



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
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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.
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■ 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
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■ Outstanding Grant Awards (approx)

	Number	Millions
Federal Grants	500	\$70
State Grants	150	\$70

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■ Outstanding Grant Receivables (Major)

	\$Millions	
	<u>June 30, 2005</u>	<u>October 2005</u>
<u>Funded by General Fund</u>		
6 to 6 Program	8.2	6.6
High Intensity Drug Trafficking Area	3.0	3.3
Urban Area Security Initiative	3.1	1.8
State Homeland Security Grant Program	0.8	1.8
<u>Funded by Other Funds</u>		
N. Chollas Comm. Park – Rec Ctr & Tot Lot	1.9	1.9
Balboa Park – West Arcade Refacing	1.1	1.1
Los Pensquitos Crk Bridge Enhancement	2.1	1.8

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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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