CALIFORNIA

800 N. First Street • San Jose, California 95112 • Tel: (408) 277-4601

GERALD A. SILVA
City Auditor

II. INTERNAL AUDITORS' REPORT

State of California
Office of Criminal Justice Planning
Audits Branch
Sacramento, California 95814

We have audited the Status of Cash (Exhibit A), the Statement of Approved Budget and Cumulative Expenditures (Exhibit B), and the Statement of Costs Claimed and Accepted (Exhibit C) for the grant awarded by the State of California, Office of Criminal Justice Planning, as noted below:

| <u>Grant Number</u> | <u>Grant Period</u> |
|---------------------|---------------------|
| PR98017928 | 7/1/98–11/30/01 |

The amounts included in the program statements are the responsibility of management. Our responsibility is to express an opinion on the statement.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the program statements are free of material misstatement. An audit includes examining evidence supporting the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the program statements. We believe that our audit provides a reasonable basis for our opinion.

The City of San Jose Police Department prepared the OCJP-201 in accordance with OCJP requirements. The accounting practices used to prepare the OCJP-201 may differ in some respects from generally accepted accounting principles. Accordingly, the accompanying program statements, which are based in part on the OCJP-201, are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the program statements referred to in the first paragraph present fairly, in all material respects, the status of cash, the approved budget and cumulative expenditures, and the allowable costs for the grant and grant period audited.



State of California
Office of Criminal Justice Planning
Audits Branch

Our audit was conducted for the purpose of forming an opinion on the accompanying OCJP program statements. Based on the procedures we performed, we are satisfied that the receipt and expenditure of funds were in accordance with City of San Jose internal controls and procedures. Those internal controls and procedures were subjected to single audit testwork performed by KPMG LLP for the year ended June 30, 1999, and by Macias, Gini & Company LLP for the years ended June 30, 2000, and 2001.

This report is intended solely for the information and use of the State of California, Office of Criminal Justice Planning, and the City of San Jose's management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Gerald A. Silva, CPA
City Auditor

May 31, 2002



CITY OF SAN JOSÉ, CALIFORNIA

800 N. First Street • San Jose, California 95112 • Tel: (408) 277-4601

GERALD A. SILVA
City Auditor

III. INTERNAL AUDITORS' REPORT ON COMPLIANCE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

State of California
Office of Criminal Justice Planning
Audits Branch
Sacramento, California 95814

We have audited the Status of Cash (Exhibit A), the Statement of Approved Budget and Cumulative Expenditures (Exhibit B), and the Statement of Costs Claimed and Accepted (Exhibit C) for the grant awarded by the State of California, Office of Criminal Justice Planning, as noted below, and have issued our report thereon dated May 31, 2002.

| <u>Grant Number</u> | <u>Grant Period</u> |
|---------------------|---------------------|
| PR98017928 | 7/1/98–11/30/01 |

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the program statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of San Jose Police Department is the responsibility of the City of San Jose. As part of obtaining reasonable assurance about whether the program statements are free of material misstatements, we performed tests of the City of San Jose Police Department's compliance with certain laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Reported noncompliance findings consist of irregularities and illegal acts that are not clearly inconsequential and instances of other noncompliance that are material to the program statements. Irregularities are intentional misstatements or omissions of amounts or disclosures in the program statements. Illegal acts are violations of prohibitions contained in contractor or grant agreements that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the program statements. The results of our tests of compliance disclosed no material instances of noncompliance.



State of California
Office of Criminal Justice Planning
Audits Branch

This report is intended solely for the information and use of the State of California, Office of Criminal Justice Planning and the City of San Jose's management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, reading "Gerald A. Silva". The signature is written in a cursive style with a large initial "G".

Gerald A. Silva, CPA
City Auditor

May 31, 2002

IV. EXHIBITS

EXHIBIT A

City of San Jose – Police Department

Status of Cash

For the Period
July 1, 1998 through November 30, 2001

Grant Number PR98017928

From July 1, 1998 through November 30, 2001

| | |
|-----------------------------------------|------------------|
| Grant cash received | \$ 50,000 |
| Grantee matched funds | 0 |
| Grant expenditures | <u>(50,000)</u> |
| Cash on hand at the end of grant period | <u>\$ 0</u> |

See Note to Program Statements

City of San Jose – Police Department

Statement of Approved Budget and Cumulative Expenditures

For the Period

July 1, 1998 through November 30, 2001

Grant Number PR98017928

From July 1, 1998 through November 30, 2001

| | Budget | Expenditures Claimed | Variance |
|--------------------|---------------|---------------------------------|-----------------|
| Personal Services | \$ 27,129 | \$ 27,129 | \$ 0 |
| Operating Expenses | 17,750 | 17,750 | 0 |
| Equipment | 5,121 | 5,121 | 0 |
| Totals | \$ 50,000 | \$ 50,000 | \$0 |

See Note to Program Statements

City of San Jose – Police Department
Statement of Costs Claimed and Accepted
For the Period
July 1, 1998 through November 30, 2001

Grant Number PR98017928
From July 1, 1998 through November 30, 2001

| | <u>Per Exhibit D</u> | <u>Per Audit</u> | | |
|--------------------|----------------------|-----------------------|-------------------------|-------------------------------------------|
| | <u>Costs Claimed</u> | <u>Costs Accepted</u> | <u>Costs Questioned</u> | <u>Costs Recommended for Disallowance</u> |
| Personal Services | \$ 27,129 | \$ 27,129 | \$ 0 | \$ 0 |
| Operating Expenses | 17,750 | 17,750 | 0 | 0 |
| Equipment | 5,121 | 5,121 | 0 | 0 |
| Totals | <u>\$ 50,000</u> | <u>\$ 50,000</u> | <u>\$ 0</u> | <u>\$ 0</u> |

See Note to Program Statements

City of San Jose – Police Department

Report on Audit of OCJP Grant
Santa Clara Cal-Gang Regional Node

Note to Program Statements

Note 1 - Purpose of OCJP Grant # PR98017928

The California Department of Justice, Bureau of Investigation has a Cal-Gang database that several cities and counties can access, given the right equipment and security level. The database keeps information on known gang members, descriptions, hangouts, associations, and affiliates. The State has contacted the City of San Jose Police Department to develop a regional node to the Cal-Gang database for the four counties surrounding the City of San Jose: Santa Clara, Monterey, Santa Cruz, and San Benito. As regional node administrator, the San Jose Police Department is responsible for collecting and verifying the data from the City of San Jose and all other cities who will participate in the Santa Clara Cal-Gang Regional Node. The San Jose data will be linked to the statewide database to provide other areas with information about gangs in or about San Jose. The City of San Jose Police Department will also be able to access the data from other agencies via the statewide database.

The purpose of the \$50,000 Office of Criminal Justice Planning Grant # PR98017928 is to fund the start-up costs of the Santa Clara Cal-Gang Regional Node the City of San Jose Police Department administers.

STATE OF CALIFORNIA
**REPORT OF EXPENDITURES
 AND REQUEST FOR FUNDS**
 OCJP-201 (REV. 4-93)

OFFICE OF CRIMINAL JUSTICE PLANNING

EXHIBIT E

MAIL TO: 1130 K STREET, SUITE 300
 SACRAMENTO, CA 95814
 ATTN. ACCOUNTING BRANCH

Instructions on reverse side

| | |
|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| (1) AGENCY San Jose Police Department | (2) GRANT AWARD NUMBER PR98017928 |
| (3) ADDRESS 201 W. Mission Street San Jose CA 95110 | (4) REQUEST NUMBER #1 |
| (6) PROJECT TITLE Santa Clara Cal-Gang Regional Node | (5) FINAL REPORT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| (8) GRANT PERIOD FROM 7/1/98 TO 12/31/00 | (7) REPORT PERIOD 9/98-11/01 <input type="checkbox"/> MONTHLY <input type="checkbox"/> QUARTERLY |
| (9) CONTACT PERSON Rebecca White-Ayraud | (10) PHONE NUMBER 408 277 4565 |
| OCJP USE ONLY | |
| RECEIVED | |
| AUDITED | |

| (11) GRANT FUNDS | % | BUDGET | FUNDS PREVIOUSLY REQUESTED | BALANCE AVAILABLE | (12) FUNDS CURRENTLY REQUESTED |
|------------------|---|----------|----------------------------|-------------------|--------------------------------|
| FEDERAL | % | | | | |
| FEDERAL MATCH | % | | | | |
| STATE | % | | | | |
| STATE MATCH | % | | | | |
| TOTAL | | \$50,000 | -0- | -0- | -0- |

| CATEGORY | (13) APPROVED BUDGET | (14) CURRENT EXPENDITURES | (15) TOTAL EXPENDITURES TO DATE | (16) BALANCE |
|------------------------|----------------------|---------------------------|---------------------------------|--------------|
| (A) PERSONAL SERVICES | | | \$27,129.20 | |
| (B) OPERATING EXPENSES | | | \$17,750.35 | |
| (C) EQUIPMENT | | | \$ 5,120.45 | |
| TOTALS | | | \$50,000.00 | |

HEREBY CERTIFY THAT I AM THE DULY APPOINTED, QUALIFIED, AND ACTING FINAL OFFICER OF THE HEREIN NAMED AGENCY; I HAVE NOT VIOLATED ANY OF THE PROVISIONS OF SECTION 1090 OF THE GOVERNMENT CODE IN INCURRING THE EXPENDITURES REPORTED IN THIS REQUEST NOR IN ANY OTHER WAY; THAT SECTIONS 1090 TO 1096 OF THE GOVERNMENT CODE WILL NOT BE VIOLATED IN ANY WAY IN THE EXPENDITURE OF THE FUNDS ADVANCED PURSUANT TO THIS REQUEST; AND THAT THE REQUEST IS IN ALL RESPECTS TRUE, CORRECT, AND IN ACCORDANCE WITH PROGRAM PROVISIONS. I FURTHER CERTIFY THAT ALL FUNDS HERE REQUESTED AFTER THE EXPIRATION DATE OF THIS CONTRACT ARE FOR THE PURPOSE OF LIQUIDATING OBLIGATIONS LEGALLY INCURRED UNDER, AND DURING, THE LIFE OF THIS CONTRACT.

| (17) TYPED NAME | SIGNATURE | DATE |
|-----------------------------------------|----------------------------------|---------|
| PROJECT DIRECTOR Lt. Art Munoz | <i>Capt. Munoz for Lt. Munoz</i> | 3/26/02 |
| FINANCIAL OFFICER Marianne Bourgeois | <i>M. Bourgeois</i> | 3/26/02 |
| REGIONAL / LOCAL PLANNING DIRECTOR | | |

| TC | FFY | REF DOC # | CURR DOC # | INDEX | OBJ | AGY | PCA | AMOUNT | PROJECT # |
|-----|-----|-----------|------------|-------|-----|-----|-----|--------|-----------|
| 226 | 931 | | C | \$200 | 702 | 01 | | .00 | |
| 221 | | | C | \$200 | 706 | 06 | | .00 | |
| 210 | | | C | \$200 | 702 | 01 | | .00 | |

V. GRANTEE'S RESPONSE



San José Police Department

WILLIAM M. LANSDOWNE, CHIEF OF POLICE

RECEIVED

JUN 12 2002

CITY AUDITOR

June 12, 2002


Mr. Gerald A. Silva, City Auditor
800 North First Street
San Jose, CA 95112

RE: Report on the audit of OCJP grant #PR98017928
Santa Clara Cal-Gang Regional Node

Dear Mr. Silva:

A representative of the Police Department has met with your staff to review the audit report for the Cal-Gang Regional Node Grant for the period beginning July 1, 1998 through November 30, 2001. The report stated that there were no findings in the audit. The Police Department concurs with these findings.

Sincerely,



William M. Lansdowne
Chief of Police

cc: Office of Criminal Justice Planning
David Keneller, Research and Development Unit
Marianne Bourgeois, Fiscal Unit



VI. INDEPENDENT AUDITORS' SINGLE AUDIT REPORTS



CITY OF SAN JOSE, CALIFORNIA
Independent Auditors' Single Audit Reports
Year Ended June 30, 1999

**CITY OF SAN JOSE, CALIFORNIA
SINGLE AUDIT REPORTS**

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500 E. Middlefield Road
Mountain View, CA 94043

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

City Council
City of San Jose, California:

Compliance

We have audited the compliance of the City of San Jose, California, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of auditors' results, findings, and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.





Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards and Schedule of Expenditures of Office of Criminal Justice Planning, State Grants

We have audited the general purpose financial statements of the City as of and for the year ended June 30, 1999, and have issued our report thereon dated August 31, 1999, except as to Note 18, which is as of September 14, 1999. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of Office of Criminal Justice Planning, State Grants, are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, the City's management, and applicable regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

August 31, 1999

CITY OF SAN JOSE, CALIFORNIA
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 1999

| Federal Agency/Pass-Through Agency/Program Name | Federal Catalog Number | Grant Number | Grant Amount | Disbursements/Expenditures | |
|---------------------------------------------------------------------|------------------------------|---------------------|-------------------|----------------------------|------------------|
| | | | | Federal | Other |
| U.S. Department of Interior | | | | | |
| San Jose Area Water Reclamation and Reuse Program | (e) | 5-FG-20-12650 | \$ 32,500,000 | (505,815) (h) | 7,414,931 |
| U.S. Department of Justice | | | | | |
| Local Law Enforcement Block Grant | 16.592 | 96-LB-VX-3203 | 1,202,144 | 661,002 | 115,338 |
| Local Law Enforcement Block Grant | 16.592 | 97-LB-VX-2547 | 1,418,261 | 744,792 | — |
| Local Law Enforcement Block Grant | 16.592 | 98-LB-VX-2547 | 1,269,983 | 278,285 | 21,176 |
| | | | <u>3,890,388</u> | <u>1,684,079</u> | <u>136,514</u> |
| *State and Local Domestic Preparedness Equipment Support Program | 16.607 | 98-TE-CX-0009 | 250,000 | 174,658 | — |
| Executive office: | | | | | |
| Weed and Seed-Year 4 | 16.595 | 97-WS-QX-0078 | 175,000 | 149,244 | 238 |
| Weed and Seed-Year 5 | 16.595 | 98-WS-Q8-0085 | 210,000 | 85,652 | — |
| Drug Enforcement Agency: | | | | | |
| Weed and Seed-Year 5 | 16.595 | DEA #97A-161931 | 50,000 | 50,000 | — |
| | | | <u>435,000</u> | <u>284,896</u> | <u>238</u> |
| *COPS Program: | | | | | |
| COPS MORE 96 | 16.710 | 97-CL-WX-0053 | 1,492,310 | 1,217,366 | 54,642 |
| Universal Hiring Program I | 16.710 | 95-CC-WX-0112 | 975,000 | 350,312 | 509,872 |
| Universal Hiring Program II | 16.710 | 95-CC-WX-0112 | 300,000 | 100,000 | 155,106 |
| Universal Hiring Program III | 16.710 | 95-CC-WX-0112 | 2,775,000 | 924,999 | 291,436 |
| COPS Advance Community Policing | 16.710 | 97-OC-WX-0112 | 248,359 | 37,191 | 143 |
| COPS MORE 95 | 16.710 | 95-CL-WX-0032 | 1,889,029 | — | 20,320 |
| | | | <u>7,679,698</u> | <u>2,629,868</u> | <u>1,031,519</u> |
| Passed through State of California: | | | | | |
| Office of National Drug Control Policy HIDTA | (e) | 18PSFP505/18PSFP506 | 168,973 | 61,739 | — |
| OCJP Santa Clara County Anti-Drug Abuse — (g) | (e) | DC-97-080430 | 131,702 | 120,082 | 3,660 |
| OCJP Office of Criminal Justice Planning | | | | | |
| Domestic Violence Phase II — (g) | 16.588 | LE97017928 | 110,000 | 75,887 | 150 |
| *Federal Drug Task Force | 16.579 | (a) | 240,638 | 102,295 | 56,136 |
| Subtotal U.S. Department of Justice | | | <u>12,906,399</u> | <u>5,133,504</u> | <u>1,228,217</u> |

*Denotes Selection as a "Major" Program under OMB A-133.

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards, Continued
Year ended June 30, 1999

| Federal Agency/Pass-Through Agency/Program Name | Federal Catalog Number | Grant Number | Grant Amount | Disbursements/Expenditures | |
|---------------------------------------------------------------------------------|------------------------------|--------------------|-----------------|----------------------------|-----------|
| | | | | Federal | Other |
| Federal Emergency Management Agency | | | | | |
| Passed through State of California: | | | | | |
| Emergency Management Assistance: | | | | | |
| October 1, 1998 to September 30, 1999 | 83.503 | (a) | \$ (b) | 50,000 | 157,249 |
| October 1, 1997 to September 30, 1998 | 83.503 | (a) | (b) | 36,077 | 36,740 |
| | | | — | 86,077 | 193,989 |
| January 1997 Flood | 83.544 | FEMA DR-1155 | (b) | 3,671 | — |
| February 1998 Flood | 83.544 | FEMA DR-1203 | (b) | 970,922 | 323,641 |
| | | | — | 974,593 | 323,641 |
| Subtotal – FEMA | | | — | 1,060,670 | 517,630 |
| U.S Department of Transportation | | | | | |
| *Federal Aviation Administration – Airport Improvement Program (AIP): | | | | | |
| AIP-27 | 20.106 | 3-06-0226-27 | 2,148,330 | 148,330 | (148,330) |
| AIP-36 | 20.106 | 3-06-0226-36 | 2,000,000 | 1,764,959 | 537,371 |
| AIP-37 | 20.106 | 3-06-0226-37 | 2,000,000 | 421,712 | 133,820 |
| AIP-38 | 20.106 | 3-06-0226-38 | 2,654,921 | 460,918 | 220,708 |
| | | | 8,803,251 | 2,795,919 | 743,569 |
| Federal Highway Administration Program – Passed through State of California: | | | | | |
| ISTEA-Trimble Road at Guadalupe River | 20.205 | STPL-5005(039) | 2,880,000 | — | 38,497 |
| ISTEA CMP System - Phase II | 20.205 | STPLN-MA-5005(051) | 3,750,756 | 1,112,116 | 282,803 |
| Oakland Road Bridge | 20.205 | BRLNS-5005(015) | 2,636,000 | 482,826 | 391,292 |
| Wooster Avenue | 20.205 | BRL0-5005(016) | 448,000 | — | 56,492 |
| Hedding Street Bridge | 20.205 | BHLNS-5005(025) | 757,602 | 7,958 | 48,758 |
| Willow Glen Way Bridge | 20.205 | BRLS-5005(038) | 849,600 | — | 41,794 |
| Seismic Retrofit - Tully Road | 20.205 | CRP-L089(645) | 249,145 | 2,083 | 1,042 |
| HBR Airport Parkway | 20.205 | STPLNV-5005(011) | 84,405 | 89 | 22 |
| Regional Traffic Signalization Operations Program | 20.205 | STPL-5005(055) | 283,200 | 172,502 | 22,349 |
| | | | 11,938,708 | 1,777,574 | 883,049 |
| Subtotal – U.S. Department of Transportation | | | 20,741,959 | 4,573,493 | 1,626,618 |

*Denotes Selection as a "Major" Program under OMB A-133.

CITY OF SAN JOSE, CALIFORNIA
 Schedule of Expenditures of Federal Awards, Continued
 Year ended June 30, 1999

| Federal Agency/Pass-Through Agency/Program Name | Federal Catalog Number | Grant Number | Grant Amount | Disbursements/Expenditures | |
|----------------------------------------------------------------|------------------------------|----------------------|-----------------|----------------------------|---------|
| | | | | Federal | Other |
| <u>U.S. Department of Housing and Urban Development</u> | | | | | |
| Housing Opportunities for Persons with Aids | 14.241 | CA39H96-F069 | \$ 547,000 | 16,410 | — |
| Housing Opportunities for Persons with Aids | 14.241 | CA39H97-F069 | 616,000 | 122,498 | — |
| Housing Opportunities for Persons with Aids | 14.241 | CA39H98-F069 | 620,000 | 451,902 | — |
| | | | 1,783,000 | 590,810 | — |
| *Community Development Block Grant | 14.218 | B96-97-98-MC-06-0021 | 38,425,000 | 16,090,158 | — |
| Emergency Shelter Grant | 14.231 | S96-98MC-060021 | 1,172,000 | 476,370 | — |
| Home Investment Program/Rental Rehabilitation | 14.239 | M95-98-MC06215 | 14,528,000 | 1,616,292 | 517,669 |
| Subtotal – U.S. Department of Housing and Urban Development | | | 55,908,000 | 18,773,630 | 517,669 |
| <u>U.S. Department of Education</u> | | | | | |
| Passed through State of California: | | | | | |
| Adult Basic Education 321 (98-99) | 84.002 | 43-M711 | 8,328 | 3,276 | — |
| Major Urban Resource Library | 84.034 | 40-4454 | 122,502 | 85,769 | 134 |
| Grandparents and Books | 84.034 | 40-4490 | 5,000 | 30 | — |
| | | | 127,502 | 85,799 | 134 |
| Subtotal – U.S. Department of Education | | | 135,830 | 89,075 | 134 |

*Denotes Selection as a "Major" Program under OMB A-133.

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards, Continued
Year ended June 30, 1999

| Federal Agency/Pass-Through Agency/Program Name | Federal Catalog Number | Grant Number | Grant Amount | Disbursements/Expenditures | |
|----------------------------------------------------------------------------------|------------------------------|-----------------|------------------------|----------------------------|-------------------|
| | | | | Federal | Other |
| <u>U.S. Department of Energy</u> | | | | | |
| Pass through City of Chicago: | | | | | |
| Community Choices in a Restructured Utility Marketplace | 81.081 | D8961200-300 | \$ 50,000 | 44,031 | 1,453 |
| Encouraging Renewables within Local Government | 81.081 | D8961200-299 | 25,000 | 20,238 | — |
| Subtotal U.S. Department of Energy | | | <u>75,000</u> | <u>64,269</u> | <u>1,453</u> |
| <u>Corporation for National and Community Services</u> | | | | | |
| Retired Senior Volunteer Program-26th Year | 94.002 | 440PO77/17-00 | 75,295 | 58,659 | 143,472 |
| Retired Senior Volunteer Program-27th Year | 94.002 | 440PO77/18-00 | 77,554 | 4,935 | 52,678 |
| | | | <u>152,849</u> | <u>63,594</u> | <u>196,150</u> |
| Senior Companion Program-13th Year | 94.016 | 436PO19/13-00 | 110,852 | 28,076 | 19,959 |
| Senior Companion Program-14th Year | 94.016 | 436PO19/14-00 | 113,643 | 73,618 | 58,728 |
| | | | <u>224,495</u> | <u>101,694</u> | <u>78,687</u> |
| Subtotal – Corporation for National and Community Services | | | <u>377,344</u> | <u>165,288</u> | <u>274,837</u> |
| <u>U.S. Department of Commerce</u> | | | | | |
| Special Economic Development Administration and Adjustment Assistance Program | 11.307 | 07-39-02866 | 345,000 | 67,500 | — |
| Passed through Bay Area Economic Forum – BAYTRADE - II | 11.307 | 07-49-04026.01 | 432,000 | 167,133 | — |
| BAYTRADE - III | 11.307 | 07-49-04026.02 | 216,000 | 25,592 | 638 |
| Subtotal U.S. Department of Commerce | | | <u>993,000</u> | <u>260,225</u> | <u>638</u> |
| Total Federal Award Programs | | | <u>\$ 1,23,637,532</u> | <u>29,614,339</u> | <u>11,582,127</u> |

(Continued)

*Denotes Selection as a "Major" Program under OMB A-133.

CITY OF SAN JOSE, CALIFORNIA
 Schedule of Expenditures of Federal Awards, Continued
 Approved Passenger Facility Charge Programs
 Year ended June 30, 1999

| Federal Agency/Pass-Through Agency/Program Name | Federal Catalog Number | Approved Application Number | Approved PFC amount | Expenditures | Revenue Recognized |
|----------------------------------------------------|------------------------------|-----------------------------------|---------------------------|--------------|-----------------------|
| Passenger Facility Charge Programs | | | | | \$ 15,182,233 |
| #1 Communication Center Upgrade | (d) | 92-01-C-00-SJC | \$ 500,000 | — | — |
| #2 Fire Truck Replacement | (d) | 92-01-C-00-SJC | 599,826 | — | — |
| #3 Handlift Replacement | (d) | 92-01-C-00-SJC | 75,000 | — | — |
| #4 Noise Attenuation | (d) | 92-01-C-00-SJC | 47,171,000 | 7,523,440 | — |
| #5 Noise Monitoring System Upgrade | (d) | 92-01-C-00-SJC | 140,000 | — | — |
| #6 Noise Remedy/Land Acquisition | (d) | 92-01-C-00-SJC | 11,260,000 | — | — |
| #7 Security Access Control System | (d) | 92-01-C-00-SJC | 1,032,000 | — | — |
| #8 Control Tower | (d) | 94-04-U-00-SJC | 1,250,000 | — | — |
| #9 Fire Station Remodel | (d) | 94-04-U-00-SJC | 478,000 | — | — |
| #10 Runway 30L Extension | (d) | 92-02-U-00-SJC | 7,500,000 | — | — |
| #11 Sign Program | (d) | 92-02-U-00-SJC | 1,739,000 | 56,390 | — |
| #18 Run-Up Area Blast Pad | (d) | 93-03-C-00-SJC | 350,000 | — | — |
| #19 Taxiway Z Reconstruction C-G | (d) | 93-03-C-00-SJC | 7,915,000 | 1,556,003 | — |
| #20 Taxiway B Reconstruction | (d) | 93-03-C-00-SJC | 1,835,000 | 4,502 | — |
| #21 West GA Parking Reconstruction | (d) | 93-03-C-00-SJC | 1,820,000 | 71,545 | — |
| #22 Shelter Relocation | (d) | 93-03-C-00-SJC | 90,000 | — | — |
| #23 Taxiway Y Reconstruction | (d) | 93-03-C-00-SJC | 1,326,000 | — | — |
| #24 Runway 30L Reconstruction | (d) | 93-03-C-00-SJC | 303,000 | — | — |
| #25 Runway 30R Reconstruction | (d) | 93-03-C-00-SJC | 60,000 | — | — |
| #26 Westside Development | (d) | 93-03-C-00-SJC | 447,000 | — | — |
| #27 Terminal A Shuttle | (d) | 93-03-C-00-SJC | 38,000 | — | — |
| #28 Taxiway Z Reconstruction B to C | (d) | 93-03-C-00-SJC | 2,400,000 | — | — |
| #29 Interactive Training System | (d) | 93-03-C-00-SJC | 11,000 | — | — |
| #30 Master Plan Update | (d) | 93-03-C-00-SJC | 650,000 | 350,690 | (f) |
| #36 30L Reconstruction B to C | (d) | 95-05-C-00-SJC | 1,400,000 | — | — |
| #37 30L Reconstruction C to L | (d) | 95-05-C-00-SJC | 5,900,000 | — | — |
| #38 30L Reconstruction J to L | (d) | 95-05-C-00-SJC | 1,700,000 | — | — |
| #30 Taxiway Y to K | (d) | 95-05-C-00-SJC | 94,000 | — | — |
| #40 Runway 30L | (d) | 98-06-1-00-SJC | 35,000,000 | (i) | — |
| Total passenger facility charge programs | | | \$ 133,083,826 | 9,562,570 | 15,182,233 (c) |

- (a) A grant number is not assigned or could not be located.
- (b) The grant is on a reimbursement basis. No grant amount is available.
- (c) See Note 1 to Schedule of Expenditures of Federal Awards.
- (d) Not applicable for program.
- (e) Federal catalog number was not available. Award is subject to change due to funding availability.
- (f) Section 158.37 of the Federal Aviation Administration 14 CFR Part 158 Passenger Facility Charges (PFC) provides that a public agency may, without consultation or approval by the Administrator, institute an increase in the total approved PFC revenue of 15% or less. The excess on PFC No. 30 is less than 15% of the total approved PFC amount.
- (g) See separate Schedule of Office of Criminal Justice Planning, State Grants, which reflects expenditures by category.
- (h) Prior years expenditures were overstated as a result of the granting agency disallowing amounts claimed on reimbursement requests and/or overstating amounts reported on the Schedule of Expenditures of Federal Awards.
- (i) Federal Aviation Administration approval for this project is only the authority to impose PFC.

See accompanying note to Schedule of Expenditures of Federal Awards.

CITY OF SAN JOSE, CALIFORNIA

Note to Schedule of Expenditures of Federal Awards

Year ended June 30, 1999

(1) Summary of Significant Accounting Policies

(a) General

The accompanying Schedule of Expenditures of Federal Awards presents activities of the federal awards programs of the City of San Jose, California (the City). Also included is information regarding the City's Passenger Facility Charge Program (PFC), and information regarding the Office of Criminal Justice Planning, State Grants. The City's reporting entity is defined in Note 1 to the City's general purpose financial statements. The schedule includes all federal awards received directly from federal agencies, federal awards passed through other government agencies, and PFC revenue, which is presented as a separate component of the schedule as it is federally authorized revenue, but provided from nonfederal sources.

Major federal award programs for the year ended June 30, 1999, include Community Development Block Grant (CDBG), Airport Improvement Program, COPS Program, Federal Drug Task Force, and the State and Local Domestic Preparedness Equipment Support Program. The PFC program has also been treated as a major program for purposes of the Single Audit. These programs comprise approximately 80% of the total expenditures of federal awards. The threshold for determining Type A and Type B programs was \$888,400.

(b) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 2 to the City's general purpose financial statements. PFC revenue is recognized as imposed on enplaned passengers, only to the extent of the amounts approved for PFC use. Such revenue is not specifically attributable to individual projects.

(c) Relationship to General Purpose Financial Statements

Federal financial awards revenues are reported in the City's general purpose financial statements as follows:

| | <u>Operating grants</u> | <u>Contributions</u> | <u>Total</u> |
|------------------------|-----------------------------|----------------------|-------------------|
| General Fund | \$ 3,118,254 | — | 3,118,254 |
| Special Revenue Funds | 19,191,825 | — | 19,191,825 |
| Capital Projects Funds | 1,330,467 | — | 1,330,467 |
| Enterprise Funds | — | 4,674,164 | 4,674,164 |
| | <u>\$ 23,640,546</u> | <u>4,674,164</u> | <u>28,314,710</u> |

The difference between revenues noted above, and expenditures reflected on the accompanying Schedule of Expenditures of Federal Awards arises due to various timing differences. PFC revenue of \$15,182,233 is reported in the City's general purpose financial statements in the Enterprise Funds.

CITY OF SAN JOSE, CALIFORNIA

Note to Schedule of Expenditures of Federal Awards

Year ended June 30, 1999

(d) *Relationship to Federal Financial Reports*

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree to or can be reconciled with the amounts reported or to be reported in the related federal financial reports.

(e) *Airport Expenditures*

The Federal Aviation Administration reimburses the City for 80% of allowable program costs. The remaining unreimbursed portion of program costs, if eligible, are reimbursed from PFC revenue. Total allowable Airport Improvement Program expenditures are presented in the accompanying Schedule of Expenditures of Federal Awards. The 20% of expenditures reimbursed by PFC revenue is also presented in PFC expenditures in the accompanying schedule.

CITY OF SAN JOSE , CALIFORNIA
 Schedule of Expenditures of Office of Criminal Justice Planning, State Grants
 Year ended June 30, 1999

| <u>Program Title</u> | <u>Federal Catalog Number</u> | <u>Grant Number</u> | <u>Grant Award Amount</u> | <u>Category</u> | | | | | | <u>Gross Expenditures</u> |
|---------------------------------------------------------------------|-------------------------------|---------------------|---------------------------|-------------------------|--------------------------|---------------|----------------------------|---------------------------|------------------|---------------------------|
| | | | | <u>Personal Service</u> | <u>Employee Benefits</u> | <u>Travel</u> | <u>Consulting Expenses</u> | <u>Operating Expenses</u> | <u>Equipment</u> | |
| Grant from State of California – Domestic Violence – Phase II | 16.588 | LE97017928 | \$ 110,000 | 1,513 | — | — | — | 69,301 | 5,073 | 75,887 |
| Santa Clara County – Anti-Drug Abuse | (a) | DC97080430 | 131,702 | 120,082 | — | — | — | — | — | 120,082 |

Note: The State Office of Criminal Justice Planning (OCJP) has indicated that OCJP grant requirements can be fulfilled by subjecting the program to audit procedures outlined in the Office of Management and Budget (OMB) Circular A-133. Since total program funding was subjected to audit procedures, and to fulfill OCJP state requirements, complete OCJP program information, by category of expenditures, is presented above.

(a) Federal catalog number was not available.



500 E. Middlefield Road
Mountain View, CA 94043

**Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

City Council
City of San Jose, California:

We have audited the general purpose financial statements of the City of San Jose, California, (the City) as of and for the year ended June 30, 1999, and have issued our report thereon dated August 31, 1999, except as to Note 18, which is as of September 14, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, the City's management, and applicable regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

August 31, 1999



**Schedule of Auditors' Results, Findings, and Questioned Costs —
Year Ended June 30, 1999**

CITY OF SAN JOSE, CALIFORNIA

Schedule of Auditors' Results, Findings, and Questioned Costs

Year ended June 30, 1999

(1) Summary of Auditors' Results

- (a) The type of report issued on the general purpose financial statements: Unqualified opinion
- (b) Reportable conditions in internal control were disclosed by the audit of the general purpose financial statements: No Material Weaknesses: No
- (c) Noncompliance which is material to the general purpose financial statements: No
- (d) Reportable conditions in internal control over major programs: No
Material Weaknesses: No
- (e) The type of report issued on compliance for major programs: Unqualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: No
- (g) Major programs:
 - Community Development Block Grant (CFDA No. 14.218)
 - Airport Improvement Program (CFDA No. 20.106)
 - COPS Program (CFDA No. 16.710)
 - Federal Drug Task Force (CFDA No. 16.579)
 - State and Local Domestic Preparedness Equipment Support Program (CFDA No. 16.607)
 - Passenger Facility Charge (PFC) Program (There is no CFDA Number)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$888,400
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: Yes

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: Observations and recommendations to be issued separately.

(3) Findings and Questioned Costs Relating to Federal Awards: No findings or questioned costs.

CITY OF SAN JOSE, CALIFORNIA

Single Audit Reports

Year Ended June 30, 2000

CITY OF SAN JOSE, CALIFORNIA

Single Audit Reports

Year Ended June 30, 2000

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Macias, Gini & Company LLP
 Certified Public Accountants and
 Management Consultants

Partners
 Kenneth A. Macias, Managing Partner
 Ernest J. Gini
 Kevin J. O'Connell
 Richard A. Green
 Jan A. Rosati
 James V. Godsey

Mt. Diablo Plaza
 2175 N. California Boulevard
 Suite 620
 Walnut Creek, CA 94596-3565
 925•274•0190
 925•274•3819 FAX
 www.maciasgini.com

**Independent Auditor's Report on Compliance and on Internal
 Control over Financial Reporting Based on an Audit of
 General Purpose Financial Statements Performed in
 Accordance with *Government Auditing Standards***

City Council
 City of San Jose, California

We have audited the general purpose financial statements of the City of San Jose, California (the City) as of and for the year ended June 30, 2000, and have issued our report thereon dated August 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting which we have reported to the City's management in a separate letter dated August 25, 2000.

This report is intended solely for the information and use of the City Council, the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias, Gini & Company LLP
 Certified Public Accountants

Walnut Creek, California
 August 25, 2000

OFFICE LOCATIONS

Sacramento • Los Angeles • Fresno • San Francisco Bay Area



Macias, Gini & Company LLP
 Certified Public Accountants and
 Management Consultants

Partners

Kenneth A. Macias, Managing Partner
 Ernest J. Gini
 Kevin J. O'Connell
 Richard A. Green
 Jan A. Rosati
 James V. Godsey

Mt. Diablo Plaza
 2175 N. California Boulevard
 Suite 620
 Walnut Creek, CA 94596-3565
 925•274•0190
 925•274•3819 FAX
 www.maciasgini.com

**Independent Auditor's Report on Compliance with Requirements
 Applicable to Each Major Program, Internal Control over Compliance, and
 Schedules of Expenditures of Federal Awards, Passenger Facility Charges, and
 California Office of Criminal Justice Planning Grants in Accordance with OMB Circular A-133**

City Council
 City of San Jose, California

Compliance

We have audited the compliance of the City of San Jose, California (the City) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the draft *Passenger Facility Charge Program Audit Compliance Guide (PFC Guide)* that are applicable to each of its major federal programs and to the Passenger Facility Charges Program, respectively, for the year ended June 30, 2000. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Federal Awards Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and the Passenger Facility Charges Program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *PFC Guide*. Those standards, OMB Circular A-133, and the *PFC Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

OFFICE LOCATIONS

Sacramento • Los Angeles • Fresno • San Francisco Bay Area

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

*Schedule of Expenditures of Federal Awards,
Schedule of Revenues and Expenditures of Passenger Facility Charges, and
Schedule of Expenditures of California Office of Criminal Justice Planning Grants*

We have audited the general purpose financial statements of the City, as of and for the year ended June 30, 2000, and have issued our report thereon dated August 25, 2000. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, Schedule of Revenues and Expenditures of Passenger Facility Charges, and Schedule of Expenditures of California Office of Criminal Justice Planning Grants, are presented for purposes of additional analysis as required by OMB Circular A-133, the Federal Aviation Administration and the State of California Office of Criminal Justice Planning, respectively, and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias, Gini & Company LLP
Certified Public Accountants

Walnut Creek, California
August 25, 2000

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|-------------------------------------------------------------------------------|------------------------|--------------------------|--------------|--------------|-------------|
| | | | | Federal | Non-Federal |
| U.S. Department of Commerce | | | | | |
| Special Economic Development Administration and Adjustment Assistance Program | 11.307 | 07-39-02866 | \$ 345,000 | 79,500 | - |
| Pass-through Bay Area Economic Forum - BAYTRADE - III | 11.307 | 07-49-04026.02 | 216,000 | 54,838 | 49,362 |
| Subtotal U.S. Department of Commerce | | | 561,000 | 134,338 | 49,362 |
| U.S. Department of Housing and Urban Development | | | | | |
| Community Development Block Grant - Entitlement Grant | 14.218 | B97-98-99-MC060021 | 37,908,000 | 15,722,068 | - |
| Emergency Shelter Grant | 14.231 | S97 MC-060021 | 340,000 | 13,870 | - |
| Emergency Shelter Grant | 14.231 | S98-MC-060021 | 491,000 | 39,002 | - |
| Emergency Shelter Grant | 14.231 | S99-MC-060021 | 445,000 | 396,462 | - |
| Subtotal Emergency Shelter Grant | | | 1,276,000 | 449,334 | - |
| Home Investment Partnership Program/Rental Rehabilitation | 14.239 | M95-98-MC06215 | 18,413,000 | 4,897,249 | - |
| Housing Opportunities for Persons with AIDs | 14.241 | CA39H98-F069 | 620,000 | 149,498 | - |
| Housing Opportunities for Persons with AIDs | 14.241 | CA39H99-F069 | 649,000 | 487,035 | - |
| Subtotal Housing Opportunities for Persons with AIDs | | | 1,269,000 | 636,533 | - |
| Subtotal U.S. Department of Housing and Urban Development | | | 58,866,000 | 21,705,184 | - |
| U.S. Department of Interior | | | | | |
| Bureau of Reclamation | | | | | |
| San Jose Area Water Reclamation & Reuse Program | n/a | 5-FG-20-12650 | 32,500,000 | 4,709,181 | 1,914,989 |
| Subtotal for U.S. Department of Interior | | | 32,500,000 | 4,709,181 | 1,914,989 |

See accompanying notes to the Schedule of Expenditures of Federal Awards, Schedule of Revenues and Expenditures of Passenger Facility Charges and Schedule of Expenditures of the California Office of Criminal Justice Planning Grants.

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2000

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|----------------------------------------------------------------------|------------------------|--------------------------|--------------|--------------|-------------|
| | | | | Federal | Non-Federal |
| U.S. Department of Justice | | | | | |
| Federal Drug Task Force | 16.579 | n/a | \$ 96,154 | 9,542 | 11,600 |
| Pass-through State of California Office of Criminal Justice Planning | | | | | |
| Domestic Violence - Phase II | 16.588 | LE97017928 | 220,000 | 106,597 | 35,533 |
| Local Law Enforcement Block Grants Program | 16.592 | 97-LB-VX-2547 | 1,418,261 | 673,469 | 284,625 |
| Local Law Enforcement Block Grants Program | 16.592 | 98-LB-VX-2547 | 1,269,983 | 797,550 | - |
| Local Law Enforcement Block Grants Program | 16.592 | 99-LB-VX-8163 | 1,235,942 | 157,712 | 270,902 |
| Subtotal Local Law Enforcement Block Grants Program | | | 3,924,186 | 1,628,731 | 555,527 |
| Executive Office for Weed and Seed - PRNS - Year 5 | 16.595 | 98-WS-Q8-0085 | 210,000 | 124,343 | - |
| Executive Office for Weed and Seed - PRNS - Year 6 | 16.595 | 98-WS-Q8-0084 | 175,000 | 27,339 | - |
| Executive Office for Weed and Seed - Police | 16.595 | 99-WS-QX-0084 | 50,000 | 39,659 | - |
| Subtotal Executive Office for Weed and Seed | | | 435,000 | 191,341 | - |
| State and Local Domestic Preparedness | | | | | |
| Equipment Support Program | 16.607 | 98-TE-CX-0009 | 250,000 | 71,056 | - |
| Public Safety Partnership and Community Policing Grants: | | | | | |
| COPS Advance Community Policing | 16.710 | 97-OC-WX-0112 | 248,359 | 141,222 | - |
| COPS MORE 95 | 16.710 | 95-CL-WX-0032 | 1,889,029 | - | 2,597 |
| COPS MORE 96 | 16.710 | 97-CL-WX-0053 | 1,492,310 | - | 301,015 |
| Universal Hiring Program I | 16.710 | 95-CC-WX-0112 | 975,000 | 92,283 | 819,149 |
| Universal Hiring Program II | 16.710 | 95-CC-WX-0112 | 300,000 | 180,444 | 100,000 |
| Universal Hiring Program III | 16.710 | 95-CC-WX-0012 | 2,775,000 | 1,245,329 | 1,230,160 |
| COPS School Based Partnership | 16.710 | 99-SB-WX-0060 | 172,990 | 2,560 | - |
| Troops to COPS 1999 | 16.710 | 99-TC-WX-0040 | 32,328 | 32,328 | - |
| Subtotal Public Safety Partnership and Community Policing Grants | | | 7,885,016 | 1,694,166 | 2,452,921 |

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2000

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|------------------------------------------------------------------------------------|------------------------|--------------------------|--------------|--------------|-------------|
| | | | | Federal | Non-Federal |
| U.S. Department of Justice (Continued) | | | | | |
| Pass-through State of California, Office of National Drug Control Policy, HIDTA | n/a | I8PSFP505/I8PSFP506 | \$ 253,572 | 147,017 | - |
| Pass-through Santa Clara County Anti-Drug Abuse | n/a | DC97080430 | 144,702 | 66,825 | - |
| Subtotal U.S. Department of Justice | | | 13,208,630 | 3,915,275 | 3,055,581 |
| U.S. Department of Labor | | | | | |
| Pass-through State of California, Employment Development Department | | | | | |
| Job Training Partnership Act - WIA Implementation | 17.250 | G0696494 | 134,804 | 134,804 | - |
| Workforce Investment Act - Early Youth | 17.255 | R069135 | 829,698 | 24,826 | - |
| Pass-through Santa Clara County, Center for Training and Careers | | | | | |
| Welfare to Work | 17.253 | n/a | 64,688 | 64,091 | - |
| Subtotal of U.S. Department of Labor | | | 1,029,190 | 223,721 | - |
| U.S. Department of Transportation | | | | | |
| Federal Aviation Administration: | | | | | |
| Airport Improvement Program - 37 | 20.106 | 3-06-0226-37 | 2,000,000 | 1,557,242 | - |
| Airport Improvement Program - 38 | 20.106 | 3-06-0226-38 | 2,654,921 | 2,194,002 | - |
| Airport Improvement Program - 40 | 20.106 | 3-06-0226-40 | 4,148,945 | 424,365 | - |
| Airport Improvement Program - 41 | 20.106 | 3-06-0226-41 | 4,532,490 | 1,064,138 | - |
| Airport Improvement Program - 43 | 20.106 | 3-06-0226-43 | 668,262 | 49,014 | - |
| Subtotal Airport Improvement Program | | | 14,004,618 | 5,288,761 | - |

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2000

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|---------------------------------------------------------|------------------------|--------------------------|--------------|--------------|-------------|
| | | | | Federal | Non-Federal |
| U.S. Department of Transportation (Continued) | | | | | |
| Highway, Planning and Construction | | | | | |
| Pass-through the State of California, | | | | | |
| Intermodal Surface Transportation Efficiency Act - | | | | | |
| Trimble Road at Guadalupe River | 20.205 | STPL-5005(039) | \$ 2,880,000 | 122,783 | 30,696 |
| Federal-Aid Highway Program | | | | | |
| Foxworthy (Pearl Avenue) at Guadalupe River | 20.205 | BRLS-5005(056) | 1,680,000 | 83,859 | 50,406 |
| Regional Traffic Signalization Operations Program | 20.205 | STPL-5005(055) | 283,200 | 109,688 | - |
| Pass-through the Metropolitan Transportation Commission | | | | | |
| Intermodal Surface Transportation Efficiency Act - | | | | | |
| CMP System - Phase I | 20.205 | STPLN-MA-5005(051) | 2,334,000 | - | 12,188 |
| CMP System - Phase II | 20.205 | STPLN-MA-5005(057) | 1,400,000 | 1,150,622 | 280,713 |
| Federal-Aid Highway Program | | | | | |
| HBRR - Oakland Road Bridge | 20.205 | BRLNS-5005(015) | 2,874,028 | 2,391,202 | 1,058,929 |
| HBRR - Wooster Avenue | 20.205 | BRLO-5005(016) | 448,000 | - | 55,843 |
| HBRR - Hedding Street Bridge | 20.205 | BHLNS - 5005(025) | 757,602 | - | 40,522 |
| HBRR - Willow Glen Way Bridge | 20.205 | BRLS - 5005(038) | 849,600 | - | 7,967 |
| HBRR - Airport Parkway | 20.205 | STPLNV-5005(011) | 84,405 | - | 14 |
| Seismic Retrofit - Tully Road | 20.205 | CRP-L089(645) | 249,145 | 11,212 | 4,790 |
| Subtotal Highway, Planning and Construction | | | 13,839,980 | 3,869,366 | 1,542,068 |
| Pass-through the State of California, | | | | | |
| Office of Traffic Safety | | | | | |
| Traffic Collision Management Program | n/a | RS9914 | 126,000 | 82,317 | - |
| Subtotal U.S. Department of Transportation | | | 27,970,598 | 9,240,444 | 1,542,068 |

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2000

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|----------------------------------------------------------|------------------------|--------------------------|--------------|--------------|-------------|
| | | | | Federal | Non-Federal |
| National Endowment for the Arts | | | | | |
| National Foundation on the Arts and Humanities | | | | | |
| Local Arts Stabilization | 45.024 | 98-021857 | \$ 90,000 | 10,000 | - |
| Pass-through the California State Library | | | | | |
| State Library Program | | | | | |
| 98/99 Literacy for Adults and Children | 45.310 | 40-4631 | 1,000 | 1,000 | 1 |
| 98/99 Youth Services Materials Grant | 45.310 | 40-4796 | 5,000 | 4,935 | - |
| Subtotal State Library Program | | | 6,000 | 5,935 | 1 |
| Subtotal National Foundation on the Arts and Humanities | | | 96,000 | 15,935 | 1 |
| U.S. Department of Energy | | | | | |
| Pass-through the City of Chicago | | | | | |
| Solar Technologies and Disaster Management | 81.081 | D0961205196 | 25,000 | 10,458 | - |
| Subtotal U.S. Department of Energy | | | 25,000 | 10,458 | - |
| Federal Emergency Management Agency | | | | | |
| Pass-through the State of California, | | | | | |
| Emergency Management Assistance: | | | | | |
| October 1, 1998 to September 30, 1999 | 83.503 | n/a | n/a | 43,658 | - |
| October 1, 1997 to September 30, 1998 | 83.503 | n/a | n/a | 95,000 | - |
| Subtotal Emergency Management Assistance | | | n/a | 138,658 | - |
| Public Assistance Grants: | | | | | |
| Flood Disaster-February 98 | 83.544 | FEMA DR-1203 | n/a | 667,275 | 222,425 |
| Fire Tuolumne-August 99 | 83.544 | FEMA EM-3140 | n/a | 3,158 | 272,369 |
| Subtotal Public Assistance Grants | | | n/a | 670,433 | 494,794 |
| Hazard Mitigation Grant - Police Administration Building | 83.548 | FEMA DR-1046 | 1,162,500 | - | 138,037 |
| Hazard Mitigation Grant - Fire Station No.1 | 83.548 | FEMA DR-845 | 230,000 | 188,407 | 3,948,399 |
| Hazard Mitigation Grant - Station No.15 | 83.548 | FEMA DR- 1008 | 97,500 | - | 88,162 |
| Subtotal Hazard Mitigation Grants | | | 1,490,000 | 188,407 | 4,174,598 |
| Subtotal Federal Emergency Management Agency | | | 1,490,000 | 997,498 | 4,669,392 |

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2000

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|------------------------------------------------------------------------------|------------------------------|--------------------------------|-----------------|--------------|-------------|
| | | | | Federal | Non-Federal |
| U.S. Department of Education | | | | | |
| Pass-through the California State Library | | | | | |
| Adult Education | | | | | |
| 98/99 Adult Basic Education 321 | 84.002 | 43-M711 | \$ 8,121 | 4,845 | - |
| Subtotal U.S. Department of Education | | | 8,121 | 4,845 | - |
| Department of Health & Human Services | | | | | |
| Pass-through California Department of Education | | | | | |
| Child Care and Development Block Grant | | | | | |
| San Jose Literacy, Education, Arts, Recreation Nurtures Students (LEARNS) | | | | | |
| | 93.575 | 43-1998-007 | 99,011 | 18,948 | - |
| San Jose Literacy, Education, Arts, Recreation Nurtures Students (LEARNS) | | | | | |
| | 93.575 | 43-1998-006 | 27,564 | 3,438 | - |
| Subtotal Department of Health & Human Service | | | 126,575 | 22,386 | - |
| Corporation for National and Community Services | | | | | |
| Retired and Senior Volunteer Program - 27th Year | | | | | |
| | 94.002 | 440PO77/18-00 | 77,554 | 72,619 | 187,021 |
| Retired and Senior Volunteer Program - 28th Year | | | | | |
| | 94.002 | 440PO77/19-00 | 81,756 | 11,190 | 55,873 |
| Subtotal Retired and Senior Volunteer Program | | | 159,310 | 83,809 | 242,894 |
| Senior Companion Program - 14th Year | | | | | |
| | 94.016 | 436PO19-14-00 | 113,643 | 40,025 | 6,910 |
| Senior Companion Program - 15th Year | | | | | |
| | 94.016 | 436PO19-15-00 | 117,570 | 80,138 | 56,561 |
| Subtotal Senior Companion Program | | | 231,213 | 120,163 | 63,471 |
| Subtotal Corporation for National and Community Services | | | 390,523 | 203,972 | 306,365 |
| Total Expenditures of Federal Awards | | | \$ 136,271,637 | 41,183,237 | 11,537,758 |

CITY OF SAN JOSE, CALIFORNIA

Schedule of Revenues and Expenditures of Passenger Facility Charges

Year Ended June 30, 2000

| Passenger Facility Charge Project Number/Description | Identifying Number | Passenger Facility Charge Amount | Expenditures | Revenue Recognized |
|------------------------------------------------------|---------------------------------------------------|----------------------------------------|-------------------|-----------------------|
| Passenger Facility Charge Programs | | | | 16,705,198 |
| #1 | Communication Center Upgrade | 92-01-C-00-SJC \$ 500,000 | - | - |
| #2 | Fire Truck Replacement | 92-01-C-00-SJC 599,826 | - | - |
| #3 | Handlift Replacement | 92-01-C-00-SJC 75,000 | 68,850 | - |
| #4 | Noise Attenuation | 92-01-C-00-SJC 47,171,000 | 13,396,931 | - |
| #5 | Noise Monitoring System Upgrade | 92-01-C-00-SJC 140,000 | - | - |
| #6 | Noise Remedy/Land Acquisition | 92-01-C-00-SJC 11,260,000 | - | - |
| #7 | Security Access Control System | 92-01-C-00-SJC 1,032,000 | - | - |
| #8 | Control Tower | 94-04-U-00-SJC 1,250,000 | - | - |
| #9 | Fire Station Remodel | 94-04-U-00-SJC 478,000 | - | - |
| #10 | Runway 30L Extension | 92-02-U-00-SJC 7,500,000 | - | - |
| #11 | Sign Program | 92-02-U-00-SJC 1,739,000 | (15) | - |
| #18 | Run-Up Area Blast Pad | 93-03-C-00-SJC 350,000 | - | - |
| #19 | Taxiway Z Reconstruction C-G | 93-03-C-00-SJC 7,915,000 | 774,616 | - |
| #20 | Taxiway B Reconstruction | 93-03-C-00-SJC 1,835,000 | - | - |
| #21 | West GA Parking Reconstruction | 93-03-C-00-SJC 1,820,000 | - | - |
| #22 | Shelter Relocation | 93-03-C-00-SJC 90,000 | - | - |
| #23 | Taxiway Y Reconstruction | 93-03-C-00-SJC 1,326,000 | - | - |
| #24 | Runway 30L Reconstruction | 93-03-C-00-SJC 303,000 | - | - |
| #25 | Runway 30R Reconstruction | 93-03-C-00-SJC 60,000 | - | - |
| #26 | Westside Development | 93-03-C-00-SJC 447,000 | - | - |
| #27 | Terminal A Shuttle | 93-03-C-00-SJC 38,000 | - | - |
| #28 | Taxiway Z Reconstruction B to C | 93-03-C-00-SJC 2,400,000 | - | - |
| #29 | Interactive Training System | 93-03-C-00-SJC 11,000 | - | - |
| #30 | Master Plan Update | 93-03-C-00-SJC 650,000 | 62,594 | - |
| #36 | 30L Reconstruction B to C | 95-05-C-00-SJC 1,400,000 | - | - |
| #37 | 30L Reconstruction C to L | 95-05-C-00-SJC 5,900,000 | - | - |
| #38 | 30L Reconstruction J to L | 95-05-C-00-SJC 1,700,000 | - | - |
| #39 | Taxiway Y to K | 95-05-C-00-SJC 94,000 | - | - |
| #40 | Runway 30L Reconstruction | 98-06-I-00-SJC 35,000,000 | - | - |
| #41 | Aircraft Noise & Operation Management System | 99-07-C-00-SJC 100,000 | - | - |
| #42 | Emergency Command Post Relocation & Equipment | 99-07-C-00-SJC 150,000 | - | - |
| #43 | Interim Federal Inspection Service (FIS) Facility | 99-08-C-00-SJC 23,598,000 | - | - |
| #44 | Airfield Lighting Control System | 99-07-C-00-SJC 200,000 | - | - |
| #46 | Ewert Road Improvements | 99-07-C-00-SJC 1,000,000 | - | - |
| #47 | Skyport Access to Airport Boulevard | 99-07-C-00-SJC 813,000 | - | - |
| #48 | Taxiway Y Pavement Reconstruction | 99-07-C-00-SJC 2,100,000 | 455,700 | - |
| #49 | Transportation Access Plan | 99-07-C-00-SJC 1,050,000 | - | - |
| #50 | Terminal C Ramp Lighting Improvement | 99-07-C-00-SJC 37,000 | - | - |
| #51 | Acoustical Treatment of Four Eligible Schools | 99-07-C-00-SJC 7,500,000 | - | - |
| Total Passenger Facility Charge Programs | | \$ 169,631,826 | 14,758,676 | 16,705,198 |

See accompanying notes to the Schedule of Expenditures of Federal Awards, Schedule of Revenues and Expenditures of Passenger Facility Charges and Schedule of Expenditures of California Office of Criminal Justice Planning Grants.

CITY OF SAN JOSE, CALIFORNIA

Schedule of Expenditures of California Office of Criminal Justice Planning Grants

Year Ended June 30, 2000

| <u>Program Title</u> | <u>Federal Catalog Number</u> | <u>Grant Identifying Number</u> | <u>Grant Amount</u> | <u>Personal Service</u> | <u>Employee Benefits</u> | <u>Travel</u> | <u>Consulting Expenses</u> | <u>Operating Expenses</u> | <u>Equipment</u> | <u>Total Expenditures</u> |
|------------------------------|---------------------------------------|-----------------------------------------|-------------------------|-----------------------------|------------------------------|---------------|--------------------------------|-------------------------------|------------------|-------------------------------|
| State of California: | | | | | | | | | | |
| Domestic Violence - Phase II | 16.588 | LE97017928 | \$ 220,000 | 7,349 | - | - | - | 98,258 | 36,523 | 142,130 |
| Santa Clara County - | | | | | | | | | | |
| Anti-Drug Abuse | n/a | DC97080430 | 144,702 | 37,498 | - | - | - | 29,327 | - | 66,825 |
| | | | <u>\$ 364,702</u> | <u>44,847</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>127,585</u> | <u>36,523</u> | <u>208,955</u> |

See accompanying notes to the Schedule of Expenditures of Federal Awards, Schedule of Revenues and Expenditures of Passenger Facility Charges and Schedule of Expenditures of California Office of Criminal Justice Planning Grants.

CITY OF SAN JOSE, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards,
Schedule of Revenues and Expenditures of Passenger Facility Charges and
Schedule of Expenditures of the California Office of Criminal Justice Planning Grants

Year Ended June 30, 2000

(1) GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of the federal award programs of the City of San Jose, California (the City). Also included is information regarding the California Office of Criminal Justice Planning Grants. The City's reporting entity is defined in Note 1 of the City's general purpose financial statements. The Schedule includes all federal awards received directly from federal agencies, and federal awards passed-through other government agencies.

The Schedule of Revenues and Expenditures of Passenger Facility Charges presents only the activity of the Passenger Facility Charges Program of the San Jose International Airport (the Airport). Passenger Facility Charges (PFC) are fees imposed on enplaned passengers by the Airport for the purpose of generating revenue for Airport projects that increase capacity, increase safety and mitigate noise impact. The Passenger Facility Charges Program is treated as if it were a major program of the City.

(2) BASIS OF PRESENTATION

The Schedule is presented using the modified accrual basis of accounting except for programs recorded in the City's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 2 to the City's general purpose financial statements. The Schedule of Revenues and Expenditures of Passenger Facility Charges is presented using the accrual basis of accounting.

(3) RELATIONSHIP TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

Expenditures of federal awards are reported in the City's general purpose financial statements as expenditures in the general, special revenue and capital projects funds and as expenses for non-capital expenditures and as capital contributions for capital related expenditures in the enterprise funds.

(4) RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the Schedule agree to or can be reconciled with the amounts reported in the related federal financial reports.

CITY OF SAN JOSE, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards,
Schedule of Revenues and Expenditures of Passenger Facility Charges and
Schedule of Expenditures of the California Office of Criminal Justice Planning Grants

Year Ended June 30, 2000.

(5) AMOUNT PROVIDED TO SUBRECIPIENTS

Included in the total expenditures of federal awards are the following amounts passed through to subrecipients:

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Amount Provided to Subrecipients</u> |
|----------------------------------------------------------|------------------------------------|-------------------------------------------------|
| Community Development Block Grant – Entitlement Grant | 14.218 | \$4,600,327 |
| Emergency Shelter Grant | 14.231 | 379,424 |
| Housing Opportunities for Persons with AIDs | 14.241 | 636,533 |

(6) LOANS OUTSTANDING

The City participates in certain federal award programs that sponsor revolving loan programs which are administered by the City. These programs maintain servicing and trust arrangements with the City to collect loan repayments. The funds are returned to the programs upon repayment of the principal and interest. The following is a summary of the loan programs maintained by the City along with the outstanding loan receivable balances at June 30, 2000:

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Amount Outstanding</u> |
|----------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| Special Economic Development Administration and Adjustment Assistance Program | 11.307 | \$125,048 |
| Community Development Block Grant – Entitlement Grant | 14.218 | 13,531,487 |
| Rental Rehabilitation Program | 14.230 | 1,695,883 |
| Home Investment Partnership | 14.239 | 14,898,172 |

(7) AIRPORT EXPENDITURES

The Federal Aviation Administration reimburses the City for approximately 80% of allowable program costs. The remaining unreimbursed portion of program costs, if eligible, are reimbursed from PFC revenue. Total allowable Airport Improvement Program (AIP) expenditures are presented in the accompanying Schedule. Approximately 20% expenditures reimbursed by PFC revenue for AIP approved projects and 100% for non-AIP approved projects are also presented as PFC expenditures in the accompanying Schedule of Revenues and Expenditures of Passenger Facility Charges.

CITY OF SAN JOSE, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards,
Schedule of Revenues and Expenditures of Passenger Facility Charges and
Schedule of Expenditures of the California Office of Criminal Justice Planning Grants

Year Ended June 30, 2000

(8) SAN JOSE AREA WATER RECLAMATION & REUSE PROGRAM

The San Jose Area Water Reclamation & Reuse Program assists the City and tributary agencies of the San Jose/Santa Clara Water Pollution Control Plant in protecting endangered species habitat, achieving federally mandated receiving water quality standards and reducing reliance on area surface, ground water, and imported water supplies. The U.S. Department of Interior – Bureau of Reclamation awarded the City \$32.5 million and Congress appropriated funding in federal fiscal year 1995. Funding for subsequent years up to \$32.5 million is contingent upon subsequent Congressional Appropriations Acts. As a result of the timing of the subsequent funding approvals, the City requests reimbursements for costs incurred in prior fiscal years. During fiscal year ended June 30, 2000, the City claimed \$4,070,851 of prior years expenditures and \$638,330 of current year expenditures.

(9) CALIFORNIA OFFICE OF CRIMINAL JUSTICE PLANNING GRANTS

At the request of the State of California Office of Criminal Justice Planning, the categorical expenditure distribution for the federal and non-federal portion of the California Office of Criminal Justice Planning Grant programs is also included as a supplementary schedule on page 11.

CITY OF SAN JOSE, CALIFORNIA

Federal Awards Schedule of Findings and Questioned Costs

Year Ended June 30, 2000

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the general purpose financial statements of the City: Unqualified

Internal control over financial reporting:

- ◆ Material weakness(es) identified? No
- ◆ Reportable condition(s) identified that are not considered to be material weaknesses? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over other major programs:

- ◆ Material weakness(es) identified? No
- ◆ Reportable condition(s) identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No

Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|---------------------------------------------------|
| 14.241 | Housing Opportunities for Persons with AIDs |
| n/a | San Jose Area Water Reclamation & Reuse Program |
| 17.250 | Job Training Partnership Act – WIA Implementation |
| 20.106 | Airport Improvement Program |
| 20.205 | Highway, Planning and Construction |

CITY OF SAN JOSE, CALIFORNIA

Federal Awards Schedule of Findings and Questioned Costs

Year Ended June 30, 2000

Section I Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between type A and type B programs: \$1,235,497

Auditee qualified as a low-risk auditee? Yes

Section II Financial Statement Findings

No matters were reported.

Section III Federal Award Findings and Questioned Costs

No matters were reported.

CITY OF SAN JOSE, CALIFORNIA

Passenger Facility Charges Schedule of Findings and Questioned Costs

Year Ended June 30, 2000

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the general purpose financial statements of the City: Unqualified

Internal control over financial reporting:

- ◆ Material weakness(es) identified? No
- ◆ Reportable condition(s) identified that are not considered to be material weaknesses? None reported

Noncompliance material to the financial statements noted? No

Passenger Facility Charges

Internal control over other major programs:

- ◆ Material weakness(es) identified? No
- ◆ Reportable condition(s) identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for the Passenger Facility Charges program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No

Identification of major program?

CFDA – n/a Passenger Facility Charges

Dollar threshold used to distinguish between type A and type B programs: Program Specific

Auditee qualified as a low-risk auditee? Yes

Section II Financial Statement Findings

No matters were reported.

Section III Passenger Facility Charges Findings and Questioned Costs

No matters were reported.

CITY OF SAN JOSE, CALIFORNIA

Single Audit Reports

Year Ended June 30, 2001

CITY OF SAN JOSE, CALIFORNIA

Single Audit Reports

Year Ended June 30, 2001

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Macias, Gini & Company LLP
 Certified Public Accountants and
 Management Consultants

Partners
 Kenneth A. Macias, Managing Partner
 Ernest J. Gini
 Kevin J. O'Connell
 Richard A. Green
 Jan A. Rosati
 James V. Godsey

Mt. Diablo Plaza
 2175 N. California Boulevard
 Suite 620
 Walnut Creek, CA 94596-3565
 925•274•0190
 925•274•3819 FAX
 www.maciasgini.com

**Independent Auditor's Report on Compliance and on Internal
 Control over Financial Reporting Based on an Audit of
 General Purpose Financial Statements Performed in
 Accordance with *Government Auditing Standards***

City Council
 City of San José, California

We have audited the general purpose financial statements of the City of San José, California (the City) as of and for the year ended June 30, 2001, and have issued our report thereon dated August 28, 2001, which included an explanatory paragraph due to changes in the method of accounting for nonexchange transactions. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose 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 an instance of noncompliance that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2001-01.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting which we have reported to the City's management in a separate letter dated August 28, 2001.

This report is intended solely for the information and use of the City Council, the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias, Gini & Company LLP
 Certified Public Accountants
 Walnut Creek, California
 August 28, 2001

OFFICE LOCATIONS

Sacramento • Los Angeles • Fresno • San Francisco Bay Area



Macias, Gini & Company LLP
 Certified Public Accountants and
 Management Consultants

| | |
|-------------------------------------|------------------------------|
| <i>Partners</i> | Mt. Diablo Plaza |
| Kenneth A. Macias, Managing Partner | 2175 N. California Boulevard |
| Ernest J. Gini | Suite 620 |
| Kevin J. O'Connell | Walnut Creek, CA 94596-3565 |
| Richard A. Green | 925•274•0190 |
| Jan A. Rosafi | 925•274•3819 FAX |
| James V. Godsey | www.maciasgini.com |

**Independent Auditor's Report on Compliance with Requirements
 Applicable to Each Major Program and the Passenger Facility Charges, on
 Internal Control over Compliance in Accordance with OMB Circular A-133 and on the
 Schedules of Expenditures of Federal Awards, Passenger Facility Charges, and
 California Office of Criminal Justice Planning Grants**

City Council
 City of San José, California

Compliance

We have audited the compliance of the City of San José, California (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (*PFC Guide*) that are applicable to each of its major federal programs and to the passenger facility charge program, respectively, for the year ended June 30, 2001. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Federal Awards Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and the passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *PFC Guide*. Those standards, OMB Circular A-133, and the *PFC Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in item 2001-01 in the accompanying Federal Award Schedule of Findings and Questioned Costs, the City did not comply with certain requirements under the special tests and provisions applicable to its Airport Improvement Program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program. In our opinion, except for the noncompliance described in the preceding sentences, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and on the passenger facility charge program for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program and the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

OFFICE LOCATIONS

Sacramento • Los Angeles • Fresno • San Francisco Bay Area

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program and the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over compliance which we have reported to the City's management in a separate letter dated August 28, 2001.

*Schedule of Expenditures of Federal Awards,
Schedule of Revenues and Expenditures of Passenger Facility Charges, and
Schedule of Expenditures of California Office of Criminal Justice Planning Grants*

We have audited the general purpose financial statements of the City, as of and for the year ended June 30, 2001, and have issued our report thereon dated August 28, 2001, which included an explanatory paragraph due to changes in the method of accounting for nonexchange transactions. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, Schedule of Revenues and Expenditures of Passenger Facility Charges, and Schedule of Expenditures of California Office of Criminal Justice Planning Grants, are presented for purposes of additional analysis as required by OMB Circular A-133, the PFC Guide and the State of California Office of Criminal Justice Planning, respectively, and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, the City's management, the Federal Aviation Administration and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias, Gini & Company LLP
Certified Public Accountants

Walnut Creek, California
August 28, 2001

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2001

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|-------------------------------------------------------------------------------|------------------------|--------------------------|--------------|---------------|---------|
| | | | | Federal Grant | Other |
| U.S. Department of Commerce | | | | | |
| Special Economic Development Administration and Adjustment Assistance Program | 11.307 | 07-39-02866 | \$ 345,000 | 31,950 | - |
| Subtotal U.S. Department of Commerce | | | 345,000 | 31,950 | - |
| U.S. Department of Housing and Urban Development | | | | | |
| Community Development Block Grants - Entitlement Grant | 14.218 | B98-99-00-MC-06-0021 | 37,602,000 | 16,907,271 | - |
| Emergency Shelter Grants | 14.231 | S97 MC-060021 | 340,000 | 3,923 | - |
| Emergency Shelter Grants | 14.231 | S99-MC-060021 | 445,000 | 46,994 | - |
| Emergency Shelter Grants | 14.231 | S00-MC-060021 | 445,000 | 374,824 | - |
| Subtotal Emergency Shelter Grants | | | 1,230,000 | 425,741 | - |
| Home Investment Partnerships Program/Rental Rehabilitation | 14.239 | M95-00-MC06215 | 22,309,000 | 4,510,675 | - |
| Housing Opportunities for Persons with AIDs | 14.241 | CA39H99-F069 | 649,000 | 142,495 | - |
| Housing Opportunities for Persons with AIDs | 14.241 | CA39H00-F069 | 660,000 | 488,207 | - |
| Housing Opportunities for Persons with AIDs | 14.241 | CAH99-0032 | 1,346,000 | 271,673 | - |
| Subtotal Housing Opportunities for Persons with AIDs | | | 2,655,000 | 902,375 | - |
| Subtotal U.S. Department of Housing and Urban Development | | | 63,796,000 | 22,746,062 | - |
| U.S. Department of Interior | | | | | |
| Bureau of Reclamation | | | | | |
| San Jose Area Water Reclamation & Reuse Program | 15.504 | 5-FG-20-12650 | 35,000,000 | 3,399,714 | 550,689 |
| Subtotal U.S. Department of Interior | | | 35,000,000 | 3,399,714 | 550,689 |

See accompanying notes to the Schedule of Expenditures of Federal Awards, Schedule of Revenues and Expenditures of Passenger Facility Charges and Schedule of Expenditures of California Office of Criminal Justice Planning Grants.

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2001

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|-----------------------------------------------------------------------|------------------------|--------------------------|--------------|---------------|-----------|
| | | | | Federal Grant | Other |
| U.S. Department of Justice | | | | | |
| Pass-through State of California Office of Criminal Justice Planning: | | | | | |
| Juvenile Accountability Incentive Block Grants | 16.523 | IP98017928 | \$ 248,204 | 243,852 | 34,309 |
| Pass-through County of Santa Clara: | | | | | |
| Byrne Formula Grant Program (Anti-Drug Abuse) | 16.579 | Agreement | 289,404 | 164,755 | - |
| Pass-through State of California Office of Criminal Justice Planning: | | | | | |
| Violence Against Women Formula Grants - Phase II | 16.588 | LE97017928 | 330,000 | 151,014 | 50,338 |
| Local Law Enforcement Block Grants Program | 16.592 | 98-LB-VX-2547 | 1,269,983 | 312,030 | 169,165 |
| Local Law Enforcement Block Grants Program | 16.592 | 99-LB-VX-8163 | 1,235,942 | 1,078,231 | 54,977 |
| Local Law Enforcement Block Grants Program | 16.592 | 00-LB-BX-3063 | 1,128,904 | 170,193 | - |
| Subtotal Local Law Enforcement Block Grants Program | | | 3,634,829 | 1,560,454 | 224,142 |
| Executive Office for Weed and Seed - PRNS - Year 6 | 16.595 | 99-WS-QX-0084 | 175,000 | 121,841 | - |
| Executive Office for Weed and Seed - PRNS - Year 6 | 16.595 | 99-WS-QX-0084 | 100,000 | 32,990 | - |
| Executive Office for Weed and Seed - Washington | 16.595 | 2000-WS-QX-0092 | 125,000 | 13,438 | - |
| Subtotal Executive Office for Weed and Seed | | | 400,000 | 168,269 | - |
| Bulletproof Vest Partnership Program: | | | | | |
| State and Local Domestic Preparedness Equipment Support | 16.607 | 98-TE-CX-0009 | 250,000 | 4,287 | - |
| State and Local Domestic Preparedness Equipment Support | 16.607 | 00-TE-CX-0122 | 200,000 | 196,182 | - |
| Subtotal Bulletproof Vest Partnership Program | | | 450,000 | 200,469 | - |
| Public Safety Partnership and Community Policing Grants: | | | | | |
| COPS Advance Community Policing | 16.710 | 97-OC-WX-0112 | 248,359 | 69,855 | - |
| COPS MORE 96 | 16.710 | 97-CL-WX-0053 | 1,492,310 | - | 45,553 |
| Universal Hiring Program II | 16.710 | 95-CC-WX-0112 | 300,000 | - | 33,076 |
| Universal Hiring Program III | 16.710 | 95-CC-WX-0012 | 2,775,000 | 604,672 | 1,647,146 |
| Universal Hiring Program IV | 16.710 | 95-CC-WX-0012 | 1,500,000 | 500,000 | 481,648 |
| COPS School Based Partnership | 16.710 | 99-SB-WX-0060 | 172,990 | 96,849 | - |
| Subtotal Public Safety Partnership and Community Policing Grants | | | 6,488,659 | 1,271,376 | 2,207,423 |
| Pass-through State of California, | | | | | |
| Office of National Drug Control Policy, HIDTA | n/a | I8PSFP505/I8PSFP506 | 318,667 | 110,825 | 21,332 |
| Subtotal U.S. Department of Justice | | | 12,159,763 | 3,871,014 | 2,537,544 |

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2001

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|----------------------------------------------------------------------|------------------------|--------------------------|--------------|---------------|------------|
| | | | | Federal Grant | Other |
| U.S. Department of Labor | | | | | |
| Pass-through State of California, Employment Development Department: | | | | | |
| Employment Service | 17.207 | M965883 | \$ 243,565 | 243,565 | - |
| Pass-through State of California, Employment Development Department: | | | | | |
| Welfare-to-Work Grants to States and Localities | 17.253 | W170692 | 2,440,501 | 1,687,973 | - |
| Welfare-to-Work Grants to States and Localities | 17.253 | R174150 | 2,790,210 | 15,772 | - |
| Subtotal Welfare-to-Work Grants to States and Localities | | | 5,230,711 | 1,703,745 | - |
| Workforce Investment Act | 17.255 | R069135 | 9,693,398 | 7,180,166 | - |
| WIA Dislocated Workers | 17.260 | G065539 | 567,104 | 567,104 | - |
| Subtotal U.S. Department of Labor | | | 15,734,778 | 9,694,580 | - |
| U.S. Department of Transportation | | | | | |
| Federal Aviation Administration: | | | | | |
| Airport Improvement Program - 26 | 20.106 | 3-06-0226-26 | 3,977,575 | 518,814 | 124,956 |
| Airport Improvement Program - 34 | 20.106 | 3-06-0226-34 | 1,138,008 | 148,436 | - |
| Airport Improvement Program - 35 | 20.106 | 3-06-0226-35 | 3,389,875 | 236,164 | 1,204 |
| Airport Improvement Program - 36 | 20.106 | 3-06-0226-36 | 2,000,000 | 5,000 | 1,204 |
| Airport Improvement Program - 37 | 20.106 | 3-06-0226-37 | 2,000,000 | 21,045 | (1,983) |
| Airport Improvement Program - 38 | 20.106 | 3-06-0226-38 | 2,654,921 | - | (119,119) |
| Airport Improvement Program - 40 | 20.106 | 3-06-0226-40 | 4,148,945 | 3,724,580 | 797,534 |
| Airport Improvement Program - 41 | 20.106 | 3-06-0226-41 | 4,532,490 | 2,427,529 | 584,670 |
| Airport Improvement Program - 42 | 20.106 | 3-06-0226-42 | 441,253 | 237,206 | 54,131 |
| Airport Improvement Program - 43 | 20.106 | 3-06-0226-43 | 668,262 | 619,092 | 147,396 |
| Airport Improvement Program - 44 | 20.106 | 3-06-0226-44 | 4,000,000 | 220,289 | 73,071 |
| Airport Improvement Program - 45 | 20.106 | 3-06-0226-45 | 22,298,862 | 22,298,862 | 12,857,556 |
| Subtotal Airport Improvement Program | | | 51,250,191 | 30,457,017 | 14,520,620 |

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2001

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|----------------------------------------------------------|------------------------|--------------------------|--------------|---------------|------------|
| | | | | Federal Grant | Other |
| U.S. Department of Transportation (Continued) | | | | | |
| Highway Planning and Construction | | | | | |
| Pass-through the State of California: | | | | | |
| Intermodal Surface Transportation Efficiency Act - | | | | | |
| Trimble Road at Guadalupe River | 20.205 | STPL-5005(039) | \$ 2,880,000 | 16,287 | 2,110 |
| Federal-Aid Highway Program | | | | | |
| Foxworthy (Pearl Avenue) at Guadalupe River | 20.205 | BRLS-5005(056) | 1,680,000 | 1,680,000 | 695,545 |
| SVSC Milpitas | 20.205 | CML-5005(059) | 2,593,742 | 84,956 | - |
| Fremont & Airport ITS Improvements | 20.205 | CML-5005(060) | 1,769,545 | 91,087 | - |
| Pass-through the Metropolitan Transportation Commission: | | | | | |
| Intermodal Surface Transportation Efficiency Act - | | | | | |
| CMP System - Phase I | 20.205 | STPLN-MA-5005(051) | 2,334,000 | 11,036 | 1,598 |
| CMP System - Phase II | 20.205 | STPLN-MA-5005(057) | 1,400,000 | 122,665 | 24,235 |
| Federal-Aid Highway Program | | | | | |
| HBRR - Oakland Road Bridge | 20.205 | BRLNS-5005(015) | 2,874,028 | 17,136 | 138,537 |
| HBRR - Wooster Avenue | 20.205 | BRLO-5005(016) | 448,000 | - | 30,540 |
| HBRR - Hedding Street Bridge | 20.205 | BHLNS-5005(025) | 757,602 | - | 10,678 |
| HBRR - Willow Glen Way Bridge | 20.205 | BRLS-5005(011) | 849,600 | - | 1,772 |
| Seismic Retrofit - Tully Road | 20.205 | CRP-L089(645) | 249,145 | 10,999 | (10,147) |
| Subtotal Highway Planning and Construction | | | 17,835,662 | 2,034,166 | 894,868 |
| Subtotal U.S. Department of Transportation | | | 69,085,853 | 32,491,183 | 15,415,488 |

CITY OF SAN JOSE, CALIFORNIA
 Schedule of Expenditures of Federal Awards (Continued)
 Year Ended June 30, 2001

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|----------------------------------------------------------|------------------------|--------------------------|--------------|---------------|-----------|
| | | | | Federal Grant | Other |
| National Endowment for the Arts | | | | | |
| National Foundation on the Arts and Humanities | | | | | |
| Promotion of the Arts (Local Arts Stabilization) | 45.024 | 98-021857 | \$ 90,000 | 50,000 | 60,000 |
| Pass-through the California State Library | | | | | |
| State Library Program: | | | | | |
| 99/00 Library Kiosk Grant | 45.310 | 40-4961 | 131,587 | 131,587 | - |
| 00/01 Home Delivery Pilot Project | 45.310 | 40-5205 | 110,000 | 46,825 | - |
| Subtotal State Library Program | | | 241,587 | 178,412 | - |
| Subtotal National Endowment for the Arts | | | 331,587 | 228,412 | 60,000 |
| U.S. Department of Energy | | | | | |
| Pass-through the City of Chicago: | | | | | |
| Energy Task Force for the Urban Consortium | | | | | |
| Solar Technologies and Disaster Management | 81.081 | D0961205196 | 25,000 | 14,542 | - |
| Solar Energy Partnership Support and Barrier Elimination | | | | | |
| Million Solar Roofs Initiative | 81.118 | DE-FG51-00R021161 | 46,695 | 21,321 | - |
| Pass-through the California Energy Commission: | | | | | |
| State Energy Program Special Projects | 81.119 | DE-FG51-99R021076 | 20,000 | 7,900 | - |
| Subtotal U.S. Department of Energy | | | 91,695 | 43,763 | - |
| Federal Emergency Management Agency | | | | | |
| Pass-through the State of California: | | | | | |
| Emergency Management Assistance | 83.503 | n/a | n/a | 100,000 | - |
| Public Assistance Grants: | | | | | |
| Flood Disaster-February 98 | 83.544 | FEMA DR-1203 | n/a | 334,469 | 137,353 |
| Fire Tuolumne-August 99 | 83.544 | FEMA EM-3140 | n/a | - | 184,673 |
| Subtotal Public Assistance Grants | | | n/a | 334,469 | 322,026 |
| Hazard Mitigation Grant: | | | | | |
| Police Administration Building | 83.548 | FEMA DR-1046 | 1,162,500 | 77,556 | - |
| Fire Station No. 1 | 83.548 | FEMA DR-845 | 230,000 | - | 761,802 |
| Station No.15 | 83.548 | FEMA DR- 1008 | 97,454 | 41,777 | - |
| Subtotal Hazard Mitigation Grants | | | 1,489,954 | 119,333 | 761,802 |
| Subtotal Federal Emergency Management Agency | | | 1,489,954 | 553,802 | 1,083,828 |

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2001

| Federal Grantor/Pass-Through Grantor/Program | Federal Catalog Number | Grant Identifying Number | Grant Amount | Expenditures | |
|---------------------------------------------------------------------------|------------------------|--------------------------|----------------|---------------|---------------|
| | | | | Federal Grant | Other |
| Department of Health & Human Services | | | | | |
| Pass-through California Department of Education: | | | | | |
| Child Care and Development Block Grants: | | | | | |
| San Jose Literacy, Education, Arts, Recreation Nurtures Students (LEARNS) | 93.575 | 43-1998-007 | \$ 99,011 | 774 | - |
| San Jose Literacy, Education, Arts, Recreation Nurtures Students (LEARNS) | 93.575 | 43-1998-006 | 27,564 | 107 | - |
| Subtotal Department of Health & Human Services | | | 126,575 | 881 | - |
| Corporation for National and Community Services | | | | | |
| Retired and Senior Volunteer Program - 28th Year | 94.002 | 440PO77/19-00 | 81,756 | 70,566 | 132,182 |
| Retired and Senior Volunteer Program - 29th Year | 94.002 | 440PO77/20-00 | 84,286 | 11,074 | 63,718 |
| Subtotal Retired and Senior Volunteer Program | | | 166,042 | 81,640 | 195,900 |
| Senior Companion Program - 15th Year | 94.016 | 436PO19-15-00 | 117,570 | 37,432 | 12,645 |
| Senior Companion Program - 16th Year | 94.016 | 436PO19-16-00 | 118,799 | 68,468 | 50,261 |
| Subtotal Senior Companion Program | | | 236,369 | 105,900 | 62,906 |
| Subtotal Corporation for National and Community Services | | | 402,411 | 187,540 | 258,806 |
| Total Expenditures of Federal Awards | | | \$ 198,563,616 | \$ 73,248,901 | \$ 19,906,355 |

CITY OF SAN JOSE, CALIFORNIA

Schedule of Revenues and Expenditures of Passenger Facility Charges

Year Ended June 30, 2001

| Passenger Facility Charge Project Number/Description | Identifying Number | Passenger Facility Charge Amount | Expenditures | Revenue Recognized |
|------------------------------------------------------|--------------------|----------------------------------|--------------|--------------------|
| Total Passenger Facility Collection Revenues | | | | |
| Passenger Facility Collections | | \$ - | - | 20,577,015 |
| Interest Earned on PFC Collections | | - | - | 3,330,469 |
| Passenger Facility Charge Programs | | | | |
| #1 Communication Center Upgrade | 92-01-C-00-SJC | 500,000 | - | - |
| #2 Fire Truck Replacement | 92-01-C-00-SJC | 599,826 | - | - |
| #3 Handlift Replacement | 92-01-C-00-SJC | 75,000 | 5,680 | - |
| #4 Noise Attenuation | 92-01-C-00-SJC | 47,171,000 | 8,507,769 | - |
| #5 Noise Monitoring System Upgrade | 92-01-C-00-SJC | 140,000 | - | - |
| #6 Noise Remedy/Land Acquisition | 92-01-C-00-SJC | 11,260,000 | (518,814) | - |
| #7 Security Access Control System | 92-01-C-00-SJC | 1,032,000 | - | - |
| #8 Control Tower | 94-04-U-00-SJC | 260,916 | - | - |
| #9 Fire Station Remodel | 94-04-U-00-SJC | 280,926 | - | - |
| #10 Runway 30L Extension | 92-02-U-00-SJC | 7,500,000 | - | - |
| #11 Sign Program | 92-02-U-00-SJC | 1,739,000 | - | - |
| #18 Run-Up Area Blast Pad | 93-03-C-00-SJC | 350,000 | - | - |
| #19 Taxiway Z Reconstruction C-G | 93-03-C-00-SJC | 7,915,000 | (301,536) | - |
| #20 Taxiway B Reconstruction | 93-03-C-00-SJC | 1,835,000 | (78,586) | - |
| #21 West GA Parking Reconstruction | 93-03-C-00-SJC | 1,820,000 | - | - |
| #22 Shelter Relocation | 93-03-C-00-SJC | 90,000 | - | - |
| #23 Taxiway Y Reconstruction | 93-03-C-00-SJC | 1,326,000 | - | - |
| #24 Runway 30L Reconstruction | 93-03-C-00-SJC | 303,000 | - | - |
| #25 Runway 30R Reconstruction | 93-03-C-00-SJC | 60,000 | - | - |
| #26 Westside Development | 93-03-C-00-SJC | 447,000 | - | - |
| #27 Terminal A Shuttle | 93-03-C-00-SJC | 38,000 | - | - |
| #28 Taxiway Z Reconstruction B to C | 93-03-C-00-SJC | 2,400,000 | - | - |
| #29 Interactive Training System | 93-03-C-00-SJC | 11,000 | - | - |
| #30 Master Plan Update | 93-03-C-00-SJC | 650,000 | 926,938 | - |

See accompanying notes to the Schedule of Expenditures of Federal Awards, Schedule of Revenues and Expenditures of Passenger Facility Charges and Schedule of Expenditures of California Office of Criminal Justice Planning Grants.

CITY OF SAN JOSE, CALIFORNIA

Schedule of Revenues and Expenditures of Passenger Facility Charges (Continued)

Year Ended June 30, 2001

| Passenger Facility Charge Project Number/Description | Identifying Number | Passenger Facility Charge Amount | Expenditures | Revenue Recognized |
|-------------------------------------------------------|--------------------|----------------------------------|--------------|--------------------|
| #36 30L Reconstruction B to C | 95-05-C-00-SJC | \$ 837,372 | - | - |
| #37 30L Reconstruction C to L | 95-05-C-00-SJC | 2,227,710 | - | - |
| #38 30L Reconstruction J to L | 95-05-C-00-SJC | 844,132 | - | - |
| #39 Taxiway Y to K | 95-05-C-00-SJC | 150,179 | - | - |
| #40 Runway 30L Reconstruction | 98-06-1-00-SJC | 35,000,000 | - | - |
| #41 Aircraft Noise & Operation Management System | 99-07-C-00-SJC | 100,000 | 76,684 | - |
| #42 Emergency Command Post Relocation & Equipment | 99-07-C-00-SJC | 150,000 | 114,086 | - |
| #43 Interim Federal Inspection Service (FIS) Facility | 99-08-C-00-SJC | 23,598,000 | 9,482,876 | - |
| #44 Airfield Lighting Control System | 99-07-C-00-SJC | 200,000 | 199,956 | - |
| #46 Ewert Road Improvements | 99-07-C-00-SJC | 1,000,000 | 408,208 | - |
| #47 Skyport Access to Airport Boulevard | 99-07-C-00-SJC | 813,000 | 1,082,448 | - |
| #48 Taxiway Y Pavement Reconstruction | 99-07-C-00-SJC | 2,100,000 | 1,162,194 | - |
| #49 Transportation Access Plan | 99-07-C-00-SJC | 1,050,000 | 1,203,505 | - |
| #50 Terminal C Ramp Lighting Improvement | 99-07-C-00-SJC | 37,000 | 20,171 | - |
| #51 Acoustical Treatment of Four Eligible Schools | 99-07-C-00-SJC | 7,500,000 | 61,932 | - |
| #52 Taxiway Z Apron Recon | 00-09-C-00-SJC | 825,000 | 74,226 | - |
| #53 Terminal C Fire Protection | 00-09-C-00-SJC | 580,000 | 50,575 | - |
| #54 Fiber Optic Cable to ARC & Fire Station 29 | 00-09-C-00-SJC | 85,000 | - | - |
| #55 Green Island Bridge | 00-09-C-00-SJC | 4,000,000 | 725,988 | - |
| #56 Replacement of AACS and CCTV | 00-09-C-00-SJC | 4,075,000 | - | - |
| #57 Skyport Grade Separation | 00-09-C-00-SJC | 8,650,000 | 272,123 | - |
| #58 Terminal Drive Improvement | 00-09-C-00-SJC | 5,500,000 | - | - |
| #59 Replacement of Passur | 00-09-C-00-SJC | 80,000 | 220,868 | - |
| #60 Terminal C Restroom | 00-09-C-00-SJC | 2,485,000 | 1,952,353 | - |
| #61 Interim Air Cargo Ramp Extension | 00-09-C-00-SJC | 3,500,000 | - | - |
| #62 Runway 30R/12L | 01-10-C-00-SJC | 84,105,000 | - | - |
| #63 Noise Attenuation Cat II & III | 01-10-C-00-SJC | 4,500,000 | - | - |
| #64 Taxiway Y Extension | 01-10-C-00-SJC | 5,351,000 | - | - |
| Total Passenger Facility Charge Programs | | \$ 287,147,061 | 25,649,644 | 23,907,484 |

CITY OF SAN JOSE, CALIFORNIA

Schedule of Expenditures of California Office of Criminal Justice Planning Grants

Year Ended June 30, 2001

| Pass-Through Grantor/Program Title | Federal Catalog Number | Grant Identifying Number | Grant Amount | Personal Service | Employee Benefits | Travel | Consulting Expenses | Operating Expenses | Equipment | Total Expenditures |
|----------------------------------------------------------|------------------------|--------------------------|-------------------|------------------|-------------------|----------|---------------------|--------------------|---------------|--------------------|
| State of California Office of Criminal Justice Planning: | | | | | | | | | | |
| Juvenile Accountability Incentive | | | | | | | | | | |
| Block Grants | 16.523 | IP98017928 | \$ 248,204 | - | - | - | - | 259,004 | 19,157 | 278,161 |
| Violence Against Women Formula Grants - | 16.588 | LE97017928 | 330,000 | 15,234 | - | - | - | 186,118 | - | 201,352 |
| | | | <u>\$ 578,204</u> | <u>15,234</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>445,122</u> | <u>19,157</u> | <u>479,513</u> |

CITY OF SAN JOSE, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards,
Schedule of Revenues and Expenditures of Passenger Facility Charges, and
Schedule of Expenditures of California Office of Criminal Justice Planning Grants

Year Ended June 30, 2001

(1) GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of the federal award programs of the City of San José, California (the City). Also included is information regarding the California Office of Criminal Justice Planning Grants. The City's reporting entity is defined in Note 1 of its general purpose financial statements. The Schedule includes all federal awards received directly from federal agencies and federal awards passed-through other governmental agencies. In addition, the Schedule includes local, state and other expenditures matched along with the federal award expenditures.

The Schedule of Revenues and Expenditures of Passenger Facility Charges presents only the activity of the Passenger Facility Charge Program of the San José International Airport (the Airport), an enterprise fund of the City. Passenger Facility Charges (PFC) are fees imposed on enplaned passengers by the Airport for the purpose of generating revenue for Airport projects that increase capacity, increase safety and mitigate noise impact.

(2) BASIS OF PRESENTATION

The Schedule is presented using the modified accrual basis of accounting except for programs recorded in the City's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 2 to the City's general purpose financial statements. The Schedule of Revenues and Expenditures of Passenger Facility Charges is presented using the accrual basis of accounting.

(3) RELATIONSHIP TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

Expenditures of federal awards are reported in the City's general purpose financial statements as expenditures in the general, special revenue and capital projects funds and as expenses for non-capital expenditures and as additions to fixed assets for capital related expenditures in the enterprise funds.

(4) RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the Schedule agree to or can be reconciled with the amounts reported in the related federal financial reports.

CITY OF SAN JOSE, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards,
Schedule of Revenues and Expenditures of Passenger Facility Charges, and
Schedule of Expenditures of California Office of Criminal Justice Planning Grants

Year Ended June 30, 2001

(5) AMOUNTS PROVIDED TO SUBRECIPIENTS

Included in the total expenditures of federal awards are the following amounts passed through to subrecipients:

| <u>Program Title</u> | <u>Federal Catalog Number</u> | <u>Amount Provided to Subrecipients</u> |
|----------------------------------------------------------|---------------------------------------|-------------------------------------------------|
| Community Development Block Grant - Entitlement Grant | 14.218 | \$6,363,218 |
| Emergency Shelter Grant | 14.231 | 425,741 |
| Housing Opportunities for Persons with AIDs | 14.241 | 902,375 |
| Workforce Investment Act | 17.255 | 4,756,444 |
| WIA Dislocated Workers | 17.260 | 385,715 |

(6) LOANS OUTSTANDING

The City participates in certain federal award programs that sponsor revolving loan programs which are administered by the City. These programs maintain servicing and trust arrangements with the City to collect loan repayments. The funds are returned to the programs upon repayment of the principal and interest. The following is a summary of the loan programs maintained by the City along with the outstanding loan receivable balances at June 30, 2001:

| <u>Program Title</u> | <u>Federal Catalog Number</u> | <u>Amount Outstanding</u> |
|----------------------------------------------------------------------------------|---------------------------------------|-------------------------------|
| Special Economic Development Administration and Adjustment Assistance Program | 11.307 | \$208,552 |
| Community Development Block Grant - Entitlement Grant | 14.218 | 13,349,055 |
| Home Investment Partnership/ Rental Rehabilitation Program | 14.239 | 19,453,581 |

(7) AIRPORT EXPENDITURES

The Federal Aviation Administration reimburses the City for approximately 80% of allowable program costs. The remaining unreimbursed portion of program costs, if eligible, are reimbursed from PFC revenue. Total allowable Airport Improvement Program (AIP) expenditures are presented in the accompanying Schedule. Approximately 20% of expenditures reimbursed by PFC revenue for AIP approved projects and 100% for non-AIP approved projects are also presented as PFC expenditures in the accompanying Schedule of Revenues and Expenditures of Passenger Facility Charges.

CITY OF SAN JOSE, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards,
Schedule of Revenues and Expenditures of Passenger Facility Charges, and
Schedule of Expenditures of California Office of Criminal Justice Planning Grants

Year Ended June 30, 2001

(8) SAN JOSE AREA WATER RECLAMATION & REUSE PROGRAM

The San José Area Water Reclamation & Reuse Program assists the City and tributary agencies of the San José-Santa Clara Water Pollution Control Plant in protecting endangered species habitats, achieving federally mandated water quality standards and reducing reliance on area surface, ground water, and imported water supplies. The U.S. Department of Interior - Bureau of Reclamation awarded the City \$32.5 million in federal fiscal year 1995 and approved an increase of \$2.5 million in federal fiscal year 2000. Funding for subsequent years, up to \$35 million, is contingent upon subsequent Congressional Appropriations Acts. As a result of the timing of the subsequent funding approvals, the City requests reimbursements for costs incurred in prior fiscal years.

As of June 30, 2001, Congress appropriated \$18,660,567 and the City claimed cumulative reimbursements of \$18,572,575 of which \$3,216,150 was claimed in fiscal year 2001 for expenditures incurred in prior fiscal years. The Schedule reported total expenditures of \$3,399,714 of which \$183,565 was incurred in the current fiscal year.

(9) DEPARTMENT OF LABOR GRANTS

During fiscal year 2001, Santa Clara County transferred unused Job Training Partnership Act (JTPA) Cluster (CFDA 17.250) grant funds to the City in the amount of \$567,104 to incorporate National Reserve funds for the Del Monte Project - WIA Dislocated Workers (CFDA 17.260). The JTPA funds are subject to the same terms and conditions as the WIA Dislocated Workers funds. The amounts expended under the WIA Dislocated Workers Program from the JTPA transfers were included as total expenditures of the WIA Dislocated Workers Program and used in determining Type A programs.

(10) CALIFORNIA OFFICE OF CRIMINAL JUSTICE PLANNING GRANTS

At the request of the California Office of Criminal Justice Planning, the categorical expenditure distribution for the federal and non-federal portion of the California Office of Criminal Justice Planning Grant Programs is also included as a supplementary schedule on page 12.

CITY OF SAN JOSE, CALIFORNIA

Federal Awards Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the general purpose financial statements of the City: Unqualified

Internal control over financial reporting:

- ◆ Material weakness(es) identified? No
- ◆ Reportable condition(s) identified that are not considered to be material weaknesses? None reported

Noncompliance material to the financial statements noted? Reported

Federal Awards

Internal control over other major programs:

- ◆ Material weakness(es) identified? No
- ◆ Reportable condition(s) identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major programs: Unqualified for all major programs except for the Airport Improvement Program.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes

Identification of major programs:

| Federal Catalog Number | Name of Federal Program or Cluster |
|------------------------|--------------------------------------------------------------------|
| 14.239 | Home Investment Partnerships Program/Rental Rehabilitation Program |
| 17.207 | Employment Services |
| 17.253 | Welfare-to-Work Grants to States and Localities |
| 17.255 | Workforce Investment Act |
| 17.260 | WIA Dislocated Workers |
| 20.106 | Airport Improvement Program |

Dollar threshold used to distinguish between type A and type B programs: \$2,197,467

Auditee qualified as a low-risk auditee? Yes

CITY OF SAN JOSE, CALIFORNIA

Federal Awards Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

Section II Financial Statement Findings

See Finding No. 2001-01 in Section III.

Section III Federal Award Findings and Questioned Costs

Finding No. 2001-01

20.106 Airport Improvement Program

In accordance with OMB Circular A-133 Airport Improvement Program Special Tests and Provisions and *Policies and Procedures Concerning the Generation and Use of Airport Revenue*, indirect costs charged to the airport from the sponsor's cost allocation plan are to be allocated in accordance with Federal Aviation Administration (FAA) policy on cost allocation. Included in this policy is the following criteria:

“Documentary evidence to support direct and indirect charges to the airport must show that the amounts claimed were actually expended. Budget estimates are not sufficient to establish a claim for reimbursement. Indirect cost allocation plans, however, may use budget estimates to establish predetermined indirect cost allocation rates. Such estimated rates should, however, be adjusted to actual expenses in the subsequent accounting period.”

The City-Wide Cost Allocation Plan (the CAP) establishes overhead rates applied to labor costs (excluding fringe benefits) for fee programs, special fund and other billable services. The City uses budgeted costs as the basis for the CAP's rate development and does not adjust these estimated rates to actual expenses.

Recommendation:

We recommend that the City adjust the CAP to actual expenses as required by the Federal Aviation Administration.

Management Response:

The City's Cost Allocation Plan's (CAP) have been in place and utilized for more than a decade, with generally the same allocation methodologies. During this time the City has immediately implemented any changes to its CAP's requested by cognizant agencies due to their reviews of the CAP's.

Although the City's CAP's have been prepared in accordance with the Federal Office of Management and Budget (OMB) Circulars A-87 and A-133 for grant programs, recent Federal Aviation Administration (FAA) regulations require a change in some methods used in the past for general overhead allocations to the Airport.

The City Auditor's Office recently discovered this relatively new FAA regulation and City staff has been working to implement changes to the CAP to incorporate these new regulations. The City recognizes the need to adjust the rates of appropriate prior years and had already taken steps, prior to the issuance of this audit finding, to correct prior years since the City Auditor had already noticed this issue. While prospective implementation is being planned into future CAP's preparation, staff is working on the timing and methodology to prepare any necessary retroactive changes to prior CAP's that may be required and will adjust for prior overhead reimbursements once the appropriate amounts are determined.

CITY OF SAN JOSE, CALIFORNIA

Passenger Facility Charges Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the general purpose financial statements of the City: Unqualified

Internal control over financial reporting:

- ◆ Material weakness(es) identified? No
- ◆ Reportable condition(s) identified that are not considered to be material weaknesses? None reported
- Noncompliance material to the financial statements noted? Reported

Passenger Facility Charges

Internal control over Passenger Facility Charges:

- ◆ Material weakness(es) identified? No
- ◆ Reportable condition(s) identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for the Passenger Facility Charges program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 in relation to the Passenger Facility Charge Program? No

Section II Financial Statement Findings

See Finding No. 2001-01 in Section III of the Federal Awards Schedule of Findings and Questioned Costs.

Section III Passenger Facility Charges Findings and Questioned Costs

No matters were reported.