

Office of the City Auditor City of San Diego

Performance Audit of the Mission Bay Improvement Fund

For Fiscal Year 2012

**Presentation to the San Diego Regional Parks Oversight Committee
September 19, 2013**



Background

- In 2002, the City Council ordinance established two special funds:
 - ◆ Mission Bay Improvement Fund
 - ◆ Regional Park Improvement Fund
- These funds received revenue from the Mission Bay leases in excess of \$20 million
- Proposition C passed in 2008, bringing new City Charter requirements.
 - ◆ The major changes included:
 - ✦ an increase to the threshold amount to \$23 million,
 - ✦ different allocation percentages,
 - ✦ the formation of oversight committees for each of the funds,
 - ✦ the prioritization of projects, and
 - ✦ a mandatory distribution of lease revenue above the threshold amounts

Background

- The City Charter requires the following allocation of Mission Bay lease revenue:

Fund Name	Allocation
San Diego Regional Parks Fund	25% or \$2.5 million, whichever is greater, in excess of the \$23 million threshold
Mission Bay Improvement Fund	75% of the excess over the \$23 million threshold, if less than the 75%, then the remainder after the San Diego Regional Parks allocation

Audit Objectives

- **Audit objectives include verification that the Fiscal Year 2012:**
 - ◆ collection,
 - ◆ allocation, and
 - ◆ use of Mission Bay Park lease revenues are in compliance with City Charter requirements.
- **The City Charter requires an annual audit. Each audit report must contain the following:**
 - ◆ a complete accounting of all revenues received
 - ◆ the amount and nature of all expenditures
 - ◆ whether expenditures were consistent and compliant with City Charter requirements

Fiscal Year 2012 Financial Activity

- The San Diego Regional Parks Improvement Fund ending FY12 fund balance totals \$5,063,188
- San Diego Regional Parks Improvement Fund had revenue, including transfers and investment earnings totaling \$2,534,109
- Fiscal year 2012 allowable expenditures totaled \$313,640
- All funds received, including interest, after July 1, 2009 are subject to charter provisions

Fiscal Year 2012 Mission Bay Park Lease Revenue

- The adjusted Mission Bay lease revenue totaled \$27,949,147
- San Diego Regional Parks Fund received a distribution of \$2,500,000
- Mission Bay Improvement Fund received a distribution of \$2,449,147

Recommendations

- We made two recommendations which management agreed to implement.
- Management is in the process of implementing the 3 recommendations made in our March 2012 report

Questions?

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Independent • Objective • Accurate

Recommendations

#1 The Park and Recreation Director and City Comptroller should create a process for reporting expenditures to the Oversight Committee to include:

- ♦ Following the end of the fiscal year, the Comptroller provides a report of charter fund expenditures to the Park and Recreation, Public Works and Facilities Financing Departments.
- ♦ Park and Recreation agenda a meeting prior to March 1 each fiscal year in which the departments who are managing a CIP charter funded project can provide an expenditure report to the Committee to obtain their views on the expenditures. (Priority 3)

Recommendations

#2 The Park and Recreation Director should request clarification from the City Attorney's office to determine if the Council's authorization of general annual allocations in the CIP budget is sufficiently detailed to meet the Charter requirement that Council should approve the SDRPIF Capital Improvements priority. If not, appropriate steps should be taken to obtain the necessary approval. (Priority 3)

March 2012 Report Recommendations

#1 In conjunction with the Park and Recreation Department and Development Services Facilities Financing Division, the Financial Management Department should continue to deappropriate the unfunded and abandoned projects in the Mission Bay Improvement Fund and San Diego Regional Parks Fund to eliminate the negative balances. The appropriate Oversight Committee should approve any projects using funding received subsequent to fiscal year 2010.

(Priority 2)

#2 The City Comptroller should establish a methodology to separately account for the financial transactions within the Mission Bay Improvement Fund and San Diego Regional Parks Fund that are required by the City Charter effective July 1, 2009. (Priority 2)

March 2012 Report Recommendations

#3 The City Comptroller should establish comprehensive process narrative procedures, process flow diagrams and departmental guidance to properly document the processes specific to the unique nature of Mission Bay Park lease revenues. These procedures should include but are not limited to:

- ◆ How the requirements outlined in the City Charter will be administered
- ◆ Procedures to reconcile SAP and RePortfolio records
- ◆ The methodology used for year-end accruals, which should be based on an analysis of actual payment received after year end
- ◆ The methodology used for budgeting revenue
- ◆ The methodology used by the Oversight Committees for budgeting specific projects based on prior year's distributions (Priority 2)