



RON GALPERIN
CONTROLLER

September 24, 2014

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

SUBJECT: PRELIMINARY FINANCIAL REPORT – FY ENDED JUNE 30, 2014

A Review of Reserve Fund Status and Select Financial Policies

I am submitting my Preliminary Financial Report on financial operations for the City of Los Angeles for the fiscal year-ended June 30, 2014. This Report is the first year-end review of the City's finances as the new fiscal year is underway.

The Report provides an informational "snapshot" of General Fund revenues and expenditures, reserves, and bonded indebtedness, along with budgeted Special Fund schedules. Also included are observations and recommendations relative to maintaining strong reserves, investing in infrastructure, and Guiding Principles for a healthy budget.

Open data for City financials is available online at ControlPanelLA (ControllerData.LACity.org). Monthly updated information on Special Fund uses and balances, historical Reserve Fund starting balances, and budget appropriations, adjustments, expenditures and revenues are all maintained on ControlPanelLA.

Honorable Eric Garcetti, Mayor
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Later this year, the Office of the Controller will issue the City's Comprehensive Annual Financial Report (CAFR) for fiscal year 2013-14 with detailed views and analysis of the City's financials. The CAFR will be prepared in conformity with Generally Accepted Accounting Principles (GAAP) for governmental units and audited in accordance with Generally Accepted Government Auditing Standards (GAGAS).

My staff and I wish to express our appreciation to all City departments and offices for their help and cooperation in the preparation of this Report and in having helped to effectuate a smooth fiscal year-end closing.

Should you have any questions, or require additional information, please contact Todd Bouey, Director of Financial Analysis and Reporting at (213) 978-7203 or todd.bouey@lacity.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Galperin". The signature is fluid and cursive, with a long horizontal stroke at the end.

RON GALPERIN
Los Angeles City Controller

Attachment

cc: Sharon Tso, Chief Legislative Analyst
Miguel Santana, City Administrative Officer



City of Los Angeles Preliminary Financial Report

A Review of Reserve Fund Status and Select Financial Policies

Fiscal Year ended June 30, 2014



RON | GALPERIN

Los Angeles City Controller

controller.lacity.org



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SUMMARY

This Preliminary Financial Report on financial operations for the City of Los Angeles for the fiscal year-ended June 30, 2014 provides the first year-end review of the City's finances as the new fiscal year is underway. The City maintains several key financial practices and policies intended to ensure and promote fiscal health and sustainability of the General Fund and maintenance of the City's infrastructure. Measured results include General Fund revenues and expenditures versus budget, reserves, General Fund infrastructure investment, and bonded indebtedness. Key financial schedules for the City's financial closing of fiscal year 2013-14 and for the fiscal year 2014-15 Adopted Budget are also presented herein.

Open data for City financials is available online at ControlPanelLA (ControllerData.LACity.org). Monthly updated information on Special Fund uses and balances, historical Reserve Fund starting balances, and budget appropriations, adjustments, expenditures and revenues are all maintained on ControlPanelLA.

This Report, along with other key financial reports of the Los Angeles City Controller -- including the Comprehensive Annual Financial Report (CAFR) and the March 1 Revenue Estimate Report -- is issued as part of the Controller's City Charter mandate to monitor and report on all matters relating to the City's fiscal health, to keep the City's official financial records, and to supervise expenditures of the City.

I. Financial Reserves

The City's financial reserves are key to fiscal sustainability. General Fund reserve is commonly watched by government officials, constituents, and other external stakeholders. Reserves mitigate risk and contribute to the City's creditworthiness. It is critical that the City maintain adequate reserves to navigate emergencies, contingencies and economic downturns. The City has established the Reserve Fund and Budget Stabilization Fund to provide for these circumstances. Both of these funds are codified in the City Charter and governed by policy.

The **Reserve Fund Policy** (CF [98-0459](#)) sets a Reserve Fund cash balance goal equal to 5.0 percent of budgeted General Fund receipts.

The **Budget Stabilization Fund (BSF) Policy** (CF [13-0455](#)) provides that beginning with the 2014-15 adopted budget, a new budget appropriation to the Budget Stabilization Fund shall be included in the adopted budget for the following fiscal year when the combined growth of the seven General Fund tax revenues (property tax, utility users' tax, business tax, sales tax, transient occupancy tax, parking users' tax, and documentary tax) is anticipated to exceed 3.4 percent.

The goals for both the Reserve Fund and the Budget Stabilization Fund should be considered a floor – not a ceiling – and having more reserves is prudent.

II. Capital Assets and Infrastructure Policy

Spending to maintain capital assets and infrastructure is an investment of City funds that pays future dividends in cost avoidance as assets are preserved and costly repairs are mitigated. Citizens benefit whether by nicer and more accessible facilities and communities or by reduced direct costs to individuals as demonstrated by street maintenance where inadequate repair results in higher car maintenance costs.

The **Capital Assets and Infrastructure Policy** requires that the City annually budget one percent of General Fund revenue to fund capital or infrastructure improvements. This policy acknowledges the importance of maintaining the City's capital assets on a regular basis to avoid major deferred maintenance and to extend the useful life of assets.

The Council's instruction (CF [13-1384](#)) to the City Administrative Officer to create a comprehensive Capital Infrastructure Strategic Plan is a necessary step in prioritizing capital projects and funding over the long term.

III. Key Points

In fiscal year 2013-14, General Fund revenues exceeded General Fund expenditures and encumbrances on a budget basis by \$184 million.

General Fund revenue (excluding transfers from reserves) in excess of General Fund expenditures and encumbrances on a budget basis at year end has grown significantly since fiscal year 2011-12. Excess revenues and uncommitted appropriations contributed significantly to the City's reserves.

At 7.45%, the City has the highest year start Reserve Fund balance since the City began calculating the July 1 adjusted Reserve Fund balance in fiscal year 1997-98.

The fiscal year-start adjusted Reserve Fund balance at July 1, 2014 was \$383.0 million or 7.45 percent of General Fund receipts anticipated in the 2014-15 Adopted Budget. This is 2.45 percent higher than the 5.0 percent set under the Reserve Fund Policy – and despite a \$117.5 million transfer from the Reserve Fund to the General Fund budget.

The combined July 1 Reserve and Budget Stabilization Funds total 8.65% in unassigned General Fund budget, representing an approximately one month average of General Fund operating budget, or 8.3%.

The Reserve Fund (7.45 percent) and Budget Stabilization Fund (1.2 percent) combine for a total of 8.65 percent of the General Fund.

Notwithstanding 8.65 percent in unassigned reserves at July 1 relative to the City's General Fund budget, the Government Finance Officers Association (GFOA) recommends an unrestricted General Fund balance of no less than two months (or 16 percent) of regular General Fund operating budget. This amount may be adjusted based on risk analysis and, as indicated by GFOA, a lower amount may be appropriate for the largest local governments.

This is not to say that the City must establish two months of reserves, but that the City should engage in a deliberative and thoughtful process to re-evaluate and determine the appropriate level of reserves to maintain.

\$2 million is transferred to the Budget Stabilization Fund (BSF) in the 2014-15 Adopted Budget.

The Budget Stabilization Fund Policy provides that a transfer to the BSF shall be included in the adopted budget for each fiscal year when the combined growth of seven General Fund tax revenues is anticipated to exceed 3.4 percent.

Based on the 2014-15 Adopted Budget, the full transfer to the BSF under the policy would have been \$38.3 million. What allowed a lesser amount to be transferred is that the BSF policy permits the “excess” revenues to be used to meet the Capital Assets and Infrastructure Funding (Capital Funding) policy in lieu of the BSF.

The goal of the Capital Funding policy is to ensure investment in the City’s infrastructure. The goal of the BSF is to mitigate future economic downturns. It is important to the extent possible to provide ample resources for both purposes and the City should re-evaluate the current policy wherein the BSF may not receive full funding in order to achieve minimum funding for capital improvement.

The City has only met the one percent Capital Funding policy three times since fiscal year 2005-06, according to a report (CF 14-0600-S18) dated August 22, 2014.

The Capital Funding policy requires that the City annually budget one percent of General Fund revenue to fund capital assets or infrastructure improvements.

While the General Fund is certainly not the only fund supporting capital infrastructure, the City must develop a capital project plan that identifies the need and the resources to meet the City’s many capital asset and infrastructure requirements.

IV. Summary of Recommendations

A summary of the recommendations as detailed in the “Discussion and Recommendations” section includes that City Management should:

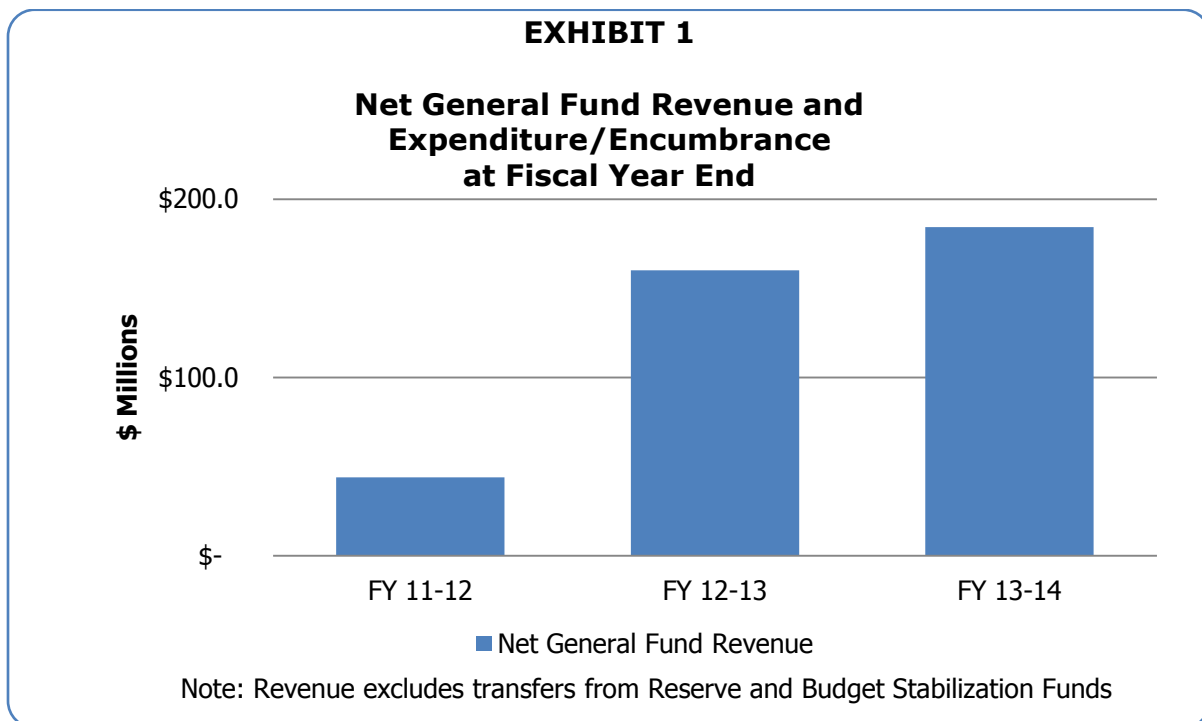
1. Review the appropriate amount of General Fund reserves using risk-based analysis and consider adjusting City policy accordingly.
2. Require City departments to accelerate repayment of Reserve Fund advances for unfunded expenditures and to report upon request of the City Administrative Officer and the Controller on the status of these plans.
3. Re-evaluate the Capital Assets and Infrastructure Funding provision in the Budget Stabilization Fund policy to strike a balance that ensures resources for both purposes are realized.
4. Receive and hear from the City Administrative Officer on the Capital Infrastructure Strategic Plan and review of current capital funding policies and resources prior to the fiscal year 2015-16 budget development.

DISCUSSION & RECOMMENDATIONS

Section I: Budget Results

The Adopted Budget establishes the funding priorities of the Mayor and City Council against anticipated revenues. The Adopted Budget is required to be balanced wherein the City's planned expenditures are equal to anticipated revenue. The fiscal year 2013-14 Adopted Budget of \$7.69 billion (including General and Special Fund revenues) increased by \$437 million, or 5.7 percent, to \$8.12 billion in the fiscal year 2014-15 Adopted Budget. Combined General and Special Fund Budget information is available in Schedules IV and V. This Report focuses on the General Fund portion of the City budget, including allocations and receipts to the General Fund and expenditures therefrom.

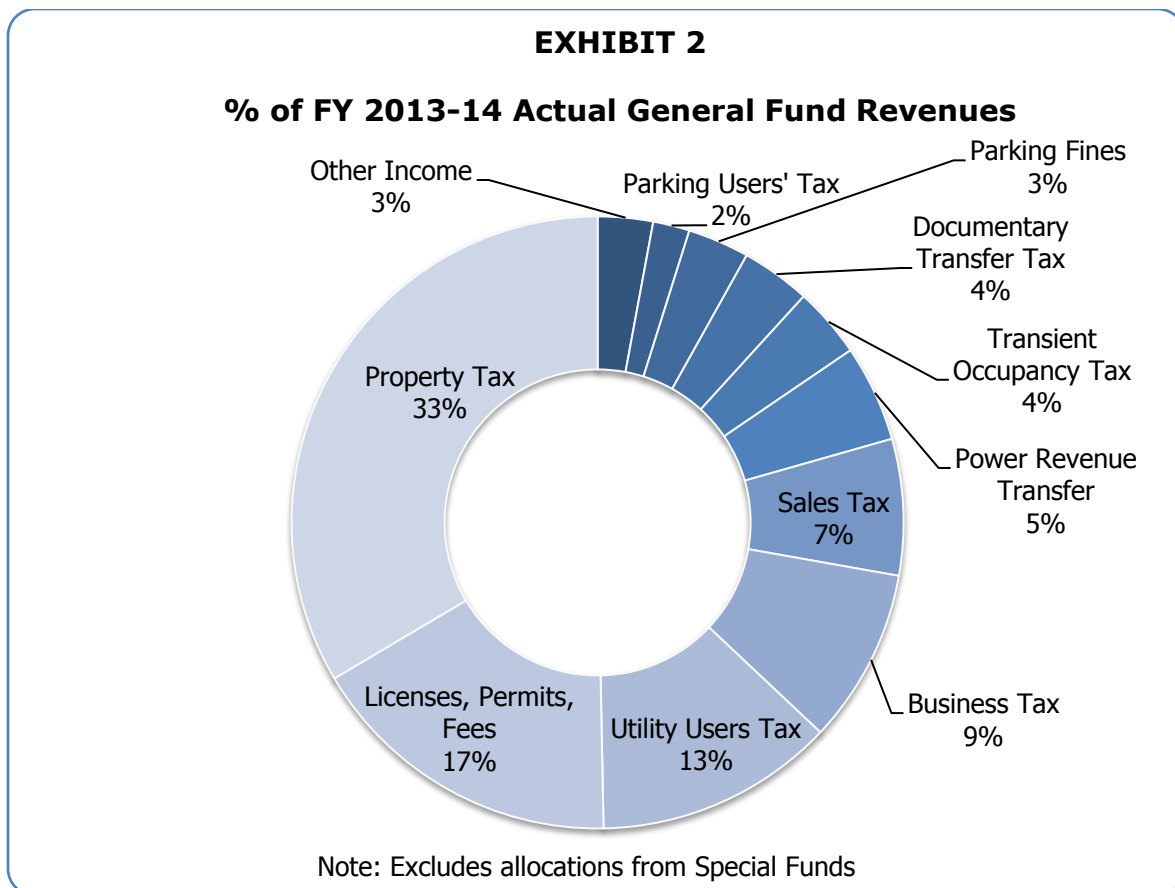
Observation No. 1: In fiscal year 2013-14, General Fund revenues exceeded General Fund expenditures and encumbrances on a budget basis by \$184 million.



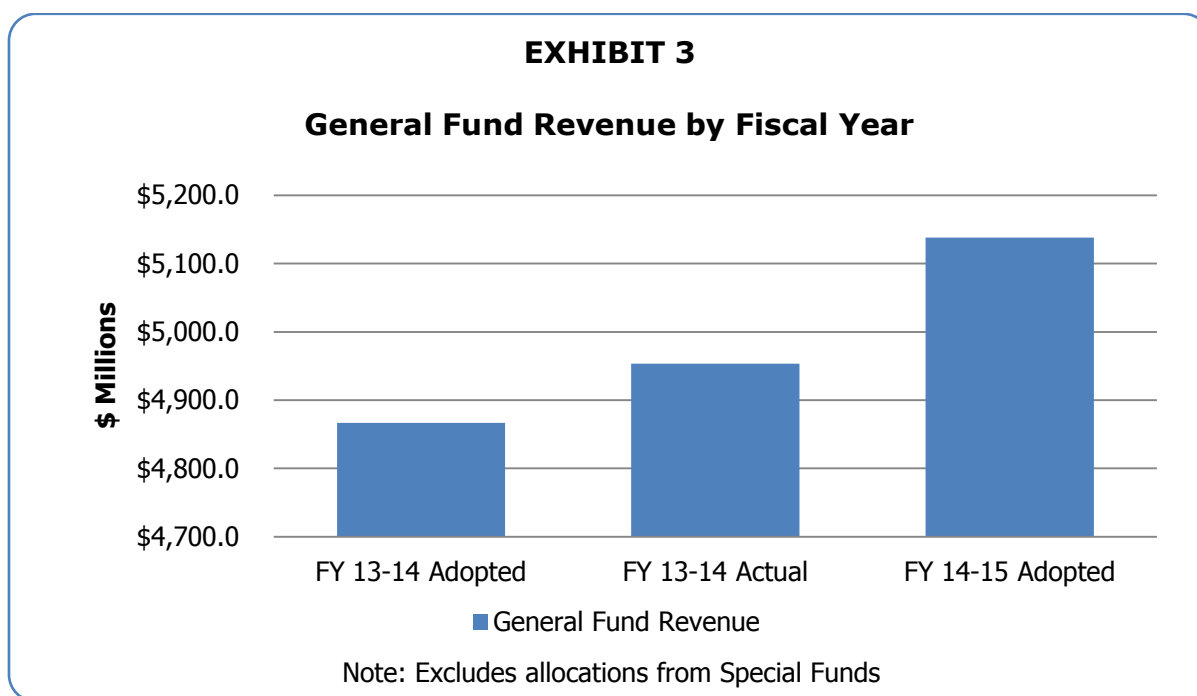
General Fund revenue (excluding transfers from reserves) in excess of General Fund expenditures and encumbrances on a budget basis at year end has grown significantly since fiscal year 2011-12. Excess revenues and uncommitted appropriations contributed significantly to the City’s reserves. General Fund revenues and expenditures are further detailed below.

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 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, interest income and other resources. Exhibit 2 breaks out fiscal year 2013-14 actual General Fund revenues by percent.



The fiscal year 2013-14 actual General Fund revenues totaled \$4.95 billion, which is \$86.7 million or 1.8 percent greater than the fiscal year 2013-14 Adopted Budget of \$4.87 billion. The fiscal year 2014-15 Adopted Budget anticipates \$5.14 billion in General Fund revenues, which would be \$184.7 million or 3.7 percent growth over 2013-14 actual receipts. Exhibit 3 displays General Fund adopted and actual revenues for fiscal years 2013-14 and 2014-15.



In fiscal year 2013-14, the major General Fund revenue increases in excess of the adopted budget were in Property Tax (\$55.2 million), Documentary Transfer Tax (\$21.4 million), and Transient Occupancy Tax (\$10.0 million) offset by \$14.2 million decrease in Utility Users Tax.

Another source of funds to the General Fund is allocations from Special Funds. Special Funds are used to account for revenues derived from specific taxes, fees, grants, or other revenue sources that are designated to finance particular functions and activities of the City. On-budget and off-budget Special Funds are managed by respective City departments. On-budget Special Fund allocations to the General Fund are those discussed in this report. Off-budget funds are managed outside of the budget process.

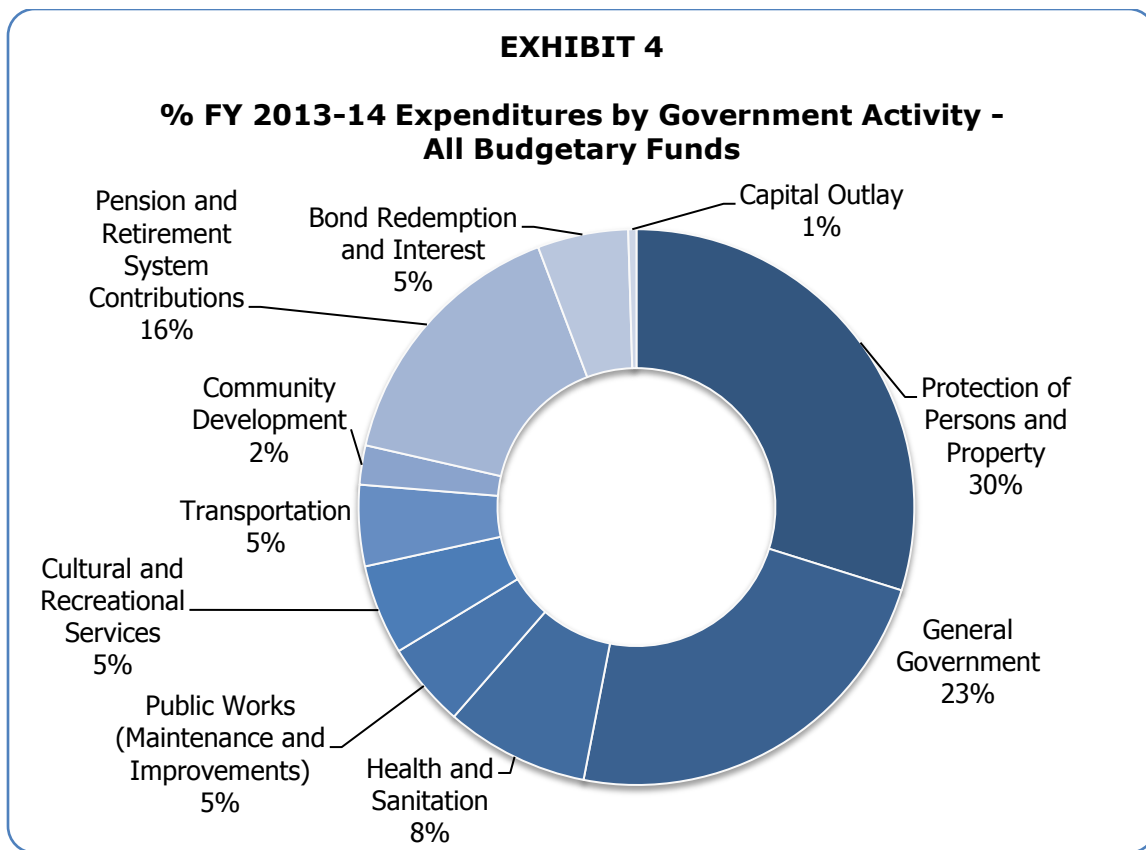
There are hundreds of Special Revenue Funds – with more than 50 such Special Funds programmed in the City Budget. Therefrom, \$922.7 million was allocated to the General Fund in the fiscal year 2013-14 Adopted Budget. The fiscal year 2014-15 Adopted Budget anticipates \$908.1 million, a 1.6 percent decrease from the fiscal year 2013-14 Adopted Budget allocation.

See Schedule IV for more information on City General Fund revenues.

General Fund Expenditures & Appropriations

The City tracks expenditures through both Governmental Activities and budgetary account views to assist in identifying spending in terms of priorities and cost centers.

- Governmental Activities (as reflected in the Comprehensive Annual Financial Report) reflect primary programmatic functions of the City and expenditures are presented according to these major functions of government. Exhibit 4 on the next page presents a breakdown of fiscal year 2013-14 expenditures by Governmental Activity.



A substantial portion (46 percent) of the City’s General Fund expenditures went toward public safety activities and retirement costs in fiscal year 2013-14. See Schedule VI “Expenditure Trends by Government Activity” for further detail on expenditures by Government Activity.

- Budgetary account appropriations and expenses are viewed at the line item level and can be grouped by category for summary review and analysis. Exhibit 5 on the following page breaks out summarized budgetary accounts for fiscal years 2013-14 and 2014-15.

EXHIBIT 5

**General Fund Expenditures and Appropriations
Including Allocations from Other Funds
(In Millions)**

	Adopted FY 13-14 Budget	Actual FY 13-14 Expenses & Encumbrances	Adopted FY 14-15 Budget
Salaries			
Sworn Fire	\$ 490.5	\$ 504.4	\$ 499.9
Sworn Police	1,011.3	1,021.9	1,018.7
Civilian	1,404.8	1,418.1	1,482.7
<i>Total Salaries</i>	<u>2,906.6</u>	<u>2,944.4</u>	<u>3,001.3</u>
Retirement Contribution			
Fire and Police Pension Contribution	580.7	575.9	630.3
LACERS Contribution	371.6	367.8	414.1
<i>Total Retirement Contribution</i>	<u>952.3</u>	<u>943.7</u>	<u>1,044.4</u>
Medical Insurance and Other Employee Benefits	449.4	448.2	463.2
Worker's Compensation	166.6	156.6	169.5
Liability Claims	47.9	55.6	47.9
Services, Supplies and Equipment	615.1	601.5	612.4
Unappropriated Balance	83.9	--	117.3
Lease Payment/Debt Service/TRAN Interest	259.9	248.0	243.2
Allocation to Other Funds	307.8	338.0	347.2
Total	<u>\$ 5,789.6</u>	<u>\$ 5,735.9</u>	<u>\$ 6,046.4</u>

*Note that departments controlling their own funds (Library and Recreation & Parks) are reflected under Allocation to Other Funds and not included in other expenditure categories.

**Includes General Fund Appropriations and Expenditures funded by Special Fund allocations to the General Fund.

In fiscal year 2013-14, actual General Fund expenditures and encumbrances on a budget basis at year end were \$53.7 million less than the adopted budget, including appropriations and expenditures funded by Special Fund allocations to the General Fund.

Section II: Reserve Fund

The Reserve Fund is essentially the undesignated fund balance of the General Fund -- and is an important measure of the City's fiscal health. The Reserve Fund is vital to cash flow, bond ratings, and the ability to manage unanticipated financial challenges. Failure to maintain the City's Reserve Fund at an adequate level not only can have negative financial impacts (cost of borrowing; reduced interest earnings), but also exposes the City to significant risk in the event of an emergency.

The City's Reserve Fund Policy (CF [98-0459](#)) sets a Reserve Fund cash balance goal equal to 5.0 percent of budgeted General Fund receipts. On March 8, 2011, voters amended Charter Section 302(b) to state,

The Reserve Fund shall include funding for unanticipated expenditures and revenue shortfalls in the City's General Fund. It shall include two accounts within the fund, the Contingency Reserve Account and the Emergency Reserve Account.

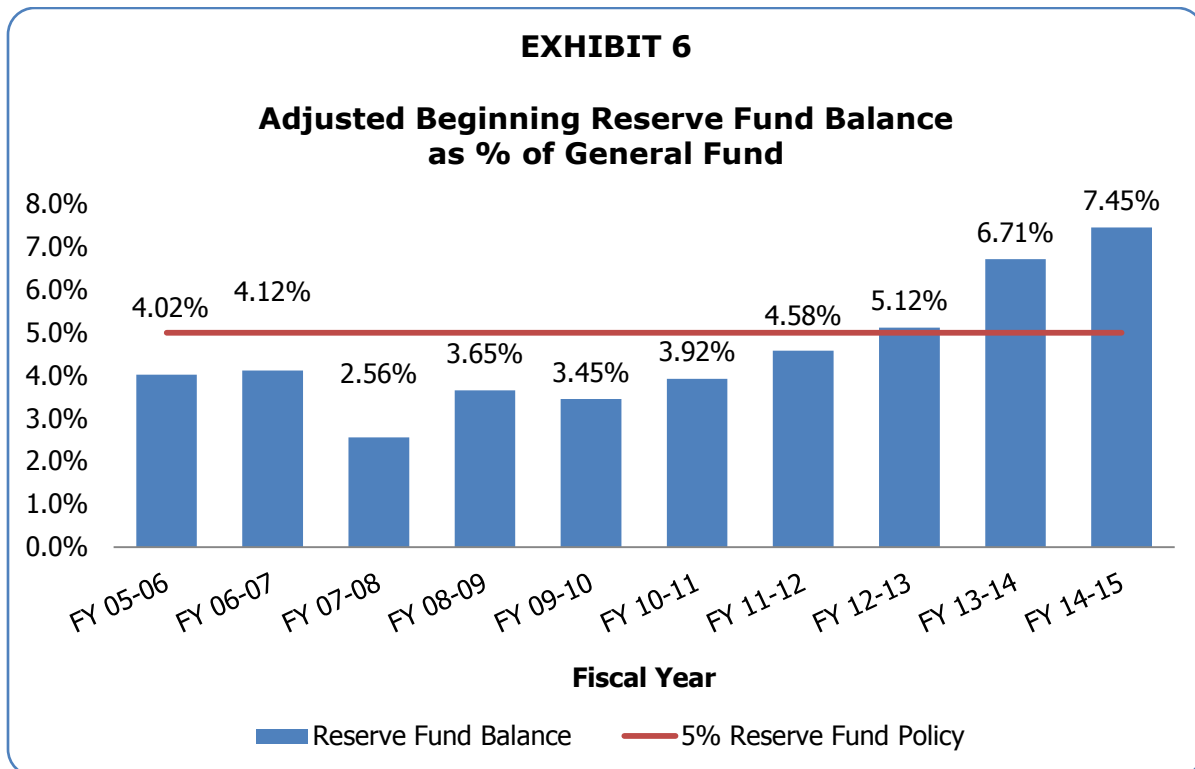
The **Contingency Reserve** is defined to include all monies in the Reserve Fund over and above the amount required to be allocated to the Emergency Reserve Account.

The **Emergency Reserve** is allocated at an amount that will bring the balance in that account to not less than 2.75 percent of all General Fund receipts anticipated for that fiscal year in the adopted budget.

Exhibit 6 on the following page displays the past ten years of beginning Reserve Fund balance compared to the 5.0 percent Reserve Fund policy.

Reserve Fund Status

Observation No. 2: At 7.45%, the City has the highest year start Reserve Fund balance since the City began calculating the July 1 adjusted Reserve Fund balance in fiscal year 1997-98.



After the fiscal year 2013-14 accounting close, fiscal year 2014-15 budgetary appropriations including a \$117.5 million transfer from the Reserve Fund to the General Fund budget, and return of advances and reappropriations, the resulting fiscal year-start adjusted Reserve Fund balance is \$383.0 million or 7.45 percent of General Fund receipts anticipated in the fiscal year 2014-15 Adopted Budget. This is 2.45 percent higher than the 5.0 percent set under the Reserve Fund Policy.

Observation No. 3: The combined July 1 Reserve and Budget Stabilization Funds total 8.65% in unassigned General Fund budget, representing an approximately one month average of General Fund operating budget, or 8.3%.

The Government Finance Officers Association (GFOA) recommends an unrestricted General Fund balance of no less than two months (or 16 percent) of regular General Fund operating budget. This amount may be adjusted based on risk analysis and, as indicated by GFOA, a lower amount may be appropriate for the largest local governments.

In fact, in the City Administrative Officer's (CAO) report (CF [13-0600-S103](#)) dated February 5, 2014, the CAO found that the ten most populated cities in the United States maintained an average reserve of about six percent of General Fund budget over the past five years.

Thus, this is not to say that the City must establish two months of reserves, but that the City should engage in a deliberative and thoughtful process to re-evaluate and determine the appropriate level of reserves to maintain, including:

- A determination of what amounts should be considered reserves under the policy;
- Analysis of financial risks to the City including volatility of revenues and expenditures, exposure to significant one-time occurrences such as natural disasters, as well as cash flow and liquidity factors; while,
- Balancing the needs of emergency, contingency and stabilization funds along with creditworthiness assessment and the many service and capital needs of the City.

Recommendation:**City management should:**

- 1. Review the appropriate amount of General Fund reserves using risk-based analysis and consider adjusting City policy accordingly.**

Changes in Reserve Fund Cash Balance

Exhibit 7 details the changes in Reserve Fund Cash Balance comparing Adopted Budget versus actual.

EXHIBIT 7

**Reserve Fund Cash Balance
Adopted Budget Versus Actual
(In Millions)**

	Adopted FY 14-15 Budget	Actual Balance	Difference
Contingency Reserve:			
a. Balance Before Year-End Reversions/Borrowings	\$ 213.7	\$ 215.2	\$ 1.5
b. Reversion of Uncommitted Balances	89.3	157.9	68.6
c. Unallocated Revenue	20.2	74.2	54.0
d. Advances Under CF# 13-0600-S153	--	(1.0)	(1.0)
e. Advances Under Charter Section 261(i)	(42.0)	(28.7)	13.3
Total Contingency Reserve, Year End	281.2	417.6	136.4
Emergency Reserve, Year End	133.8	133.8	--
Total Reserve Fund, Ending 6/30/14	\$ 415.0	\$ 551.4	\$ 136.4
f. Return of Advances for Unfunded Encumbrances	18.0	11.9	(6.1)
g. Transfer to Budget	(117.5)	(117.5)	--
h. Reappropriations	(31.4)	(62.8)	(31.4)
Total Reserve Fund, Year Start Adjusted 7/1/14	\$ 284.1	\$ 383.0	\$ 98.9
Emergency Reserve, Year Start Adjusted	\$ 141.3	\$ 141.3	\$ --
Contingency Reserve, Year Start Adjusted	142.8	241.7	98.9

Following are descriptions of the line item changes to the Reserve Fund listed in Exhibit 7:

1) Reserve Fund Cash Balance (June 30, 2014)

As of June 30, 2014, after closing the City's General Ledger, the recorded Reserve Fund balance was \$551.4 million. This was \$136.4 million more than the amount anticipated in the fiscal year 2014-15 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

This category represents 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. The actual amount is \$1.5 million more than anticipated in the fiscal year 2014-15 Adopted Budget.

b. Reversion of Uncommitted Balances

This category refers to General Fund appropriations that reverted to the Reserve Fund because portions of the appropriations were uncommitted (neither encumbered nor expended) at year-end. The Mayor and Council grant appropriation authority to City departments each year. Those appropriations are committed throughout the year in the form of encumbrances and expenditures. The total appropriation authority minus encumbrances and expenditures represents the uncommitted balance at year-end. Uncommitted balances from General Fund appropriations revert to the Reserve Fund at year-end. When the fiscal year 2014-15 budget was adopted in June 2014, the City anticipated an uncommitted balance reversion of \$89.3 million. The year-end uncommitted balance was \$157.9 million. For a detailed breakdown of uncommitted balances and reappropriations by department please see Schedule IX.

The 2014-15 Adopted Budget provided that certain uncommitted balances earmarked for specific functions be automatically reappropriated if not

expended in a given year. Of the total \$157.9 million reverted to the Reserve Fund, \$62.8 million was reappropriated in the 2014-15 Adopted Budget. However, the CIEP reappropriation amount requires a separate Council action, so the actual reappropriation may vary from the \$36.8 million amount listed in Schedule IX.

c. Unallocated Revenue (Excess Receipts)

Unallocated revenue occurs when revenues exceed the total budget appropriation. At fiscal year-end 2013-14, excess receipts of \$74.2 million reverted to the Reserve Fund as unallocated revenue. The 2014-15 Adopted Budget anticipated \$20.2 million in unallocated revenue. Actual receipts were \$54.0 million more than the budgeted unallocated revenue.

d. Advances Under CF 13-0600-S153

Council File [13-0600-S153](#) authorized the Controller to borrow from the Reserve Fund at year-end to balance departmental budgets where needed in order to expedite the closing of the City's General Ledger. This measure was taken so that the Controller could increase appropriations within established limits without departments returning to the Council to request the additional appropriations; a process that would delay the closing of the City's General Ledger. Under this Council authority, the Controller transferred \$1.0 million from the Reserve Fund to balance departmental budgets at year-end closing.

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 2014-15 Adopted Budget anticipated \$42.0 million in year-end advances from the Reserve Fund. The actual advances, in accordance with this Charter section, were \$28.7 million (\$16.8 million for unfunded expenditures and \$11.9 million for unfunded encumbrances, see Schedule X). The unfunded expenditures generally occur due to: 1) an imbalance between the timing of receipts in relation

to expenditures, and/or; 2) billing delays. Departments typically repay Reserve Fund advances as they are reimbursed by their funding source, or request Mayor and Council approval to write-off advances. The unfunded encumbered amounts represent a technical adjustment at year-end, mainly for grant contracts, and are reversed at the start of the new fiscal year.

Observation No. 4: The Reserve Fund advanced \$16.8 million in unfunded expenditures at fiscal year-end. Repayment of advances for unfunded expenditures is a positive Reserve Fund impact.

Recommendation:

City management should:

- 2. Require City departments to accelerate repayment of Reserve Fund advances and to report upon request of the City Administrative Officer and the Controller on the status of these plans.**

2) Reserve Fund Cash Balance (2014-15 Year-Start)

The fiscal year 2013-14 year-end Reserve Fund cash balance is not the same as the fiscal year 2014-15 year-start cash balance because of several technical factors required after the close of the prior fiscal year. The Reserve Fund year-end cash balance is adjusted by the following factors to arrive at the year-start balance:

f. Return of Advances for Unfunded Encumbrances

Advances for unfunded encumbrances represent loans from the Reserve Fund at year-end to fund encumbrances, mainly for grant contracts, and are reversed at the start of the following fiscal year.

g. Transfer to Budget

The Reserve Fund accounts for all uncommitted fund balance of the General Fund. It is a source of funding for unanticipated expenditures and revenue shortfall in the General Fund. The fiscal year 2014-15 Adopted Budget authorized a \$117.5 million transfer from the Reserve Fund to cover the shortfall in General Fund revenues.

h. Reappropriations

Reappropriations represent the unencumbered balances of certain funds and accounts reappropriated in accordance with the adopted budget.

Observation No. 5: While the City begins the fiscal year with a high Reserve Fund balance, there are downward adjustments and pressures that must be monitored.

Please note that subsequent to the Reserve Fund adjustments included in the adopted budget, the Council took actions (CF [13-0600-S156](#)) that resulted in \$12.4 million additional year start Reserve Fund adjustments. These additional reappropriations include:

- \$2.0 million for Fire automated vehicle locator;
- \$2.5 million for economic development initiative;
- \$1.7 million for CRA/LA pipeline projects; and,
- \$1.4 million for Council District community services.

These actions are not reflected in Exhibit 7 and reduced the Contingency Reserve to \$229.3 million, or \$86.5 million above the fiscal year 2014-15 Adopted Budget estimate.

Section III: Budget Stabilization Fund

In fiscal year 2009-10, the Mayor and Council established a Budget Stabilization Fund (BSF), with an initial deposit of \$500,000. The maintenance of this fund, separate and apart from the Reserve Fund, was added to the City's Charter in 2011. The purpose of this fund was 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 Budget Stabilization Fund Policy (CF [13-0455](#)) provides that beginning with the 2014-15 Adopted Budget, a new budget appropriation to the BSF shall be included in the adopted budget for the following fiscal year when the combined growth of seven General Fund tax revenues (property tax, utility users' tax, business tax, sales tax, transient occupancy tax, parking users' tax, and documentary tax) is anticipated to exceed 3.4 percent. The appropriation amount shall be the difference between the anticipated combined revenue growth of the seven tax revenues and the combined value of these taxes with an assumed 3.4 percent growth. Withdrawal from the BSF will primarily be used to offset shortfalls due to lower than the 3.4 percent growth and shall be limited to 25 percent of the available balance.

Exhibit 8 displays the adopted and prior year cash balance and adjustments of the BSF.

EXHIBIT 8

Budget Stabilization Fund (In Thousands)

	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Adopted
Cash Balance, July 1	\$ 517	\$ 69,525	\$ 61,896
Transfer	69,000	--	2,000
Interest Income	8	589	480
Total Receipts	69,525	70,114	64,376
Transfer to Budget	--	(8,029)	--
Cash Balance, June 30	\$ 69,525	\$ 62,085	\$ 64,376

Observation No. 6: \$2 million is transferred to the Budget Stabilization Fund (BSF) in the 2014-15 Adopted Budget. Based on the adopted budget, \$38.3 million could have been transferred under the BSF policy.

Based on the 2014-15 Adopted Budget, the full appropriation to the BSF under the policy would have been \$38.3 million. However, as noted by the Chief Legislative Analyst in the May 13, 2014 report to Budget and Finance Committee, the BSF policy allows for a deposit to BSF not to be made if the excess amounts are used to meet the Capital Assets and Infrastructure Funding (Capital Funding) policy.

The goal of the Capital Funding policy is to ensure investment in the City's infrastructure. The goal of the BSF is to mitigate future economic downturns. It is important to the extent possible to provide ample resources for both purposes and the City should re-evaluate the current policy wherein the BSF may not receive full funding in order to achieve minimum funding for capital improvement.

Recommendation:

City management should:

- 3. Re-evaluate the Capital Assets and Infrastructure Funding policy provision in the Budget Stabilization Fund policy to strike a balance that ensures resources for both purposes are realized.**

Section IV: Capital Assets and Infrastructure Policy

The Capital Funding policy requires that the City annually budget one percent of General Fund revenue to fund capital assets or infrastructure improvements. This policy acknowledges the importance of maintaining the City's capital assets on an ongoing basis to avoid major deferred maintenance and to extend the useful life of assets. According to the CAO's Supporting Information for the 2014-15 Proposed Budget, \$54.8 million or 1.07 percent of the proposed General Fund budget was allocated to fund capital assets or infrastructure improvements including sidewalk repair, street resurfacing and reconstruction, as well as improvements to facilities.

Observation No. 7: The City has only met the one percent Capital Funding policy three times since fiscal year 2005-06, according to a CAO report (CF 14-0600-S18) dated August 22, 2014.

While the General Fund is certainly not the only fund supporting capital infrastructure, the City must develop a capital project plan that identifies the need and the resources to meet the City's many capital requirements.

The Council's instruction (CF [13-1384](#)) to the CAO to create a comprehensive Capital Infrastructure Strategic Plan is a necessary step in prioritizing capital projects and funding over the long term. Critical to this plan is consideration of current capital funding policies and identification of viable resources. The sooner this plan can be developed, the sooner the City can begin to realize the benefits. Ideally this plan can be a tool in the upcoming fiscal year 2015-16 budget development process.

City management should:

- 4. Receive and hear from the City Administrative Officer on the Capital Infrastructure Strategic Plan and review of current capital funding policies and resources prior to the fiscal year 2015-16 budget development process.**

Section V: 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 debt service cap as a percent of General Fund revenues of 6.0 percent and a total debt service cap as a percent of General Fund revenues of 15.0 percent. Non-voter debt service pertains to those obligations that do not require voter approval, as opposed to those debts approved by the voters.

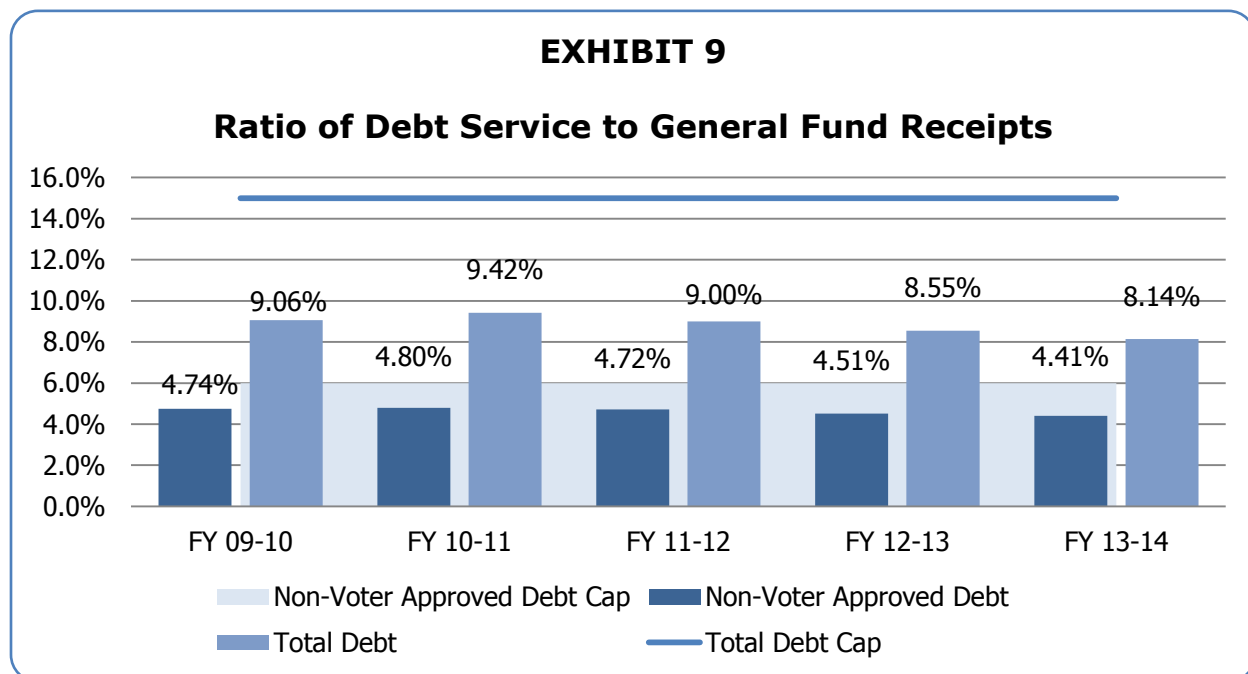


Exhibit 9 illustrates the City’s compliance with these debt management policies the past five years. The actual ratio of Debt Service to General Fund Receipts was 9.0 percent in fiscal year 2011-12, 8.55 percent in fiscal year 2012-13, and 8.14 percent in fiscal year 2013-14. Future bond offerings would, of course, impact future bond indebtedness against the debt service cap. See Schedules XII, XIII and XIV for more information on City debt.

Section VI: Improving the City's Fiscal Health

The City's reserves continue to reflect modest signs of improvement, particularly as revenues have increased. Nevertheless resources remain limited relative to the City's needs. Following ten guiding principles to maintain a healthy budget will free up resources to meet the City's many challenges and priorities:

Guiding Principals

1. Implement a budget based on performance and measurable results.
2. Focus on Return on Investment (ROI).
3. Reform City procurement.
4. Reduce liabilities with a comprehensive risk mitigation strategy.
5. Invest in technology.
6. Invest in much needed City infrastructure and put the City's vast assets and resources to work.
7. Improve accounting and accountability in Special Funds.
8. Explore savings in healthcare and pension costs.
9. Maximize current City revenues and collections.
10. Continue to build the City's Reserves.

Focusing on maintaining a healthy reserve, reducing liabilities, investing limited resources wisely, upgrading City infrastructure, and improving service delivery without incurring significant ongoing obligations is a recipe for financial success. While some progress has been made, the City's leaders and stakeholders must continue to work together and advance these key strategies.

GLOSSARY OF KEY TERMS

Adopted Budget is the Mayor and Council approved plan of financial activity for a specified fiscal year indicating all planned revenues and appropriations for the year.

Appropriation Authority is the legal authority to incur obligations and expend up to a budgeted amount for a stated purpose. Total appropriation authority includes the adopted budget and actions taken by Mayor and Council during the year to amend the adopted budget.

Budget Stabilization Fund was created to prevent overspending during prosperous years and provide resources to help maintain service levels during years of slow revenue growth or declining revenue.

Capital Improvement Expenditure Program (CIEP) constitutes expenditures for the acquisition, construction, expansion or rehabilitation of the City's physical plant (such as streets, sewers, and storm drains) and facilities (such as fire stations, police stations, and libraries).

Debt Policy is an adopted formal debt policy of the City establishing guidelines for the structure and management of the City's debt obligations. These guidelines include both a target and ceiling for certain debt ratios to be used for planning purposes.

Debt Service is the cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

Department is a major administrative division of the City that indicates overall management responsibility for an operation or group of related operations within a functional area.

Encumbrance is an obligation or commitment to pay for a good or service. An example of an encumbrance is ordering a car and setting aside funds to pay for the car.

Expenditure is an actual payment. An example of an expenditure is writing a check to pay for the car.

Fee is a charge to the party who only benefits directly from the City's service, such as individual building permit fees.

Fiscal Year (FY) is a twelve-month period of time to which the annual budget applies and at the end of which the City determines its financial position and the results of its operation. The City's fiscal year begins on July 1 of the calendar year and ends on June 30 of the following year.

Fund is a fiscal entity with assets, liabilities, revenues and expenditures that are segregated for carrying out a specific purpose or activity.

General Fund is for deposit of general receipts which are not restricted, such as property, sales and business taxes and various fees.

General Obligation Bonds are voter authorized (by two-thirds vote) and payable from proceeds of taxes on secured and unsecured taxable property within the City and collected by the County. General Obligation bonds are paying for such projects as library, police, and fire facilities.

Reserve Fund is the fund in which general unrestricted cash is set aside outside the budget for unforeseen expenditures and emergencies.

Revenue is cash or credits the City receives during the fiscal year as income to finance general or restricted operations. This includes items such as taxes, fees from services, interest earnings, and grants.

Special Purpose Funds account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Tax Revenue Anticipation Notes (TRANS) is a short-term debt issued to finance immediate obligations against future revenues, typically for one year or less.

Taxes are compulsory charges levied by a government to finance services performed for the common benefit of people.

SCHEDULE I

Cash Condition Statement of Receipts and Disbursements - All Funds For the Fiscal Year Ended June 30, 2014

Cash Balance, July 1, 2013	\$ 8,379,369,571
Add - Outstanding Warrants, July 1, 2013	<u>173,532,279</u>
Cash in the Treasury, July 1, 2013	8,552,901,850
Add - Receipts during the year ⁽¹⁾	<u>16,972,038,315</u>
Total Available	25,524,940,165
Less - Disbursements during the Year ⁽¹⁾	<u>16,837,713,536</u>
Cash in the Treasury, June 30, 2014	8,687,226,629
Less - Outstanding Warrants, June 30, 2014	<u>81,509,661</u>
Cash Balance, June 30, 2014 ⁽²⁾	<u><u>\$ 8,605,716,968</u></u>

⁽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 \$132,780,817.

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, 2014, that cash is not available to the General Fund (except for limited General Fund balances) for general government activities of the City. The "Schedule of Cash Balances by Fund Types" on Schedule III provides additional information of the June 30 cash balances.

SCHEDULE II

Reserve Fund Statement of Receipts and Disbursements For the Fiscal Year Ended June 30, 2014

Cash Balance Ending June 30, 2013		\$ 352,271,028
Receipts:		
Return of Advances Under Charter Section 261(i) for:		
Unfunded Expenditures	\$ 20,387,444	
Unfunded Encumbrances	7,830,459	
Return of Loans from Other Funds	3,393,096	
Transfer of Power Revenue Surplus	253,000,000	
Transfer of Special Parking Revenue Surplus	35,142,475	
Early Reversion of Unencumbered Balance	1,513,536	
Year-End Reversion of Unencumbered Balance	157,888,402	
Unallocated Revenue	74,243,132	
Miscellaneous	8,826,302	562,224,846
 Total Available Cash		 914,495,874
Disbursements:		
Transfer to General Fund of Power Revenue Surplus	253,000,000	
Transfer to General Fund of Special Parking Revenue Surplus	35,142,475	
Transfers to Other Funds	8,918,779	
Loans to Other Funds	2,862,413	
Reappropriations of Prior Year Funds for Capital Improvement Projects and Other Departmental Accounts	33,448,130	
Advances Under Charter Section 261(i) for:		
Unfunded Expenditures	16,787,187	
Unfunded Encumbrances	11,888,113	
Advances for Unfunded Expenditures per CF#13-0600-S153	1,021,470	363,068,567
 Cash Balance Ending June 30, 2014		 \$ 551,427,307

Note: The Mayor and City Council adopted the Reserve Fund Policy (File 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, 2014, the total Contingency account is \$417,587,307 and the Emergency account is \$133,840,000.

SCHEDULE III

Schedule of Cash Balances by Fund Types June 30, 2014

Governmental Funds:

General Funds

General	\$ 342,256,650	
Reserve	551,427,307	
Budget Stabilization	62,085,026	
Stores Revolving	14,271,852	
Other General Funds	19,995,064	\$ 990,035,899

Special Revenue Funds

Recreation and Parks	234,542,375	
Proposition A Local Transit Assistance (PALTA)	215,683,745	
Solid Waste Resources Revenue	204,340,143	
Building and Safety Permit Enterprise	117,926,140	
Transportation Grants	72,109,411	
Solid Waste Resources Revenue Bond 2013A Acquisition	71,166,166	
Special Gas Tax Street Improvement	65,902,280	
MICLA Special Revenue Funds	64,700,187	
Measure R Local Return and Bus Operations Fund	50,661,154	
Systematic Code Enforcement Fee Trust	46,432,661	
State AB 1290	37,991,832	
Citywide Recycling Trust	36,628,891	
Telecommunication Liquidated Damage and Lost Franchise Fee	34,160,418	
Special Parking Revenue	30,809,913	
Proposition C Anti-Gridlock Transit Improvement	30,142,484	
Subventions and Grants	28,909,592	
Seismic Bond Reimbursement	28,360,117	
Municipal Sports Account	28,167,419	
Engineering Special Service	25,800,903	
Street Lighting Maintenance Assessment	24,654,311	
City of Los Angeles Affordable Housing Trust	20,952,266	
Integrated Solid Waste Management Trust	20,586,994	
Recreation and Parks Golf	19,009,345	
Potrero Canyon Trust	16,785,435	
Coastal Transportation Corridor Trust	15,943,066	
Library	15,642,880	
Construction Services Trust	13,827,867	
Planning Case Processing	13,633,204	
Sunshine Canyon Community Amenities Trust	13,320,282	
Disaster Assistance Trust	12,744,539	
Other Special Revenue Funds	423,629,791	2,035,165,811

Debt Service Funds

General Obligation Bonds	149,918,404	
Other Debt Service Funds	8,236,671	158,155,075

Continued...

Schedule of Cash Balances by Fund Types - (Continued)
June 30, 2014

Capital Projects Funds

GOB Series 1989-A, 1990-B, 1992-A, 1993-A, 1994-A 1995-A, 1999-B, 2000-A, 2001-A, & 2002-A Library/Police/Fire/ Public Works/Recreation & Parks/Zoo/Animal Shelter/Police 911	\$ 29,497,530	
GOB Series 2003-A Animal Shelter/Fire/Police 911	40,097,525	
GOB Series 2004-A Police 911	67,745,509	
GOB Series 2005-A Storm Water/Fire	22,808,306	
GOB Series 2006-A Storm Water/Fire/Police 911/Animal Shelter	48,820,792	
GOB Series 2008-A Clean Water, and Storm Water Clean-up Projects	11,888,201	
GOB Series 2009-A Clean Water, and Storm Water Clean-up Projects	73,611,817	
GOB Series 2011-A Clean Water and Storm Water Clean-up Projects	132,969,462	
Recreation and Parks Grant	86,892,136	
Proposition K Projects and Bond Match	84,479,398	
Proposition K Maintenance and Administration	25,335,145	
Other Capital Projects Funds	<u>29,428,814</u>	\$ 653,574,635

Proprietary Funds - Enterprise

Airport Revenue	839,185,546	
Harbor Revenue	51,497,377	
Power Revenue	909,803,435	
Water Revenue	362,830,809	
Passenger Facility Charge Fund - LAWA	696,710,270	
Passenger Facility Charge Fund - Ontario	35,996,786	
Airport Revenue Fund - Ontario	88,860,432	
Airport Insurance Trust Fund - LAWA	109,415,938	
China Shipping Mitigation	26,736,769	
Harbor Emergency	47,475,170	
Strategic Operating Fund	160,000,000	
Sewer Construction and Maintenance	75,651,424	
Sewer Operations and Maintenance	64,367,895	
Sewer Capital	18,423,797	
Los Angeles Convention Center	3,119,104	
Construction (Bond) Funds	557,847,463	
Bond Debt Service Funds	499,226,563	
Other Enterprise Funds	<u>23,520,680</u>	4,570,669,458

Pension Trust

City Employees Retirement	1,023,174	
Fire and Police Pension	2,115,195	
Water and Power Employees' Retirement/Disability/Death Benefits	55,663,805	
Other Pension Trust Funds	<u>631,784</u>	59,433,958

Continued...

Schedule of Cash Balances by Fund Types - (Continued)
June 30, 2014

Agency Funds

Building and Safety Trust	\$ 22,045,815	
General Demand	37,696,534	
General Payroll Reimbursement	6,916,291	
Department of Water and Power Payroll	4,778,179	
Department of Water and Power Disbursement	30,821,461	
Department of Water and Power Plan Benefit	1,560,774	
Public Works Trust	51,559,994	
Parking Violation Trust	10,519,079	
Internal Revenue Code Section 501(c) Employee Benefits Trust	27,696,006	
Other Agency Funds	<u>26,597,660</u>	<u>\$ 220,191,793</u>

Total Cash Balance - All Fund Types ⁽¹⁾

8,687,226,629

Less - Outstanding Warrants:

General Demands	37,696,478	
General Payroll and Reimbursement	6,652,769	
Department of Water and Power Payroll	4,778,179	
Department of Water and Power Disbursement	30,821,461	
Department of Water and Power Plan Benefit	<u>1,560,774</u>	<u>81,509,661</u>

Total Cash Balance in the Treasury, June 30, 2014

\$ 8,605,716,968

⁽¹⁾ Excludes cash with fiscal agents, petty cash, other revolving funds, and time deposits held for safekeeping by the City Treasurer totalling \$132,780,817.

SCHEDULE IV

**Statement of Receipts - Budget and Actual
(Cash Basis)
All Annually Budgeted Funds
Fiscal Years Ended June 30, 2014 and 2013**

	FY 2014 Original Budget	FY 2014 Actual Receipts	FY 2013 Actual Receipts	FY 2014 Variance With Budget Positive (Negative)	FY 2014 Receipts Increase (Decrease)
General Fund Receipts:					
Property Tax:					
Property Tax 1%	\$ 1,094,069,000	\$ 1,127,721,052	\$ 1,109,286,551	\$ 33,652,052	\$ 18,434,501
Property Tax - Sales Tax Replacement	121,116,000	121,036,278	116,458,165	(79,722)	4,578,113
Property Tax - Vehicle License Fee Replacement	334,383,000	341,225,613	324,643,999	6,842,613	16,581,614
Total Property Tax	1,549,568,000	1,589,982,943	1,550,388,715	40,414,943	39,594,228
Property Tax - Ex-CRA Tax Increment Utility Users Tax:	55,434,000	70,197,233	58,839,354	14,763,233	11,357,879
Electric Users Tax	233,081,000	331,306,805	320,432,183	98,225,805	10,874,622
Telephone Users Tax	342,717,000	223,052,154	233,998,314	(119,664,846)	(10,946,160)
Gas Users Tax	65,800,000	73,077,641	66,017,286	7,277,641	7,060,355
Total Utility Users Tax	641,598,000	627,436,600	620,447,783	(14,161,400)	6,988,817
Licenses, Permits, Fees and Fines	832,712,064	831,974,369	724,702,256	(737,695)	107,272,113
Business Tax	470,728,000	475,397,383	448,832,226	4,669,383	26,565,157
Sales Tax	352,790,000	356,502,613	338,969,528	3,712,613	17,533,085
Documentary Transfer Tax	160,106,000	181,463,048	147,282,030	21,357,048	34,181,018
Power Revenue Transfer	253,000,000	253,000,000	246,534,000	--	6,466,000
Transient Occupancy Tax	174,423,000	184,382,408	167,823,830	9,959,408	16,558,578
Parking Fines	156,557,000	161,146,214	156,877,993	4,589,214	4,268,221
Parking Users' Tax	94,947,000	95,675,639	89,422,831	728,639	6,252,808
Franchise Income	42,618,000	44,364,995	42,963,207	1,746,995	1,401,788
State Motor Vehicle License Fees	2,100,000	1,737,204	2,099,058	(362,796)	(361,854)
Grant Receipts	6,192,664	8,887,719	7,231,785	2,695,055	1,655,934
Tobacco Settlement	9,006,000	9,112,313	13,860,856	106,313	(4,748,543)
Transfer From Telecommunications Development Account	5,220,000	--	--	(5,220,000)	--
Residential Development Tax	2,100,000	3,339,728	2,379,233	1,239,728	960,495
Special Parking Revenue Transfer	35,142,475	35,142,475	32,577,000	--	2,565,475
Interest	14,621,000	15,792,196	16,001,196	1,171,196	(209,000)
Transfer from Budget Stabilization Fund	8,029,121	8,029,121	--	--	8,029,121
Total General Fund Receipts	4,866,892,324	4,953,564,201	4,667,232,881	86,671,877	286,331,320

Continued...

**Statement of Receipts - Budget and Actual
(Cash Basis)
All Annually Budgeted Funds
Fiscal Years Ended June 30, 2014 and 2013**

	FY 2014		FY 2014		FY 2013		FY 2014 Variance		FY 2014 Receipts	
	Original Budget	Actual Receipts	Actual Receipts	Actual Receipts	Actual Receipts	Positive (Negative)	With Budget	Increase (Decrease)		
Special Fund Receipts:										
Affordable Housing Trust Fund	\$ 150,000	\$ 12,824,287	\$ 12,824,287	\$ 32,758,281	\$	\$ 12,674,287	\$	(19,933,994)		
Arts & Cultural Facilities & Services Trust Fund	13,623,741	14,450,106	14,450,106	12,360,309		826,365		2,089,797		
Arts Development Fee Trust Fund	1,142,966	2,580,782	2,580,782	1,742,209		1,437,816		838,573		
Building & Safety Permit Enterprise Fund	115,954,709	162,805,007	162,805,007	124,144,486		46,850,298		38,660,521		
Central Recycling and Transfer Fund	3,232,110	4,203,854	4,203,854	2,831,097		971,744		1,372,757		
City Employees' Retirement Fund ⁽¹⁾	82,972,204	83,759,067	83,759,067	74,719,463		786,863		9,039,604		
City Employees Ridesharing Fund	3,480,752	3,196,556	3,196,556	3,150,744		(284,196)		45,812		
City Ethics Commission Fund	2,404,882	2,490,060	2,490,060	1,848,864		85,178		641,196		
City Tax Levy (Debt Service)	160,695,451	140,624,673	140,624,673	173,423,374		(20,070,778)		(32,798,701)		
Citywide Recycling Trust Fund	21,606,335	23,417,068	23,417,068	21,788,883		1,810,733		1,628,185		
Code Enforcement Trust Fund	41,550,000	42,256,547	42,256,547	42,673,615		706,547		(417,068)		
Community Development Trust Fund	26,878,437	29,060,687	29,060,687	29,930,284		2,182,250		(869,597)		
Community Services Administration Grant	1,519,474	1,052,531	1,052,531	2,303,755		(466,943)		(1,251,224)		
Convention Center Revenue Fund	25,600,000	23,408,888	23,408,888	27,157,833		(2,191,112)		(3,748,945)		
Disaster Assistance Trust Fund	11,929,526	30,167,911	30,167,911	12,998,907		18,238,385		17,169,004		
El Pueblo de Los Angeles Historical Monument Fund	4,623,667	4,679,192	4,679,192	4,602,865		55,525		76,327		
Greater Los Angeles Visitors & Convention Bureau Fund	13,417,000	14,188,286	14,188,286	12,910,432		771,286		1,277,854		
HOME Investment Partnerships Program Fund	4,372,455	3,056,098	3,056,098	5,582,017		(1,316,357)		(2,525,919)		
Household Hazardous Waste Fund	3,395,000	2,059,236	2,059,236	3,504,357		(1,335,764)		(1,445,121)		
Housing Opportunities for Persons with AIDS Fund	459,158	322,751	322,751	384,158		(136,407)		(61,407)		
Landfill Maintenance Fund	4,837,000	4,282,059	4,282,059	4,645,352		(554,941)		(363,293)		
Local Public Safety Fund	38,121,000	38,753,170	38,753,170	37,168,924		632,170		1,584,246		
Local Transportation Fund	2,067,333	2,844,793	2,844,793	2,717,569		777,460		127,224		
Measure R Traffic Relief and Rail Expansion Fund	45,236,142	51,001,851	51,001,851	61,912,620		5,765,709		(10,910,769)		
Mobile Source Air Pollution Reduction Trust Fund	4,783,557	4,700,622	4,700,622	4,633,965		(82,935)		66,657		
Multi-Family Bulky Item Fund	6,367,000	6,843,528	6,843,528	7,210,357		476,528		(366,829)		
Municipal Housing Finance Fund	4,437,592	2,813,411	2,813,411	2,044,460		(1,624,181)		768,951		
Neighborhood Empowerment Fund	6,308,364	6,319,850	6,319,850	6,115,265		11,486		204,585		
Older Americans Act Fund	2,614,461	1,948,881	1,948,881	1,971,978		(665,580)		(23,097)		
Park & Recreational Sites & Facilities Fund	1,200,000	1,807,886	1,807,886	1,564,000		607,886		243,886		
Planning Case Processing Revenue Fund	16,304,500	20,742,530	20,742,530	18,434,367		4,438,030		2,308,163		
Proposition A Local Transit Assistance Fund	114,694,025	132,437,661	132,437,661	132,716,846		17,743,636		(279,185)		
Proposition C Anti-Gridlock Transit Improvement Fund	102,290,809	105,173,511	105,173,511	63,900,491		2,882,702		41,273,020		

Continued...

**Statement of Receipts - Budget and Actual
(Cash Basis)
All Annually Budgeted Funds
Fiscal Years Ended June 30, 2014 and 2013**

	FY 2014 Original Budget	FY 2014 Actual Receipts	FY 2013 Actual Receipts	FY 2014 Variance With Budget Positive (Negative)	FY 2014 Receipts Increase (Decrease)
Special Fund Receipts: (Continued)					
Rent Stabilization Trust Fund	\$ 14,340,737	\$ 14,443,692	\$ 14,291,886	\$ 102,955	\$ 151,806
Sewer Construction & Maintenance Fund	703,467,529	684,294,741	762,428,597	(19,172,788)	(78,133,856)
Solid Waste Resources Revenue Fund	298,763,127	289,251,842	313,434,338	(9,511,285)	(24,182,496)
Special Gas Tax Street Improvement Fund:					
State Gas Tax - Section 2103	41,475,000	54,204,864	35,611,070	12,729,864	18,593,794
State Gas Tax - Section 2105	16,530,000	26,916,088	18,003,471	10,386,088	8,912,617
State Gas Tax - Section 2106	11,400,000	12,421,764	12,503,321	1,021,764	(81,557)
State Gas Tax - Section 2107	25,650,000	28,659,634	28,572,935	3,009,634	86,699
Surface Transportation Program	10,000,000	4,977,696	15,611,815	(5,022,304)	(10,634,119)
Interest on Gas Tax Funds	500,000	784,250	941,362	284,250	(157,112)
Other Receipts	--	651,004	297,029	651,004	353,975
Special Parking Revenue Fund	55,892,982	62,475,433	37,719,419	6,582,451	24,756,014
Special Police/911 System Tax Fund	--	468,088	4,634,682	468,088	(4,166,594)
Staples Arena Special Fund	4,049,000	6,344,293	7,709,576	2,295,293	(1,365,283)
Stormwater Pollution Abatement Fund	32,778,392	35,150,399	33,372,468	2,372,007	1,777,931
Street Damage Restoration Fee Fund	5,542,460	8,827,709	6,119,070	3,285,249	2,708,639
Street Lighting Maintenance Assessment Fund	49,116,144	53,079,734	65,864,684	3,963,590	(12,784,950)
Supplemental Law Enforcement Services Fund	3,538,698	8,651,625	5,219,620	5,112,927	3,432,005
Telecommunications Liquidated Damages and Lost Franchise Fees Fund	14,068,478	18,841,429	19,010,931	4,772,951	(169,502)
Traffic Safety Fund	8,263,551	7,766,095	8,835,984	(497,456)	(1,069,889)
Workforce Investment Act Fund	17,638,307	12,931,062	15,030,034	(4,707,245)	(2,098,972)
Zoo Enterprise Trust Fund	17,827,862	16,827,676	17,089,052	(1,000,186)	(261,376)
Allocations from Other Sources:					
Animal Sterilization Trust Fund	175,867	148,066	--	(27,801)	148,066
ARRA - Community Development Block Grant	--	--	175,777	--	(175,777)
ARRA - Energy Efficiency Conservation	--	--	765,893	--	(765,893)
ARRA - Neighborhood Stabilization	1,935,130	1,492,034	2,619,361	(443,096)	(1,127,327)
Audit Repayment	1,072,236	167,555	--	(904,681)	167,555
Bus Bench Advertising Trust Fund	174,439	174,439	164,118	--	10,321
Business Improvement District Trust Fund	468,091	468,091	490,123	--	(22,032)
City Attorney Consumer Protection Fund	3,709,110	4,709,110	3,514,598	1,000,000	1,194,512
City Planning Long Range Planning Fund	3,486,591	2,842,534	2,338,327	(644,057)	504,207
City Planning Systems Development Fund	7,923,630	6,633,404	4,575,354	(1,290,226)	2,058,050

Continued...

**Statement of Receipts - Budget and Actual
(Cash Basis)
All Annually Budgeted Funds
Fiscal Years Ended June 30, 2014 and 2013**

	FY 2014 Original Budget	FY 2014 Actual Receipts	FY 2013 Actual Receipts	FY 2014 Variance With Budget Positive (Negative)	FY 2014 Receipts Increase (Decrease)
Special Fund Receipts: (Continued)					
Coastal Transportation Corridor Trust Fund	\$ 573,108	\$ 140,715	\$ 313,319	\$ (432,393)	\$ (172,604)
Enterprise Zone Tax Credit	1,021,974	1,048,344	568,596	26,370	479,748
Federal Emergency Shelter Grant	162,221	89,415	175,852	(72,806)	(86,437)
Fire Hydrant Installation and Replacement Fund	861,264	861,264	861,264	--	--
Forfeited Assets Trust Fund of Police Dept	--	6,022,247	6,605,360	6,022,247	(583,113)
General Services Trust	359,786	137,752	397,613	(222,034)	(259,861)
GOB Series 2002A Fire/Pr Cons	74,271	725,811	--	651,540	725,811
Industrial Development Authority Fund	38,172	36,357	15,502	(1,815)	20,855
Integrated Solid Waste Management Fund	300,000	367,725	348,000	67,725	19,725
Los Angeles Regional Agency Trust Fund	91,528	83,052	94,325	(8,476)	(11,273)
Lopez Canyon Community Amenities Trust Fund	--	--	50,000	--	(50,000)
Neighborhood Stabilization Fund	61,020	158,855	484,096	97,835	(325,241)
Off-Site Sign Periodic Inspection Fee Fund	441,097	435,438	278,022	(5,659)	157,416
Office of Traffic Safety Fund	8,946	--	--	(8,946)	--
Permit Parking Program Revenue Fund	1,092,347	876,002	962,086	(216,345)	(86,084)
Pershing Square Trust Fund	531,963	531,963	548,881	--	(16,918)
Prop 1B Infrastructure Fund	--	--	42,981,570	--	(42,981,570)
Repair and Demolition	450,060	300,000	520,000	(150,060)	(220,000)
Section 108 Loan Guarantee Fund	361,023	335,465	458,309	(25,558)	(122,844)
State AB 1290 City Fund	1,000,000	4,572,703	3,309,246	3,572,703	1,263,457
Street Banners Trust Fund	94,311	90,880	498,229	(3,431)	(407,349)
Sunshine Canyon Community Amenities Trust Fund	--	--	49,566	--	(49,566)
Traffic Safety Education Program	209,202	371,168	--	161,966	371,168
Transportation Grant Fund	42,557,206	46,762,448	--	4,205,242	46,762,448
Used Oil Collection Fund	631,682	572,090	502,609	(59,592)	69,481
Ventura/Cahuenga Blvd Corridor Plan	1,090,579	276,325	233,651	(814,254)	42,674
Warner Center Transportation Trust Fund	189,532	122,101	98,001	(67,431)	24,100
West LA Transportation Improvement & Mitigation	182,482	87,242	96,203	(95,240)	(8,961)
Workforce Innovation Fund	270,755	859,455	--	588,700	859,455
Total Special Fund Receipts	2,290,711,540	2,410,742,508	2,433,247,322	120,030,968	(22,504,814)
Available Balances	527,905,446	612,547,358	436,785,042	84,641,912	175,762,316
Total Receipts	\$ 7,685,509,310	\$ 7,976,854,067	\$ 7,537,265,245	\$ 291,344,757	\$ 439,588,822

(1) Retirement contributions from Harbor and Airport departments.

SCHEDULE V

**Statement of Budget Appropriations, Expenditures and Encumbrances
Budget and Actual (Cash Basis) - All Annually Budgeted Funds
Fiscal Years Ended June 30, 2014 and 2013**

	Original Budget FY 2014	Final Budget FY 2014	Expenditures & Encumbrances FY 2014	Expenditures & Encumbrances FY 2013	FY 2014 Variance With Final Budget		FY 2014 Expenditures & Encumbrances Increase (Decrease)
					Positive	(Negative)	
Aging	\$ 4,059,399	\$ 4,092,088	\$ 3,496,388	\$ 3,404,605	\$ 595,700	\$	\$ 91,783
Animal Services	21,762,200	21,940,274	21,739,618	19,989,064	200,656		1,750,554
Building & Safety	38,622,008	80,682,901	76,094,580	70,954,040	4,588,321		5,140,540
City Administrative Officer	15,239,003	16,420,192	13,882,218	12,950,728	2,537,974		931,490
City Attorney	103,134,297	118,903,930	117,797,342	108,652,876	1,106,588		9,144,466
City Clerk	8,712,765	10,105,576	9,447,694	23,500,663	657,882		(14,052,969)
City Ethics Commission	2,328,732	2,488,982	2,297,854	2,038,175	191,128		259,679
Economic and Workforce Developme	16,764,287	19,819,713	17,394,255	26,205,663	2,425,458		(8,811,408)
Controller	16,413,898	17,449,389	15,661,982	15,954,763	1,787,407		(292,781)
Council	16,182,489	36,527,239	27,932,470	28,139,452	8,594,769		(206,982)
Cultural Affairs	8,961,938	9,328,945	8,442,367	8,619,241	886,578		(176,874)
Disability	1,897,662	1,897,662	1,811,409	1,586,403	86,253		225,006
El Pueblo De Los Angeles							
Historical Monument Authority	1,738,370	1,777,818	1,646,121	1,611,132	131,697		34,989
Emergency Management	1,736,310	3,361,908	2,579,449	2,619,211	782,459		(39,762)
Employee Relations Board	411,943	411,943	338,587	329,163	73,356		9,424
Finance	38,086,641	38,156,204	37,093,296	35,712,767	1,062,908		1,380,529
Fire	550,170,530	566,120,158	559,785,750	523,185,090	6,334,408		36,600,660
General Services	230,435,825	285,127,827	260,667,271	263,800,135	24,460,556		(3,132,864)
Information Technology Agency	81,969,770	89,026,180	86,686,365	86,864,108	2,339,815		(177,743)
Housing and Community Investment	59,672,346	64,594,297	58,309,012	48,576,667	6,285,285		9,732,345
Los Angeles Department of							
Convention & Tourism Development	22,334,637	21,837,111	12,559,771	22,264,092	9,277,340		(9,704,321)
Mayor	6,126,261	36,543,827	34,196,513	36,267,773	2,347,314		(2,071,260)
Neighborhood Empowerment	2,554,715	2,622,032	2,143,487	2,286,369	478,545		(142,882)
Personnel	53,523,214	53,961,878	50,959,412	46,334,394	3,002,466		4,625,018
City Planning and Development	73,429,513	32,829,847	29,185,529	25,980,540	3,644,318		3,204,989
Police	1,310,820,443	1,345,839,854	1,328,648,687	1,249,613,253	17,191,167		79,035,434
Public Works:							
Board Office	14,721,185	19,055,688	18,311,723	16,255,916	743,965		2,055,807
Contract Administration	30,810,364	32,671,618	29,395,335	27,523,292	3,276,283		1,872,043
Engineering	73,339,393	81,186,691	70,673,303	68,601,200	10,513,388		2,072,103
Sanitation	219,784,183	224,327,619	211,968,333	199,768,149	12,359,286		12,200,184
Street Lighting	24,558,660	28,811,359	25,724,436	24,221,914	3,086,923		1,502,522
Street Services	170,958,387	190,921,056	170,154,673	163,257,830	20,766,383		6,896,843

Continued

**Statement of Budget Appropriations, Expenditures and Encumbrances
Budget and Actual (Cash Basis) - All Annually Budgeted Funds
Fiscal Years Ended June 30, 2014 and 2013**

	Original Budget FY 2014	Final Budget FY 2014	Expenditures & Encumbrances FY 2014	Expenditures & Encumbrances FY 2013	FY 2014 Variance With Final Budget Positive (Negative)	FY 2014 Expenditures & Encumbrances Increase (Decrease)
Transportation	\$ 131,085,453	\$ 140,131,879	\$ 137,004,980	\$ 136,606,320	\$ 3,126,899	\$ 398,660
Zoo	18,228,110	18,249,880	17,491,994	17,429,758	757,886	62,236
Total - Budgetary Departments	3,370,574,931	3,617,223,565	3,461,522,204	3,321,104,746	155,701,361	140,417,458
Library	118,966,839	118,966,839	118,966,839	102,307,213	--	16,659,626
Recreation & Parks	146,357,832	151,900,170	151,900,170	144,223,983	--	7,676,187
City Employees' Retirement	82,972,204	83,759,067	83,759,067	74,719,463	--	9,039,604
Tax and Revenue						
Anticipation Notes	955,905,263	955,905,263	946,559,147	851,355,871	9,346,116	95,203,276
Bond Redemption and Interest	160,695,451	160,695,452	160,695,452	164,475,921	--	(3,780,469)
Capital Finance Administration	256,285,304	256,706,618	245,219,541	211,219,473	11,487,077	34,000,068
Capital Improvement						
Expenditure Program	200,845,922	114,687,786	51,931,785	95,472,195	62,756,001	(43,540,410)
General City Purposes	102,732,038	65,614,928	59,143,025	56,107,704	6,471,903	3,035,321
Human Resources Benefits	600,430,000	592,640,770	584,204,291	575,300,819	8,436,479	8,903,472
Judgment Obligation Bonds						
Debt Service	9,032,425	9,032,425	9,031,395	9,030,414	1,030	981
Liability Claims	47,910,000	55,920,000	55,561,632	56,941,648	358,368	(1,380,016)
Proposition A Local Transit						
Assistance Trust	171,464,967	178,566,634	81,715,818	67,416,895	96,850,816	14,298,923
Proposition C Anti-Gridlock						
Transit Improvement	38,547,832	38,971,753	28,704,801	11,926,499	10,266,952	16,778,302
Special Parking Revenue	44,387,621	42,404,870	29,900,514	41,298,502	12,504,356	(11,397,988)
Unappropriated Balance	83,940,000	13,415,085	--	--	13,415,085	--
Wastewater Special Purpose	464,477,897	457,653,104	387,072,311	408,482,870	70,580,793	(21,410,559)
Water and Electricity	39,969,000	39,969,000	39,969,000	38,050,472	--	1,918,528
Other Special Purpose Funds	790,013,784	874,363,650	505,091,962	494,346,067	369,271,688	10,745,895
Total - Nondepartmental	4,314,934,379	4,211,173,414	3,539,426,750	3,402,676,009	671,746,664	136,750,741
Total	\$ 7,685,509,310	\$ 7,828,396,979	\$ 7,000,948,954	\$ 6,723,780,755	\$ 827,448,025	\$ 277,168,199

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

(2) Total final appropriations was \$105,695,725 of which \$92,280,640 was transferred to various departments and is included in Departmental appropriations.

SCHEDULE VI

REVENUE TRENDS (Cash Basis)

	FY 2014		FY 2013		FY 2005	
	Amount	%	Amount	%	Amount	%
Taxes ⁽¹⁾	\$ 3,874,396,145	53	\$ 3,743,684,589	53	\$ 3,032,611,362	55
Licenses, Permits and Fees	898,228,600	12	848,090,731	12	585,993,298	11
Intergovernmental	525,283,921	7	512,401,013	6	411,893,103	8
Charges for Services	1,296,782,964	18	1,226,358,271	17	718,937,053	13
Special Assessments	45,419,364	1	46,837,321	1	42,561,259	1
Interest	32,167,336	0	36,692,491	1	56,894,622	1
Program Income	871,235	--	1,035,606	--	--	--
Other ⁽²⁾	394,985,548	5	406,269,181	6	227,628,765	4
Transfer to General Fund	296,171,596	4	279,111,000	4	372,853,272	7
Total Revenue ⁽²⁾	\$ 7,364,306,709	100	\$ 7,100,480,203	100	\$ 5,449,372,734	100

⁽¹⁾ Major tax revenue sources included are Property Tax, Utility Users Tax, Sales Tax and Business Tax.

⁽²⁾ Does not include available balances at July 1.

EXPENDITURE TRENDS (Cash Basis)

	FY 2014		FY 2013		FY 2005	
	Amount	%	Amount	%	Amount	%
General Government	\$ 1,523,856,378	23	\$ 1,490,585,382	24	\$ 1,188,487,232	25
Protection of Persons and Property	1,959,872,206	30	1,840,867,429	29	1,510,280,298	32
Public Works (Maintenance and Improvements)	323,918,081	5	349,420,340	5	289,937,356	6
Health and Sanitation	548,522,717	8	536,181,838	8	372,933,417	8
Cultural and Recreational Services	344,029,213	5	327,502,324	5	253,627,770	5
Community Development	149,816,019	2	164,170,239	3	124,403,260	3
Pension & Retirement Systems Contributions	1,029,192,856	16	925,042,579	15	405,437,651	9
Capital Outlay	31,182,376	1	68,843,656	1	83,566,090	2
Bond Redemption & Interest	346,724,881	5	384,228,970	6	277,169,021	6
Transportation	309,873,091	5	247,971,275	4	211,917,810	4
Total Expenditures ⁽³⁾	\$ 6,566,987,818	100	\$ 6,334,814,032	100	\$ 4,717,759,905	100

⁽³⁾ Does not include encumbrances at year-end.

SCHEDULE VII

Schedule of Year-End Encumbrances - General Fund Fiscal Years Ended June 30, 2010 through 2014

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Aging	\$ 161,250	\$ 179,047	\$ 253,884	\$ 156,106	\$ 186,077
Animal Services	1,394,863	1,008,306	1,145,351	880,915	837,722
Building & Safety	3,294,285	2,975,012	2,713,560	2,495,675	2,157,835
City Administrative Officer	1,309,876	1,405,732	1,209,427	653,056	767,543
City Attorney	11,087,451	10,310,467	9,314,999	8,428,321	5,428,526
City Clerk	720,336	3,051,150	1,265,418	4,745,976	1,210,374
City Ethics Commission	138,048	103,804	145,029	131,327	67,981
Controller	1,499,609	1,833,498	1,759,358	1,442,063	1,555,670
Council	1,665,359	1,750,981	1,866,189	1,252,831	1,433,387
Cultural Affairs	2,199,868	1,921,003	1,442,489	2,049,345	1,816,796
Disability	258,144	183,422	202,977	140,799	86,847
Economic and Workforce Development ⁽⁴⁾	1,129,510	1,405,085	2,089,028	1,758,585	1,811,952
El Pueblo	157,544	107,082	158,782	137,339	144,603
Emergency Management	116,562	116,817	107,641	104,030	79,475
Employee Relations Board	86,341	93,590	40,193	47,080	27,553
Environmental Affairs ⁽¹⁾	--	--	--	--	113,427
Finance ⁽²⁾	3,071,822	2,558,257	4,510,493	1,235,016	1,029,990
Fire	26,407,276	25,706,809	20,192,219	19,824,076	19,185,220
General Services	24,849,609	26,180,452	31,911,714	31,064,004	30,605,640
Housing and Community Investment ⁽⁵⁾	3,127,697	2,099,118	2,550,828	3,031,105	2,468,816
Human Services ⁽¹⁾	--	--	--	--	53,724
Information Technology Agency	23,601,772	21,480,392	20,814,131	17,692,746	15,495,410
Los Angeles Convention Center	64,468	996,740	1,110,118	1,062,384	1,175,421
Mayor	7,943,498	10,179,527	9,334,120	7,543,239	9,498,154
Neighborhood Empowerment	150,373	126,385	85,490	82,402	225,747
Personnel	4,733,395	4,698,696	4,703,665	5,919,496	8,694,368
Planning	3,753,530	3,246,937	3,875,663	4,208,889	4,505,011
Police	82,092,065	62,515,136	59,326,515	51,561,854	46,972,719
PW - Board	2,030,197	1,662,500	2,509,500	2,368,456	1,746,711
PW - Contract Administration	1,666,982	1,218,785	1,116,461	1,003,238	937,888
PW - Engineering	3,373,336	3,634,041	3,207,809	2,915,917	2,606,942
PW - Sanitation	11,083,791	11,800,493	11,008,593	10,315,446	17,910,352
PW - Street Lighting	1,072,567	1,291,895	1,398,791	1,562,942	1,200,154
PW - Street Services	30,316,392	20,418,735	24,670,187	16,192,083	12,110,180
Transportation	7,651,949	7,184,939	9,219,635	7,129,043	6,925,909
Treasurer ⁽²⁾	--	--	--	2,495,458	3,305,937
Zoo	1,088,442	1,305,802	1,080,908	923,866	852,876
Capital Finance Administration	759,019	272,208	702,933	1,039,840	1,051,351
Capital Improvement Expenditure Program	5,252,948	4,074,272	5,063,734	9,335,162	6,075,386
General City Purposes	15,310,731	14,187,346	16,845,729	29,883,164	16,799,475
Human Resources Benefits	28,765,902	22,820,854	10,760,519	8,549,343	9,689,120
Liability Claims	--	125,000	125,000	1,901,500	125,000
Water and Electricity	18,887,409	17,932,384	17,344,320	26,559,300	19,381,402
Total Encumbrances ⁽³⁾	\$ 332,274,216	\$ 294,162,699	\$ 287,183,400	\$ 289,823,417	\$ 258,354,671
Encumbrances for Salaries	\$ 122,549,034	\$ 112,395,989	\$ 103,934,348	\$ 90,992,792	\$ 79,115,979
Encumbrances for Other Accounts	209,725,182	181,766,710	183,249,052	198,830,625	179,238,692
Total	\$ 332,274,216	\$ 294,162,699	\$ 287,183,400	\$ 289,823,417	\$ 258,354,671

⁽¹⁾ Human Services and Environmental Affairs departments were eliminated under Council File Nos. 10-0706-S1 and 10-0623, respectively.

⁽²⁾ Office of Finance and Office of the Treasurer were consolidated per CF11-0600-S40.

⁽³⁾ Includes prior years' encumbrances not yet liquidated.

⁽⁴⁾ CF 13-0948 abolished the Community Development Department (CDD), and transferred the administration and economic development functions from CDD to the Economic and Workforce Development Department.

⁽⁵⁾ CF 13-0600-S131 redesignated the Housing Department as the Housing and Community Investment Department (HCID) and transferred the administration of human services programs and commissions from the CDD to HCID.

SCHEDULE VIII

General Fund Schedule of Unencumbered Balances Reverted to the Reserve Fund at June 30, 2010 through 2014

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Aging	\$ 12,168	\$ 66,936	\$ 77,221	\$ 30,758	\$ 307,481
Animal Services	186,937	259,299	208,967	189,194	164,133
Building & Safety	548,604	99,907	220,842	158,668	104,567
Capital Finance Administration	11,276,525	3,782,641	5,814,019	10,110,342	6,559,242
Capital Improvement Expenditure Program	36,803,824	16,351,334	13,995,335	9,223,965	11,935,850
City Administrative Officer	2,520,971	1,709,220	1,088,434	664,239	219,777
City Attorney	1,619,650	267,497	590,831	11,452	5,193
City Clerk	885,618	1,663,932	2,495,638	1,674,354	1,755,934
City Ethics	--	--	79,655	--	--
Controller	2,226,264	1,224,801	764,594	975,236	480,067
Council	8,744,784	7,360,932	9,589,652	9,537,303	8,620,103
Cultural Affairs	--	1,602	15,999	--	49
Disability	13,847	302,349	85,540	7,581	768
Economic and Workforce Development ⁽⁴⁾	177,762	7,422	--	--	2,804
Emergency Management	116,395	34,784	394	1,318	5,327
Employee Relations Board	121,785	71,121	80,143	15,845	17,338
Environmental Affairs ⁽²⁾	--	--	--	--	180,430
Finance ⁽³⁾	1,105,956	49,421	447,415	440,394	460,893
Fire	5,480,671	2,367,164	2,860,497	6,390,782	4,197,596
General City Purposes	6,473,206	5,783,045	5,485,948	6,782,977	8,129,072
General Services	9,164,321	7,043,182	7,243,604	4,013,931	6,797,024
Housing and Community Investment ⁽⁵⁾	680,380	--	--	--	3,870
Human Resources Benefits	10,593,479	5,810,158	4,014,855	1,483,890	4,090,001
Human Services ⁽¹⁾⁽²⁾	--	--	--	--	104,768
Information Technology Agency	1,826,827	820,746	1,886,693	942,564	1,070,953
Liability Claims	180,066	1,965	40,547	1,836,087	9,389
Mayor	3,575,376	753,171	160,440	2,223,387	1,852,097
Non-departmental General	9,347,146	9,264,440	2	8,565,938	8,249,623
Personnel	3,439,978	3,143,539	2,990,062	3,654,561	2,412,446
Planning	1,946,792	2,255,678	289,552	86,508	366,726
Police	19,675,589	12,922,155	5,314,837	5,865,664	7,697,688
PW - Board	360,589	236,739	69,850	174,937	181,041
PW - Contract Administration	1,483,592	1,236,444	594,665	993,160	2,061,007
PW - Engineering	1,661,504	3,318,722	1,843,199	150,165	3,618,961
PW - Sanitation	--	--	--	--	2,956
PW - Street Lighting	--	--	--	--	--
PW - Street Services	669,104	71,644	80,121	3,843,452	8,044,024
Transportation	431,713	881,377	2,502,678	3,647,295	3,037,774
Treasurer ⁽³⁾	--	--	--	324,836	115,740
Unappropriated Balance	13,415,085	6,403,648	13,520,136	78,520,557	30,980,468
Water and Electricity	1,121,894	--	--	369,870	249,275
Total	157,888,402	95,567,015	84,452,365	162,911,210	124,092,455
Less: Unfunded Appropriations	--	--	(17,600,151)	(97,012,162)	(29,081,365)
Net Cash Balances Reverted	\$ 157,888,402	\$ 95,567,015	\$ 66,852,214	\$ 65,899,048	\$ 95,011,090

⁽¹⁾ Under Council File 09-0600 the Commission for Children, Youth and Their Families, Commission on the Status of Women, and Human Relations Commission were consolidated into the Human Service Department.

⁽²⁾ Human Services and Environmental Affairs departments were eliminated under CF Nos. 10-0706-S1 and 10-0623, respectively.

⁽³⁾ Office of Finance and Office of the Treasurer were consolidated per CF11-0600-S40.

⁽⁴⁾ CF 13-0948 abolished the Community Development Department (CDD), and transferred the administration and economic development functions from CDD to the Economic and Workforce Development Department.

⁽⁵⁾ CF 13-0600-S131 redesignated the Housing Department as the Housing and Community Investment Department (HCID) and transferred the administration of human services programs and commissions from the CDD to HCID.

SCHEDULE IX

General Fund Fiscal Year 2013-14 Year-End Uncommitted Balances and Fiscal Year 2014-15 Adopted Budget Reappropriations

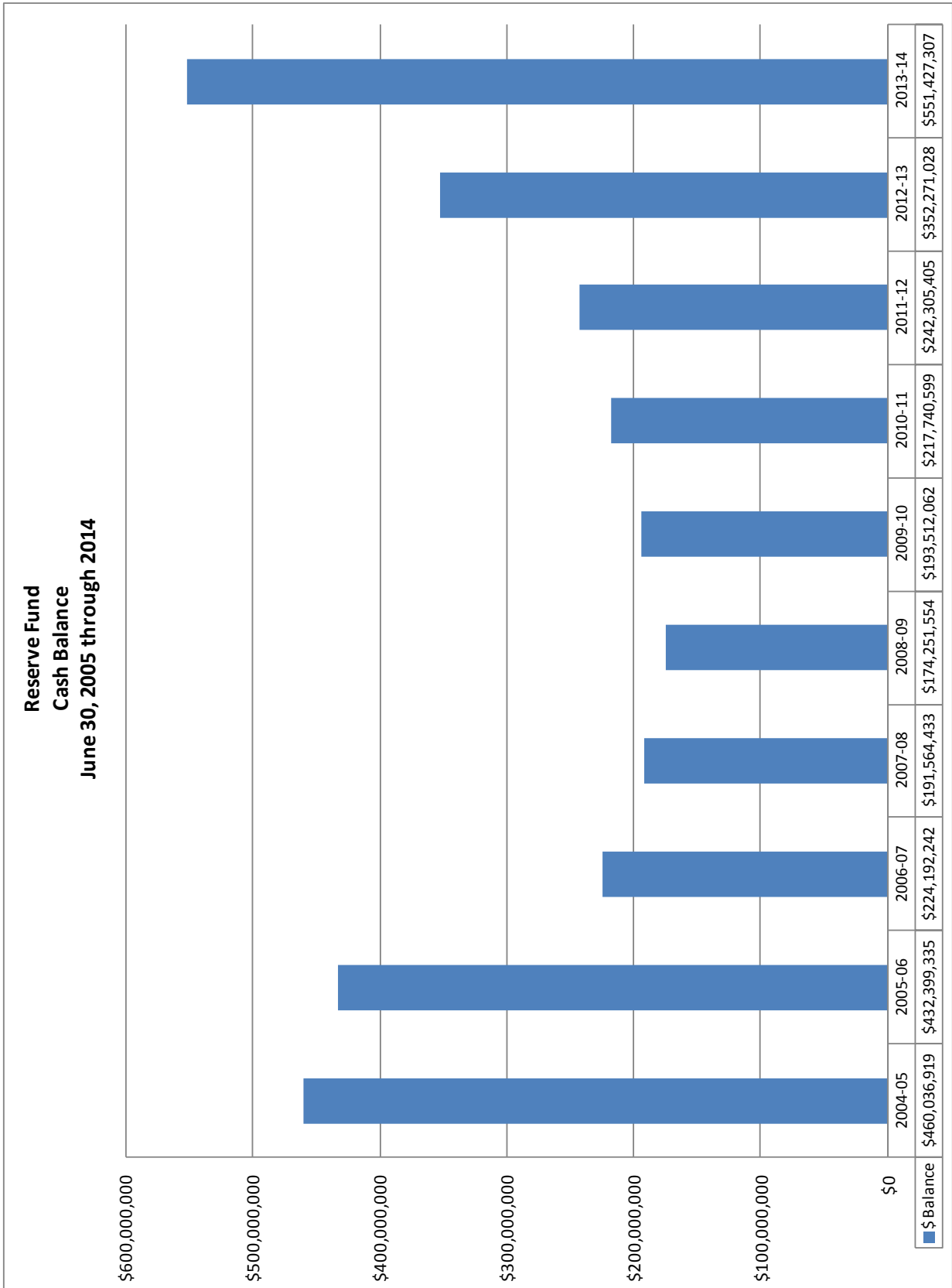
Department	Uncommitted Balance	Reappropriation Amounts
Aging	\$ 12,168	\$ --
Animal Services	186,937	--
Building & Safety	548,604	--
Capital Finance Administration	11,276,525	--
Capital Improvement Expenditure Program (CIEP)	36,803,824	36,803,824
City Administrative Officer	2,520,971	150,000
City Attorney	1,619,650	--
City Clerk	885,618	--
Controller	2,226,264	500,000
Council	8,744,784	8,744,784
Disability	13,847	--
Economic and Workforce Development	177,762	--
Emergency Management	116,395	--
Employee Relations Board	121,785	--
Finance	1,105,956	535,000
Fire	5,480,671	--
General City Purpose	6,473,206	3,993,887
General-Nondepartmental	9,347,146	--
General Services	9,164,321	4,877,324
Housing and Community Investment	680,380	--
Human Resources Benefits	10,593,479	--
Information Technology Agency	1,826,827	--
Liability Claims	180,066	--
Mayor	3,575,376	3,575,376
Personnel	3,439,978	--
Planning	1,946,792	500,000
Police	19,675,589	--
PW - Board	360,589	--
PW - Contract Administration	1,483,592	--
PW - Engineering	1,661,504	--
PW - Street Services	669,104	--
Transportation	431,713	--
Unappropriated Balance	13,415,085	3,100,000
Water and Electricity	1,121,894	--
Total Uncommitted Balances and Reappropriations	157,888,402	62,780,195
Year-Start Reappropriations (Not in Adopted Budget)	--	12,286,324
Total Net Reversion and Reappropriation Amounts	\$ 157,888,402	\$ 75,066,519

SCHEDULE X

Year-End Advances From The Reserve Fund For Unfunded Expenditures & Encumbrances June 30, 2014

Department	Expenditure	Encumbrance	Total
COUNCIL FILE #13-0600-S153 Advances			
City Ethics Commission	\$ 250	\$ --	\$ 250
Controller	250	--	250
El Pueblo	250	--	250
Fire	943,392	--	943,392
LA Convention Center	250	--	250
LACERS	250	--	250
Fire and Police Pension	250	--	250
General City Purpose	76,578	--	76,578
Total Council File #13-0600-S153 Advances	1,021,470	--	1,021,470
CHARTER SECTION 261(i) Advances			
Aging	246,832	63,197	310,029
Building & Safety	266,423	45,577	312,000
City Administrative Officer	158,879	--	158,879
City Attorney	922,096	--	922,096
Disability	213,683	--	213,683
Economic and Workforce Development	1,222,306	948,492	2,170,798
Emergency Management	82,853	38,682	121,535
Fire	496,417	--	496,417
Finance	164,538	47,508	212,046
General Services	4,265,216	4,376,166	8,641,382
Housing and Community Investment	1,040,150	2,661,300	3,701,450
Information Technology Agency	252,415	78,708	331,123
Liability Claims	57,979	--	57,979
Mayor	283,305	--	283,305
Planning	--	44,680	44,680
Police	940,167	3,409,666	4,349,833
Public Works - Board	310,590	117,613	428,203
Public Works - Contract Administration	543,879	--	543,879
Public Works - Engineering	2,237,707	--	2,237,707
Public Works - Sanitation	1,954,326	--	1,954,326
Public Works - Street Lighting	18,544	--	18,544
Public Works - Street Services	984,432	56,524	1,040,956
Transportation	124,450	--	124,450
Total Charter Section 261(i) Advances	16,787,187	11,888,113	28,675,300
TOTAL	\$ 17,808,657	\$ 11,888,113	\$ 29,696,770

SCHEDULE XI



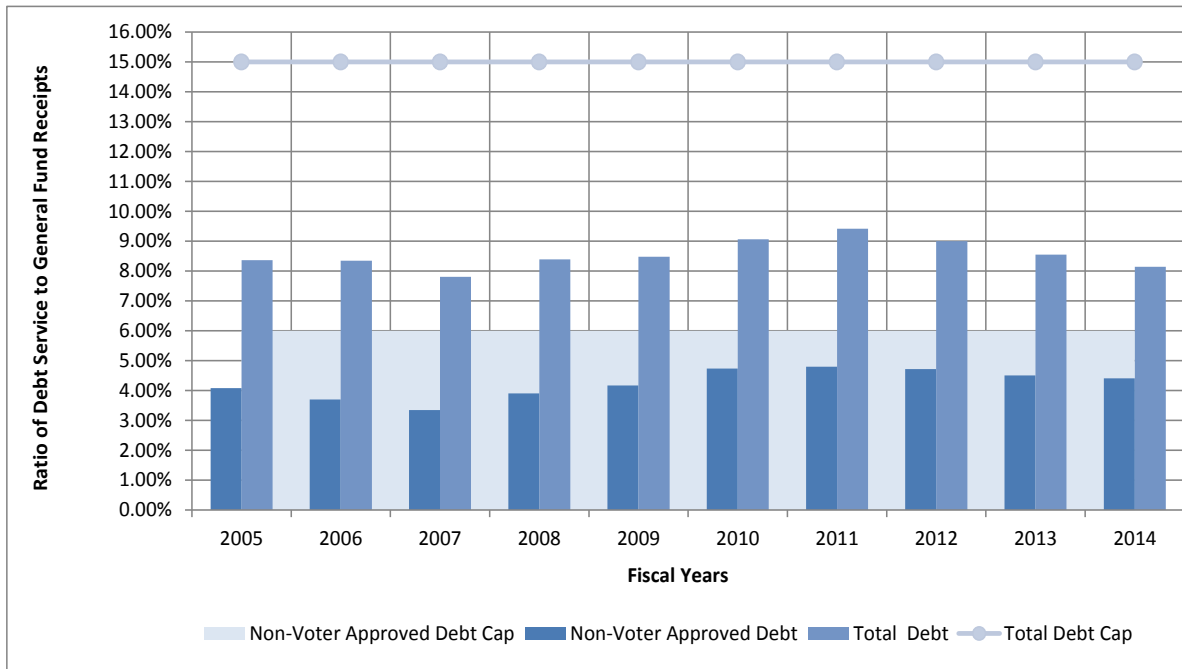
SCHEDULE XII

Statement of General Obligation Bonded Debt Fiscal Year Ended June 30, 2014

Purpose	Outstanding 07/01/13	Issued	Matured	Refunded	Outstanding 06/30/14
Series 1998-A - Advance refunding of a portion of Series 1989-A, 1990-B, 1991-A, 1992-A and 1995-A	\$ 32,390,000	\$ --	\$ 10,950,000	\$ --	\$ 21,440,000
Series 2002-A - Acquisition and improvement of Animal Shelter, Zoo , Fire/Paramedic and 911-Police-Fire-Paramedic Facilities	26,220,000	--	13,110,000	--	13,110,000
Series 2002-B - Advance refunding of a portion of Series 1993-A, 1999-B, 2000-A and 2001-A	25,030,000	--	17,600,000	--	7,430,000
Series 2003-A - Acquisition and improvement of Fire/Paramedic, Animal Shelter and 911-Police-Fire-Paramedic Facilities	11,670,000	--	11,670,000	--	--
Series 2003-B - Advance refunding of Series 1993-A, 1993-B and 1993-C	6,655,000	--	6,655,000	--	--
Series 2004-A - Acquisition and improvement of 911-Police/Fire-Paramedic Facilities	36,050,000	--	18,025,000	--	18,025,000
Series 2005-A - Acquisition and improvement of Fire Station and Fire/Paramedic/Emergency Rescue Helicopter Facilities & finance Water Quality Improvement projects	19,020,000	--	6,340,000	--	12,680,000
Series 2005-B - Advance refunding of a portion of Series 1999-B, 2000-A, and 2001-A	72,390,000	--	115,000	--	72,275,000
Series 2006-A - Acquisition and improvement of Fire/Paramedic, Animal Shelter, 911-Police-Fire-Paramedic Facilities and finance Water Quality Improvement projects	49,140,000	--	3,510,000	--	45,630,000
Series 2008-A - Acquisition and improvement of Stormwater Pollution Abatement projects	80,800,000	--	5,050,000	--	75,750,000
Series 2009-A - Acquisition and improvement of Stormwater Pollution Abatement projects	97,075,000	--	8,825,000	--	88,250,000
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	111,150,000	--	5,850,000	--	105,300,000
Series 2011-B - Advance refunding of Series 1999-A and 2001-A and a portion of Series 2002-A and Series 2003-A	256,895,000	--	3,645,000	--	253,250,000
Series 2012-A - Advance refunding of a portion of Series 2004-A and 2005-A	225,850,000	--	--	--	225,850,000
Total	\$ 1,103,285,000	\$ --	\$ 111,345,000	\$ --	\$ 991,940,000

SCHEDULE XIII

**Ratio of Debt Service Requirements to General Fund Receipts
Last Ten Fiscal Years**



Note: The 6% non-voter approved debt cap can only be exceeded in two instances:

- (a) There is a guaranteed new revenue stream for the debt payments and the additional debt will not cause the debt service ratio to exceed 7.5%, or
- (b) There is no guaranteed revenue stream for the debt but the 6% ratio shall only be exceeded for one fiscal year.

Fiscal Year Ended June 30	Debt Service Requirements			General Fund Receipts ⁽¹⁾	Ratio of Debt Service Requirements to General Fund Receipts		
	Non-Voter Approved	Voter Approved	Total		Non-Voter Approved	Voter Approved	Total
2005	159,823,544	167,281,520	327,105,064	3,912,975,296	4.08%	4.28%	8.36%
2006	152,991,584	192,483,903	345,475,487	4,136,531,029	3.70%	4.65%	8.35%
2007	146,791,654	195,720,003	342,511,657	4,386,747,690	3.35%	4.46%	7.81%
2008	170,801,748	196,742,647	367,544,395	4,383,566,846	3.90%	4.49%	8.39%
2009	185,066,947	191,308,437	376,375,384	4,435,145,176	4.17%	4.31%	8.48%
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%

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

SCHEDULE XIV

Statement of Legal Debt Margin As of June 30, 2014

TAXABLE PROPERTY AND BONDING CAPACITY

Assessed Valuation ⁽¹⁾	<u>\$ 440,569,043,498</u>
Debt Limit (15% of Assessed Value)	\$ 66,085,356,525 ⁽²⁾
General Obligation Bonds:	
Bonds Outstanding	<u>(991,940,000) ⁽³⁾</u>
Legal Debt Margin	<u>\$ 65,093,416,525 ⁽⁴⁾</u>

⁽¹⁾ Certified by Los Angeles County Auditor-Controller, August 2013

⁽²⁾ Section 43605 of the Government Code of the State of California provides that a City shall not incur bonded indebtedness for public improvements which exceeds 15% of the assessed value of all real and personal property of the City.

⁽³⁾ 1.50% of Debt Limit

⁽⁴⁾ 98.50% of Debt Limit