



40

DEPARTMENT OF
FINANCE

ACCOUNTING DIVISION

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 12
915 I STREET
SACRAMENTO, CA
95814-2608

July 19, 1988

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: 1986/87 Single Audit Report (Reports on Supplementary Schedule,
Internal Control and Compliance)

Summary

The annual Single Audit Report for the City of Sacramento for the year ended
June 30, 1987, is attached for your information.

Recommendation

This report is submitted for information only and no action is required.

Respectfully submitted,

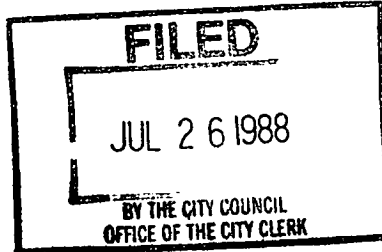
Mike Stamper
Accounting Manager

For City Council information:

Walter J. Slive
Walter J. Slive
City Manager

Attachment

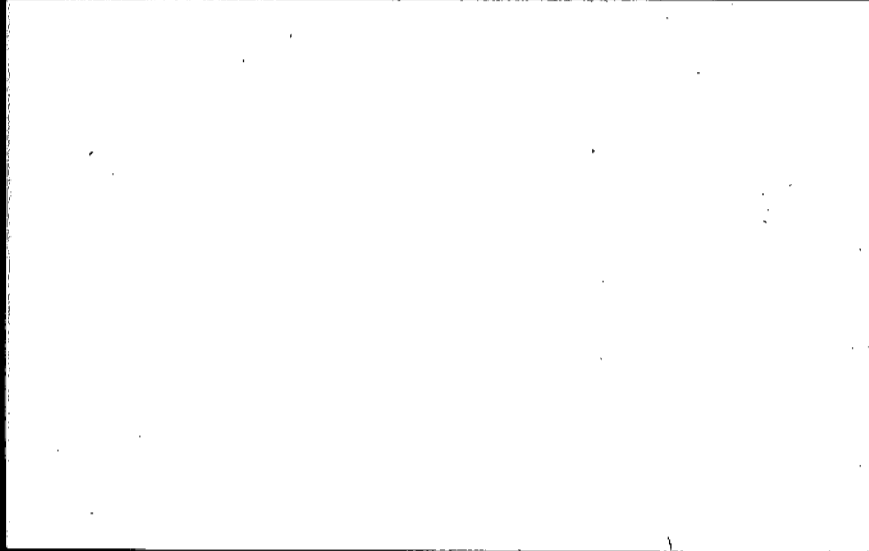
July 26, 1988
All Districts



916-449-5676

MICHAEL H. STAMPER
ACCOUNTING OFFICER

 Touche Ross



Touche Ross International

40

CITY OF SACRAMENTO

REPORTS ON SUPPLEMENTARY SCHEDULE,
INTERNAL CONTROL AND COMPLIANCE

(Office of Management and Budget Circular A-128)

Year ended June 30, 1987

CITY OF SACRAMENTO
SINGLE AUDIT REPORT

TABLE OF CONTENTS

	<u>Page</u>
Report on Schedule of Federal Financial Assistance	1
Schedule of Federal Financial Assistance	2
Report on Compliance With Laws and Regulations Related to Major and Nonmajor Financial Assistance Programs	3-4
Schedule of Findings and Questioned Costs.....	5
Report on Internal Controls (Accounting and Administrative) - Based on a Study and Evaluation Made as a Part of an Examination of the General Purpose Financial Statements and the Additional Tests Required by the Single Audit Act	6-8

April 15, 1988

Honorable Mayor and City Council
City of Sacramento
Sacramento, California

We have examined the general purpose financial statements of City of Sacramento, California, for the year ended June 30, 1987, and have issued our report thereon dated April 15, 1988. Our examination of such general purpose financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the examination 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.

Touche Ross & Co.

Certified Public Accountants

CITY OF SACRAMENTO

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended June 30, 1987

<u>Federal Grantor</u>	<u>Catalog of Federal Domestic Assistance (CFDA) Number</u>	<u>Initial Program or Award Amount</u>
United States Department of the Treasury:		
State and Local Government Fiscal Assistance -		
General Revenue Sharing	21.300	\$5,376,965
 <u>Federal Pass-Through Grantor</u>		
United States Department of Labor:		
1986 Youth Employment Program		71,810
1987 Youth Employment Program		47,192
United States Department of Agriculture:		
1986 Summer Food Program		333,726
1987 Summer Food Program		238,112
United States Department of Transportation:		
Federal Highway Administration M-F034(2)		27,860
Federal Highway Administration M-F073(1)		114,006
Federal Highway Administration M-MG-F034(4)		184,221
Federal Highway Administration RRP-F016(1)		1,718
Safety Belt Program		356,641
National Parks Service:		
UPAPR Development Grant		56,500
Volunteer Training		37,065
National Education Association:		
NEA Local Test Grant		67,664
LSCA Murl Awards		37,240
Total Federal Financial Assistance		

<u>Program Cash Beginning Balance at 7/1/86</u>	<u>Program Cash Receipts</u>	<u>Program Cash Expenditures</u>	<u>Program Cash Ending Balance at 6/30/87</u>
\$(1,262,721)	\$2,279,783	\$1,017,062	
(1,596)	35,092	55,011	\$ (21,515)
		17,011	(17,011)
(6,860)	158,453	168,934	(17,341)
		42,389	(42,389)
	27,860	27,860	
	114,006	114,006	
	184,221	184,221	
	1,718	1,718	
9,766	70,516	240,515	(160,233)
6,073	42,476	36,657	11,892
		4,681	(4,681)
		9,764	(9,764)
<u>(18,620)</u>	<u>37,240</u>	<u>36,254</u>	<u>(17,634)</u>
<u>\$(1,273,958)</u>	<u>\$2,951,365</u>	<u>\$1,956,083</u>	<u>\$(278,676)</u>

April 15, 1988

Honorable Mayor and City Council
City of Sacramento
Sacramento, California

We have examined the general purpose financial statements of City of Sacramento, California (City), for the year ended June 30, 1987, and have issued our report thereon dated April 15, 1988. Our examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City is responsible for the City's compliance with laws and regulations. In connection with the examination referred to above, we selected and tested transactions and records from each major federal financial assistance program. The purpose of our testing of transactions and records from those federal financial assistance programs was to obtain reasonable assurance that the City had, in all material respects, administered major programs in compliance with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

Our testing of transactions and records selected from major federal assistance programs disclosed instances of noncompliance with those laws and regulations. All instances of noncompliance that we found and the programs to which they relate are identified in the accompanying schedule of findings and questioned costs.

In our opinion, for the year ended June 30, 1987, the City administered each of its major federal financial assistance programs in compliance, in all material respects, with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

Our testing was more limited than would be necessary to express an opinion on whether the City administered nonmajor federal financial assistance programs in compliance in all material respects with the laws and regulations referred to in the second paragraph of our report noncompliance with which we believe could have a material effect on the allowability of program expenditures; however, with respect to the transactions and records that were not tested by us, nothing came to our attention to indicate that the City had not complied with laws and regulations.

Touche Ross & Co.

Certified Public Accountants

CITY OF SACRAMENTO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1987

<u>PROGRAM</u>	<u>FINDING/NONCOMPLIANCE</u>	<u>QUESTIONED COSTS</u>	<u>CORRECTIVE ACTION</u>
U.S. Department of the Treasury: General Revenue Sharing	1. A notice of the availability for public inspection of the use report filed with the Office of Revenue Sharing (ORS) was not published in a newspaper or by an ORS-approved alternative means within 10 days of filing (31 CFR 51.13(a)).	None.	Procedures will be implemented to assure proper notification for availability of reports for the year ended June 30, 1987.
	2. Publication of the prior audit report's availability for public inspection was not made within 30 days following its completion and receipt by the City.	None.	Procedures will be implemented to assure proper notification for availability of reports for the year ended June 30, 1987.

April 15, 1988

Honorable Mayor and City Council
City of Sacramento
Sacramento, California

We have examined the general purpose financial statements of City of Sacramento, California (City), for the year ended June 30, 1987, and have issued our report thereon dated April 15, 1988. As part of our examination, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, the Single Audit Act of 1984, and the provisions of OMB Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories:

- | | | |
|----------------------|-----------------------------|----------------------------------|
| . Cash receipts | . Political activity | . Relocation assistance and real |
| . Cash disbursements | . Davis-Bacon Act | property acquisition |
| . Payroll | . Civil rights | |
| . General ledger | . Cash management | . Special tests and provisions |
| . Overhead | . Federal financial reports | |
| . Fixed assets | | |

The management of the City is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed above except for fixed asset controls. Fixed asset amounts were tested substantively without significant reliance on internal accounting controls. During the year ended June 30, 1987, the City expended all of its total federal financial assistance under major federal financial assistance programs. With respect to internal control systems used in administering major federal financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used solely in administering the nonmajor federal financial assistance programs of the City, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Our study and evaluation of the internal control systems used solely in administering the nonmajor federal financial assistance programs of the City did not extend beyond this preliminary review phase.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of the City. Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of the City. Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of the City.

Also, our examination, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor federal financial assistance programs.

However, our study and evaluation and our examination disclosed no condition that we believe to be a material weakness in relation to a federal financial assistance program of the City.

This report is intended solely for the use of the Mayor, City Council and management of the City and the City's federal cognizant audit agency, the U.S. Department of Housing and Urban Development, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City, is a matter of public record.

Touche Ross & Co.

Certified Public Accountants