

Office of the City Auditor

City of San Diego

Performance Audit of the Zoological Exhibits Fund

**Changes Are Needed to Improve Fund
Budgeting, Operations, and Transparency**

Presentation to the Audit Committee

May 13, 2013



Objectives

1. Evaluate the operations and processes related to the Zoological Exhibits Fund; and
2. Assess the extent to which the Zoo's expenditures of City property tax revenues are transparent and accountable.

Background

Legal History

San Diego City Charter Section 77a approved by voters in 1934:

“The Council shall levy. . .not less than two cents (\$0.02) on each one hundred (\$100) of the assessed valuation of the real and personal property within the City, to be used exclusively for the maintenance in Balboa Park of zoological exhibits.”



Background

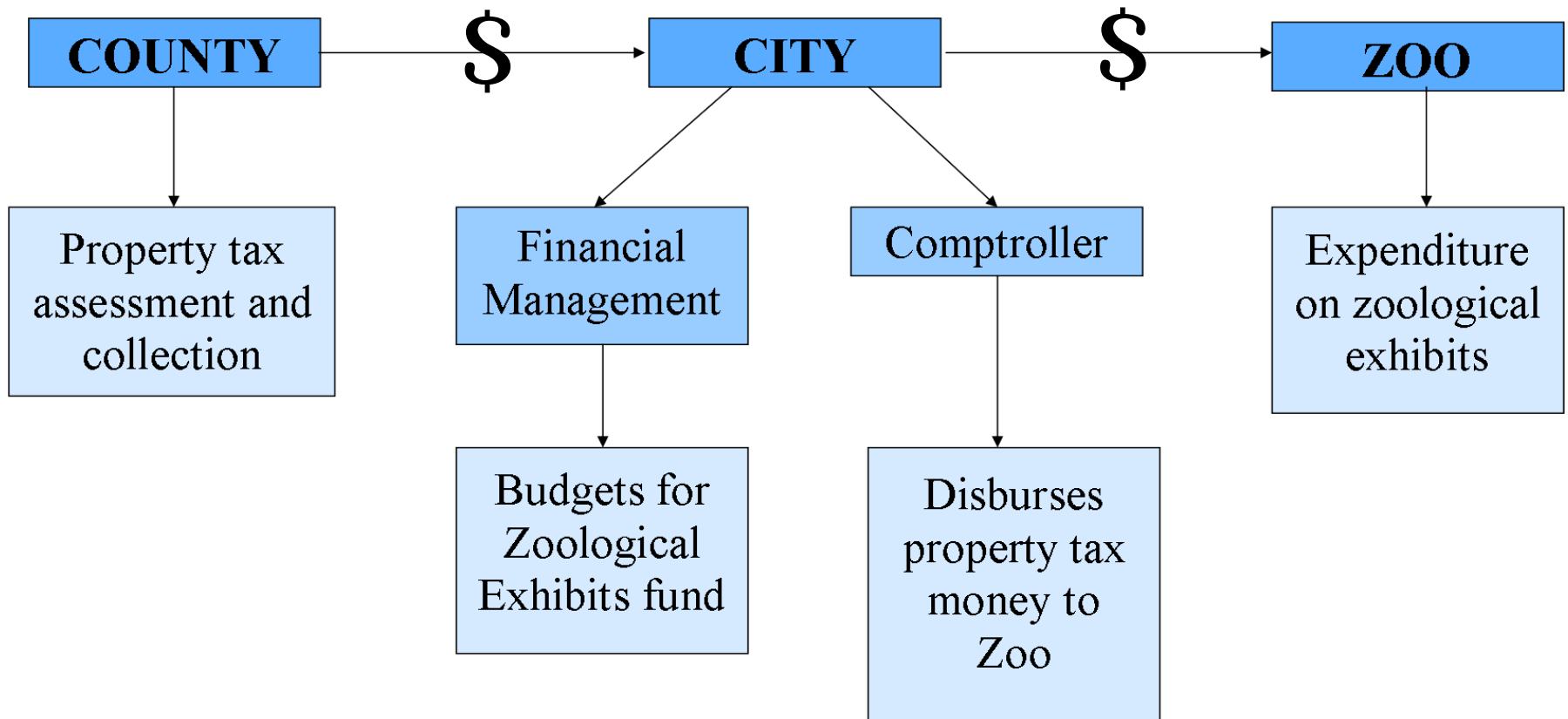
Legal History



- 1981-present: CA Revenue and Taxation Code Section 135 adjusted rate to \$0.005 per \$100 of assessed value
- 1979 lease agreement with Zoo reiterates Section 77a monies to be used exclusively for maintenance of zoological exhibits
- Several City Attorney opinions reiterate City's obligation and required use of Section 77a funds

Background

Charter Section 77a Process

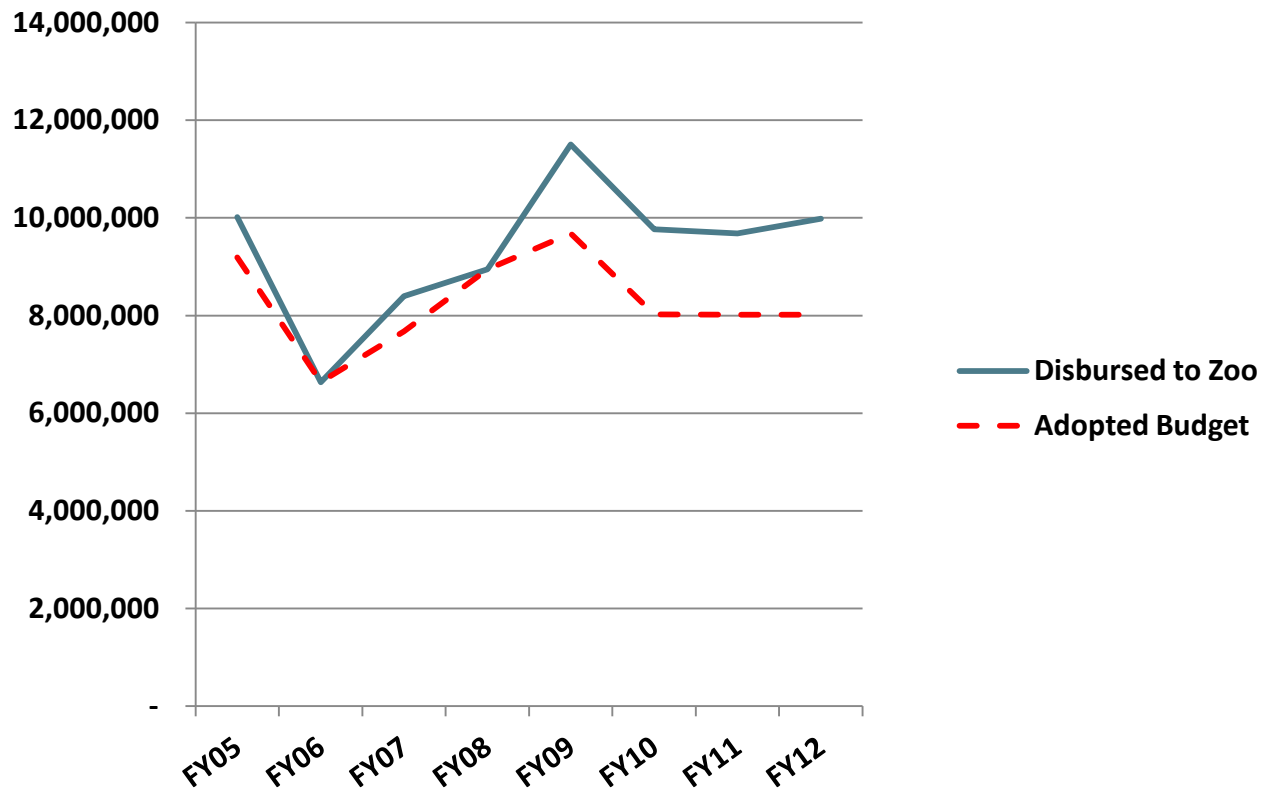


Finding 1: Fund Administration and Budgeting Lack Consistency

- No policies or written guidance
- Inconsistencies in budgeting methodology
- Opportunity to improve coordination with the Zoo

Finding 1: Zoological Exhibits Fund

Budget vs. Actual, FY 2005-2012



Finding 2

Lack of Transparency Over Use of Funds

- No oversight mechanism to monitor expenditure of Section 77a funds
- Currently Zoo does not specifically account for expenditure of Section 77a funds
- Definitional issue of what constitutes “maintenance of zoological exhibits”

Recommendation 1

- Financial Management should reevaluate budget methodology
- Financial Management and Office of the City Comptroller should establish written guidance to include methodology, timeframes, and roles and responsibilities

Management agreed

Recommendation 2

- Zoo should establish an accounting structure to specifically account for Section 77a funds
- Revised accounting structure should include defined expenditures related specifically to the maintenance of zoological exhibits

Zoo Management agreed

Recommended Action

We ask the Audit Committee to accept the report and forward the report to the City Council.

Questions?

Eduardo Luna, City Auditor

Eluna@sanidiego.gov

(619) 533 -3165



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