



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
STATE BEACH, PARK, RECREATION,
AND FACILITIES FUND OF 1964
YEAR ENDED JUNE 30, 1979**

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT **F-820-732**

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

820-732

FINANCIAL AUDIT REPORT
STATE BEACH, PARK, RECREATIONAL,
AND HISTORICAL FACILITIES FUND OF 1964
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

820-732

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 Beach, Park, Recreational, and Historical Facilities Fund of 1964, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Michael C. Dendorfer, CPA; Sandra Bevers; and Laurine Bohamera.

Respectfully submitted,

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 State Beach, Park, Recreational, and Historical Facilities Fund of 1964. This audit was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code.

The State Beach, Park, Recreational, and Historical Facilities Fund of 1964 was created as a depository for the proceeds of a \$150 million bond issue approved by the voters at the November 3, 1964 general election. The proceeds from the bond issue were to be used for acquiring and developing real property for recreational purposes.

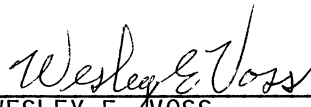
The Department of Parks and Recreation and the State Treasurer are responsible for administering the fund.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the balance sheet of the State Beach, Park, Recreational, and Historical Facilities Fund of 1964 as of June 30, 1979 and the related statements 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 Beach, Park, Recreational, and Historical Facilities Fund of 1964 as of 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. VOSS
Assistant Auditor General

Date: March 7, 1980

Staff: Curt Davis, CPA
Michael Dendorfer, CPA
Sandra Bevers
Laurine Bohamera

STATE OF CALIFORNIA
 STATE BEACH, PARK, RECREATIONAL, AND
 HISTORICAL FACILITIES FUND OF 1964
 BALANCE SHEET
 CAPITAL PROJECTS FUND

JUNE 30, 1979

ASSETS

Cash	\$8,349,391
Deposits in condemnation proceedings (Note 2)	50,000
Due from other funds	<u>2,606</u>
Total Assets	<u>\$8,401,997</u>

LIABILITIES, ENCUMBRANCES
 OUTSTANDING, AND FUND BALANCE

Liabilities:	
Accounts payable	<u>\$ 14,326</u>
Encumbrances Outstanding	<u>273,710</u>
Fund Balance:	
Reserve for deposits in condemnation proceedings	50,000
Undesignated	<u>8,063,961</u>
Total Fund Balance	<u>8,113,961</u>
Total Liabilities, Encumbrances Outstanding, and Fund Balance	<u>\$8,401,997</u>

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

STATE OF CALIFORNIA

STATE BEACH, PARK, RECREATIONAL, AND
HISTORICAL FACILITIES FUND OF 1964
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

Revenues:	
Miscellaneous	<u>\$ 5,291</u>
Total Revenues	<u>5,291</u>
Expenditures:	
Operating expenses	15,546
Capital outlay	<u>1,447,666</u>
Total Expenditures	<u>1,463,212</u>
Excess of Expenditures over Revenues	(1,457,921)
Fund Balance - July 1	<u>9,571,882</u>
Fund Balance - June 30	<u><u>\$ 8,113,961</u></u>

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

STATE BEACH, PARK, RECREATIONAL,
AND HISTORICAL FACILITIES FUND OF 1964
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and results of operations of the State Beach, Park, Recreational, and Historical Facilities Fund of 1964. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by both the American Institute of Certified Public Accountants and the National Council on Governmental Accounting.

The accompanying financial statements are structured into a Governmental Fund Type through which most governmental functions are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities--except those accounted for in Proprietary Funds--are accounted for through governmental funds. Included in this category are Capital Project Funds.

The State Beach, Park, Recreational, and Historical Facilities Fund of 1964 is a Capital Projects Fund and is used to account for financial resources for acquiring or constructing capital facilities. The fund's records are maintained on a modified accrual basis of accounting. These are some of the 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.

Bond Proceeds

On November 3, 1964, the electorate approved a \$150 million bond issue to be used to acquire and develop real property for recreational purposes. The State Beach, Park, Recreational, and Historical Facilities Fund of 1964 was created to hold the proceeds of this bond issue. At June 30, 1979, all bonds had been issued; \$82 million in bond amounts was still outstanding. Bond redemptions and interest expenses are paid from the State's General Fund.

2. DEPOSITS IN CONDEMNATION PROCEEDINGS

These deposits represent the estimated amount of compensation to be awarded in condemnation proceedings. Through these proceedings, owners of private property are awarded compensation for property the State has claimed pursuant to the right of eminent domain. Section 1255.070 of the Code of Civil Procedures requires that such deposits be invested in the State Treasury and that interest earnings be apportioned to the depositors.

OTHER COMMENTS

Management letters describing suggested improvements were issued to appropriate departments or agencies in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

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