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CITY OF SACRAMENTO

Single Audit Reports

For the Fiscal Year Ended June 30, 2002

**CITY OF SACRAMENTO
SINGLE AUDIT REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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To the Honorable Mayor and Members
of the City Council
City of Sacramento, California

**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the basic financial statements of the City of Sacramento (City), as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated December 6, 2002. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on the financial statements, which collectively comprise the basic financial statements, based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was performed for the purpose of forming opinions on the financial statements, which collectively comprise the basic financial statements of the City. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Macias, Gini + Company LLP
Certified Public Accountants

Sacramento, California
December 6, 2002

CITY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA No.	Pass-Through Entity Identifying No.	Expenditures
United States (U.S.) Department of Labor			
<u>Passed Through Sacramento Employment and Training Agency</u>			
Workforce Investment Act - Youth Activities	17.259	046340IS	\$ 179,794
Total U.S. Department of Labor			<u>179,794</u>
U.S. Department of Agriculture			
<u>Passed Through State Department of Education</u>			
2001 Snack Program	10.558	34-2883-1K	25,706
2002 Snack Program	10.558	34-2883-1K	282,459
Subtotal Snack Program			<u>308,165</u>
2001 Summer Food Program	10.559	34-83400V	534,093
2002 Summer Food Program	10.559	34-83400V	81,038
Subtotal Summer Food Program			<u>615,131</u>
Total U.S Department of Agriculture			<u>923,296</u>
U.S. Department of Transportation			
<u>Passed Through State Department of Transportation</u>			
Highway Planning and Construction	20.205	HP21L-5002(061)	13,266
Highway Planning and Construction	20.205	HP21L-5002(079)	32,264
Highway Planning and Construction	20.205	STLP-5002(5)	57,422
Highway Planning and Construction	20.205	CMLN-5002(012)	2,591
Highway Planning and Construction	20.205	STLP-5002(5)	171,310
Highway Planning and Construction	20.205	CML-5002(038)	157,587
Highway Planning and Construction	20.205	CML-5002(055)	162,102
Highway Planning and Construction	20.205	CML-5002(041)	11,764
Highway Planning and Construction	20.205	DA#03-0180	40,075
Highway Planning and Construction	20.205	CMLN-5002(006)	20,126
Highway Planning and Construction	20.205	CML-5002(043)	56,796
Highway Planning and Construction	20.205	STPLGSR-5002(057)	134,729
Highway Planning and Construction	20.205	STPL-5002(076)	201,314
Highway Planning and Construction	20.205	STPLER-5002(059)	171,482
Highway Planning and Construction	20.205	BRLS-5002(054)	60,456
Highway Planning and Construction	20.205	STPL-5002(045)	530,780
Highway Planning and Construction	20.205	CML-5002(049)	152,443
Highway Planning and Construction	20.205	STPLX-5002(022)	71,490
Highway Planning and Construction	20.205	STPLX-5002(023)	146
Highway Planning and Construction	20.205	STPLX-5002(024)	20,660
Highway Planning and Construction	20.205	STPL-5002(051)	319,222
Highway Planning and Construction	20.205	STPLER-5002(060)	498,279
Highway Planning and Construction	20.205	STPL-5002(044)	289,666
Highway Planning and Construction	20.205	STPL-5002(040)	2,149,642
Highway Planning and Construction	20.205	STPL-5002(052)	374,131
Highway Planning and Construction	20.205	STPLER-5002(058)	536,106
Highway Planning and Construction	20.205	CML-5002(047)	45,855
Highway Planning and Construction	20.205	CML-5002(048)	123,866
Highway Planning and Construction	20.205	BRLO-5002(050)	10,573
Highway Planning and Construction	20.205	STPLER-5002(056)	55,536
Highway Planning and Construction	20.205	STPLER-5002(072)	7,573
			<u>6,479,252</u>
<u>Passed Through State Department of Governments</u>			
Highway Planning and Construction	20.205	CML-5002(026)	81,181
Subtotal Passed Through			<u>81,181</u>

**CITY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Entity Identifying No.</u>	<u>Expenditures</u>
U.S. Department of Transportation (Continued)			
<u>Passed Through State Office of Traffic Safety</u>			
Captain Jerry Traffic Safety	20.600	PS9802	20,108
Bicycle Helmet Diversion	20.600	PS0116	10,559
Traffic Collision Reduction	20.600	PT0127	169,284
Subtotal Passed Through			<u>199,951</u>
Total U.S. Department of Transportation			<u>6,760,384</u>
U.S. Department of Justice			
<u>Direct Programs</u>			
Asset Forfeiture Program	16.000	N/A	573
Domestic Preparedness	16.006	N/A	704
1999 Local Law Enforcement Block Grants	16.592	N/A	308,616
2000 Local Law Enforcement Block Grants	16.592	N/A	583,753
2001 Local Law Enforcement Block Grants	16.592	N/A	266,420
Subtotal			<u>1,158,789</u>
Weed & Seed	16.595	N/A	59,994
Weed & Seed - Asset Forfeiture	16.595	N/A	22,374
Weed & Seed - Meth Project	16.595	N/A	863
Weed & Seed - Year 2	16.595	N/A	77,670
Subtotal			<u>160,901</u>
Regional Community Policing Training Institute	16.710	N/A	720
Universal Hiring	16.710	N/A	447,934
Universal Hiring	16.710	N/A	1,552,674
Universal Hiring II	16.710	N/A	264,324
COPS MORE Technology	16.710	N/A	2,506,984
Data Collection Project	16.710	N/A	121,504
Regional Community Policing Training Institute	16.710	N/A	5
Regional Community Policing Training Institute	16.710	N/A	306,204
Subtotal			<u>5,200,349</u>
<u>Passed Through State Office of Criminal Justice Planning</u>			
CRIPS XI	16.579	DC00137901	126,634
Total U.S. Department of Justice			<u>6,647,950</u>
U.S. Department of Treasury			
<u>Direct Program</u>			
Asset Forfeiture Program	21.000	N/A	126,323
G.R.E.A.T. - Program 2	21.053	N/A	38,163
G.R.E.A.T. - Year 3	21.053	N/A	10,848
Subtotal			<u>49,011</u>
Total U.S. Department of Treasury			<u>175,334</u>
Federal Emergency Management Agency			
<u>Direct Programs</u>			
Arson Awareness & Prevention	83.526	N/A	130
Urban Search and Rescue 2000-01	83.526	N/A	36,661
Urban Search and Rescue 2001-02	83.526	N/A	160,478
Urban Search and Rescue NY Activation	83.526	N/A	928,885
Urban Search and Rescue Winter Olympics	83.526	N/A	69,181
Subtotal			<u>1,195,335</u>

**CITY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Entity Identifying No.</u>	<u>Expenditures</u>
<u>Passed through State Office of Emergency Services</u> Emergency Management Assistance	83.552	EMF-2000-GR-0002	<u>129,925</u>
Total Federal Emergency Management Agency			<u>1,325,260</u>
U.S. Department of Housing and Urban Development			
<u>Direct Program</u>			
Community Development Block Grants/Entitlement Grants	14.218	N/A	<u>145,752</u>
U.S. Department of the Interior - Bureau of Reclamation			
<u>Direct Programs</u>			
EAFWTP Intake Modification	15.000	N/A	170,054
EAFWTP Intake Construction	15.000	N/A	780,269
SRWTP Intake Replacement	15.000	N/A	214,676
SRWTP Intake Construction	15.000	N/A	<u>5,333,282</u>
Total U.S. Department of the Interior			<u>6,498,281</u>
U.S. Environmental Protection Agency			
<u>Direct Program</u>			
Wetlands Grants	66.461	N/A	<u>12,272</u>
Total U.S. Environmental Protection Agency			<u>12,272</u>
U.S. Department of Energy			
<u>Passed through State Energy Commission</u>			
Oak Park Tree Project	81.119	MEM-98A-037	<u>31,309</u>
Total U.S. Department of Energy			<u>31,309</u>
U.S. Department of Health and Human Services			
<u>Direct Program</u>			
Metropolitan Medical Response System	93.003	N/A	<u>82,602</u>
<u>Passed through County of Sacramento</u>			
START	93.558	N/A	<u>800,000</u>
<u>Passed through State Department of Education</u>			
Child Care and Development Block Grant	93.575	FSCC-0117	<u>5,000</u>
Total U.S. Department of Health and Human Services			<u>887,602</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 23,587,234</u>

CITY OF SACRAMENTO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the expenditures of all federal award programs of the City of Sacramento, California (City) for the fiscal year ended June 30, 2002. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the SEFA.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types, and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 1 to the City's basic financial statements.

NOTE 3 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

CITY OF SACRAMENTO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - SCHEDULE OF OCJP GRANT EXPENDITURES

The following represents grant expenditures for Department of Justice grants passed through the State of California Office of Criminal Justice Planning for the fiscal year ended June 30, 2002.

<u>Program Title and Expenditure Category</u>	<u>Grant Award Number</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
CRIPS	DC00137901			
Personal Services		\$ 321,537	\$ 9,938	\$ 311,599
Operating Expenses		813,819	114,763	699,056
Equipment		3,184	1,933	1,251
Total		<u>\$ 1,138,540</u>	<u>\$ 126,634</u>	<u>\$ 1,011,906</u>

The following represents State of California Office of Criminal Justice Planning grant expenditures for the fiscal year ended June 30, 2002.

<u>Program Title and Expenditure Category</u>	<u>Grant Award Number</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Community Partnership for Safety	CR01017901			
Personal Services		\$ 84,991	\$ 50,990	\$ 34,001
Operating Expenses		23,120	9,295	13,825
Equipment		3,000	1,673	1,327
Total		<u>\$ 111,111</u>	<u>\$ 61,958</u>	<u>\$ 49,153</u>
Gang Violence Suppression	GV01017901			
Personal Services		\$ 97,593	\$ 90,231	\$ 7,362
Operating Expenses		499,382	344,933	154,449
Equipment		3,025	2,248	777
Total		<u>\$ 600,000</u>	<u>\$ 437,412</u>	<u>\$ 162,588</u>
Gang Violence Suppression	GV00037901			
Personal Services		\$ 96,357	\$ 2,424	\$ 93,933
Operating Expenses		41,817	--	41,817
Total		<u>\$ 138,174</u>	<u>\$ 2,424</u>	<u>\$ 135,750</u>



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To the Honorable Mayor and Members
of the City Council
City of Sacramento, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the basic financial statements of the City of Sacramento, California (the City), as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated December 6, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted other matters involving the City's compliance which we have reported to management of the City in a separate letter dated December 6, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management of the City in a separate letter dated December 6, 2002.

This report is intended solely for the information and use of the City Council, City management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maier, Gini & Company LLP
Certified Public Accountants

Sacramento, California
December 6, 2002



Macias, Gini & Company LLP
Certified Public Accountants and
Management Consultants

To the Honorable Mayor and Members
of the City Council
City of Sacramento, California

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of City of Sacramento, California (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2002. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2002.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, the City management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias, Gini & Company LLP
Certified Public Accountants

Sacramento, California
December 6, 2002

**CITY OF SACRAMENTO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Reportable conditions identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	No
• Reportable conditions identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

<u>Program Title</u>	<u>CFDA/Grant Number</u>
Local Law Enforcement Block Grants	16.592
Highway Planning and Construction	20.205
Intake Modification/Construction/Replacement	15.7FG2014960

Dollar threshold used to distinguish between Type A and Type B programs:	\$707,617
Auditee qualified as low-risk auditee?	Yes

**CITY OF SACRAMENTO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**CITY OF SACRAMENTO
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Prior Year Finding 01-01

Federal Agency: U.S. Department of Labor
Passed Through Entity: Sacramento Employment and Training Agency
Program: Workforce Investment Act
CFDA No. 17.259

Condition:

The City exceeded the approved budget line item amount for workers' compensation.

Criteria:

In accordance with the assistance agreement, the City's expenditures under the grant may not exceed approved budgeted amounts.

Effect:

The City is not in compliance with grant requirements for the grant period.

Questioned Costs:

None

Recommendation:

The City should monitor budget line items to ensure costs remain within budget.

Corrective Action Plan:

The City has recalculated its workers' compensation expense for fiscal year 2002 and adjusted the budget accordingly. The City will monitor budget line items to verify expenses do not exceed budgeted amounts.

Status:

Implemented

**CITY OF SACRAMENTO
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Prior Year Finding 01-02

Federal Agency: U.S. Department of Labor
Passed Through Entity: Sacramento Employment and Training Agency
Program: Workforce Investment Act
CFDA No. 17.259

Condition:

The City did not file the required reports within the stated period.

Criteria:

In accordance with the assistance agreement, the City is required to submit requests for reimbursement reports within 10 days after month end and an audited report within 90 days after fiscal year end.

Effect:

The City is not in compliance with grant requirements for the grant period.

Questioned Costs:

None

Recommendation:

The City should file the required reports on a timely basis.

Corrective Action Plan:

The City is filing monthly requests for reimbursement on a timely basis. The City is working with SETA to amend the contract regarding the submission date of the year-end audit.

Status:

Implemented