

RON GALPERIN
CONTROLLER

October 17, 2019

Honorable Eric Garcetti, Mayor
Honorable Members of the Los Angeles City Council

Re: Preliminary Financial Report for Fiscal Year 2018-19

Each fall, the Controller's office submits the Preliminary Financial Report covering financial operations for the City of Los Angeles for the previous fiscal year. Our report is the City's first review of municipal finances after the close of the fiscal year, providing an overview and analysis of revenues and expenditures, reserves and bonded indebtedness. In January 2020, my office will follow up by issuing the City's Comprehensive Annual Financial Report for 2018-19, which is prepared in accordance with Generally Accepted Accounting Principles and externally audited by a firm of certified public accountants.

Accompanying the current Preliminary Financial Report is an online interactive tool for exploring revenues and expenditures, with 10 years of data, which can be found at lacontroller.org/pfr2019. Information on special fund balances and uses, Reserve Fund starting balances over the years, and budget appropriations, adjustments, expenditures and revenues, are also available on our website.

The substance and timing of this report make it a vital tool for City leaders to use to assess the overall health of the City's finances. Knowledge and understanding of the revenue and expenditure trends, the condition of the City's reserves, and the outstanding debt — all of which are discussed in the report — are critical to ensuring responsible financial management.

A solid year

Highlighted in the Preliminary Financial Report are these facts about the 2018-19 fiscal year:

- Total revenues increased by 8.6 percent to \$9.08 billion, while total expenditures rose by 4.5 percent to \$8.23 billion. Revenue growth was fueled by all-time high property, business, sales and transient occupancy tax receipts.
- General Fund revenues grew by 7.2 percent to \$6.23 billion, while non-proprietary special funds expanded by 11.6 percent to \$2.85.
- The Reserve Fund balance ended at 6.15 percent of General Fund receipts anticipated in the 2019-20 Adopted Budget, leaving the City \$75.8 million above its five percent policy goal.

- Cannabis related revenue totaled more than \$70 million due to higher than expected business and sales tax receipts.

Concerns remain

A number of concerns are also addressed in the report:

- Pension costs to the City increased last fiscal year by 9.1 percent from \$1.1 billion to more than \$1.2 billion.
- Total expenditures will continue to grow in the coming years due to increased salary and employee benefit costs in newly-adopted labor agreements. Such costs could put constraints on the City's ability to expand services in future years, especially if revenues do not keep pace.
- Although transient occupancy tax receipts from hotels and home-sharing increased, they dipped below budgeted amounts for the first time since 2011. The City's new home-sharing policy, which imposes some limits on short term rentals, could impact the amount collected going forward.

To proactively address these issues, my office recommends that the City further increase the General Fund percentage contributed to the Reserve and Budget Stabilization Funds, and remain cautious when considering future staffing and related spending requests.

It is also worth noting that City's debt service requirements increased only slightly to 5.5 percent of General Fund revenues (\$345.6 million), due to the issuance of the second round of Proposition HHH bonds last year, but remained significantly below the policy limit of 15 percent (\$935.5 million). While this can be viewed in a positive light, utilizing debt financing can also provide the opportunity to invest in large-scale infrastructure projects to meet long-term City needs, including street and sidewalk repair and information technology modernization, as recommended in some of my office's recent reports.

My staff and I appreciate the cooperation shown by City departments as we prepared this report, and we congratulate them for smoothly closing the last fiscal year. Should you have questions or need more information, please contact my Director of Financial Analysis and Reporting, Matthew Crawford: (213) 978-7203 or matthew.crawford@lacity.org.

Respectfully submitted,



RON GALPERIN
L.A. Controller

cc: Sharon Tso, Chief Legislative Analyst
Richard H. Llewellyn Jr., City Administrative Officer

Preliminary Financial Report



RON  **GALPERIN**
LA CONTROLLER

TABLE OF CONTENTS

	<u>Page</u>
Summary	1
Discussion.....	6
Section I: Revenues and Expenditures	6
Section II: Reserve Fund	16
Section III: Budget Stabilization Fund	22
Section IV: Bonded Indebtedness.....	24
Schedules	26
Exhibits	
Exhibit 1: 10-Year Total Revenues and Expenditures.....	6
Exhibit 2: 2018-19 Actual General Fund Revenues, % of Total	7
Exhibit 3: Adopted and Actual General Fund Revenues	8
Exhibit 4: 10-Year History of General Fund Revenues.....	10
Exhibit 5: Adopted, Final Budget and Actual Expenditures And Encumbrances	12
Exhibit 6: Total Expenditures.....	13
Exhibit 7: 2018-19 Actual Expenditure and Encumbrances, % of Total	14
Exhibit 8: Adjusted Beginning Reserve Fund Balance as Percent of Budgeted General Fund	16
Exhibit 9: Adopted and Actual Beginning Reserve Fund Balances Percentages and Actual Cash Balances	17
Exhibit 10: Reserve Fund Cash Balance	18
Exhibit 11: Budget Stabilization Fund	22
Exhibit 12: Ratio of Debt Service to General Fund Receipts.....	24

SUMMARY

At the close of each fiscal year, the Office of the Controller is required to report on the finances of the City for the year that just ended. This Preliminary Financial Report is the first piece of that reporting provides cash basis information on revenues, expenditures, reserves, and bonded indebtedness, in comparison to the Adopted Budget.

The second piece of this reporting requirement is the Comprehensive Annual Financial Report (CAFR), the City's official, audited financial statement, which will be released later this fiscal year. Together, these two documents educate and inform both City decision-makers and the public on the City's financial situation.

Fiscal Year 2018-19, which ended on June 30, 2019, was a strong year for the City's finances. Total revenues grew faster than historical averages, while total expenditures grew slightly less than the long-term trend. Reserves were maintained well above the City's policy minimums and debt service obligations remained far below legal limits. However, as discussed in the Report, newly-contracted salary increases, continuing demands for expanded services, and other future obligations will make this strength difficult to maintain in the years to come, while crowding out much needed investment in critical infrastructure maintenance and improvement.

An interactive presentation of the report is available at:

<https://lacontroller.org/pfr2019>

FISCAL YEAR 2019 AT A GLANCE

Strengths:

- Total Revenues up 8.6% while Total Expenditures up only 4.5%
- 6.2% Reserve Fund provides more than \$209 million for contingencies.
- Health costs increased by only 5%, slower than prior years.
- Cannabis-related revenue totaled over \$70 million.

Weaknesses:

- Pension costs grew by 9.1%
- Capital Improvements spending only 44% of budget
- Documentary Transfer Tax fell slightly for the second straight year

Trends to Watch:

- New MOUs will increase salaries significantly
- Will hotel demand and prices stay high? And what impact will the new home-sharing policy have on tax revenue?
- With sales volumes falling, can Property Tax continue to grow at more than 6% annually?

The Preliminary Financial Report is organized in four distinct sections:

1. **Revenues and Expenditures**: A discussion of the fiscal year that just ended, including trend analysis, notable changes from prior years, and financial performance relative to the Adopted Budget
2. **Reserve Fund**: A discussion of the current condition of the City's Reserve Fund, and analysis of the various factors influencing that figure
3. **Budget Stabilization Fund**: A discussion of the Fund policy and how actual figures compare to the policy
4. **Bonded Indebtedness**: A statement of the City's total bonded indebtedness and debt service requirements; as well as comparisons to City policies and legal limitations.

1. Revenues and Expenditures

Total Revenue grew by 8.6 percent over the prior year. General Fund revenue increased by 7.2 percent, led by record high receipts from Property Tax, Business Tax, Sales Tax, and Licenses, Permits, Fees, and Fines. Revenue in budgeted special funds increased by 11.6 percent, led by Sewer Construction and Maintenance, Solid Waste Resources, and the first full year of the Road Maintenance and Rehabilitation Program (SB 1).

Total expenditures grew as well, at a rate of 4.5 percent, led by salary and pension contribution increases partially offset by reduced spending on capital projects.

Revenues have been growing at a relatively strong pace for a number of years, but signs of weakening are present, including stagnant receipts from Documentary Transfer Tax and Transient Occupancy Tax from hotels. Expenditures, however, are projected to grow at a higher rate over the next two years due to new employment contracts with virtually all City employees including significant cost of living increases over the next three years, in addition to projected increases in health care costs and retirement contributions.

Combining these projected increases with the constant demands for greater service levels and new initiatives, and deferred maintenance, the City may

face significant challenges when the impacts of a slowing national and international economy begin to negatively affect the City's revenues.

2. Reserve Fund

The key to preparing for future downturns is to increase the City's reserves during years of strong growth. In the last ten fiscal years, with a combination of strong revenue growth and fiscal restraint, the Reserve Fund balance rose from 3.9 percent in 2009-10 to its 8.2 percent peak at the beginning of 2015-16, but has since declined to 6.2 percent of the 2019-20 Adopted General Fund Budget.

Since 2015, efforts to balance the budget, fund new priorities and cover unanticipated expenditures have cut into these reserves. While this amount is above the City's policy goals, the decline in reserves does not correlate to the significant economic growth the City has experienced during this period. The current balance in the Reserve Fund leaves \$79 million available to meet unanticipated needs without dropping below the City's 5 percent Reserve Fund policy.

3. Budget Stabilization Fund

The Budget Stabilization Fund is the City's mechanism for accumulating excess tax revenues in growth years in order to mitigate shortfalls in lean years. The June 30, 2019 balance in the Fund was \$107.2 million. As in prior years, deposits into the Fund were reduced in order to meet other City Financial Policies, notably the capital improvement funding requirement, though even with the offsets the budget is not in compliance with the policy. The Mayor and Council are currently working with the City Administrative Officer (CAO) and the City Attorney to revise the policy to better reflect the City's needs and financial situation.

4. Bonded Indebtedness

After four consecutive years of decreases driven by low interest rates and debt refunding, bonded indebtedness and the City's debt service obligations increased due to the issuance of Proposition HHH bonds. Debt service payments increased from 5.4 percent to 5.5 percent of General Fund revenue, still well under the City's 15 percent policy ceiling.

This low level of debt, combined with historically low interest rates, presents the possibility of debt financing much needed improvements in City facilities, technology infrastructure, and street, sidewalk, and safety projects. As long as additional debt is issued responsibly and strategically, this can be a valuable tool for financing long term investment in the City's future.

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DISCUSSION

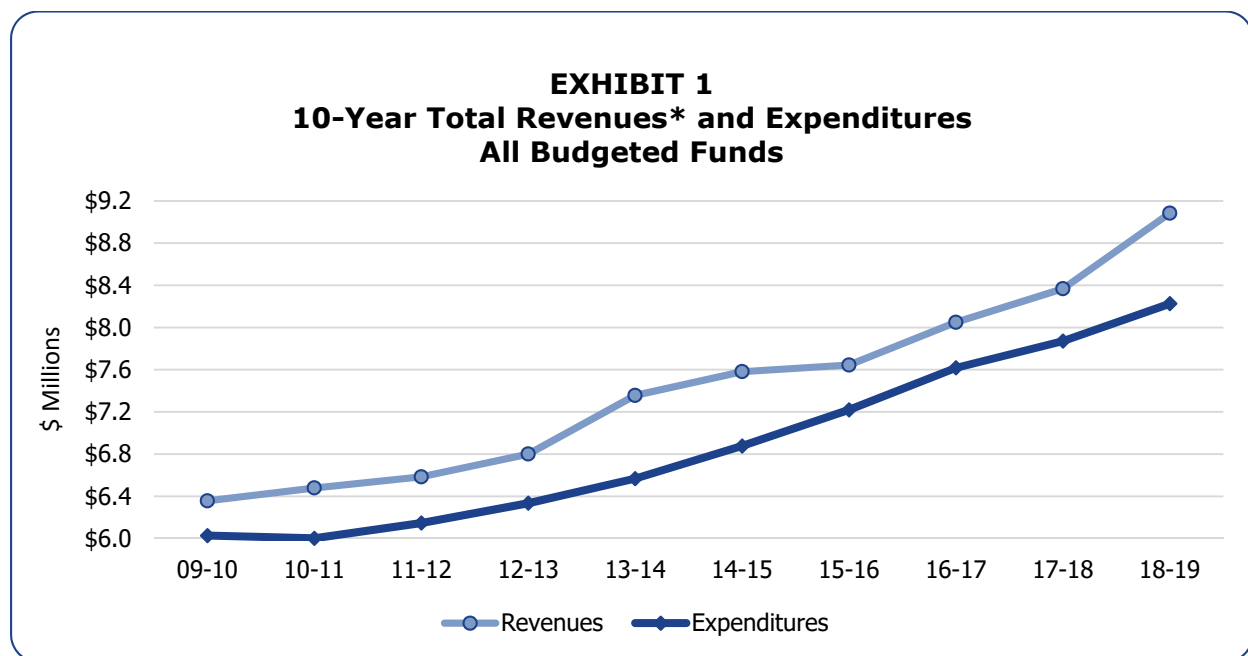
The Preliminary Financial Report focuses on the cash basis financial information of the City for 2018-19, providing information on revenues and expenditures, the Reserve Fund, the Budget Stabilization Fund, and bonded indebtedness. An interactive presentation, along with all the exhibits and schedules used in the report, is available at:

<https://lacontroller.org/pfr2019>

Audited financial statements, prepared in conformity with Generally Accepted Accounting Principles (GAAP), will be presented in the City's Comprehensive Annual Financial Report (CAFR) later this fiscal year.

Section I: Revenues and Expenditures

Total Revenues in budgeted funds for 2018-19 were \$9.08 billion, an increase of 8.6 percent over 2017-18, while total expenditures increased by 4.5 percent to \$8.23 billion. In addition to the expenditures, the City encumbered \$618 million. However, with recently approved cost of living increases, many of which are retroactive, along with projected increases in other costs, the gap between revenues and expenditures will shrink in future years unless revenues exceed expectations. Exhibit 1 below shows the ten-year history of total revenues and expenditures.



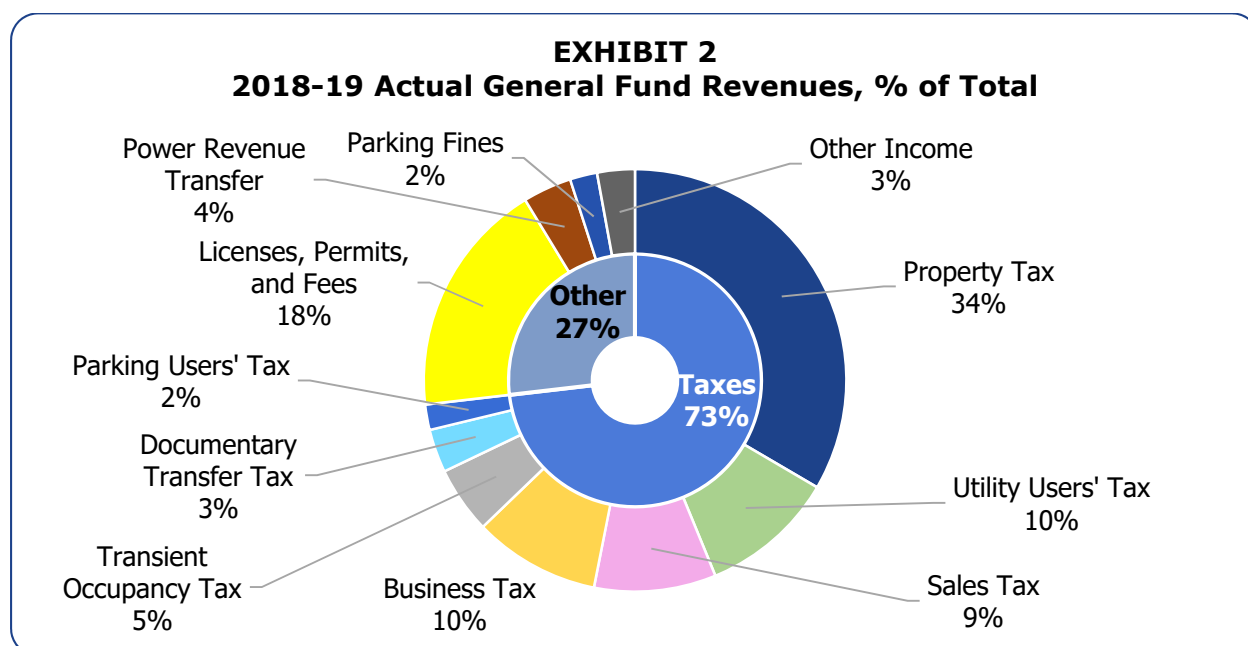
*Excluding transfers from reserves

Since 2009-10, revenues have grown by 42.9 percent (average annual growth of 4.1 percent), while expenditures have grown by 36.5 percent (average annual growth of 3.4 percent). However, as seen in Exhibit 1, the two sides never diverge for very long. When expenditures exceed revenues, the City implements costs controls and seeks new revenue sources; when revenues exceed expenditures, new and expanded initiatives get funded.

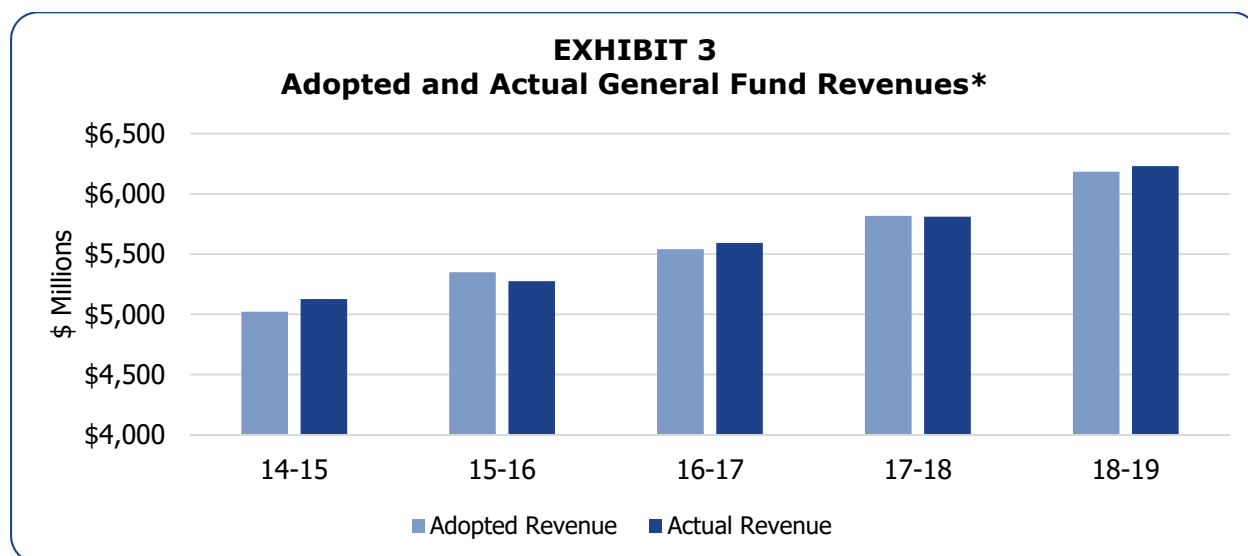
The 2018-19 Adopted Budget totaled \$9.16 billion (excluding \$740.9 million in available balances), of which \$6.19 billion was in the General Fund and \$2.97 billion was in Special Funds. Actual receipts for the year (excluding available balances) were \$9.08 billion, 0.76 percent less than budgeted, while total expenditures (including encumbrances) were \$8.84 billion, 10.7 percent less than budgeted. Detail of budgeted and actual receipts and expenditures is presented in Schedules III and IV.

General Fund Revenues

The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those legally required to be accounted for in other funds. General Fund revenues are derived from such sources as taxes, licenses, permits, fees, fines, intergovernmental revenues, charges for services, special assessments, and interest income. Exhibit 2 presents 2018-19 actual General Fund revenues by percentage.



Actual 2018-19 General Fund receipts, excluding transfers from the Reserve Fund, totaled \$6.23 billion, \$46.3 million (0.8 percent) more than the Adopted Budget and \$420.7 million (7.2 percent) more than 2017-18. Over the past five years, General Fund revenue averaged 5.0 percent growth, exceeding the Budget three times and coming up short twice. Exhibit 3 below presents a comparison between adopted and actual General Fund receipts by fiscal year.



*Excluding transfers from reserves

General Fund revenues that outperformed the Adopted Budget included Property Tax (\$49 million or 2.5 percent above budget), Business Tax (\$13.1 million or 2.2 percent), Sales Tax (\$23.5 million or 4.2 percent), Franchise Income (\$5.5 million or 7 percent), and Parking User's Tax (\$2.5 million or 2.15 percent).

Property Tax receipts exceeded expectations due to strong growth in assessed property values, \$158.7 million (8.6 percent) higher than 2018 receipts. Ex-CRA property tax increment revenue was \$23.3 million less than budget and \$14.5 million less than the prior year due to delayed property sales and an anticipated tax settlement that was not completed during the fiscal year.

The Adopted Budget assumed 6.4 percent growth for Business Tax receipts. However, due to greater market share of recreational cannabis retail activity (\$43.5 million or 7.2 percent of total Business Tax) and moderate growth in non-cannabis business tax, actual receipts were 8.8 percent higher than last year and \$13.1 million over budget.

New cannabis retail activity had a positive effect on Sales Tax Receipts as well. Along with delayed prior year remittances and out of state receipts, Sales Tax receipts exceeded the budget by \$23.5 million or 4.2 percent, increasing to a total of \$581.4 million.

Franchise Income ended higher than budget by \$5.5 million, mainly due to natural gas and cable franchise fees that exceeded budget by \$3.2 and \$1.6 million respectively.

Utility Users' Tax had a net increase of 0.4 percent. While Gas Users and Electrical Users Taxes combined exceeded the budget by \$19.6 million, Telephone Users Tax receipts were \$17 million under budget, continuing a decade-long downward trend as both telephone prices and usage decline.

After two consecutive years of shortfalls, Licenses, Permits, Fees and Fines ended slightly higher than budget (\$1.7 million or 0.15 percent), boosted by an unbudgeted \$26.9 million one-time payment from the Santa Monica Mountains Conservancy relative to Taylor Yard.

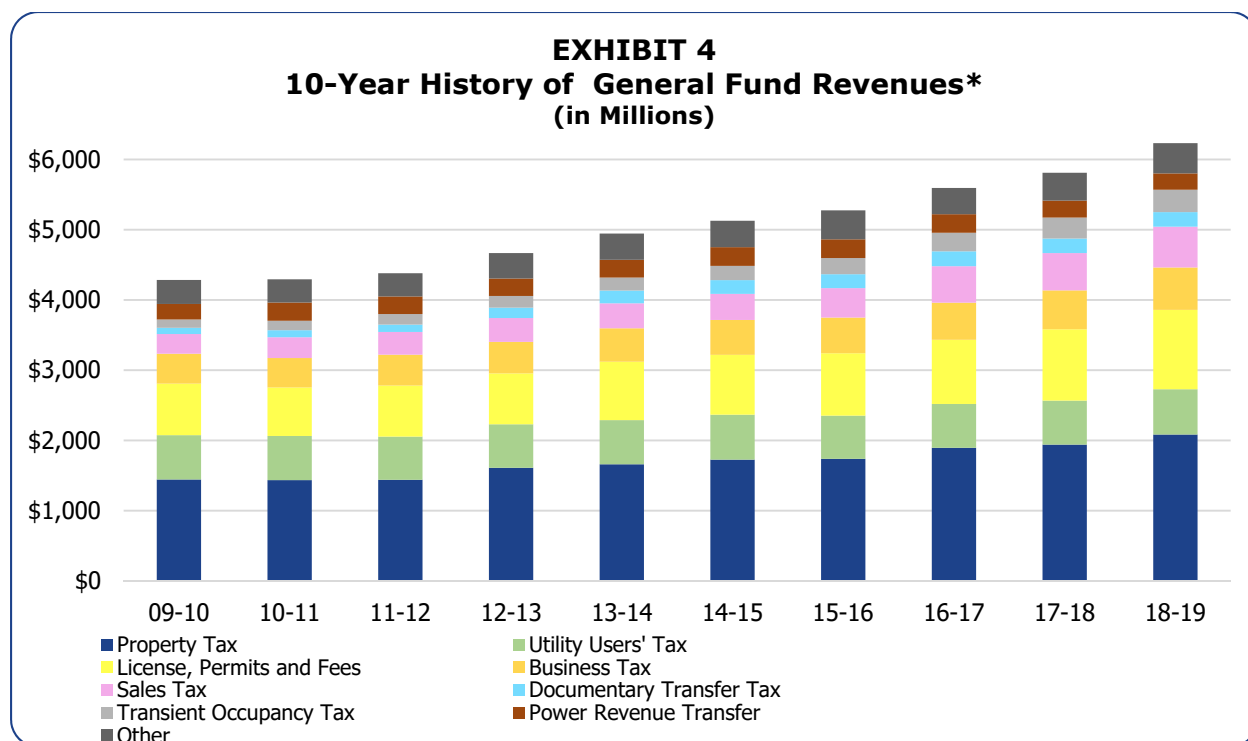
These higher than expected revenues were offset by shortfalls in a number of other categories.

Transient Occupancy Tax (commonly known as Hotel Tax) receipts increased by 6.6 percent over last year, but fell under budget first time since 2011, missing the target by \$3.3 million or 1 percent. While Transient Occupancy Tax receipts from hotels grew only 2.9 percent, total growth was driven up by revenues collected from short-term rental companies under negotiated tax collection agreements. It should be noted that the City's newly-implemented home-sharing policy, which will restrict the number of properties and rental days that private dwellings will be available on short term rental market, may impact Transient Occupancy Tax going forward.

Documentary Transfer Tax receipts were short \$8.3 million or 3.9 percent compared to the budget and \$1.6 million or 0.8 percent compared to last year. This second straight slight decrease was a result of declining sales offset by continuing increases in sale prices.

The Power Revenue Transfer was \$5.4 million (2.3 percent) less than budget. It has been declining slowly since 2016, with a 4.4 percent average decrease over the last three years.

Exhibit 4 below displays a 10-year history of General Fund receipts, excluding transfers from Reserve Fund.



*Excluding transfers from reserves

Revenues have steadily increased from 2011-12 (average annual growth of 4.3 percent). In 2018-19, these revenues exceeded prior year actual receipts by \$420.6 million or 7.2 percent.

Not only did Property Tax, Sales Tax, Business Tax, and Transient Occupancy Tax achieve all-time highs, the year-over-year growth percentage in these categories trended higher as well. Property Tax growth percentage increased from 2.4 percent to 7.4 percent in the current year. Sales Tax receipts grew by 9.8 percent compared to 1.8 percent increase in 2017-18. Business Tax continued its steady rise with 8.8 percent increase in 2018-19, compared to 5 percent increase last fiscal year, and 3.6 percent in 2016-17. Transient Occupancy Tax revenue was the exception among the major taxes, with 6.6 percent growth compared to 12.6 percent in 2017-18.

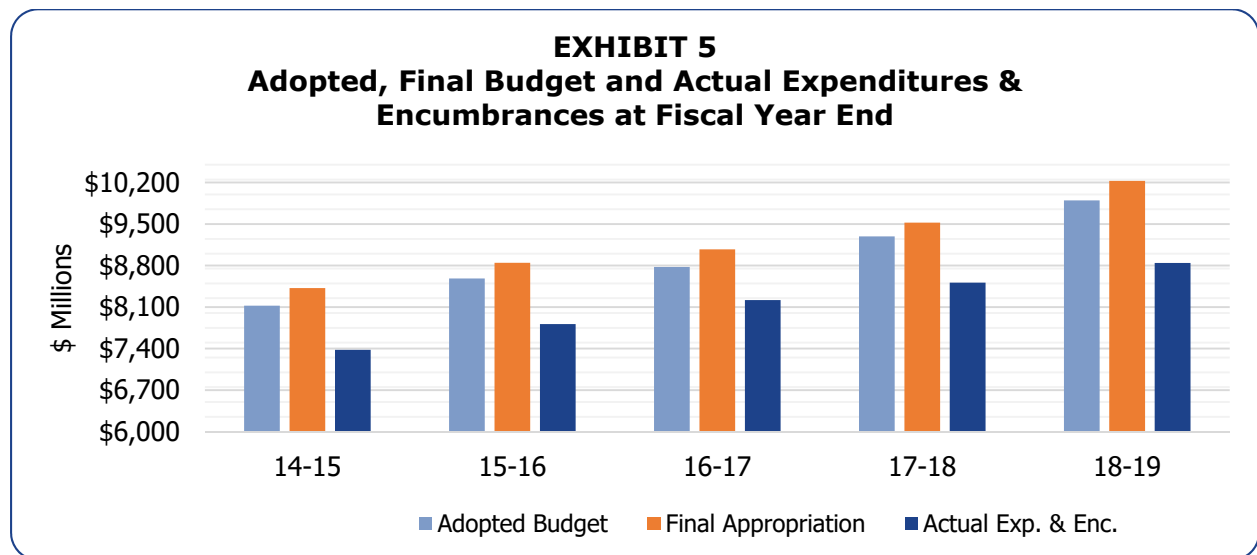
Documentary Transfer Tax receipts, considered the most volatile of the General Fund taxes, recorded robust growth in the aftermath of the economic recession as property values recovered and sales accelerated, increasing by a total of 134 percent between 2009 and 2015. Since then, receipts have grown only 4.8 percent, and have actually decreased slightly over the past two years. Since Documentary Transfer Tax is a transaction-based tax, both prices and volume must increase for significant gains. For the past two years, prices have continued to rise but declining sales volume has pulled down tax receipts.

In past years, a drop in Documentary Transfer Tax receipts has served as a leading indicator of an imminent recession. Since it was established in the early 1990s, it has dropped four times. Each of the first three drops preceded periods of overall economic contraction. It remains to be seen whether the slight declines of 2018 and 2019 repeat this pattern.

Appropriations, Expenditures & Encumbrances

Total expenditures, including encumbrances, were \$8.84 billion. This was \$331.3 million or 3.9 percent higher than the 2017-18, but \$1.06 billion or 10.7 percent lower than the Adopted Budget.

Exhibit 5 below presents a comparison between the Adopted Budget, the final budget (which includes interim appropriations made during the year), and actual expenditures and encumbrances by fiscal year.



For the last five years total actual Expenditures and Encumbrances have grown average 4.8 percent. For the same period, Salaries (excluding Library and Recreations and Parks) increased by 4.2 percent, and Services, Supplies, Equipment and Others by 5.2 percent. Salaries are made up of Sworn and Civilian Salaries, which increased by 4.5 and 3.8 percent respectively.

Exhibit 6 below breaks out summarized categories of budgetary and actual expenditures and encumbrances for 2017-18 and 2018-19. Detailed information by department can be found in Schedule IV.

EXHIBIT 6
Total Expenditures, Including Encumbrances - All Budgeted Funds
(in Millions)

	Adopted 18-19 Budget	Actual 18-19 Expenditures	Actual 17-18 Expenditures
Salaries			
Sworn Fire	\$ 603.2	\$ 613.6	\$ 595.1
Sworn Police	1,257.6	1,291.2	1,244.3
Civilian	1,746.1	1,701.9	1,638.3
Total Salaries	3,606.9	3,606.7	3,477.7
Departmental Expenses and Equipment	542.7	666.9	623.5
Total Budgetary Departments	4,149.6	4,273.6	4,101.2
Nondepartmental Appropriations			
Library	178.5	178.5	167.8
Recreation and Parks	198.9	201.7	190.6
City Employees' Retirement	110.4	111.5	102.9
Tax and Revenue Anticipation Notes	1,208.7	1,200.4	1,100.0
Capital Improvement Expenditure Program	399.6	175.1	277.5
Human Resources Benefits	730.7	726.5	691.3
Liability Claims	89.0	102.1	108.2
Bond Redemption & Interest/JO Bond/Other Debt	380.4	403.4	358.5
Prop A Local Transit Assistance	232.9	128.7	139.2
Wastewater Special Purpose	559.4	493.3	444.5
Other Nondepartments and Special Purpose Funds	1,661.7	849.2	831.0
Total	\$ 9,899.8	\$ 8,844.0	\$ 8,512.7

Note: Appropriations to Library and Recreation and Parks include both salaries and expense accounts.

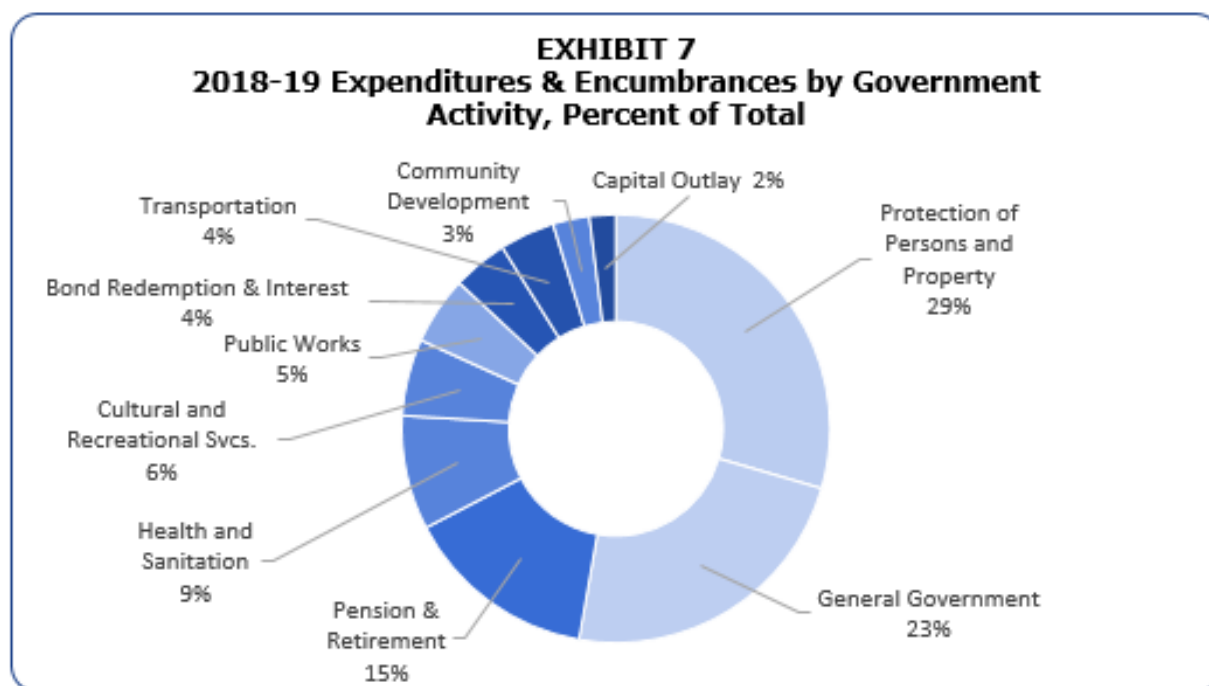
Salaries increased by \$129 million or 3.7 percent compared to last year. This would have been higher, but anticipated expenditures from pending labor agreements did not materialize in the current year due to the timing of execution of those agreements. Due to the retroactive nature of some of those agreements, the impact anticipated in 2018-19 will be added to 2019-20 salary growth.

Total contributions to Library and Recreation and Parks, which increased by a \$10.7 million or 6.4 percent and \$11.1 million or 5.8 percent respectively, are made pursuant to Charter requirements and are tied to growth in the City's total assessed valuation.

Capital Improvement Expenditure Program (CIEP) expenditures were 56.2 percent or \$224.5 million lower than budget, and \$102.4 million lower than last year. The largest variance from last year was in Clean Water System Projects, which was 54.2 percent or \$178.8 million lower than the budget and 41 percent or \$104.9 million lower than last year.

Human Resources Benefits expenses were slightly lower than the budget (0.6 percent), but higher by \$35.2 million or 5.1 percent compared to last year. The increase was primarily due to increases in Health care subsidies for civilian and sworn employees, by \$24.4 million or 5.2 percent, and Worker's Compensation costs, which increased by \$9.8 million or 5.2 percent.

Exhibit 7 below breaks out expenditures and encumbrances by Governmental Activity.



Almost a third of total expenditures were spent on Protection of Persons and Property. Even as priorities have shifted and the economy has grown, this percentage has remained remarkably stable.

Also of note were the contributions to the City's pension systems, which totaled \$1.3 billion, 15% of total spending. This is down slightly from recent years, but still a figure that should be monitored carefully.

The City ended the fiscal year with a total of \$617.9 million in encumbrances: \$455.3 million in the General Fund and \$162.6 million in special funds. \$215.9 million was encumbered for salaries to be paid in July 2019, with the balance encumbered in expense, equipment, and special fund project accounts.

Encumbered funds for salaries are earmarked for the last pay period of the fiscal year and unspent funds are immediately released after payroll is made. Funds encumbered for expense accounts are continued across fiscal years to ensure that cash is available to cover the expenditure when it is made. Schedule V provides a listing of General Fund encumbrances by department.

The General Fund Encumbrance Policy provides that encumbered funds that remain unspent for a period longer than one fiscal year shall be disencumbered every fiscal year, with the exception of capital project funds. Prior-year encumbrances are automatically disencumbered unless exempted by Mayor and Council approval. As part of the 2018-19 Year-End Financial Status Report, a total of \$38.9 million was exempted from disencumbrances, a decrease of \$6.0 million from last year's exemptions.

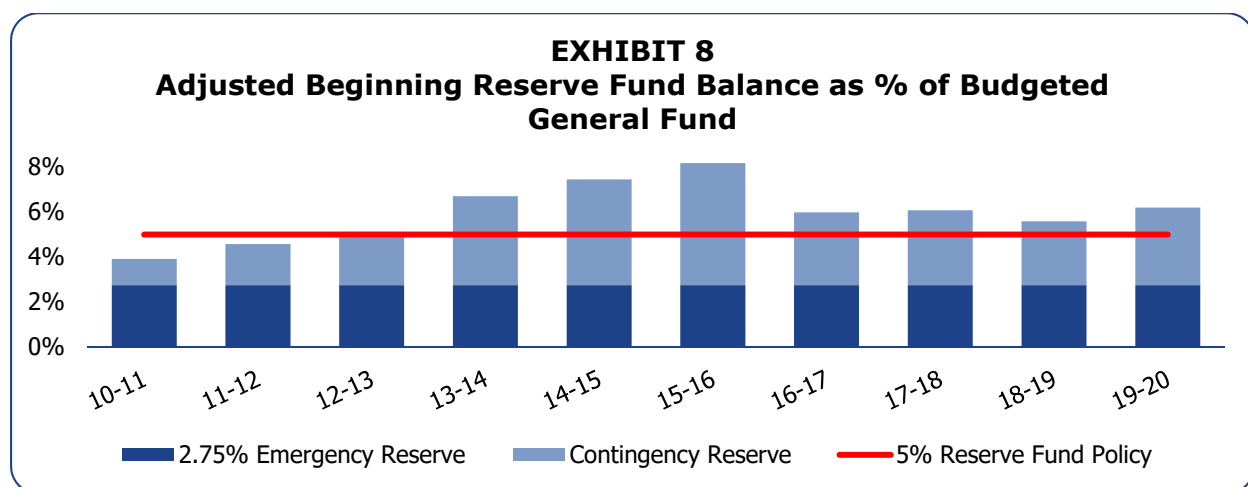
Unencumbered General funds revert to the Reserve Fund at year end. As such, exemptions to the automatic disencumbrance policy reduce reversions, thereby reducing the cash available in the Reserve Fund to pay for emergencies and contingencies. Section II below discusses the status of the Reserve Fund in more detail.

Section II: Reserve Fund

The Reserve Fund is established to ensure that funds are available for unanticipated expenditures and revenue shortfalls in the General Fund, and is broken into an Emergency Account and a Contingency Account.

The Emergency Reserve Account is fixed at 2.75 percent of the adopted General Fund receipts. A finding of urgent economic necessity is required to use these funds. The Contingency Reserve Account includes all monies in the Reserve Fund over and above the amount required to be allocated to the Emergency Account. Contingency Reserve Account funds can be a source of additional funding to cover unanticipated expenses or revenue shortfalls.

The City's Reserve Fund Policy (CF 98-0459) sets a Reserve Fund cash balance goal of at least 5.0 percent of budgeted General Fund receipts. Exhibit 8 below displays the past ten years of beginning Emergency and Contingency Reserve Fund balances compared to this policy target.



The Reserve Fund is an important measure of the City's fiscal health, and is vital to cash flow, bond ratings, and the ability to manage financial challenges. Failure to maintain the City's Reserve Fund at an adequate level not only exposes the City to significant risk in the event of an emergency, but can also have negative financial impacts due to increased cost of borrowing. Just as growing the Reserve Fund has been a factor in upgrades in past years, dropping below the 5.0 percent policy would likely be viewed negatively by rating agencies.

Reserve Fund Status

After the 2018-19 accounting close, budgetary appropriations, return of advances, and reappropriations, and the fiscal year-start adjusted Reserve Fund balance was \$407.3 million or 6.2 percent of General Fund receipts anticipated in the 2019-20 Adopted Budget, \$78.8 million above the 5.0 percent Reserve Fund Policy goal.

Exhibit 9, below, shows Adopted and Actual Beginning Reserve Fund Balances for last ten years.

EXHIBIT 9
Adopted and Actual Beginning Reserve Fund Balances
Percentages and Actual Cash Balances (In Millions)

	Adopted Budget	Actual	Amount
2010-11	2.91%	3.92%	\$171.3
2011-12	4.04%	4.58%	\$200.7
2012-13	4.79%	5.12%	\$233.0
2013-14	5.37%	6.71%	\$326.6
2014-15	5.53%	7.45%	\$383.0
2015-16	5.79%	8.18%	\$442.5
2016-17	6.01%	5.99%	\$334.2
2017-18	5.12%	6.08%	\$354.5
2018-19	5.67%	5.59%	\$345.8
2019-20	6.25%	6.20%	\$407.3

The Reserve Fund balance increased significantly from 2010-11 to 2015-16, hitting 8.18 percent in 2015-16. Since then, the percentage has varied in the 5.5 to 6 percent range, less than prior years but still above the policy minimum. The 2019-20 year-start Reserve Fund is \$3.1 million lower than the \$410.4 million assumed in the Adopted Budget, primarily due to higher than anticipated advances to other funds and higher than normal reappropriations and year-end borrowing.

Adjustments to the Reserve Fund Cash Balance

At the end of each fiscal year and the beginning of the next, a number of transactions are required to accurately reflect the status of the Reserve Fund through the closing of the City's books. Exhibit 10 details the year-end and year-start adjustments to the Reserve Fund Cash Balance, comparing Adopted Budget versus actual.

EXHIBIT 10 Reserve Fund Cash Balance (In Millions)

	Adopted 2019-20 Budget	Actual Balance	Difference
Contingency Reserve:			
a. Balance Before Year-End Reversions/Borrowings	\$ 224.7	\$ 208.1	\$ (16.6)
b. Reversion of Uncommitted Balances	158.4	209.3	50.9
c. Unallocated Revenue	12.0	--	(12.0)
d. Advances Under CF 18-0600-S166	--	(0.3)	(0.3)
e. Advances Under Charter Section 261 (i)	(50.0)	(61.7)	(11.7)
Total Contingency Reserve, Year End	345.1	355.4	10.3
Emergency Reserve, Year End	170.2	170.2	--
Total Reserve Fund, Ending 6/30/19	\$ 515.3	\$ 525.6	\$ 10.3
f. Return of Advances for Unfunded Encumbrances	18.0	30.9	12.9
g. General Fund Appropriation to Reserve Fund	7.6	7.6	--
h. Reappropriations*	(123.5)	(149.8)	(26.3)
i. Transfer to Budget Stabilization Fund	(7.0)	(7.0)	--
Total Reserve Fund, Year Start Adjusted 7/1/19	\$ 410.4	\$ 407.3	\$ (3.1)
Emergency Reserve, Year Start Adjusted	\$ 180.7	\$ 180.7	\$ --
Contingency Reserve, Year Start Adjusted	229.7	226.6	(3.1)

* Some reappropriations were actually completed after July 1.

Following are descriptions of the line item changes to the Reserve Fund listed in Exhibit 10:

Reserve Fund Cash Balance (June 30, 2019)

As of June 30, 2019, after closing the City's General Ledger, the recorded Reserve Fund balance was \$407.3 million. This was \$3.1 million less than the amount anticipated in the 2019-20 Adopted Budget. The Reserve Fund cash balance is adjusted by the following factors to arrive at the year-end balance:

a. Balance Before Year-End Reversions/Borrowings

The amount of cash available in the Contingency Reserve prior to adjustments for year-end reversions, unallocated revenues, and borrowings. It does not include cash in the Emergency Reserve.

For 2018-19, this amount was lower than anticipated in the budget due to higher than anticipated advances to other funds made after the adoption of the budget.

b. Reversion of Uncommitted Balances

Uncommitted General Fund appropriations are reverted to the Reserve Fund at fiscal year-end. Appropriations (spending authority) granted to City departments by the Mayor and Council are committed throughout the year in the form of encumbrances and expenditures. Remaining or uncommitted balances are reverted to the Reserve Fund to the extent they are supported by cash.

In 2018-19, the budget estimated \$158.4 million in reversions. The uncommitted balance at year end was \$218.1 million. Excluding unfunded appropriations, a total of \$209.3 million reverted prior to reappropriations.

For a detailed breakdown of uncommitted balances by department, please see Schedule VII.

c. Unallocated Revenue (Excess Receipts)

Unallocated revenue occurs when revenues exceed the total budget appropriation. While the Adopted Budget assumed \$12 million in surplus receipts would revert to the Reserve Fund in 2018-19, none were realized, resulting in a reduction of the Reserve Fund balance.

d. Advances Under CF 18-0600-S166

Council File 18-0600-S166 authorized the Controller to borrow from the Reserve Fund at year-end to balance departmental budgets where needed in order to facilitate the closing of the City's General Ledger. The Controller

is authorized to increase appropriations within established limits without getting itemized Mayor and Council approval, a process that would delay the closing of the City's General Ledger. Advances totaling \$353,300 were made for the Fire and General Services departments.

e. Advances Under Charter Section 261(i) for Unfunded Encumbrances and Expenditures

Under Charter Section 261(i), the Controller transfers funds from the Reserve Fund as a loan to any fund that becomes depleted due to tardy receipt of revenue. The 2019-20 Adopted Budget estimated \$50.0 million in year-end advances. Actual advances were \$61.7 million, consisting of \$30.9 million in unfunded expenditures and \$30.8 million in unfunded encumbrances (see Schedule VIII for a breakdown by department).

Unfunded expenditures generally occur when expenditures occur prior to receipts (e.g. grants on reimbursement basis) and/or due to billing delays. When the funding source reimburses the costs, departments are able to repay the advances. If funding is not available, departments may request Mayor and Council approval to write-off the advances. Unfunded encumbered amounts represent a technical adjustment at year-end and are reversed at the start of the new fiscal year as documented in item (f), below.

Reserve Fund Cash Balance (2019-20 Year-Start)

The 2018-19 year-end Reserve Fund cash balance is not the same as the 2019-20 year-start cash balance. The following technical adjustments are made after the close of the prior fiscal year.

f. Return of Advances for Unfunded Encumbrances

Advances for unfunded encumbrances are reversed at the start of the following fiscal year, as discussed in item (e), above.

g. General Fund Appropriation to Reserve Fund

The 2019-20 Adopted Budget included an appropriation to the Reserve Fund totaling \$7,639,914.

h. Reappropriations

The 2019-20 Adopted Budget and other Council actions (C.F. 18-0600-S169, 14-1499-S7, 14-1499-S8, 19-0600-S89, 19-0600-S156 and 19-0609) provided that certain uncommitted balances earmarked for specific programs would be reappropriated in the subsequent year if not expended by the year-end. See Schedule VII for reappropriations by department.

Actual reappropriations of \$152.8 million were \$29.3 million above the \$123.5 million budget, due primarily to unbudgeted reappropriations for housing and homeless services.

i. Transfer to Budget Stabilization Fund

The 2019-20 Adopted Budget transferred \$7.0 million into the Budget Stabilization Fund.

Section III: Budget Stabilization Fund

The Budget Stabilization Fund (BSF) was added to the City's Charter in 2011. The purpose of this fund is to set aside revenues during periods of robust economic growth or when revenue projections are exceeded to help smooth out years when revenue is stagnant or is in decline.

The June 30 Fund balance was \$107.2 million. Exhibit 11 below displays the adopted and prior year cash balance and adjustments of the BSF. As further explained below, the Adopted Budget included a deposit of \$7.0 million into the Fund.

EXHIBIT 11
Budget Stabilization Fund
(In Thousands)

	2017-18 Actual	2018-19 Actual	2019-20 Estimate
Cash Balance, July 1	\$ 94,739	\$ 96,443	\$ 107,248
Transfer from Reserve Fund	422	9,000	7,000
Interest Income	1,282	1,805	2,000
Cash Balance, June 30	\$ 96,443	\$ 107,248	\$ 116,248

The current BSF Policy states that all budgeted growth in combined receipts from seven City "economically sensitive" revenue categories (Property Tax, Utility Users Tax, Business Tax, Sales Tax, Documentary Transfer Tax, Transient Occupancy Tax, and Parking Users Tax) exceeding 3.4 percent in any given year shall be transferred into the BSF.

The Adopted Budget has transferred money into the BSF each year since the Policy was adopted. However, not once has this budgetary transfer been equal to the amount of "economically sensitive" revenue growth above the 3.4 percent threshold. Instead, the BSF Policy has been met by using the available revenue to meet or exceed the CIEP Policy, as specifically allowed in the BSF Policy.

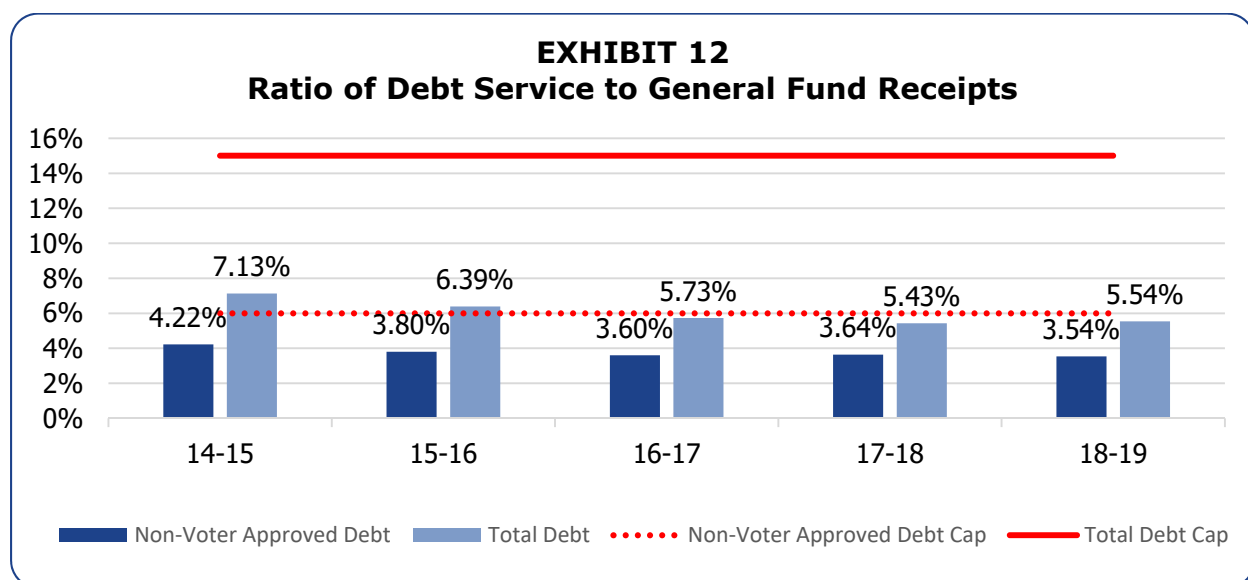
While this action is clearly consistent with the specific language in the Policy, this trend has a muting effect on the BSF and, should a time come when budget stabilization is necessary, there will not be sufficient funds in the BSF to meet that need. 25 percent of the current available balance, the Policy's limit on annual withdrawals, would only provide \$28.6 million, less than 0.5 percent of the annual budget.

Consistent with this Office's recommendation in the 2018-19 Preliminary Financial Report, the Mayor's Proposed Budget and the Council's Budget Resolution instructed the City Attorney to present an ordinance revising the BSF Policy threshold. Concurrently, the City Administrative Officer is developing a revised set of policies for managing the BSF which will hopefully make compliance with the Policy easier while ensuring sufficient monies are in the Fund when the City needs them.

Section IV: Bonded Indebtedness

The City's Debt Management Policy establishes guidelines for the structure and management of the City's debt obligations. These guidelines include target and ceiling levels for certain debt ratios to be used for planning purposes. The two most significant ratios are a non-voter-approved debt service cap as a percent of General Fund revenues of 6 percent and a total debt service cap as a percent of General Fund revenues of 15 percent.

Exhibit 12, below, illustrates the City's compliance with these debt management policies the past five years.



The actual ratio of Debt Service to General Fund Receipts was 5.54 percent in 2018-19. The ratio increased because the City issued Series 2018-A General Obligation Bonds, providing fund in the amount of \$276 million for Proposition HHH Housing and Homeless Facilities projects. This increase reversed a significant long term trend, as the past ten years have seen the City refinance the vast majority of its debt portfolio while not authorizing any new general obligation bonds. As shown on Schedule IX, Statement of General Obligation Bonded Debt, City refunded \$53 million and defeased (paid off) \$42.3 million during the year.

Exhibit 12 shows very clearly the responsibility the City has exhibited when it comes to debt management. Consistently falling debt service obligations have put the City in a position to consider major projects, as well as making strategic financing agreements available when these present financial advantages.

This significant amount of debt capacity also indicates an opportunity to invest in large-scale long-term infrastructure projects, including information technology (IT) infrastructure modernization, as identified in the Controller's Information Technology Disaster Preparedness, Recovery, and Continuity audit. IT systems perform an increasingly critical role in the City's every day and public safety operations, and the audit emphasized the immediate need for new investments in IT infrastructure.

SCHEDULES

	<u>Page</u>
Schedule I: Cash Condition Statement of Receipts and Disbursements	27
Schedule II: Reserve Fund Statement of Receipts and Disbursements	28
Schedule III: Statement of Receipts – Budget and Actual (Cash-Basis) – All Annually budgeted Funds	29
Schedule IV: Statement of Budget Appropriations, Expenditures and Encumbrances Budget and Actual (Cash-Basis) – All Annually Budgeted Funds.....	32
Schedule V: Year-end Encumbrances – General Fund	34
Schedule VI: General Fund Unencumbered Balances Reverted to the Reserve Fund.....	35
Schedule VII: General Fund Year-End Uncommitted Balances and Adopted Budget Reappropriations	36
Schedule VIII: Year-End Advances from the Reserve Fund for Unfunded Expenditures and Encumbrances.....	37
Schedule IX: Statement of General Obligation Bonded Debt	38
Schedule X: Ratio of Debt Service Requirement to General Fund Receipts Last Ten Fiscal Years	39

SCHEDULE I

Cash Condition Statement of Receipts and Disbursements - All Funds and Cash Balance by Fund Type For the Fiscal Year Ended June 30, 2019

Cash Balance, July 1, 2018	\$ 9,603,421,423
Add - Outstanding Warrants, July 1, 2018	137,168,679
Cash in the Treasury, July 1, 2018	9,740,590,102
Add - Receipts during the year ⁽¹⁾	22,445,737,534
Total Available	32,186,327,636
Less - Disbursements during the Year ⁽¹⁾	20,664,794,540
Cash in the Treasury, June 30, 2019	11,521,533,096
Less - Outstanding Warrants, June 30, 2019	118,228,736
Cash Balance, June 30, 2019 ⁽²⁾	\$ 11,403,304,360

June 30, 2019 Cash Balances by Fund Type:

General Fund (Includes Reserves)	\$ 1,254,924,466
Special Revenue	2,969,052,690
Debt Service	153,740,008
Capital Projects	637,003,734
Proprietary - Enterprise	6,067,852,746
Pension Trust	68,255,127
Agency	370,704,325
Cash in the Treasury, June 30, 2019	\$ 11,521,533,096
Less - Outstanding Warrants, June 30, 2019	118,228,736
Cash Balance, June 30, 2019 ⁽²⁾	\$ 11,403,304,360

⁽¹⁾ Receipts exclude interfund operating transfers. Disbursements include checks paid and wire transfers to depository banks by the City Treasurer.

⁽²⁾ Excludes cash with fiscal agents, petty cash, other revolving funds, and time deposits held for safekeeping by the City Treasurer totalling \$144,927,498.

The City Charter provides that the cash in the Treasury "resides" in various Funds created by the City Charter and legislative actions. Although the Treasury has a large cash balance at June 30, 2019, that cash is not available to the General Fund (except for limited General Fund balances) for general government activities of the City.

SCHEDULE II

Reserve Fund Statement of Receipts and Disbursements For the Fiscal Year Ended June 30, 2019

Cash Balance Ending June 30, 2018	\$ 436,079,702
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Receipts:

Return of Advances Under Charter Section 261(i) for:

Unfunded Expenditures	\$ 40,736,058	
Unfunded Encumbrances	14,954,397	
Return of Loans from Other Funds	25,194,049	
Transfer of Power Revenue Surplus	232,557,000	
Transfer of Special Parking Revenue Surplus	32,115,566	
Early Reversion of Unencumbered Balance	4,355,807	
Year-End Reversion of Unencumbered Balance	209,299,664	
Miscellaneous	4,529,143	563,741,684

Total Available Cash	999,821,386
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Disbursements:

Transfer to Budget	5,791,190	
Transfer to General Fund of Power Revenue Surplus	232,557,000	
Transfer to General Fund of Special Parking Revenue Surplus	32,115,566	
Transfer to Budget Stabilization Fund	9,000,000	
Transfers to Other Funds	16,978,592	
Loans to Other Funds	37,364,316	
Reappropriations of Prior Year Funds for Capital Improvements and Other Departmental Accounts	78,336,170	
Advances Under Charter Section 261(i) for:		
Unfunded Expenditures	30,891,151	
Unfunded Encumbrances	30,842,870	
Advances for Unfunded Expenditures per CF18-0600-S166	353,300	474,230,153

Cash Balance Ending June 30, 2019	\$ 525,591,233
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The Mayor and City Council adopted the Reserve Fund Policy (C.F. 98-0459) on August 4, 1998 to create two accounts in the Reserve Fund, the Contingency Reserve and the Emergency Reserve. On March 8, 2011, Charter Amendment P was approved prescribing the establishment and the method of accessing the Contingency and Emergency Reserve accounts. As of June 30, 2019, the total Contingency account is \$355,350,233 and the Emergency account is \$170,241,000.

SCHEDULE III

**Statement of Receipts - Budget and Actual
(Cash Basis)
All Annually Budgeted Funds
Fiscal Years Ended June 30, 2019 and 2018**

	2018-19 Adopted Budget	2018-19 Actual Receipts	2017-18 Actual Receipts	2019 Receipts Increase (Decrease)
General Fund Receipts:				
Property Tax:				
Property Tax 1%	\$ 1,495,412,000	\$ 1,537,067,985	\$ 1,411,983,560	\$ 125,084,425
Property Tax - Vehicle License Fee Replacement	466,097,000	473,439,839	439,849,209	33,590,630
Total Property Tax	1,961,509,000	2,010,507,824	1,851,832,769	158,675,055
Property Tax - Ex-CRA Tax Increment	97,252,000	73,970,632	88,507,320	(14,536,688)
Utility Users' Tax:				
Electric Users' Tax	411,670,000	417,488,423	386,524,833	30,963,590
Telephone Users' Tax	166,600,000	149,628,382	171,300,445	(21,672,063)
Gas Users' Tax	63,300,000	77,034,899	68,028,046	9,006,853
Total Utility Users' Tax	641,570,000	644,151,704	625,853,324	18,298,380
Licenses, Permits, Fees and Fines	1,128,045,130	1,129,767,409	1,015,490,009	114,277,400
Business Tax	590,000,000	603,122,610	554,521,397	48,601,213
Sales Tax	557,990,000	581,443,469	529,756,845	51,686,624
Documentary Transfer Tax	214,548,000	206,210,711	207,814,930	(1,604,219)
Power Revenue Transfer	238,000,000	232,557,000	241,848,000	(9,291,000)
Transient Occupancy Tax	322,160,000	318,887,863	299,107,810	19,780,053
Parking Fines	141,900,000	129,900,054	138,766,393	(8,866,339)
Parking Users' Tax	118,400,000	120,948,665	115,937,182	5,011,483
Franchise Income	78,816,000	84,313,613	56,869,182	27,444,431
State Motor Vehicle License Fees	2,127,000	1,946,137	2,127,491	(181,354)
Grant Receipts	12,003,184	11,613,561	8,547,824	3,065,737
Tobacco Settlement	10,952,000	10,615,990	10,952,059	(336,069)
Residential Development Tax	5,280,000	4,917,786	6,545,400	(1,627,614)
Special Parking Revenue Transfer	32,115,566	32,115,566	30,999,909	1,115,657
Interest	32,137,000	34,098,927	24,916,474	9,182,453
Transfer from Reserve Fund	5,791,190	5,791,190	9,107,662	(3,316,472)
Total General Fund Receipts	6,190,596,070	6,236,880,709	5,819,501,980	417,378,729
				Continued...

SCHEDULE III

Statement of Receipts - Budget and Actual (Continued) (Cash Basis) All Annually Budgeted Funds Fiscal Years Ended June 30, 2019 and 2018

	2018-19 Adopted Budget	2018-19 Actual Receipts	2017-18 Actual Receipts	2019 Receipts Increase (Decrease)
Special Fund Receipts:				
Accesible Housing Fund	\$ 10,148,004	\$ 10,151,919	\$ 2,499,430	\$ 7,652,489
Affordable Housing Trust Fund	4,537,072	2,993,963	7,071,133	(4,077,170)
Arts & Cultural Facilities & Services Trust Fund	25,924,791	26,083,573	22,220,468	3,863,105
Arts Development Fee Trust Fund	3,155,000	3,826,499	5,107,657	(1,281,158)
Building & Safety Permit Enterprise Fund	157,381,280	215,617,680	210,979,349	4,638,331
Central Recycling and Transfer Fund	8,090,000	11,657,021	9,840,932	1,816,089
City Employees' Retirement Fund (1)	110,370,050	111,549,846	102,886,161	8,663,685
City Employees Ridesharing Fund	3,222,000	3,079,952	3,156,742	(76,790)
City Ethics Commission Fund	3,409,102	3,409,102	3,053,968	355,134
City Tax Levy (Debt Service)	119,167,296	149,561,024	127,048,173	22,512,851
Citywide Recycling Trust Fund	28,350,000	24,986,929	31,087,141	(6,100,212)
Code Enforcement Trust Fund	39,736,761	40,041,856	41,555,877	(1,514,021)
Code Compliance Fund	1,674,270	1,407,354	803,404	603,950
Community Development Trust Fund	24,533,183	20,167,073	18,651,506	1,515,567
Community Services Administration Grant Fund	1,800,000	1,717,295	1,654,305	62,990
Convention Center Revenue Fund	30,909,702	38,757,319	39,447,610	(690,291)
Disaster Assistance Trust Fund	9,899,000	3,304,005	4,239,472	(935,467)
El Pueblo de Los Angeles Historical Monument Fund	5,060,113	5,456,696	5,114,577	342,119
Forfeited Assets Trust Fund of Police Dept	--	5,669,099	1,695,768	3,973,331
Greater Los Angeles Visitors & Convention Bureau Fund	24,781,538	24,534,791	23,011,424	1,523,367
HOME Investment Partnerships Program Fund	5,498,893	3,065,819	1,738,410	1,327,409
Household Hazardous Waste Fund	3,765,000	4,037,445	5,395,020	(1,357,575)
Housing Opportunities for Persons with AIDS Fund	624,411	428,463	336,862	91,601
Landfill Maintenance Fund	--	3,336	10,542	(7,206)
Local Public Safety Fund	45,160,000	45,978,820	43,819,134	2,159,686
Local Transportation Fund	6,133,402	820,301	8,529,793	(7,709,492)
Measure M Local Return Fund	46,704,000	57,852,111	42,398,849	15,453,262
Measure R Traffic Relief and Rail Expansion Fund	46,400,000	51,445,073	47,813,591	3,631,482
Mobile Source Air Pollution Reduction Trust Fund	5,250,000	5,346,448	5,750,136	(403,688)
Multi-Family Bulky Item Fund	11,250,000	10,947,448	7,162,527	3,784,921
Municipal Housing Finance Fund	5,298,068	9,143,803	6,172,879	2,970,924
Neighborhood Empowerment Fund	2,426,850	2,457,211	2,665,713	(208,502)
Older Americans Act Fund	2,865,906	2,050,079	1,908,008	142,071
Park & Recreational Sites & Facilities Fund	3,500,000	3,280,963	3,977,800	(696,837)
Planning Case Processing Revenue Fund	33,580,000	30,249,132	25,813,620	4,435,512
Proposition A Local Transit Assistance Fund	147,559,766	163,846,274	149,173,971	14,672,303
Proposition C Anti-Gridlock Transit Improvement Fund	77,506,675	84,975,073	82,777,740	2,197,333

Continued...

SCHEDULE III

Statement of Receipts - Budget and Actual - (Continued) (Cash Basis) All Annually Budgeted Funds Fiscal Years Ended June 30, 2019 and 2018

Special Fund Receipts: (Continued)	2018-19 Adopted Budget	2018-19 Actual Receipts	2017-18 Actual Receipts	2019 Receipts Increase (Decrease)
Rent Stabilization Trust Fund	\$ 14,658,878	\$ 14,894,969	\$ 15,231,547	(336,578)
Road Maintenance and Rehab Program	67,116,782	69,647,385	15,116,259	54,531,126
Road Maintenance and Rehab Program-Interest Income	300,000	539,601	--	539,601
Sewer Construction & Maintenance Fund	942,283,318	756,869,131	709,398,634	47,470,497
Sidewalk Repair Fund	18,916,980	18,912,335	13,896,866	5,015,469
Solid Waste Resources Revenue Fund	378,564,647	383,764,266	318,575,318	65,188,948
Special Gas Tax Street Improvement Fund:				
State Gas Tax - Section 2103	30,986,204	13,544,700	15,739,387	(2,194,687)
State Gas Tax - Section 2105	23,269,212	22,244,966	21,933,017	311,949
State Gas Tax - Section 2106	13,491,709	13,270,542	13,176,960	93,582
State Gas Tax - Section 2107	28,870,192	27,995,488	28,564,472	(568,984)
State Gas Tax - SB1	4,594,724	4,572,165	4,594,723	(22,558)
Surface Transportation Program	10,000,000	11,492,043	12,612,146	(1,120,103)
Interest on Gas Tax Funds	80,000	253,871	107,968	145,903
Other Receipts	--	35,209	34,519	690
Federal Grants	--	458,466	244,946	213,520
Special Parking Revenue Fund	52,306,534	50,091,058	44,263,808	5,827,250
Staples Arena Special Fund	4,368,202	4,956,707	1,860,008	3,096,699
Stormwater Pollution Abatement Fund	32,640,000	34,384,180	33,257,096	1,127,084
Street Damage Restoration Fee Fund	70,511,000	27,986,984	7,403,253	20,583,731
Street Lighting Maintenance Assessment Fund	67,662,644	59,955,510	54,940,841	5,014,669
Supplemental Law Enforcement Services Fund	7,833,000	8,811,367	9,496,138	(684,771)
Telecommunications Liquidated Damages and Lost Franchise Fees Fund	17,250,000	18,536,923	18,237,118	299,805
Traffic Safety Fund	4,100,000	3,609,519	3,298,298	311,221
Workforce Investment Act Fund	17,192,925	10,655,322	13,074,626	(2,419,304)
Zoo Enterprise Trust Fund	22,897,949	23,756,406	24,324,054	(567,648)
Allocations from Other Governmental Agencies and Sources	82,668,029	91,634,777	80,508,219	11,126,558
Total Special Fund Receipts	2,968,235,062	2,852,774,682	2,556,459,913	296,314,769
Available Balances*	740,937,349	1,067,262,619	940,193,337	127,069,282
Total Receipts	\$ 9,899,768,481	\$ 10,156,918,010	\$ 9,316,155,230	\$ 840,762,780

(1) Retirement contributions from Airport, Harbor, LACERS and LAFPP for civilian employees.

SCHEDULE IV

Statement of Budget Appropriations, Expenditures and Encumbrances Budget and Actual (Cash Basis) - All Annually Budgeted Funds Fiscal Years Ended June 30, 2019 and 2018

	2018-19 Adopted Budget	2018-19 Final Appropriation	2018-19 Expenditures & Encumbrances	2017-18 Expenditures & Encumbrances	2018-19 Expenditures & Encumbrances Increase (Decrease)
Aging	\$ 6,841,568	\$ 6,866,031	\$ 5,259,219	\$ 5,244,186	\$ 15,033
Animal Services	24,910,654	24,950,128	23,780,798	22,989,150	791,648
Building & Safety	117,928,287	119,820,730	103,383,132	100,105,252	3,277,880
Cannabis Regulation	4,212,168	4,085,157	2,343,344	1,284,322	1,059,022
City Administrative Officer	16,327,856	21,745,438	16,842,804	16,054,012	788,792
City Attorney	137,644,141	148,522,789	146,756,218	138,884,251	7,871,967
City Clerk	12,063,698	17,641,452	16,228,308	11,372,747	4,855,561
City Ethics Commission	3,286,647	3,286,383	3,070,511	3,072,292	(1,781)
Economic and Workforce Development	26,005,070	19,707,580	15,653,564	15,585,176	68,388
Controller	18,644,147	19,292,956	17,727,856	17,551,396	176,460
Council	29,659,873	49,455,221	36,382,070	34,870,033	1,512,037
Cultural Affairs	15,688,085	14,713,795	12,486,810	11,922,351	564,459
Disability	3,709,827	3,704,739	3,519,140	3,378,042	141,098
El Pueblo	1,800,322	2,026,940	1,782,517	1,757,954	24,563
Emergency Management	3,432,840	3,468,917	3,205,799	3,029,538	176,261
Employee Relations Board	430,068	469,990	418,973	396,444	22,529
Finance	40,316,169	38,972,844	36,575,858	37,386,324	(810,466)
Fire	674,270,767	709,849,316	699,972,726	691,555,969	8,416,757
General Services	249,976,808	358,184,228	307,160,499	278,799,910	28,360,589
Information Technology Agency	93,466,759	96,749,434	88,116,308	90,873,382	(2,757,074)
Housing and Community Investment	88,025,617	89,901,877	73,243,607	70,752,286	2,491,321
LA Convention & Tourism Development	1,938,408	1,938,193	1,631,231	1,507,721	123,510
Mayor	8,147,393	51,939,486	46,810,074	46,964,065	(153,991)
Neighborhood Empowerment	2,878,706	3,335,412	3,257,815	2,921,657	336,158
Personnel	62,496,085	63,820,983	60,248,752	57,845,243	2,403,509
City Planning and Development	49,649,689	50,405,678	45,577,106	44,097,435	1,479,671
Police	1,609,385,210	1,663,375,823	1,650,258,324	1,589,107,118	61,151,206
Public Accountability	2,425,206	3,230,538	2,825,140	1,138,775	1,686,365
Public Works:					
Board Office	21,348,330	37,253,308	28,525,746	24,507,290	4,018,456
Contract Administration	40,432,621	37,295,637	35,918,692	33,543,629	2,375,063
Engineering	94,872,822	100,221,953	93,039,856	87,704,554	5,335,302
Sanitation	291,092,865	291,472,863	275,596,670	262,525,772	13,070,898

Continued ...

SCHEDULE IV

Statement of Budget Appropriations, Expenditures and Encumbrances (Continued) Budget and Actual (Cash Basis) - All Annually Budgeted Funds Fiscal Years Ended June 30, 2019 and 2018

	2018-2019 Adopted Budget	2018-2019 Final Budget	2018-2019 Expenditures & Encumbrances	2017-2018 Expenditures & Encumbrances	2018-2019 Expenditures & Encumbrances Increase (Decrease)
Street Lighting	\$ 38,426,021	\$ 46,738,424	\$ 41,860,313	\$ 34,514,317	\$ 7,345,996
Street Services	168,627,154	200,939,796	198,751,558	183,088,861	15,662,697
Transportation	166,379,560	169,680,105	153,936,208	154,252,091	(315,883)
Zoo	22,828,160	22,761,673	21,480,191	20,608,628	871,563
Total - Budgetary Departments	<u>4,149,569,601</u>	<u>4,497,825,817</u>	<u>4,273,627,737</u>	<u>4,101,192,173</u>	<u>172,435,564</u>
Library	178,533,356	178,533,356	178,533,356 ⁽¹⁾	167,786,809	10,746,547
Recreation & Parks	198,864,111	201,713,936	201,713,936 ⁽¹⁾	190,606,749	11,107,187
City Employees' Retirement	110,370,050	111,549,846	111,549,846 ⁽¹⁾	102,886,161	8,663,685
Tax and Revenue					--
Anticipation Notes	1,208,676,507	1,208,676,507	1,200,362,183	1,099,999,911	100,362,272
Bond Redemption and Interest	119,167,296	127,388,917	127,388,917	124,699,327	2,689,590
Capital Finance Administration	252,175,419	274,346,375	266,973,851	224,790,988	42,182,863
Capital Improvement					--
Expenditure Program	399,596,447	346,207,234	175,100,699	277,539,687	(102,438,988)
General City Purposes	187,270,890	114,641,312	85,593,798	77,374,811	8,218,987
Human Resources Benefits	730,656,927	730,656,927	726,470,542	691,253,411	35,217,131
Judgment Obligation Bonds					--
Debt Service	9,027,075	9,027,075	9,020,746	9,025,799	(5,053)
Liability Claims	89,090,000	109,090,000	102,090,566	108,184,456	(6,093,890)
Prop. A Local Transit Assistance	232,916,921	317,293,502	128,674,180	139,233,682	(10,559,502)
Prop. C Anti-Gridlock Transit Improv.	38,631,285	38,696,916	23,251,166	22,584,040	667,126
Special Parking Revenue	49,919,580	49,899,970	35,760,546	40,474,297	(4,713,751)
Unappropriated Balance	140,342,909	43,848,299 ⁽²⁾	--	--	--
Wastewater Special Purpose	559,438,564	575,645,100	493,317,596	444,516,253	48,801,343
Water and Electricity	44,000,000	44,000,000	44,000,000	44,000,000	--
Other Special Purpose Funds	1,201,521,543	1,250,266,342	660,611,133	646,549,371	14,061,762
Total - Nondepartmental	<u>5,750,198,880</u>	<u>5,731,481,614</u>	<u>4,570,413,061</u>	<u>4,411,505,752</u>	<u>158,907,309</u>
Total	<u>\$ 9,899,768,481</u>	<u>\$ 10,229,307,431</u>	<u>\$ 8,844,040,798</u>	<u>\$ 8,512,697,925</u>	<u>\$ 331,342,873</u>

⁽¹⁾ Amount disbursed by allocation to the Departments controlling their own funds.

⁽²⁾ Total final appropriation was \$192,014,471 of which \$148,166,172 was transferred to various departments and is included in Departmental appropriations.

SCHEDULE V

Year-End Encumbrances - General Fund Fiscal Years Ended June 30, 2015 through 2019

Encumbrances are commitments related to open purchase orders and unfulfilled contracts.

	2019	2018	2017	2016	2015
Aging	\$ 764,918	\$ 784,210	\$ 331,483	\$ 371,789	\$ 315,531
Animal Services	2,315,589	1,800,501	1,875,667	1,713,291	1,271,556
Building & Safety	6,143,827	5,932,923	5,944,753	5,002,186	3,960,132
Cannabis Regulation	496,504	360,822	--	--	--
City Administrative Officer	2,279,846	2,233,672	3,107,043	2,463,169	1,127,602
City Attorney	12,060,346	11,473,579	11,310,126	9,207,977	9,526,075
City Clerk	2,186,017	809,323	4,310,888	669,342	1,683,310
City Ethics Commission	370,412	316,888	276,579	315,814	139,448
Controller	2,831,723	2,541,274	2,289,028	3,098,761	2,556,710
Council	3,152,980	3,375,782	2,959,455	2,520,957	2,554,853
Cultural Affairs	3,766,827	3,021,741	3,243,454	3,133,274	2,303,287
Disability	869,471	866,616	644,134	431,779	216,976
Economic and Workforce Dev.	1,008,039	1,183,336	1,636,312	1,323,056	1,360,037
El Pueblo	135,213	137,589	133,099	120,970	117,597
Emergency Management	309,512	332,152	183,676	159,098	141,610
Employee Relations Board	51,704	39,117	36,586	67,321	88,547
Finance	4,700,261	5,299,590	4,873,424	5,344,706	3,295,203
Fire	49,989,832	42,828,994	45,453,527	45,173,866	37,386,972
General Services	70,227,416	45,432,867	40,569,206	41,970,416	21,984,759
Housing and Community Investment	13,235,201	9,392,273	8,078,260	5,449,042	3,829,539
Information Technology Agency	23,727,856	24,418,012	22,864,624	24,183,678	23,215,666
LA Convention and Tourism Dev.	302,562	148,048	151,719	228,853	131,233
Mayor	13,542,041	11,747,680	14,658,839	16,418,766	9,820,185
Neighborhood Empowerment	391,662	446,659	254,688	275,218	123,554
Personnel	7,181,481	5,770,070	5,563,317	5,410,007	5,081,908
Planning	11,108,752	10,026,493	9,981,878	7,475,840	5,360,855
Police	131,691,582	113,346,282	121,096,407	104,286,647	89,026,952
Public Accountability	994,943	344,990	--	--	--
PW - Board	6,093,000	3,750,894	3,580,627	3,890,116	3,045,885
PW - Contract Administration	2,481,703	2,590,063	2,559,687	2,044,906	1,551,032
PW - Engineering	6,354,528	5,499,304	5,457,167	5,443,971	4,337,551
PW - Sanitation	26,426,046	21,191,936	18,192,313	15,809,074	12,652,168
PW - Street Lighting	3,306,072	2,721,343	3,152,679	2,413,648	1,274,009
PW - Street Services	23,577,594	23,064,413	25,985,714	27,693,135	26,701,862
Transportation	12,362,914	12,998,471	11,949,762	8,957,349	8,593,874
Zoo	1,762,115	1,477,920	1,502,820	1,891,435	1,237,437
Capital Finance Administration	214,169	55,752	1,416,375	2,494,560	2,762,860
Capital Improvement Expenditure	43,204,000	19,505,236	5,404,514	10,544,965	12,061,546
General City Purposes	28,451,460	24,974,004	22,061,502	22,013,723	20,781,898
Human Resources Benefits	5,836,607	5,435,001	5,582,252	7,430,661	10,377,626
Liability Claims	90,248	1,311,033	250,000	854,281	--
Water and Electricity	17,369,482	21,156,989	19,133,921	22,594,145	20,514,285
Total Encumbrances ⁽¹⁾	<u>\$ 543,366,455</u>	<u>\$ 450,143,842</u>	<u>\$ 438,057,505</u>	<u>\$ 420,891,792</u>	<u>\$ 352,512,130</u>
Encumbrances for Salaries	\$ 215,896,177	\$ 198,377,756	\$ 186,672,989	\$ 173,265,077	\$ 144,836,428
Encumbrances for Other Accounts	327,470,278	251,766,086	251,384,516	247,626,715	207,675,702
Total	<u>\$ 543,366,455</u>	<u>\$ 450,143,842</u>	<u>\$ 438,057,505</u>	<u>\$ 420,891,792</u>	<u>\$ 352,512,130</u>

⁽¹⁾ Includes prior years' encumbrances not yet liquidated.

SCHEDULE VI

General Fund Unencumbered Balances Reverted to the Reserve Fund at June 30, 2015 through 2019

Uncommitted appropriations are reverted to the Reserve Fund at fiscal year end.

	2019	2018	2017	2016	2015
Aging	\$ 548,416	\$ 148,607	\$ 126,548	\$ 197,797	\$ 14,852
Animal Services	866,109	395,167	1,296,050	495,130	1,764,011
Building & Safety	1,022,942	814,895	320,592	162,811	838,521
Cannabis Regulation	81	411,878	--	--	--
City Administrative Officer	2,333,119	2,220,114	2,954,160	1,750,541	3,174,664
City Attorney	794,831	334,439	391,549	1,425,512	1,364,781
City Clerk	1,421,078	536,663	2,427,061	918,755	5,544,629
Controller	1,562,957	1,616,514	938,180	992,877	1,113,290
Council	13,521,878	10,558,823	9,007,805	9,090,656	8,832,811
Cultural Affairs	--	--	--	--	61,000
Disability	260,672	87,444	191,686	60,264	180,989
Economic and Workforce Dev.	395,343	634,988	563,268	297,820	160,264
Emergency Management	264,349	90,285	556	87,034	162,354
Employee Relations Board	52,937	25,287	123,246	111,375	70,788
Finance	4,125,765	1,884,501	1,321,727	2,176,247	1,945,926
Fire	6,106,740	10,052,426	9,308,319	13,743,624	8,447,093
General Services	18,238,601	18,719,988	14,492,122	8,999,105	16,295,534
Housing and Community Investment	1,388,979	890,579	70,054	275,000	353,663
Information Technology Agency	7,691,435	5,613,781	3,313,922	3,004,658	2,476,791
Mayor	3,769,240	5,228,110	5,350,654	3,543,677	4,226,179
Personnel	2,829,168	1,043,032	1,762,868	1,808,192	1,944,038
Planning	208,332	272,595	1,018,316	974,522	1,582,486
Police	11,032,536	11,864,577	3,854,077	12,170,000	9,587,960
Public Accountability	408,960	1,221,423	--	--	--
PW - Board	76,625	111,616	68,775	33,674	182,260
PW - Contract Administration	129,536	252,155	1,822,375	1,400,836	1,798,471
PW - Engineering	215,942	200,755	228,067	110,646	166,336
PW - Sanitation	393,514	12,368	175	307,039	--
PW - Street Lighting	--	--	--	310	33,611
PW - Street Services	916,766	4,766,801	10,871,416	17,144,109	18,228,586
Transportation	3,751,931	1,405,715	2,829,748	3,729,517	4,659,728
Capital Finance Administration	7,385,978	1,895,715	10,220,101	35,161,953	11,131,178
Capital Improvement Expenditure	70,088,927	40,393,813	27,438,422	17,988,413	33,153,320
General City Purposes	26,867,053	8,345,127	9,518,504	6,728,616	5,813,293
Human Resources Benefits	4,519,157	2,998,986	3,574,301	5,056,107	24,208,459
Liability Claims	2,625,634	8,014,261	251,866	30,655	43,611
Non-departmental General	8,320,653	647,279	306	5,000,014	13
Unappropriated Balance	13,998,299	26,719,847	14,180,227	76,634,787	9,941,824
Water and Electricity	--	--	2,539,426	1,088,979	--
Total	\$ 218,134,483	\$ 170,430,554	\$ 142,376,469	\$ 232,701,252	\$ 179,503,314
Less: Unfunded Appropriations	(8,834,819)	(39,221,974)	--	(115,684,030)	--
Net Cash Balances Reverted	\$ 209,299,664	\$ 131,208,580	\$ 142,376,469	\$ 117,017,222	\$ 179,503,314

SCHEDULE VII

General Fund 2018-19 Year-End Uncommitted Balances and 2019-20 Adopted Budget Reappropriations

Uncommitted Balances reverted to Reserve Fund at Year End to be
Reappropriated per 2019-20 Budget Resolution and Other Council Actions

Department	Uncommitted Balance	Reappropriation Amounts*
Aging	\$ 548,416	\$ --
Animal Services	866,109	130,404
Building & Safety	1,022,942	--
Cannabis Regulation	81	--
City Administrative Officer	2,333,119	1,048,000
City Attorney	794,831	--
City Clerk	1,421,078	106,441
Controller	1,562,957	700,500
Council	13,521,878	13,521,878
Disability	260,672	--
Economic and Workforce Development	395,343	--
Emergency Management	264,349	--
Employee Relations Board	52,938	--
Finance	4,125,765	--
Fire	6,106,740	3,570,921
General Services	18,238,601	13,303,101
Housing and Community Investment	1,388,979	--
Information Technology Agency	7,691,435	3,425,500
Mayor	3,769,240	3,769,240
Personnel	2,829,168	276,000
Planning	208,332	--
Police	11,032,536	1,442,887
Public Accountability	408,960	--
PW - Board	76,625	--
PW - Contract Administration	129,536	--
PW - Engineering	215,942	--
PW - Sanitation	393,514	616,944
PW - Street Services	916,766	100,438
Transportation	3,751,931	--
Capital Finance Administration	7,385,978	--
Capital Improvement Expenditure Program	70,088,927	70,088,927
General City Purposes	26,867,053	26,267,282
Human Resources Benefits	4,519,157	--
Liability Claims	2,625,634	--
Non-departmental General	8,320,652	--
Unappropriated Balance	13,998,299	8,747,829
Water and Electricity	--	2,693,908
Total Uncommitted Balances and Reappropriations	218,134,483	149,810,201
Less: Unfunded Appropriations	(8,834,819)	
Total Net Reversion and Reappropriation Amounts	\$ 209,299,664	\$ 149,810,201

*Includes reappropriations approved pursuant to Council Files 18-0600-S169 and 14-1499-S7, 14-1499-S8, 19-0600-S89, 19-0600-S156 and 19-0609

SCHEDULE VIII

Year-End Advances From The Reserve Fund For Unfunded Expenditures & Encumbrances as of June 30, 2019

City Charter Sec. 341 authorizes Controller, subject to Council and Mayoral approval , to process advances from Reserve Fund up to certain amount, when expenditures exceed appropriations at year-end. Under Sec. 261(i), the controller transfers funds from Reserve as a loan to funds depleted due to delayed receipts of revenue.

Department	Expenditures	Encumbrances	Total
Council File 18-0600-S166 Advances			
Fire	\$ 219,794	\$ --	\$ 219,794
General Services	133,506	--	133,506
Total	353,300	--	353,300
Charter Section 261(i) Advances			
Aging	359,405	177,458	536,863
Building & Safety	287,827	87,212	375,039
City Attorney	2,017,013	--	2,017,013
Economic and Workforce Development	648,749	812,713	1,461,462
Information Technology Agency	288,340	3,685	292,026
Emergency Management	251,690	--	251,690
Fire	452,456	--	452,456
General Services	7,195,072	10,631,250	17,826,322
Housing and Community Investment	227,439	4,647,827	4,875,266
Mayor	550,521	--	550,521
Liability Claims	3,428	89,598	93,025
Personnel	10,868	68,956	79,824
Planning	689	7,247	7,936
Police	10,753,070	12,035,033	22,788,103
PW - Board	281,446	123,587	405,033
PW - Contract Administration	179,825	--	179,825
PW - Engineering	692,579	--	692,579
PW - Street Lighting	681,231	15,619	696,850
PW - Street Services	6,009,503	2,142,686	8,152,188
Total Charter Section 261(i) Advances	30,891,151	30,842,870	61,734,021
TOTAL	\$ 31,244,451	\$ 30,842,870	\$ 62,087,320

SCHEDULE IX

Statement of General Obligation Bonded Debt Fiscal Year Ended June 30, 2019

Purpose	Outstanding July 1, 2018	Issued	Matured	Refunded	Outstanding June 30, 2019
Series 2009-A - Acquisition and improvement of Stormwater Pollution Abatement projects	4,050,000	--	4,050,000	--	--
Series 2009-B - Acquisition and improvement of Stormwater Pollution Abatement projects	52,950,000	--	--	52,950,000	--
Series 2011-A - Acquisition and improvement of Stormwater Pollution Abatement projects	11,700,000	--	5,850,000	--	5,850,000
Series 2011-B - Advance refunding of Series 1999-A and 2001-A and a portion of Series 2002-A and Series 2003-A	159,605,000	--	32,805,000	13,740,000	113,060,000
Series 2012-A - Advance refunding of a portion of Series 2004-A and 2005-A	163,395,000	--	22,900,000	18,630,000	121,865,000
Series 2016-A - Advance refunding of a portion of Series 2008-A and 2009-A and 2011-A	140,245,000	--	7,435,000	--	132,810,000
Series 2017-A - Proposition HHH Affordable Housing Projects	86,370,000	--	4,320,000	--	82,050,000
Series 2017-B - Advance refunding of a portion of Series 2005-B, 2006-A and 2008-A	81,895,000	--	13,980,000	9,915,000	58,000,000
Series 2018-A - Proposition HHH Affordable Housing Projects	--	276,240,000	--	--	276,240,000
Series 2018-B - Advance refunding of a portion of Series 2009-B	--	34,665,000	--	--	34,665,000
Series 2018-C - Advance refunding of a portion of Series 2009-B	--	10,435,000	--	--	10,435,000
Total	\$ 700,210,000	\$ 321,340,000	\$ 91,340,000	\$ 95,235,000	\$ 834,975,000

SCHEDULE X

Ratio of Debt Service Requirements to General Fund Receipts Fiscal Year-Ended June 30

Fiscal Year	Debt Service Requirements			General Fund Receipts ⁽¹⁾	Ratio		
	Non-Voter Approved	Voter Approved	Total		Non-Voter Approved	Voter Approved	Total
2010	\$ 210,288,273	\$ 191,756,276	\$ 402,044,549	\$ 4,435,433,454	4.74%	4.32%	9.06%
2011	206,824,552	198,867,524	405,692,076	4,304,949,490	4.80%	4.62%	9.42%
2012	207,383,076	188,246,265	395,629,341	4,396,039,813	4.72%	4.28%	9.00%
2013	210,809,036	188,706,822	399,515,858	4,676,009,369	4.51%	4.04%	8.55%
2014	218,868,185	184,843,509	403,711,694	4,960,717,972	4.41%	3.73%	8.14%
2015	221,427,809	152,476,915	373,904,724	5,247,996,736	4.22%	2.91%	7.13%
2016	202,602,933	138,053,738	340,656,671	5,338,013,880	3.80%	2.59%	6.39%
2017	202,443,961	120,166,189	322,610,150	5,628,789,837	3.60%	2.13%	5.73%
2018	211,576,458	104,428,612	316,005,070	5,819,501,980	3.64%	1.79%	5.43%
2019	220,998,622	124,562,562	345,561,184	6,236,880,709	3.54%	2.00%	5.54%

⁽¹⁾ General Fund receipts have been adjusted upwards to reflect bond proceeds to pay capitalized interest.