



CITY OF SACRAMENTO

CITY MANAGER'S OFFICE

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DEPARTMENT OF FINANCE
DIVISION OF ACCOUNTING

October 21, 1981

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ACCOUNTING OFFICER

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City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: Audit Report - Community Development Block Grant -
Year Ended June 30, 1980.**

SUMMARY

The attached audit report has been prepared by the City's independent audit firm of Price Waterhouse. The report covers all program years from July 1, 1975 thru June 30, 1980. All findings and recommendations proposed have been reviewed by City staff and the responses are included as part of this report.

RECOMMENDATION

It is recommended this report be referred to Budget and Finance Committee for their review and information.

Respectfully submitted,

Phil E. Ezell
Accounting Officer

Recommendation approved:

Walter J. Stipe, City Manager

November 4, 1981
All Districts

Attachments

APPROVED
BY THE CITY COUNCIL

NOV 4 1981

OFFICE OF THE
CITY CLERK

CITY OF SACRAMENTO, CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK
GRANT PROGRAM

AUDIT REPORT
PROGRAM YEARS 1975 THROUGH 1979

FOR THE PERIOD
JULY 1, 1979 THROUGH JUNE 30, 1980

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SACRAMENTO, CA 95814
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June 2, 1981

INDEPENDENT ACCOUNTANTS' REPORT

To the City Council of
the City of Sacramento

We have examined the statement of source and status of funds and statements of program costs of the City of Sacramento (the City) for the period July 1, 1979 through June 30, 1980 applicable to program year 1975 (CDBG grant number B-75-MC-06-0003), program year 1976 (CDBG grant number B-76-MC-06-0003), program year 1977 (CDBG grant number B-77-MC-06-0003), program year 1978 (CDBG grant number B-78-MC-06-0003) and program year 1979 (CDBG grant number B-79-MC-06-0003). Our examination was made in accordance with generally accepted auditing standards and provisions of the Department of Housing and Urban Development's (HUD) Audit Guide and Standards for Community Development Block Grant Recipients (the "CDBG Audit Guide"), and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The statements of source and status of funds and of program costs of the City of Sacramento Community Development Block Grant Program for program years 1975, 1976, 1977 and 1978 for the period ended June 30, 1979 were examined by other independent accountants, whose report dated September 13, 1979 expressed an unqualified opinion on those statements.

During program year 1979, the City requested drawdowns in excess of grant requirements. At June 30, 1980 the excess funds on hand, and not spent within the three day limit was \$453,119. Additionally, interest in the amount of \$12,812 was earned on the excess drawdowns. These amounts have been subsequently repaid to the Department of Housing and Urban Development.

As described in Note 1, the accompanying statements examined by us have been prepared on the basis of accounting and reporting practices prescribed by HUD. These practices differ in certain significant respects from generally accepted accounting principles. Accordingly, the accompanying statements are not intended

To the City Council of
the City of Sacramento

- 2 -

June 2, 1981

to present financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with HUD and is not intended for any other purposes.

In our opinion, subject to the effect, if any, on the statements of the ultimate resolution of the questioned interest income referred to above, the aforementioned statements present fairly the status of funds of the City of Sacramento under the Community Development Block Grant program as of June 30, 1980 and the source of funds and program costs for the period July 1, 1979 through June 30, 1980 applicable to program years 1975, 1976, 1977, 1978 and 1979, in conformity with the basis of accounting and reporting described in Note 1.

We have also reviewed compliance and internal control matters and allocation of indirect costs in accordance with the provisions of the CDBG Audit Guide for the City's Community Development Block Grant and have included applicable comments on pages 23 through 26.

Price Waterhouse

CITY OF SACRAMENTO, CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
STATEMENT OF SOURCE AND STATUS OF FUNDS

PROGRAM YEAR 1975; CDBG NO. B 75 MC 06-0003
 FOR THE PERIOD JULY 1, 1975 THROUGH JUNE 30, 1980
 PROGRAM YEAR 1976; CDBG NO. B 76 MC 06-0003
 FOR THE PERIOD JULY 1, 1976 THROUGH JUNE 30, 1980
 PROGRAM YEAR 1977; CDBG NO. B 77 MC 06-0003
 FOR THE PERIOD JULY 1, 1977 THROUGH JUNE 30, 1980
 PROGRAM YEAR 1978; CDBG NO. B 78 MC 06-0003
 FOR THE PERIOD JULY 1, 1978 THROUGH JUNE 30, 1980
 PROGRAM YEAR 1979; CDBG NO. B 79 MC 06-0003
 FOR THE PERIOD JULY 1, 1979 THROUGH JUNE 30, 1980

	Program years				
	1975	1976	1977	1978	1979
Total program year funds allocated to recipient	\$3,541,000	\$3,942,000	\$4,342,000	\$4,463,000	\$4,782,000
Less: Total program year funds drawn down by recipient	3,541,000	3,942,000	4,342,000	2,468,671	-
Funds still available from HUD - program year adjusted resources	\$ -	\$ -	\$ -	\$1,994,329	\$4,782,000
Total program year funds drawn down by recipient	\$3,541,000	\$3,942,000	\$4,342,000	\$2,468,671	\$ -
Program income applicable to program year	464,630	2,917	2,400	5	-
Total program year funds received	4,005,630	3,944,917	4,344,400	2,468,676	-
Less: Funds applied to program year costs	3,683,504	3,227,780	3,515,067	2,502,906	1,573,531
Funds applied to (drawn from) other years' program costs	108,496	714,220	826,933	(76,118)	(1,573,531)
Total funds used	3,792,000	3,942,000	4,342,000	2,426,788	-
Total program year funds held by recipient	\$ 213,630	\$ 2,917	\$ 2,400	\$ 41,888	-
Total program year funds available for disposition	\$ 213,630	\$ 2,917	\$ 2,400	\$2,036,217	\$4,782,000

See accompanying Notes to Statements

CITY OF SACRAMENTO, CALIFORNIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 1975; COBG NO. B-75 MC-06-0003

STATEMENT OF PROGRAM COSTS

FOR THE PERIOD JULY 1, 1975 THROUGH JUNE 30, 1980

PROGRAM ACTIVITY AND RELATED PROJECTS	Authorized Costs (Note 2)	Expenditures 7/1/75 - 6/30/79	Expenditures 7/1/79 - 6/30/80	Total Expenditures	Questioned Costs
Acquisition of Real Property					
Alkali Flat L/Acq. - 10th, 11th, E, F	\$ 472,212	\$ 472,465	\$ (253)	\$ 472,212 *	
Oak Park L/Acq. - San Jose/Broadway	144,806	144,806		144,806 *	
Oak Park L/Acq. - 35th Street Area	376,350	376,350		376,350 *	
Oak Park L/Acq. - Sacramento Boulevard/8th Avenue	552,250	552,250		552,250 *	
L/Acq. - 6th, "I" Streets	90,383	90,383		90,383 *	
L/Acq. - 3rd, "N" Streets	219,070	219,070		219,070 *	
Stockton Boulevard, 21st Avenue L/Acq.	41,055	41,055		41,055 *	
Alkali Flat Neighborhood Center	20,735	20,735		20,735 *	
Alkali Flat L/Acq. - 9th, F	251,000		251,000	251,000 *	
	<u>2,167,861</u>	<u>1,917,114</u>	<u>250,747</u>	<u>2,167,861</u>	
Public Works, Facilities, Site Improvements					
Alkali Flat Public Improvement - 9th, 10th, E, F	20,739	20,739		20,739 *	
Del Paso Heights Public Improvement	290,728	290,728		290,728 *	
Sacramento Riverfront Park	267,650	267,650		267,650 *	
Old Sacramento Alleyways/Courtyard	129,850	109,963	6,827	116,790 *	
Glen Elder A/D #1	100,000	100,000		100,000 *	
53rd Avenue Extension	78,660	78,660		78,660 *	
Sim Park Locker Room Remodeling	78,000	78,000		78,000 *	
Fig Street Assessment District	166,850	86,098	506	86,604 *	
Oak Park Fire Station #6	80,620	80,620		80,620 *	
McClatchy Pool Replacement	110,550				
Del Paso Heights A/D #2	75,000				

CDBG - Program year 1975 (continued)

	<u>Authorized Costs (Note 2)</u>	<u>Expenditures 7/1/75-6/30/79</u>	<u>Expenditures 7/1/79-6/30/80</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Public Works, Facilities, Site Improvements (continued)</u>					
West Del Paso Heights A/D #3	\$ 84,600	\$ -	\$ 84,600	\$ 84,600	
	<u>1,483,247</u>	<u>1,112,458</u>	<u>91,933</u>	<u>1,204,391</u>	
<u>Rehabilitation Loans and Grants</u>					
Oak Park Rehabilitation Grants	<u>111,672</u>	<u>111,672</u>		<u>111,672</u> *	
Sacramento Neighborhood Assistance Program	<u>14,750</u>	<u>12,044</u>	<u>2,706</u>	<u>14,750</u> *	
	<u>126,422</u>	<u>123,716</u>	<u>2,706</u>	<u>126,422</u>	
<u>Special Projects for Elderly and Handicapped</u>					
Housing Opportunity Program Elderly (HOPE)	<u>15,892</u>	<u>15,892</u>		<u>15,892</u> *	
<u>Relocation Payments and Assistance</u>					
Relocation DPH/OP	<u>7,365</u>	<u>7,365</u>		<u>7,365</u> *	
<u>Planning and Management Development</u>					
Community Development Planning Staff	<u>100,000</u>	<u>100,000</u>		<u>100,000</u> *	
Preservation Program	<u>33,650</u>	<u>33,650</u>		<u>33,650</u> *	
Alkali Flat Urban Design Manual	<u>2,681</u>	<u>256</u>	<u>2,425</u>	<u>2,681</u> *	
Public Improvement Planning Program	<u>19,000</u>				
	<u>155,331</u>	<u>133,906</u>	<u>2,425</u>	<u>136,331</u>	
<u>Administration</u>					
Emergency Assistance for Code Enforcement	<u>388</u>	<u>388</u>		<u>388</u>	
Planning for SNAP	<u>15,929</u>	<u>15,929</u>		<u>15,929</u>	
HO/HI Rehabilitation Loan Administration	<u>33,000</u>		<u>8,925</u>	<u>8,925</u>	
	<u>49,317</u>	<u>16,317</u>	<u>8,925</u>	<u>25,242</u>	
<u>Contingency</u>					
	<u>195</u>				
TOTAL	<u>\$4,005,630</u>	<u>\$3,326,768</u>	<u>\$ 356,736</u>	<u>\$3,683,504</u>	<u>-0-</u>

* Completed projects

(See accompanying Notes to Statements)

CITY OF 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, 1980

PROGRAM ACTIVITY AND RELATED PROJECTS	Authorized Costs (Note 2)	Expenditures 7/1/76 - 6/30/79	Expenditures 7/1/79 - 6/30/80	Total Expenditures	Questioned Costs
Acquisition of Real Property					
Del Paso L/Acq. - Replacement Housing	\$ 269,675	\$ 269,675	\$ -	\$ 269,675*	
Oak Park Mini Park	114,500	116,497	(1,997)	114,500*	
Oak Park L/Acq. - Replacement Housing	31,988	31,988	-	31,988*	
Oak Park Complex - L/Acq.	3,500	3,500	-	3,500*	
Alkali Flat Neighborhood Center	79,265	41,234	7,317	48,551	
Oak Park L/Acq. - 35th Street	65,000	42,363	22,637	65,000*	
Oak Park L/Acq. - Sacramento Boulevard/8th Avenue	81,404	81,404	-	81,404*	
	<u>645,332</u>	<u>586,661</u>	<u>27,957</u>	<u>614,618</u>	
Public Works, Facilities, Site Improvements					
Glen Elder A/D #2	83,751	83,751	-	83,751*	
Strawberry Manor Street Lighting Improvement	59,600	59,600	-	59,600*	
Washington Mini Park	35,000	35,000	-	35,000*	
Sim Park Locker Room Remodeling	12,000	12,000	-	12,000*	
Fig. Street Assessment District	338,900	-	-	-	
Alkali Flat Alley Improvement	10,000	-	-	-	
McClatchy Pool Replacement	69,450	-	-	-	
West Del Paso Heights A/D #3	648,000	1,066	519,383	520,449	
Oak Park Community Center	31,000	-	31,000	31,000*	
San Carlos/14th Avenue A/D	85,500	8,210	75,470	83,680	
	<u>1,373,201</u>	<u>199,627</u>	<u>625,853</u>	<u>825,480</u>	

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CDBG - Program year 1976 (continued)

	Authorized Costs (Note 2)	Expenditures 7/1/76 - 6/30/79	Expenditures 7/1/79 - 6/30/80	Total Expenditures	Questioned Costs
<u>Rehabilitation Loans and Grants</u>					
Del Paso Rehabilitation Grants	\$ 196,500	\$ 196,500	\$	\$ 196,500 *	
Oak Park Painting/Beautification	52,600	52,600		52,600 *	
Oak Park Rehabilitation Grants	200,000	200,000		200,000 *	
Central City Rehabilitation (SNAP)	130,000	130,000		130,000 *	
Preservation Fund	100,000	11,397	60,505	71,902	
Kennedy Estates Rehabilitation	34,483	34,483		34,483 *	
Oak Park - Sacramento Neighborhood Assistance Program (SNAP)	127,668	116,003	9,543	125,546	
Alkali Flat SNAP	86,291	2,211	2,321	4,532	
	<u>927,542</u>	<u>743,194</u>	<u>72,369</u>	<u>815,563</u>	
<u>Special Projects for Elderly and Handicapped</u>					
Housing Opportunity Program Elderly (HOPE)	<u>91,012</u>	<u>85,309</u>	<u>5,703</u>	<u>91,012</u> *	
<u>Completion of Urban Renewal/NDP Projects</u>					
HUD Loan Interest	<u>87,455</u>	<u>87,455</u>		<u>87,455</u>	
<u>Planning and Management Development</u>					
Alkali Flat EIR/EIS	15,000	9,000		9,000	
Community Development Planning Staff	131,203	131,203		131,203 *	
Central City EIR/EIS	19,950	15,800	4,150	19,950 *	
Preservation Program	38,715	38,715		38,715 *	
Dos Rios - Richards Boulevard Study	14,000	14,000		14,000 *	
Home Counseling Program	11,837	11,837		11,837 *	
Rivergarden Public Improvement (P/S)	30,000	29,039	961	30,000 *	
Bonniemead/Brighton Public Improvement (P/S)	20,000	20,000		20,000 *	
Econ. Annual Guideline Study	5,000	5,000		5,000 *	
Alkali Flat Historical District Determination Study	6,000	44	5,028	5,072	
	<u>291,705</u>	<u>274,638</u>	<u>10,139</u>	<u>284,777</u>	
<u>Provision of Public Services</u>					
Oak Park Fire Station #6	445,880	427,217	904	428,121	
Emergency Assistance Code Enforcement	383	383		383 *	
	<u>446,263</u>	<u>427,600</u>	<u>904</u>	<u>428,504</u>	

CDBG - Program year 1976 (continued)

	<u>Authorized Costs (Note 2)</u>	<u>Expenditures 7/1/76-6/30/79</u>	<u>Expenditures 7/1/79-6/30/80</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
Administration					
Alkali Flat PAC	\$ 33,821	\$ 33,821	\$ -	\$ 33,821	
Alkali Flat Rehabilitation Loan Administration	20,000	20,000	-	20,000	
Alkali Flat Urban Design Manual	7,319	373	6,177	6,550	
Audit of CDBG Program	10,000	10,000	-	10,000	
HO/HI Rehabilitation Loan Program Administration	10,000	-	10,000	10,000	
	<u>81,140</u>	<u>64,194</u>	<u>16,177</u>	<u>80,371</u>	
	<u>1,267</u>				
Contingency					
TOTAL	<u>\$3,944,917</u>	<u>\$2,468,678</u>	<u>\$ 759,102</u>	<u>\$3,227,780</u>	<u>\$ -0-</u>

* Completed projects

See accompanying Notes to Statements

CITY OF SACRAMENTO, CALIFORNIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 1977; CDBG NO. B 77 MC 06-0003

STATEMENT OF PROGRAM COSTS

FOR THE PERIOD JULY 1, 1977 THROUGH JUNE 30, 1980

	Authorized Costs (Note 2)	Expenditures 7/1/77 - 6/30/79	Expenditures 7/1/79 - 6/30/80	Total Expenditures	Questioned Costs
PROGRAM ACTIVITY AND RELATED PROJECTS					
Acquisition of Real Property					
Alkali Flat NDP - L/Acq	\$ 219,500	\$ 213,901	\$ 3,290	\$ 217,191	
Alkali Flat L/Acq - Vacant Parcels	90,000	23,504	579	24,083	
Kennedy Estates Open Space	60,000	17,011	41,011	58,022	
Self Help Home Own Opportunity Program	67,500	34,387	1,598	35,985	
Relocation Assistance	20,000	20,000		20,000 *	
Oak Park L/Acq - 35th Street	97,625		97,625	97,625 *	
Alkali Flat L/Acq - 9th, 10th, E, F	30,000		18,048	18,048	
	<u>584,625</u>	<u>308,803</u>	<u>162,151</u>	<u>470,954</u>	
Public Works, Facilities, Site Improvements					
Del Paso Heights - A/D #1	324,000	13,580		13,580	
Del Paso Heights - A/D #2	84,600	8,228	(8,228)		
Rivergarden Public Improvement	470,000		429,277	429,277	
Bonniemead/Brighton Public Improvement	325,000	290,584	554	291,138	
South Sacramento A/D #4	315,000	315,000		315,000 *	
Oak Park Street Lighting A/D #1	75,000	1,524	73,476	75,000 *	
Oak Park Community Center	148,000		148,000	148,000 *	
Oak Park Mini Park Temple Avenue	4,500		1,997	1,997	
Fig Street Assessment District	99,800				
	<u>1,845,900</u>	<u>628,916</u>	<u>645,076</u>	<u>1,273,992</u>	
Code Enforcement:					
Code Enforcement Program	36,147	32,709	3,438	36,147 *	

CDBG - Program year 1977 (continued)

	<u>Authorized Costs (Note 2)</u>	<u>Expenditures 7/1/77 - 6/30/79</u>	<u>Expenditures 7/1/79 - 6/30/80</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Code Enforcement (continued)</u>					
Rodent Extermination Program	\$ 13,666	\$ 13,338	\$ 328	\$ 13,666 *	
	<u>49,813</u>	<u>46,047</u>	<u>3,766</u>	<u>49,813</u>	
<u>Rehabilitation Loans and Grants</u>					
Oak Park Painting/Beautification Program	100,000	98,568	446	99,014	
Oak Park Rehabilitation Grants	186,000	174,597	10,831	185,428	
Del Paso Heights Painting/Beautification Program	50,000	50,000		50,000 *	
Central City Painting/Beautification Program	50,000	48,259	(1,815)	46,444	
Sacramento Neighborhood Assistance Program (SNAP)	370,000	367,526	2,474	370,000 *	
	<u>756,000</u>	<u>738,950</u>	<u>11,936</u>	<u>750,886</u>	
<u>Special Projects for Elderly and Handicapped</u>					
Housing Opportunity Program Elderly (HOPE)	266,541	201,384	41,879	243,263	
<u>Urban Renewal / NDP Projects</u>					
HUD Loan Interest	75,263	75,263		75,263	
<u>Relocation Payments and Assistance</u>					
Washington Mini Park	33,200	33,200		33,200 *	
<u>Planning and Management Development</u>					
Del Paso Heights Economical Feasibility Study	5,000				
Del Paso Heights EIR/EIS	15,000				
Community Development Planning Staff	181,800	163,771	11,768	175,539 *	
Meadowview Area Study	22	22		22 *	
Preservation Program	41,000	40,863	137	41,000 *	
Gardenland A/D #5	60,000	33,599	3,390	36,989	
Southside Street Lighting Improvement (Plans/Specs)	40,000	14,210	2,065	16,275	
Sacramento Boulevard Widening (Plans/Specs)	75,000	61,782	13,218	75,000 *	
Home Counseling Program	13,002	13,002		13,002 *	

CDBG - Program year 1977 (continued)

Planning and Management Development (continued)

New Helvetia Community Facilities (Plans/Specs)
 San Carlos - 14th Avenue A/D
 CDBG Audit Report
 Central City E/R

	<u>Authorized Costs (Note 2)</u>	<u>Expenditures 7/1/77 - 6/30/79</u>	<u>Expenditures 7/1/79 - 6/30/80</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
	\$ 14,862	\$ 14,465	\$ 397	\$ 14,862	
	59,200		32,278	32,278	
	5,000	2,500	2,500	5,000	
	2,500		2,500	2,500	
	<u>512,386</u>	<u>344,214</u>	<u>68,253</u>	<u>412,467</u>	
<u>Administration</u>					
Alkali Flat PAC	56,049	56,049		56,049	*
Oak Park PAC	80,385	80,385		80,385	*
Del Paso Heights PAC	64,645	64,645		64,645	*
HO/HI Rehabilitation Loan Administration	17,000		4,150	4,150	
	<u>218,079</u>	<u>201,079</u>	<u>4,150</u>	<u>205,229</u>	
<u>Contingency</u>	<u>2,593</u>				
<u>TOTAL</u>	<u>\$4,344,400</u>	<u>\$2,577,856</u>	<u>\$ 937,211</u>	<u>\$3,515,067</u>	<u>\$ -0-</u>

* Completed projects

See accompanying Notes to Statements



CITY OF SACRAMENTO, CALIFORNIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR: 1978; CDBG NO. B 78 MC 06-0003

STATEMENT OF PROGRAM COSTS

FOR THE PERIOD: JULY 1, 1978 THROUGH JUNE 30, 1980

PROGRAM ACTIVITY AND RELATED PROJECTS	Authorized Costs (Note 2)	Expenditures 7/1/78 - 6/30/79	Expenditures 7/1/79 - 6/30/80	Total Expenditures	Questioned Costs
Acquisition of Real Property					
Alkali Flat L/Acq. - 9th, 10th, E, F	\$ 214,500	\$ 14,186	\$ 200,314	\$ 214,500 *	
Oak Park L/Acq. - 35th Street	397,000		259,760	259,760	
	<u>611,500</u>	<u>14,186</u>	<u>460,074</u>	<u>474,260</u>	
Public Works, Facilities, Site Improvements					
Del Paso Heights A/D #3	600,000	10,508	15,633	26,141	
Sacramento Boulevard Street Widening	445,000		176,315	176,315	
Traffic Div/Cir (Glen Elder/BM)	100,000				
Southside Street Lighting Improvement	340,000				
Max Baer Park Facilities Improvement	75,000				
Strawberry Manor Park Facilities Improvement	30,000				
Oak Park Community Center	752,000		596,363	596,363	
Sim Park Locker Room Remodeling	35,000	35,000		35,000 *	
Sys Mod for High Rise Public Housing	74,000	7,437	65,956	73,393	
San Carlos - 14th Avenue A/D	75,800				
Oak Park Street Lighting A/D #1	23,500		23,158	23,158	
West Del Paso Heights A/D #3	75,400				
	<u>2,625,700</u>	<u>52,945</u>	<u>877,425</u>	<u>930,370</u>	
Rehabilitation Loans and Grants					
Sacramento Neighborhood Assistance Program (SNAP)	125,000	124,902		124,902	
Painting/Beautification Program	100,000	99,975	25	100,000 *	
Housing Opportunity Program/Elderly (HOPE)	195,000	130,027	64,973	195,000 *	

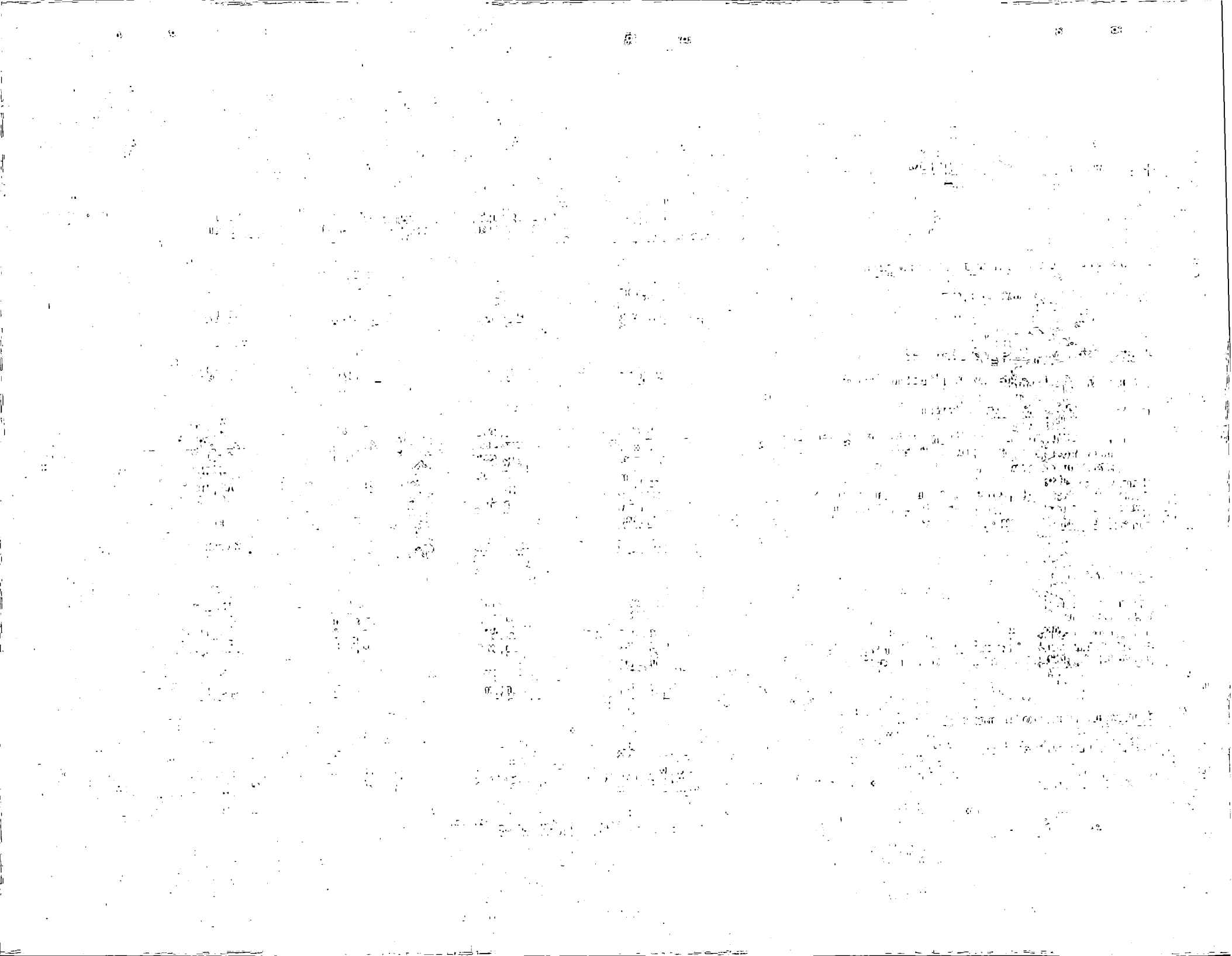
12 20 26 32 38 44 50 56 62 68 74 80 86 92 98 104 110 116 122 128 134 140 146 152 158 164 170 176 182 188 194 200 206 212 218 224 230 236 242 248 254 260 266 272 278 284 290 296 302 308 314 320 326 332 338 344 350 356 362 368 374 380 386 392 398 404 410 416 422 428 434 440 446 452 458 464 470 476 482 488 494 500 506 512 518 524 530 536 542 548 554 560 566 572 578 584 590 596 602 608 614 620 626 632 638 644 650 656 662 668 674 680 686 692 698 704 710 716 722 728 734 740 746 752 758 764 770 776 782 788 794 800 806 812 818 824 830 836 842 848 854 860 866 872 878 884 890 896 902 908 914 920 926 932 938 944 950 956 962 968 974 980 986 992 998

CDBG - Program year 1978 (continued)

	<u>Authorized Costs (Note 2)</u>	<u>Expenditures 7/1/78 - 6/30/79</u>	<u>Expenditures 7/1/79 - 6/30/80</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Rehabilitation Loans and Grants (continued)</u>					
Home Insulation Grant Program	\$ 25,000	\$ -	\$ -	\$ -	
	<u>445,000</u>	<u>354,904</u>	<u>64,998</u>	<u>419,902</u>	
<u>Relocation Payments and Assistance</u>					
Relocation Assistance Rehabilitation Program	<u>36,000</u>	<u>26,082</u>	<u>9,918</u>	<u>36,000 *</u>	
<u>Planning and Management Development</u>					
Alkali Flat Senior Citizen Center (Plans/Specs)	20,000	1,649	2,261	3,910	
Community Development Planning Staff	237,254	177,281	45,128	222,409 *	
Preservation Program	42,779	42,097	640	42,737	
Housing Element	20,000	6,305		6,305	
Public Improvement Planning Program DPH 4/Warwick	50,000	23,420	19,332	42,752 *	
River Oaks/Dos Rios Community Facilities Plan	4,500	4,500		4,500 *	
Public Improvement Planning Program	21,000				
	<u>395,533</u>	<u>255,252</u>	<u>67,361</u>	<u>322,613</u>	
<u>Administration</u>					
Alkali Flat PAC	49,070	41,007	8,063	49,070 *	
Oak Park PAC	86,732	70,811	15,921	86,732 *	
Del Paso Heights PAC	63,396	53,674	9,722	63,396 *	
Section 312 Rehabilitation Loan Administration	120,000	90,271	29,729	120,000 *	
HO/HI Rehabilitation Program Administration	30,000				
	<u>349,198</u>	<u>255,763</u>	<u>63,435</u>	<u>319,198</u>	
<u>Contingency and/or Unspecified</u>					
Local Option Activities	<u>74</u>	<u>-</u>	<u>563</u>	<u>563</u>	
TOTAL	<u>\$4,463,005</u>	<u>\$ 959,132</u>	<u>\$1,543,774</u>	<u>\$2,502,906</u>	<u>\$ -</u>

* Completed projects

See accompanying Notes to Statements



CITY OF SACRAMENTO, CALIFORNIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 1979; CDBG NO. B 79 MC 06-0003

STATEMENT OF PROGRAM COSTS

FOR THE PERIOD JULY 1, 1979 THROUGH JUNE 30, 1980

PROGRAM ACTIVITY AND RELATED PROJECTS	Authorized Costs (Note 2)	Expenditures 7/1/79 - 6/30/80	Total Expenditures	Questioned Costs
Acquisition of Real Property				
Residential Site Acq. Program	\$ 50,000	\$ 32,562	\$ 32,562	
Alkali Flat Land Acq. "E" Street Area	200,000	1,761	1,761	
Alkali Flat Residential Acq./Rehabilitation Program	100,000			
Oak Park Residential Land Acq. - 34th, 35th Streets	333,800			
Oak Park Replacement Housing Program	100,000			
	<u>783,800</u>	<u>34,323</u>	<u>34,323</u>	
Street Improvements				
Alkali Flat 12th Street Improvement District	100,000			
Del Paso Heights Street Lighting A/D	16,000			
Del Paso Heights A/D #4-A	480,000	5,885	5,885	
Del Paso Heights A/D #4-B	50,000	370	370	
Warwick/Mascot Avenue A/D	300,000	13,301	13,301	
Washington Street Lighting A/D	25,000			
Capitol Park Area Street Lighting A/D	20,000			
Del Rio Junction A/D	510,000	2,071	2,071	
Woodbine A/D #1	60,000	1,321	1,321	
San Carlos - 14th Avenue A/D	28,000			
	<u>1,589,000</u>	<u>22,948</u>	<u>22,948</u>	
Parks, Playgrounds, and Other Recreational Facilities				
Baer Park	10,000			



CDBG - Program year 1979 (continued)

	Authorized Costs (Note 2)	Expenditures 7/1/79 - 6/30/80	Total Expenditures	Questioned Costs
<u>Parks, Playgrounds, and Other Recreational Facilities (cont.)</u>				
Susan B. Anthony School Park	\$ 96,000	\$ -	\$ -	
	<u>106,000</u>			
<u>Flood and Drainage Facilities</u>				
East Del Paso Heights Drainage Study	25,000	10,761	10,761	
Freeport Manor Drainage Study	25,000	-	-	
	<u>50,000</u>	<u>10,761</u>	<u>10,761</u>	
<u>Fire Protection Facilities and Equipment</u>				
Oak Park Fire Station No. 6	18,350	-	-	
<u>Relocation Payments and Assistance</u>				
Relocation Assistance - Rehabilitation Program	50,000	49,333	49,333	
<u>Rehabilitation of Private Properties</u>				
Housing Opportunity Program Elderly (HOPE)	170,000	165,014	165,014	
Retrofitting Grant Program	90,000	-	-	
Federal Section 312 Loan Administration	150,000	123,085	123,085	
Sacramento Neighborhood Assistance Program (SNAP)	750,000	530,253	530,253	
Painting/Beautification	170,000	132,576	132,576	
Home Insulation Grant Program	25,000	-	-	
SB 966 Administration	18,000	2,291	2,291	
	<u>1,373,000</u>	<u>953,219</u>	<u>953,219</u>	
<u>Codes Enforcement</u>				
Code Enforcement Program	23,000	16,468	16,468	
<u>Planning and Urban Environmental Design</u>				
Community Development Planning Staff	222,950	173,167	173,167	
Preservation Program	88,000	78,186	78,186	
	<u>310,950</u>	<u>251,353</u>	<u>251,353</u>	



General Administration

Alkali Flat PAC
 Del Paso Heights PAC
 Oak Park PAC
 Touche Ross Indirect Cost Plan =
 CDBG Audit

Contingency

TOTAL

Authorized Costs (Note 2)

\$ 66,000
 79,500
 97,800
 46,000
 5,000
 294,300
 183,600
 \$4,782,000

Expended during 7/1/79 - 6/30/80

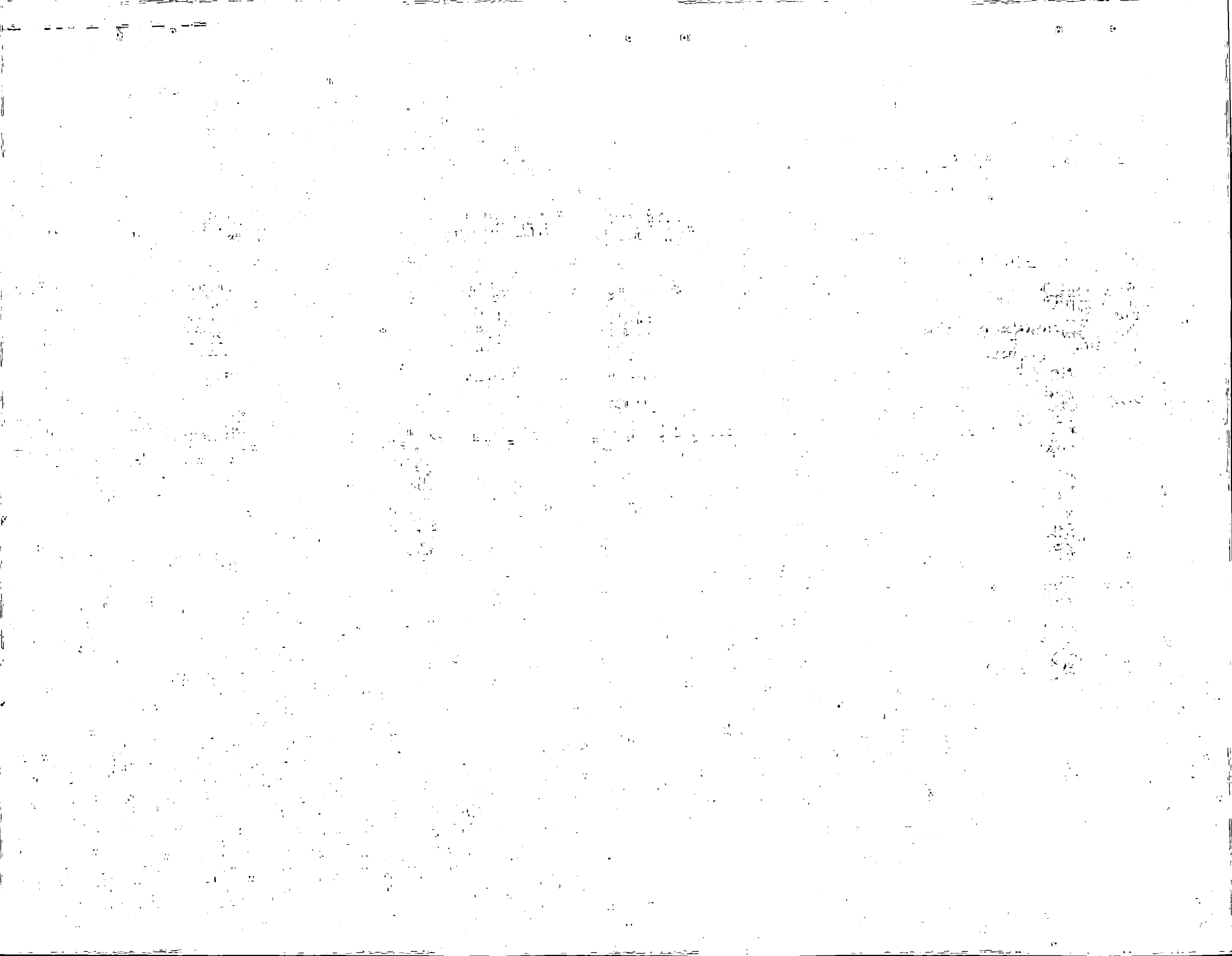
\$ 48,549
 58,098
 79,979
 46,000
 2,500
 235,126
 \$1,573,531

Total Expended

\$ 48,549
 58,098
 79,979
 46,000
 2,500
 235,126
 \$1,573,531

Questioned Costs

\$ 0



CITY OF SACRAMENTO, CALIFORNIA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

NOTES TO STATEMENTS

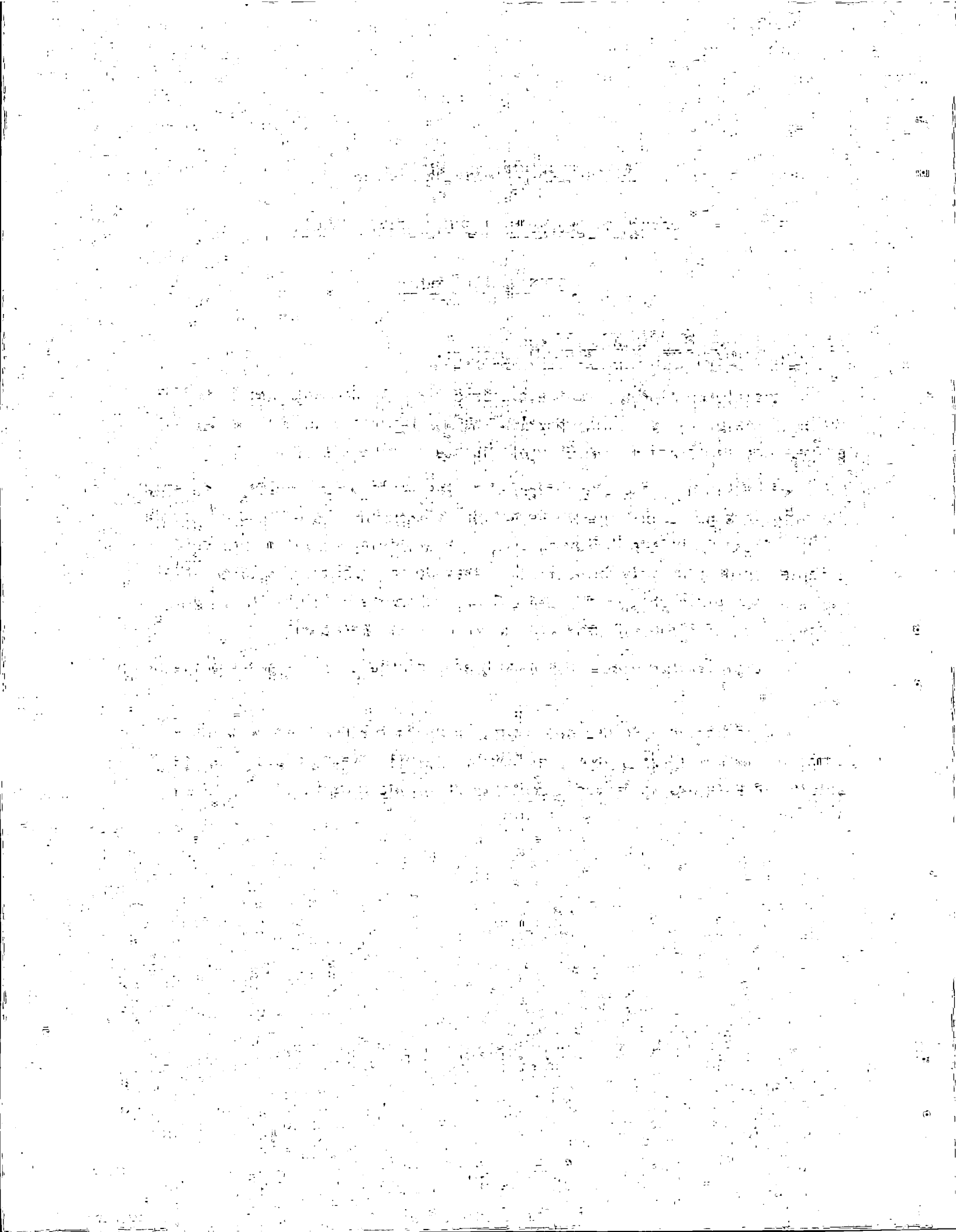
NOTE 1. STATEMENT PRESENTATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The statements presented are prepared from the accounts and financial transactions of the Community Development Block Grant Program (the Grant program) administered by the City of Sacramento (the City).

The statements have been prepared on the basis of accounting and reporting practices prescribed by the Department of Housing and Urban Development (HUD). These practices differ in certain significant respects from generally accepted accounting principles in that they do not include a balance sheet and a statement of changes in fund balance otherwise required for a fair presentation of financial position and results of operations.

The accompanying statements have been prepared on the accrual basis of accounting.

Administrative expenses are direct costs to the Grant program and are composed primarily of salaries and other payroll-related costs. The City elected to allocate no indirect costs to the Grant program.



NOTE 2 - REPROGRAMMING OF AUTHORIZED COSTS

Amounts shown as authorized costs represent the estimated program cost, by project, approved by HUD subject to minor amendments to reprogram costs (within specified limits) at the discretion of the grant recipient. Other amendments to reprogram costs may be made with HUD approval. The following schedule summarizes the reprogrammings of the grant program of the City plus program income allocated to the various program activities:

<u>Program year and related activity</u>	<u>Authorized costs per original budget</u>	<u>Reprogrammings and Program Income</u>	<u>Authorized costs as revised</u>
Program year 1975			
Alkali Flat L/Acq. - 10th, 11th, E, F	\$ 578,700	\$ (106,488)	\$ 472,212
Alkali Flat Public Imp. - 9th, 10th, E, F	42,000	(21,261)	20,739
Del Paso Heights Public Imp.	524,700	(233,972)	290,728
Oak Park L/Acq. - San Jose/Broadway	175,900	(31,094)	144,806
Oak Park L/Acq. - 35th Street Area	376,350	-	376,350
Oak Park L/Acq. - Sacramento Blvd./8th Ave.	552,250	-	552,250
Sacramento Riverfront Park	267,650	-	267,650
Old Sacramento Alleyways/Courtyard	129,850	-	129,850
L/Acq. - 6th "I" Streets	155,000	(64,617)	90,383
L/Acq. - 3rd "N" Streets	185,000	34,070	219,070
Community Development Planning Staff	100,000	-	100,000
Preservation Program	36,000	(2,350)	33,650
Glen Elder A/D #1	100,000	-	100,000
53rd Avenue Extension	100,000	(21,340)	78,660
Sim Park Locker Room Remodeling	70,000	8,000	78,000
Emergency Assistance for Code Enforcement	25,000	(24,612)	388
Planning for SNAP	30,000	(14,071)	15,929
Contingency Fund	92,600	(92,405)	195
Stockton Boulevard and 21st Avenue L/Acq.	41,055	41,055	41,055
Relocation DPH/OP	7,365	7,365	7,365
Oak Park Rehabilitation Grants	111,672	111,672	111,672
Alkali Flat Urban Design Manual	2,681	2,681	2,681
Fig Street Assessment District	166,850	166,850	166,850
Oak Park Fire Station #6	80,620	80,620	80,620
Sacramento Neighborhood Assistance Program (SNAP)	14,750	14,750	14,750
Alkali Flat Neighborhood Center	20,735	20,735	20,735
Housing Opportunity Program Elderly (HOPE)	15,892	15,892	15,892
McClatchy Pool Replacement	110,550	110,550	110,550
Del Paso Heights A/D #2	75,000	75,000	75,000
West Del Paso Heights A/D #3	84,600	84,600	84,600
Alkali Flat L/Acq. - 9th, F	251,000	251,000	251,000
HO/HI Rehabilitation Loan Administration	33,000	33,000	33,000
Public Improvements Planning Program	19,000	19,000	19,000
Year One Entitlement	\$ 3,541,000	\$ 464,630	\$ 4,005,630
Program year 1976			
Alkali Flat N.D.P. - Land Acq.	\$ 172,200	\$ (172,200)	\$ -
Alkali Flat L/Acq. - Development	670,000	(670,000)	-
Alkali Flat EIR/EIS	15,000	-	15,000
Del Paso Rehabilitation Grants	196,500	-	196,500
Del Paso L/Acq. - Replacement Housing	486,400	(216,725)	269,675

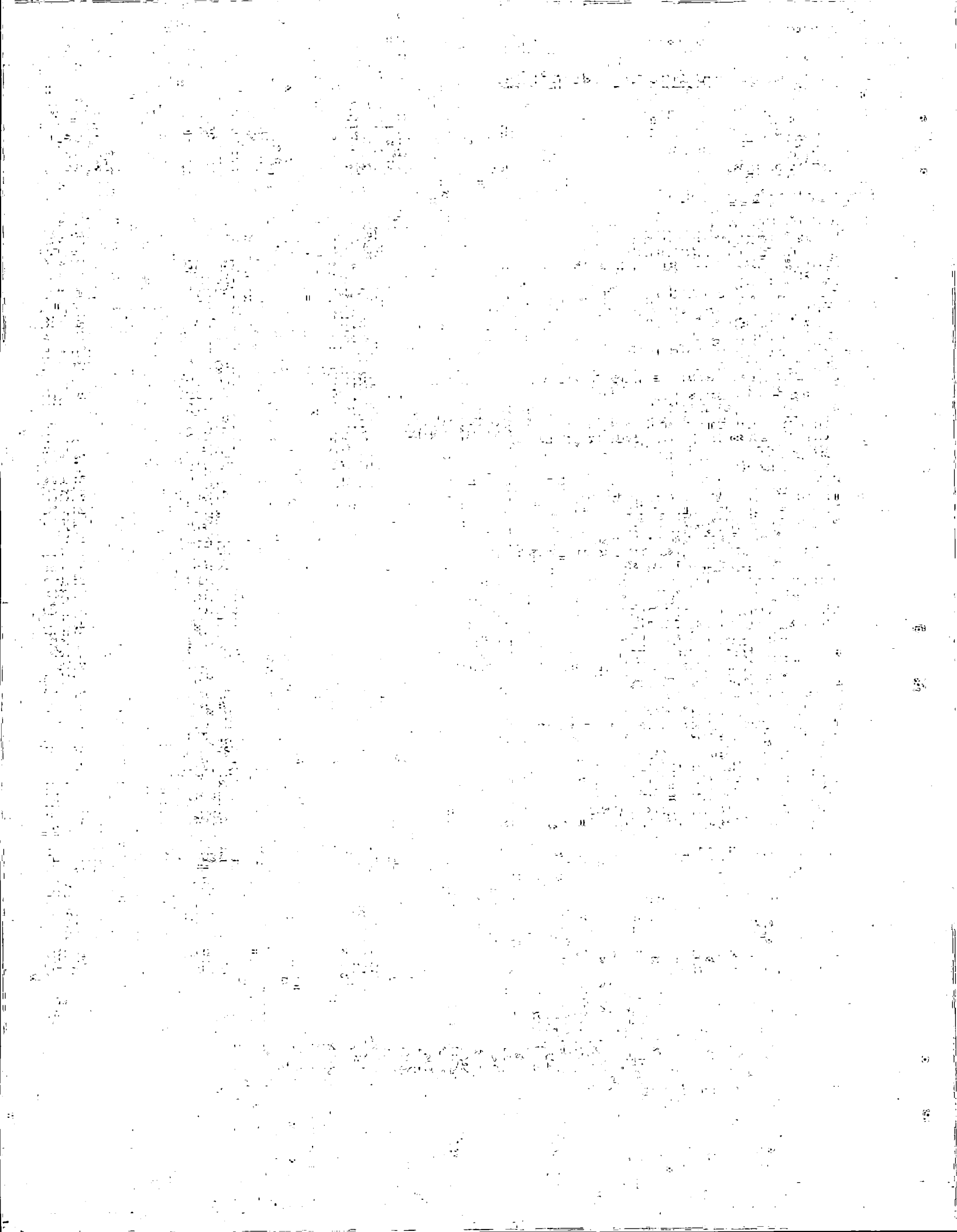


Note 2 - Reprogramming of Authorized Costs (continued)

<u>Program year and related activity</u>	<u>Authorized costs per original budget</u>	<u>Reprogrammings and Program Income</u>	<u>Authorized costs as revised</u>
<u>Program year 1976 (continued)</u>			
Oak Park Mini Park	\$ 188,400	\$ (73,900)	\$ 114,500
Oak Park Painting/Beautification	52,000	600	52,600
Oak Park Rehabilitation Grants	200,000		200,000
Oak Park L/Acq. - Replacement Housing	280,000	(248,012)	31,988
Oak Park L/Acq.	78,000	(78,000)	
Community Development Planning Staff	180,000	(48,797)	131,203
Central City Rehabilitation	130,000		130,000
Central City EIR/EIS	15,000	4,950	19,950
Preservation Program	40,000	(1,285)	38,715
Preservation Board Trust Fund	100,000		100,000
Glenn Elder A/D #2	90,000	(6,249)	83,751
Strawberry Manor Street Lighting Improvement	100,000	(40,400)	59,600
Dos Rios - Richards Boulevard Study	15,000	(1,000)	14,000
Oak Park Fire Station #6	350,000	95,880	445,880
Emergency Assistance Code Enforcement	25,000	(24,617)	383
Housing Opportunity Program Elderly (HOPE)	50,000	41,012	91,012
Home Counseling Program	22,500	(10,663)	11,837
Contingency Fund	394,000	(392,733)	1,267
HUD Loan Interest	92,000	(4,545)	87,455
Rivergarden Public Improvement (P/S)		30,000	30,000
Bonniemead/Brighton Public Improvement (P/S)		20,000	20,000
Economy Annual Guideline Study		5,000	5,000
Alkali Flat Project Area Community (PAC)		33,821	33,821
Alkali Flat Rehabilitation Loan Administration		20,000	20,000
Kennedy Estates Rehabilitation		34,483	34,483
Washington Mini Park		35,000	35,000
Oak Park Complex - L/Acq.		3,500	3,500
Sim Park Locker Room Remodeling		12,000	12,000
Fig Street Assessment District		338,900	338,900
Alkali Flat Neighborhood Center		79,265	79,265
Alkali Flat Urban Design Manual		7,319	7,319
Alkali Flat Sacramento Neighborhood Assistance Program		86,291	86,291
Alkali Flat Alley Improvement		10,000	10,000
Oak Park - SNAP		127,668	127,668
Oak Park L/Acq. - 35th Street		65,000	65,000
Oak Park L/Acq. - Sacramento Boulevard/8th Avenue		81,404	81,404
Audit of CDBG Program		10,000	10,000
McClatchy Pool Replacement		69,450	69,450
West Del Paso Heights A/D #3		648,000	648,000
Oak Park Community Center		31,000	31,000
San Carlos - 14th Avenue A/D		85,500	85,500
Alkali Flat Historical District Study		6,000	6,000
HO/HI Rehabilitation Loan Program Administration		10,000	10,000
Year Two Entitlement	\$ 3,942,000	\$ 2,917	\$ 3,944,917

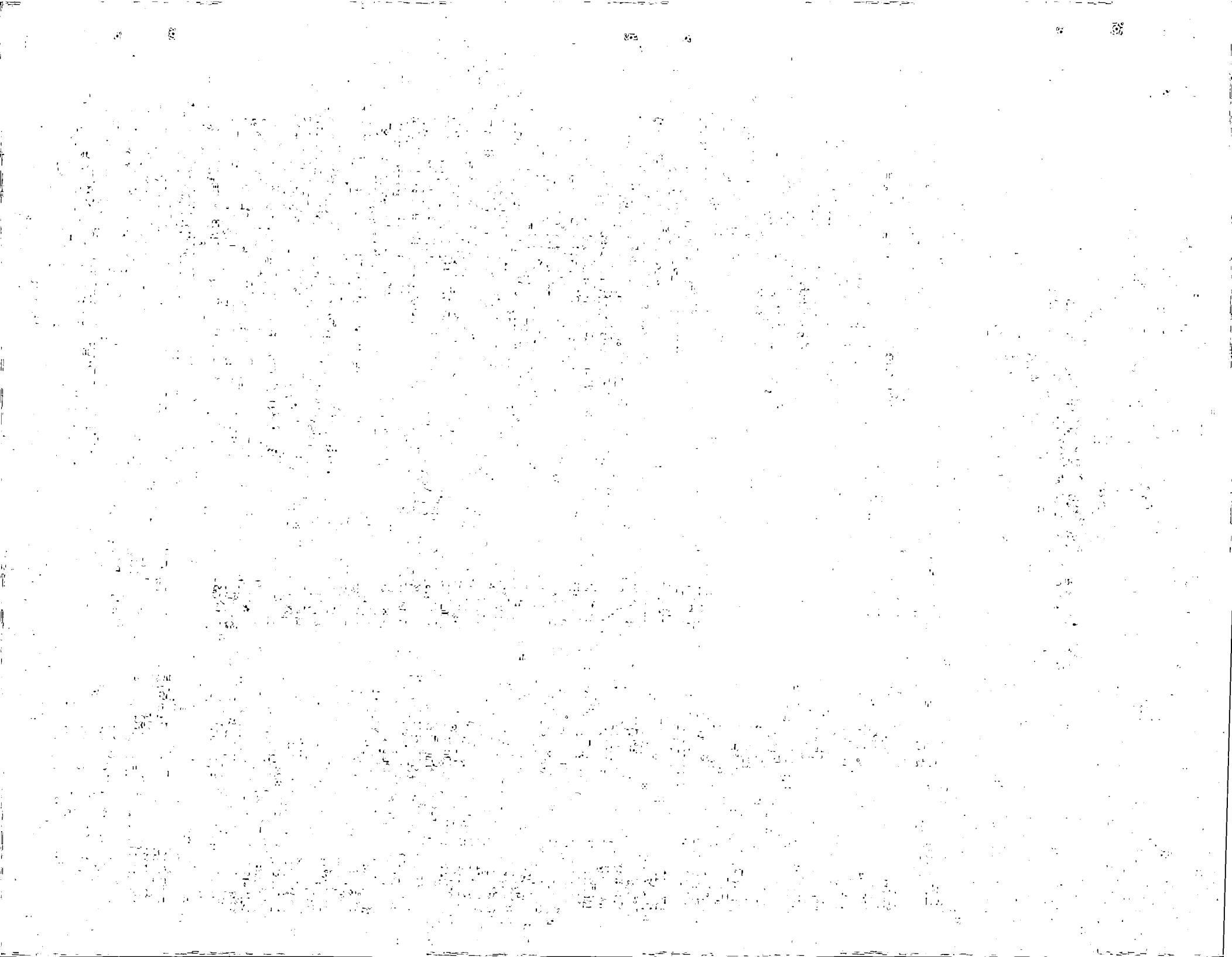
Program year 1977

Alkali Flat Project Area Community (PAC)	57,000	(951)	56,049
Alkali Flat NDP - L/Acq.	179,500	40,000	219,500



Note 2 - Reprogramming of Authorized Costs (continued)

Program year and related activity	Authorized costs per original budget	Reprogrammings and Program Income	Authorized costs as revised
<u>Program year 1977 (continued)</u>			
Alkali Flat L/Acq. - Vacant Parcels	\$ 160,000	\$ (70,000)	\$ 90,000
Oak Park Project Area Community (PAC)	90,600	(10,215)	80,385
Oak Park Painting/Beautification Program	100,000		100,000
Oak Park Rehabilitation Grants	186,000		186,000
Del Paso Heights - Projects Area Community (PAC)	66,700	(2,055)	64,645
Del Paso Heights - A/D #1	324,000		324,000
Del Paso Heights - A/D #2	84,600		84,600
Del Paso Heights - Economical Feasibility Study	5,000		5,000
Del Paso Heights - Painting/Beautification Program	50,000		50,000
Del Paso EIR/EIS	15,000		15,000
Community Development Planning Staff	190,000	(8,200)	181,800
Meadowview Area Study	2,000	(1,978)	22
Power Inn Road Area Study	3,000	(3,000)	
Preservation Program	54,000	(13,000)	41,000
Preservation Board Trust Fund	75,000	(75,000)	
J. Neely Johnson Building	50,000	(50,000)	
Rivergarden Public Improvements	350,000	120,000	470,000
Bonniemead/Brighton Public Improvements	315,000	10,000	325,000
South Sacramento A/D #4	315,000		315,000
Gardenland A/D #5 (P/S)	60,000		60,000
Oak Park Street Lighting Improvements	75,000		75,000
Southside Street Lighting Improvements (P/S)	40,000		40,000
Sacramento Boulevard Street Widening (P/S)	75,000		75,000
Robertson Community Center	130,000	(130,000)	
Sim Park Tot Lot/Adventure Area	35,000	(35,000)	
Kennedy Estates Open Space	60,000		60,000
Central City Painting/Beautification Program	50,000		50,000
Sacramento Neighborhood Assistance Program	370,000		370,000
Housing Opportunity Program Elderly (HOPE)	100,000	166,541	266,541
Home Counseling Program	22,500	(9,498)	13,002
Self-Help Home Ownership Opportunity Program	67,500		67,500
Code Enforcement Program	53,300	(17,153)	36,147
Sign Ordinance Enforcement Program	25,000	(25,000)	
Rodent Extermination Program	15,000	(1,334)	13,666
Contingency	392,500	(389,907)	2,593
HUD Loan Interest	98,800	(23,537)	75,263
Relocation Assistance		20,000	20,000
Washington Mini Park		33,200	33,200
Oak Park L/Acq. - 35th Street		97,625	97,625
New Helvetia Community Facilities (P/S)		14,862	14,862
Oak Park Community Center		148,000	148,000
Oak Park Mini Park - Temple Avenue		4,500	4,500
San Carlos - 14th Avenue A/D		59,200	59,200
CDBG Audit Report		5,000	5,000
Alkali Flat L/Acq. - 9th, 10th, E, F		30,000	30,000
Fig Street Assessment District		99,800	99,800
Central City E/R		2,500	2,500
HO/HI Rehabilitation Loan Administration		17,000	17,000
Year Three Entitlement	\$ 4,342,000	\$ 2,400	\$ 4,344,400

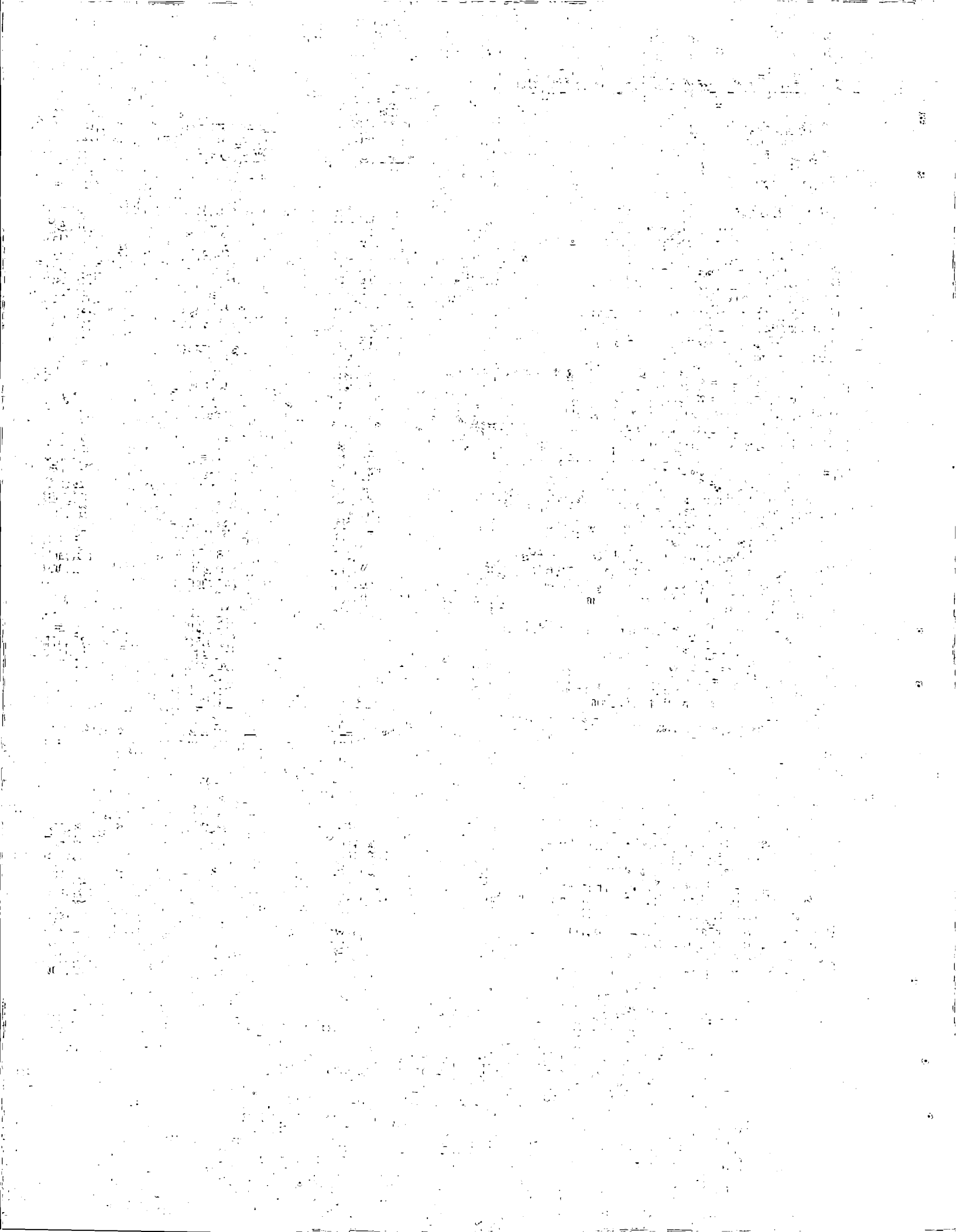


Note 2 - Reprogramming of Authorized Costs (Continued)

Program, year and related activity	Authorized costs per original budget	Reprogrammings and Program Income	Authorized costs as revised
Program year 1978			
Alkali Flat PAC	\$ 60,000	\$ (10,930)	\$ 49,070
Alkali Flat L/Acq. - 9th, 10th, E, F	214,500		214,500
Alkali Flat Senior Citizen Center (P/S)	20,000		20,000
Oak Park PAC	96,550	(9,818)	86,732
Oak Park L/Acq. - 35th Street	375,000	22,000	397,000
Del Paso Heights PAC	82,250	(18,854)	63,396
Del Paso Heights A/D #3	600,000		600,000
Community Development Planning Staff	241,500	(4,246)	237,254
Preservation Program	62,000	(19,221)	42,779
Power Inn Road Industrial Area Study	15,000	5,000	20,000
Housing Element	20,000	(20,000)	
Public Improvement Plan Program - Warwick-Mascot A/D	50,000		50,000
Meadowview Community Center Study	10,000	(10,000)	
Sacramento Boulevard Street Widening	445,000		445,000
Traffic Division/Circle (Glen Elder/BM)	100,000		100,000
Southside Street Lighting Improvement	340,000		340,000
Max Baer Park Facility Improvement	75,000		75,000
Strawberry Manor Park Facility Improvement	30,000		30,000
Oak Park Community Center	615,000	137,000	752,000
Sim Park Locker Room Remodeling	35,000		35,000
Sacramento Neighborhood Assistance Program (SNAP)	125,000		125,000
Painting/Beautification Program	100,000		100,000
Housing Opportunity Program Elderly (HOPE)	225,000	(30,000)	195,000
Home Insulation Grant Program	25,000		25,000
Section 312 Rehabilitation Loan Administration	75,000	45,000	120,000
Relocation Assistance Rehabilitation Program	20,000	16,000	36,000
Home Management/Default Counseling Program	49,000	(49,000)	
Sys Mod for High Rise Public Housing	74,000		74,000
Contingency	283,200	(283,126)	74
River Oaks - Dos Rios Community Facility Plan		4,500	4,500
San Carlos - 14th Avenue A/D		75,800	75,800
Oak Park Street Lighting A/D #1		23,500	23,500
West Del Paso Heights A/D #3		75,400	75,400
HO/HI Rehabilitation Program Administration		30,000	30,000
Public Improvement Planning Program		21,000	21,000
Year Four Entitlement	\$ 4,463,000	\$ 5	\$ 4,463,005

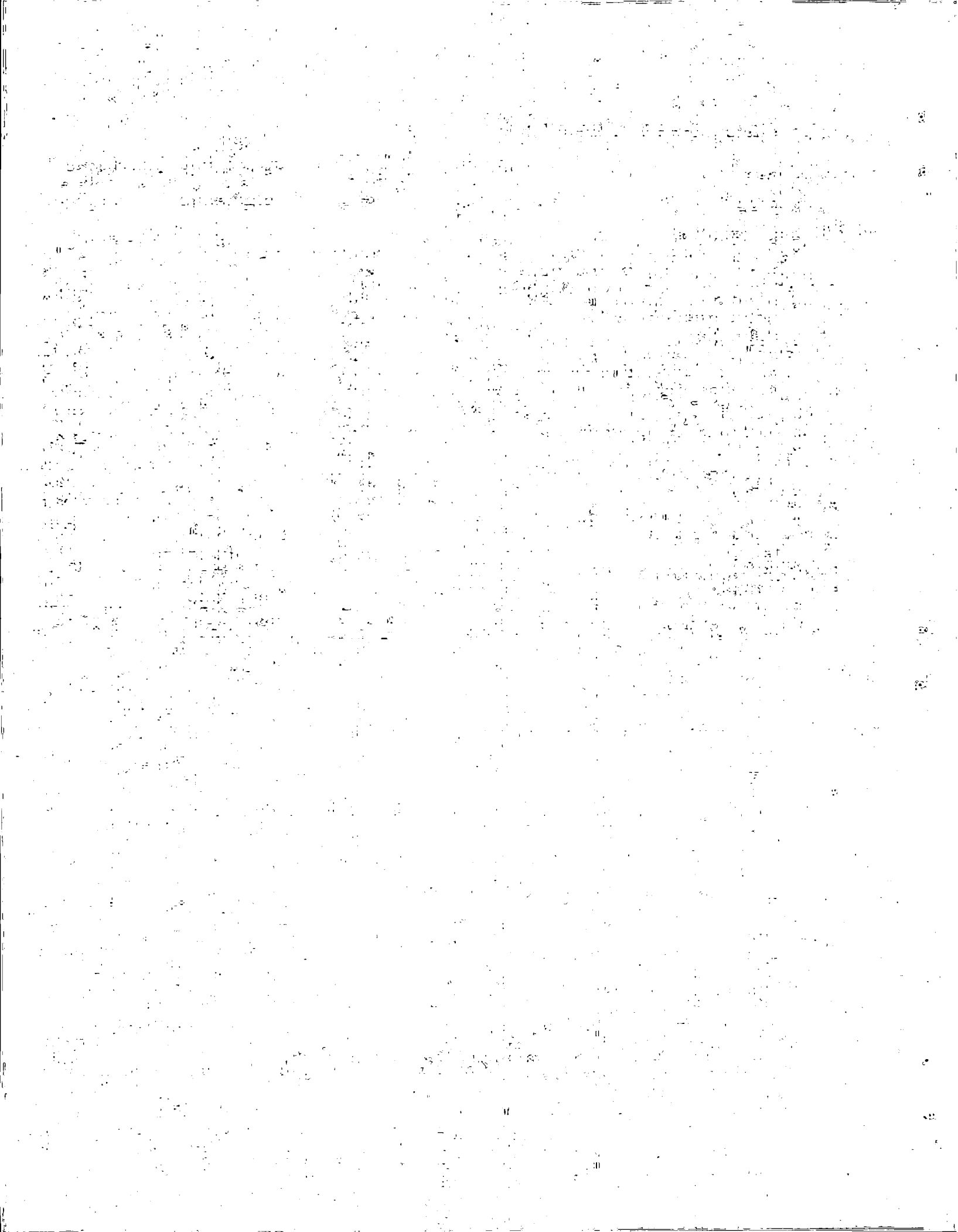
Program year 1979

Community Development Planning Staff	\$ 266,000	\$ 2,950	\$ 268,950
Housing Opportunity Program Elderly (HOPE)	170,000		170,000
Retrofitting Grant Program	90,000		90,000
Scattered Res. Site Acq. Program	50,000		50,000
Federal Section 312 Loan Administration	150,000		150,000
Sacramento Neighborhood Assistance Program (SNAP)	750,000		750,000
Painting/Beautification	170,000		170,000
Relocation Assistance - Rehabilitation Program	50,000		50,000
Home Insulation Grant Program	25,000		25,000
Code Enforcement	23,000		23,000
Alkali Flat Project Area Community (PAC)	66,000		66,000



Note 2 - Reprogramming of Authorized Costs (continued)

Program year and related activity	Authorized costs per original budget	Reprogrammings and Program Income	Authorized costs as revised
<u>Program year 1979 (continued)</u>			
Alkali Flat L/Acq. - R/D "E" Street Area	\$ 200,000	\$ -	\$ 200,000
Alkali Flat Res. Acq. - Rehabilitation Program	100,000	-	100,000
Alkali Flat - 12th Street Improvement District	100,000	-	100,000
Del Paso Heights Project Area Community (PAC)	79,500	-	79,500
Del Paso Heights Street Lighting A/D	16,000	-	16,000
Del Paso Heights A/D #4A	480,000	-	480,000
Del Paso Heights A/D #4B	50,000	-	50,000
Oak Park Project Area Community (PAC)	97,800	-	97,800
Oak Park Res. L/Acq. - 34th, 35th Streets	300,000	33,800	333,800
Oak Park Replacement Housing Program	100,000	-	100,000
Warwick-Mascot Avenue A/D	300,000	-	300,000
Washington Street Lighting A/D	25,000	-	25,000
Capitol Park Area Street Lighting A/D	20,000	-	20,000
Preservation Program	88,000	-	88,000
Baer Park	10,000	-	10,000
Susan B. Anthony School Park	96,000	-	96,000
Del Rio Junction A/D	510,000	-	510,000
Hoodbine A/D #1	60,000	-	60,000
East Del Paso Heights Drainage Study	25,000	-	25,000
Oak Park Fire Station No. 6	-	18,350	18,350
CDBG Audit	5,000	-	5,000
Contingency Fund	309,700	(126,100)	183,600
San Carlos - 14th Avenue A/D	-	28,000	28,000
SB 966 Administration	-	18,000	18,000
Freeport Manor Drainage Study	-	25,000	25,000
Year Five Entitlement	\$ 4,782,000	\$ -	\$ 4,782,000



CITY OF SACRAMENTO, CALIFORNIA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

COMMENTS ON COMPLIANCE AND INTERNAL CONTROL

We have examined the statement of source and status of funds and the statement of program costs applicable to the Community Development Block Grant of the City of Sacramento (the City), for the period ended June 30, 1980, and have issued our report thereon dated June 2, 1981. As a part of our regular examination, we made a study and evaluation of 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 of internal accounting control is to establish a basis for reliance thereon in determining the nature, timing, and extent of their auditing procedures that are necessary for expressing an opinion on the 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 Block Grant Recipients, dated May 1976.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance that:

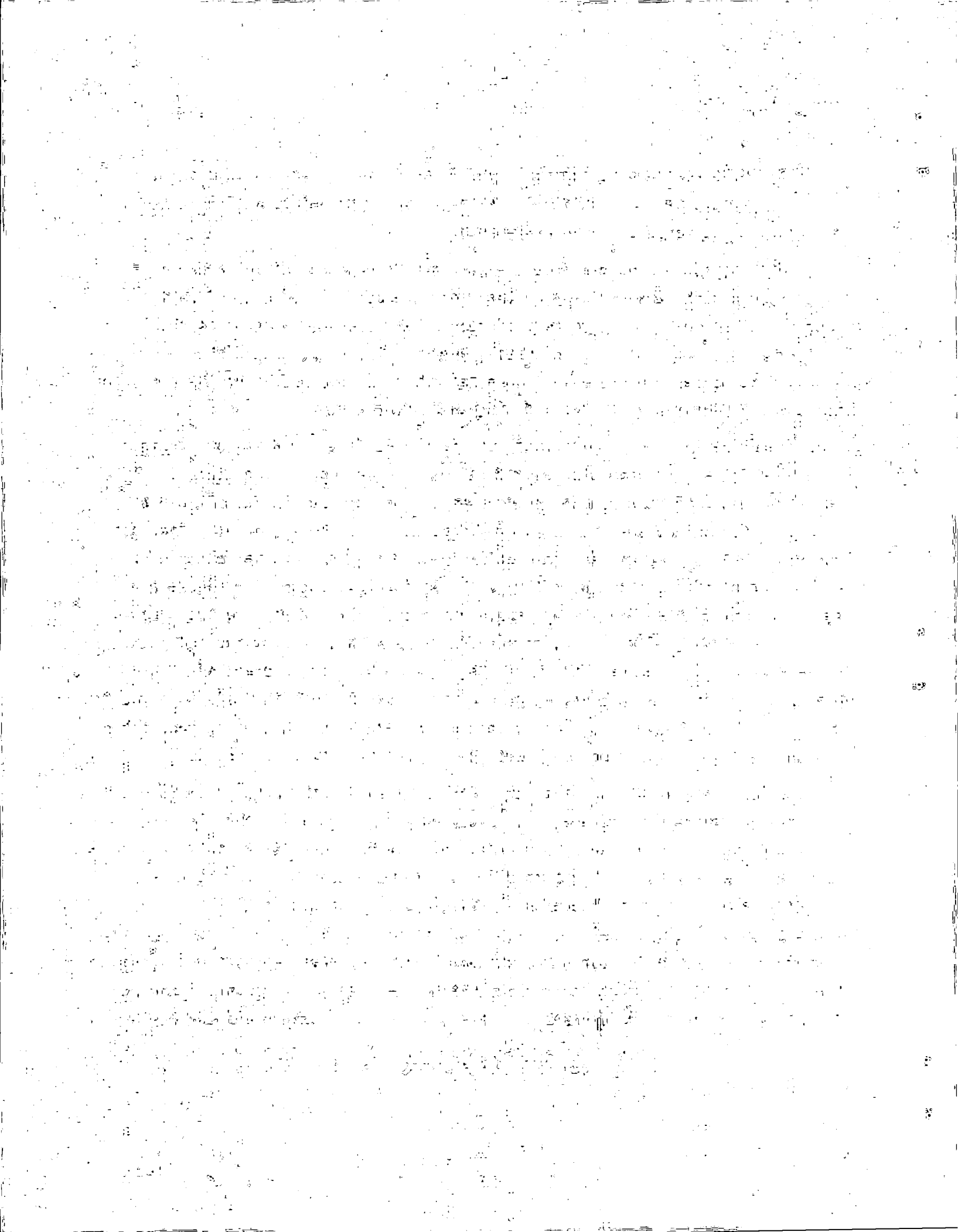
- (a) transactions are executed in accordance with management's general or specific authorization;
- (b) transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles, and (2) to maintain accountability for assets;
- (c) access to assets is permitted only in accordance with management authorization; and

(d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any difference.

This objective requires that transactions be recorded at the amounts and in the accounting periods in which they were executed and be classified in appropriate accounts. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits expected to be 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 either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of 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.

Our examination of the statements for the period ended June 30, 1980 was made in accordance with generally accepted auditing standards, and included a study and evaluation of the City's system of internal accounting control. Our study and evaluation, which was made for the purpose set forth in the first paragraph above, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. Further, the criteria for our study and evaluation may have been different from those which may be appropriate for evaluating weaknesses in accounting control for management or other purposes. However, 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 the conditions described in the "Findings and Recommendations" section below.

This report is intended for use in connection with the City of Sacramento Community Development Block Grant program for the period ended June 30, 1980 and it should not be used for any other purpose.

FINDINGS AND RECOMMENDATIONS

Finding

Drawdown requests are not always adequately reviewed for accuracy.

Condition

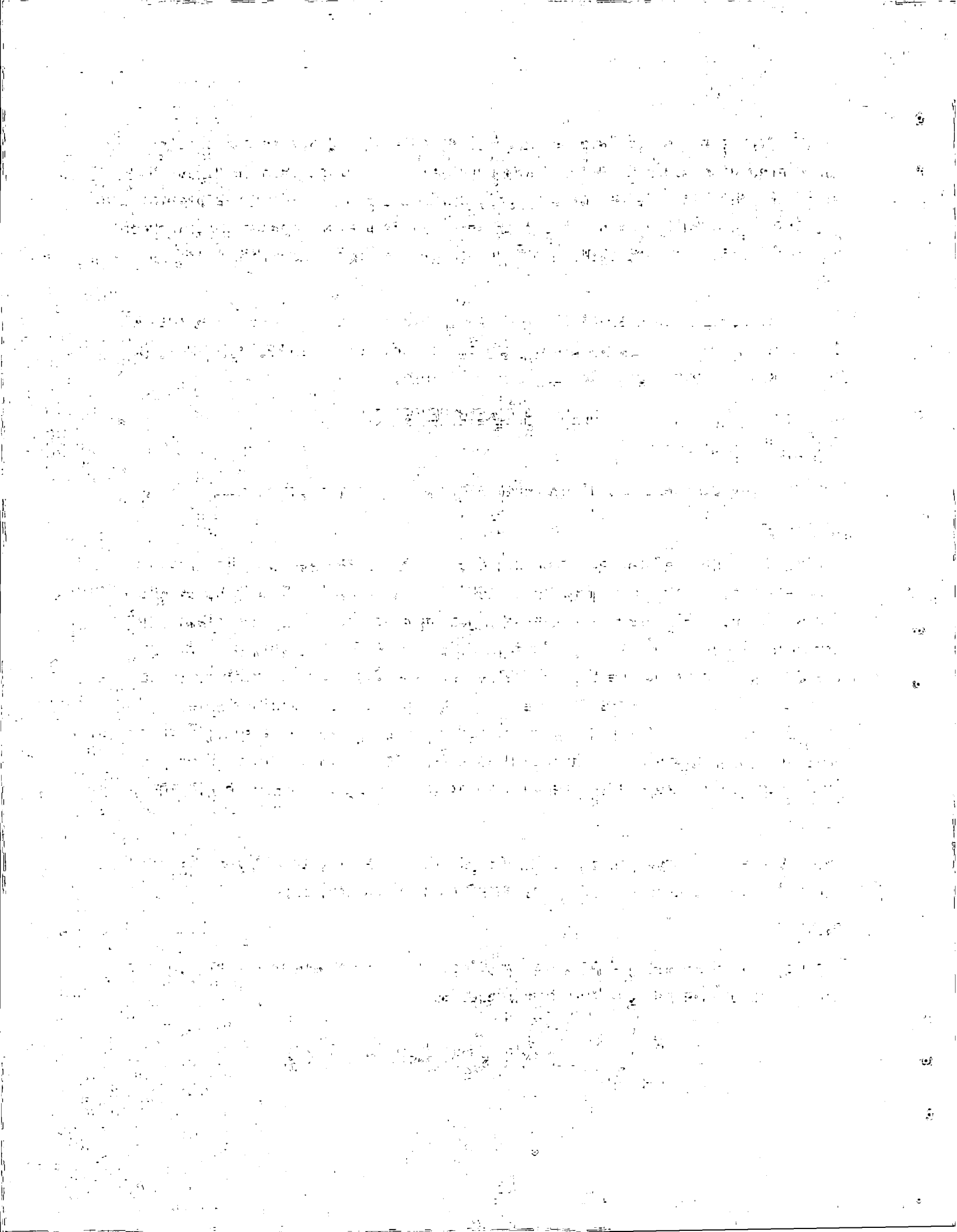
During the course of our audit we noted an instance whereby certain drawdown requests were incorrectly prepared, resulting in excessive drawdowns of grant funds. At June 30, 1980, the excess funds on hand and not spent within the three-day limit was \$453,119. Additionally, interest in the amount of \$12,812 was earned on the excess drawdowns. The City did not include these amounts in the total funds drawn down in the applicable program year at June 30, 1980. In the combined financial statements for the City of Sacramento, these amounts are reflected as a liability. These amounts have been subsequently repaid to the Department of Housing and Urban Development.

Effect

The overdraw of funds precluded the City from conforming to HUD regulations requiring the disbursement of funds received within three days.

Cause

The delay in disbursing CDBG funds resulted from the improper preparation and review of the related drawdown requests.



Recommendation.

Calculated drawdown amounts should be reconciled to total expenditure amounts over the life of the Grant. This reconciliation should then be reviewed by someone independent of the original calculation. In this manner, the City would reduce its risk of inadvertently requesting an over-disbursement of federal monies and facing the potential problems of noncompliance with grant rules and regulations and subsequent repayment of funds received.

City's response:

The drawdowns are currently being prepared by the Accounting Division. Beginning immediately, the Supervisor of the General Accounting section or the Accounting Officer will review each drawdown request. Also, the responsible accountant will prepare a schedule supporting all drawdowns which will be balanced monthly to expenses incurred.