



Joint Legislative Audit Committee
Office of the Auditor General



FINANCIAL AUDIT REPORT
STATE DEPARTMENT OF SOCIAL SERVICES
SPECIAL DEPOSIT FUND
YEAR ENDED JUNE 30, 1979

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT **F-610.2-942**

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

610.2-942

FINANCIAL AUDIT REPORT
STATE DEPARTMENT OF SOCIAL SERVICES
SPECIAL DEPOSIT FUND
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

SENATORS
ALBERT RODDA
PAUL CARPENTER
JOHN NEJEDLY
ROBERT PRESLEY

ASSEMBLYMEN
S. FLOYD MORI
DANIEL BOATWRIGHT
LEROY GREENE
BRUCE NESTANDE

□ STATE CAPITOL
SACRAMENTO 95814
(916) 445-7380

□ 925 L STREET
SUITE 750
SACRAMENTO 95814
(916) 445-0255

S. FLOYD MORI
CHAIRMAN

November 21, 1980

610.2-942

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 State Department of Social Services Special Deposit Fund, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Michael C. Dendorfer, CPA; Ross Luna; Robyn Graves; Lisa Kenyon; and Osman Sanneh.

Respectfully submitted,

S. FLOYD MORI
Chairman, Joint Legislative
Audit Committee

Attachment

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
AUDITOR'S OPINION	2
FINANCIAL STATEMENTS	
BALANCE SHEET	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	4
NOTES TO THE FINANCIAL STATEMENTS	5
OTHER COMMENTS	6

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 State Department of Social Services' Special Deposit Fund. This audit was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code.

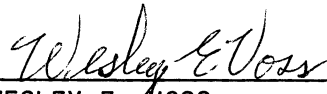
The State Department of Social Services has an account in the Special Deposit Fund that is used as a depository for monies collected by the State for specific federal projects. These federal projects primarily consist of disaster relief programs in which specific amounts of money are made available for disasters.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the balance sheet of the State Department of Social Services' Special Deposit Fund as of June 30, 1979 and the related statement of revenues, 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 aforementioned financial statements present fairly the financial position of the State Department of Social Services' Special Deposit Fund at June 30, 1979, and the results of operations 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. NOSS
Assistant Auditor General

Date: September 1, 1980

Staff: Curt Davis, CPA
Michael C. Dendorfer, CPA
Ross Luna
Lisa A. Kenyon
Robyn Graves
Osman Sanneh

STATE DEPARTMENT OF SOCIAL SERVICES

SPECIAL DEPOSIT FUND
BALANCE SHEET

JUNE 30, 1979

ASSETS

Cash	<u>\$340,526</u>
------	------------------

FUND EQUITY

Fund balance (Note 2)	<u>\$340,526</u>
-----------------------	------------------

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

STATE DEPARTMENT OF SOCIAL SERVICES

SPECIAL DEPOSIT FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

Revenues:	
Intergovernmental revenues	\$4,579,160
Other revenues	316,623
Miscellaneous revenues	<u>760</u>
Total Revenues	<u>4,896,543</u>
Expenditures:	
Special projects	4,578,193
Excess of Revenues over (under) Expenditures	<u>318,350</u>
Fund Balance - July 1	<u>22,176</u>
Fund Balance - June 30	<u>\$ 340,526</u>

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

STATE DEPARTMENT OF SOCIAL SERVICES
SPECIAL DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements for the State Department of Social Services' Special Deposit Fund reflect its financial position and the results of operations. 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 State Department of Social Services' Special Deposit Fund is an expendable trust fund primarily established as a depository for federal grants to be used for disaster relief. The fund is maintained on a modified accrual basis of accounting. These are some of its significant elements.

Income

Throughout the fiscal year income including revenues, transfers, and reimbursements, except for certain reimbursements which are recorded when billed, are accounted for on a cash basis. At June 30, these accounts are adjusted to accrue earned but uncollected income.

Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all valid expenditure commitments are accrued as expenditures including encumbrances outstanding against budget appropriations for which no goods or services have been received.

2. FUND BALANCE

This amount represents monies available for designated federal projects plus unclaimed trust monies.

OTHER COMMENTS

As an integral part of our examination, we reviewed the accounting procedures and the related system of internal accounting control to the extent we considered necessary to properly form an opinion concerning the fairness with which the financial statements present financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

Our review enables us to suggest improvements which would result in better operating procedures and controls. A management letter describing the suggested operating improvements was issued to the State Department of Social Services in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

The department generally concurs with the suggested operating improvements and adjusting entries.

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