



Joint Legislative Audit Committee
Office of the Auditor General



FINANCIAL AUDIT REPORT
CONDEMNATION DEPOSITS FUND
YEAR ENDED JUNE 30, 1979

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT **F-441.8**

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

441.8

FINANCIAL AUDIT REPORT
CONDEMNATION DEPOSITS 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

441.8

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 Condemnation Deposits Fund, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Michael Dendorfer, CPA; Gus Demas; and Ann Reichert.

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 Condemnation Deposits Fund. This audit was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code.

The Condemnation Deposits Fund holds all money deposited in the State Treasury pursuant to eminent domain--the right of the State to take private property for public use. The State exercises this right through a condemnation proceeding in which the property owner is awarded compensation for property the State has claimed. The amount required to be deposited represents the probable amount of compensation to be awarded in the condemnation proceedings. The State Treasurer pays the amount deposited in accordance with the court's order.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the balance sheet of the Condemnation Deposits 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 Condemnation Deposits Fund at 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: July 25, 1980

Staff: Curt Davis, CPA
Michael Dendorfer, CPA
Gus Demas
Ann Reicherter

STATE OF CALIFORNIA
CONDEMNATION DEPOSITS FUND
BALANCE SHEET

JUNE 30, 1979

ASSETS

Cash	\$ 118
Investments at cost (Note 2)	19,400,300
Receivables:	
Accounts	540
Accrued interest (Note 3)	<u>807,269</u>
Total Assets	<u>\$20,208,227</u>

LIABILITIES

Due to other funds (Note 3)	\$ 403,536
Due to local agencies (Note 3)	404,273
Due to depositors	<u>19,400,418</u>
Total Liabilities	<u>\$20,208,227</u>

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

STATE OF CALIFORNIA
CONDEMNATION DEPOSITS FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR FISCAL YEAR ENDED JUNE 30, 1979

<u>ASSETS</u>	<u>Balance July 1, 1978</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1979</u>
Cash	\$ 549	\$39,077,874	\$39,078,305	\$ 118
Investments at cost (Note 2)	16,983,300	19,262,000	16,845,000	19,400,300
Receivables:				
Accounts	--	540	--	540
Accrued interest (Note 3)	<u>607,274</u>	<u>1,572,510</u>	<u>1,372,515</u>	<u>807,269</u>
Total Assets	<u>\$17,591,123</u>	<u>\$59,912,924</u>	<u>\$57,295,820</u>	<u>\$20,208,227</u>
<u>LIABILITIES</u>				
Due to other funds (Note 3)	\$ 194,672	\$ 685,177	\$ 476,313	\$ 403,536
Due to local agencies (Note 3)	412,602	887,872	896,201	404,273
Due to depositors	<u>16,983,849</u>	<u>21,058,260</u>	<u>18,641,691</u>	<u>19,400,418</u>
Total Liabilities	<u>\$17,591,123</u>	<u>\$22,631,309</u>	<u>\$20,014,205</u>	<u>\$20,208,227</u>

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

CONDEMNATION DEPOSITS FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The accompanying financial statements reflect the financial position and the results of operations of the Condemnation Deposits 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 Condemnation Deposits Fund is an Agency Fund used to account for eminent domain proceedings. Agency Funds are Fiduciary Fund Types that are used to account for assets held by a governmental unit as a trustee or as an agent for individuals, private organizations, other governmental units, or other funds. The Condemnation Deposits Fund is maintained on the modified accrual basis of accounting. These are some of its significant elements:

Receivables

Throughout the fiscal year, all condemnation deposits are recorded when the money is deposited in the State Treasury. At June 30, the accounts are adjusted to accrue all court order deposits that are uncollected at the end of the year.

Due to Other Funds, Local Agencies, or Depositors

Remittances to other funds, local agencies, or depositors are accounted for at the time claims for payment are filed with the State Controller. At June 30, all unpaid refunds and undistributed earnings from investments are accrued.

2. INVESTMENTS

Government Code Section 16429 provides that money in the Condemnation Deposits Fund shall be invested in the Surplus Money Investment Fund.

3. INCOME FROM INVESTMENTS

Interest earned on investments in the Surplus Money Investment Fund is to be paid to each plaintiff having a deposit in the Condemnation Deposits Fund per Government Code Section 16429. At the end of each fiscal year, interest is accrued for the previous six months and is paid at the beginning of the following fiscal year. Therefore, the July 1, 1978 balance in Accrued Interest Receivable, Due to Other Funds, and Due to Local Agencies represents accruals for the last six months of fiscal year 1977-78. The June 30, 1979 balance in these accounts represents accruals for the last six months of fiscal year 1978-79.

cc: Members of the Legislature
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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
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