



Joint Legislative Audit Committee  
Office of the Auditor General



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**FINANCIAL AUDIT REPORT**  
**CALIFORNIA FISCAL INFORMATION SYSTEM**  
**YEAR ENDED JUNE 30, 1979**

REPORT TO THE  
CALIFORNIA LEGISLATURE

REPORT **F-999.12**

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

999.12

FINANCIAL AUDIT REPORT  
CALIFORNIA FISCAL INFORMATION SYSTEM  
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



# California Legislature

## Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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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

October 17, 1980

999.12

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 California  
Fiscal Information System, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Romero Zamora; Gus Demas;  
Geraldine Parks; Teri Yee; Michael Tritz; and Charles Thrasher.

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
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP	
STATEMENT OF FINANCING SOURCES, EXPENDITURES, AND CHANGES IN OPERATING CLEARING - BUDGET AND ACTUAL	4
GENERAL FUND	
NOTES TO THE FINANCIAL STATEMENTS	5
OTHER INFORMATION	8

## 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 California Fiscal Information System (CFIS). This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

The Department of Finance is developing the California Fiscal Information System to implement the requirements of Chapter 1284 of the Statutes of 1978. The principle objectives of the California Fiscal Information System are: to provide timely and uniform fiscal data for state expenditures, to provide the capability for modeling and forecasting, to issue guidelines for the preparation of program budgets that will reflect each agency's activities, and to develop performance or workload measures for state agencies.

The programs of the California Fiscal Information System are supported by appropriations from the State's General Fund.

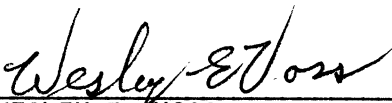
AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the combined balance sheet of the California Fiscal Information System as of June 30, 1979 and the related statement of financing sources, 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 aforementioned financial statements present fairly the financial position of the California Fiscal Information System at June 30, 1979 and the results of 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 financial statements captioned "Totals - Memorandum Only" for June 30, 1979 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 13, 1980

Staff: Curt Davis, CPA  
Romero Zamora  
Gus Demas  
Geraldine Parks  
Teri Yee  
Michael Tritz  
Charles Thrasher

CALIFORNIA FISCAL INFORMATION SYSTEM

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUP

JUNE 30, 1979

<u>ASSETS</u>	<u>Governmental Fund Type</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>General Fixed Assets</u>	<u>June 30, 1979</u>
Accounts receivable	\$ 130	\$ --	\$ 130
Expense advances to employees	3,925	--	3,925
Equipment	<u>--</u>	<u>18,270</u>	<u>18,270</u>
Total Assets	<u>\$ 4,055</u>	<u>\$18,270</u>	<u>\$ 22,325</u>
 <u>LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	<u>\$ 42,801</u>	<u>\$ --</u>	<u>42,801</u>
Encumbrances Outstanding	<u>224,886</u>	<u>--</u>	<u>224,888</u>
Fund Equity:			
Investment in general fixed assets	--	18,270	18,270
Operating clearing (Note 3)	<u>(263,632)</u>	<u>--</u>	<u>(263,632)</u>
Total Fund Equity	<u>(263,632)</u>	<u>18,270</u>	<u>(245,362)</u>
Total Liabilities, Encumbrances Outstanding, and Fund Equity	<u>\$ 4,055</u>	<u>\$18,270</u>	<u>\$ 22,325</u>

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

CALIFORNIA FISCAL INFORMATION SYSTEM

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

	<u>Budget as Adjusted</u>	<u>Actual</u>	<u>Variance</u>
Financing Sources: (Note 2)			
Support appropriations	\$2,123,698	\$ 721,546	\$(1,402,152)
Reimbursements	<u>    --</u>	<u>    130</u>	<u>    130</u>
Total Financing Sources	<u>2,123,698</u>	<u>721,676</u>	<u>(1,402,022)</u>
Expenditures: (Note 2)			
Personal services	557,308	557,273	35
Operating expenses and equipment (Note 4)	166,390	119,854	46,536
Expenses for specifying system requirements	115,000	85,393	29,607
Consultant services	230,000	204,718	25,282
Systems modifications	955,000	--	955,000
Miscellaneous services	<u>100,000</u>	<u>18,070</u>	<u>81,930</u>
Total Expenditures	<u>2,123,698</u>	<u>985,308</u>	<u>1,138,390</u>
Excess of Sources over (under) Expenditures and Other Uses	<u>\$    --</u>	(263,632)	<u>\$ (263,632)</u>
Operating Clearing - July 1		<u>    --</u>	
Operating Clearing - June 30		<u>\$(263,632)</u>	

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



CALIFORNIA FISCAL INFORMATION SYSTEM  
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 California Fiscal Information System. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments 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 and an Account Group. The California Fiscal Information System accounts for only its portion of the fund type category. 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 those accounted for in Proprietary Funds--are accounted for through governmental funds. The Governmental Fund Type for the California Fiscal Information System is the General Fund. This fund includes all financial resources accounted for by the agency.

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

Income

Throughout the fiscal year all income, except for certain reimbursements which are recorded when billed, is 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.

### Liabilities

Retirement Plan - Regular employees of California Fiscal Information System (CFIS) are members of the Public Employees' Retirement System (PERS) which is a defined benefit, contributory retirement plan. The amount CFIS 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. Retirement contributions for the year totaled \$76,102.

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

### ACCOUNT GROUP

The Account Group is used to account for general fixed assets. Assets purchased are recorded as expenditures in the appropriate fund in the year of acquisition or encumbrance. General fixed assets increased by a net of \$15,172 during the fiscal year.

## 2. BUDGETED FINANCING SOURCES AND EXPENDITURES

The amounts shown under "Budget as Adjusted" for financing sources and expenditures reflect the Governor's Budget after allowing for adjustments by the Budget Act, interim statutory changes affecting appropriations, and authorized executive budget revisions issued during the year.

## 3. OPERATING CLEARING

The Operating Clearing account is the connecting link between the records of the various state agencies and the central fund accounts maintained by the State Controller for the General Fund and other funds not accounted for entirely by one agency. The balance at June 30 represents the net assets and liabilities for which the CFIS is accountable.

4. LEASES

The following is a yearly schedule of the future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms exceeding one year as of June 30, 1979:

Year Ending June 30:

1980	\$185,492
1981	170,811
1982	170,811
1983	170,811
1984	<u>43,448</u>
Total minimum payments required	<u>\$741,373</u>

For the fiscal year ending June 30, 1979, the total rental expenses for all operating leases, except those with terms of a month or less that were not renewed, was \$194,600.

## OTHER INFORMATION

As an integral part of our examination, we reviewed the accounting procedures and related system of internal accounting control at CFIS and at the Department of Finance and the Department of General Services (which maintain the system's accounting records) to the extent we considered necessary to properly form an opinion concerning the fairness with which the California Fiscal Information System's financial statements present financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

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