

**REPORT BY THE  
AUDITOR GENERAL  
OF CALIFORNIA**

---

**FINANCIAL AUDIT REPORT  
STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION  
YEAR ENDED JUNE 30, 1979**

---

**REPORT F-873**

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

873

FINANCIAL AUDIT REPORT  
STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION  
YEAR ENDED JUNE 30, 1979

NOVEMBER 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

873

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 Ernst & Whinney's financial audit report of the Department of Transportation, year ended June 30, 1979. The work was performed under contract with the Auditor General's Office.

The auditor is Richard I. LaRock, CPA, Audit Manager.

Respectfully submitted,

S. FLOYD MORI  
Chairman, Joint Legislative  
Audit Committee

Attachment

Audited Financial Statements and  
Other Financial Information

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

Audited General Purpose Combined Financial Statements

Accountants' Report . . . . .	1
Combined Balance Sheet-All Fund Types and Account Groups . . . . .	3
Combined Statement of Revenues, Expenditures and Encumbrances, and Changes in Fund Equity-All Governmental Fund Types . . . . .	5
Combined Statement of Revenues, Expenditures and Encumbrances, and Changes in Fund Equity-Legally Adopted Budget and Budgetary Actual-All Governmental Fund Types . . . . .	6
Notes to Combined Financial Statements . . . . .	7

Other Financial Information

Combining Balance Sheet-All Special Revenue Funds . . . . .	16
Combining Statement of Revenues, Expenditures and Encumbrances, and Changes in Fund Equity-All Special Revenue Funds . . . . .	18
Combining Balance Sheet-State Transportation Fund . . . . .	19
Combining Statement of Revenues, Expenditures and Encumbrances, and Changes in Fund Equity-State Transportation Fund . . . . .	21

# Ernst & Whinney

555 Capitol Mall, Suite 650  
Sacramento, California 95814

916/447-3237

Auditor General  
State of California

We have examined the general purpose combined financial statements of the various funds and account groups of the State of California Department of Transportation for the year ended June 30, 1979, listed in the foregoing table of contents. 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. We did not examine the financial statements of certain toll bridge revenue funds, which statements reflect total assets and revenues approximating 5 percent, respectively, of the related combined totals for Special Revenue Funds. These statements were examined by other auditors whose reports thereon were furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for certain toll bridge revenue funds within the Special Revenue Funds, is based solely on the report of the other auditors.

The Department maintains its accounting records and prepares its financial statements on the basis of accounting prescribed for budgeting purposes. As more fully described in Note E to the financial statements, certain adjustments were made to present the financial statements for the year ended June 30, 1979 in conformity with generally accepted accounting principles.

As more fully described in Notes C and D to the combined financial statements, it was not practical to either determine what adjustments would be necessary to segregate accounts payable from the reserve for encumbrances or to determine the portion of receivables from the Federal Highway Administration that may ultimately be collected.

Auditor General

In our opinion, based upon our examination and the reports of other auditors, and except for the effects, if any, of the matters discussed in the preceding paragraph, the aforementioned financial statements present fairly the financial position of the various funds and account groups of the State of California Department of Transportation at June 30, 1979 and the combined statement of revenues, expenditures and encumbrances, and changes in fund equity for the year then ended, in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying financial information listed as other financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements of the State of California Department of Transportation. The information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

*Ernst & Whinney*

Sacramento, California  
August 26, 1980

COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

ASSETS

	Governmental			Account			Total (Memorandum Only)
	Fund Types			Groups			
	Special Revenue	Capital Projects		General Fixed Assets	Long-Term Debt		
Cash--Note G	\$ 7,973,221	\$ 16,403				\$ 7,989,624	
Certificates of Deposit--Note G	2,947,802					2,947,802	
Deposit in Surplus Money Investment Fund--Note G	605,329,923	60,424,348				665,754,271	
Accrued interest	27,664,560	2,843,655				30,508,215	
Investment in U.S. Government Securities--Note G	21,693,586	7,401,084				29,094,670	
Receivables from sales of excess real property, abatements, and other (less allowance for doubtful accounts--\$3,700,000)	43,087,122					43,087,122	
Securities held as guarantee deposit--Note G	3,440,000					3,440,000	
Due from other funds	4,599,413					4,599,413	
Due from Federal Government	93,260,600					93,260,600	
Due from State and local agencies and other governments	29,556,348					29,556,348	
Inventories:							
Federal advance acquisition properties	22,437,552					22,437,552	
Excess real property	48,783,680					48,783,680	
Supplies and other	27,816,051					27,816,051	
Condemnation deposits	10,550,305	7,312				10,557,617	
Loans to other governmental agencies	11,906,192					11,906,192	
Prepaid expenses	373,584					373,584	
Land				\$ 13,203,314		13,203,314	
Improvements				136,112,428		136,112,428	
Equipment				137,948,169		137,948,169	
Construction in progress				8,828,592		8,828,592	
Amount to be provided for retirement of long-term debt					\$156,917,862	156,917,862	
	\$961,419,939	\$70,692,802		\$296,092,503	\$156,917,862	\$1,485,123,106	

	Governmental		Account		
	Fund Types		Groups		Total (Memorandum Only)
	Special Revenue	Capital Projects	General Fixed Assets	General Long-Term Debt	
<b>LIABILITIES, RESERVES, AND FUND EQUITY</b>					
<b>LIABILITIES:</b>					
Accounts payable and other liabilities--					
Notes C and G	\$109,963,195	\$ 285,198			\$ 110,248,393
Accumulated vacation	36,958,398				36,958,398
Accrued liability for contingencies	9,500,000				9,500,000
Deferred revenue	35,241,607				35,241,607
Retentions on contracts, less amounts held (\$7,301,640) by escrow agent	11,625,921				11,625,921
Reimbursements collected in advance	5,816,294				5,816,294
Unapplied advances	16,699,936				16,699,936
Accrued interest on bonds payable	1,651,916				1,651,916
Due to Federal Highway Administration	21,374,274				21,374,274
Due to other funds	1,002,211	2,240,244			3,242,455
Bonds payable--Note F				\$132,333,000	132,333,000
Loans payable--Note F				24,584,862	24,584,862
				156,917,862	409,277,056
	<u>249,833,752</u>	<u>2,525,442</u>			
<b>TOTAL LIABILITIES</b>					
<b>RESERVES:</b>					
Encumbrances--Note C	148,479,694	46,108,652			194,588,346
Inventories	99,037,283				99,037,283
Loans receivable	11,700,000				11,700,000
Other	12,050,939				12,050,939
	<u>271,267,916</u>	<u>46,108,652</u>			<u>317,376,568</u>
<b>FUND EQUITY--NOTE E:</b>					
Investment in general fixed assets			\$296,092,503		296,092,503
Designated for future programs and construction	362,761,626	22,058,708			384,820,334
Undesignated	77,556,645				77,556,645
	<u>440,318,271</u>	<u>22,058,708</u>			<u>462,376,979</u>
<b>TOTAL FUND EQUITY</b>					
	<u>\$961,419,939</u>	<u>\$70,692,802</u>	<u>\$296,092,503</u>		<u>\$1,485,123,106</u>
<b>COMMITMENTS AND CONTINGENCIES--NOTE I</b>					

See notes to combined financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND CHANGES IN  
FUND EQUITY - ALL GOVERNMENTAL FUND TYPES

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

Year ended June 30, 1979

	Governmental Fund Types		Total (Memorandum Only)
	Special Revenue Funds	Capital Projects	
<b>REVENUES:</b>			
Apportionments:			
State	\$ 508,937,340		\$ 508,937,340
Federal	411,697,220		411,697,220
Reimbursements	70,081,252		70,081,252
Investment income	48,255,774	\$ 6,183,034	54,438,808
Real property	33,414,658		33,414,658
Toll revenue	59,521,123		59,521,123
Other	9,036,568	13,644	9,050,212
	<u>1,140,943,935</u>	<u>6,196,678</u>	<u>1,147,140,613</u>
<b>EXPENDITURES AND ENCUMBRANCES:</b>			
State operations	372,198,426		372,198,426
Capital outlay	553,692,652	35,744,481	589,437,133
Local assistance	142,757,676		142,757,676
Debt service	21,796,278		21,796,278
	<u>1,090,445,032</u>	<u>35,744,481</u>	<u>1,126,189,513</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES			
	50,498,903	(29,547,803)	20,951,100
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	10,978,651	18,475,000	29,453,651
Operating transfers out	(40,045,724)		(40,045,724)
	<u>(29,067,073)</u>	<u>18,475,000</u>	<u>(10,592,073)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES, ENCUMBRANCES AND OTHER USES--NOTE E			
	21,431,830	(11,072,803)	10,359,027
Fund equity at beginning of year	<u>418,886,441</u>	<u>33,131,511</u>	<u>452,017,952</u>
FUND EQUITY AT END OF YEAR--NOTE E			
	<u>\$ 440,318,271</u>	<u>\$22,058,708</u>	<u>\$ 462,376,979</u>

See notes to combined financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND CHANGES IN  
 FUND EQUITY - LEGALLY ADOPTED BUDGET AND BUDGETARY ACTUAL - ALL GOVERNMENTAL  
 FUND TYPES

STATE OF CALIFORNIA  
 DEPARTMENT OF TRANSPORTATION

Year ended June 30, 1979

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Apportionments:			
State	\$ 495,287,000	\$ 504,620,772	\$ 9,333,772
Federal	499,938,236	550,652,895	50,714,659
Reimbursements	57,040,679	60,078,989	3,038,310
Investment income	38,500,000	52,974,951	14,474,951
Real property	32,620,000	31,912,274	(707,726)
Toll revenue	58,177,000	66,183,664	8,006,664
Other	7,596,000	9,589,366	1,993,366
	<u>1,189,158,915</u>	<u>1,276,012,911</u>	<u>86,853,996</u>
<b>EXPENDITURES AND ENCUMBRANCES:</b>			
State operations	387,613,168	338,422,350	49,190,818
Capital outlay	788,098,944	701,932,896	86,166,048
Local assistance	268,768,250	206,271,467	62,496,783
	<u>1,444,480,362</u>	<u>1,246,626,713</u>	<u>197,853,649</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(255,321,447)	29,386,198	284,707,645
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	5,225,390	7,053,106	1,827,716
Operating transfers out	(27,212,205)	(33,513,352)	(6,301,147)
Prior year adjustments	-0-	46,666,447	46,666,447
	<u>(21,986,815)</u>	<u>20,206,201</u>	<u>42,193,016</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES, ENCUMBRANCES AND OTHER USES--NOTE E	(277,308,262)	49,592,399	326,900,661
Fund equity at beginning of year	<u>756,262,427</u>	<u>756,262,427</u>	<u>-0-</u>
FUND EQUITY AT END OF YEAR--NOTE E	<u>\$ 478,954,165</u>	<u>\$ 805,854,826</u>	<u>\$326,900,661</u>

See notes to combined financial statements

NOTES TO COMBINED FINANCIAL STATEMENTS

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE A--FINANCIAL STATEMENTS AND DESCRIPTIONS OF FUND TYPES AND ACCOUNT GROUPS

Financial Statements

The accompanying financial statements reflect the financial position, results of operations and changes in fund equity of the State of California Department of Transportation. Except for the segregation of accounts payable from encumbrances, which is more fully described in Note C, 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 financial statements are structured into Governmental Fund Types and Account Groups. The Department of Transportation accounts for only its portion of the fund type categories. The State Controller maintains the central accounts for all state funds and publishes financial statements for the State of California annually.

Governmental Fund Types

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use, and balances of the Department's expendable financial resources and the related liabilities are accounted for through governmental funds. Because the constitutional and statutory provisions require separate identification of the various revenues for accounting and reporting purposes, each separate special account is considered as if it were a separate fund.

Special Revenue Funds: The Special Revenue Funds of the Department are used to account for specific revenues and operating expenditures which are restricted for particular purposes. The Special Revenue Funds include the following funds:

State Transportation Fund - This fund was established to accelerate the transfer of transportation revenue through the State's accounting system. The fund is currently comprised of the following accounts:

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE A--FINANCIAL STATEMENTS AND DESCRIPTIONS OF FUND TYPES AND ACCOUNT GROUPS (Continued)

Abandoned Railroad Account - Resources in this account have been transferred from the Transportation Planning and Development Account under appropriation by the State Legislature. Abandoned railroad rights-of-way are purchased for later conveyance to local governmental entities.

Aeronautics Account - Resources in this account represent a portion of the aviation fuel tax. Transfers and expenditures are to support the Aeronautics Program, including aid to local governmental aviation entities.

Bicycle Lane Account - Specific transfers of \$30,000 per month are made into this account from highway users fuel taxes. Disbursements are made to cities and counties for bicycle facilities and related departmental administrative costs.

State Highway Account - Resources in this account represent transfers from other state funds, federal funds and other miscellaneous revenue. Expenditures for the highway programs include: maintenance, operations, construction, planning, administration, and subventions to local governmental entities.

Transportation Planning and Development Account - Resources in this account represent transfers from the Aeronautics Account, State Highway Account, federal funds and transfers from other state funds. Expenditures are primarily for mass transportation and transportation planning programs at the state and local levels for support of the California Transportation Commission.

Transportation Revolving Account - Resources in this account represent advances from the various operating accounts to fund warrants paid by the State Controller.

California Environmental Protection Program Fund - This fund was created as a depository for revenues collected from the sale of personalized license plates by the Department of Motor Vehicles. Expenditures are for environmental protection programs for state and local government entities.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE A--FINANCIAL STATEMENTS AND DESCRIPTIONS OF FUND TYPES AND ACCOUNT GROUPS (Continued)

Natural Disaster Assistance Fund - The fund is used to record transactions made under legislation which provides funds for disaster assistance allocations to local agencies and local street and road restoration.

Toll Bridge Funds - These funds consist of nine separate funds. Resources are primarily from toll revenues. Expenditures are primarily for operations and maintenance and debt service.

Capital Projects Funds: Capital Projects Funds of the Department are used to account for the acquisition, construction and improvement of toll bridge facilities.

Account Groups

General Fixed Assets Account Group: Fixed assets used by the Department in its general governmental activities are reflected in the General Fixed Assets Account Group at cost. Completed infrastructure assets such as highways, roads and bridges are excluded from the financial statements.

General Long-Term Debt Account Group: Unmatured long-term obligations are reflected in the General Long-Term Debt Account Group.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

The Department's accounting records are maintained on a statutory basis throughout the year; generally on a cash basis with recognition given to budgeted revenue and encumbrances. Annually, for financial statement purposes, the accounting records are adjusted to reflect the modified accrual basis for the Governmental Fund Types. Since the statutory basis differs from generally accepted accounting principles, actual amounts in the accompanying budgetary comparison statement are presented on the budgetary basis. A reconciliation of the differences between the budgetary basis and the generally accepted accounting principles basis is presented in Note E.

Deposits in the Surplus Money Investment Fund are stated at cost.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE B--SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories of excess real property are carried at the lower of cost or the allocated value at time of acquisition.

Inventories of supplies and materials are carried at moving average cost.

General fixed assets such as buildings and equipment are recorded as expenditures in the governmental type funds at the time of acquisition. These assets are capitalized at cost in the General Fixed Asset Account Group.

Federal funds are reported as revenue when earned.

Encumbrances are recorded for the unexpended portion of all open contracts except major construction contracts and local assistance projects.

Transfers of revenue from funds authorized to receive them to funds authorized to expend them have been recorded as operating transfers in the financial statements.

Vacation pay is charged to operations at the time the benefits are earned. Sick leave is charged to operations at the time benefits are used rather than when earned.

Losses arising from judgements and claims are recorded as expenditures in the period determination of the probable loss is made. Such losses arise principally from litigation and other asserted claims as well as unasserted claims made against the Department.

NOTE C--SEGREGATION OF ACCOUNTS PAYABLE AND ENCUMBRANCES

The Department's policy, under generally accepted accounting principles, is to record as expenditures all open contracts, except major construction contracts and local assistance projects. The Department recorded as encumbrances the unexpended portion of contract amounts. Included within these encumbrances are amounts that should be classified as accounts payable. It was not practical for the Department to segregate the accounts payable portion of the expenditures from the reserve for encumbrances.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE D--COLLECTIBILITY OF AMOUNTS DUE FROM FEDERAL GOVERNMENT

The ultimate collectibility of approximately \$20,000,000 from the Federal Highway Administration could not be determined because of limited federal funds. Departmental management will decide whether to use any new federal funds to seek reimbursement of accrued eligible costs on projects in excess of existing reimbursement agreements or not yet under agreement.

NOTE E--RECONCILIATION TO STATUTORY REPORTING

The financial statements have been prepared in conformity with generally accepted accounting principles which vary in some respects from the accounting practices prescribed or permitted by the State of California.

A summary of significant differences in the governmental fund types fund equity as reported under budgetary provisions and that recorded under generally accepted accounting principles follows:

Fund equity on a statutory basis	\$805,854,826
Federal funds not yet earned in accordance with generally accepted accounting principles	(991,070,498)
Construction and local assistance projects that, in accordance with generally accepted accounting principles, have not yet been encumbered	671,830,773
Establish liability for advances from the Federal Advance Acquisition Fund	(22,430,063)
Establish liability for contingencies in accordance with generally accepted accounting principles	(9,500,000)
Establish allowance for doubtful accounts in accordance with generally accepted accounting principles	(3,700,000)
Other items	<u>11,391,941</u>
Fund equity as reported herein for all governmental fund types	<u>\$462,376,979</u>

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE E--RECONCILIATION TO STATUTORY REPORTING (Continued)

A summary of significant differences in the excess of revenues and other sources over expenditures, encumbrances and other uses of financial resources as recorded under statutory provisions and that recorded under generally accepted accounting principles follows:

Excess of revenue and other sources over expenditures, encumbrances and other uses as reported for statutory purposes to expenditures	\$ 49,592,399
Federal funds not yet earned in accordance with generally accepted accounting principles	(159,889,588)
Construction and local assistance projects that, in accordance with generally accepted accounting principles, have not yet been encumbered	144,601,091
Toll bridge revenues recorded in the current year that, in accordance with generally accepted accounting principles, were recognized in the prior year	(25,570,592)
Other items	<u>1,625,717</u>
Excess of revenue and other sources over expenditures, encumbrances and other uses as reported herein for all governmental fund types	<u>\$ 10,359,027</u>

NOTE F--REVENUE BONDS AND LOANS PAYABLE

Pursuant to resolutions of the California Toll Bridge Authority (CTBA), issuance of \$214,600,000 in revenue bonds has been authorized for construction of various toll bridges throughout the State. The bonds are secured by all revenues derived directly or indirectly from the use and operation of the toll bridges. The CTBA was abolished in 1978 and the legal responsibilities transferred to the California Transportation Commission. Bonds outstanding as of June 30, 1979 consisted of the following:

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE F--REVENUE BONDS AND LOANS PAYABLE (Continued)

San Francisco Bay Toll Bridges Revenue Bonds, Series A; due in principal amounts of \$5,000,000 annually through February, 1986; interest rates from 4.90% to 5.25%	\$ 20,000,000
Carquinez Strait Bridges Refunding Toll Bridge Revenue Bonds, Series A; \$2,620,000 due December, 1979 with remaining principal due December, 1992; interest rates from 3.25% to 3.265%	9,765,000
Antioch and Carquinez Strait Bridges 1976 Revenue Bonds; principal due in increasing annual installments from \$780,000 to \$1,430,000 through 1990, then \$21,450,000 and \$17,550,000 due in 2000 and 2005 respectively; interest rates from 6.50% to 8%	49,800,000
Richmond-San Rafael Bridge - Toll Revenue Bonds, Series A; principal due and payable September, 1992; interest at 3.875%	21,578,000
San Diego - Coronado Toll Bridge Revenue Bonds, Series A; principal due and payable July, 2003; interest at 5.25%	<u>31,190,000</u>
	<u>\$132,333,000</u>

All revenues bonds, except for the San Francisco Bay Toll Bridges and the December, 1979 payment for the Carquinez Strait Bridges are subject to redemption prior to their fixed maturity dates. All Carquinez Strait Bridges bonds remaining outstanding after December 1, 1979 will be called for redemption at a premium in accordance with the provisions of the Antioch and Carquinez Strait Bridges 1976 Revenue Bond Resolution.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE F--REVENUE BONDS AND LOANS PAYABLE (Continued)

The Department has the following loans payable as of June 30, 1979:

Richmond-San Rafael Bridge loan payable to the State General Fund; interest at 3.875%; payable from proceeds of any future bond sales of authorized but unissued bonds or refunding bonds as authorized in the bond resolution. In the event that additional bonds are not issued, principal and interest are to be paid out of tolls and other revenues of the bridge after all bonds then outstanding have been retired. The balance at June 30, 1979 of the loan payable is \$4,689,813 plus accrued interest of \$6,395,049	\$11,084,862
Vincent Thomas Bridge loan payable to the State Highway Account and others, no interest, payable from net toll revenue of the bridge after retirement of all outstanding bonds secured by the toll revenue of the bridge	<u>13,500,000</u>
	<u>\$24,584,862</u>

NOTE G--ASSETS HELD BY FISCAL AGENTS

Assets held by fiscal agents as trustees for bond holders consist of the following at June 30, 1979:

	Special Revenue <u>Funds</u>	Capital Projects <u>Funds</u>
Cash	\$ 894,585	
Certificates of deposit	2,947,802	
Deposit in Surplus Money Investment Fund		\$ 954,000
Investment in U.S. Government Securities	<u>21,693,586</u>	<u>7,401,084</u>
	<u>\$25,535,973</u>	<u>\$8,355,084</u>

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE G--ASSETS HELD BY FISCAL AGENTS (Continued)

The amounts held by the fiscal agents are equal to or in excess of amounts required by the bond resolutions.

The Department collects deposits from contractors who are performing significant contracts for the Department. These deposits will be returned to the contractors upon successful completion of the contracts. At June 30, 1979, the Department had cash of \$1,484,962 and securities of \$3,440,000 held in trust. The corresponding liability is reflected in accounts payable and other liabilities.

NOTE H--RETIREMENT PLAN

Substantially all Department employees are members of the State of California Public Employees Retirement System (PERS), which is a defined benefit, contributory retirement plan. The amount the Department 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. The Department's share of retirement contributions for the year was approximately \$41,000,000. Information is not available as to the excess, if any, of the actuarially computed value of vested benefits over the total assets of the retirement fund.

NOTE I--COMMITMENTS AND CONTINGENCIES

At June 30, 1979, the Department had commitments of approximately \$710,000,000 for construction of highways, transit facilities, and local assistance that were recorded as encumbrances for statutory purposes. Approximately 64% of the future expenditures related to these commitments are expected to be reimbursed from proceeds of approved federal grants when the actual costs are incurred and reimbursement claims filed.

The Department is party to numerous legal proceedings, many of which normally occur in governmental operations. In the opinion of the Department's legal counsel, none of the proceedings are likely to have a significant adverse impact on the Department's financial position.

The Department receives significant financial assistance from the Federal Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of applicable Federal regulations, including the expenditure of the resources for eligible cost reimbursement purposes. Substantially all assistance is subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits becomes a liability of the Department. As of June 30, 1979, the Department estimates that no significant liabilities will result from such audits.



LIABILITIES, RESERVES, AND FUND EQUITY

LIABILITIES:

	State Transportation Fund	California Environmental Protection Program Fund	Natural Disaster Assistance Fund	Toll Bridge Funds	Combining Entries	Total
Accounts payable and other liabilities	\$107,680,256		\$ 171,759	\$ 2,111,180		\$109,963,195
Accumulated vacation	36,958,398					36,958,398
Accrued liability for contingencies	9,500,000			386,138		9,500,000
Deferred revenue	34,855,469					35,241,607
Retentions on contracts	11,625,921					11,625,921
Reimbursements collected in advance	5,816,294					5,816,294
Unapplied advances	16,699,936					16,699,936
Accrued interest on bonds payable	21,374,274			1,651,916		1,651,916
Due to Federal Highway Administration	31,758,640			1,120,933	\$(31,877,362)	21,374,274
Due to other funds	276,269,188		171,759	5,270,167	(31,877,362)	1,002,211
						<u>249,833,752</u>

TOTAL LIABILITIES

RESERVES:

Encumbrances	147,384,154		1,095,540			148,479,694
Inventories	99,037,283					99,037,283
Loans receivable	11,700,000					11,700,000
Other	10,550,305		1,500,634			12,050,939
	268,671,742		2,596,174			<u>271,267,916</u>

TOTAL RESERVES

FUND EQUITY:

Designated for future programs	362,761,626					362,761,626
Undesignated	42,019,317			35,537,328		77,556,645
	404,780,943			<u>35,537,328</u>		<u>440,318,271</u>
	\$949,721,873	\$ -0-	\$2,767,933	\$40,807,495	\$(31,877,362)	<u>\$961,419,939</u>

TOTAL FUND EQUITY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND CHANGES IN  
FUND EQUITY - ALL SPECIAL REVENUE FUNDS

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

Year ended June 30, 1979

	State Transportation Fund	California Environmental Protection Program Fund	Natural Disaster Assistance Fund	Toll Bridge Funds	Combining Entries	Total
REVENUES:						
Apportionments:						
State	\$ 508,937,340					\$ 508,937,340
Federal	411,397,089		\$300,131			411,697,220
Reimbursements	70,081,252					70,081,252
Investment income	45,812,944			\$ 2,442,830		48,255,774
Real property	33,414,658					33,414,658
Toll revenue	7,289,443			59,521,123		59,521,123
Other	1,076,932,726		300,131	1,747,125		9,036,568
	<u>1,051,955,395</u>	<u>87,165</u>	<u>203,693</u>	<u>38,198,779</u>		<u>1,090,445,032</u>
EXPENDITURES AND ENCUMBRANCES:						
State operations	355,887,407	\$87,165		16,223,854		372,198,426
Capital outlay	553,514,005			178,647		553,692,652
Local assistance	142,553,983		203,693			142,757,676
Debt service	24,977,331	(87,165)	96,438	21,796,278		21,796,278
	<u>1,051,955,395</u>	<u>87,165</u>	<u>203,693</u>	<u>38,198,779</u>		<u>1,090,445,032</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	24,977,331	(87,165)	96,438	25,512,299		50,498,903
OTHER FINANCING SOURCES (USES):						
Operating transfers in	1,061,132,704	87,165	549,451	769,924	\$(1,051,560,593)	10,978,651
Operating transfers out	(1,062,863,886)	(87,165)	(645,889)	(28,096,542)	1,051,560,593	(40,045,724)
	<u>(1,731,182)</u>	<u>87,165</u>	<u>(96,438)</u>	<u>(27,326,618)</u>	<u>-0-</u>	<u>(29,067,073)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPEND- ITURES, ENCUMBRANCES AND OTHER USES	23,246,149	-0-	-0-	(1,814,319)	-0-	21,431,830
Fund equity at beginning of year	<u>381,534,794</u>	<u>-0-</u>	<u>-0-</u>	<u>37,351,647</u>	<u>-0-</u>	<u>418,886,441</u>
FUND EQUITY AT END OF YEAR	<u>\$ 404,780,943</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$35,537,328</u>	<u>\$ -0-</u>	<u>\$ 440,318,271</u>

COMBINING BALANCE SHEET - STATE TRANSPORTATION FUND

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

June 30, 1979

ASSETS

	Abandoned Railroad Account	Aeronautics Account	Bicycle Lane Account	State Highway Account	Transportation Planning and Development Account	Transportation Revolving Account	Total
Cash	\$ 757	\$ 32,703	\$ 1,199	\$ 2,500,240	\$ 1,688,774	\$ 9,069	\$ 4,232,742
Deposit in Surplus Money							
Investment Fund	6,928,600	8,217,000	1,448,500	494,366,000	30,556,000	55,566,000	597,082,100
Accrued interest	319,579	410,369	66,805	24,643,858	1,491,533		26,932,144
Receivables from sales of excess real property, abatements, and other (less allowance for doubtful accounts-\$3,700,000)							
Securities held as guarantee deposit		72,762	3,367	39,783,358		73,208	39,932,695
Due from other funds				3,440,000			3,440,000
Due from Federal Government				91,565,065	2,443,947	32,559,311	35,003,258
Due from State and local agencies and other governments				29,556,348	483,741		92,048,806
Inventories:							
Federal advance acquisition properties				22,437,552			22,437,552
Excess real property				48,783,680			48,783,680
Supplies and other				27,816,051			27,816,051
Condemnation deposits	245,600			10,304,705			10,550,305
Loans to other governmental agencies				11,906,192			11,906,192
Prepaid expenses							
	<u>\$7,494,536</u>	<u>\$8,732,834</u>	<u>\$1,519,871</u>	<u>\$807,103,049</u>	<u>\$36,663,995</u>	<u>\$88,207,588</u>	<u>\$949,721,873</u>

	Abandoned Railroad Account	Aeronautics Account	Bicycle Lane Account	State Highway Account	Transportation Planning and Development Account	Transportation Revolving Account	Total
<b>LIABILITIES, RESERVES, AND FUND EQUITY</b>							
<b>LIABILITIES:</b>							
Accounts payable and other liabilities			\$ 84,009	\$ 55,980,165	\$ 366,892	\$ 51,249,190	\$ 107,680,256
Accumulated vacation						36,958,398	36,958,398
Accrued liability for contingencies				9,500,000			9,500,000
Deferred revenue				34,855,469			34,855,469
Retentions on contracts				11,625,921			11,625,921
Reimbursements collected in advance				5,816,294			5,816,294
Unapplied advances				16,699,936			16,699,936
Due to Federal Highway Administration				21,374,274			21,374,274
Due to other funds	\$ 69,522	\$ 157,419		24,933,450	6,598,249		31,758,640
<b>TOTAL LIABILITIES</b>	<u>69,522</u>	<u>157,419</u>	<u>84,009</u>	<u>180,785,509</u>	<u>6,965,141</u>	<u>88,207,588</u>	<u>276,269,188</u>
<b>RESERVES:</b>							
Encumbrances		3,680,094	1,190,134	142,513,926			147,384,154
Inventories				99,037,283			99,037,283
Loans receivable				11,700,000			11,700,000
Other	245,600			10,304,705			10,550,305
<b>TOTAL RESERVES</b>	<u>245,600</u>	<u>3,680,094</u>	<u>1,190,134</u>	<u>263,555,914</u>			<u>268,671,742</u>
<b>FUND EQUITY:</b>							
Designated for future programs	7,179,414	4,895,321	245,728	362,761,626	29,698,854		362,761,626
Undesignated	<u>7,179,414</u>	<u>4,895,321</u>	<u>245,728</u>	<u>362,761,626</u>	<u>29,698,854</u>		<u>404,780,943</u>
<b>TOTAL FUND EQUITY</b>	<u>\$ 7,494,536</u>	<u>\$ 8,732,834</u>	<u>\$ 1,519,871</u>	<u>\$ 807,103,049</u>	<u>\$ 36,663,995</u>	<u>\$ 88,207,588</u>	<u>\$ 949,721,873</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND CHANGES IN  
FUND EQUITY - STATE TRANSPORTATION FUND

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

Year ended June 30, 1979

	Abandoned Railroad Account	Aeronautics Account	Bicycle Lane Account	State Highway Account	Transportation Planning and Development Account	Transportation Revolving Account	Total
REVENUES:							
Apportionments:							
State		\$4,093,195		\$ 498,187,789	\$ 6,656,356		\$ 508,937,340
Federal			\$128,775	410,887,912	509,177		411,397,089
Reimbursements	\$ 604,814	745,889		66,312,318	3,035,345		70,081,252
Investment income				45,067,055			45,812,944
Real property		76,381		33,414,658			33,414,658
Other	604,814	4,915,465	128,775	3,654,836	3,558,226		7,289,443
				1,057,524,568	13,759,104		1,076,932,726
EXPENDITURES AND ENCUMBRANCES:							
State operations		1,247,457		342,901,300	11,738,650		355,887,407
Capital outlay	417,522			552,729,297	367,186		553,514,005
Local assistance	417,522	4,045,687	537,131	126,898,430	11,072,735		142,553,983
		5,293,144	537,131	1,022,529,027	23,178,571		1,051,955,395
	187,292	(377,679)	(408,356)	34,995,541	(9,419,467)		24,977,331
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES							
OTHER FINANCING SOURCES (USES):							
Operating transfers in		307,227	360,000		8,904,884	\$1,051,560,593	1,061,132,704
Operating transfers out		(42,000)	360,000	(11,261,293)		(1,051,560,593)	(1,062,863,886)
		265,227		(11,261,293)	8,904,884	-0-	(1,731,182)
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES, ENCUMBRANCES AND OTHER USES	187,292	(112,452)	(48,356)	23,734,248	(514,583)		23,246,149
Fund equity at beginning of year	6,992,122	5,007,773	294,084	339,027,378	30,213,437		381,534,794
of year	\$7,179,414	\$4,895,321	\$245,728	\$ 362,761,626	\$29,698,854	\$ -0-	\$ 404,780,943
FUND EQUITY AT END OF YEAR							

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