

# Budget analysis research paper example

[Business](#), [Management](#)



## **County of San Diego CAFR and Budget for the Year Ended June 30, 2012**

### Introduction

The County of San Diego is ranked second as the county having the largest number of people residing in the state of California. San Diego is identified as being part of the Southern border economic region. The region of the southern border is described to be the highly diversified in terms of economic development in the entire state of California. The county is a tourism destination for surfing and the mild and attractive climatic condition. The county of San Diego is regarded as being the in second position in the Cruise ship industry. This industry earns the county an income of about \$2 million annually. This means that the County administration has many obligations for the provision of public goods and services. The county administration is also responsible for management of resources available to the county to ensure smooth running and development of the county. This paper will analyze the budget of the county concerning the amount and the sources of revenue and expenditure of the county. The core function of this study is also to analyze the comprehensive annual financial reports of the county (CAFR). This will include scrutinizing the financial statements presented by the county. The scrutiny will involve analysis of the accounting standards used and the presentation of the true and fair financial position of the county. The paper will also discuss the compliance of the county with the legal requirements in the preparation of its financial statements.

The county of San Diego prepares budget that shows the county's financial plans for the next two years. The Budget that is being adopted by the

taxpayers association of the county of San Diego has major concerns on the reforms of the county. The principal reforms outlined in the budget include reducing the costs of the city pension, reforming the liability of the retiree health care, reforming the compensation of the county employees and reforming the operations of the city. The budget addresses issues concerning the proper calculation and presentation of the county's " structural" budget deficit. The budget has also stressed on adopting the use of a budget proposal that is transparent and will ensure that the public debate is fully informed. For the fiscal year ending June 30, 2012, the budget of San Diego County amounted to a \$ 4. 3 billion. This represents a deficit of \$56. 7 million due to the general fund expenses exceeding the general fund revenue. The enterprise fund consists of airport fund, wastewater management fund and sanitation district fund. These funds are budgeted to account for those activities which are valued as private businesses. They are referred to as business type activities

The General fund budget overall shows the categories of expenditure by the county Of San Diego. For the year ended June 30, 2012, public protection was estimated to cost the county an amount of \$1. 265 billion. The public ways and facilities were budgeted to cost the county an amount of \$2601 million of the total budget. The public ways and facilities consist of the department of public works general public ways. The county administration has a budget amount of 815, 014 million to cater for health and sanitation of the county. The budgeted amount also consists of a figure of \$1. 147 billion meant to cater for public assistance. Public assistance refers to those services that assist the county in carrying out its administration services. An

example costs associated with public assistance is the cost incurred by the housing authority and probation care of court wards. Another category of the budgeted amount is the cost incurred in facilitation of education institution run by the county. The cost budgeted for education amounts to \$0.844 million. The Constituents of the budget and the proportion composition is as discussed in the analysis below. The first category of expenditure is the salaries and benefits of the employees. This category accounts for 34.1% of the budget which is \$1,649.6 million. The second category covers the provision of services and supplies to the public in the county, and it account for \$1,849 million which is 38.2 percent of the total county budget. The amount budgeted for other charge that may be incurred is \$773 million which accounts for 16 percent of the county budget. The amount budgeted for acquisition of assets or land by the county is estimated at a total amount \$135.1 million which is a proportion 2.85 of the county's budget. Some of the budgeted projects have delayed expenditures which are included in the budget. An example of delayed expenditure for the county is the data automation for housing and other development projects. The full cost for the project is usually budgeted for when the project is being commenced.

The county receives its revenue from a number of different sources. One of the sources of revenue for the county of San Diego is the income from the sale of capital assets owned by the county. The budgeted amount to be received from the sale of capital assets is \$246 million. Another source of income is generated from the use of money and property aid from other agencies owned by the government. This is referred to as the public safety fund by the county. The county also has another fund known as the Tobacco

Endowment Fund which is one of the major sources of revenue for the San Diego County. There are other sources of revenues which are the funds created by the county. One is the air pollution fund which consists of permits, fines and license fees charged to control air pollution by the public. The county also receives income from forfeiture and seizure of assets that are involved in a criminal activity.

The department that consumes the most of the general government resources is the public protection department and the public assistance department. The goals of the department are to provide the public with the required public goods and services and to ensure that the county's operations run smoothly. The purpose of the activities carried out by the department is to ensure that the various sub departments coordinates well with each other. Examples of activities carried out by the public protection department include animal services, district attorney office, the grand jury, office of emergency service, medical examiner of the county and contributions for trial courts. The citizens of the county of San Diego expect the county administration to provide them with public protection. The county of San Diego is justified to incur the budgeted amount for the provision of public protection to the citizens of the county. The budgeted expenditure by the county administration match with what I would think the citizens of the San Diego County expect. This is because the citizens want to live in an environment that is peaceful and everyone abides with the laws of the land. The budgeted expenditure for public protection totals an amount of \$1. 265 billion. An example of public protection expenditure is the expense incurred to run the district attorney office. The amount incurred to run this office is

\$146. 979 million.

Other examples of expenditures are public works, sheriff department, flood control services, probation department and child support services. The revenues associated with this type of expenditure are specific to the associated expenditure. The probation and the district attorney office are funded by the revenue from court fines and other charges made to law offenders. The budgeted amount for the department of public assistance was \$1, 147, 674. The revenue associated with this department is also specific. The expenditure incurred by the housing authority is funded by the revenue from the housing authority fund. The expenditure regarding the operation of the agency responsible for the human and health services is funded by taxes.

If a 15% decrease is achieved for the department of public protection, I will reduce the cost incurred by the sheriff department for detention or probation of adult citizens. The reason behind this opinion is to remove duplication of activities. There is duplication between sheriff adult detention and probation adult detention. The two departments of public protection and public assistance are the most essential in the county and should be operated in a harmonized manner. This will make sure that the objectives of the county administration are met. It will also allow the county to develop in an accelerated rate, and the citizens will be satisfied with the county's operations and management.

## **CAFR analysis**

The San Diego County Comprehensive Annual Financial report (CAFR) regarding the financial year ending on the June 30, 2012 was presented at

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year end. The financial reports were prepared in compliance with the requirements of general accounting standard board (GASB) and the generally accepted accounting principles (GAAP). This is because the county has received the certificate of achievement for its excellence in financial reporting. The reports have been audited by certified accountants who gave an unqualified report. This implies that the financial statements being submitted by the county represents a true and fair financial position of the county. Information important to the citizens concerning the financial position is in the financial statements and has been summarized in the managements' discussions and analysis. The financial statements present information that would be useful to a particular type of reader. The categories of readers of these financial statements are citizens, potential commercial investors and politicians. Information that would be important to a commercial investor includes that regarding the growth of the GDP levels of the county. It is projected that the GDP of the county in the year 2012 will rise by a margin of 2.2 % from that in the year 2011. This will help the potential investor in deciding in what sectors of the economy to invest. The County administration has developed three major strategic initiatives in its strategic plan. The three initiatives are safe communities, healthy families and sustainable environments. Information regarding achievement of these three strategies is very important for the citizens. This is because the information will help the citizens lead healthy lives and learn about how they can contribute towards a sustainable environment and economic development. The general fund is regarded as the principal operating fund that finances the county operations. The balance for the general fund for the

year 2012 has increased by a \$ 93. 5 million amounting to \$1. 49 billion.

The financial position of the county government is stable. This is supported by the fact that the fund balance at the end of the year in the government fund balance sheet is equal to the total assets. The fund balance at the end of the year in the statement of revenues and expenditure is positive for total governmental funds. The amount is \$2, 358. 407billion. Reconciliation between the above statement and the government wide has been done to show that the different methods or approaches to accounting for these two funds results in the same amount. The county is able to meet its short term obligations due to the presence of readily available cash flows. The cash flows are generated from the tax anticipation notes that are paid in advance regarding collections of property tax.

The differences between the budget and the actual statements can be a topic of discussion although it shows a major deviation between the two statements. In the statement of revenues, expenditure and changes in fund balance, the fund balance at year end for the actual statement is greater than the final budget by \$699. 441 million. This has been brought by the huge deviation of the amount actual transfer out from the budget for the sale of capital assets. The budget about for the transfer out was \$536, 206million while the actual amount was \$212. 578 million. The total revenue for both statements shows a very small deviation in the actual amount and the budgeted amount. This is because the sources of revenue to the county generated almost the same amount of funds that were budgeted. The reasons for this outcome can be attributed to the reasons that the sources of



incomes are limited and consistent in the county of San Diego. It can also be caused by the slow growth level of GDP by a margin of 2. 2%.

## **Conclusion**

The San Diego CAFR and Budget provide satisfactory information and data that can help any interested party in assessing the productivity and efficiency of the county administration. The management discussions and analysis provide a vast and rich pool of information summarized in a manner that reveals the efficiency in operations and management of the county. Information concerning the economic activity and conditions of the county has been fully discussed. This information helps various stakeholders in making decisions about investing in the county or even making a contribution towards the activities of the county.

The financial reports have been reported fully with notes that explain to the layman or local citizen about the accounting procedures. The notes simplify the data presented in the various financial statements. The San Diego County administration should carry out education seminars for the citizens concerning the accounting procedures and management of the county resources. This makes the citizens able to scrutinize the financial reports and ensure that the county administration is accountable for the reported information.

## **References**

County of San Diego. (2012). Financial Report. Retrieved May 12, 2012, from County of San Diego: <http://www.sdcounty.ca.gov>

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