



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
ALCOHOLIC BEVERAGE CONTROL
APPEALS BOARD
YEAR ENDED JUNE 30, 1978**

The regulations of the Federal Office of Revenue Sharing require governments receiving revenue sharing funds to have audits of their financial statements not less than once every three years. This audit assists in fulfilling the audit requirements necessary to continue California's eligibility for federal revenue sharing funds.

Our examination was made in accordance with generally accepted auditing standards and included studying and evaluating the Department's system of internal control. This study and evaluation disclosed several conditions which we believe to be weaknesses and were considered in determining the nature, timing, and extent of our audit tests. Presentation of these conditions, however, does not modify our opinion on the financial statements.

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT OF THE
JOINT REVENUE SHARING TASK FORCE
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE
AND THE
DEPARTMENT OF FINANCE

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FINANCIAL AUDIT REPORT
ALCOHOLIC BEVERAGE CONTROL APPEALS BOARD
YEAR ENDED JUNE 30, 1978



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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RICHARD ROBINSON
CHAIRMAN

July 9, 1979

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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 Alcoholic Beverage Control Appeals Board, Year Ended June 30, 1978.

The auditors are Curt Davis, CPA; Merrill E. Tompkins, CPA; Sandra R. McHaney; Ann Reicherter; Richard Sanchez; and Glenn Ostapeck.

Respectfully submitted,

A handwritten signature in cursive script that reads "Richard Robinson".

RICHARD ROBINSON
Assemblyman, 72nd District
Chairman, Joint Legislative
Audit Committee

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INTRODUCTION

In compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the Alcoholic Beverage Control Appeals Board. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code and in the Department of Finance by Section 13294 of the Government Code.

The objective of the board is to provide an inexpensive and expeditious remedy of appeal to people who are dissatisfied with a decision of the Department of Alcoholic Beverage Control ordering any penalty or issuing, denying, transferring, suspending or revoking any alcoholic beverage license. After a party has filed an appeal, the board conducts an open hearing on the appropriateness of the department's decision. Following this hearing, the board prepares, publishes and distributes a formal written opinion on all cases. Parties seeking review of the board's decisions must go to the Courts of Appeal by filing a petition for writ of review.

The board's programs are supported by appropriations from the state General Fund.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature
and the Department of Finance:

We have examined the combined balance sheet of the Alcoholic Beverage Control Appeals Board as of June 30, 1978 and the related statements of expenditures and changes in operating clearing 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 accompanying financial statements present fairly the financial position of the Alcoholic Beverage Control Appeals Board as of June 30, 1978 and the results of its operations and changes in operating clearing 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 combined balance sheet captioned "Total - Memorandum Only" for June 30, 1978, 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.

The column amounts on the accompanying combined balance sheet and statement of revenues, expenditures and changes in operating clearing for the year ended June 30, 1977, which are presented for comparative purposes only, were not audited by us and accordingly we do not express an opinion on them.

Revenue Sharing Task Force



Wesley E. Voss
Assistant Auditor General

Date: June 8, 1979

Staff: Curt Davis, CPA
Merrill E. Tompkins, CPA
Sandra R. McHaney
Ann Reicherter

ALCOHOLIC BEVERAGE CONTROL APPEALS BOARD

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1978
(With Unaudited Amounts for 1977)

	Governmental Fund <u>General</u> Fund	Account Group <u>General</u> Fixed Assets	TOTAL (Memorandum Only)	
<u>ASSETS</u>			June 30, 1978	June 30, 1977
Cash	\$ -	\$ -	\$ -	\$ 7
Expense Advances to Employees	40	-	40	-
Equipment	<u>-</u>	<u>2,733</u>	<u>2,733</u>	<u>2,733</u>
TOTAL ASSETS	<u>\$ 40</u>	<u>\$2,733</u>	<u>\$ 2,773</u>	<u>\$ 2,740</u>
<u>LIABILITIES, ENCUMBRANCES OUTSTANDING AND FUND EQUITY</u>				
Liabilities:				
Accounts Payable	\$ <u>2,624</u>	\$ -	\$ <u>2,624</u>	\$ <u>2,071</u>
Encumbrances Outstanding	<u>4,056</u>	-	<u>4,056</u>	<u>64</u>
Fund Equity:				
Investment in General Fixed Assets	-	2,733	2,733	2,733
Operating Clearing	<u>(6,640)</u>	<u>-</u>	<u>(6,640)</u>	<u>(2,128)</u>
TOTAL FUND EQUITY	<u>(6,640)</u>	<u>2,733</u>	<u>(3,907)</u>	<u>605</u>
TOTAL LIABILITIES, ENCUMBRANCES OUTSTANDING AND FUND EQUITY	<u>\$ 40</u>	<u>\$2,733</u>	<u>\$ 2,773</u>	<u>\$ 2,740</u>

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

ALCOHOLIC BEVERAGE CONTROL APPEALS BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN OPERATING CLEARING - BUDGET AND ACTUAL
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Amounts for 1977)

		1978			1977
	Budget As Adjusted	Actual	Over (Under) Budget		Actual
<u>Sources of Financial Resources</u>					
Support Appropriation	\$214,956	\$ 209,150	\$(5,806)		\$ 191,977
Reimbursements	-	108	108		266
Total Sources of Financial Resources	\$214,956	209,258	\$(5,698)		192,243
<u>Uses of Financial Resources</u>					
Expenditures:					
Current:					
Personal Services	\$179,939	179,268	\$(671)		160,870
General Expense	7,957	7,957	-		8,748
Communications	1,988	1,988	-		1,758
Rent - Building Space	13,041	12,960	(81)		11,906
Travel-in-State	8,108	7,501	(607)		8,532
Equipment	3,923	3,923	-		-
Prior Year:					
Prior Year Adjustment	-	173	173		(149)
Total Uses of Financial Resources	\$214,956	213,770	\$(1,186)		191,665
Net Increase (Decrease) in Operating Clearing During the Year		(4,512)			578
Operating Clearing - July 1		(2,128)			(2,706)
Operating Clearing - June 30		\$ (6,640)			\$ (2,128)

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

ALCOHOLIC BEVERAGE CONTROL APPEALS BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1978

1. Summary of Significant Accounting Policies

The preceding financial statements reflect the financial position and results of operations of the Alcoholic Beverage Control Appeals Board. The accounts are maintained in the General Fund.

The accounting policies of the Alcoholic Beverage Control Appeals Board conform to generally accepted accounting principles as contained in the State Administrative Manual.

General Fund

The Alcoholic Beverage Control Appeals Board accounts for only its portion of the state General Fund. The State Controller maintains central accounts for the General Fund and publishes consolidated General Fund statements.

Expenditures:

Generally, appropriation expenditures are recorded during the year at the time claims for payment are filed with the State Controller. At June 30, all commitments are accrued as expenditures.

Liabilities

Retirement Plan: Regular employees of the Alcoholic Beverage Control Appeals Board are members of the Public Employees' Retirement System (PERS) which is a defined benefit, contributory retirement plan. The amount the agency and 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. Retirement contributions for the year included in the expenditures-personal services account were \$21,449.

Vacation and Sick Leave: The board does not record the costs of vacation and sick leave at the time the benefits are accumulated. However, at the time of usage, the expenditures-personal services account is charged.

General Fixed Assets.

Purchases of equipment are recorded as expenditures in the year of acquisition. The aggregate cost is capitalized in the General Fixed Assets Account Group except for certain nonexpendable equipment items not on the State Administrative Manual equipment list. Nonexpendable equipment (with a useful life of two years or more), generally valued at \$150 or over is recorded at original cost or, if not available, at fair market value.

2. Accounts Payable

Accounts payable include all unpaid liabilities for goods and services received as of June 30. Accordingly, they also include liabilities for which disbursement requests were submitted to the State Controller by June 30, but which had not been paid as of that date.

3. Encumbrances Outstanding

Encumbrances outstanding include all valid commitments against budget appropriations for which no goods or services had been received by June 30.

4. Operating Clearing

This account is the connecting link between the Alcoholic Beverage Control Appeals Board's portion of the General Fund and the central accounts of the General Fund maintained by the State Controller. The account balance at June 30 represents a clearing account between the Alcoholic Beverage Control Appeals Board and the State Controller.

5. Support Appropriation

Support appropriation is the portion of the General Fund which the legislative budget act allocated to the Alcoholic Beverage Control Appeals Board.

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