

Audited Financial Statements and  
Comments on Compliance and Internal Control

Redevelopment Agency of the  
City of Sacramento  
Urban Renewal Projects

June 30, 1980



Ernst & Whinney

AUDITED FINANCIAL STATEMENTS AND  
COMMENTS ON COMPLIANCE AND INTERNAL CONTROL

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
URBAN RENEWAL PROJECTS

June 30, 1980

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# Ernst & Whinney

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Philip L. Isenberg, Chairperson  
Redevelopment Agency of the  
City of Sacramento  
630 I Street  
Sacramento, California 95814

Regional Inspector General  
for Audit  
Department of Housing and Urban  
Development  
450 Golden Gate Avenue  
San Francisco, California 94102

We have examined the balance sheets of the Urban Renewal Projects of the Redevelopment Agency of the City of Sacramento at June 30, 1980 and the related statements of cumulative project costs for the period then ended. Our examination was made in accordance with generally accepted auditing standards, including the audit requirements set forth in the Department of Housing and Urban Development (HUD) Audit Guide for the Urban Renewal Program and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Costs incurred prior to July 1, 1978 have previously been audited by other independent public accountants and federal auditors. Our opinion expressed herein, insofar as it relates to costs incurred prior to July 1, 1978, is based solely on the reports of the other auditors.

In our opinion, based upon our examination and the reports of other auditors, the statements referred to above present fairly the financial position of the Urban Renewal Projects of the Redevelopment Agency of the City of Sacramento at June 30, 1980, and the results of their operations, including the eligibility of recorded costs to June 30, 1980, in conformity with HUD procedures.

We have also reviewed compliance and internal control matters in accordance with the requirements of the Audit Guide for the Urban Renewal Program and have included applicable comments related thereto.

*Ernst & Whinney*

Sacramento, California  
October 30, 1980

BALANCE SHEETS

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
URBAN RENEWAL PROJECTS

June 30, 1980

	<u>Projects</u>	
	<u>Calif R-18</u>	<u>Calif R-67</u>
<b>ASSETS</b>		
Cash	\$ 125	\$ 134
Accounts receivable:		
Excess tax credits	37,574	-0-
Other	8,980	57,644
Investments--at cost	74,570	1,753,348
Trust deposits	64,013	47,650
Net project costs	13,905,156	21,287,294
Relocation payments	<u>1,054,947</u>	<u>1,503,375</u>
	<u>\$15,145,365</u>	<u>\$24,649,445</u>
<b>LIABILITIES AND CAPITAL</b>		
<b>LIABILITIES</b>		
Payable to City of Sacramento	\$ -0-	\$ 74,997
Trust deposits	64,013	47,650
Accrued interest payable	3,011	4,998
Project notes payable--Note B	1,530,000	2,525,000
Other notes and loans payable	175,820	310,482
Unearned grant income	<u>10,314</u>	<u>-0-</u>
	1,783,158	2,963,127
<b>CAPITAL</b>		
Local grants-in-aid:		
Cash	465,017	480,380
Non-cash	3,263,213	1,105,980
Federal grants:		
Capital grant progress payments	8,579,029	18,596,583
Relocation grant payments	<u>1,054,948</u>	<u>1,503,375</u>
	<u>13,362,207</u>	<u>21,686,318</u>
	<u>\$15,145,365</u>	<u>\$24,649,445</u>

See notes to financial statements

STATEMENTS OF CUMULATIVE PROJECT COSTS

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
URBAN RENEWAL PROJECTS

Period Ended June 30, 1980

	Projects	
	<u>Calif R-18</u>	<u>Calif R-67</u>
Survey and planning expenditures	\$ 255,990	\$ 780,040
Administrative costs	1,787,721	3,625,841
Legal services	41,544	112,203
Survey and planning	2,700	74,860
Acquisition expenses	167,442	263,453
Temporary operation of acquired property	(294,972)	157,207
Relocation costs	10,275	1,050
Site clearance	393,590	379,886
Project improvements	1,305,946	3,621,068
Disposal, lease, retention costs	133,745	157,191
Rehabilitation	270,217	42,757
Interest	2,575,132	3,894,429
Other income	(682,643)	(2,155,195)
Real estate purchases	9,461,665	12,163,413
Project inspection	113,650	153,745
TOTAL	<u>15,542,002</u>	<u>23,271,948</u>
Add non-cash local grants-in-aid	3,263,213	1,105,980
PROJECT COSTS	<u>18,805,215</u>	<u>24,377,928</u>
Deduct:		
Sales price of land sold	(4,765,759)	(3,090,634)
Capital value of land leased	(134,300)	-0-
NET PROJECT COSTS	<u>\$13,905,156</u>	<u>\$ 21,287,294</u>
Increase (Decrease) in net project costs during the period July 1, 1978 to June 30, 1980	<u>\$ (476,348)</u>	<u>\$ 62,008</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
URBAN RENEWAL PROJECTS

June 30, 1980

NOTE A--BACKGROUND INFORMATION

The City Council of the City of Sacramento has designated itself to be the Redevelopment Agency of the City of Sacramento, under which name it governs the Agency.

At June 30, 1980, the Agency was administering two Title I projects under Loan and Grant contracts (2/3 grant formula) of the Department of Housing and Urban Development:

<u>Project number and name</u>	<u>Estimated completion date</u>	<u>Contract status</u>	<u>Capital grant</u>
Calif R-18 (Agency project 3) Capitol Mall extension	December 31, 1981	Dated January 5, 1961, as amended through June 23, 1980	10,106,753
Calif R-67 (Agency project 4) Capitol Mall- Riverfront	June 30, 1981	Dated April 5, 1967, as amended through June 23, 1980	23,014,749

NOTE B--PROJECT NOTES PAYABLE

Calif R-18 Project Notes in the amount of \$1,530,000 were issued on June 17, 1980 with an interest rate of 5.06%. Calif R-67 Project Notes in the amount of \$2,525,000 were issued on June 17, 1980, with an interest rate of 5.09%. All notes mature on June 12, 1981.

COMMENTS ON COMPLIANCE AND INTERNAL CONTROL

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
URBAN RENEWAL PROJECTS

June 30, 1980

As a part of our examination, we made a study and evaluation of the Agency'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 purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control 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 contractual terms and conditions and regulations, policies, and procedures prescribed by HUD and by management and the governing board of the Agency, insofar as such compliance review was necessary under the provisions listed as "7a" through "7c" under "AUDIT REQUIREMENTS" in the HUD audit guide for the urban renewal program.

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

COMMENTS ON COMPLIANCE AND INTERNAL CONTROL (Continued)

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
URBAN RENEWAL PROJECTS

June 30, 1980

procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgements 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.

Our study and evaluation of the Agency's system of internal accounting control and our review of its compliance with contractual terms, regulations, policies, and procedures which was made for the purpose set forth in the first paragraph of this section, disclosed no conditions that we believe to be material weaknesses or evidence of noncompliance.



FINDINGS AND REPLIES

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
URBAN RENEWAL PROJECTS

June 30, 1980

Finding 1-Project Temporary Loan Repayment Fund (PTLRF) Transfers

Under Sections 303 and 304 of the respective contracts, the Agency may invest excess PTLRF monies, deposit the interest earned in the PTLRF account, and after obtaining HUD approval, transfer funds from the PTLRF account to the Project Expenditures Account (PEA).

The Agency has received a waiver from HUD, which allowed all interest earnings on excess PTLRF monies through June 30, 1978, to be transferred to the PEA account. At the time of our examination, the Agency had a request outstanding which would extend this waiver through June 30, 1981 for Project No. Calif R-67, and through December 31, 1981 for Project No. Calif R-18.

The amount of interest earnings through June 30, 1980, which will be transferred when the next waiver is received, totals \$78,955 for Project No. Calif R-67, and \$55,316 for Project No. Calif R-18.

Reply

As the auditor points out, the transfers made prior to June 30, 1978 have been approved by waiver to the Loan and Grant contract. No transfers have been made during the current audit period, and none will be made until the requested waiver is received.

Finding 2-Real Estate Tax Credits Exceed Budgeted Amounts

As discussed in the previous audit report, Project No. Calif R-18 has accumulated Real Estate Tax Credits which exceed the budgeted amount. At June 30, 1980 the total \$457,777 exceeds the budget amount of \$420,203 by \$37,574. Rather than charge the excess to Project Cost in accordance with HUD's published guidelines, the Agency has charged a deferred asset account (Accounts Receivable-Excess Tax Credits) for the excess.

FINDINGS AND REPLIES (Continued)

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
URBAN RENEWAL PROJECTS

June 30, 1980

Finding 2-Real Estate Tax Credits Exceed Budgeted Amounts (Continued)

The Agency has obtained verbal approval from HUD for the variance from the prescribed accounting procedures, and anticipates no problem in deferring this adjustment to project closing.

Reply

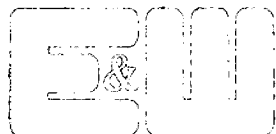
We have computed the amount of tax credits at June 30, 1980, at \$457,777, which exceeds the \$420,203 shown in both the Financing Plan (HUD 6200, line B-5) and the Project Expenditures Budget (HUD 6220, line 6b). We do not wish to expense the excess of \$37,574 because to do so would commensurately reduce the expenses that could be charged to other line items in the budget. We have therefore carried the excess as an account receivable. This was discussed and agreed to some time ago with DHUD personnel. If DHUD prefers, we can simply cancel the account receivable and reduce the amount of Local Cash Grant-in aid. Financial closeout of this project is imminent, and tax credits, being a part of the local one-third share, are not a factor in this type of closeout. Alternatively we could file an amended budget and financial plan with DHUD which would increase Item I of Project Cost but would not result in a change in the Temporary Loan amount or the Project Grant amount. We are willing to do either of these (cancelling the excess credits or filing amended budget and Financing Plan) but we want to increase Project Cost by the amount of the excess tax credits when doing so would reduce the amount available to other line items and would adversely affect the closing out of the project.

We do not believe that filing a new Budget and Financing Plan would constitute an Ammendatory Application, which neither we nor DHUD want to file at this late date. The easiest solution, we believe, is to continue our current practice, and the problem will be resolved at financial closeout.

Audited Financial Statements

Redevelopment Agency of the  
City of Sacramento

June 30, 1980



Ernst & Whinney

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Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

We have examined the statements of assets, liabilities, and fund balances as of June 30, 1980, and the related statements of revenues, expenditures, and changes in fund balances for the year then ended for the following funds of the Redevelopment Agency of the City of Sacramento, and have issued our report thereon dated November 21, 1980.

Tax Increment - Project 2A  
Tax Increment - Project 3  
Tax Increment - Project 4  
Tax Increment - Project 5  
Tax Increment - Project 6  
Tax Increment - Project 7  
Tax Increment - Central City Project

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We also reviewed compliance matters in accordance with the Guidelines for Compliance Audits of California Redevelopment Agencies issued by the California State Controller's Division of Local Government Fiscal Affairs.

In connection with our examination, nothing came to our attention that caused us to believe that the Agency was not in compliance with any of the terms, provisions, or conditions set forth in these Guidelines.

*Ernst & Whinney*

Sacramento, California  
November 21, 1980

Audited Financial Statements

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

June 30, 1980

Accountants' Report . . . . .	1
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916/447-3237

Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

We have examined the statements of assets, liabilities, and fund balances as of June 30, 1980, and the related statements of revenues, expenditures, and changes in fund balances for the year then ended for the following funds of the Redevelopment Agency of the City of Sacramento:

- Emergency Reserve
- Parking Facility
- Tax Increment - Project 2A
- Tax Increment - Project 3
- Tax Increment - Project 4
- Tax Increment - Project 5
- Tax Increment - Project 6
- Tax Increment - Project 7
- Tax Increment - Central City Project
- Replacement Housing
- Del Paso Heights Library

We have also examined the statement of assets, liabilities, and fund balance of the Revolving Fund as of June 30, 1980. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As explained in Note B, the aforementioned financial statements have generally been prepared on a cash basis, but they do include certain accruals of revenues and expenditures. Accordingly, the aforementioned financial statements do not present the financial position and results of operations in accordance with generally accepted accounting principles.

In our opinion, the financial statements referred to above, present fairly the assets and liabilities of specific funds of the Redevelopment Agency of the City of Sacramento at June 30, 1980 and the results of their operations and changes in their fund balances for the year then ended, on the basis of accounting described in Note B to the financial statements, which basis has been applied in a manner consistent with that of the preceding year.

*Ernst & Whinney*

Sacramento, California  
November 21, 1980

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
 STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCES

June 30, 1980

	Emergency Reserve Fund	Parking Facility Fund	Tax Increment Funds		
			Project 2A	Project 3	Project 4
<b>ASSETS</b>					
Cash	\$ 513	\$ 168	\$ 968	\$ 6,105	\$ 21,261
Investments--Note D	1,669,181	3,375,904	748,278	190,959	601,735
Trust deposit					
Note receivable	599,611				
Accounts receivable					
Intra-agency	574,064	3,887,618			313,414
Other		234,622	8,737		193,900
Land and improvements	528,762	20,729,742			
Deposit with City					14,442
Debt to be retired				2,141,000	2,590,000
	<u>\$3,372,131</u>	<u>\$28,228,054</u>	<u>\$ 757,983</u>	<u>\$2,338,064</u>	<u>\$3,734,752</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Advances payable					
Intra-agency	\$ 9,289	\$ 24,911	\$2,812,883	\$ 186,670	\$ 8,379
Other	6,006	56,617			
Accrued interest				1,580	21,240
Bonded debt outstanding--					
Note E				2,141,000	2,590,000
Security deposit					
Notes payable--Note E					
	<u>15,295</u>	<u>81,528</u>	<u>2,812,883</u>	<u>2,329,250</u>	<u>2,619,619</u>
<b>FUND BALANCES</b>					
Investment in fixed assets	528,762	20,729,742			
Fund balance (deficit)	2,828,074	7,416,784	(2,054,900)	8,814	1,115,133
	<u>3,356,836</u>	<u>28,146,526</u>	<u>(2,054,900)</u>	<u>8,814</u>	<u>1,115,133</u>
	<u>\$3,372,131</u>	<u>\$28,228,054</u>	<u>\$ 757,983</u>	<u>\$2,338,064</u>	<u>\$3,734,752</u>

See notes to financial statements

<u>Project 5</u>	<u>Project 6</u>	<u>Project 7</u>	<u>Central City Project</u>	<u>Replacement Housing Fund</u>	<u>Del Paso Heights Library Fund</u>	<u>Revolving Fund</u>
\$ 72 509,018	\$ 56 332,913	\$ 23 278,147	\$ 6,005 901,638 25,000	\$ 32,294 2,793,570	\$ 52 5,050	\$ 3,947 74,922
	2,233		4,000	2,024	29	126,017
98,030					230,986	
					<u>125,534</u>	
<u>\$607,120</u>	<u>\$335,202</u>	<u>\$278,170</u>	<u>\$ 936,643</u>	<u>\$2,827,888</u>	<u>\$361,651</u>	<u>\$204,886</u>
\$ 5,182	\$ 37	\$ 884	\$1,061,137	\$ 146		\$174,462 150 30,274
			25,000		\$125,534	
<u>5,182</u>	<u>37</u>	<u>884</u>	<u>1,086,137</u>	<u>146</u>	<u>125,534</u>	<u>204,886</u>
98,030 503,908 <u>601,938</u>	335,165 <u>335,165</u>	277,286 <u>277,286</u>	(149,494) <u>(149,494)</u>	2,827,742 <u>2,827,742</u>	230,986 5,131 <u>236,117</u>	<u>-0-</u>
<u>\$607,120</u>	<u>\$335,202</u>	<u>\$278,170</u>	<u>\$ 936,643</u>	<u>\$2,827,888</u>	<u>\$361,651</u>	<u>\$204,886</u>



REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 1980

	Emergency Reserve Fund	Parking Facility Fund	Tax Increment Funds		
			Project 2A	Project 3	Project 4
<b>REVENUES</b>					
Interest	\$ 280,653	\$ 701,372	\$ 82,472	\$ 14,570	\$ 66,344
Parking rental and lease income	17,609	431,435			193,900
Property taxes			759,884	182,550	363,808
Interfund transfers				9,416	
Other	13,988	671,878			1,604
	<u>312,250</u>	<u>1,804,685</u>	<u>842,356</u>	<u>206,536</u>	<u>625,656</u>
<b>EXPENDITURES</b>					
Interest		3,243		88,079	
Interfund transfers			1,000,000		
Project expenditures	49,410	36,364	3,470,400	9,693	104,773
Other	16,679	67,251	43,805	143,035	418,606
	<u>66,089</u>	<u>106,858</u>	<u>4,514,205</u>	<u>240,807</u>	<u>523,379</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	246,161	1,697,827	(3,671,849)	(34,271)	102,277
Fund balance July 1, 1979	2,581,913	5,718,957	1,616,949	43,085	1,012,856
Correction of prior year fund balance--Note C					
<b>FUND BALANCE JUNE 30, 1980</b>	<u>\$2,828,074</u>	<u>\$7,416,784</u>	<u>\$(2,054,900)</u>	<u>\$ 8,814</u>	<u>\$1,115,133</u>

See notes to financial statements

<u>Project 5</u>	<u>Project 6</u>	<u>Project 7</u>	<u>Central City Project</u>	<u>Replacement Housing Fund</u>	<u>Del Paso Heights Library Fund</u>
\$ 41,069	\$ 38,667	\$ 13,152	\$ 291,787	\$ 328,709	\$ 2,983
157,147	155,987	226,912	45,000 1,261,114	1,175,000	20,900
<u>198,216</u>	<u>194,699</u>	<u>240,066</u>	<u>1,597,901</u>	<u>1,503,709</u>	<u>23,883</u>
14,400	175,000 2,408	13,331	5,098,726	407,267	22,800
<u>32,038</u>	<u>184,935</u>	<u>13,331</u>	<u>5,177,840</u>	<u>407,267</u>	<u>22,800</u>
166,178	9,764	226,735	(3,579,939)	1,096,442	1,083
231,700	385,187	50,551	3,430,445	1,731,300	4,048
<u>106,030</u>	<u>(59,786)</u>				
<u>\$503,908</u>	<u>\$335,165</u>	<u>\$277,286</u>	<u>\$ (149,494)</u>	<u>\$2,827,742</u>	<u>\$ 5,131</u>

NOTES TO FINANCIAL STATEMENTS

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

June 30, 1980

NOTE A--DESCRIPTION OF FUNDS

Emergency Reserve: The Emergency Reserve Fund was established to receive all monies that are not required by law, or program regulation to go to a specific fund.

These monies are invested and/or loaned to other projects to meet temporary operating deficits.

Parking Facility: The Parking Facility Fund records all capital expenditures made for parking facilities.

The fund is also responsible for the operations of the parking facilities, except for federal projects where the facility is operated by the project.

Tax Increments: The Tax Increment Funds, designated by project area, are designed to account for the collection of incremental tax revenues in a specific project area, and the subsequent expenditures for redevelopment activities in that area.

Replacement Housing: The Replacement Housing Fund was established to account for the expenditures incurred in providing "replacement housing" for those displaced in the Project 2A redevelopment area.

It was established after a resolution was passed by the governing agency, whereby the Tax Increment Fund-Project 2A would contribute \$1,000,000 per year for four years to fund the replacement housing activities.

Del Paso Heights Library: The Del Paso Heights Library Fund accounts for all revenues and expenditures pursuant to a contract between the City of Sacramento and the Redevelopment Agency, whereby the Agency sold long-term notes and constructed the library. The library is leased to the City, and the lease payments provide revenue to the Agency to pay off the notes. At such time the notes are paid off, the library will be deeded to the City.

Revolving: The Revolving Fund was established by advances from each of the other funds. Its purpose is to pay expenditures which are common to all funds, such as administrative costs, and perform other activities, such as investing surplus monies.

NOTES TO FINANCIAL STATEMENTS (Continued)

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

June 30, 1980

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Except as noted in the following paragraphs, the financial statements are recorded on the cash basis.

The Parking Facility Fund records income from the parking garages on an as-earned basis.

Interest expense on outstanding bonded debt is recorded when payable.

Payroll taxes withheld and payable by the revolving fund are accrued.

NOTE C--RESTATEMENT OF JULY 1, 1979 FUND BALANCES

Tax Increment Fund - Project 5: The July 1, 1979 fund balance was adjusted by \$106,030 to reflect the correction of an error in previously issued financial statements. The financial statements had shown this amount as a liability to the City of Sacramento, but actually no liability exists. The Agency has agreed that if certain land parcels (which have a carrying value of \$98,030) are sold, they will give the proceeds of the sale to the City, but at present no liability exists.

Tax Increment Fund - Project 6: The Agency had capitalized amounts for various improvement and miscellaneous expenditures incurred on a building in the project area. These amounts (\$59,786) should have been expensed as incurred.

NOTES TO FINANCIAL STATEMENTS (Continued)

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

June 30, 1980

NOTE D--INVESTMENTS

Investments of the funds as of June 30, 1980 consisted of the following:

<u>Fund Name</u>	<u>Repurchase Agreement</u>	<u>Temporary Certificates of Deposit</u>	<u>Federal Farm Credit Bank</u>	<u>Other</u>	<u>Total</u>
Emergency Reserve	\$ 264,181	\$1,105,000	\$ 300,000		\$1,669,181
Parking Facility	1,275,904	500,000	1,600,000		3,375,904
Tax Increments- Project 2A	448,278		300,000		748,278
Tax Increment- Project 3				\$190,959	190,959
Tax Increment- Project 4		132,000		469,735	601,735
Tax Increment- Project 5	109,018		400,000		509,018
Tax Increment- Project 6	132,913		200,000		332,913
Tax Increment- Project 7	88,147		190,000		278,147
Tax Increment- Central City Project	513,638	178,000	210,000		901,638
Replacement Housing	693,570	1,700,000	400,000		2,793,570
Del Paso Heights	5,050				5,050
Revolving Fund	74,922				74,922

NOTES TO FINANCIAL STATEMENTS (Continued)

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

June 30, 1980

NOTE E--LONG TERM DEBT

The long term debt outstanding at June 30, 1980 consisted of the following:

Tax Increment Fund - Project 3:	
Redevelopment Agency of the City of Sacramento Tax Allocation Series A Bonds; interest of 3.9% payable on March 1 and September 1; maturities payable September 1, 1993; secured by a pledge of tax revenues	\$2,141,000
Tax Increment Fund - Project 4:	
Redevelopment Agency of the City of Sacramento Lease Revenue Bonds; interest varies from 5% to 6 1/2% per annum and is payable on October 1 and April 1; maturities payable April 1, 2005; secured by a lease to the City of Sacramento	\$2,590,000
Del Paso Heights Library Fund:	
Note payable to Bank of America; interest of 4 1/4%; Note due in semi-annual payments of \$11,400 through June 30, 1988	\$ 125,534

Financial Statements

Housing Authorities of the  
City and County  
of Sacramento

*(River Oaks Child Development Center  
and Dos Rios Infant Center)*

June 30, 1980



Ernst & Whinney

Financial Statements

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
(RIVER OAKS CHILD DEVELOPMENT CENTER  
AND DOS RIOS INFANT CENTER)

June 30, 1980

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GENERAL INFORMATION

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
(RIVER OAKS CHILD DEVELOPMENT CENTER  
AND DOS RIOS INFANT CENTER)

June 30, 1980

Name of Agency: Housing Authority of the City of Sacramento  
(River Oaks Child Development Center  
and Dos Rios Infant Center)

Program Number: 34-05345-03255-9-01

Type of Agency: Public Agency

Address of Centers: 240 Seavey Circle  
Sacramento, California 95818  
  
361 Mint Street  
Sacramento, California 95814

Executive Officer: William G. Seline (Resigned October, 1980)  
William H. Edgar (Effective October, 1980)

Business Officer: Beverly Czoberek

Address: 630 I Street  
Sacramento, California 95814

Period of Examination: July 1, 1979 to June 30, 1980

Number of Days  
in Operation: 250 days

Schedule of Operation  
Each Day: 7:00 a.m. to 6:00 p.m., eleven hours each day

# Ernst & Whinney

555 Capitol Mall, Suite 650  
Sacramento, California 95814

916/447-3237

Housing Authorities of  
the City and County  
of Sacramento  
Sacramento, California

We have examined the balance sheet of Housing Authority of the City of Sacramento (River Oaks Child Development Center and Dos Rios Infant Center) as of June 30, 1980 and the related statement of income, expenditures, and changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Housing Authority of the City of Sacramento (River Oaks Child Development Center and Dos Rios Infant Center) at June 30, 1980, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made primarily for the purpose of forming an opinion on the basic financial statements taken as a whole. The data included in this report on pages 6 through 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and in conformity with the Audit Guide for Auditors of Child Development Agency Programs Administered by Private, Non-profit, and Public Agencies issued by the California State Department of Education, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ernst & Whinney*

Sacramento, California  
November 12, 1980

BALANCE SHEET

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
(RIVER OAKS CHILD DEVELOPMENT CENTER  
AND DOS RIOS INFANT CENTER)

June 30, 1980

ASSETS

Cash		\$	951
Accounts receivable:			
State Department of Education - Food Services	\$4,541		
Other	<u>23</u>		4,564
Prepaid insurance			<u>2,220</u>

TOTAL ASSETS \$ 7,735

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable		\$	1,238
Accrued payroll			6,190
State Department of Education			<u>3,985</u>
			11,413

FUND BALANCE

Reserve for encumbrances	\$2,415		
Deficit	<u>(6,093)</u>		<u>(3,678)</u>

TOTAL LIABILITIES AND FUND BALANCE \$ 7,735

See note to financial statements

STATEMENT OF INCOME, EXPENDITURES AND  
CHANGES IN FUND BALANCE

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
(RIVER OAKS CHILD DEVELOPMENT CENTER  
AND DOS RIOS INFANT CENTER)

For the Year Ended June 30, 1980

	<u>River Oaks</u>	<u>Dos Rios</u>	<u>Total</u>
Income:			
State apportionments:			
Support of project	\$61,077	\$83,285	\$144,362
Child care food program	24,613	-0-	24,613
Parent fees	454	4,521	4,975
Other	<u>2,725</u>	<u>-0-</u>	<u>2,725</u>
TOTAL INCOME	88,869	87,806	176,675
Expenditures:			
Certificated salaries	28,022	33,878	61,900
Classified salaries	23,520	26,712	50,232
Employee benefits	14,960	13,808	28,768
Books, supplies and equipment replacement	10,143	6,939	17,082
Contracted services and other operating expenses	<u>12,945</u>	<u>6,469</u>	<u>19,414</u>
TOTAL EXPENDITURES	<u>89,590</u>	<u>87,806</u>	<u>177,396</u>
EXCESS OF EXPENDITURES OVER INCOME	<u>\$ (721)</u>	<u>\$ -0-</u>	(721)
Fund balance deficit at July 1, 1979			<u>(2,957)</u>
FUND BALANCE DEFICIT AT JUNE 30, 1980			<u>\$ (3,678)</u>

See note to financial statements

NOTE TO FINANCIAL STATEMENTS

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
(RIVER OAKS CHILD DEVELOPMENT CENTER  
AND DOS RIOS INFANT CENTER)

June 30, 1980

SIGNIFICANT ACCOUNTING POLICIES

River Oaks Child Development Center and Dos Rios Infant Center are administered by the Housing Authority of the City of Sacramento.

Basis of Accounting: The accounting records of River Oaks Child Development Center and Dos Rios Infant Center, a special revenue fund, are maintained on a modified accrual basis. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred.

Fixed Assets: According to the terms of the grant contract, the State of California retains title to all fixed assets acquired. Fixed asset purchases are recorded as expenses in the year incurred. Fixed assets held at June 30, 1980 totaled \$3,540.

Reserve for Encumbrances: The reserve for encumbrances represents the estimated amount of additional expenditures to be incurred on uncompleted contracts and open purchase orders. A portion of the fund balance at year end has been designated for the purpose of funding these obligations when they become liabilities. This procedure is utilized to enhance budgetary controls and cash planning.

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

HOUSING AUTHORITIES OF  
 THE CITY AND COUNTY  
 OF SACRAMENTO  
 (RIVER OAKS CHILD DEVELOPMENT CENTER  
 AND DOS RIOS INFANT CENTER)

For the Year Ended June 30, 1980

	River Oaks Child Development Center	Dos Rios Infant Center	<u>Total</u>
<u>1000</u> <u>Certificated salaries</u>			
1100 Teachers' salaries	\$19,580	\$20,736	
1300 Supervisors' salaries	8,418	7,574	
1600 Nurses' salaries	24	5,568	
	<u>28,022</u>	<u>33,878</u>	\$ 61,900
<u>2000</u> <u>Classified salaries</u>			
2100 Instructional aides for direct teaching assistance	15,600	20,082	
2300 Clerical and other office personnel	130	130	
2500 Food services personnel	7,790	6,500	
	<u>23,520</u>	<u>26,712</u>	50,232
<u>3000</u> <u>Employee benefits</u>			
3200 Public employees' retirement fund	5,712	5,219	
3300 Old age, survivors, disability and health insurance	3,160	3,743	
3400 Health and welfare benefits	4,321	3,838	
3500 State Unemployment Insurance	958	-0-	
3600 Workmen's compensation insurance	809	858	
3900 Other-terminal leave	-0-	150	
	<u>14,960</u>	<u>13,808</u>	28,768
<u>4000</u> <u>Books, supplies and equipment replacement</u>			
4300 Instructional supplies	2,684	5	
4500 Other supplies	1,370	2,498	
4700 Food services	5,374	4,436	
4800 Equipment replacement	715	-0-	
	<u>10,143</u>	<u>6,939</u>	17,082
<u>5000</u> <u>Contracted services and other operating expenses</u>			
5200 Travel, conference and other expense	1,527	631	
5400 Insurance	1,592	1,592	
5500 Utilities and housekeeping services	1,026	329	
5600 Contracts, rents, leases	3,320	1,919	
5700 Legal, election and audit expenses	5,480	1,998	
	<u>12,945</u>	<u>6,469</u>	19,414
TOTALS	<u>\$89,590</u>	<u>\$87,806</u>	<u>\$177,396</u>

SCHEDULE OF CHILD ATTENDANCE

HOUSING AUTHORITIES OF  
 THE CITY AND COUNTY  
 OF SACRAMENTO  
 (RIVER OAKS CHILD DEVELOPMENT CENTER)

For the Year Ended June 30, 1980

	<u>Total</u> days of operation	<u>Total</u> days of enrollment	<u>Total</u> days of attendance	<u>Total</u> adjusted days of enrollment	<u>Average</u> daily enrollment	<u>Percent</u> of attendance
July	21	784	784	784		
August	23	790	790	790		
September	18	550	548	505		
October	22	801	801	725.5		
November	19	795	795	728.5		
December	20	925	905	872.5		
January	22	1,010	1,010	933		
February	20	893	893	813.5		
March	21	930	919	808.5		
April	22	1,055	1,055	921		
May	21	1,123	1,123	980.5		
June	<u>21</u>	<u>1,143</u>	<u>1,143</u>	<u>1,117</u>		
	<u>250</u>	<u>10,799</u>	<u>10,766</u>	<u>9,979</u>	<u>39.92</u>	<u>99.69%</u>

Attendance records are being maintained in accordance with the requirements of the California State Department of Education, Office of Child Development, and the original supporting records covering child attendance, such as sign-in, sign-out sheets, and daily attendance records, agree with the child attendance data reported for apportionment purposes.

SCHEDULE OF CHILD ATTENDANCE

HOUSING AUTHORITIES OF  
 THE CITY AND COUNTY  
 OF SACRAMENTO  
 (DOS RIOS INFANT CENTER)

For the Year Ended June 30, 1980

	<u>Total days of operation</u>	<u>Total days of enrollment</u>	<u>Total days of attendance</u>	<u>Total adjusted days of enrollment</u>	<u>Average daily enrollment</u>	<u>Percent of attendance</u>
July	21	571	571	685.2		
August	23	630	630	742.2		
September	18	512	504	614.4		
October	22	636	636	763.2		
November	19	532	532	638.4		
December	20	632	632	758.4		
January	22	720	716	864		
February	20	633	627	759.6		
March	21	635	635	762		
April	22	638	628	765.6		
May	21	675	675	810		
June	<u>21</u>	<u>636</u>	<u>636</u>	<u>763.2</u>		
	<u>250</u>	<u>7,450</u>	<u>7,422</u>	<u>8,926.2</u>	<u>35.70</u>	<u>99.62%</u>

Attendance records are being maintained in accordance with the requirements of the California State Department of Education, Office of Child Development, and the original supporting records covering child attendance, such as sign-in, sign-out sheets, and daily attendance records, agree with the child attendance data reported for apportionment purposes.



STATUS OF OPERATING AGENCY CONTRACT

HOUSING AUTHORITIES OF  
 THE CITY AND COUNTY  
 OF SACRAMENTO  
 (RIVER OAKS CHILD DEVELOPMENT CENTER  
 AND DOS RIOS INFANT CENTER)

For the Year Ended June 30, 1980

	River Oaks Child Development Center	Dos Rios Infant Center	Totals (when applicable)
<u>1. Reimbursable expenditures</u>			
Gross expenditures	\$ 89,590	\$87,806	\$177,396
Less special purpose income - food reimbursement	(24,613)		(24,613)
Less audit adjustment for 1977-78 contract year	(3,446)		(3,446)
REIMBURSABLE EXPENDITURES	<u>\$ 61,531</u>	<u>\$87,806</u>	<u>\$149,337</u>
<u>2. Per approved contract</u>			
Average daily enrollment	37	36	73
Days of operation	241	241	
Approved funding	\$ 95,653	\$91,901	\$187,554
<u>3. Total adjusted days for     enrollment</u>			
For eligible children	9,979.0	8,926.2	
For nonreimbursable children	-0-	-0-	
TOTAL	<u>9,979.0</u>	<u>8,926.2</u>	
<u>4. Percentage of eligible days</u>	100%	100%	
<u>5. Costs for eligible children</u>	\$ 61,531	\$87,806	
<u>6. Maximum reimbursable amount     per average daily enrollment</u>	\$2,681.65(a)	\$2,552.81	
<u>7. Percent of attendance</u>	99.69%	99.62%	
<u>8. Attendance flexibility factor</u>	100%	100%	
<u>9. Performance</u>			
Average daily enrollment	39.92	35.70	
Days of operation	250	250	
Costs for eligible children	\$ 61,531	\$87,806	
<u>10. Expenditures reimbursed by     State</u>			
(1) Maximum reimbursable amount per ADE, times ADE	<u>\$107,051</u>	<u>\$91,135</u>	
(2) Actual costs, since they are less than ADE amounts			
Gross earnings	\$ 61,531	\$87,806	\$149,337
Less parent fees	(454)	(4,521)	(4,975)
STATE REIMBURSEMENT	<u>\$ 61,077</u>	<u>\$83,285</u>	<u>\$144,362</u>

STATUS OF OPERATING AGENCY CONTRACT (Continued)

HOUSING AUTHORITIES OF  
 THE CITY AND COUNTY  
 OF SACRAMENTO  
 (RIVER OAKS CHILD DEVELOPMENT CENTER  
 AND DOS RIOS INFANT CENTER)

For the Year Ended June 30, 1980

<u>11. Overpayments to be returned to State</u>	
State reimbursement	\$144,362
Payments received	<u>145,207</u>
OVERPAYMENT TO BE RETURNED	<u>\$ 845</u>

(a) Maximum reimbursable amount per ADE for River Oaks is computed in accordance with the Audit Guide:

Contract days of operation are exceeded by actual days of operation:

$$\frac{250 \text{ days (actual)}}{241 \text{ days (required)}} = 103.73\%$$

103.73% times approved funding of \$95,653 yields \$99,221, "Maximum earnings by days of operation."

Supplemental computation:

$$\frac{\$99,221}{37 \text{ (contract ADE)}} = \$2,681.65, \text{ maximum reimbursable amount per ADE}$$

RECONCILIATION OF REPORTS

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
(RIVER OAKS CHILD DEVELOPMENT CENTER  
AND DOS RIOS INFANT CENTER)

For the Year Ended June 30, 1980

Revenues, expenditures and attendance per the amended Form CD9500 filed November 13, 1980 agree with the audited amounts shown in this report and therefore no reconciliations are furnished.

Audited Financial Statements and  
Other Financial Information

5

Housing Authorities of the  
City and County  
of Sacramento

*Senior Companion Program*

June 30, 1980



Ernst & Whinney

Audited Financial Statements and  
Other Financial Information

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
SENIOR COMPANION PROGRAM

June 30, 1980

Audited Financial Statements

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# Ernst & Whinney

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Sacramento, California 95814

916/447-3237

Housing Authorities of  
the City and County  
of Sacramento  
Senior Companion Program  
Sacramento, California

We have examined the balance sheet of the Senior Companion Program as of June 30, 1980, and the related statement of revenues, expenditures, and changes in fund balance for the eighteen month period then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Senior Companion Program at June 30, 1980, and the results of its operations for the eighteen month period then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

*Ernst & Whinney*

Sacramento, California  
July 29, 1980

BALANCE SHEET

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
SENIOR COMPANION PROGRAM

June 30, 1980

ASSETS

Grant receivable	\$6,100
	<u>\$6,100</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Cash overdraft	\$3,376
Accounts payable	326
Accrued liabilities	<u>1,861</u>
	5,563

FUND BALANCE

Unreserved--Note B	537
	<u>\$6,100</u>

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
SENIOR COMPANION PROGRAM

For the Eighteen Month Period Ended June 30, 1980

Revenues:		
Grant income		\$57,657
In-kind contributions		<u>9,857</u>
		<u>67,514</u>
Expenditures:		
Personnel		7,330
Building space		2,520
Equipment		685
Printing and office supplies		604
Communication and utilities		384
Travel		708
Volunteer Expense		52,720
Other		<u>2,026</u>
		<u>66,977</u>
	EXCESS OF REVENUES OVER EXPENDITURES--NOTE B	537
Fund Balance - January 1, 1979		<u>-0-</u>
	FUND BALANCE - JUNE 30, 1980	<u>\$ 537</u>



NOTES TO FINANCIAL STATEMENTS

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
SENIOR COMPANION PROGRAM

June 30, 1980

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The Senior Companion Program is administered by the Sacramento Housing and Redevelopment Agency.

Basis of Accounting: The accounting records of the Senior Companion Program, a special revenue fund type, are maintained on a modified accrual basis. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred.

In-Kind Contributions: In-kind contributions represent services donated to the Senior Companion Program. They are valued at rates suggested by the Area 4 Agency on Aging. Included in expenditures is an amount equal to that recorded as in-kind contribution revenue.

Fixed Assets: According to the terms of the grant contract, the State of California retains title to all fixed assets acquired. Fixed asset purchases are recorded as expenditures in the year incurred.

NOTE B--FUND BALANCE

The terms of the contract with Area 4 Agency on Aging (Area 4) mandate that an excess of Area 4 revenues over expenditures at the end of the contract period are payable to Area 4. The excess revenue over expenditures at June 30, 1980 represent excess funding from another funding agency and, therefore, are not refundable to Area 4.

# Ernst & Whinney

555 Capitol Mall, Suite 650  
Sacramento, California 95814

916/447-3237

Housing Authorities of  
the City and County  
of Sacramento  
Senior Companion Program  
Sacramento, California

The audited financial statements of the Senior Companion Program and our report thereon are presented in the preceding section of this report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the aforementioned financial statements, and in our opinion it is fairly presented in all material respects in relation to the financial statements taken as a whole; however, it is not necessary for a fair presentation of the financial position, and results of its operations.

*Ernst & Whinney*

Sacramento, California  
July 29, 1980

STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING AUTHORITIES OF  
 THE CITY AND COUNTY  
 OF SACRAMENTO  
 SENIOR COMPANION PROGRAM

For the Eighteen Month Period Ended June 30, 1980

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$64,689	\$67,514	\$2,825
Expenditures	<u>64,689</u>	<u>66,977</u>	<u>(2,288)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	537	537
Fund Balance - January 1, 1979	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE - JUNE 30, 1980	<u>\$ -0-</u>	<u>\$ 537</u>	<u>\$ 537</u>

SUMMARY OF REVENUES BY SOURCE AND PROJECT COST BY ACTIVITY

HOUSING AUTHORITIES OF  
THE CITY AND COUNTY  
OF SACRAMENTO  
SENIOR COMPANION PROGRAM

For the Eighteen Month Period ended June 30, 1980

	Information and Referral			
	Federal		Non-Federal	
	Area 4 Agency on Aging	Action	In-Kind	Total
<b>REVENUES</b>				
Federal funds earned:				
Area 4 Agency on Aging	\$54,900			\$54,900
Action		\$2,757		2,757
Non-federal, in-kind			\$9,857	9,857
<b>TOTAL REVENUES</b>	<u>54,900</u>	<u>2,757</u>	<u>9,857</u>	<u>67,514</u>
<b>EXPENDITURES</b>				
Personnel:				
Salaries	4,519			4,519
Fringe benefits	425			425
Volunteer services			2,386	2,386
Building space:				
Rental	2,520			2,520
Equipment:				
Capital purchases	91			91
Non-capital purchases	85			85
Rental	509			509
Printing and expendable office supplies	604			604
Communications and utilities	384			384
Travel:				
Local	662			662
Outside	46			46
Volunteer expense:				
Stipends	26,336	2,220		28,556
Meals	4,419		452	4,871
Medical Exams	255		985	1,240
Transportation	11,645			11,645
Recognition	166			166
Insurance	528			528
Training orientation			5,714	5,714
Other:				
Administrative	1,655		320	1,975
Uniforms	51			51
<b>TOTAL EXPENDITURES</b>	<u>54,900</u>	<u>2,220</u>	<u>9,857</u>	<u>66,977</u>
<b>EXCESS REVENUES     OVER EXPENDITURES</b>	<u>\$ -0-</u>	<u>\$ 537</u>	<u>\$ -0-</u>	<u>\$ 537</u>

Audited Financial Statements

6

Housing Authorities of  
the City and County  
of Sacramento

*Sacramento Elderly Nutrition Program  
Contract #80-32C2*

September 30, 1980



Ernst & Whinney

Audited Financial Statements

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-32C2

September 30, 1980

Audited Financial Statements

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# Ernst & Whinney

555 Capitol Mall, Suite 650  
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916/447-3237

Housing Authorities of the  
City and County of Sacramento  
Sacramento, California

We have examined the financial statements of the Sacramento Elderly Nutrition Program--Contract #80-32C2 for the five and one-half month period ended September 30, 1980, listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Sacramento Elderly Nutrition Program--Contract #80-32C2 at September 30, 1980, and the results of its operations and changes in its fund balance for the period then ended, in conformity with generally accepted accounting principles.

*Ernst & Whinney*

Sacramento, California  
October 20, 1980

BALANCE SHEET

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-32C2

September 30, 1980

ASSET

Cash	<u>\$13,874</u>
	<u>\$13,874</u>

LIABILITY AND FUND BALANCE

LIABILITY

Accounts payable	\$12,387
------------------	----------

FUND BALANCE

Reserve for encumbrances--Note B	1,743
Deficit--Note C	<u>(256)</u>
	<u>1,487</u>
	<u>\$13,874</u>

See notes to financial statements



STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
 SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-32C2

For the Period Ended September 30, 1980

Revenues:		
Grant income		\$18,698
Contributions		<u>2,078</u>
		20,776
Expenditures:		
Equipment		15,803
Repairs and renovation		2,822
Other		<u>664</u>
		19,289
	EXCESS OF REVENUES OVER EXPENDITURES--NOTE B	1,487
Fund Balance - April 15, 1980		<u>-0-</u>
	FUND BALANCE - SEPTEMBER 30, 1980	<u>\$ 1,487</u>

See notes to financial statements

STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
 SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-32C2

For the Period Ended September 30, 1980

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues	\$20,776	\$20,776	\$ -0-
Expenditures and Encumbrances	<u>20,776</u>	<u>21,032</u>	<u>(256)</u>
EXCESS OF EXPENDITURES AND ENCUMBRANCES OVER REVENUES	-0-	(256)	(256)
Fund Balance - April 15, 1980	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE DEFICIT - SEPTEMBER 30, 1980	<u>\$ -0-</u>	<u>\$ (256)</u>	<u>\$(256)</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-32C2

September 30, 1980

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The Sacramento Elderly Nutrition Program--Contract #80-32C2 is administered by the Housing Authorities of the City and County of Sacramento.

Basis of Accounting: The accounting records of the Sacramento Elderly Nutrition Program--Contract #80-32C2, a special revenue fund type, are maintained on a modified accrual basis. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred.

Contributions: Cash contributions represent matching funds from another fund administered by the Agency. Contributions must be at least 10% of total funding for the project.

Fixed Assets: According to the terms of the grant contract, the State of California retains title to all fixed assets acquired. Fixed asset purchases are recorded as expenditures.

Reserve for Encumbrances: The reserve for encumbrances represents the estimated amount of additional expenditures to be incurred on uncompleted contracts and open purchase orders. A portion of the fund balance at the end of the period has been designated for the purpose of funding these obligations when they become liabilities. This procedure is utilized to enhance budgetary controls and cash planning.

NOTE B--RECONCILIATION TO REGULATORY REPORTING

Expenditures reported in the financial statements differ from those reported to the regulatory agency, as the agency allows the program to include encumbrances in its operating expenditures. A reconciliation follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-32C2

September 30, 1980

NOTE B--RECONCILIATION TO REGULATORY REPORTING (Continued)

Expenditures as reported herein	\$19,289
Encumbrances	1,743
Program expenditures to be covered by contributions and other sources	<u>(2,334)</u>
Expenditures as reported to regulatory agency	<u>\$18,698</u>

NOTE C--FUND BALANCE DEFICIT

The terms of the contract with the funding agency mandate that excess unencumbered federal funds recorded at the end of the grant period are payable to the funding agency. At September 30, 1980 there are no unencumbered excess funds.

Audited Financial Statements

7

Housing Authorities of  
the City and County  
of Sacramento

*Sacramento Elderly Nutrition Program  
Contract #80-28C*

September 30, 1980



Ernst & Whinney

Audited Financial Statements

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-28C

September 30, 1980

Audited Financial Statements

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# Ernst & Whinney

555 Capitol Mall, Suite 650  
Sacramento, California 95814

916/447-3237

Housing Authorities of the  
City and County of Sacramento  
Sacramento, California

We have examined the financial statements of the Sacramento Elderly Nutrition Program--Contract #80-28C for the six and one-half month period ended September 30, 1980, listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Sacramento Elderly Nutrition Program--Contract #80-28C at September 30, 1980, and the results of its operations and changes in its fund balance for the period then ended, in conformity with generally accepted accounting principles.

*Ernst & Whinney*

Sacramento, California  
October 20, 1980

BALANCE SHEET

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-28C

September 30, 1980

ASSET

Cash	<u>\$13,111</u>
	<u>\$13,111</u>

LIABILITY AND FUND BALANCE

LIABILITY

Accounts payable	\$ 8,604
------------------	----------

FUND BALANCE

Reserve for encumbrances--Note B	5,183
Deficit--Note C	(676)
	<u>4,507</u>
	<u>\$13,111</u>

See notes to financial statements



STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-28C

For the Period Ended September 30, 1980

Revenues:		
Grant income		\$52,375
Contributions		<u>5,820</u>
		58,195
Expenditures:		
Equipment		22,588
Repairs and renovation		29,061
Other		<u>2,039</u>
		53,688
	EXCESS OF REVENUES OVER EXPENDITURES--NOTE B	4,507
Fund Balance - March 15, 1980		<u>-0-</u>
	FUND BALANCE - SEPTEMBER 30, 1980	<u>\$ 4,507</u>

See notes to financial statements

STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
 SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-28C

For the Period Ended September 30, 1980

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues	\$58,195	\$58,195	\$ -0-
Expenditures and Encumbrances	<u>58,195</u>	<u>58,871</u>	<u>(676)</u>
EXCESS OF EXPENDITURES AND ENCUMBRANCES OVER REVENUES	-0-	(676)	(676)
Fund Balance - March 15, 1980	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE DEFICIT - SEPTEMBER 30, 1980	<u>\$ -0-</u>	<u>\$ (676)</u>	<u>\$(676)</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-28C

September 30, 1980

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The Sacramento Elderly Nutrition Program--Contract #80-28C is administered by the Housing Authorities of the City and County of Sacramento.

Basis of Accounting: The accounting records of the Sacramento Elderly Nutrition Program--Contract #80-28C, a special revenue fund type, are maintained on a modified accrual basis. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred.

Contributions: Cash contributions represent matching funds from another fund administered by the Agency. Contributions must be at least 10% of total funding for the project.

Fixed Assets: According to the terms of the grant contract, the State of California retains title to all fixed assets acquired. Fixed asset purchases are recorded as expenditures.

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NOTE B--RECONCILIATION TO REGULATORY REPORTING

Expenditures reported in the financial statements differ from those reported to the regulatory agency, as the agency allows the program to include encumbrances in its operating expenditures. A reconciliation follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

HOUSING AUTHORITIES OF THE CITY AND COUNTY OF SACRAMENTO  
SACRAMENTO ELDERLY NUTRITION PROGRAM--CONTRACT #80-28C

September 30, 1980

NOTE B--RECONCILIATION TO REGULATORY REPORTING (Continued)

Expenditures as reported herein	\$53,688
Encumbrances	5,183
Program expenditures to be covered by contributions and other sources	<u>(6,496)</u>
Expenditures as reported to regulatory agency	<u>\$52,375</u>

NOTE C--FUND BALANCE DEFICIT

The terms of the contract with the funding agency mandate that excess unencumbered federal funds recorded at the end of the grant period are payable to the funding agency. At September 30, 1980 there are no unencumbered excess funds.