



Legislation Text

File #: 10-0255, **Version:** 1

Recommendation to receive and file the Proposition H Audit Report for fiscal year ending September 30, 2009.

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 moneys 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 FY 2009, the City received \$3,534,806 of Prop H revenues. Also of interest, from June 1, 2007 through December 31, 2009, quarterly oil production in Long Beach has declined 9.5%, thereby reducing the amount of special oil tax revenues to the City;
- 2) Prop H expenditures during the fiscal year totaled \$4,593,368. Expenditures were made for eligible costs as defined in the Municipal Code;
- 3) The amount of unspent moneys carried over into FY 2010 was \$121,512. Comparatively, the amount carried over into FY 2009 was \$1,180,074; 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. However, for FY 2010, budgeted expenditures pertaining to these designated personnel exceed budgeted resources by \$449,459, a difference that must be absorbed by the General Fund. This deficit may grow significantly in times of declining oil production, when actual revenues may be less than those budgeted, and when public safety labor agreements require salary increases.

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