



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
FEDERAL REVENUE SHARING FUND
YEAR ENDED JUNE 30, 1979**

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT **F-441.2**

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

441.2

FINANCIAL AUDIT REPORT
FEDERAL REVENUE SHARING FUND
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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S. FLOYD MORI
CHAIRMAN

November 21, 1980

441.2

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the Federal Revenue Sharing Fund, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Michael Dendorfer, CPA; Gus Demas; and Ed Pierini.

Respectfully submitted,

Floyd Mori

S. FLOYD MORI
Chairman, Joint Legislative
Audit Committee

Attachment

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INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the Federal Revenue Sharing Fund. This audit was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code.

The Federal Revenue Sharing Fund, which is administered by the State Controller, was created by the State Board of Control under the provisions of Government Code Section 17201. This fund primarily accounts for federal revenue sharing grants, which are to be expended in accordance with the conditions established by the Federal Government and as appropriated by the Legislature. In fiscal year 1978-79, federal revenue sharing funds were appropriated to the General Fund to partially fund payments to the Federal Social Security Administration for the State Supplementary Aid Program for Adults.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the balance sheet of the Federal Revenue Sharing Fund as of June 30, 1979 and the related statement of changes in assets and liabilities 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 aforementioned financial statements present fairly the financial position of the Federal Revenue Sharing Fund as of June 30, 1979 and the changes in assets and liabilities for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



WESLEY E. VOSS
Assistant Auditor General

Date: September 5, 1980

Staff: Curt Davis, CPA
Michael Dendorfer, CPA
Gus Demas
Ed Pierini

STATE OF CALIFORNIA
FEDERAL REVENUE SHARING FUND

BALANCE SHEET

JUNE 30, 1979

ASSETS

Cash	\$	376
Investments (Note 2)		281,694,000
Accrued interest from investments (Note 3)		10,832,302
Due from the Federal Government (Note 4)		<u>64,941,559</u>
Total Assets		<u>\$357,468,237</u>

LIABILITIES

Due to others (Note 5)		<u>\$357,468,237</u>
Total Liabilities		<u>\$357,468,237</u>

The notes to the financial statements are an integral part of this statement.

STATE OF CALIFORNIA
FEDERAL REVENUE SHARING FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

	<u>Balance</u> <u>July 1, 1978</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1979</u>
<u>ASSETS</u>				
Cash	\$ 972	\$550,348,404	\$550,349,000	\$ 376
Investments (Note 2)	283,745,000	274,149,000	276,200,000	281,694,000
Accrued interest from investments (Note 3)	8,780,948	10,832,302	8,780,948	10,832,302
Due from the Federal Government (Note 4)	<u>63,231,162</u>	<u>64,941,559</u>	<u>63,231,162</u>	<u>64,941,559</u>
Total Assets	<u>\$355,758,082</u>	<u>\$900,271,265</u>	<u>\$898,561,110</u>	<u>\$357,468,237</u>
<u>LIABILITIES</u>				
Due to others (Note 5)	<u>\$355,758,082</u>	<u>\$341,141,317</u>	<u>\$339,431,161</u>	<u>\$357,468,237</u>

The notes to the financial statements are an integral part of this statement.

STATE OF CALIFORNIA
FEDERAL REVENUE SHARING FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and changes in assets and liabilities of the Federal Revenue Sharing Fund. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The Federal Revenue Sharing Fund is an Agency Fund used to account for entitlements received from the federal Office of Revenue Sharing. Assets and liabilities are accounted for on the modified accrual basis. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of operations.

2. INVESTMENTS

Investments represent the amount of surplus money from other funds in the State Treasury that has been transferred to the Surplus Money Investment Fund for investment by the State Treasurer. These deposits may be returned to the fund from which they were transferred if they are needed for that fund.

3. ACCRUED INTEREST FROM INVESTMENTS

Interest is derived from investments in the Surplus Money Investment Fund.

4. DUE FROM THE FEDERAL GOVERNMENT

This amount is the federal revenue sharing installment which is accrued at June 30 and which was received in July.

5. DUE TO OTHERS

This account represents resources in the Federal Revenue Sharing Fund that will be transferred as appropriated by the Legislature in the Budget Act.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps