



CITY OF SACRAMENTO

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DEPARTMENT OF FINANCE
915 I STREET
ROOM 112
SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5738

CITY MANAGER'S OFFICE
RECEIVED
MAR 4 1980

JACK R. CRIST
DIRECTOR OF FINANCE
FRANK MUGARTEGUI
ASSISTANT DIRECTOR

March 4, 1980

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Capitol Area Development Authority-
Annual Financial Report

SUMMARY

The 1978-79 Annual Financial Report of the Capitol Area
Development Authority is attached.

The Annual Financial Report is for the Council's information
only. No action is required.

Respectfully submitted,

Jack R. Crist
Director of Finance

FOR INFORMATION ONLY:

Walter J. Slipe
City Manager

JRC/bb
FA:80105

cc: Ronald G. Rule
Executive Director, CADA

FILED
By the City Council
Office of the City Clerk
REFER TO
BUO/FIN comm.
MAR 11 1980

**CAPITAL
AREA
DEVELOPMENT
AUTHORITY**

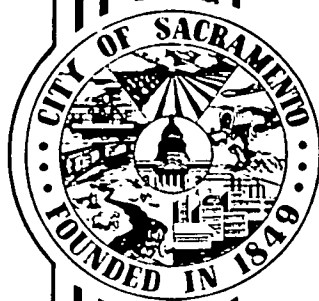
Annual Financial Report

1978~79

CAPITOL AREA DEVELOPMENT AUTHORITY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1979

TABLE OF CONTENTS

	Page
<u>INTRODUCTION SECTION</u>	
Transmittal Letter	1
Board Members	2
Accountant's Report	3
<u>FINANCIAL SECTION</u>	
Balance Sheet	4
Statement of Revenues and Expenditures	5
Statement of Changes in Authority Equity	6
Notes to Financial Statements	7-8



CAPITOL AREA DEVELOPMENT AUTHORITY INTRODUCTORY

Annual Financial Report



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

915 I STREET
ROOM 112

SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 448-5738

JACK R. CRIST
DIRECTOR OF FINANCE
FRANK MUGARTEGUI
ASSISTANT DIRECTOR

December 10, 1979

Capitol Area Development Authority Governing Board
Sacramento, California

Honorable Members of the Board:

In accordance with Section 24 of the Joint Exercise of Powers Agreement, dated July 1, 1978, transmitted herewith is the Annual Financial Report of the Capitol Area Development Authority for the period July 1, 1978 (inception) to June 30, 1979.

In addition, the transactions of the Authority have been audited by external auditors whose report is also included herein.

Respectfully submitted,

Jack R. Crist
Director of Finance

GOVERNING BOARD OF THE CAPITOL AREA DEVELOPMENT AUTHORITY

Joseph E. Coomes, Jr.

Dave McMurtry

Sister Sheila Walsh

Bonnie Fitzpatrick

John Witzel

Ronald G. Rule
Executive Director

November 9, 1979

The Governing Board
Capitol Area Development Authority
Sacramento, California

We have examined the balance sheet of Capitol Area Development Authority as of June 30, 1979 and the related statement of operations and changes in financial position from July 1, 1978 (inception) to June 30, 1979. Except as set forth in the following paragraph, 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.

As described in Note E, we were unable to satisfy ourselves as to rental receipts from November 1, 1978 to May 31, 1979. The Authority's records do not permit the application of adequate alternative procedures regarding rental receipts which enter materially into the determination of accounts receivable, security deposits payable and Authority equity.

Since we were unable to satisfy ourselves as to rental receipts from November 1, 1978 to May 31, 1979, as noted in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above.

Touche Ross & Co.
Certified Public Accountants



CAPITOL AREA DEVELOPMENT
AUTHORITY
FINANCIAL SECTION

Annual Financial Report

CAPITOL AREA DEVELOPMENT AUTHORITY

BALANCE SHEET

JUNE 30, 1979

ASSETS	
Cash and investments	\$425,297
Accounts receivable	34,645
Prepaid insurance	<u>8,210</u>
TOTAL ASSETS	<u>\$468,152</u>
LIABILITIES AND AUTHORITY EQUITY	
Liabilities:	
Accounts payable and accrued expenses	\$ 39,756
Security deposits	42,468
Encumbrances outstanding	<u>898</u>
Total liabilities	<u>83,122</u>
Authority equity:	
Contributed capital	135,000
Accumulated excess revenues	<u>250,030</u>
Total authority equity	<u>385,030</u>
TOTAL LIABILITIES AND AUTHORITY EQUITY	<u>\$468,152</u>

See notes to financial statements.

CAPITOL AREA DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES
FROM JULY 1, 1978 (INCEPTION) TO JUNE 30, 1979

Revenues:

Rental of real property	\$701,282
Insurance fees and charges	3,600
Revenue from other agencies - State	5,933
Interest on investments	14,634
Miscellaneous	<u>59</u>
	<u>725,508</u>

Expenditures and encumbrances:

Employees services	103,687
Management fees	167,660
Services and supplies	184,942
Machinery and equipment	<u>19,189</u>
	<u>475,478</u>

Excess of revenue over expenditures and encumbrances	<u>\$250,030</u>
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See notes to financial statements.

CAPITOL AREA DEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN AUTHORITY EQUITY
FROM JULY 1, 1978 (INCEPTION) TO JUNE 30, 1979

	<u>Total</u>	<u>Contributed Capital</u>	<u>Accumulated Excess Revenue</u>
Balance, July 1	\$ -0-	\$ -0-	\$ -0-
Contribution advance from State of California	135,000	135,000	
Excess of revenues over expenditures and encumbrances	<u>250,030</u>	_____	<u>250,030</u>
Balance, June 30	<u>\$385,030</u>	<u>\$135,000</u>	<u>\$250,030</u>

See notes to financial statements.

CAPITOL AREA DEVELOPMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 FROM JULY 1, 1978 (INCEPTION) TO JUNE 30, 1979

Note A - Summary of Significant Accounting Policies

General:

The Capitol Area Development Authority was created, pursuant to Article I of Chapter 2.8 of Division I of Title 2 of the Government Code of the State of California, by Resolution of the City Council No. 78-478, dated July 11, 1978 and by agreement No. 78009, dated July 1, 1978, between the City of Sacramento and the State of California. The Capitol Area Development Authority serves as "Master Developer" of the capitol area to coordinate and implement efforts of the City and State governments, to manage 60 State-owned commercial and 750 residential properties, and to finance the construction of State-owned parking garages. Although the Capitol Area Development Authority did not begin operations until October 1, 1978, it was officially formed July 1, 1978. The Authority is governed by a five-member board appointed by the City and the State of California.

Accounting Methods:

The fiscal records of the Authority are maintained by the City of Sacramento as an agency fund on the modified accrual basis of accounting. Modifications from the accrual basis are as follows:

- 1) Revenues are recorded when received in cash except for material revenues susceptible to accrual and material revenues that are not received at the normal time of receipt. No such material revenues were accrued at June 30, 1979.
- 2) Expenditures are recorded on the accrual basis except for encumbrances which are recorded as expenditures (encumbrance method of accounting).

Cash and Investments with City Treasurer:

The City Treasurer of the City of Sacramento is the fiscal agent for the Capitol Area Development Authority. The City follows the practice of pooling cash and investments for all funds and is represented by demand deposits, repurchase agreements, negotiable certificates of deposit, commercial paper, street improvement bonds, and U.S. Government Securities, stated at amortized cost which approximates market.

Property, Plant and Equipment:

Fixed assets are not recorded on the books of the Authority nor is accountability for such assets maintained. Generally, these assets are owned by the State of California and are included in the State fixed asset accountability system.

Vacation and Sick Leave:

Vacation and sick leave is recorded as an expenditure in the year paid. Accruals for vacation and sick leave at June 30, 1979 were \$4,641, and \$6,652, respectively.

Note B - Lease of State Owned Real and Personal Property

The Authority leases real and personal property located in the City of Sacramento from the State of California under a sixty (60) year operating lease, dated September 29, 1978, commencing November 1, 1978, and terminating on October 31, 2038. The State of California may terminate the lease in whole or as to any portion at any time by giving the Authority notice in writing at least one hundred and eighty (180) days prior to the date when any such termination shall be effective.

Note C - Insurance Coverage

Coverage	Description	Expiration Date
1) All Risk Property	Blanket coverage on all buildings, furniture, and fixtures (blanket amount of \$17,838,930). \$1,000 deductible per occurrence.	November 1, 1981
2) Primary Liability	Comprehensive general liability with a limit of \$500,000 per occurrence.	November 1, 1981
3) Excess Liability	\$2 million excess of \$500,000	November 1, 1979
4) Public Official Bond	\$50,000 coverage on acts of officers of the Authority and the Executive Director. Includes a faithful performance bond.	November 1, 1979
5) Honesty Bond	Covers acts of apartment house managers (including a fidelity bond) who collect rents, \$10,000 per covered person.	November 1, 1979
6) Directors and Officers Liability	\$300,000 per occurrence, \$1,000 per person deductible.	December 13, 1979

Note D - Pension Plan

Substantially all full-time employees of the Authority are covered by the State of California Public Employees Retirement System (P.E.R.S.). The benefit formula is "2% at age 60" based on final three (3) years average compensation. Contribution rates are as follows:

Employee	7.000%
Employer	7.775%

These rates are temporary in order to facilitate initial system membership and will be revised at a later date.

During fiscal year 1978-79, pension expense of the Authority was \$6,134. Additionally, employees contributed \$6,134 to the plan during fiscal year 1978-79. The unfunded actuarial obligation was not available from P.E.R.S.

Note E - Rental Receipts

Rental receipts for residential rentals from November 1, 1978 to May 31, 1979, were collected by outside management companies. We were unable to review the evidential matter to support these receipts and the Authority's records do not permit alternative procedures regarding these rental receipts.

Rental receipts enter materially in the determination of rental accounts receivable, security deposits payable and authority equity.



CITY OF SACRAMENTO

OFFICE OF THE CITY CLERK

915 I STREET

CITY HALL ROOM 203

SACRAMENTO, CALIFORNIA 95814

TELEPHONE (916) 449-5426

LORRAINE MAGANA
CITY CLERK

MEMORANDUM

TO: BUDGET AND FINANCE COMMITTEE

FROM: JACI PAPPAS, ACTING CITY CLERK

SUBJECT: REFERRAL OF ITEM NO. 41, AGENDA OF MARCH 11, 1980

DATE: MARCH 12, 1980

Pursuant to Council action, the following subject matter is referred to your committee for hearing, report and recommendation: Capitol Area Development Authority (CADA) - Annual Financial Report.

cc: City Manager
Director of Finance