

**CITY AND COUNTY OF SAN FRANCISCO**

Report to Government Audit and Oversight Committee  
Year Ended June 30, 2015



Certified  
Public  
Accountants

**CITY AND COUNTY OF SAN FRANCISCO**  
Report to Government Audit and Oversight Committee  
Year Ended June 30, 2015

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Government Audit and Oversight Committee  
Mr. Ben Rosenfield, Controller  
City and County of San Francisco  
San Francisco, California

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and County of San Francisco, California (City), as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Other auditors audited the financial statements of the San Francisco County Transportation Authority, San Francisco International Airport, San Francisco Water Enterprise, Hetch Hetchy Water and Power, San Francisco Municipal Transportation Agency, San Francisco Wastewater Enterprise, and the Health Service System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider items 2015-001 and 2015-002 in the Current Year Recommendations section to be significant deficiencies.

The City's responses to the recommendations are also described in the accompanying Current Year Recommendations section. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them. In addition, we would be pleased to discuss the recommendations in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

In addition, we have provided a status of the prior recommendations made by us.

Professional auditing standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and U.S. Office of Management and Budget (OMB) Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our Audit Service Plan to you dated September 17, 2015. Professional standards also require that we communicate to you other information related to our audit as discussed in the Required Communications section.

We would like to thank City management and staff for the courtesy and cooperation extended to us during the course of our engagement.

The accompanying required communications, management comments, and recommendations are intended solely for the information and use of the Government Audit and Oversight Committee, Board of Supervisors, City management, and others within the organization, and are not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Walnut Creek, California  
November 23, 2015

**CITY AND COUNTY OF SAN FRANCISCO**  
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**REQUIRED COMMUNICATIONS**

**Significant Audit Findings**

**I. Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 2 to the financial statements. As described in Note 2(s) to the financial statements, the City changed accounting policies related to the following:

- ***GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68***

These statements address the accounting and financial reporting requirements for the City’s pension benefits. The cumulative effect of applying these statements is reported as a restatement of beginning net position as of July 1, 2014. As of July 1, 2014, the City restated its beginning net position to record the beginning net pension liability and beginning deferred outflows of resources related to pensions as follows:

	<b>Net Position, at Beginning of Year</b>		
	<b>As Previously Reported</b>	<b>Change in Accounting Principle</b>	<b>As Restated</b>
Primary Government:			
Governmental Activities.....	\$ 2,341,631	\$ (1,879,347)	\$ 462,284
Business-Type Activities:			
San Francisco International Airport.....	266,757	(205,769)	60,988
San Francisco Water Enterprise.....	654,212	(155,107)	499,105
Hetch Hetchy Water and Power.....	513,550	(37,755)	475,795
Municipal Transportation Agency.....	2,686,060	(429,446)	2,256,614
General Hospital Medical Center.....	(50,570)	(311,922)	(362,492)
San Francisco Wastewater Enterprise.....	1,181,867	(69,147)	1,112,720
Port of San Francisco.....	371,289	(30,469)	340,820
Laguna Honda Hospital.....	394,695	(130,368)	264,327
Total Business-Type Activities.....	6,017,860	(1,369,983)	4,647,877
Total Primary Government.....	\$ 8,359,491	\$ (3,249,330)	\$ 5,110,161
Successor Agency Private-Purpose Trust Fund....	\$ (439,637)	\$ (22,407)	\$ (462,044)

- ***GASB Statement No. 69 – Government Combinations and Disposals of Government Operations***

This statement establishes accounting and financial reporting standards for governments that combine or dispose of their operations. The City’s adoption of this statement did not have a significant impact on its financial statements for the year ended June 30, 2015.

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**REQUIRED COMMUNICATIONS (Continued)**

**I. Qualitative Aspects of Accounting Practice (Continued)**

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- a) Fair value of investments (including investment derivatives) and related net appreciation in the fair value of investments in the pension trust fund;
- b) Accrual and disclosure of claims liabilities;
- c) Estimated contractual adjustments and bad debt allowances for patient accounts receivable;
- d) Cost report settlement receivables and payable;
- e) Estimated bad debt allowance for accounts and loans receivable;
- f) Accrual of compensated absences;
- g) Depreciation estimates for capital assets, including depreciation methods and useful lives assigned to depreciable properties;
- h) Pension plans' employer and employee contribution requirements and the net pension liability of the pension plans;
- i) Other postemployment benefit plans contribution requirements and funded status information; and
- j) Estimated pollution remediation costs.

Management's judgments and estimates were based on the following:

- a) Management's estimate of the fair value of investments in the pension trust fund is discussed in Note 2(d) to the financial statements.
- b) Reserves for workers' compensation and general liability claims were based on actuarial evaluations using historical loss and other data. Reserves for other claims liabilities were determined by the City Attorney's judgment about the ultimate outcome of the claim.
- c) Estimated bad debt allowances for patient accounts receivable were based on historical experience. See d) below for basis for contractual adjustments.
- d) Estimated contractual adjustments and cost report balances were based on prior cost report adjustments, previous regulatory settlements, and potential future retrospective adjustments.
- e) Estimated bad debt allowance for accounts receivable was based on historical experience and loans receivable was based on the type of loan (e.g., forgivable, deferred, grant or amortizing) and management's estimate regarding the likelihood of collectability based on loan provisions and collateral.

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**REQUIRED COMMUNICATIONS (Continued)**

**I. Qualitative Aspects of Accounting Practice (Continued)**

- f) Accrual of compensated absences is based on unused employee sick leave and vacation and the employees' pay rates at year-end.
- g) Useful lives for depreciable property were determined by management based on the nature of the capital asset. The City uses the straight line method of depreciation and three different conventions for the amount of first-year depreciation based on the departments that purchased the capital assets.
- h) Pension plans' employer and employee contribution requirements and the net pension liability of the pension plans are based on actuarial calculations performed by the City's independent actuaries.
- i) The actuarial other postemployment benefits data, including the funded status and required contributions of the plans, are based on actuarial calculations performed by the City's independent actuaries.
- j) Estimated pollution remediation costs are based on reports from independent consultants.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial reporting units (opinion units) that collectively comprise the City's basic financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures related to pension benefits and other postemployment benefits. The disclosures about pension benefits and other postemployment benefits are described in Note 9 to the financial statements and are based on actuarial valuations.

The financial statement disclosures are neutral, consistent, and clear.

**II. Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**III. Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to each opinion unit's financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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**REQUIRED COMMUNICATIONS (Continued)**

**IV. Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**V. Management Representations**

We have requested certain representations from management that are included in the management representation letter dated November 23, 2015.

**VI. Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**VII. Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

**VIII. Required Supplementary Information**

We applied certain limited procedures to management's discussion and analysis, the schedules of net pension liability for defined benefit plans, the schedule of funding progress for postemployment healthcare benefit plans, and the schedules of employer contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**IX. Other Supplementary Information**

We were engaged to report on the combining fund financial statements and schedules and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the



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**REQUIRED COMMUNICATIONS (Continued)**

**IX. Other Supplementary Information (Continued)**

information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections of the comprehensive annual financial report, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

**X. Other Information in Documents Containing Audited Financial Statements**

During the year, the City included its audited basic financial statements in various debt offering documents (e.g., official statements). We do not have an obligation to perform any procedures to corroborate other information contained in such debt offering documents. We were not associated with and did not have any involvement with such documents. Accordingly, we did not perform any procedures on these documents and provide no assurance as to the other information contained in the debt offering documents.

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**CURRENT YEAR RECOMMENDATIONS**

**Item 2015-001 – Information Technology Governance**  
*Significant Deficiency*

**Criteria:**

A top-down governance structure is integral to providing direction and establishing an entity's control environment by issuing enterprise-wide policies and procedures. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) standards, for example, require that the top-level of governance establish policies and procedures for its entire organization. Because such policies and procedures may not address all of the needs and limitations of an organization's entities, the standards also allow for local policies and procedures or desk top manuals to exist. However, these local documents need to have the approval of the top governance authority to ensure that the top governance structure is aware of, and agrees with, the local controls that are being instituted. Additionally, the COSO framework standards encourage that continual monitoring of these controls exist to ensure that the documented controls are followed and function as intended.

**Condition:**

The City operates under a decentralized structure wherein departments independently establish information technology (IT) policies and procedures according to their operations. This decentralized IT environment has contributed to inconsistent IT controls being utilized throughout the City's IT environment.

As part of our financial statements audit, we evaluated the City's general information technology environment and controls. Our review included evaluating controls over IT governance, computer operations, and system security of key networks and financial reporting applications. We noted that within the City's current IT environment, top-down governance is minimal because the set-up and monitoring of all department-controlled networks and applications reside with the departments. As a result, variations exist in IT policies and procedures among City departments. Examples of variations include:

- User access rights within the various software applications
- Password control configurations
- Change management process

To provide overall technology direction for departments, the City appointed the Committee on Information Technology (COIT) with the leadership role in making policy recommendations and establishing long-range plans to ensure a consistent level of service. Although COIT is increasingly aware of the current IT environment and plans to establish itself as the formalized top-down IT governance structure within the City, many of the policies developed by COIT remain in draft form.

In addition, general computer controls over the access to programs and data require that network and application security controls be implemented to assure administrative, master, and super user activities are proper and authorized, and to safeguard information technology resources and data. The City does not have policies to regularly review high-level user activities.

**Cause:**

The City continued to experience turnover in key positions in the Department of Technology (Chief Information Officer and Chief Technology Officer).

**Effect:**

The current decentralized IT environment has contributed to inconsistent IT controls being utilized throughout the City's IT environment.

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**CURRENT YEAR RECOMMENDATIONS (Continued)**

**Item 2015-001 – Information Technology Governance (Continued)**

**Recommendation:**

We recommend that the City prioritize the drafting and release of formal information technology policies and procedures to be used as a guideline by all City departments to establish basic level IT controls citywide.

The City should also develop policies and implement procedures for regular reviews of high-level user activities. The reviews should be performed by a position outside of the chain of command of these users with high-level access and should be pursuant to guidelines and criteria that would aid in identifying the nature of the activities.

**Management Response and Corrective Action:**

In June 2015 the Architecture Policy and Review Board (APRB) was created as a working group to prioritize which policies and standards need to be considered for update or creation, assign ad hoc working groups with subject matter experts to formulate draft policies and standards, and submit draft recommendations for policies and standards to the COIT for final approval. With the implementation of the City's new central financial system scheduled for July 2017, APRB is working with the City CIO and COIT Chair as well as the Financial System Oversight Committee to incorporate IT policies and standards specific to this new system. The formal information technology policies and procedures establishing basic level IT controls citywide is expected to be released by January 2017.

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**CURRENT YEAR RECOMMENDATIONS (Continued)**

**Item 2015-002 – Year-End Closing Process**  
*Significant Deficiency*

**Criteria:**

Generally accepted accounting principles require that transactions be recorded in the fiscal period in which the financial event occur. Generally, expenditures are recorded when a liability is incurred.

**Condition:**

Certain City departments utilize the accounting services of the General Services Agency (GSA) to record financial transactions into the City's general ledger. The process often begins with a request and approval from the department to the GSA, who then reviews and inputs the entries into the system.

For year-end financial reporting, the costs of all services and purchases received or rendered by the City should be captured in the financial statements in accordance with generally accepted accounting principles. During the audit, we noted the following:

- A receivable of \$1,256,610 for concessions revenues for June 2015 was not recorded by the Convention Facilities Fund.
- Three expenditure transactions totaling \$344,434 for the Treasure Island Development Authority (TIDA) that were incurred prior to fiscal year 2014-15 were not recorded until fiscal year 2014-15.
- A prepayment of \$10,559 of permit fees for TIDA relating to fiscal year 2015-16 was fully expensed in fiscal year 2014-15.

These transactions relate to departments that do not have their own fiscal staff, and thus require the GSA's assistance in recording fiscal transactions in the City's general ledger.

**Cause:**

Communication between GSA and the departments that utilize GSA's accounting services appear inadequate. Year-end accruals were not communicated in a timely manner.

**Effect:**

The missing accruals were identified through the Controller's Office's internal review and our audit procedures. While the adjustments were not considered material to the City's financial statements as a whole, resolution of such adjustments required additional time and resources that could potentially delay the City's financial reporting process.

**Recommendation:**

We recommend that the GSA and affected departments establish communication protocols such that all necessary entries are captured for year-end financial reporting within the City's internal closing timeline. As the main accounting function for other departments, the GSA may consider developing analytical procedures to proactively identify potential adjustments that need to be made at year-end.

**Management Response and Corrective Action:**

The Controller's Office will work with the General Services Agency to implement a process to ensure that the necessary year-end financial entries are identified and accurately recorded within the City's internal closing timeline.

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**CURRENT YEAR RECOMMENDATIONS (Continued)**

**Item 2015-A – Uniform Guidance for Federal Awards**  
*Informational*

**Criteria:**

The Office of Management and Budget (OMB) published new guidance for federal award programs, *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, commonly referred to as the “Uniform Guidance” on December 26, 2013. The new guidance is a key component of a larger federal effort to more effectively focus federal grant resources on improving performance and outcomes while ensuring the financial integrity of taxpayer dollars. By streamlining eight federal circulars into a single, comprehensive policy guide, governments can better administer grants and other types of financial assistance by decreasing the administrative burden for recipients and reducing the risk of waste, fraud and abuse.

**Condition:**

Federal agencies must implement policies and procedures by promulgating regulations to be effective December 26, 2014. The City must apply the requirements of the Uniform Guidance to any new federal awards made on or after December 26, 2014 and to additional funding increments to existing awards made on or after that date. Of particular importance are the provisions for internal controls, indirect costs, procurement, time and effort reporting, and subrecipient monitoring.

**Recommendation:**

We recommend the City analyze the Uniform Guidance and work closely with its grantor agencies to determine what compliance requirements have changed beginning on December 26, 2014. Because many individuals among multiple departments of the City may be involved with the administration of federal grants, the City may want to consider forming a central Uniform Guidance taskforce to assist in assessing the City’s internal controls, policies, and procedures that may need to be amended to ensure compliance with Uniform Guidance requirements. The Council on Financial Assistance Reform (COFAR) and OMB have conducted webcasts about the Uniform Guidance, which are now archived at [www.cfo.gov/COFAR](http://www.cfo.gov/COFAR). COFAR has also published Frequently Asked Questions for New Uniform Guidance at 2 CFR 200, which may provide additional guidance to the City.

**Management Response:**

The City is committed to ensuring full compliance with the new federal requirements and has communicated to all City departments and nonprofit subrecipients receiving federal funds that the requirements for Federal Awards have changed. The Controller’s Office and the City’s external auditors conducted training workshops for City Department staff as well as the nonprofit subrecipients. In addition, a Grants and Gifts taskforce was created as a working group to review policies and procedures and to make recommendations for implementing the new standards.

The Citywide NonProfit Monitoring and Capacity Building Program monitors the fiscal and administrative compliance of the nonprofit organizations providing critical services throughout the City. Information is available on their website to support nonprofit organizations in complying with the standards set and reviewed during monitoring visits as well as procedural manuals on understanding the OMB’s Uniform Guidance.

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**CURRENT YEAR RECOMMENDATIONS (Continued)**

**Item 2015-B – New Other Postemployment Benefits Accounting Standards**  
*Informational*

**Criteria:**

Postemployment benefits other than pensions (OPEB) principally involve health care benefits, but also may include life insurance, disability, legal and other services. In June 2015, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which are intended to improve the accounting and financial reporting by state and local governments for postemployment benefits (hereinafter referred to as the “OPEB Standards”).

The OPEB Standards are designed to improve the information reported on OPEB for decision-making and accountability purposes, comparability across governments, and transparency for those who avail themselves to it. They also are designed to equip state and local government policy makers and all users of governmental financial reports with information that would allow them to obtain a more comprehensive understanding of a government’s financial position.

**Condition:**

The new OPEB Standards parallel the recently adopted pension standards under GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and intend to bring about fundamental changes in how OPEB is accounted for and reported. Similar to the changes made to the pension standards, these new OPEB Standards provide a more comprehensive picture of what state and local governments have committed to their employees and the associated costs. Accordingly, the OPEB standards will affect the City’s financial statements in the following ways:

- Change how the long-term obligation and the annual expense of OPEB are measured,
- Recognize the net OPEB liability on the face of the financial statements, and
- Present more extensive note disclosures and related supplemental schedules.

The provisions in GASB Statement No. 74 affecting OPEB plans are effective for the fiscal year ending June 30, 2017. The provisions in GASB Statement No. 75 affecting employers that provide OPEB benefits are effective for the fiscal year ending June 30, 2018.

**Recommendation:**

The City should begin assessing the impacts of the new OPEB Standards and develop a plan to implement the new accounting and financial reporting requirements. In addition, the City should work closely with its OPEB administrator, actuaries, and auditors to ensure that all relevant parties are involved in the process that ultimately affect its successful implementation.

**Management Response:**

The City is currently assessing the impacts of the new OPEB standards and will implement GASB 74 in the fiscal year ending June 30, 2017. The City will implement GASB 75 in the fiscal year ending June 30, 2018.

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**STATUS OF PRIOR YEAR RECOMMENDATION**

<b>Reference Number:</b>	<b>2014-001 Information Technology Governance</b> <i>Significant Deficiency</i>
Finding/ Comment:	The City operated under a decentralized structure wherein departments independently establish information technology (IT) policies and procedures according to their operations. This decentralized IT environment contributed to inconsistent IT controls being utilized throughout the City's IT environment. We recommended that the City prioritize the drafting and release of formal information technology policies and procedures to be used as a guideline by all City departments to establish basic level IT controls citywide.
Status of Corrective Action:	Corrective action has not been implemented. See current year recommendation 2015-001.

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**UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS**

Index	Fund Type	Description	STATEMENT OF NET POSITION / BALANCE SHEET			STATEMENT OF CHANGES IN NET POSITION/ FUND BALANCE	
			Assets DR (CR)	Liabilities DR (CR)	Net Position DR (CR)	Revenue DR (CR)	Expenses DR (CR)
<b>BUSINESS-TYPE ACTIVITIES</b>							
BA1	Business-Type Activities	Effect of net adjustments from SF General Hospital (see below)	\$ 11,124,011	\$ -	\$ (6,042,996)	\$ (5,081,015)	\$ -
	Business-Type Activities	Effect of net adjustments from Laguna Honda Hospital (see below)	1,394,848	-	(766,964)	(627,884)	-
		<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 12,518,859</b>	<b>\$ -</b>	<b>\$ (6,809,960)</b>	<b>\$ (5,708,899)</b>	<b>\$ -</b>
<b>SAN FRANCISCO GENERAL HOSPITAL</b>							
SFGH1	SF General Hospital	Interest and other receivable	\$ 6,306,446	\$ -	\$ -	\$ -	\$ -
	SF General Hospital	Net patient service revenue	-	-	-	(6,306,446)	-
		<i>To adjust understatement of DSRIP revenue related to program revenue 2014-2015.</i>					
SFGH2	SF General Hospital	Net position - Beginning	-	-	2,433,799	-	-
	SF General Hospital	Net patient service revenue	-	-	-	(2,433,799)	-
		<i>To correct the overstatement of the MAA receivable.</i>					
SFGH3	SF General Hospital	Receivables - Charges for services	2,817,565	-	-	-	-
	SF General Hospital	Net patient service revenue	-	-	-	2,730,462	-
	SF General Hospital	Net position - Beginning	-	-	(5,548,027)	-	-
		<i>To accrue FY 2015 revenue recorded in FY 2016; and reverse FY 2014 revenue recorded in FY 2015.</i>					
SFGH4	SF General Hospital	Receivables - Charges for services	2,000,000	-	-	-	-
	SF General Hospital	Net patient service revenue	-	-	-	(2,000,000)	-
		<i>To reverse contractual allowance cushion.</i>					
SFGH5	SF General Hospital	Net patient services revenue	-	-	-	2,928,768	-
	SF General Hospital	Net position - Beginning	-	-	(2,928,768)	-	-
		<i>To reverse prior year adjustment - to recognize unrecorded revenues as a result of system errors.</i>					
		<b>TOTAL SAN FRANCISCO GENERAL HOSPITAL</b>	<b>\$ 11,124,011</b>	<b>\$ -</b>	<b>\$ (6,042,996)</b>	<b>\$ (5,081,015)</b>	<b>\$ -</b>



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**UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS (Continued)**

Index	Fund Type	Description	STATEMENT OF NET POSITION / BALANCE SHEET			STATEMENT OF CHANGES IN NET POSITION/ FUND BALANCE	
			Assets DR (CR)	Liabilities DR (CR)	Net Position DR (CR)	Revenue DR (CR)	Expenses DR (CR)
<b>LAGUNA HONDA HOSPITAL</b>							
LHH1	Laguna Honda Hospital	Accounts receivable	\$ 920,040	\$ -	\$ -	\$ -	\$ -
	Laguna Honda Hospital	Net patient service revenue	-	-	-	(153,076)	-
		Beginning net position	-	-	(766,964)	-	-
		<i>To accrue FY15 patient services revenues and receivables recorded in FY16 and the effect of FY14 revenues recorded in FY15.</i>					
LHH2	Laguna Honda Hospital	Accounts receivable	474,808	-	-	-	-
	Laguna Honda Hospital	Net patient service revenue	-	-	-	(474,808)	-
		<i>To adjust the reported receivable balance to match the balance in the Invision patient accounting system.</i>					
		<b>TOTAL LAGUNA HONDA HOSPITAL</b>	<b>\$ 1,394,848</b>	<b>\$ -</b>	<b>\$ (766,964)</b>	<b>\$ (627,884)</b>	<b>\$ -</b>
<b>TIDA</b>							
TIDA1	TIDA	Net Position	\$ -	\$ -	\$ 344,434	\$ -	\$ -
	TIDA	Expense	-	-	-	-	(344,434)
		<i>To adjust expense recorded in FY15 but incurred in prior fiscal years to the proper periods.</i>					
		<b>TOTAL TIDA</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 344,434</b>	<b>\$ -</b>	<b>\$ (344,434)</b>
<b>OTHER AGGREGATE REMAINING FUND</b>							
OTHER 1	3C - Capital project	Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ 10,092,223
	3C - Capital project	Net Position	-	-	(10,092,223)	-	-
		<i>To adjust capital outlay and net position due to CY catchup adjustment of capitalized asset.</i>					
OTHER 2	4D - Debt service	Debt service - principal retirement	-	-	-	-	16,245,525
	4D - Debt service	Other financing uses - payment to refunded bond escrow agent	-	-	-	-	(16,245,525)
		<i>To reclassify use of City funds to refund prior bonds as debt service payment.</i>					
		<b>TOTAL OTHER AGGREGATE REMAINING FUND</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (10,092,223)</b>	<b>\$ -</b>	<b>\$ 10,092,223</b>