



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
SAN FRANCISCO BAY CONSERVATION
AND DEVELOPMENT COMMISSION
YEAR ENDED JUNE 30, 1979**

REPORT TO THE
CALIFORNIA LEGISLATURE

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

852

FINANCIAL AUDIT REPORT
SAN FRANCISCO BAY CONSERVATION
AND DEVELOPMENT COMMISSION
YEAR ENDED JUNE 30, 1979

JUNE 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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S. FLOYD MORI
CHAIRMAN

June 16, 1980

852

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 San Francisco Bay Conservation and Development Commission, year ended June 30, 1979.

The auditors are Richard I. LaRock, CPA, Audit Manager; Jeffrey A. Winston; and Thomas R. Dovi.

Respectfully submitted,

S. FLOYD MORI
Chairman, Joint Legislative
Audit Committee

Attachment

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
AUDITOR'S OPINION	2
GENERAL PURPOSE FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET	3
ALL FUND TYPES AND ACCOUNT GROUPS	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN OPERATING CLEARING - BUDGET AND ACTUAL	4
GENERAL FUND	
STATEMENT OF CHANGES IN FUND BALANCE	5
SPECIAL DEPOSIT FUND	
NOTES TO THE FINANCIAL STATEMENTS	6
SUPPLEMENTAL INFORMATION	10
SCHEDULE OF OPERATING EXPENSES AND EQUIPMENT	11
OTHER COMMENTS	12

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 San Francisco Bay Conservation and Development Commission. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

These are the objectives of the San Francisco Bay Conservation and Development Commission:

- Provide a regional approach to protecting the public interest in San Francisco Bay;
- Ensure its beneficial use as the most valuable single natural resource of the entire region; and
- Provide a democratic and politically responsive process by which the bay and its shoreline can be analyzed, planned, and regulated as a single unit.

The commission's programs are supported by federal funds and through appropriations from the State's General Fund.


AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the combined balance sheet of the San Francisco Bay Conservation and Development Commission as of June 30, 1979 and the related statements of revenues, expenditures, and changes in operating clearing and 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 San Francisco Bay Conservation and Development Commission at June 30, 1979 and the results of operations and changes in operating clearing and fund balance for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The column amounts on the accompanying financial statements captioned "Totals - Memorandum Only" and the accompanying supplemental information are not necessary for a fair presentation of the financial statements but are presented as additional analytical data and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.



WESLEY E. VOSS
Assistant Auditor General

Date: March 6, 1980

Staff: Richard I. LaRock, CPA
Jeffrey A. Winston
Thomas R. Dovi

SAN FRANCISCO BAY CONSERVATION
AND DEVELOPMENT COMMISSION

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1979

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals</u>
<u>ASSETS</u>	<u>General</u>	<u>Special Deposit</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>
Cash	\$ 36,839	\$191,053	\$ --	\$227,892
Accounts receivable	1,580	27,996	--	29,576
Prepayments to other funds	13,200	--	--	13,200
Equipment	<u>--</u>	<u>--</u>	<u>69,367</u>	<u>69,367</u>
Total Assets	<u>\$ 51,619</u>	<u>\$219,049</u>	<u>\$69,367</u>	<u>\$340,035</u>
<u>LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 14,493	\$ 54,404	\$ --	\$ 68,897
Uncleared collections	<u>4,100</u>	<u>--</u>	<u>--</u>	<u>4,100</u>
Total Liabilities	<u>18,593</u>	<u>54,404</u>	<u>--</u>	<u>72,997</u>
Encumbrances Outstanding	<u>59,919</u>	<u>164,645</u>	<u>--</u>	<u>224,564</u>
Fund Equity:				
Investment in General Fixed Assets (Note 2)	--	--	69,367	69,367
Operating clearing (Note 3)	<u>(26,893)</u>	<u>--</u>	<u>--</u>	<u>(26,893)</u>
Total Fund Equity	<u>(26,893)</u>	<u>--</u>	<u>69,367</u>	<u>42,474</u>
Total Liabilities, Encumbrances Outstanding, and Fund Equity	<u>\$ 51,619</u>	<u>\$219,049</u>	<u>\$69,367</u>	<u>\$340,035</u>

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

SAN FRANCISCO BAY CONSERVATION
AND DEVELOPMENT COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN OPERATING CLEARING - BUDGET AND ACTUAL
GENERAL FUND

FOR FISCAL YEAR ENDED JUNE 30, 1979

	<u>Budget as Adjusted</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental revenues	\$ 330,573	\$ 285,573	\$ (45,000)
Regulatory licenses	<u> --</u>	<u>42,649</u>	<u>42,649</u>
Total Revenues	<u>330,573</u>	<u>328,222</u>	<u>(2,351)</u>
Other Sources:			
Appropriations (Note 4)	1,382,041	967,294	(414,747)
Miscellaneous (Note 5)	<u>27,574</u>	<u>27,574</u>	<u> --</u>
Total Other Sources	<u>1,409,615</u>	<u>994,868</u>	<u>(414,747)</u>
Total Revenues and Other Sources	<u>\$1,740,188</u>	<u>1,323,090</u>	<u>\$(417,098)</u>
Expenditures:			
Current:			
Personal services	\$ 701,432	678,647	\$ 22,785
Operating expenses and equipment (Note 6)	315,588	261,584	54,004
Miscellaneous (Note 5)	<u>(25,542)</u>	<u>(25,542)</u>	<u> --</u>
Total Expenditures	<u>\$ 991,478</u>	914,689	<u>\$ 76,789</u>
Other Uses:			
Intrafund transfers (Note 3)		<u>348,680</u>	
Total Expenditures and Other Uses		<u>1,263,369</u>	
Excess of Revenues and Other Sources over Expenditures and Other Uses		59,721	
Operating Clearing - July 1 (Note 3)		<u>(86,614)</u>	
Operating Clearing - June 30 (Note 3)		<u>\$ (26,893)</u>	

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

SAN FRANCISCO BAY CONSERVATION
AND DEVELOPMENT COMMISSION

STATEMENT OF CHANGES IN FUND BALANCE
SPECIAL DEPOSIT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

Fund Balance - July 1	\$ --
Additions:	
Intergovernmental revenues	227,996
Deductions:	
Suisun Marsh Local Protection Program	<u>227,996</u>
Fund Balance - June 30	<u><u>\$ --</u></u>

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

SAN FRANCISCO BAY CONSERVATION
AND DEVELOPMENT COMMISSION
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 San Francisco Bay Conservation and Development Commission. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local government as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The accompanying financial statements are structured into a Governmental Fund Type, Fiduciary Fund Type, and an Account Group. The California Coastal Commission maintains the accounts of the San Francisco Bay Conservation and Development Commission. The State Controller maintains the central accounts for all state funds and annually publishes fund statements.

GOVERNMENTAL FUND TYPES

Governmental Fund Types are those 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 for those accounted for in Proprietary Funds--are accounted for through governmental funds. The General Fund is the only Governmental Fund Type used by the commission.

General Fund

This fund includes all financial resources not accounted for in another fund.

The Governmental Fund Type is maintained on the modified accrual basis of accounting. These are some of its more significant elements:

Revenues

Revenues are recognized in the accounting period in which they are measurable and available to pay liabilities of the period.

Expenditures

Expenditures are recognized, if measurable, in the accounting period in which the liability is incurred. Expenditures also include encumbrances for goods or services not received at year end.

Liabilities

Retirement Plan - Regular employees of the commission are members of the Public Employees' Retirement system (PERS) which is a defined benefit, contributory retirement plan. The amount the commission and its employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. The commission's share of retirement contributions for the year totaled \$89,013.

Vacation and Sick Leave - Costs of vacation and sick leave are charged at the time these benefits are used rather than when they are earned.

FIDUCIARY FUND TYPES

Fiduciary Fund Types are used to account for assets held by a governmental unit as a trustee or as an agent for individuals or private organizations. The Special Deposit Fund is the only Fiduciary Fund Type used by the commission.

Special Deposit Fund

The commission maintains the Special Deposit Fund to account for federal funds received and expenditures incurred for the Suisun Marsh Local Protection Program. This fund is accounted for as an expendable trust fund. Revenues and expenditures are presented on the same modified accrual basis of accounting as used for the commission's Governmental Fund Type.

ACCOUNT GROUP

The Account Group is used to account for General Fixed Assets. Assets purchased, except for those acquired under an installment purchase contract (as explained in Note 2), are recorded as expenditures in the appropriate fund in the year of acquisition or encumbrance. General Fixed Assets increased by a net of \$58,762 during the fiscal year.

2. INVESTMENT IN GENERAL FIXED ASSETS

This account includes an unpaid balance of \$23,640 at June 30, 1979, representing unpaid amounts on two installment purchase contracts. Provisions of the contracts are as follows:

<u>Payments Due</u>		<u>Unpaid Balance</u>	<u>Rate of Interest Charged on Unpaid Principal</u>
<u>July 1979</u>	<u>July 1980</u>	<u>June 30, 1979</u>	
\$ 4,235	\$1,992	\$ 6,227	12%
<u>11,650</u>	<u>5,763</u>	<u>17,413</u>	6%
<u>\$15,885</u>	<u>\$7,755</u>	<u>\$23,640</u>	

3. OPERATING CLEARING AND INTRAFUND TRANSFERS

Operating Clearing is the connecting link between the records of the commission and the central fund accounts maintained by the State Controller for the General Fund. The balance at June 30 represents the net assets and liabilities for which the commission is accountable.

Intrafund transfers are cash receipts the commission remitted to the State Treasury during the year, representing revenues, reimbursements, and refunds to reverted appropriations.

4. APPROPRIATIONS

Funds provided from appropriations consist of cash disbursed by the State Controller from the commission's appropriations for the year ended June 30, 1979 and liquidation of expenditures accrued against appropriations for prior periods.

5. MISCELLANEOUS

Miscellaneous sources represent the difference between the prior year accrual of revenues and the actual amounts received or accrued in the year ended June 30, 1979 applicable to prior periods.

Miscellaneous expenditures represent the difference between the prior year accrual of expenditures, abatements, and reimbursements and the actual amounts received, incurred, or accrued in the year ended June 30, 1979 applicable to appropriations of prior periods.

6. OPERATING EXPENSES AND EQUIPMENT

The legislative budget for expenditures for operating expenses and equipment of the commission is in total only.

7. LEASES

For the fiscal year ending June 30, 1978, the total rental expense for all operating leases, except those with terms of a month or less that were not renewed was \$60,485. For the fiscal year ending June 30, 1979, the total expense was \$65,155.

SUPPLEMENTAL INFORMATION

The annual legislative budget for expenditures for operating expenses and equipment of the commission is in total only. The following schedule shows the nature of expenditures for the period as kept by the commission for management purposes.

SAN FRANCISCO BAY CONSERVATION
AND DEVELOPMENT COMMISSION

SCHEDULE OF OPERATING EXPENSES AND EQUIPMENT
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

General	\$ 62,895
Printing	8,449
Communications	25,769
Travel-in-state	10,646
Travel-out-of-state	804
Facilities operations	67,853
Consultant and professional services	78,980
Equipment	<u>6,188</u>
Total Operating Expenses and Equipment	<u><u>\$261,584</u></u>

OTHER COMMENTS

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

Our review of accounting procedures and related system of internal accounting control enables us to suggest improvements which may result in better operating procedures or in better internal accounting controls. A management letter describing the suggested improvements was issued to the commission 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