

**TO: LIBRARY PARCEL TAX  
OVERSIGHT COMMITTEE**

**FROM: Scott P. Johnson**

**SUBJECT: SEE BELOW**

**DATE: November 26, 2007**

---

**SUBJECT: STATUS REPORT ON THE 2006-2007 ANNUAL AUDIT OF THE  
LIBRARY PARCEL TAX**

**RECOMMENDATION**

Staff recommends that the Committee accept this report regarding the 2006-2007 annual audit of the Library Parcel Tax.

**BACKGROUND**

San José voters passed the Library Parcel Tax measure (Measure S) in November 2004. The Measure included a parcel tax providing at least \$6.2 million annually in supplemental funding over the following ten years for library materials and programming, and the repair, equipping and staffing of Libraries. The Measure also called for the establishment of an oversight committee and an annual audit of the expenditure of the proceeds of the Library Parcel Tax. The Library Commission has been appointed as the Oversight Committee for monitoring the annual audit and reporting to the City Council and public on the results of the annual audit through a report to be submitted to the Council no later than January 1 of each year. This is the second in the series for this annual report.

**ANALYSIS**

The independent accounting firm of Macias, Gini & O'Connell, LLP (MGO) completed their annual audit of City funds in November for the fiscal year ended June 30, 2007. The audited financial statements, known as the Comprehensive Annual Financial Report (CAFR) included a review of the Library Parcel Tax. During the course of an outside auditor's work any significant issues are identified and commented upon. The CAFR was presented by the Finance Department and MGO to the City's Making Government Work Better Committee on November 15, 2007 and will be reported out to the City Council on December 4, 2007. No significant issues were identified and reported on for the Library Parcel Tax. Relevant extracts from the 2006-2007 CAFR are attached.

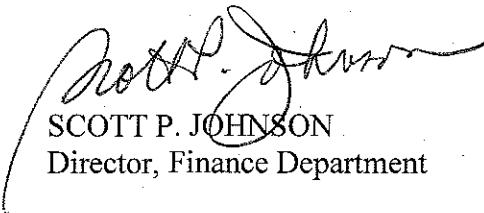
Library Parcel Tax Oversight Committee

**Subject: Status Report on the 2006-2007 Annual Audit of the Library Parcel Tax**

November 26, 2007

Page 2

The CAFR is posted on the City's web site ([www.csjfinance.org](http://www.csjfinance.org)) where the complete report can be found. Copies can also be obtained from the Finance Department on the 13<sup>th</sup> floor of City Hall at 200 East Santa Clara Street, San José, California.



SCOTT P. JOHNSON  
Director, Finance Department

Attachments

**City of San José**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2007**

	<u>Library Parcel Tax (Fund 418)</u>
<b>REVENUES</b>	
Taxes and special assessments	\$ 6,461,630
Intergovernmental	-
Charges for current services	-
Rent	-
Interest and other revenues	162,389
Total revenues	<u>6,624,019</u>
<b>EXPENDITURES</b>	
Current:	
General government	-
Public safety	-
Community services	3,493,457
Sanitation	-
Capital maintenance	1,317,701
Capital outlay	-
Debt service:	
Principal	-
Total expenditures	<u>4,811,158</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,812,861</u>
<b>OTHER FINANCING SOURCES</b>	
Transfers in	-
Transfers out	<u>(52,835)</u>
Total other financing sources (uses)	<u>(52,835)</u>
Net change in fund balances	1,760,026
Fund balances - beginning	<u>3,906,746</u>
Fund balances - ending	<u>\$ 5,666,772</u>

**City of San José**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007**

	<b>Library Parcel Tax (Fund 418)</b>
<b>ASSETS</b>	
Equity in pooled cash and investments held in City Treasury	\$ 6,007,514
Other investments	-
Receivables (net of allowance for uncollectibles)	47,301
Due from outside agencies	25,812
Due from other funds	-
Inventories	-
Loans receivable (net)	-
Advances to other funds	-
Advances and deposits	-
Restricted assets:	
Other investments	-
Other assets	-
Total assets	<u>\$ 6,080,627</u>
<b>LIABILITIES</b>	
Accounts payable	252,261
Accrued salaries, wages and payroll taxes	161,594
Due to other funds	-
Deferred revenue	-
Advances, deposits and reimbursable credits	-
Other liabilities	-
Total liabilities	<u>413,855</u>
<b>FUND BALANCE</b>	
Reserved for:	
Encumbrances	26,999
Noncurrent advances, loans, and other assets	-
Restricted cash commitments	-
Unreserved:	
Designated for future expenditures	100,000
Undesignated	<u>5,539,773</u>
Total fund balances	<u>5,666,772</u>
Total liabilities and fund balances	<u>\$ 6,080,627</u>