

# Tidelands Fund Budget Presentation Options



**Finance  
Committee**

January 13, 2022

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## Background

- The Tidelands Operating Fund includes budgets for:
  - Harbor Department staff and operations
  - Management of Tidelands property
  - Oil well operations
  - Costs allocated from the General Fund
- Allocated costs include:

Allocated Cost	Amount
Lifeguard Services	\$ 6,500,000
Police Services	3,500,000
Fire Operations	2,300,000
Street Maintenance	2,200,000
Parking Management	700,000
Facilities Maintenance	400,000
Other	400,000
<b>Total</b>	<b>\$ 16,000,000</b>

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## Current Financial Reporting

- The Tidelands Operating Fund requires an ongoing operating subsidy
  - Revenues \$ 12.0 million
  - Expenditures \$ 18.6 million \$2.6 operations / \$16.0 allocations
  - Subsidy \$ 6.6 million / year
- Currently the cost allocations and subsidy are presented differently in the City's budget and financial statements
  - Budget – The subsidy is netted against the cost allocations as a transfer into the General Fund from the Tidelands Fund of \$9.4 million (\$16.0 million of allocations less \$6.6 million subsidy)
  - Financial Statements – Cost allocations of \$16.0 million are recorded as negative expenditures in the allocating departments and the subsidy is shown as a transfer out of the General Fund of \$6.6 million, netting to the same \$9.4 million

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## Proposed Financial Reporting

- Staff propose a change to make the budget and financial statements consistent
  - The full amount of the cost allocation will be reflected as a transfer into the General Fund
  - The full amount of the subsidy will be reflected as a transfer out of the General Fund
  - Records will clearly illustrate the budgeted and actual allocations and subsidy for each year
- There is no net impact on either fund as a result of this change

	Current Budget	Revised Budget
Operating Revenues	\$ 234,000,000	\$ 234,000,000
Transfers In – Tidelands	9,400,000	16,000,000
Transfers In – Other Funds	2,600,000	2,600,000
<b>Total Sources</b>	<b>\$ 246,000,000</b>	<b>\$ 252,600,000</b>
Operating Expenditures	226,000,000	226,000,000
Transfers Out – Tidelands (Subsidy)	---	6,600,000
Transfers Out – Other Funds	20,000,000	20,000,000
<b>Total Uses</b>	<b>\$ 246,000,000</b>	<b>\$ 252,600,000</b>

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## Recommendation

- Staff are requesting the Finance Committee's concurrence with the proposed presentation change
- The change would be incorporated into the FY 2022-23 budget and financial statements

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# Questions?

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