



CITY OF SACRAMENTO  
CALIFORNIA

31

OFFICE OF THE  
CITY MANAGER

December 26, 1979

CITY HALL  
915 I STREET - 95814  
(916) 449-5704

City Council  
Sacramento, California

Honorable Members in Session:

SUBJECT: Community Development Block Grant Compliance Audit Report -  
June 30, 1979

SUMMARY

The attached Community Development Block Grant Audit Report through June 30, 1979 was received from the City of Sacramento's external auditor, Touche, Ross Company in December 1979. This request has been submitted to the Department of Housing and Urban Development.

RECOMMENDATION

The staff recommends the City Council refer this matter to the Budget and Finance Committee. The staff will work with the Department of Housing and Urban Development to resolve the findings and return to Council with a staff report within approximately 90 days.

Respectfully submitted,

Andy Plescia  
Senior Management Analyst

Recommendation Approved:

Walter J. Slive  
City Manager

**FILED**

By the City Council  
Office of the City Clerk

*referred to Bud/Fin Comm*

JAN 8 1979

January 8, 1979  
All Districts

CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
CDBG NO. B-75-MC-06-0003  
CDBG NO. B-76-MC-06-0003  
CDBG NO. B-77-MC-06-0003  
CDBG NO. B-78-MC-06-0003

REPORT ON EXAMINATIONS OF  
STATEMENTS OF SOURCE AND STATUS OF FUNDS  
AND PROGRAM COSTS

For the Period ended June 30, 1979

*Touche Ross & Co.*

C O N T E N T S

	<u>Page</u>
Accountants' Report . . . . .	1
Statement of Source and Status of Funds (B-75-MC-06-0003) . . .	2
Statement of Source and Status of Funds (B-76-MC-06-0003) . . .	3
Statement of Source and Status of Funds (B-77-MC-06-0003) . . .	4
Statement of Source and Status of Funds (B-78-MC-06-0003) . . .	5
Statement of Program Costs (B-75-MC-06-0003) . . . . .	6-8
Statement of Program Costs (B-76-MC-06-0003) . . . . .	9-11
Statement of Program Costs (B-77-MC-06-0003) . . . . .	12-14
Statement of Program Costs (B-78-MC-06-0003) . . . . .	15-16
Comments on Compliance and Internal Control . . . . .	16-17
Findings and Recommendations . . . . .	17-19

# *Touche Ross & Co.*

September 13, 1979

City Council  
City of Sacramento  
Sacramento, California

We have examined the statements of source and status of funds and program costs under the Community Development grant numbers B-75-MC-06-0003, B-76-MC-06-0003, B-77-MC-05-0003 and B-78-MC-06-0003 as of June 30, 1979, applicable to the program years ending June 30, 1976, June 30, 1977, June 30, 1978 and June 30, 1979, and for the respective program years in the period from July 1, 1975 through June 30, 1979. Our examination was made in accordance with the prescribed auditing standards and audit requirements set forth in the Department of Housing and Urban Development's (HUD) Audit Guide and Standards for Community Development Block Grant Recipients and, accordingly, included such tests of the accounting and records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements referred to above present fairly the status of the Community Development funds and of the costs incurred under the Community Development program at June 30, 1979, in conformity with generally accepted accounting principles and the requirements of HUD on a consistent basis. Further, costs incurred are eligible under the grant agreement and are in accordance with Federal Management Circular (FMC) 74-4.

We have also reviewed compliance and internal control matters in accordance with the provisions of the HUD Audit Guide for the Community Development Block Grant Program, and have included applicable comments.

*Touche Ross & Co.*

Certified Public Accountants

CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
PROGRAM YEAR 1975; CDBG NO. B-75-MC-06-0003

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the period July 1, 1975 through June 30, 1979

Total program year funds allocated to the City of Sacramento (excluding other program income)	\$3,541,000
Less: Total program year 1975 funds drawn down by recipient	<u>3,326,417</u>
Funds still available from HUD program year 1975 adjusted resources	<u>\$ 214,583</u>
Total program year funds drawn down by recipient	3,326,417
Program income applicable to program year 1975	<u>467,166</u>
Total program year 1975 funds received	3,793,583
Less: Funds applied to program year 1975 costs	<u>3,326,768</u>
Total program year 1975 funds held by recipient	<u>\$ 466,815</u>
Total program year 1975 funds available for disposition	<u>\$ 681,398</u>

CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
PROGRAM YEAR 1976; CDBG NO. B-76-MC-06-0003

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the period July 1, 1976 through June 30, 1979

Total program year funds allocated to the City of Sacramento (excluding other program income)	\$3,942,000
Less: Total program year 1976 funds drawn down by recipient (including HUD interest)	<u>2,471,300</u>
Funds still available from HUD program year 1976 adjusted resources	<u>\$1,470,700</u>
Total program year funds drawn down by recipient	\$2,471,300
Program income applicable to program year 1976	<u>2,917</u>
Total program year 1976 funds received	2,474,217
Less: Funds applied to program year 1976 costs	<u>2,468,678</u>
Total program year 1976 funds held by recipient	<u>\$ 5,539</u>
Total program year 1976 funds available for disposition	<u>\$1,476,239</u>

CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
PROGRAM YEAR 1977; CDBG NO. B-77-MC-06-0003

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the period July 1, 1977 through June 30, 1979

Total program year funds allocated to the City of Sacramento	\$4,342,000
Less: Total program year 1977 funds drawn down by recipient (including HUD interest)	<u>2,575,280</u>
Funds still available from HUD program year 1977 adjusted resources	<u>\$1,766,720</u>
Total program year 1977 funds received	\$2,575,280
Less: Funds applied to program year 1977 costs	<u>2,577,856</u>
Total program year 1977 funds expended by recipient from recipient's funds	<u>\$ (2,576)</u>
Total program year 1977 funds available for disposition	<u>\$1,764,144</u>

CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
PROGRAM YEAR 1978; CDBG NO. B-78-MC-06-0003

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the period July 1, 1978 through June 30, 1979

Total program year funds allocated to the City of Sacramento	\$4,463,000
Less: Total program year 1978 funds drawn down by recipient	<u>959,069</u>
Funds still available from HUD program year 1978 adjusted resources	<u>\$3,503,931</u>
Total program year 1978 funds received	\$ 959,069
Less: Funds applied to program year 1978 costs	<u>959,132</u>
Total program year 1978 funds expended by recipient from recipient's funds	<u>\$ (63)</u>
Total program year 1978 funds available for disposition	<u>\$3,503,868</u>



CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
PROGRAM YEAR 1975; CDBG NO. B-75-MC-06-0003

STATEMENT OF PROGRAM COSTS

For the period July 1, 1975 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Acquisition of Real Property</u>			
Alkali Flat Land Acquisition	\$ 483,700	\$ 472,465	
9th & "F" Street	252,500	-0-	
Oak Park NDP Land Acquisition			
(b) Broadway and San Jose Way	144,815	144,806	
(b) 35th Street Area	376,350	376,350	
(b) Sacramento Blvd. & 8th Ave.	552,250	552,250	
Downtown Urban Renewal Land Acquisition			
(b) 6th & "I" Street	90,397	90,383	
(b) 3rd and "N" Street	219,070	219,070	
(b) Land Acquisition Stockton Blvd. & 21st Avenue	41,055	41,055	
(b) Del Paso Heights Land Acquisition	290,742	290,728	
	<u>2,450,879</u>	<u>2,187,107</u>	
<u>Public Works Facilities Site Improvement</u>			
(b) Alkali Flat NDP Public Improvements	20,740	20,739	
(b) Historic Old Sacramento Riverfront Park	267,650	267,650	
Alleyways and Courtyards	129,850	109,963	
(b) Glen Elder Area Sidewalk Improvements	100,000	100,000	
(b) 53rd Avenue Extension	78,660	78,660	
(b) Sims Park Locker Room Remodeling	78,000	78,000	
McClatchy Pool Replacement	110,550	-0-	
Del Paso Heights Area Development #2	75,000	-0-	
West Del Paso Heights Area Development #3	84,600	-0-	
	<u>945,050</u>	<u>655,012</u>	

CITY OF SACRAMENTO  
 SACRAMENTO, CALIFORNIA  
 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
 PROGRAM YEAR 1975; CDBG NO. B-75-MC-06-0003

STATEMENT OF PROGRAM COSTS (Continued)

For the period July 1, 1975 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Code Enforcement</u>			
Emergency assistance for code enforcement	\$ 420	\$ 388	
<u>Rehabilitation Loans and Grants</u>			
(b) Oak Park Rehabilitation Grants	111,672	111,672	
Sacramento Neighborhood Assistance Project (SNAP)	14,750	12,044	
(b) Housing Opportunity Program Elderly (HOPE)	15,892	15,892	
	<u>142,314</u>	<u>129,608</u>	
<u>Relocation Payments &amp; Assistance</u>			
(b) Relocation: Del Paso Heights and Oak Park	7,365	7,365	
<u>Planning &amp; Management Development</u>			
(b) Community Development Planning Staff	100,000	100,000	
(b) Planning for Sacramento Neighborhood Assistance Program	15,936	15,929	
Alkali Flat Urban Design Manual	2,681	256	
(b) Central City Preservation Program	33,650	33,650	
	<u>152,267</u>	<u>149,835</u>	

CITY OF SACRAMENTO  
 SACRAMENTO, CALIFORNIA  
 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
 PROGRAM YEAR 1975; CDBG NO. B-75-MC-06-0003

STATEMENT OF PROGRAM COSTS (Continued)

For the period July 1, 1975 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Other Program Costs</u>			
(b) Alkali Flat Neighborhood Center	\$ 20,735	\$ 20,735	
(b) Fire Station #6	80,620	80,620	
Fig Street Assessment Dist.	166,850	86,098	
	<u>268,205</u>	<u>187,453</u>	
	<u>\$3,966,500</u>	<u>\$3,326,768</u>	<u>\$ -0-</u>

(a) \$839,738 of the original allocation was subsequently reprogrammed.

Fig Street Assessment District	\$ 10,410
Alkali Flat Land Acquisition - 9th & "F" Street	252,500
Del Paso Heights Land Acquisition	290,742
Del Paso Heights Area Development #2	75,000
West Del Paso Heights Area Development #3	84,600
Planning for Sacramento Neighborhood Assistance Project (SNAP)	15,936
McClatchy Pool Replacement	110,550
	<u>\$ 839,738</u>

(b) Completed projects.

CITY OF SACRAMENTO  
 SACRAMENTO, CALIFORNIA  
 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
 PROGRAM YEAR 1976; CDBG NO. B-76-MC-06-0003

STATEMENT OF PROGRAM COSTS

For the period July 1, 1976 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Acquisition of Real Property</u>			
(b) Del Paso Heights Land Acquisition	\$ 269,675	\$ 269,675	
(b) Oak Park Land Acquisition	32,000	31,988	
(b) Oak Park Land Acquisition/ Mini Park Development	114,500	116,497	\$ 1,997 <sup>(e)</sup>
(b) Oak Park Complex Land Acquisition	3,500	3,500	
Oak Park Land Acquisition/35th	65,000	42,363	
(b) Oak Park - Sacramento Blvd./ 8th Avenue Complex	81,500	81,404	
	<u>566,175</u>	<u>545,427</u>	<u>1,997</u>
<u>Public Works Facilities Site Improvement</u>			
(b) Glen Elder Sidewalk Improvements	83,800	83,751	
(b) Strawberry Manor Street Lighting Improvements	59,600	59,600	
(b) Oak Park Fire Station	445,880	427,217	
(b) Washington Mini Park	35,000	35,000	
(b) Sim Park Locker Room Remodeling	12,000	12,000	
Alkali Flat/Neighborhood Center	79,265	41,234	
Alkali Flat/Alley Improvement	10,000	-0-	
Fig Street Assessment District	338,900	-0-	
McClatchy Pool Replacement	69,450	-0-	
West Del Paso Heights Area Development #2	648,000	1,066	
Oak Park Community Center	31,000	-0-	
San Carlos/14th Avenue Area Development	85,500	8,210	
	<u>1,898,395</u>	<u>668,078</u>	
<u>Code Enforcement</u>			
Emergency assistance for code enforcement	405	383	
<u>Project Area Committees</u>			
(b) Alkali Flat	33,825	33,821	

CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
PROGRAM YEAR 1976; CDBG NO. B-76-MC-06-0003

STATEMENT OF PROGRAM COSTS (Continued)

For the period July 1, 1976 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Rehabilitation Loan and Grants</u>			
(b) Del Paso Heights Rehabilitation	\$ 196,500	\$ 196,500	
(b) Oak Park Paint/Beautification	52,600	52,600	
(b) Oak Park Rehabilitation	200,000	200,000	
(b) Central City Rehabilitation	130,000	130,000	
Preservation Board Trust Fund	100,000	11,397	
Housing Opportunity Program for the Elderly (HOPE)	91,012	85,309	
(b) Alkali Flat Rehabilitation Loan Administration	20,000	20,000	
(b) Kennedy Estates Rehabilitation	34,483	34,483	
Alkali Flat - Sacramento Neigh- borhood Assistance Project (SNAP)	86,291	2,211	
Oak Park - Sacramento Neigh- borhood Assistance Project (SNAP)	127,668	116,003	
	<u>1,038,554</u>	<u>848,503</u>	
<u>Planning &amp; Management Development</u>			
Alkali Flat EIR	15,000	9,000	
(b) Community Development Planning Staff	131,237	131,203	
Central City EIR	19,950	15,800	
(b) Dos Rios-Richards Blvd. Study	15,000	14,000	
(b) Preservation Program	38,715	38,715	
(b) Rivergardens Public Improve- ments Planning	30,000	29,039	
(b) Bonniemead/Brighton Public Improvements Planning	20,000	20,000	
(b) Economic Analysis Guidelines Study	5,000	5,000	
Dos Rios - Richards Blvd. EIR	10,000	-	
Alkali Flat-Urban Design Manual	7,319	373	
Alkali Park Historical Distribu- tion Determination Study	6,000	44	
	<u>298,221</u>	<u>263,174</u>	

CITY OF SACRAMENTO  
 SACRAMENTO, CALIFORNIA  
 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
 PROGRAM YEAR 1976; CDBG NO. B-76-MC-06-0003

STATEMENT OF PROGRAM COSTS (Continued)

For the Period July 1, 1976 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Other Program Costs</u>			
(b) Home Counseling Program	\$ 11,870	\$ 11,837	
Hud Loan Interest	87,455	87,455	
(b) Audit of CDBG Program	10,000	10,000	
	<u>109,325</u>	<u>109,292</u>	
Contingencies	16	-0-	
	<u>\$3,944,916</u>	<u>\$2,468,678</u>	<u>\$ 1,997</u>

(a) \$836,450 of the original allocation was subsequently programmed

Oak Park Sacramento Blvd./8th Avenue Complex	\$ (3,500)
Alkali Park Historical Distribution Determination Study	6,000
West Del Paso Heights Area Development #3	648,000
Oak Park Community Center	31,000
San Carlos/14th Avenue Area Development	85,500
McClatchy Pool Replacement	69,450
	<u>\$ 836,450</u>

(b) Completed projects

(c) Expenditures in excess of authorized costs

CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GEANT FUNDS  
PROGRAM YEAR 1977; CDBG NO. B-77-MC-06-0003

STATEMENT OF PROGRAM COSTS

For the period July 1, 1977 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Acquisition of Real Property</u>			
Alkali Flat Land Acquisition	\$ 219,500	\$ 213,901	
Alkali Flat Land Acquisition	90,000	23,504	
Oak Park Land Acquisition - 35th Street	95,425	-0-	
Alkali Flat Land Acquisition - 9th, 10th, E, F	30,000	-0-	
	<u>434,925</u>	<u>237,405</u>	
<u>Public Works Facilities Site Improvement</u>			
Del Paso Heights Area Develop- ment #1	324,000	13,580	
Del Paso Heights Area Develop- ment #2	84,600	8,228	
(b) South Sacramento Area Develop- ment #4	315,000	315,000	
Oak Park Street Lighting Improvement	75,000	1,524	
Sacramento Blvd. Widening	75,000	61,782	
(b) Rodent Extermination Program	15,000	13,338	
Rivergarden Public Improvement	470,000	-0-	
Bonniemead/Brighton Public Improvement	325,000	290,584	
Gardenland Area Development #5	60,000	33,599	
Southside Street Lighting	40,000	14,210	
(b) Washington Mini Park	33,200	33,200	
New Helvetia Community Facility	15,000	14,465	
Oak Park Community Center	148,000	-0-	
San Carlos/14th Avenue Area Development	46,700	-0-	
Fig Street Area Development	99,800	-0-	
	<u>2,126,300</u>	<u>799,510</u>	

CITY OF SACRAMENTO  
 SACRAMENTO, CALIFORNIA  
 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
 PROGRAM YEAR 1977; CDBG NO. B-77-MC-06-0003

STATEMENT OF PROGRAM COSTS (Continued)

For the period July 1, 1977 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Project Area Committees</u>			
(b) Alkali Flat	\$ 56,050	\$ 56,049	
(b) Del Paso Heights	64,650	64,645	
(b) Oak Park	80,400	80,385	
	<u>\$ 201,100</u>	<u>201,079</u>	
(b) <u>Code Enforcement</u>	<u>53,300</u>	<u>32,709</u>	
<u>Rehabilitation Loans and Grants</u>			
(b) Del Paso Heights Paint/ Beautification	50,000	50,000	
Oak Park Paint/Beautification	100,000	98,568	
Oak Park Rehabilitation	186,000	174,597	
Central City Paint/Beautifica- tion	50,000	48,259	
Housing Opportunity Program for the Elderly (HOPE)	266,541	201,384	
Sacramento Neighborhood Assist- ance Program (SNAP)	370,000	367,526	
Self/Help Home Ownership Oppor- tunity Program (HOOP)	67,500	34,387	
	<u>1,090,041</u>	<u>974,721</u>	



CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
PROGRAM YEAR 1977; CDBG NO. B-77-MC-06-0003

STATEMENT OF PROGRAM Costs (Continued)

For the period July 1, 1977 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Planning &amp; Management</u>			
(b) Community Development Planning Staff	\$ 185,800	\$ 163,771	
Del Paso Heights Economic Feasibility Study	5,000	-0-	
Del Paso Heights EIR/EIS	15,000	-0-	
(b) Meadowview Area Study	199	22	
Kennedy Estates Open Space	60,000	17,011	
Central City EIR	2,000	-0-	
	<u>267,999</u>	<u>180,804</u>	
<u>Other Program Costs</u>			
(b) Preservation Program	54,000	40,863	
Home Counseling Program	13,200	13,002	
(b) Relocation Authority	20,000	20,000	
HUD Loan Interest	75,300	75,263	
Audit of CDBG Program	5,000	2,500	
	<u>167,500</u>	<u>151,628</u>	
Contingencies	<u>835</u>	<u>-0-</u>	
	<u>\$4,342,000</u>	<u>\$2,577,856</u>	<u>\$ -0-</u>

(a) \$354,500 of the original allocation was subsequently reprogrammed to the following:

Alkali Flat Land Acquisition	\$ 25,000
Alkali Flat Land Acquisition - 9th, 10th, E, F	30,000
Fig Street Assessment District	99,800
Oak Park Community Center	148,000
San Carlos/14th Avenue Area Development	46,700
Audit of CDBG Program	5,000
	<u>\$ 354,500</u>

(c) Completed projects.

CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
PROGRAM YEAR 1978; CDBG NO. B-78-MC-06-0003

STATEMENT OF PROGRAM COSTS (Continued)

For the period July 1, 1978 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Acquisition of Real Property</u>			
Alkali Flat Land Acquisition	\$ 214,500	\$ 14,186	
Oak Park Land Acquisition - 35th Street	375,000	-0-	
	<u>589,500</u>	<u>14,186</u>	
<u>Public Works Facilities Site Improvement</u>			
Alkali Flats Senior Citizen Center	20,000	1,649	
Del Paso Heights Public Improve- ment	600,000	10,508	
Sacramento Blvd. Widening	445,000	-0-	
Glen Elder Traffic Dividers	100,000	-0-	
Southside Street Lighting Improvement	340,000	-0-	
Max Baer Park Improvement	75,000	-0-	
Strawberry Manor Park Improve- ment	30,000	-0-	
Oak Park Recreation Center	752,000	-0-	
(b) Sims Park Locker Room Remodeling	35,000	35,000	
San Carlos - 14th Avenue Area Development	60,800	-0-	
Oak Park Street Lighting Area Development #1	20,000	-0-	
West Del Paso Heights Area Development #3	75,400	-0-	
River Oaks/Dos Rios Community Facilities Plan	4,500	4,500	
	<u>2,557,700</u>	<u>51,657</u>	
<u>Project Area Committees</u>			
(b) Alkali Flat	60,000	41,007	
(b) Del Paso Heights	82,250	53,674	
(b) Oak Park	96,550	70,811	
	<u>238,800</u>	<u>165,492</u>	

CITY OF SACRAMENTO  
 SACRAMENTO, CALIFORNIA  
 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
 PROGRAM YEAR 1978; CDBG NO. B-78-MC-06-003

STATEMENT OF PROGRAM COSTS (Continued)

For the period July 1, 1978 through June 30, 1979

<u>Program Activity and Related Project</u>	<u>Authorized Costs (a)</u>	<u>Expenditures Period Ended 6/30/79</u>	<u>Questioned Costs</u>
<u>Rehabilitation Loans and Grants</u>			
(b) Sacramento Neighborhood Assistance Program (SNAP)	125,000	124,902	
Paint/Beautification Program	100,000	99,975	
Housing Opportunity Program for the Elderly (HOPE)	195,000	130,027	
Section 312 Rehabilitation Loan Administration	120,000	90,271	
Home Insulation Grant Program	25,000	-0-	
	<u>565,000</u>	<u>445,175</u>	
<u>Planning and Management</u>			
(b) Community Development Planning Staff	267,254	177,281	
Public Improvement Planning Program	50,000	23,420	
	<u>317,254</u>	<u>200,701</u>	
<u>Other Program Costs</u>			
Preservation Program	49,600	42,097	
Housing Element	20,000	6,305	
Relocation Authority	36,000	26,082	
Systems Model High Rise Public Housing	74,000	7,437	
	<u>179,600</u>	<u>81,921</u>	
Contingencies	15,146	-0-	
	<u>\$4,463,000</u>	<u>\$ 959,132</u>	<u>\$ -0-</u>
(a) \$406,000 of the original allocation was subsequently reprogrammed to the following:			
Oak Park Land Acquisition - 35th Street Housing Opportunity Program for the Elderly (HOPE)		\$ 375,000	
Section 312 Rehabilitation Loan Administration		(30,000)	
Relocation Assistance Rehabilitation Program		45,000	
		<u>16,000</u>	
		<u>\$ 406,000</u>	

(b) Completed projects

CITY OF SACRAMENTO  
SACRAMENTO, CALIFORNIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
PROGRAM YEAR 1975; CDBG NO. B-75-MC-06-0003  
PROGRAM YEAR 1976; CDBG NO. B-76-MC-06-0003  
PROGRAM YEAR 1977; CDBG NO. B-77-MC-06-0003  
PROGRAM YEAR 1978; CDBG NO. B-78-MC-06-0003

COMMENTS ON COMPLIANCE AND INTERNAL CONTROL

We have examined the statements of source and status of funds and program costs applicable to the Community Development grants of the City of Sacramento for the period ended June 30, 1979 and have issued our report thereon dated September 21, 1979. As a part of our examination, we reviewed and tested the City's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements. Additionally, our examination included procedures necessary in our judgment to determine compliance with regulations, policies, and procedures prescribed by HUD, insofar as such compliance review was necessary under the provisions set forth in Paragraph 31 of the HUD Audit Guide for Community Development Block Grant Recipients, dated May 1976.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived, and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or

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COMMENTS ON COMPLIANCE AND INTERNAL CONTROL (Continued)

with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Based on our study and evaluation of the City's system of internal accounting control and our review of its compliance with various statutes and regulations, as prescribed in Paragraph 31 of the HUD Audit Guide for Community Development Block Grant Recipients, the City has complied with HUD's statutory and regulatory requirements except for those conditions described in the "Findings and Recommendations" section below.

Findings and Recommendations

Finding

The subgrantee bases its request for funds upon an estimate of future expenses, which is often inaccurate. Consequently, funds are not being disbursed within three days of receipt.

Criteria

Recipient's letters of credit should be for immediate cash requirements only (HUD Handbook 1900.23, Chapter 2a).

Effect

The subgrantee is not in compliance with HUD Handbook 1900.23, Chapter 2a, and could be required to finance CDBG operations with its own working capital (HUD Handbook 1900.23, Chapter 2f).

Recommendation

The subgrantee should develop a method to determine their immediate cash needs.



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COMMENTS ON COMPLIANCE AND INTERNAL CONTROL (Continued)

Finding

A review of the City of Sacramento contracts showed that appropriate provisions required by the Copeland Act, the federal examination of contractor's payroll records, and the 5% bid guarantee bond had not been incorporated into some of the contracts.

Criteria

Community Development Block Grant regulations require inclusion of wording to reflect the provisions under Section 570.610 and 6500.3 of the HUD Handbook.

Effect

Failure of the City to provide for adequate provisions places the City in violation of its grant agreement. It further places the City in the position of not being able to require compliance on the part of the contractor.

Cause

City contracting procedures under the Community Development Block Grant regulations were not fully understood by all City Personnel and an adequate system for review of contracts for compliance with CDBG regulations is in the process of being implemented.

Recommendation

A system for including these provisions of contracts under the Community Development Block Grant regulations should be instituted. A checklist could be developed specifically for Community Development Block Grant requirements. The checklist would be attached to each contract and signed by the reviewer to indicate compliance with the Block Grant regulations.





CITY OF SACRAMENTO

INTER-OFFICE ROUTING

To:

- Mayor / City Council Office
- City Manager
- Asst. City Manager
- Asst. City Manager, Community Development
- Asst. to City Manager
- Public Information
- City Clerk
- Finance Administration
- Revenues & Collections
- Purchasing
- Central Stores
- Accounting
- Utility Billing
- Data Processing
- City Treasurer
- City Attorney
- Planning Department
- Personnel Administration
- Employee Relations
- Employee Services
- Management Services
- Personnel Selections
- Training
- Police Department

To:

- Fire Department
- Fire Prevention
- Weed Abatement
- Emergency Planning
- City Engineer
- Asst. City Engr. Administration
- Animal Control
- Real Estate & Street Assessment
- Facility Maintenance
- Street Maintenance
- Traffic - Parking
- Water & Sewer
- Building Inspection
- Electrical Inspection
- Plumbing Inspection
- Community Improvement
- Waste Removal
- Equipment Maintenance

To:

- Museum & History Commission
- Recreation & Parks Administration
- Recreation
- Parks
- Golf
- Zoo
- Crocker Art Gallery
- Library Administration
- Housing and Redevelopment
- Community Center
- \_\_\_\_\_

Note:

- For Your Information
- Return with Recommendations
- Please Comment
- Prepare Draft and Return
- Prepare Letter
- Take Necessary Action
- Investigate and Report
- Per Your Request
- Reply, Send Copy To:
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

To: WALTER J. SLIPE, CITY MANAGER REFERRAL OF AGENDA ITEM, MEETING OF 1-8-80

Comments ITEM NO. 32: Council approved staff recommendations (re: processing of annexations).

Signature *Lorraine* Title or Dept. CITY CLERK Date 1-10-80