

Office of the City Auditor

Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds for Fiscal Year 2017

Presentation to the Regional Park Improvement Fund Oversight Committee
November 15, 2018





Background

- In 2002, a 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.
- Measure J passed in 2016, amending Charter Section 55.2 requirements.



Audit Objectives

- The City Charter requires an annual audit. Each audit report must contain:
 - a complete accounting of all revenues received,
 - the amount and nature of all expenditures, and
 - whether expenditures were consistent and compliant with City Charter requirements.
- Audit objectives include verification that the Fiscal Year 2017:
 - collection,
 - allocation, and
 - use of Mission Bay Park lease revenues are in compliance with City Charter requirements.



FY 2017 Mission Bay Park Lease Revenue

The adjusted Mission Bay lease revenue totaled \$29,821,877.

Fund Name	Allocation Breakdown in excess of the threshold	FY 2016 Allocation Amounts
San Diego Regional Parks Improvement Fund	35% or \$3.5 million, whichever is greater, in excess of the \$20 million threshold	\$3,500,000
Mission Bay Park Improvement Fund	65% of the excess over the \$20 million threshold, if less than the 65% then, the remainder after the San Diego Regional Parks allocation	\$6,321,877



FY 2017 Financial Activity

	Mission Bay Improvement Fund	Regional Parks Improvement Fund
Charter 55.2 revenues exceeding expenditures as of June 30, 2016	\$ 29,667,361	\$ 12,856,631
Revenue, excluding unrealized gains and losses	\$ 6,622,302	\$ 3,595,326
Expenses, net of depreciation	\$ <472,168>	\$ <1,040,585>
Revenue exceeding expenditures as of June 30, 2017	\$ 35,817,495	\$ 15,411,372



Other Pertinent Information: Mission Bay Park Committee Members with Terms exceeding 8 consecutive years

Three members exceeded the Municipal Code maximum term of eight-years.

	Appointment Date	Last Meeting Attended	Duration
Committee Member A	12/17/2009	3/6/2018	8.2 Years
Committee Member B	12/17/2009	3/6/2018	8.2 Years
Committee Member C	12/17/2009	3/6/2018	8.2 Years

- The City Attorney’s Office advised that the Municipal Code and State Law allow for Advisory Board members whose terms have expired to continue serving until a replacement is appointed.
- However, we wanted to bring this issue to the attention of the Office of the Board and Commission since we made similar observations during our Performance Audit of the City’s Management of Its Advisory Boards.



Conclusion

- Mission Bay Rents was accounted for and appropriately allocated to the respective Improvement Funds.
- We found that the FY 2017 Mission Bay Improvement Fund post charter expenditures of \$472,168, and Regional Parks Improvement Fund post charter expenditures of \$1,040,585 were allowable, appropriate and complied with Charter requirements.
- Prior recommendation to have the City Treasurer routinely audit De Anza RV Park management company is in process.
- Prior recommendation to include the Verizon Wireless lease at the Mission Bay Athletic Field has been implemented.



**We request that the Regional Park
Improvement Fund Oversight Committee
accept the audit report.**