



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
STATE BEACH, PARK, RECREATION,
AND FACILITIES FUND OF 1974
YEAR ENDED JUNE 30, 1979**

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT **F-820-733**

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

820-733

FINANCIAL AUDIT REPORT
STATE BEACH, PARK, RECREATIONAL,
AND HISTORICAL FACILITIES FUND OF 1974
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

820-733

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 1974, year ended June 30, 1979.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "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 State Beach, Park, Recreational, and Historical Facilities Fund of 1974. 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 1974 was created as a depository for the proceeds of a \$250 million bond issue approved by voters at the June 4, 1974 primary election. The proceeds from the bond issue are to be used to acquire and develop real property for beaches, parks, recreational purposes, wildlife management, and historical resources.


The Department of Parks and Recreation and the Wildlife Conservation Board are the agencies 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 1974 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 1974 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 1974
BALANCE SHEET
CAPITAL PROJECTS FUND

JUNE 30, 1979

ASSETS

Cash \$36,077,161

LIABILITIES, ENCUMBRANCES
OUTSTANDING, AND FUND EQUITY

Liabilities:	
Accounts payable	\$ 5,809,942
Due to other funds	<u>5,631,227</u>
Total Liabilities	<u>11,441,169</u>
Encumbrances Outstanding	<u>22,440,596</u>
Fund Equity:	
Reserve for financing bond sales	108,915
Fund balance	<u>2,086,481</u>
Total Fund Equity	<u>2,195,396</u>
Total Liabilities, Encumbrances Outstanding, and Fund Equities	<u>\$36,077,161</u>

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

STATE OF CALIFORNIA

STATE BEACH, PARK, RECREATIONAL,
AND HISTORICAL FACILITIES OF 1974
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

Revenues:		
Intragovernmental revenues (Note 2)	\$	741,786
Interest income		<u>90,455</u>
Total Revenues		<u>832,241</u>
Expenditures:		
Capital outlay		22,252,237
Local assistance		<u>6,435,856</u>
Total Expenditures		<u>28,688,093</u>
Excess of Expenditures over Revenues		<u>27,855,852</u>
Other Financing Sources:		
Proceeds of general obligation bonds		<u>45,000,000</u>
Excess of Revenues and Other Sources over Expenditures		17,144,148
Fund Balance--July 1		<u>(15,057,667)</u>
Fund Balance--June 30	\$	<u><u>2,086,481</u></u>

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

STATE BEACH, PARK, RECREATIONAL,
AND HISTORICAL FACILITIES FUND OF 1974
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and the results of operations of the State Beach, Park, Recreational, and Historical Facilities Fund of 1974. 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 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 1974 is a Capital Projects Fund and is used to account for financial resources for acquiring or constructing capital facilities. 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, the accounts are adjusted to accrue all 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 June 4, 1974, the electorate approved a \$250 million bond issue to be used to acquire and establish beaches, parks, recreational facilities, and historical resources. The State Beach, Park, Recreational, and Historical Facilities Fund of 1974 was created as the depository for the proceeds of this bond issue. At June 30, 1979, all but \$65 million of the bonds had been issued; \$167,250,000 in bond amounts was still outstanding. Bond redemptions and interest expenses are paid from the State's General Fund.

3. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues represent receipts from the Federal Government to aid in the development of state parks and of the California Exposition and State Fairs.

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