CITY AUDITOR AND COMPTROLLER’S
MONTHLY FINANCIAL PRESENTATION
OCTOBER 24, 2005
City Auditor and Comptroller

Today’s Topic:

ENTERPRISE FUNDS AND GRANTS
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FUND ACCOUNTING

Fund: a separate fiscal and accounting entity used to:

- Segregate resources
- Related to specific activities
SELECTED FUND TYPES

- **General Fund** – the City’s principal operating fund (principal sources of revenue are sales, TOT (hotel) and property taxes)

- **Enterprise Funds** – used to account for services provided primarily to the public. Operated similar to a business, their revenue sources are primarily user charges.
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- Current enterprise funds in the City of San Diego:
  - Metropolitan Wastewater
  - Water
  - Environmental Services – Disposal
  - Environmental Services – Recycling
  - Airports
  - Development Services
  - Golf
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- Metropolitan Wastewater
  - Net revenues were $64 million:
    - Used to partially fund Capital Improvement Projects.
  - Capital Improvement Projects amounted to $151 million, which was funded by:
    - Unspent Bond proceeds
    - Prior year net revenue
    - Current year earnings
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- **Water**
  - Revenues exceeded expenditures by $88 million:
    - Used to partially fund Capital Improvement Projects.
  - Capital Improvement Projects amounted to $136 million, which was funded by:
    - Unspent Bonds Proceeds
    - Prior year net revenue
    - Current year earnings
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- **Environmental Services – Disposal** (landfill operations)
  - Revenues exceeded expenditures by $11 million
    - $5 million was used to fund Capital Improvement Projects.

- **Environmental Services – Recycling**
  - Expenditures exceeded revenues by $2 million
    - Funded by prior year net revenue.
    - The fund is forecasting another loss in 2006.
    - Environmental Services is reviewing the rate structure.
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- **Airport**
  - Expenditures exceeded revenues by $2 million
    - Result of the $3 million settlement of the Brown Field Litigation.
    - The loss was funded by prior year net revenue.

- **Development Services**
  - Revenues exceeded expenditures by $5 million.

- **Golf**
  - Revenues exceeded expenditures by $3 million, or 23% of revenues.
    - Net revenue may be used as a funding source for the Torrey Pines Golf Complex Improvements.
REIMBURSEMENT GRANTS

- Most grants are reimbursement (expenditure driven) grants.
- The City spends its money and waits for reimbursement from the granting entity.
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Reimbursement Grant Topics

- Service and Program Enhancements
- Qualifying expenditures
- Matching expenditures
- Accounts receivable balances – cash flow impacts
- Funding continuing operations
## Outstanding Grant Awards (approx)

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Grants</td>
<td>500</td>
<td>$70</td>
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<tr>
<td>State Grants</td>
<td>150</td>
<td>$70</td>
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</tbody>
</table>
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### Outstanding Grant Receivables (Major)

<table>
<thead>
<tr>
<th>Funded by General Fund</th>
<th>June 30, 2005</th>
<th>October 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 to 6 Program</td>
<td>8.2</td>
<td>6.6</td>
</tr>
<tr>
<td>High Intensity Drug Trafficking Area</td>
<td>3.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Urban Area Security Initiative</td>
<td>3.1</td>
<td>1.8</td>
</tr>
<tr>
<td>State Homeland Security Grant Program</td>
<td>0.8</td>
<td>1.8</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Funded by Other Funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>N. Chollas Comm. Park – Rec Ctr &amp; Tot Lot</td>
<td>1.9</td>
<td>1.9</td>
</tr>
<tr>
<td>Balboa Park – West Arcade Refacing</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Los Pensaquitos Crk Bridge Enhancement</td>
<td>2.1</td>
<td>1.8</td>
</tr>
</tbody>
</table>
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- Other Issues
  - Outstanding Audits
  - Internal Controls
  - Decentralization of Accounting Functions
  - Employee Hotline
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- **UPCOMING NOVEMBER TOPIC**
  - First Quarter (through October 7, 2005) Results
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