



## Legislation Text

---

**File #:** 17-0079, **Version:** 1

---

Recommendation to receive and file the Proposition H Audit Report for the fiscal year ending September 30, 2016.

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 (FY), the amount of special tax revenue expended on eligible costs during the fiscal year, the amount of unspent monies 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 FY 2016, the City received \$3,689,835 of Prop H revenues, a decrease of \$94,961 or 3% from the prior year;
- 2) Prop H expenditures during FY 2016 totaled \$3,527,320. Expenditures were \$197,582 or 5% less compared to the prior year, and were made for eligible costs as defined in the Municipal Code;
- 3) During FY 2016, the amount of unspent monies carried over increased 13% from the prior fiscal year to \$1,401,294, which exceeds the top of the reserve policy range of \$400,000 for the fund. However, the FY 2017 Adopted Budget for Prop H includes the use of over \$936,000 in reserve funds, which is expected to reduce the projected carryover by the end of FY 2017 by 67% to \$464,409, which is significantly closer to the reserve policy.
- 4) In FY 2017, both the Police Department and the Fire Department intend to use their Prop H resources to continue funding public safety positions. In addition, the Police Department will use funds to contribute to the cost of a new Police Academy facility and the Fire Department will help fund Fire Academy costs. Also, the City Council allocated \$250,000 from each department to be used on Homelessness Rapid Response.

Detailed information regarding these results is included in the attached report.

In conclusion, we express our appreciation to employees of the Police Department, Fire Department, and the 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