



Legislation Text

File #: 12-0091, **Version:** 1

Recommendation to receive and file the Proposition H Audit Report for the fiscal year ending September 30, 2011.

Pursuant to Long Beach Municipal Code Section 3.80.227, the Office of the City Auditor is charged with conducting an annual independent financial audit of Proposition H(Prop H) funds and providing a written report to the City Council. The City Auditor conducts annual audits of Prop H funds to identify the following: the amount of special tax revenues collected during the fiscal year, the amount of special tax revenue expended on eligible costs during the fiscal year, the amount of unspent monies on deposit that were carried over into the current fiscal year, and the status of any projects and programs funded by the special tax revenues.

We determined the following as a result of our audit:

- 1) During fiscal year 2011, the City received \$3,428,008 of Prop H revenues, a decrease of \$120,500 from the prior year;
- 2) Prop H expenditures during the fiscal year totaled \$2,988,357. Expenditures were made for eligible costs as defined in the Municipal Code;
- 3) The amount of unspent monies carried over into fiscal year 2012 was \$637,789. The carryover balances were not included in the annual budget amount provided to Police and Fire by Financial Management's Budget Office. The Budget Office would like to increase the Prop H fund balance to cover any possible future Prop H fund deficits. However, the City does not have a policy addressing how unspent monies are to be handled, resulting in the Prop H fund balance continuing to grow; and
- 4) Both the Police Department and the Fire Department intend to use their Prop H resources to continue funding certain designated public safety positions.

We also noted that from June 1, 2007 through September 30, 2011, quarterly oil production in Long Beach has declined 12.2%, thereby reducing the amount of special oil tax revenues to the City. Given the volatility of oil, we encourage management to continue to monitor the revenue from this special tax and to implement a policy to determine how unspent Prop H monies should be applied.

Detailed information regarding the results discussed above is included in the attached report.

In conclusion, we express our appreciation to employees of the Police Department, Fire Department and Department of Financial Management for providing their time, information, and cooperation during the audit process.

Action by the City Council is not time sensitive.

Approving this action would have no fiscal impact.

Approve recommendation.

LAURA L. DOUD, CPA
CITY AUDITOR