

10/24/05

(R-2006-367)

RESOLUTION NUMBER R- 300973

ADOPTED ON OCT 24 2005

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO ACCEPTING THE AUDITOR AND COMPTROLLER'S MONTHLY STATEMENT OF REVENUES AND EXPENSES PREPARED PURSUANT TO SAN DIEGO CITY CHARTER SECTIONS 39 AND 89 REPORT.

WHEREAS, the City Auditor/Comptroller has prepared a report regarding Revenues and Expenses [Report] on file in the office of the City Clerk as Document No. RR- 300973

(attached hereto as Attachment A); and

WHEREAS, the Report provides a Summary Statement of Revenues and Expenses;

NOW THEREFORE,

BE IT RESOLVED by the Council of the City of San Diego that City Auditor/Comptroller Report No. 2 is hereby accepted.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By Mark D. Blake
Mark D. Blake
Deputy City Attorney

MDB:ai
10/13/05
Or.Dept:FM
R-2006-367

**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.

K- 300973

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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 expenses by \$88 million:
 - Used to partially fund Capital Improvement Projects.
- Capital Improvement Projects amounted to \$136 million
 - Unspent Bonds Proceeds
 - Prior year net revenue
 - Current year earnings

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- Environmental Services – Disposal
 - 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.

300973

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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.

6- 300973

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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

R-300973

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■ Outstanding Grant Receivables (Major)

	<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 Pensaquitos Crk Bridge Enhancement	2.1	1.8

300973

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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