



RON GALPERIN  
CONTROLLER

October 6, 2015

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

**Subject: Preliminary Financial Report – Fiscal Year Ended June 30, 2015**

*Including 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, 2015. 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.

Earlier this year, my Office released an audit entitled, "Smart Data Sharing: a Path to More Revenue," with a focus on key receipts, such as taxes on sales, property transfers, real property – inclusive of receipts previously distributed to redevelopment areas – and business personal property. The audit found that increased data sharing could lead to increased intergovernmental revenues, which could be used to further bolster City reserves, fund capital improvements and meet other critical City needs.

Honorable Eric Garcetti, Mayor  
Honorable Members of the Los Angeles City Council  
October 6, 2015

Page 2

Open data for City financials is available online at ControlPanelLA ([ControllerData.LACity.org](http://ControllerData.LACity.org)) including budgeted vs. actual numbers for revenues and expenditures. 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.

Later this fiscal year, the Office of the Controller will issue the City's Comprehensive Annual Financial Report (CAFR) for fiscal year 2014-15 with detailed views and analysis of the City's financials. The CAFR is 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](mailto: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, 2015



**RON | GALPERIN**  
Los Angeles City Controller  
[controller.lacity.org](http://controller.lacity.org)



# TABLE OF CONTENTS

<b>SUMMARY .....</b>	<b>i</b>
<b>DISCUSSION &amp; RECOMMENDATIONS .....</b>	<b>1</b>
<b>SECTION I: BUDGET RESULTS .....</b>	<b>1</b>
<b>SECTION II: RESERVE FUND .....</b>	<b>6</b>
<b>SECTION III: BUDGET STABILIZATION FUND .....</b>	<b>14</b>
<b>SECTION IV: CAPITAL ASSETS AND INFRASTRUCTURE POLICY .....</b>	<b>16</b>
<b>SECTION V: BONDED INDEBTEDNESS .....</b>	<b>18</b>
<b>SECTION VI: IMPROVING THE CITY'S FISCAL HEALTH .....</b>	<b>19</b>
<b>GLOSSARY OF KEY TERMS.....</b>	<b>21</b>
<b>SCHEDULES.....</b>	<b>23</b>
<b>EXHIBITS</b>	
<b>EXHIBIT 1: NET GENERAL FUND REVENUE AND EXPENDITURE /     ENCUMBRANCE AT FISCAL YEAR END .....</b>	<b>1</b>
<b>EXHIBIT 2: PERCENT OF FISCAL YEAR 2014-15 ACTUAL GENERAL FUND     REVENUES.....</b>	<b>2</b>
<b>EXHIBIT 3: GENERAL FUND REVENUE BY FISCAL YEAR.....</b>	<b>3</b>
<b>EXHIBIT 4: PERCENT OF FISCAL YEAR 2014-15 EXPENDITURES BY     GOVERNMENT ACTIVITY – ALL BUDGET FUNDS .....</b>	<b>4</b>
<b>EXHIBIT 5: GENERAL FUND EXPENDITURES AND APPROPRIATIONS     INCLUDING ALLOCATIONS FROM OTHER FUNDS.....</b>	<b>5</b>
<b>EXHIBIT 6: ADJUSTED BEGINNING RESERVE FUND BALANCE AS PERCENT OF     BUDGETED GENERAL FUND RECEIPTS.....</b>	<b>7</b>
<b>EXHIBIT 7: RESERVE FUND CASH BALANCE – ADOPTED BUDGET VERSUS     ACTUAL .....</b>	<b>10</b>
<b>EXHIBIT 8: BUDGET STABILIZATION FUND.....</b>	<b>15</b>
<b>EXHIBIT 9: RATIO OF DEBT SERVICE TO GENERAL FUND RECEIPTS .....</b>	<b>18</b>

---

# SUMMARY

This Preliminary Financial Report on financial operations for the City of Los Angeles for the fiscal year-ended June 30, 2015 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 2014-15 and for the 2015-16 Adopted Budget are also presented herein.

Open data for City financials is available online at ControlPanelLA ([ControllerData.LACity.org](http://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.

Earlier this year, my Office released an audit entitled, "Smart Data Sharing: a Path to More Revenue," with a focus on key receipts, such as taxes on sales, property transfers, real property – inclusive of receipts previously distributed to redevelopment areas – and business personal property. The audit found that increased data sharing could lead to increased intergovernmental revenues, which could be used to further bolster City reserves, fund capital improvements and meet other critical City needs.

## **I. Financial Reserves**

The City's financial reserves are key to fiscal sustainability. The 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 for every fiscal year. In 2011, voters amended the Charter to codify the two accounts that comprise the Reserve Fund: the Contingency Reserve Account and the Emergency Reserve Account.

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.

## 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 better maintained 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 lives 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 2014-15, General Fund revenues exceeded General Fund expenditures and encumbrances on a budget fiscal year basis by \$191 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 since fiscal year 2011-12. Excess revenues and uncommitted appropriations contributed significantly to the City's reserves.

---

*At 8.18%, 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, 2015 was \$442.5 million or 8.18 percent of General Fund receipts anticipated in the 2015-16 Adopted Budget. This is 3.18 percent higher than the 5.0 percent set under the Reserve Fund Policy, despite a \$60.3 million transfer from the Reserve Fund to the General Fund budget. The July 1 adjusted Reserve Fund balance has grown for six consecutive years.

---

*Following a transfer of \$26.9 million to the Budget Stabilization Fund on July 1, 2015, the fund balance is \$91.9 million, or 1.7% of General Fund receipts.*

The Budget Stabilization Fund (BSF) 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.

In the 2015-16 Adopted Budget, the full amount was not transferred to the BSF based on adjustments for one-time revenues by the City Administrative Officer and the use of "excess" revenues to meet the Capital Assets and Infrastructure (Capital Funding) policy in lieu

---

of the BSF (Los Angeles Administrative Code Section [5.120.4\(a\)](#)).

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. The City should re-evaluate the current policy wherein the BSF may not receive full funding to achieve minimum funding for capital improvement.

---

*The combined July 1 Reserve and Budget Stabilization Funds total 9.88% in unassigned General Fund budgeted receipts, representing slightly more than one month average of General Fund operating budget, or 8.3%.*

The July 1, 2015 Reserve Fund (8.18 percent) and Budget Stabilization Fund (1.70 percent), including the transfer in, combine for a total of 9.88 percent of the General Fund.

Notwithstanding 9.88 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 be deliberative and thoughtful in determining the appropriate level of reserves to maintain.

---



---

*The City has only met the one percent General Fund Capital Funding policy four times since fiscal year 2005-06 (CF 14-0600-S18, 2015-16 Proposed Budget).*

---

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 that the City should maintain using financial risk-based analysis as recommended by the Government Finance Officers Association 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 policy provision in the Budget Stabilization Fund policy to strike a balance that ensures resources for both purposes are realized.
4. Request that the City Administrative Officer include a financial schedule for the Budget Stabilization Fund policy in the Proposed Budget Supporting Information document along with the other financial policies or in another published document.

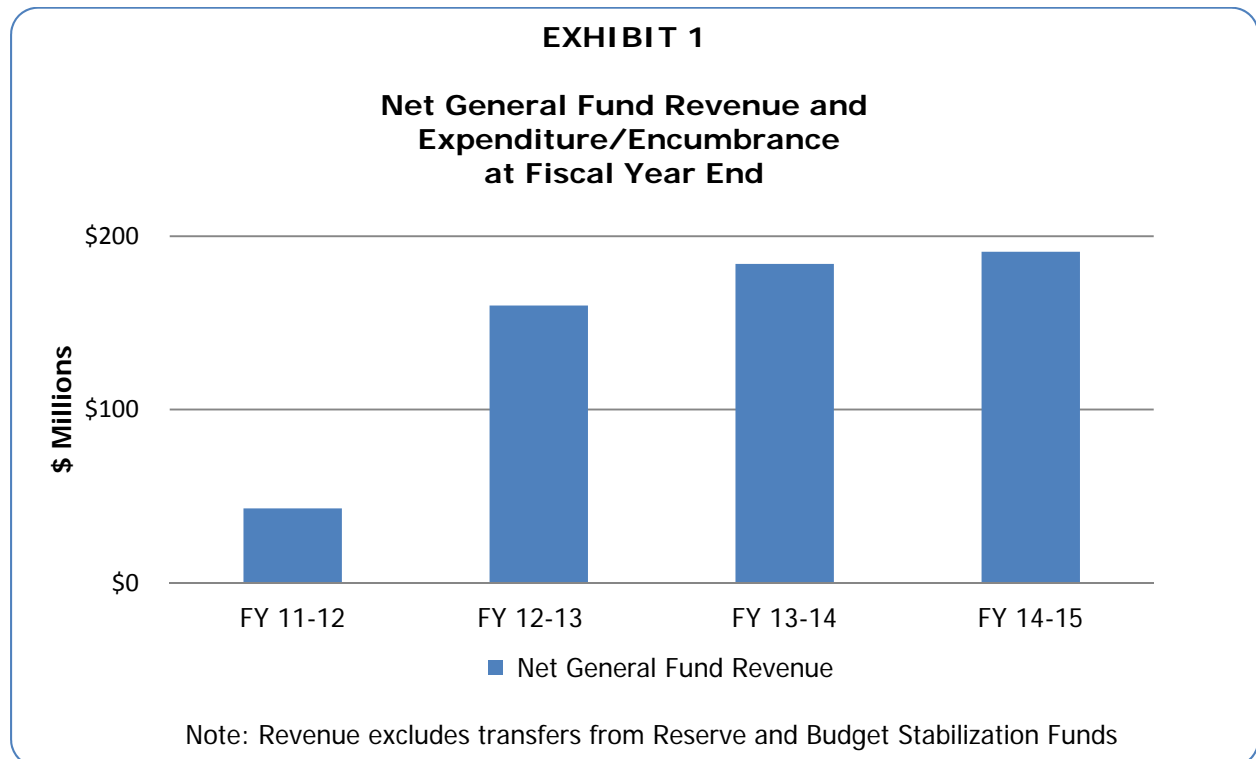
5. Transfer additional funds to the Budget Stabilization Fund in fiscal year 2015-16 to better enable the City to navigate future economic downturns.
6. Receive and hear from the City Administrative Officer on the Capital Infrastructure Strategic Plan and review of current capital funding policies and resources prior to the fiscal year 2016-17 budget development.
7. Implement recommendations from the Controller's Audit entitled "[Smart Data Sharing: A Path to More Revenue.](#)"
8. Develop a long-term financial plan as recommended by the Government Finance Officers Association that identifies and balances City resources against numerous competing priorities.

# 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 2014-15 Adopted Budget of \$8.12 billion (including General and Special Fund revenues) increased by \$460 million, or 5.7 percent, to \$8.58 billion in the 2015-16 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 to the General Fund and expenditures therefrom.

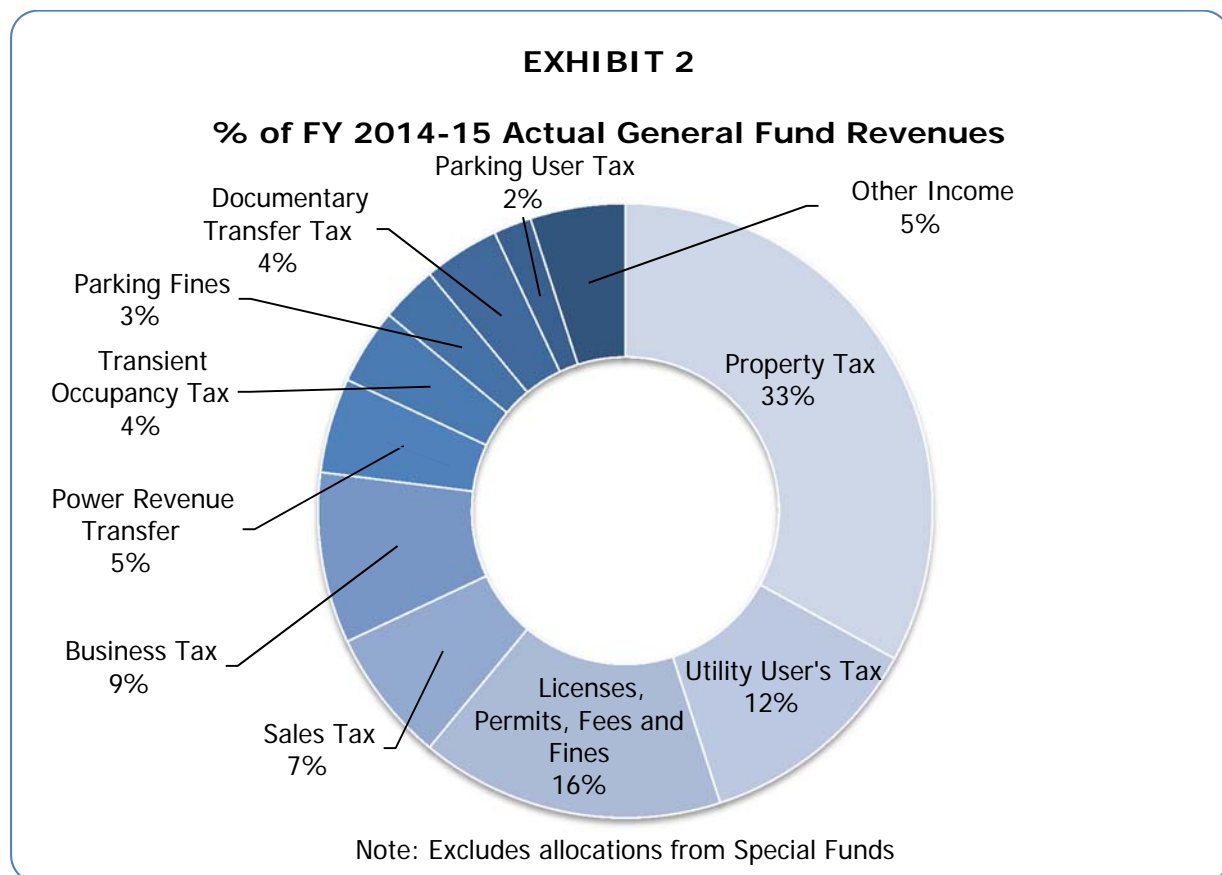
**Observation No. 1: In fiscal year 2014-15, General Fund revenues exceeded General Fund expenditures and encumbrances on a budget fiscal year basis by \$191 million.**



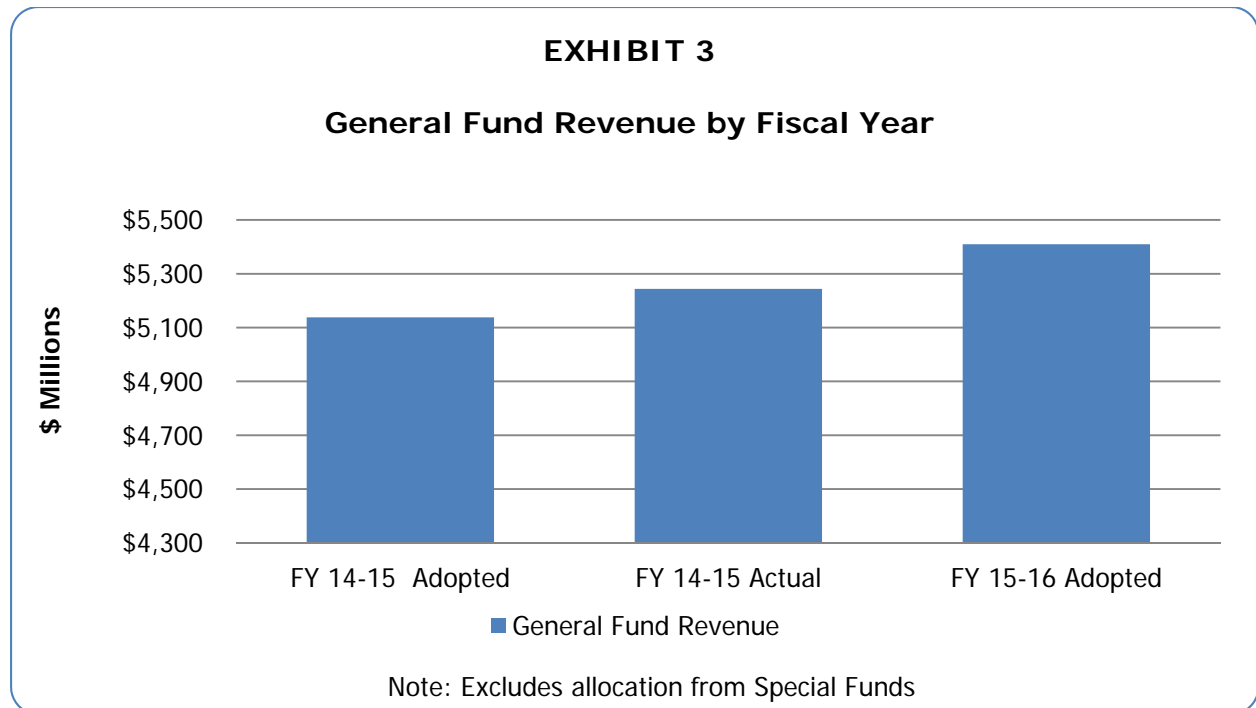
General Fund revenue (excluding transfers from reserves) in excess of General Fund expenditures and encumbrances on a budget basis at year end has grown since fiscal year 2011-12. Excess revenues and uncommitted appropriations contributed significantly to the City's reserves. General Fund revenues and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

**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 below breaks out fiscal year 2014-15 actual General Fund revenues by percentage.



The fiscal year 2014-15 actual General Fund revenues totaled \$5.24 billion, which is \$105.9 million or 2.0 percent greater than the 2014-15 Adopted Budget of \$5.14 billion. The 2015-16 Adopted Budget anticipates \$5.41 billion in General Fund revenues, which would be \$166.2 million or 3.2 percent growth over 2014-15 actual receipts. Exhibit 3 below displays General Fund adopted and actual revenues for fiscal years 2014-15 and 2015-16.



In fiscal year 2014-15, the major General Fund revenue increases in excess of the adopted budget were in Property Tax (\$34.0 million), Business Tax (\$37.8 million), and Licenses, Permits and Fees (\$21.2 million) offset by \$12.9 million less in Parking Fines than budgeted.

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.

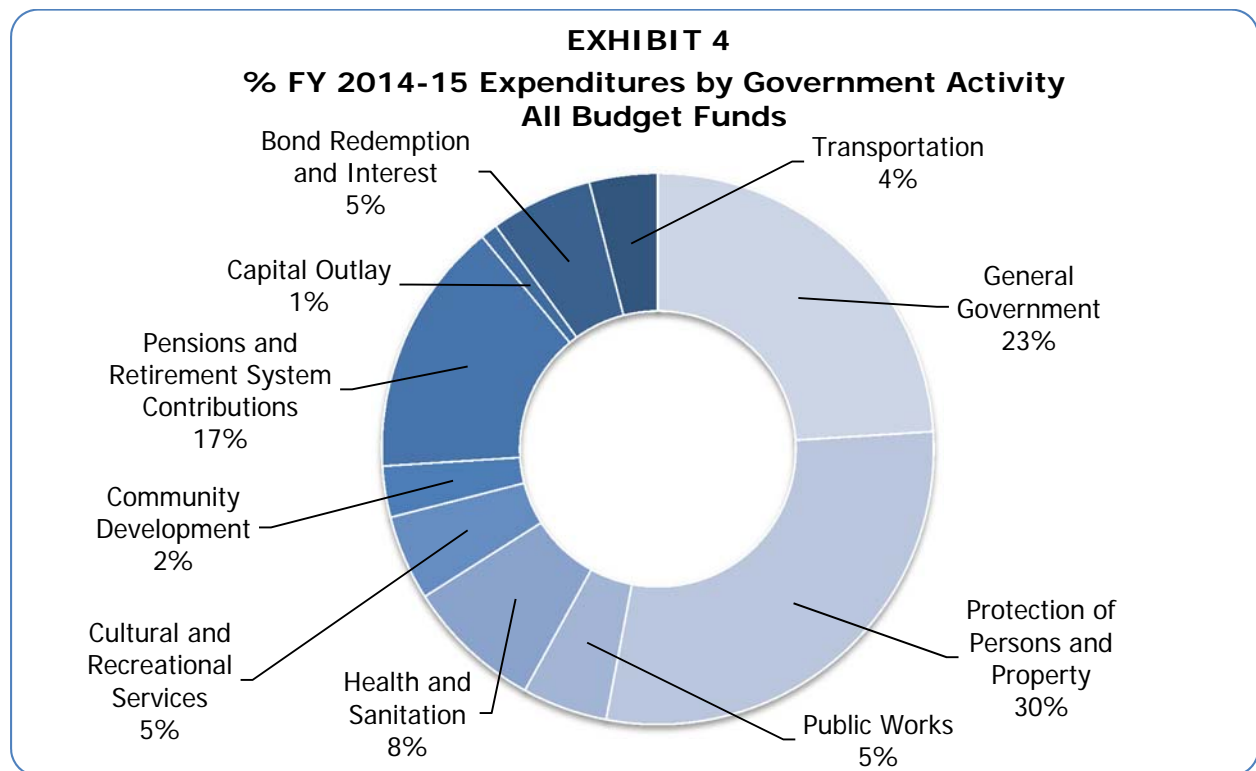
There are hundreds of Special Revenue Funds – with more than 50 such Special Funds programmed in the City Budget. Therefrom, \$908.1 million was allocated to the General Fund in the 2014-15 Adopted Budget. The 2015-16 Adopted Budget anticipates \$962.2 million, a 6.0 percent increase from the 2014-15 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 below presents a breakdown of fiscal year 2014-15 expenditures by Governmental Activity.



A substantial portion (47 percent) of the City's General Fund expenditures went to public safety activities and retirement costs in fiscal year 2014-15. 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 below breaks out summarized budgetary accounts for fiscal years 2014-15 and 2015-16.

### EXHIBIT 5

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

	Adopted FY 14-15 Budget	Actual FY 14-15 Budget Expenses & Encumbrances	Adopted FY 15-16 Budget
Salaries			
Sworn Fire	\$ 499.9	\$ 529.3	\$ 557.2
Sworn Police	1,018.7	1,113.2	1,116.7
Civilian	1,482.7	1,449.7	1,545.9
<i>Total Salaries</i>	<u>3,001.3</u>	<u>3,092.2</u>	<u>3,219.8</u>
Retirement Contribution			
Fire and Police Pension Contribution	630.3	625.0	631.9
LACERS Contribution	414.1	411.5	442.1
<i>Total Retirement Contribution</i>	<u>1,044.4</u>	<u>1,036.5</u>	<u>1,074.0</u>
Medical Insurance and Other Employee Benefits	463.2	455.2	467.4
Workers' Compensation	169.5	148.9	165.0
Liability Claims	47.9	65.8	53.9
Services, Supplies and Equipment	612.4	630.4	664.5
Unappropriated Balance	117.3	--	103.6
Debt Service/MICLA Lease Payments/TRAN Interest	252.2	242.9	248.6
Allocation to Other Funds	338.2	362.3	375.8
<b>Total</b>	<u><b>\$ 6,046.4</b></u>	<u><b>\$ 6,034.2</b></u>	<u><b>\$ 6,372.6</b></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.

Factors driving increases in the City's General Fund costs include retirement, medical and other employee benefits. Major cost drivers for employee benefits include the size of the City workforce, wage growth, healthcare costs, and other economic factors. In fiscal year 2014-15, the City spent \$1,036.5 million on retirement contributions and \$455.2 million on medical insurance and other employee benefits. The Adopted Budget for 2015-16 includes \$1,074.0 million for retirement contributions and \$467.4 million on medical insurance and other employee benefits, increases of approximately 4 percent and 3 percent respectively.

## **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 can not only 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.

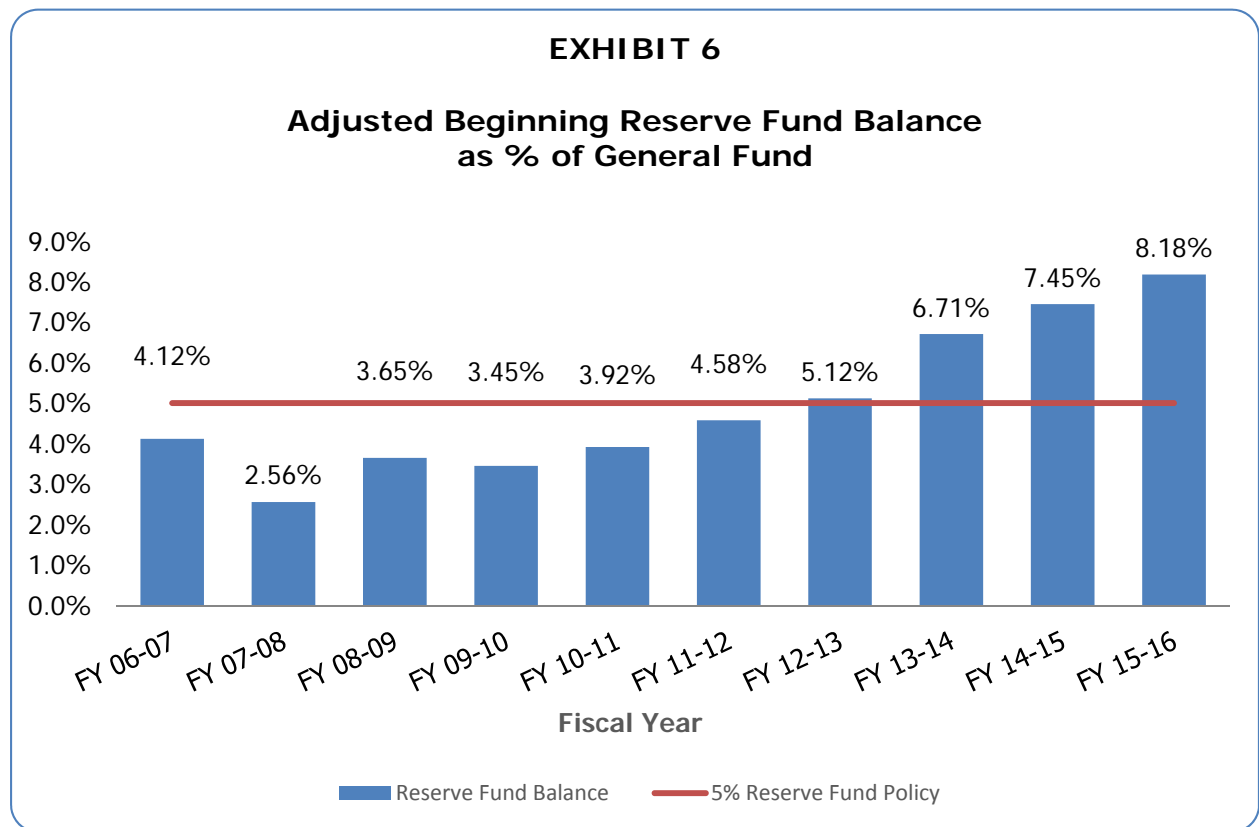


The **Emergency Reserve** is allocated at an amount that will bring the balance in that account to no less than 2.75 percent of all General Fund receipts anticipated for that fiscal year in the adopted budget.

Exhibit 6 below 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 8.18%, 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 2014-15 accounting close, fiscal year 2015-16 budgetary appropriations, including a \$60.3 million transfer from the Reserve Fund to the General Fund, and return of advances and reappropriations, the resulting fiscal year-start adjusted Reserve Fund balance is \$442.5 million or 8.18 percent of General Fund receipts anticipated in the 2015-16 Adopted Budget. This is 3.18 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 9.88% in unassigned General Fund budget, slightly more than 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 the City Administrative Officer's (CAO) report on the Reserve Fund (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, 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, in the context of a financial plan.

Whether the appropriate amount of reserves for the City is five percent or sixteen percent or somewhere in between, the City should affirm the optimal amount of reserves and apply available resources to their best possible uses.

**Recommendation:**

**City management should:**

- 1. Review the appropriate amount of General Fund reserves that the City should maintain using financial risk-based analysis as recommended by the Government Finance Officers Association and consider adjusting City policy accordingly.**

**Changes in Reserve Fund Cash Balance**

Exhibit 7 below 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)**

	<b>Adopted FY 15-16 Budget</b>	<b>Actual Balance</b>	<b>Difference</b>
Contingency Reserve:			
a. Balance Before Year-End Reversions/Borrowings	\$ 177.1	\$ 210.7	\$ 33.6
b. Reversion of Uncommitted Balances	103.2	179.5	76.3
c. Unallocated Revenue	37.5	78.5	41.0
d. Advances Under CF# 14-0600-S258	--	--	--
e. Advances Under Charter Section 261(i)	(38.0)	(34.3)	3.7
Total Contingency Reserve, Year End	279.8	434.4	154.6
Emergency Reserve, Year End	141.3	141.3	--
<b>Total Reserve Fund, Ending 6/30/15</b>	<b>\$ 421.1</b>	<b>\$ 575.7</b>	<b>\$ 154.6</b>
f. Return of Advances for Unfunded Encumbrances	18.0	11.9	(6.1)
g. Transfer to Budget	(60.3)	(60.3)	--
h. Reappropriations	(38.5)	(57.9)	(19.4)
i. Transfer to Budget Stabilization Fund	(26.9)	(26.9)	--
<b>Total Reserve Fund, Year Start Adjusted 7/1/15</b>	<b>\$ 313.4</b>	<b>\$ 442.5</b>	<b>\$ 129.1</b>
Emergency Reserve, Year Start Adjusted	\$ 148.8	\$ 148.8	\$ --
Contingency Reserve, Year Start Adjusted	164.6	293.7	129.1

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

1) Reserve Fund Cash Balance (June 30, 2015)

As of June 30, 2015, after closing the City's General Ledger, the recorded Reserve Fund balance was \$575.7 million. This was \$154.6 million more than the amount anticipated in the 2015-16 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 \$33.6 million more than anticipated in the 2015-16 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 2015-16 budget was adopted in June 2015, the City anticipated an uncommitted balance reversion of \$103.2 million. The year-end uncommitted balance was \$179.5 million. For a detailed breakdown of uncommitted balances and reappropriations by department please see Schedule IX.

The 2015-16 Adopted Budget provided that certain uncommitted balances earmarked for specific functions be automatically reappropriated if not expended in a given year. Of the total \$179.5 million reverted to the Reserve Fund, \$57.9 million was reappropriated. However, the Capital Improvement Expenditure Plan (CIEP) reappropriation amount requires a separate Council action, so the actual reappropriation may vary from the \$33.2 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 2014-15, excess receipts of \$78.5 million reverted to the Reserve Fund as unallocated revenue. The 2015-16

Adopted Budget anticipated \$37.5 million in unallocated revenue. Actual receipts were \$41.0 million more than the budgeted unallocated revenue.

d. Advances Under CF 14-0600-S258

Council File [14-0600-S258](#) 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 \$24,679 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 2015-16 Adopted Budget anticipated \$38.0 million in year-end advances from the Reserve Fund. The actual advances, in accordance with this Charter section, were \$34.3 million (\$22.4 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 \$22.4 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 for unfunded expenditures and to report upon request of the City Administrative Officer and the Controller on the status of these plans.**

2) Reserve Fund Cash Balance (2015-16 Year-Start)

The fiscal year 2014-15 year-end Reserve Fund cash balance is not the same as the fiscal year 2015-16 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 2015-16 Adopted Budget authorized a \$60.3 million transfer from the Reserve Fund to cover the difference of General Fund revenues versus appropriations.

#### h. Reappropriations

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

Please note that subsequent to the Reserve Fund adjustments included in the adopted budget, the Council took actions (CF [14-0600-S260](#)) that resulted in \$26.6 million additional year start Reserve Fund adjustments. These additional reappropriations include:

- \$2.3 million for Figueroa Plaza Recovery Services;
- \$1.5 million for economic development initiative;
- \$1.7 million for CRA/LA pipeline projects; and,
- \$2.5 million for Traffic Signals and Repair – East SFV.

These actions are not reflected in Exhibit 7 and will reduce the Contingency Reserve to \$267.1 million if considered in the July 1 adjustments to the Reserve Fund balance.

#### i. Transfer to Budget Stabilization Fund

In the 2015-16 Adopted Budget, \$26.9 million was transferred into the Budget Stabilization Fund. See further discussion of the Budget Stabilization Fund below.

### **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 below displays the adopted and prior year cash balance and adjustments of the BSF.

**EXHIBIT 8**

**Budget Stabilization Fund  
(In Thousands)**

	<b>FY 13-14 Actual</b>	<b>FY 14-15 Actual</b>	<b>FY 15-16 Adopted</b>
Cash Balance, July 1	\$ 69,525	\$ 62,085	\$ 64,515
Transfer	--	2,000	26,940
Interest Income	589	689	480
Total Receipts	70,114	64,774	91,935
Transfer to Budget	(8,029)	--	--
<b><i>Cash Balance, June 30</i></b>	<b><u>\$ 62,085</u></b>	<b><u>\$ 64,774</u></b>	<b><u>\$ 91,935</u></b>

**Observation No. 5: Following a transfer of \$26.9 million to the Budget Stabilization Fund, the fund balance is \$91.9 million, or 1.7% of the fiscal year 2015-16 General Fund.**

Based on the 2015-16 Adopted Budget, a straight calculation of the seven General Fund tax revenues in excess of 3.4 percent over the 2014-15 Adopted Budget results in \$119.4 million. However, \$26.9 million was transferred in the 2015-16 Adopted Budget based on adjustments for one-time revenues by

the CAO and the use of "excess" revenues to meet the Capital Assets and Infrastructure (Capital Funding) policy in lieu of the BSF (Los Angeles Administrative Code Section [5.120.4\(a\)](#)).

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.

### **Recommendations:**

#### **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.**
- 4. Request that the City Administrative Officer include a financial schedule for the Budget Stabilization Fund policy in the Proposed Budget Supporting Information document along with the other financial policies or in another published document.**
- 5. Transfer additional funds to the Budget Stabilization Fund in fiscal year 2015-16 to better enable the City to navigate future economic downturns.**

## **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 lives of assets. According to the CAO's Supporting

Information, \$74.7 million or 1.39 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. 6: The City has only met the one percent Capital Funding policy four times since fiscal year 2005-06, according to a CAO report (CF [14-0600-S18](#)) and the 2015-16 Proposed Budget.**

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. As recommended by GFOA, it is a best practice for local governments to prepare and adopt comprehensive multi-year capital plans to ensure effective management of capital assets.

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 budget development process.

**Recommendation:**

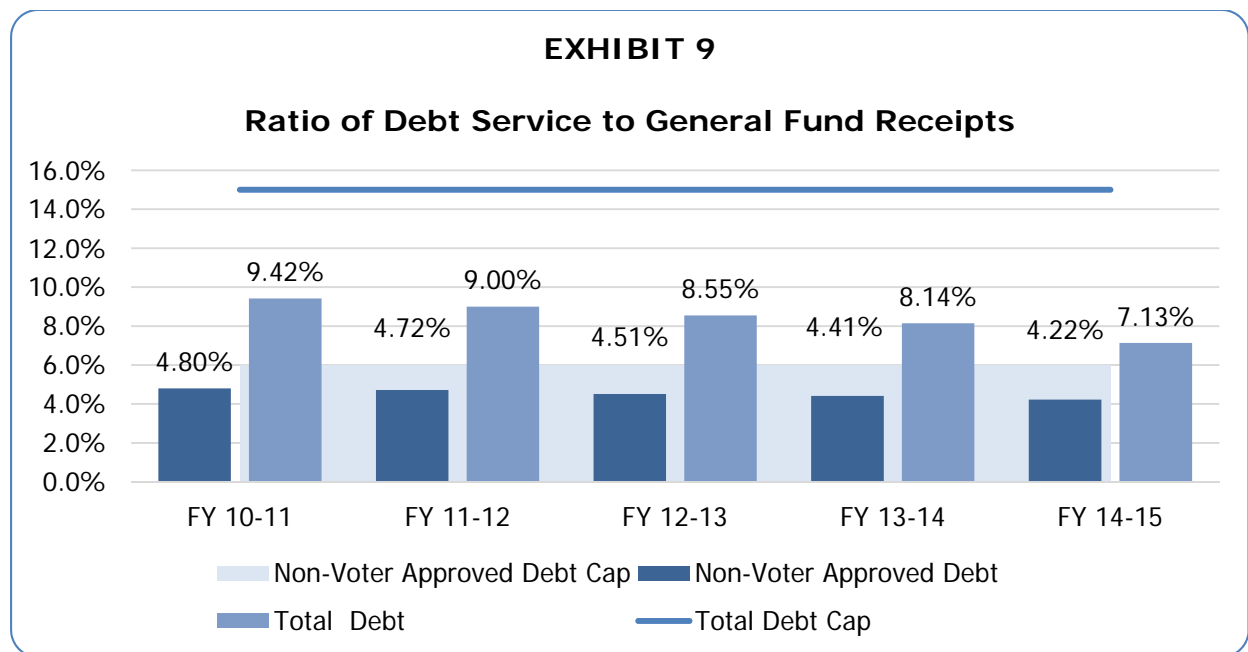
**City management should:**

- 6. 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 2016-17 budget development.**

## **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 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 8.55 percent in fiscal year 2012-13, 8.14 percent in fiscal year 2013-14, and 7.13 percent in fiscal year 2014-15. 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 economic improvement, particularly as revenues are increasing. Nevertheless resources remain limited relative to the City's needs and efforts should be made to improve revenue collection.

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. Critical to balancing the City's numerous priorities is the development of a long-term financial plan. According to GFOA, a long-term financial plan is the process of aligning financial capacity with long-term service objectives, and it is considered a best practice for governments to

regularly engage in long-term financial planning. Working together, the City's leaders and stakeholders can advance these key strategies.

**Recommendations:**

**City management should:**

7. **Implement recommendations from Controller's Audit entitled "[Smart Data Sharing: A Path to More Revenue](#)."**
8. **Develop a long-term financial plan as recommended by the Government Finance Officers Association that identifies and balances City resources against numerous competing priorities.**

## 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.

**Long-Term Financial Plan** is the process of aligning financial capacity with long-term service objectives.

**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, 2015

Cash Balance, July 1, 2014	\$ 8,605,716,968
Add - Outstanding Warrants, July 1, 2014	<u>81,509,661</u>
Cash in the Treasury, July 1, 2014	8,687,226,629
Add - Receipts during the year <sup>(1)</sup>	<u>18,417,940,535</u>
Total Available	27,105,167,164
Less - Disbursements during the Year <sup>(1)</sup>	<u>17,970,990,084</u>
Cash in the Treasury, June 30, 2015	9,134,177,080
Less - Outstanding Warrants, June 30, 2015	<u>96,689,843</u>
Cash Balance, June 30, 2015 <sup>(2)</sup>	<u><u>\$ 9,037,487,237</u></u>

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

<sup>(2)</sup> Excludes cash with fiscal agents, petty cash, other revolving funds, and time deposits held for safekeeping by the City Treasurer totalling \$134,918,436.

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, 2015, 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, 2015

Cash Balance Ending June 30, 2014		\$ 551,427,307
Receipts:		
Return of Advances Under Charter Section 261(i) for:		
Unfunded Expenditures	\$ 18,179,690	
Unfunded Encumbrances	11,888,113	
Return of Loans from Other Funds	6,612,794	
Transfer of Power Revenue Surplus	265,586,000	
Transfer of Special Parking Revenue Surplus	30,635,342	
Early Reversion of Unencumbered Balance	1,381,399	
Year-End Reversion of Unencumbered Balance	179,503,314	
Unallocated Revenue	78,487,835	
Miscellaneous	10,579,664	602,854,151
Total Available Cash		1,154,281,458
Disbursements:		
Transfer to Budget	117,546,306	
Transfer to General Fund of Power Revenue Surplus	265,586,000	
Transfer to General Fund of Special Parking Revenue Surplus	30,635,342	
Transfers to Other Funds	62,632,450	
Loans to Other Funds	5,020,765	
Reappropriations of Prior Year Funds for Capital Improvement Projects and Other Departmental Accounts	62,779,495	
Advances Under Charter Section 261(i) for:		
Unfunded Expenditures	22,411,599	
Unfunded Encumbrances	11,924,252	
Advances for Unfunded Expenditures per CF#14-0600-S258	24,679	578,560,888
Cash Balance Ending June 30, 2015		\$ 575,720,570

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, 2015, the total Contingency account is \$434,417,570 and the Emergency account is \$141,303,000.

# SCHEDULE III

## Schedule of Cash Balances by Fund Types June 30, 2015

**Governmental Funds:**

**General Funds**

General	\$ 367,300,875	
Reserve	575,720,570	
Budget Stabilization	64,774,319	
Stores Revolving	14,235,056	
Other General Funds	22,339,861	\$ 1,044,370,681

**Special Revenue Funds**

Proposition A Local Transit Assistance (PALTA)	235,045,497	
Recreation and Parks	233,204,661	
Solid Waste Resources Revenue	178,138,908	
Building and Safety Permit Enterprise	151,448,648	
CRA/LA Excess Non-Housing Bond Proceeds	84,237,997	
MICLA Special Revenue Funds	82,314,878	
Solid Waste Resources Revenue Bond 2013A Acquisition	67,602,061	
Measure R Local Return and Bus Operations Fund	62,107,805	
Transportation Grants	52,790,117	
Systematic Code Enforcement Fee Trust	48,984,396	
Special Gas Tax Street Improvement	43,381,905	
Special Parking Revenue	41,599,059	
State AB 1290	41,038,638	
Telecommunication Liquidated Damage and Lost Franchise Fee	38,580,901	
Citywide Recycling Trust	38,436,595	
Street Lighting Maintenance Assessment	35,603,149	
Engineering Special Service	32,817,823	
Subventions and Grants	30,633,827	
Low and Moderate Income Housing	29,150,316	
Municipal Sports Account	28,797,608	
Seismic Bond Reimbursement	28,458,200	
City of Los Angeles Affordable Housing Trust	26,362,846	
Integrated Solid Waste Management Trust	24,606,721	
Proposition C Anti-Gridlock Transit Improvement	22,674,218	
Library	21,758,075	
Recreation and Parks Golf	17,773,913	
Planning Case Processing	17,723,843	
Potrero Canyon Trust	16,336,715	
Disaster Assistance Trust	15,519,392	
Sunshine Canyon Community Amenities Trust	15,472,732	
Coastal Transportation Corridor Trust	15,191,976	
Other Special Revenue Funds	449,369,070	2,227,162,490

**Debt Service Funds**

General Obligation Bonds	139,355,399	
Other Debt Service Funds	9,209,879	148,565,278

Continued...

**Schedule of Cash Balances by Fund Types - (Continued)**  
**June 30, 2015**

**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	\$ 20,276,366	
GOB Series 2003-A Animal Shelter/Fire/Police 911	34,676,487	
GOB Series 2004-A Police 911	38,309,977	
GOB Series 2005-A Storm Water/Fire	21,838,686	
GOB Series 2006-A Storm Water/Fire/Police 911/Animal Shelter	43,094,099	
GOB Series 2008-A Clean Water, Ocean, River, Beach, Bay Storm Water Clean-up Projects	8,427,244	
GOB Series 2009-A Clean Water, Ocean, River, Beach, Bay Storm Water Clean-up Projects	50,940,351	
GOB Series 2011-A Clean Water, Ocean, River, Beach, Bay Storm Water Clean-up Projects	105,610,992	
Recreation and Parks Grant	91,379,233	
Proposition K Projects and Bond Match	78,443,925	
Proposition K Maintenance and Administration	18,540,554	
Other Capital Projects Funds	<u>29,561,558</u>	\$ 541,099,472

**Proprietary Funds - Enterprise**

Airport Revenue	823,014,645	
Harbor Revenue	224,896,904	
Power Revenue	1,249,131,624	
Water Revenue	365,521,864	
Passenger Facility Charge Fund - LAWA	512,010,519	
Passenger Facility Charge Fund - Ontario	40,294,467	
Airport Revenue Fund - Ontario	106,804,425	
Airport Insurance Trust Fund - LAWA	113,303,737	
China Shipping Mitigation	22,559,252	
Harbor Emergency	47,511,213	
Strategic Operating Fund	160,000,000	
Sewer Construction and Maintenance	56,950,064	
Sewer Operations and Maintenance	81,516,338	
Sewer Capital	31,512,019	
Los Angeles Convention	6,692,977	
Construction (Bond) Funds	447,580,664	
Bond Debt Service Funds	535,197,589	
Other Enterprise Funds	<u>23,934,748</u>	4,848,433,049

**Pension Trust**

City Employees Retirement	1,928,688	
Fire and Police Pension	1,484,611	
Water and Power Employees' Retirement/Disability/Death Benefits	54,798,971	
Other Pension Trust Funds	<u>681,732</u>	58,894,002

Continued...

**Schedule of Cash Balances by Fund Types - (Continued)**  
**June 30, 2015**

**Agency Funds**

Building and Safety Trust	\$ 29,920,588	
General Demand	45,726,234	
General Payroll Reimbursement	6,455,370	
Department of Water and Power Payroll	3,790,580	
Department of Water and Power Disbursement	39,493,844	
Department of Water and Power Plan Benefit	1,487,953	
Department of Water and Power Active Employee Healthcare Benefits	1,714,716	
Public Works Trust	70,712,243	
Parking Violation Trust	11,571,120	
Internal Revenue Code Section 501( c ) Employee Benefits Trust	33,512,079	
Other Agency Funds	21,267,381	\$ 265,652,108

**Total Cash Balance - All Fund Types <sup>(1)</sup>** 9,134,177,080

**Less - Outstanding Warrants:**

General Demands	45,726,234	
General Payroll and Reimbursement	6,191,232	
Department of Water and Power Payroll	3,790,580	
Department of Water and Power Disbursement	39,493,844	
Department of Water and Power Plan Benefit	1,487,953	96,689,843

**Total Cash Balance in the Treasury, June 30, 2015** \$ 9,037,487,237

<sup>(1)</sup> Excludes cash with fiscal agents, petty cash, other revolving funds, and time deposits held for safekeeping by the City Treasurer of \$134,918,436.

# SCHEDULE IV

**Statement of Receipts - Budget and Actual  
(Cash Basis)  
All Annually Budgeted Funds  
Fiscal Years Ended June 30, 2015 and 2014**

	FY 2015 Original Budget	FY 2015 Actual Receipts	FY 2014 Actual Receipts	FY 2015 Variance With Budget Positive (Negative)	FY 2015 Receipts Increase (Decrease)
<b>General Fund Receipts:</b>					
Property Tax:					
Property Tax 1%	\$ 1,159,721,000	\$ 1,190,885,217	\$ 1,127,721,052	\$ 31,164,217	\$ 63,164,165
Property Tax - Sales Tax Replacement	126,600,000	121,903,461	121,036,278	(4,696,539)	867,183
Property Tax - Vehicle License Fee Replacement	358,490,000	361,671,984	341,225,613	3,181,984	20,446,371
Total Property Tax	1,644,811,000	1,674,460,662	1,589,982,943	29,649,662	84,477,719
Property Tax - Ex-CRA Tax Increment	48,023,000	52,362,917	70,197,233	4,339,917	(17,834,316)
Utility Users Tax:					
Electric Users Tax	352,000,000	363,716,274	331,306,805	11,716,274	32,409,469
Telephone Users Tax	209,650,000	207,032,336	223,052,154	(2,617,664)	(16,019,818)
Gas Users Tax	70,200,000	68,642,559	73,077,641	(1,557,441)	(4,435,082)
Total Utility Users Tax	631,850,000	639,391,169	627,436,600	7,541,169	11,954,569
Licenses, Permits, Fees and Fines	830,285,944	851,507,067	831,974,369	21,221,123	19,532,698
Business Tax	459,500,000	497,329,213	475,397,383	37,829,213	21,931,830
Sales Tax	374,100,000	371,031,099	356,502,613	(3,068,901)	14,528,486
Documentary Transfer Tax	196,800,000	196,680,698	181,463,048	(119,302)	15,217,650
Power Revenue Transfer	261,000,000	265,586,000	253,000,000	4,586,000	12,586,000
Transient Occupancy Tax	194,100,000	202,896,604	184,382,408	8,796,604	18,514,196
Parking Fines	165,191,457	152,292,373	161,146,214	(12,899,084)	(8,853,841)
Parking Users' Tax	98,400,000	100,369,513	95,675,639	1,969,513	4,693,874
Franchise Income	43,153,000	45,517,312	44,364,995	2,364,312	1,152,317
State Motor Vehicle License Fees	1,700,000	1,678,066	1,737,204	(21,934)	(59,138)
Grant Receipts	10,240,000	14,249,956	8,887,719	4,009,956	5,362,237
Tobacco Settlement	9,106,000	9,020,828	9,112,313	(85,172)	(91,485)
Transfer From Telecommunications Development Account	5,077,022	--	--	(5,077,022)	--
Residential Development Tax	3,280,000	4,365,011	3,339,728	1,085,011	1,025,283
Special Parking Revenue Transfer	30,635,342	30,635,342	35,142,475	--	(4,507,133)
Interest	13,491,000	17,239,081	15,792,196	3,748,081	1,446,885
Transfer from Reserve Fund	117,546,306	117,546,306	--	--	117,546,306
Transfer from Budget Stabilization Fund	--	--	8,029,121	--	(8,029,121)
Total General Fund Receipts	5,138,290,071	5,244,159,217	4,953,564,201	105,869,146	290,595,016

Continued...

**Statement of Receipts - Budget and Actual  
(Cash Basis)  
All Annually Budgeted Funds  
Fiscal Years Ended June 30, 2015 and 2014**

	FY 2015		FY 2014		FY 2015 Variance With Budget Positive (Negative)	FY 2015 Receipts Increase (Decrease)
	Original Budget	Actual Receipts	Actual Receipts	Actual Receipts		
<b>Special Fund Receipts:</b>						
Affordable Housing Trust Fund	\$ 1,000,000	\$ 27,140,154	\$ 12,824,287	\$ 14,315,867	\$ 26,140,154	\$ 14,315,867
Arts & Cultural Facilities & Services Trust Fund	15,273,725	15,525,048	14,450,106	1,074,942	251,323	1,074,942
Arts Development Fee Trust Fund	1,222,680	2,620,611	2,580,782	39,829	1,397,931	39,829
Building & Safety Permit Enterprise Fund	135,690,771	164,315,986	162,805,007	1,510,979	28,625,215	1,510,979
Central Recycling and Transfer Fund	3,553,421	6,096,075	4,203,854	1,892,221	2,542,654	1,892,221
City Employees' Retirement Fund <sup>(1)</sup>	93,718,332	94,050,116	83,759,067	10,291,049	331,784	10,291,049
City Employees Ridesharing Fund	3,527,100	3,205,727	3,196,556	9,171	(321,373)	9,171
City Ethics Commission Fund	2,730,673	2,730,673	2,490,060	240,613	--	240,613
City Tax Levy (Debt Service)	148,889,669	138,277,399	140,624,673	(2,347,274)	(10,612,270)	(2,347,274)
Citywide Recycling Trust Fund	21,506,000	24,514,751	23,417,068	1,097,683	3,008,751	1,097,683
Code Enforcement Trust Fund	32,745,806	39,357,676	42,256,547	(2,898,871)	6,611,870	(2,898,871)
Community Development Trust Fund	22,495,657	20,754,308	29,060,687	(8,306,379)	(1,741,349)	(8,306,379)
Community Services Administration Grant	1,596,503	1,255,158	1,052,531	202,627	(341,345)	202,627
Convention Center Revenue Fund	8,622,230	31,708,466	23,408,888	8,299,578	23,086,236	8,299,578
Disaster Assistance Trust Fund	56,850,000	12,162,775	30,167,911	(18,005,136)	(44,687,225)	(18,005,136)
El Pueblo de Los Angeles Historical Monument Fund	4,754,000	4,600,035	4,679,192	(79,157)	(153,965)	(79,157)
Greater Los Angeles Visitors & Convention Bureau Fund	14,931,000	15,612,206	14,188,286	1,423,920	681,206	1,423,920
HOME Investment Partnerships Program Fund	5,018,122	4,130,656	3,056,098	1,074,558	(887,466)	1,074,558
Household Hazardous Waste Fund	3,393,000	3,316,443	2,059,236	1,257,207	(76,557)	1,257,207
Housing Opportunities for Persons with AIDS Fund	782,849	402,587	322,751	79,836	(380,262)	79,836
Landfill Maintenance Fund	4,599,748	4,725,675	4,282,059	443,616	125,927	443,616
Local Public Safety Fund	40,750,000	40,896,789	38,753,170	2,143,619	146,789	2,143,619
Local Transportation Fund	4,361,605	113,882	2,844,793	(2,730,911)	(4,247,723)	(2,730,911)
Measure R Traffic Relief and Rail Expansion Fund	44,974,000	44,217,188	51,001,851	(6,784,663)	(756,812)	(6,784,663)
Mobile Source Air Pollution Reduction Trust Fund	4,698,000	4,857,160	4,700,622	156,538	159,160	156,538
Multifamily Bulky Item Fund	6,450,000	6,795,804	6,843,528	(47,724)	345,804	(47,724)
Municipal Housing Finance Fund	3,274,000	3,944,443	2,813,411	1,131,032	670,443	1,131,032
Neighborhood Empowerment Fund	5,567,617	5,577,307	6,319,850	(742,543)	9,690	(742,543)
Older Americans Act Fund	2,746,480	1,634,232	1,948,881	(314,649)	(1,112,248)	(314,649)
Park & Recreational Sites & Facilities Fund	2,000,000	2,863,240	1,807,886	1,055,354	863,240	1,055,354
Planning Case Processing Revenue Fund	19,920,398	24,080,419	20,742,530	3,337,889	4,160,021	3,337,889
Proposition A Local Transit Assistance Fund	148,861,089	127,892,107	132,437,661	(4,545,554)	(20,968,982)	(4,545,554)
Proposition C Anti-Girdlock Transit Improvement Fund	71,137,883	71,268,479	105,173,511	(33,905,032)	130,596	(33,905,032)

Continued...

**Statement of Receipts - Budget and Actual  
(Cash Basis)  
All Annually Budgeted Funds  
Fiscal Years Ended June 30, 2015 and 2014**

	FY 2015		FY 2014		FY 2015 Variance With Budget Positive (Negative)	FY 2015 Receipts Increase (Decrease)
	Original Budget	Actual Receipts	Actual Receipts	Actual Receipts		
<b>Special Fund Receipts: (Continued)</b>						
Rent Stabilization Trust Fund	\$ 14,571,450	\$ 14,377,705	\$ 14,443,692	\$ (193,745)	\$ (65,987)	
Sewer Construction & Maintenance Fund	757,832,209	815,943,487	684,294,741	58,111,278	131,648,746	
Solid Waste Resources Revenue Fund	326,463,021	296,749,348	289,251,842	(29,713,673)	7,497,506	
Special Gas Tax Street Improvement Fund:						
State Gas Tax - Section 2103	48,500,000	43,327,036	54,204,864	(5,172,964)	(10,877,828)	
State Gas Tax - Section 2105	17,500,000	24,272,759	26,916,088	6,772,759	(2,643,329)	
State Gas Tax - Section 2106	12,000,000	14,314,280	12,421,764	2,314,280	1,892,516	
State Gas Tax - Section 2107	27,000,000	31,297,255	28,659,634	4,297,255	2,637,621	
Surface Transportation Program	10,000,000	13,760,275	4,977,696	3,760,275	8,782,579	
Interest on Gas Tax Funds	200,000	647,791	784,250	447,791	(136,459)	
Other Receipts	--	557,592	651,004	557,592	(93,412)	
Special Parking Revenue Fund	43,952,113	47,480,777	62,475,433	3,528,664	(14,994,656)	
Special Police/911 System Tax Fund	10,000	253,587	468,088	243,587	(214,501)	
Staples Arena Special Fund	6,030,000	4,809,938	6,344,293	(1,220,062)	(1,534,355)	
Stormwater Pollution Abatement Fund	30,915,831	33,614,691	35,150,399	2,698,860	(1,535,708)	
Street Damage Restoration Fee Fund	8,014,000	6,963,843	8,827,709	(1,050,157)	(1,863,866)	
Street Lighting Maintenance Assessment Fund	54,102,520	53,686,480	53,079,734	(416,040)	606,746	
Supplemental Law Enforcement Services Fund	5,051,500	6,768,685	8,651,625	1,717,185	(1,882,940)	
Telecommunications Liquidated Damages and Lost Franchise Fees Fund	21,895,235	19,585,491	18,841,429	(2,309,744)	744,062	
Traffic Safety Fund	7,260,000	6,846,339	7,766,095	(413,661)	(919,756)	
Workforce Investment Act Fund	16,822,900	12,271,769	12,931,062	(4,551,131)	(659,293)	
Zoo Enterprise Trust Fund	19,324,665	19,484,733	16,827,676	160,068	2,657,057	
Allocations from Other Sources:						
Animal Sterilization Trust Fund	184,335	--	148,066	(184,335)	(148,066)	
ARRA - Neighborhood Stabilization	2,426,490	501,248	1,492,034	(1,925,242)	(990,786)	
Audit Repayment	1,571,224	4,019	167,555	(1,567,205)	(163,536)	
Bus Bench Advertising Trust Fund	164,188	164,188	174,439	--	(10,251)	
Business Improvement District Trust Fund	500,013	536,599	468,091	36,586	68,508	
City Attorney Consumer Protection Fund	5,996,593	5,102,372	4,709,110	(894,221)	393,262	
City Planning Long Range Planning Fund	3,646,618	3,358,414	2,842,534	(288,204)	515,880	
City Planning Systems Development Fund	6,945,244	6,272,709	6,633,404	(672,535)	(360,695)	

Continued...



**Statement of Receipts - Budget and Actual  
(Cash Basis)  
All Annually Budgeted Funds  
Fiscal Years Ended June 30, 2015 and 2014**

	FY 2015 Original Budget	FY 2015 Actual Receipts	FY 2014 Actual Receipts	FY 2015 Variance With Budget Positive (Negative)	FY 2015 Receipts Increase (Decrease)
<b>Special Fund Receipts: (Continued)</b>					
Coastal Transportation Corridor Trust Fund	\$ 750,520	\$ 731,527	\$ 140,715	\$ (18,993)	\$ 590,812
Enterprise Zone Tax Credit	1,407,550	696,512	1,048,344	(711,038)	(351,832)
Federal Emergency Shelter Grant	37,916	127,439	89,415	89,523	38,024
Fire Hydrant Installation and Replacement Fund	861,264	861,264	861,264	--	--
Forfeited Assets Trust Fund of Police Dept	--	4,956,329	6,022,247	4,956,329	(1,065,918)
General Services Trust	94,156	10,615	137,752	(83,541)	(127,137)
GOB Series 2002A Fire/Pr Cons	--	--	725,811	-	(725,811)
Housing Production Revolving Fund	1,270,655	508,630	--	(762,025)	508,630
Industrial Development Authority Fund	45,110	25,733	36,357	(19,377)	(10,624)
Integrated Solid Waste Management Fund	300,000	300,000	367,725	-	(67,725)
Los Angeles Regional Agency Trust Fund	88,632	78,017	83,052	(10,615)	(5,035)
Low and Moderate Income Housing	2,227,393	2,705,988	--	478,595	2,705,988
Neighborhood Stabilization Fund	991,519	479,445	158,855	(512,074)	320,590
Off-Site Sign Periodic Inspection Fee Fund	434,118	378,004	435,438	(56,114)	(57,434)
Permit Parking Program Revenue Fund	1,210,810	922,221	876,002	(288,589)	46,219
Pershing Square Trust Fund	530,200	530,200	531,963	--	(1,763)
Repair and Demolition	546,144	501,124	300,000	(45,020)	201,124
Section 108 Loan Guarantee Fund	296,817	515,507	335,465	218,690	180,042
State AB 1290 City Fund	590,000	3,848,067	4,572,703	3,258,067	(724,636)
Street Banners Trust Fund	90,243	153,318	90,880	63,075	62,438
Traffic Safety Education Program	338,601	380,563	371,168	41,962	9,395
Transportation Grant Fund	--	--	46,762,448	-	(46,762,448)
Used Oil Collection Fund	832,462	528,999	572,090	(303,463)	(43,091)
Ventura/Cahuenga Blvd Corridor Plan	1,059,384	347,172	276,325	(712,212)	70,847
Warner Center Transportation Trust Fund	167,043	167,043	122,101	-	44,942
West LA Transportation Improvement & Mitigation	171,931	196,931	87,242	25,000	109,689
Workforce Innovation Fund	981,794	1,100,764	859,455	118,970	241,309
<b>Total Special Fund Receipts</b>	<b>2,401,846,769</b>	<b>2,454,648,397</b>	<b>2,410,742,508</b>	<b>52,801,628</b>	<b>43,905,889</b>
Available Balances	582,806,097	699,331,811	612,547,358	116,525,714	86,784,453
<b>Total Receipts</b>	<b>\$ 8,122,942,937</b>	<b>\$ 8,398,139,425</b>	<b>\$ 7,976,854,067</b>	<b>\$ 275,196,488</b>	<b>\$ 421,285,358</b>

(1) Retirement contributions from Harbor, Airport and LACER/LAFPP departments.

# SCHEDULE V

**Statement of Budget Appropriations, Expenditures and Encumbrances  
Budget and Actual (Cash Basis) - All Annually Budgeted Funds  
Fiscal Years Ended June 30, 2015 and 2014**

	Original Budget FY 2015	Final Budget FY 2015	Expenditures & Encumbrances FY 2015	Expenditures & Encumbrances FY 2014	FY 2015 Variance With Final Budget Positive (Negative)	FY 2015 Expenditures & Encumbrances Increase (Decrease)
Aging	\$ 4,436,869	\$ 4,744,077	\$ 3,587,600	\$ 3,496,388	\$ 1,156,477	\$ 91,212
Animal Services	23,192,781	23,191,449	21,358,848	21,739,618	1,832,601	(380,770)
Building & Safety	87,161,352	92,732,932	81,427,492	76,094,580	11,305,440	5,332,912
City Administrative Officer	15,961,213	17,424,728	14,283,174	13,882,218	3,141,554	400,956
City Attorney	117,305,914	123,428,190	120,448,046	117,797,342	2,980,144	2,650,704
City Clerk	26,239,905	26,261,888	20,804,062	9,447,694	5,457,826	11,356,368
City Ethics Commission	2,805,356	2,805,356	2,409,952	2,297,854	395,404	112,098
Economic and Workforce Developme	18,234,258	19,989,688	16,116,175	17,394,255	3,873,513	(1,278,080)
Controller	17,247,911	18,495,815	17,290,598	15,661,982	1,205,217	1,628,616
Council	21,882,489	38,929,668	30,004,375	27,932,470	8,925,293	2,071,905
Cultural Affairs	9,829,408	10,427,420	9,256,030	8,442,367	1,171,390	813,663
Disability	1,961,633	1,954,731	1,792,472	1,811,409	162,259	(18,937)
El Pueblo De Los Angeles						
Historical Monument Authority	1,737,765	1,737,244	1,567,830	1,646,121	169,414	(78,291)
Emergency Management	1,844,647	3,143,119	2,720,494	2,579,449	422,625	141,045
Employee Relations Board	402,007	402,007	335,900	338,587	66,107	(2,687)
Finance	38,731,426	39,025,010	37,490,772	37,093,296	1,534,238	397,476
Fire	565,123,831	601,652,050	591,787,135	559,785,750	9,864,915	32,001,385
General Services	235,804,592	300,893,321	267,606,786	260,667,271	33,286,535	6,939,515
Information Technology Agency	85,637,412	96,477,763	93,833,028	86,686,365	2,644,735	7,146,663
Housing and Community Investment	63,079,746	69,547,987	61,152,637	58,309,012	8,395,350	2,843,625
Los Angeles Department of						
Convention & Tourism Development	1,720,732	1,641,823	1,389,059	12,559,771	252,764	(11,170,712)
Mayor	6,126,261	41,524,499	36,128,779	34,196,513	5,395,720	1,932,266
Neighborhood Empowerment	2,096,708	2,317,441	2,214,600	2,143,487	102,841	71,113
Personnel	54,928,192	55,802,414	53,218,817	50,959,412	2,583,597	2,259,405
City Planning and Development	35,675,738	36,620,281	30,484,461	29,185,529	6,135,820	1,298,932
Police	1,338,185,759	1,430,732,899	1,417,506,508	1,328,648,687	13,226,391	88,857,821
Public Works:						
Board Office	14,657,544	19,491,548	18,616,145	18,311,723	875,403	304,422
Contract Administration	30,486,451	32,076,587	29,135,806	29,395,335	2,940,781	(259,529)
Engineering	73,820,421	81,913,937	74,874,065	70,673,303	7,039,872	4,200,762
Sanitation	228,591,161	231,233,172	219,067,083	211,968,333	12,166,089	7,098,750
Street Lighting	26,509,697	31,879,340	25,593,641	25,724,436	6,285,699	(130,795)
Street Services	164,930,068	189,786,826	164,942,343	170,154,673	24,844,483	(5,212,330)

Continued ...

**Statement of Budget Appropriations, Expenditures and Encumbrances  
Budget and Actual (Cash Basis) - All Annually Budgeted Funds  
Fiscal Years Ended June 30, 2015 and 2014**

	Original Budget FY2015	Final Budget FY2015	Expenditures & Encumbrances FY2015	Expenditures & Encumbrances FY2014	FY 2015 Variance With Final Budget Positive (Negative)	FY 2015 Expenditures & Encumbrances Increase (Decrease)
Transportation	\$ 139,827,587	\$ 148,078,350	\$ 138,567,718	\$ 137,004,980	\$ 9,510,632	\$ 1,562,738
Zoo	19,809,007	19,674,621	18,311,373	17,491,994	1,363,248	819,379
Total - Budgetary Departments	3,475,985,841	3,816,038,181	3,625,323,804	3,461,522,204	190,714,377	163,801,600
Library	139,401,339	139,401,339	139,401,339	(1) 118,966,839	--	20,434,500
Recreation & Parks	156,178,566	159,879,509	159,879,509	(1) 151,900,170	--	7,979,339
City Employees' Retirement	93,718,332	94,050,116	94,050,116	(1) 83,759,067	--	10,291,049
Tax and Revenue						
Anticipation Notes	1,047,447,674	1,038,882,250	1,038,882,250	946,559,147	--	92,323,103
Bond Redemption and Interest	148,889,669	148,889,669	148,889,669	160,695,452	--	(11,805,783)
Capital Finance Administration	240,095,761	242,018,806	231,471,056	245,219,541	10,547,750	(13,748,485)
Capital Improvement						
Expenditure Program	209,337,825	229,385,931	168,224,331	51,931,785	61,161,600	116,292,546
General City Purposes	104,873,241	76,697,273	70,080,251	59,143,025	6,617,022	10,937,226
Human Resources Benefits	615,138,916	601,516,383	579,370,861	584,204,291	22,145,522	(4,833,430)
Judgment Obligation Bonds						
Debt Service	9,028,225	9,028,225	9,028,212	9,031,395	13	(3,183)
Liability Claims	47,910,000	66,005,000	65,846,393	55,561,632	158,607	10,284,761
Proposition A Local Transit						
Assistance Trust	257,435,822	283,828,119	91,157,696	81,715,818	192,670,423	9,441,878
Proposition C Anti-Gridlock						
Transit Improvement	26,339,808	33,623,476	21,849,881	28,704,801	11,773,595	(6,854,920)
Special Parking Revenue	43,166,102	42,635,350	30,823,228	29,900,514	11,812,122	922,714
Local Transportation Fund	902,000	92,000	--	--	92,000	--
Unappropriated Balance	117,268,717	13,243,983	--	--	13,243,983	--
Wastewater Special Purpose	463,170,037	460,118,426	393,498,154	387,072,311	66,620,272	6,425,843
Water and Electricity	40,843,000	40,764,449	40,764,449	39,969,000	--	795,449
Other Special Purpose Funds	885,812,062	924,932,972	471,031,187	505,091,962	453,901,785	(34,060,775)
Total - Nondepartmental	4,646,957,096	4,604,993,276	3,754,248,582	3,539,426,750	850,744,694	214,821,832
Total	\$ 8,122,942,937	\$ 8,421,031,457	\$ 7,379,572,386	\$ 7,000,948,954	\$ 1,041,459,071	\$ 378,623,432

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

(2) Total final appropriations was \$147,963,674 of which \$134,719,691 was transferred to various departments and is included in Departmental appropriations.

# SCHEDULE VI

## REVENUE TRENDS (Cash Basis)

	FY 2015		FY 2014		FY 2006	
	Amount	%	Amount	%	Amount	%
Taxes <sup>(1)</sup>	\$ 4,034,102,229	53	\$ 3,874,396,145	53	\$ 3,234,916,190	56
Licenses, Permits and Fees	914,237,907	12	898,228,600	12	554,719,183	10
Intergovernmental	471,759,317	6	525,283,921	7	366,429,909	6
Charges for Services	1,366,168,323	18	1,296,782,964	18	901,024,785	15
Special Assessments	45,201,508	1	45,419,364	1	40,547,980	1
Interest	32,691,513	--	32,167,336	--	76,591,539	1
Program Income	5,374,335	--	871,235	--	--	--
Other <sup>(2)</sup>	415,504,834	5	394,985,548	5	165,729,238	3
Transfer to General Fund	413,767,648	5	296,171,596	4	481,073,691	8
<b>Total Revenue <sup>(2)</sup></b>	<b>\$ 7,698,807,614</b>	<b>100</b>	<b>\$ 7,364,306,709</b>	<b>100</b>	<b>\$ 5,821,032,515</b>	<b>100</b>

(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 2015		FY 2014		FY 2006	
	Amount	%	Amount	%	Amount	%
General Government	\$ 1,583,887,214	23	\$ 1,523,856,378	23	\$ 1,254,086,233	25
Protection of Persons and Property	2,053,255,296	30	1,959,872,206	30	1,660,577,703	32
Public Works (Maintenance and Improvements)	326,447,880	5	323,918,081	5	314,485,733	6
Health and Sanitation	561,737,770	8	548,522,717	8	368,466,742	7
Cultural and Recreational Services	367,682,076	5	344,029,213	5	273,552,902	5
Community Development	152,457,581	2	149,816,019	2	121,676,888	2
Pension & Retirement Systems Contributions	1,132,458,047	17	1,029,192,856	16	510,183,242	10
Capital Outlay	98,385,191	1	31,182,376	1	99,514,652	2
Bond Redemption & Interest	348,630,466	5	346,724,881	5	351,665,666	7
Transportation	251,634,554	4	309,873,091	5	212,195,884	4
<b>Total Expenditures <sup>(3)</sup></b>	<b>\$ 6,876,576,075</b>	<b>100</b>	<b>\$ 6,566,987,818</b>	<b>100</b>	<b>\$ 5,166,405,645</b>	<b>100</b>

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

# SCHEDULE VII

## Schedule of Year-End Encumbrances - General Fund Fiscal Years Ended June 30, 2011 through 2015

	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Aging	\$ 315,531	\$ 161,250	\$ 179,047	\$ 253,884	\$ 156,106
Animal Services	1,271,556	1,394,863	1,008,306	1,145,351	880,915
Building & Safety	3,960,132	3,294,285	2,975,012	2,713,560	2,495,675
City Administrative Officer	1,127,602	1,309,876	1,405,732	1,209,427	653,056
City Attorney	9,526,075	11,087,451	10,310,467	9,314,999	8,428,321
City Clerk	1,683,310	720,336	3,051,150	1,265,418	4,745,976
City Ethics Commission	139,448	138,048	103,804	145,029	131,327
Controller	2,556,710	1,499,609	1,833,498	1,759,358	1,442,063
Council	2,554,853	1,665,359	1,750,981	1,866,189	1,252,831
Cultural Affairs	2,303,287	2,199,868	1,921,003	1,442,489	2,049,345
Disability	216,976	258,144	183,422	202,977	140,799
Economic and Workforce Development <sup>(3)</sup>	1,360,037	1,129,510	1,405,085	2,089,028	1,758,585
El Pueblo	117,597	157,544	107,082	158,782	137,339
Emergency Management	141,610	116,562	116,817	107,641	104,030
Employee Relations Board	88,547	86,341	93,590	40,193	47,080
Finance <sup>(1)</sup>	3,295,203	3,071,822	2,558,257	4,510,493	1,235,016
Fire	37,386,972	26,407,276	25,706,809	20,192,219	19,824,076
General Services	21,984,759	24,849,609	26,180,452	31,911,714	31,064,004
Housing and Community Investment <sup>(4)</sup>	3,829,539	3,127,697	2,099,118	2,550,828	3,031,105
Information Technology Agency	23,215,666	23,601,772	21,480,392	20,814,131	17,692,746
Los Angeles Convention and Tourism Development	131,233	64,468	996,740	1,110,118	1,062,384
Mayor	9,820,185	7,943,498	10,179,527	9,334,120	7,543,239
Neighborhood Empowerment	123,554	150,373	126,385	85,490	82,402
Personnel	5,081,908	4,733,395	4,698,696	4,703,665	5,919,496
Planning	5,360,855	3,753,530	3,246,937	3,875,663	4,208,889
Police	89,026,952	82,092,065	62,515,136	59,326,515	51,561,854
PW - Board	3,045,885	2,030,197	1,662,500	2,509,500	2,368,456
PW - Contract Administration	1,551,032	1,666,982	1,218,785	1,116,461	1,003,238
PW - Engineering	4,337,551	3,373,336	3,634,041	3,207,809	2,915,917
PW - Sanitation	12,652,168	11,083,791	11,800,493	11,008,593	10,315,446
PW - Street Lighting	1,274,009	1,072,567	1,291,895	1,398,791	1,562,942
PW - Street Services	26,701,862	30,316,392	20,418,735	24,670,187	16,192,083
Transportation	8,593,874	7,651,949	7,184,939	9,219,635	7,129,043
Treasurer <sup>(1)</sup>	--	--	--	--	2,495,458
Zoo	1,237,437	1,088,442	1,305,802	1,080,908	923,866
Capital Finance Administration	2,762,860	759,019	272,208	702,933	1,039,840
Capital Improvement Expenditure Program	12,061,546	5,252,948	4,074,272	5,063,734	9,335,162
General City Purposes	20,781,898	15,310,731	14,187,346	16,845,729	29,883,164
Human Resources Benefits	10,377,626	28,765,902	22,820,854	10,760,519	8,549,343
Liability Claims	--	--	125,000	125,000	1,901,500
Water and Electricity	20,514,285	18,887,409	17,932,384	17,344,320	26,559,300
<b>Total Encumbrances <sup>(2)</sup></b>	<b>\$ 352,512,130</b>	<b>\$ 332,274,216</b>	<b>\$ 294,162,699</b>	<b>\$ 287,183,400</b>	<b>\$ 289,823,417</b>
Encumbrances for Salaries	\$ 144,836,428	\$ 122,549,034	\$ 112,395,989	\$ 103,934,348	\$ 90,992,792
Encumbrances for Other Accounts	207,675,702	209,725,182	181,766,710	183,249,052	198,830,625
<b>Total</b>	<b>\$ 352,512,130</b>	<b>\$ 332,274,216</b>	<b>\$ 294,162,699</b>	<b>\$ 287,183,400</b>	<b>\$ 289,823,417</b>

<sup>(1)</sup> Office of Finance and Office of the Treasurer were consolidated per CF11-0600-S40.

<sup>(2)</sup> Includes prior years' encumbrances not yet liquidated.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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, 2011 through 2015

	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Aging	\$ 14,852	\$ 12,168	\$ 66,936	\$ 77,221	\$ 30,758
Animal Services	1,764,011	186,937	259,299	208,967	189,194
Building & Safety	838,521	548,604	99,907	220,842	158,668
Capital Finance Administration	11,131,178	11,276,525	3,782,641	5,814,019	10,110,342
Capital Improvement Expenditure Program	33,153,320	36,803,824	16,351,334	13,995,335	9,223,965
City Administrative Officer	3,174,664	2,520,971	1,709,220	1,088,434	664,239
City Attorney	1,364,781	1,619,650	267,497	590,831	11,452
City Clerk	5,544,629	885,618	1,663,932	2,495,638	1,674,354
City Ethics	--	--	--	79,655	--
Controller	1,113,290	2,226,264	1,224,801	764,594	975,236
Council	8,832,811	8,744,784	7,360,932	9,589,652	9,537,303
Cultural Affairs	61,000	--	1,602	15,999	--
Disability	180,989	13,847	302,349	85,540	7,581
Economic and Workforce Development <sup>(2)</sup>	160,264	177,762	7,422	--	--
Emergency Management	162,354	116,395	34,784	394	1,318
Employee Relations Board	70,788	121,785	71,121	80,143	15,845
Finance <sup>(1)</sup>	1,945,926	1,105,956	49,421	447,415	440,394
Fire	8,447,093	5,480,671	2,367,164	2,860,497	6,390,782
General City Purposes	5,813,293	6,473,206	5,783,045	5,485,948	6,782,977
General Services	16,295,534	9,164,321	7,043,182	7,243,604	4,013,931
Housing and Community Investment <sup>(3)</sup>	353,663	680,380	--	--	--
Human Resources Benefits	24,208,459	10,593,479	5,810,158	4,014,855	1,483,890
Information Technology Agency	2,476,791	1,826,827	820,746	1,886,693	942,564
Liability Claims	43,611	180,066	1,965	40,547	1,836,087
Mayor	4,226,179	3,575,376	753,171	160,440	2,223,387
Non-departmental General	13	9,347,146	9,264,440	2	8,565,938
Personnel	1,944,038	3,439,978	3,143,539	2,990,062	3,654,561
Planning	1,582,486	1,946,792	2,255,678	289,552	86,508
Police	9,587,960	19,675,589	12,922,155	5,314,837	5,865,664
PW - Board	182,260	360,589	236,739	69,850	174,937
PW - Contract Administration	1,798,471	1,483,592	1,236,444	594,665	993,160
PW - Engineering	166,336	1,661,504	3,318,722	1,843,199	150,165
PW - Street Lighting	33,611	--	--	--	--
PW - Street Services	18,228,586	669,104	71,644	80,121	3,843,452
Transportation	4,659,728	431,713	881,377	2,502,678	3,647,295
Treasurer <sup>(1)</sup>	--	--	--	--	324,836
Unappropriated Balance	9,941,824	13,415,085	6,403,648	13,520,136	78,520,557
Water and Electricity	--	1,121,894	--	--	369,870
<b>Total</b>	<b>179,503,314</b>	<b>157,888,402</b>	<b>95,567,015</b>	<b>84,452,365</b>	<b>162,911,210</b>
Less: Unfunded Appropriations	--	--	--	(17,600,151)	(97,012,162)
<b>Net Cash Balances Reverted</b>	<b>\$ 179,503,314</b>	<b>\$ 157,888,402</b>	<b>\$ 95,567,015</b>	<b>\$ 66,852,214</b>	<b>\$ 65,899,048</b>

<sup>(1)</sup> Office of Finance and Office of the Treasurer were consolidated per CF11-0600-S40.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 2014-15 Year-End Uncommitted Balances and Fiscal Year 2015-16 Adopted Budget Reappropriations

Department	Uncommitted Balance	Reappropriation Amounts
Aging	\$ 14,852	\$ --
Animal Services	1,764,011	--
Building & Safety	838,521	--
Capital Finance Administration	11,131,178	--
Capital Improvement Expenditure Program	33,153,320	33,153,320
City Administrative Officer	3,174,664	--
City Attorney	1,364,781	--
City Clerk	5,544,629	--
Controller	1,113,290	800,000
Council	8,832,811	8,832,811
Cultural Affairs	61,000	--
Disability	180,989	--
Economic and Workforce Development	160,264	--
Emergency Management	162,354	--
Employee Relations Board	70,788	--
Finance	1,945,926	--
Fire	8,447,093	--
General City Purposes	5,813,293	3,928,693
General-Nondepartmental	13	--
General Services	16,295,534	6,901,802
Housing and Community Investment	353,663	--
Human Resources Benefits	24,208,459	--
Information Technology Agency	2,476,791	--
Liability Claims	43,611	--
Mayor	4,226,179	4,226,179
Personnel	1,944,038	--
Planning	1,582,486	--
Police	9,587,960	--
PW - Board	182,260	--
PW - Contract Administration	1,798,471	--
PW - Engineering	166,336	--
PW - Street Lighting	33,611	--
PW - Street Services	18,228,586	--
Transportation	4,659,728	--
Unappropriated Balance	9,941,824	--
Total Uncommitted Balances and Reappropriations	179,503,314	57,842,805
Year-Start Reappropriations ( Not in Adopted Budget)	--	26,615,087
Total Net Reversion and Reappropriation Amounts	\$ 179,503,314	\$ 84,457,892

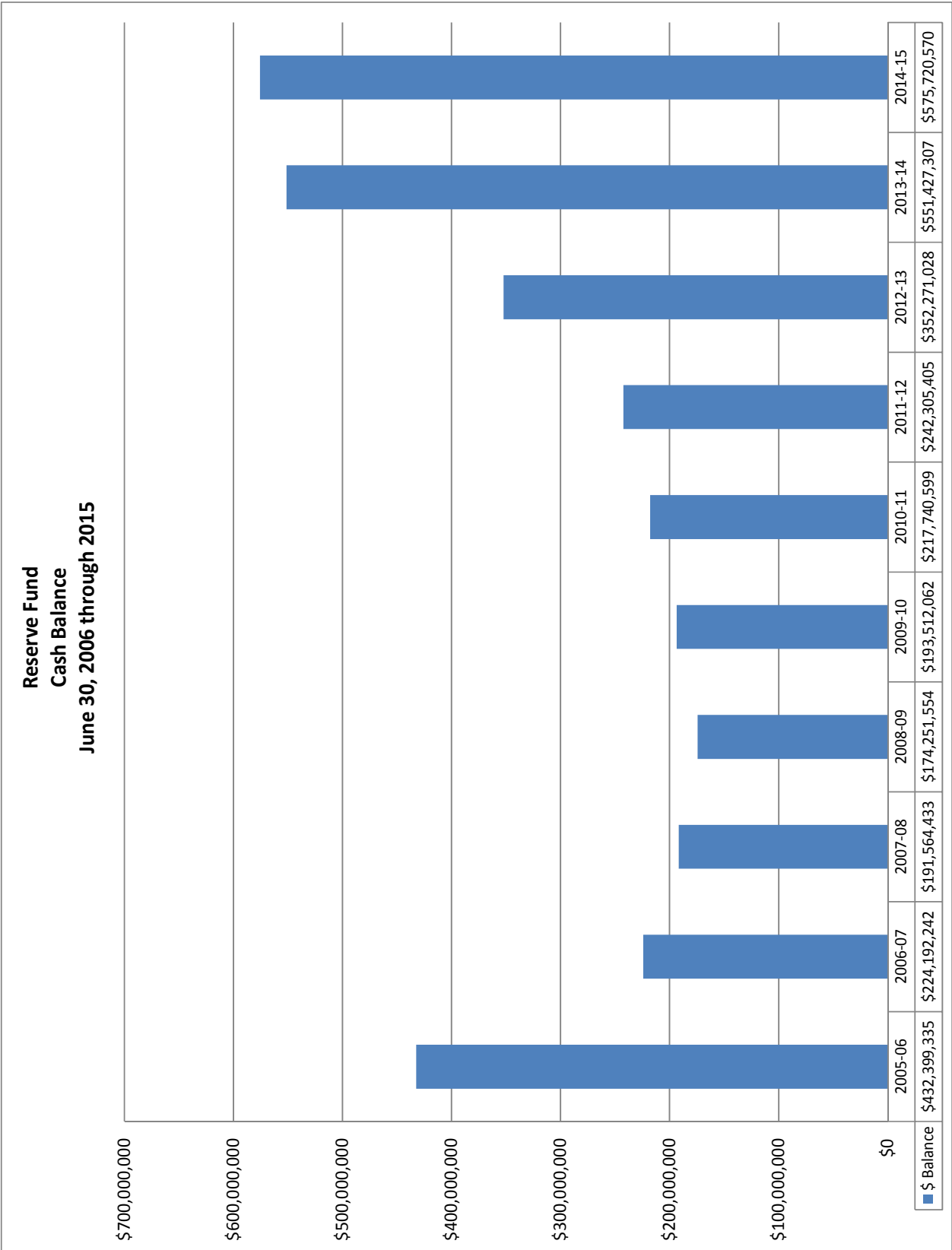
# SCHEDULE X

## Year-End Advances From The Reserve Fund For Unfunded Expenditures & Encumbrances June 30, 2015

Department	Expenditures	Encumbrances	Total
COUNCIL FILE #14-0600-S258 Advances			
Disability	\$ 250	\$ --	\$ 250
Finance	2,533	--	2,533
General Services	39	--	39
General City Purposes	21,857	--	21,857
Total Council File #14-0600-S258 Advances	24,679	--	24,679
CHARTER SECTION 261(i) Advances			
Aging	405,634	50,009	455,643
Building & Safety	260,264	62,916	323,180
City Attorney	1,629,663	--	1,629,663
City Clerk	5,000	--	5,000
Controller	34,750	104,350	139,100
Disability	81,565	--	81,565
Economic and Workforce Development	1,490,139	852,977	2,343,116
Emergency Management	276,800	49,506	326,306
Fire	1,649,999	--	1,649,999
Finance	47,509	227,398	274,907
General Services	4,707,436	2,915,230	7,622,666
Housing and Community Investment	1,492,917	2,612,620	4,105,537
Information Technology Agency	279,288	--	279,288
Liability Claims	62,257	--	62,257
Mayor	241,697	--	241,697
Personnel	283,885	69,420	353,305
Police	1,398,346	4,579,811	5,978,157
PW - Board	331,098	400,000	731,098
PW - Contract Administration	658,741	--	658,741
PW - Engineering	3,917,754	--	3,917,754
PW - Sanitation	1,665,136	--	1,665,136
PW - Street Lighting	136,640	15	136,655
PW - Street Services	1,350,935	--	1,350,935
Transportation	4,146	--	4,146
Total Charter Section 261(i) Advances	22,411,599	11,924,252	34,335,851
<b>TOTAL</b>	<b>\$22,436,278</b>	<b>\$ 11,924,252</b>	<b>\$ 34,360,530</b>



# SCHEDULE XI



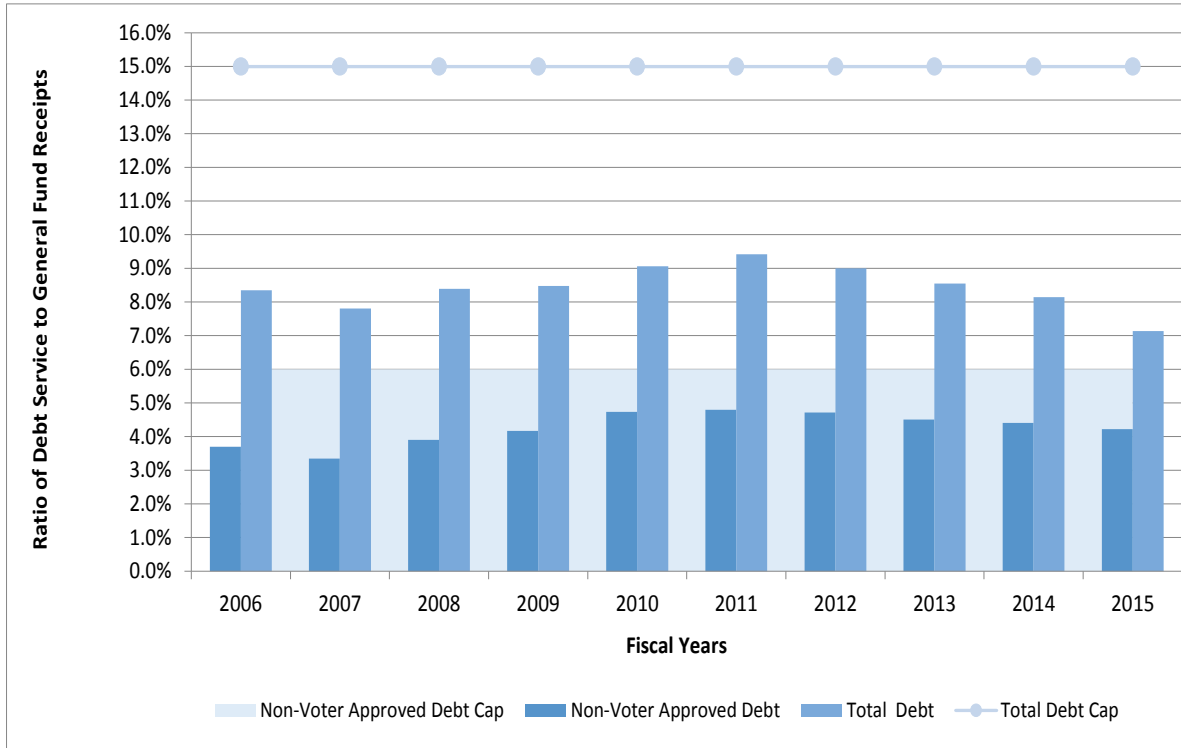
# SCHEDULE XII

## Statement of General Obligation Bonded Debt Fiscal Year Ended June 30, 2015

Purpose	Outstanding July 1, 2014	Issued	Matured	Refunded	Outstanding June 30, 2015
Series 1998-A - Advance refunding of a portion of Series 1989-A, 1990-B, 1991-A, 1992-A and 1995-A	\$ 21,440,000	\$ --	\$ 10,815,000	\$ --	\$ 10,625,000
Series 2002-A - Acquisition and improvement of Animal Shelter, Zoo, Fire/Paramedic and 911-Police-Fire-Paramedic Facilities	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	7,430,000	--	7,430,000	--	--
Series 2004-A - Acquisition and improvement of 911-Police/Fire-Paramedic Facilities	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	12,680,000	--	6,340,000	--	6,340,000
Series 2005-B - Advance refunding of a portion of Series 1999-B, 2000-A, and 2001-A	72,275,000	--	10,160,000	--	62,115,000
Series 2006-A - Acquisition and improvement of Fire/Paramedic, Animal Shelter, 911-Police-Fire-Paramedic Facilities and finance Water Quality Improvement projects	45,630,000	--	3,510,000	--	42,120,000
Series 2008-A - Acquisition and improvement of Stormwater Pollution Abatement projects	75,750,000	--	5,050,000	--	70,700,000
Series 2009-A - Acquisition and improvement of Stormwater Pollution Abatement projects	88,250,000	--	8,825,000	--	79,425,000
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	105,300,000	--	5,850,000	--	99,450,000
Series 2011-B - Advance refunding of Series 1999-A and 2001-A and a portion of Series 2002-A and Series 2003-A	253,250,000	--	15,090,000	--	238,160,000
Series 2012-A - Advance refunding of a portion of Series 2004-A and 2005-A	225,850,000	--	--	--	225,850,000
<b>Total</b>	<b>\$ 991,940,000</b>	<b>\$ --</b>	<b>\$ 104,205,000</b>	<b>\$ --</b>	<b>\$ 887,735,000</b>

# 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 <sup>(1)</sup>	Ratio of Debt Service Requirements to General Fund Receipts		
	Non-Voter Approved	Voter Approved	Total		Non-Voter Approved	Voter Approved	Total
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%
2015	221,427,809	152,476,915	373,904,724	5,247,996,736	4.22%	2.91%	7.13%

<sup>(1)</sup> 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, 2015

### TAXABLE PROPERTY AND BONDING CAPACITY

Assessed Valuation <sup>(1)</sup>	<u>\$ 466,965,746,008</u>
Debt Limit (15% of Assessed Value)	\$ 70,044,861,901 <sup>(2)</sup>
General Obligation Bonds:	
Bonds Outstanding	<u>(887,735,000) <sup>(3)</sup></u>
Legal Debt Margin	<u>\$ 69,157,126,901 <sup>(4)</sup></u>

(1) Certified by Los Angeles County Auditor-Controller, August 2014

(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) 1.27% of Debt Limit

(4) 98.73% of Debt Limit