
READER'S GUIDE

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ORGANIZATION

To realize the District's mission, the Board of Port Commissioners (Board) establishes policy. Three positions reporting directly to the Board carry out policy directives and advise the Board, including an Executive Director/President/Chief Executive Officer (CEO), Port Attorney, and Port Auditor. A Personnel Advisory Board also reports directly to the Board.

DIVISIONS

The President/CEO oversees three Divisions (Operations, Administration, and Financial Services) and 11 Departments.

OPERATIONS: This Division handles planning, real estate asset management and development, environmental and land use management, building and maintaining partnerships with external stakeholders and other government agencies, the operations of maritime, coordinating and facilitating development implementation of the District's strategic plan and evaluation framework, marketing, and corporate communication.

Departments in the Operations Division include:

- Marketing & Communications
- Maritime
- Real Estate
- Environmental & Land Use Management

ADMINISTRATION: This Division manages, directs, and integrates the functions, programs, and activities of District-wide Human Resources, Office of the District Clerk, Equal Opportunity Management, General Services & Procurement, and Engineering - Construction. The Executive Vice President, Administration is the District's lead negotiator for labor negotiations and provides strategic leadership and the delivery of centralized corporate, administrative, engineering, and maintenance support services.

Responsibility for the District's Harbor Police Department, initiatives and programs that provide safety, protection, and law enforcement to the Port of San Diego and the San Diego International Airport also report through this Division. The Harbor Police Department provides police and fire protection to San Diego Bay, as well as police services to San Diego International Airport. Under the direction of the Vice President, Public Safety; Homeland Security, Facility Security, and Law Enforcement combine to protect and serve those who work, play, and visit the Port of San Diego.

Departments in the Administration Division include:

- Engineering - Construction
- General Services & Procurement
- Office of the District Clerk
- Human Resources
- Harbor Police Department

FINANCIAL SERVICES: This Division oversees the District's business and financial services functions, including financial planning, budgeting, finance, and treasury services. The Chief Financial Officer/Treasurer (CFO/Treasurer) provides professional assistance and support to the President/CEO and the Board on the District's financial planning, accounting, investing, and business systems issues. This Division is also responsible for the Business Information & Technology Services

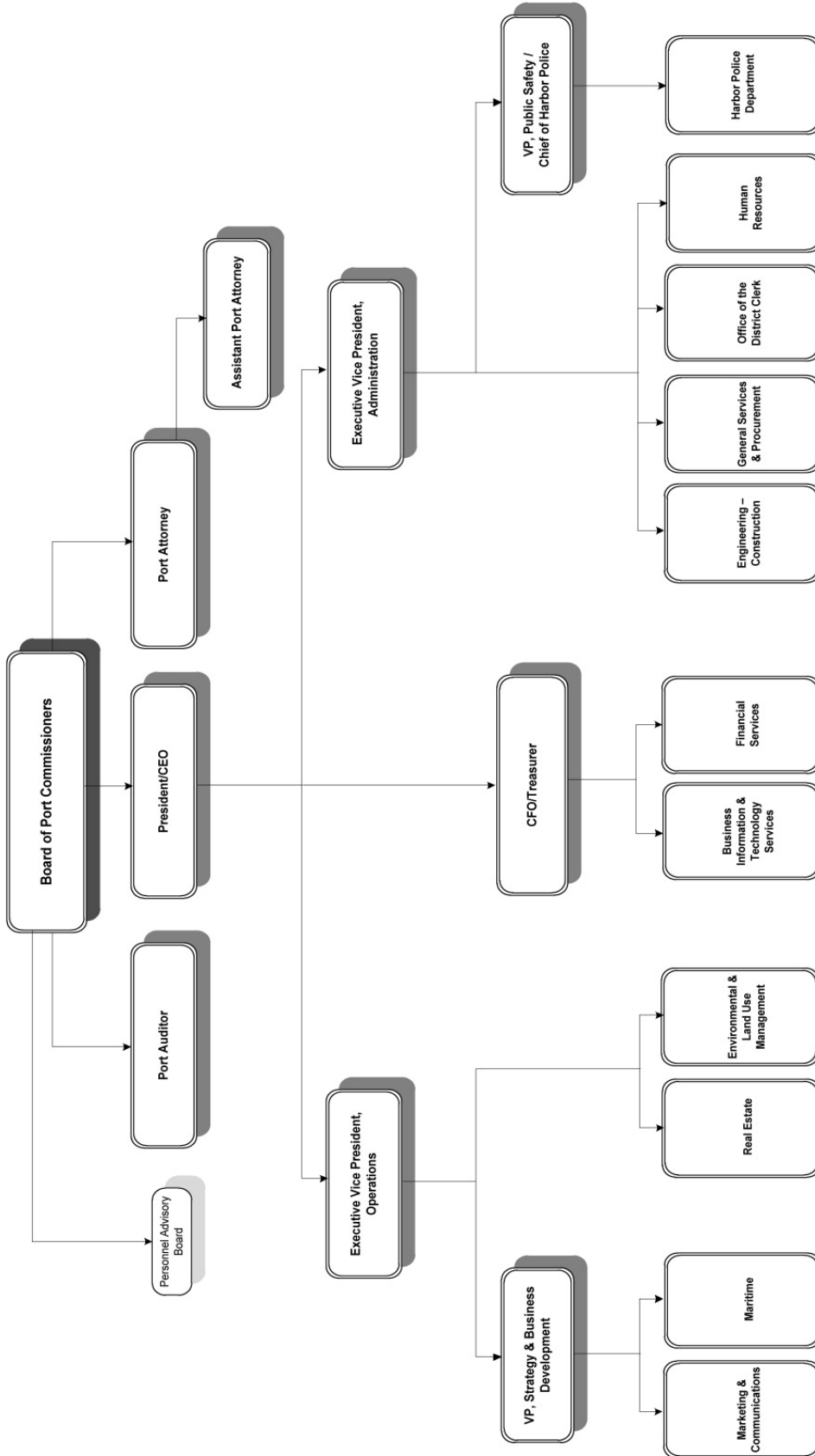
ORGANIZATION

department which manages the implementation and maintenance of District technologies in ways that create value for the organization. This Department drives operational effectiveness and process improvement by fully integrating technology-related decisions with the District's strategies and operating plans.

Departments in the Financial Services Division include:

- Business Information & Technology Services
- Financial Services

ORGANIZATION CHART



OVERVIEW OF FINANCIAL POLICIES AND GUIDELINES

The District operates as an enterprise fund and prepares its budget on the accrual basis of accounting. The District's annual audited financial statements are also prepared on the accrual basis. Under this method, revenues are recorded when earned and expenses are recorded when incurred. The San Diego Unified Port District Act directs the creation of only one fund with many revenue sources and operates as a separate, independent, and local government entity. Accordingly, unless specifically stated, all income and expenses flow through one fund.

The District's budget process actively incorporates various financial policies and guidelines articulated by the Board and Executive Staff. The budget process and outcome is performance-based and focused on strategies, initiatives, and key operating and financial indicators. The adopted budget gives the District the legal basis for which to expend funds.

Balanced Budget

The District will prepare a budget on an annual basis. The District's definition of a balanced budget is one in which revenues and other sources of funds equal or exceed expenditures and other uses of funds. A balanced budget is an integral part of maintaining the District's financial position. Strategies employed to attain this balance include cost reductions, personnel and service efficiencies, developing and diversifying maritime and real estate revenues, and increasing fees to match project expenses.

Financial and Long-Range Policies

The annual operating budget is intended to establish efficient and effective methods for managing the District's financial resources. Accordingly, this section outlines the long-range and financial policies that guide the preparation of the budget:

- The projected income stream will allow the District to continue to operate without the use of taxes or direct assessments.
- Revenues exceed expenses before depreciation and amortization and before capital expenditures.
- The District activities authorized in the budget will help stimulate the economy in the San Diego region.
- Capital investment in the tidelands will provide significant, long-term economic benefits to the region and will provide public improvements and infrastructure that will stimulate private investment in the tidelands bringing new revenues to the District and creating new jobs and opportunities for the region. Financial policies will enable the District to maintain its sound financial condition, so that capital investment in the tidelands may continue.
- Cash investments made by the District will conform to its Guidelines for Prudent Investments. It is the policy of the District to invest public funds in a manner that will provide the highest rate of return with the maximum security while meeting the daily cash flow demands of the District. The investment policies and practices of the District are based upon prudent money management and conform to all state and local statutes governing the investment of public funds. In order of priority, investment objectives are:

OVERVIEW OF FINANCIAL POLICIES AND GUIDELINES

- Safety of principal
 - Liquidity
 - Return on investment
- The budget will be prepared in a manner that facilitates its understanding by citizens as well as District officials. Presenting a clear, readable budget will effectively communicate overall District goals and plans, and contribute to the public's knowledge and appreciation of the District's positive impact on the region.
 - The Capital Improvement Program (CIP) is a five-year plan and is submitted annually to the Board as a separate document. The Board adopted BPC Policy No. 120, Capital Improvement Program, to establish a policy for the orderly development or improvement of the capital assets of the District. It is coordinated with the District's Strategic Plan. Funds for new CIP projects will be placed in a CIP reserve at the end of each fiscal year based on available unrestricted/undesignated reserves. The FY 14/15 annual budget component for the CIP is reviewed and approved by the Board and is coordinated with the preparation of the operating budget.

Account Structure

The District's account structure is comprised of two main components: profit/cost center and general ledger account code. Budget amounts are entered and tracked at the profit/cost center and general ledger account codes. Within this budget book you will see general ledger account codes used for expenses.

A general ledger account is an account or record used to sort and store balance sheet and income statement transactions. Examples of general ledger accounts include the asset accounts such as Cash, Accounts Receivable, Land, and Equipment. Examples of the general ledger liability accounts include Notes Payable, Accounts Payable, Accrued Expenses Payable, and Tenant Deposits. Examples of income statement accounts found in the general ledger include Concession Revenues, Fixed Rents, Salaries Expense, Services – Professional & Other Expense, Insurance Expense, etc.

The District uses six digit general ledger account codes divided into 4 major categories as follows:

100100-399999 Balance Sheet
500100-599999 Revenue
600100-610130 Personnel
610140-680999 Non-Personnel Expense

BUDGET TIMETABLE

The budget development process is integrated closely with strategic and project planning, where the entire Management Team conducts the review but the individual departments are given the control and accountability.

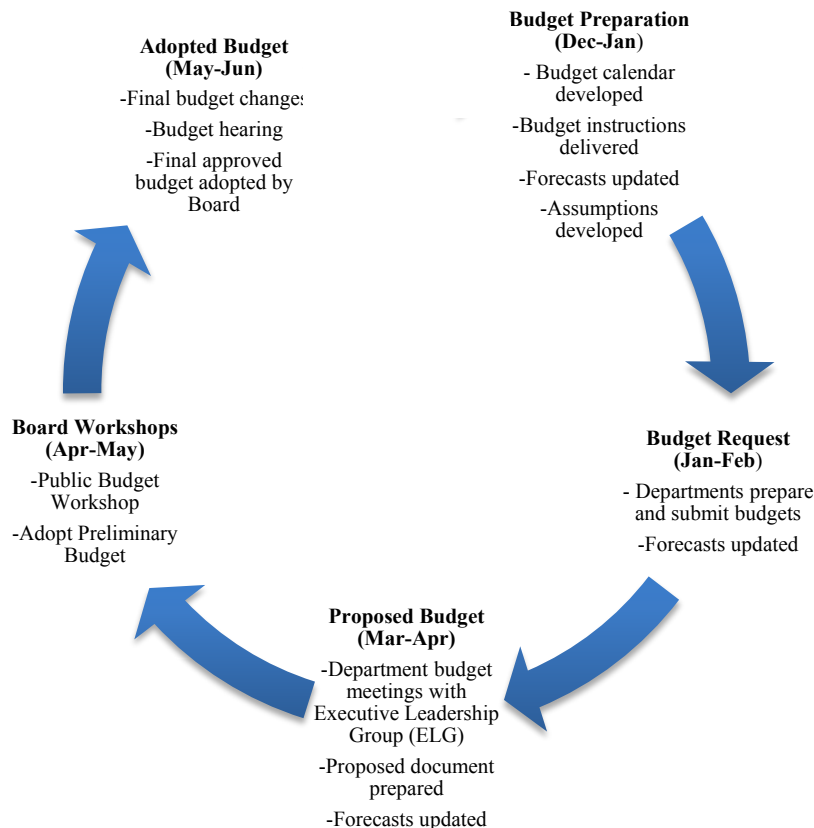
The Financial Analyst Team works with all department Directors and the Executive Leadership Group to ensure that budget proposals support the District’s Strategic Plan and that appropriate funding is available.

Normally, Board workshops to discuss the preliminary budget are held in late April and early May. The workshops are an opportunity for the Board and the public to ask questions and discuss alternatives to the proposed goals, objectives, programs, and activities included in the budget.

Preliminary budget adoption starts the public comment period. Adoption of the preliminary budget normally occurs in the May Board meeting. Under the provisions of the District Act the preliminary budget must be adopted by June 15 each year. Preliminary budget adoption begins the public comment period. Not less than 30 days later, the Board considers the final budget for adoption.

Final budget adoption follows the public comment period. At its first meeting following the comment period, but no later than August 1, the Board adopts the final budget, along with amendments to the Salary Ordinance for personnel changes included in the final budget. Ideally, this happens in June, prior to the start of the new fiscal year.

Once the budget is adopted, it is input into the *SAP Funds Management Accounting System (SAP-FM)* and the funds availability function, which tracks expenses against the budget, is activated.



BUDGET TIMETABLE

An appropriating ordinance may be required. If no final budget is adopted by July 1, a special ordinance is required to appropriate funds for continuing operations.

The budget is based on estimates made by Departments four to five months before the end of the current fiscal year, and 16 to 17 months before the end of the budget year. Many events could occur after adoption that would make the actual results significantly different from the budget estimates.

Once adopted, the budget is not fixed. The budget can be amended at any time during the fiscal year by Board ordinance. Staff monitors budget results and programs throughout the fiscal year. Changes in plans, fluctuations in estimates, new programs for which no estimate was available, and other unexpected events may require a budget amendment.

Board of Port Commissioners (BPC) Policy No. 090 shall govern transfers between appropriated budget items.

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