

Long Beach City Council Actions

■ By TIFFANY RIDER
Staff Writer

New System Of Tidelands Funds Transfer Accepted

The Long Beach City Council praised the work of City Auditor Laura Doud and her office for the extensive review of a fund transfer that would provide capital for several projects and repairs in the city's coastal zone.

In the council-approved review of the transfer of funds from the Port of Long Beach to the city's Tidelands Operation Fund (TOF), Doud came up with a system to bring funds into the city faster.

"Normally [the transfer] takes place a year after [the audit is] done, so we would have received those funds in October 10 in quarterly installments throughout the [fiscal] year," Doud told the Business Journal. "That's how it was originally received. . . . But we're requesting that money now."

With the new system, the port would transfer a payment based on audited financial statements for fiscal year 2009 in the amount of about \$12,423,706 this year. The system would also request the harbor commission to approve a transfer of 80 percent of this fiscal year's transfer amount up front by October 1 based on un-audited net through September 30. Those two payments amount to about \$25 million, said Doud.

The port's other request is to allow it to

estimate its financial statement un-audited to save time and transfer 80 percent of the calculated transfer amount based on that un-audited number. At the end of the year, when Doud said the audit would be complete, the port would "true up" and the city would ask for 10 percent of their change in net assets along with the final payment.

Doud said the city council originally questioned the method and calculation of the fund transfer from the port into the TOF last October, including whether 10 percent of the port's net income was appropriate, as the transfer is one of the key revenue streams for that particular fund. The council charged the city auditor's office to review the annual transfer to see if there were any possible improvements to be made.

The focus of the payment system change is to finance the transfer in "real time," according to Doud.

"It's more real-time-based on the operations at the port in the previous year to make the transfer immediately up front rather than waiting a full year when the audit's completed," she said.

Another element of the new system is to prevent the port from deducting transfers as expenses before calculating the new transfer. This prevents the transfer amount from being calculated from a "net of a net," rather than the true net. According to Doud, if the port does not deduct the transfer before the calculation, the city could receive an additional \$1 million.

"The city charter states that the transfer shall not exceed 10 percent of net income," Doud said. "The government accounting authority no longer recognizes the term

'net income' in government accounting anymore, and the language has been changed to 'change in net assets.' So that's the language we've been using."

The Long Beach Board of Harbor Commissioners was expected to vote on the new fund transfer system, yesterday, June 21, and the item would be brought to council on June 22 for a final vote.

(Staff Writer Sean Belk contributed to the above report.)