



City of Los Angeles

PRELIMINARY FINANCIAL REPORT

*A Review of Reserve Fund Status and Select Financial
Policies*

Fiscal Year ended June 30, 2016



RON | GALPERIN
Los Angeles City Controller
controller.lacity.org



TABLE OF CONTENTS

SUMMARY	i
DISCUSSION & RECOMMENDATIONS	1
SECTION I: REVENUES, APPROPRIATIONS, ENCUMBRANCES, AND EXPENDITURES	1
SECTION II: RESERVE FUND	8
SECTION III: BUDGET STABILIZATION FUND	14
SECTION IV: BONDED INDEBTEDNESS	16
SECTION V: IMPROVING THE CITY'S FISCAL HEALTH	17
SCHEDULES	18
EXHIBITS	
EXHIBIT 1: ADOPTED AND ACTUAL GENERAL FUND REVENUES	1
EXHIBIT 2: PERCENT OF FISCAL YEAR 2015-16 ACTUAL GENERAL FUND REVENUES BY SOURCE	2
EXHIBIT 3: GENERAL FUND EXPENDITURES AND APPROPRIATIONS INCLUDING ALLOCATIONS FROM OTHER FUNDS	3
EXHIBIT 4: GENERAL FUND ENCUMBRANCES FOR NON-SALARY ACCOUNTS AT FISCAL YEAR END	4
EXHIBIT 5: GENERAL FUND ENCUMBRANCES EXEMPTED FROM AUTOMATIC DIENCUMBRANCE	5
EXHIBIT 6: SPECIAL FUND RECEIPTS	6
EXHIBIT 7: PERCENT OF FISCAL YEAR 2015-16 EXPENDITURES BY GOVERNMENTAL ACTIVITY – ALL BUDGETED FUNDS	7
EXHIBIT 8: ADJUSTED BEGINNING RESERVE FUND BALANCE AS PERCENT OF BUDGETED GENERAL FUND	8
EXHIBIT 9: BUDGET AND ACTUAL BEGINNING RESERVE FUND BALANCES PERCENTAGES AND ACTUAL CASH BALANCES	9
EXHIBIT 10: RESERVE FUND CASH BALANCE – BUDGET VERSUS ACTUAL	10
EXHIBIT 11: BUDGET STABILIZATION FUND	14
EXHIBIT 12: RATIO OF DEBT SERVICE TO GENERAL FUND RECEIPTS	16



RON GALPERIN
CONTROLLER

October 13, 2016

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

**SUBJECT: PRELIMINARY FINANCIAL REPORT – FISCAL YEAR ENDED
JUNE 30, 2016**

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, 2016. This Report is the first year-end review of the City's finances as the new fiscal year gets underway.

The Report provides information and analysis of General Fund revenues and expenditures, reserves, and bonded indebtedness, along with budgeted Special Fund schedules. Based on this information, the report includes various recommendations to improve the City's fiscal strength.

The report demonstrates that the City's fiscal condition continues to be strong. However, revenue is not growing as quickly as it has in prior years, and the Reserve Fund is only slightly above the five percent goal established by policy. These two factors dictate caution as the City proceeds into another fiscal year certain to feature unanticipated needs and high-priority policy discussions.

Honorable Eric Garcetti, Mayor
Honorable Members of the Los Angeles City Council
October 13, 2016

Open data for City financials is available online at ControlPanelLA (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 2015-16 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). In contrast, this Preliminary Financial Report is prepared on a cash basis as reported out of the Financial Management System (FMS).

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 Matthew Crawford, Director of Financial Analysis and Reporting at (213) 978-7203 or matthew.crawford@lacity.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Galperin". The signature is fluid and cursive, written over a white background.

RON GALPERIN
Los Angeles City Controller

Attachment

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

SUMMARY

This Preliminary Financial Report on financial operations for the City of Los Angeles for the fiscal year ending June 30, 2016 provides the first year-end review of the City's finances as the new fiscal year gets underway. The Report will discuss the City's fiscal year-end results related to actual General Fund revenues and expenditures versus the Adopted Budget, the Reserve Fund and Budget Stabilization Fund, and bonded indebtedness. Key financial schedules for the City's financial closing of fiscal year 2015-16 and for the 2016-17 Adopted Budget are also presented herein.

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.

Knowledge and understanding of revenue and expenditure trends, the condition of the City's reserves, and the City's outstanding debt, are critical to responsible financial management.

The substance and timing of this report make it an important tool for the City leadership as we make decisions regarding the City's finances. Knowledge and understanding of revenue and expenditure trends, the condition of the City's

reserves, and the City's outstanding debt are critical to responsible financial management, and this Report provides data and analysis regarding each of these critical areas.

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.

Last 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.

The City has a challenging year ahead of it, and the information and recommendations provided in this report can help to both prepare for the immediate challenges and minimize the impact of future challenges.

I. Fiscal Year 2015-16 Review

General Fund receipts, excluding transfers from the Reserve Fund and Budget Stabilization Fund, increased by just 2.9 percent (\$148 million) from fiscal year 2014-15 to fiscal year 2015-16. This could signal a slowing of the revenue growth the City has experienced over the previous three fiscal years, which averaged 5.4 percent annually. This was due to mixed performance across the City's diverse revenue streams – Property Tax finished with barely growth at all due to timing issues with the unwinding of the Triple-Flip at the State level, while Transient Occupancy Tax (Hotel Tax) continued setting records, growing by almost 14 percent.

General Fund receipts grew by just 2.9 percent in fiscal year 2015-16, the lowest growth since fiscal year 2011-12.

On the expenditure side, the City's fiscal year 2015-16 General Fund expenses and encumbrances increased by \$273 million, due in large part to an \$85 million increase in salaries and a series of large liability payouts which caused a \$44 million increase in Liability Claims spending (\$110 million – the largest amount since 1999-2000). Partially offsetting that increase was proactive work to restructure debt, reducing debt service payments by \$33 million. Exhibit 3 provides more complete expenditure data.

Another indicator of the greater demand for spending by departments is outstanding encumbrances at the year-end. General Fund encumbrances for non-salary accounts at the end of fiscal year 2015-16 were approximately \$40 million higher than the previous two years, a 19 percent increase. This is an important figure for cash flow purposes (cash must be on hand to make the associated expenditures when the time comes) as well as the Reserve Fund (encumbered funds are not reverted to the Reserve Fund at year-end).

Contributing to the growth in outstanding encumbrances was a significant increase in prior-year encumbrances (fiscal year 2014-15 or earlier) which were exempted from automatic disencumbrance pursuant to the **General Fund Encumbrance Policy**. Exemptions to the automatic disencumbrance (approved by the Mayor and Council, generally as part of the Year-End Financial Status Report) have increased dramatically each year since the policy's inception, with \$7.8 million in fiscal year 2013-14, \$25.6 million in fiscal year 2014-15, and \$43 million in 2015-16. While these exemptions represent only a small portion of the City's General Fund expenditures, the City should continue to consider these requests critically to ensure they continue to be approved only where necessary.

To support this effort, this Office recommends deferring consideration of these exemption requests until after the release of the Preliminary Financial Report each year. This information on the fiscal year-end uncommitted balances, reversions and year-start Reserve Fund status will help the Council make better-informed decisions relative to requests for exemption from the policy.

II. 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. The City established the Reserve Fund and Budget Stabilization Fund to navigate emergencies, contingencies and economic downturns. Both of these funds are codified in the City Charter and governed by policy.

At 5.99 percent, the July 1 adjusted Reserve Fund balance is the lowest since fiscal year 2012-13.

The **Reserve Fund Policy** (CF [98-0459](#)) sets a Reserve Fund cash balance goal equal to five percent of budgeted General Fund receipts for the upcoming fiscal year. At the beginning of fiscal year 2016-17, the Reserve Fund has a cash balance of \$334.2 million, 5.99 percent of budgeted General Fund receipts. While the total amount is over the policy threshold, it is the lowest year-start Reserve Fund since fiscal year 2012-13, reversing a three-year trend of growth.

The Charter breaks the Reserve Fund into two accounts: the Emergency Reserve Account and the Contingency Reserve Account.

The Emergency Reserve Account is set by the Charter at 2.75 percent of budgeted General Fund receipts (\$153 million for 2016-17). This Account is intended only for catastrophic situations, and must be restored to its 2.75 percent level each year. A finding of urgent economic necessity by the Mayor, with confirmation by at least two thirds of the Council, is required to use funds from the Emergency Account.

*Year-start Reserve Fund Balances:
Emergency: \$153 million
Contingency: \$181 million*

The Contingency Reserve Account is defined to include all monies in the Reserve Fund over and above the amount in the Emergency Account. Contingency Reserve Account funds, appropriated by the majority of the Council, with Mayoral concurrence, are intended to cover unanticipated expenses or revenue shortfalls that arise during the year. The year-start Contingency Reserve is \$181 million, 3.24 percent of the General Fund.

While the Reserve Fund Policy in the Charter accounts for the combined total in matching up to the 5 percent minimum, this Office recommends a shift of focus onto the Contingency Account alone, as this is the only portion of the Reserve Fund that is available to backfill periodic budget shortfalls and meet funding priorities not addressed in the annual budget.

With the year-start Reserve Fund cash balance only \$55 million above the five percent threshold, and the Contingency Account at just \$181 million, the City will have limited capacity in addressing any unanticipated shortfalls or unbudgeted expenses not already provided for in the Unappropriated Balance. The year-start Reserve Fund is 0.99 percent higher than the Policy minimum, but \$108 million less than the July 1, 2015 balance. This should sound a note of caution, as the large reserves the City has used to balance the Budget and meet urgent policy needs in recent years will not be available in fiscal year 2016-17.

This lack of flexibility to use the Reserve Fund is already evident in the current year. As of the date of this report, more than \$40 million in transfers and loans from the Reserve Fund have been authorized to meet current fiscal year

needs, reducing the Contingency Account balance to \$140 million. Combined with the Emergency Reserve this leaves the City with only \$14 million between the current Reserve Fund balance and the five percent policy threshold.

Given this extremely low clearance over the policy minimum, it may be necessary to borrow from Special Funds on a short-term basis for cash flow purposes to avoid dropping the Reserve Fund balance below five percent throughout the year. My Office will monitor the condition of the Reserve carefully through the year, and report to you immediately if it appears such an action is necessary.

Taking current year actions into account, the Reserve Fund has only \$14 million more than needed to maintain the five percent minimum.

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

The total projected General Fund revenue growth from the 2015-16 Adopted Budget to the 2016-17 Adopted Budget is 4.2 percent. However, more than \$60 million of this growth was due to the deferred revenue from the Property Tax – Sales Tax swap commonly known as the Triple Flip. When this one-time deferred revenue is backed out, the projected General Fund revenue growth is only 2.5 percent. Based on this adjusted figure, no deposit into the BSF was necessary, though the Adopted Budget included a deposit of \$1 million to maintain the positive habit of adding to the Fund whenever possible.

Section 5.120.4 of the Administrative Code, which defines the BSF policy, allows for a periodic revisiting of the BSF policy and growth thresholds. Given that the policy is now three years old and the City has had time to evaluate its effectiveness, strengths, and weaknesses, we recommend that the City take this opportunity to revisit the details, potentially including a) which revenue sources are included in the calculation, b) the appropriate definition of "growth", c) instances when the required deposit may be reduced, and d) rules for accessing the funds for budget balancing or one-time uses.

III. Recommendations

Recommendations deriving from the information in this report include the following:

That the Council and Mayor:

1. Work with the City Administrative Officer to incorporate encumbrance exemptions into the first Financial Status Report, instead of the Year End Financial Status Report, to allow for consideration of the Reserve Fund status prior to approving exemptions.
2. Modify the focus of the Reserve Fund Policy to focus more on the condition of the Contingency Reserve Account rather than the combination of the two accounts.
3. Consider adjustments to the Budget Stabilization Fund (BSF) Policy potentially including a) which revenue sources are included in the calculation, b) the appropriate definition of "growth", c) instances when the required deposit may be reduced, and d) rules for accessing the funds for budget balancing or one-time uses.
4. Instruct City departments to accelerate repayment of all Reserve Fund advances and to report to the CAO and the Controller on the status of the repayments.
5. Develop a long-term financial plan that will align financial capacity with long-term service objectives.

DISCUSSION

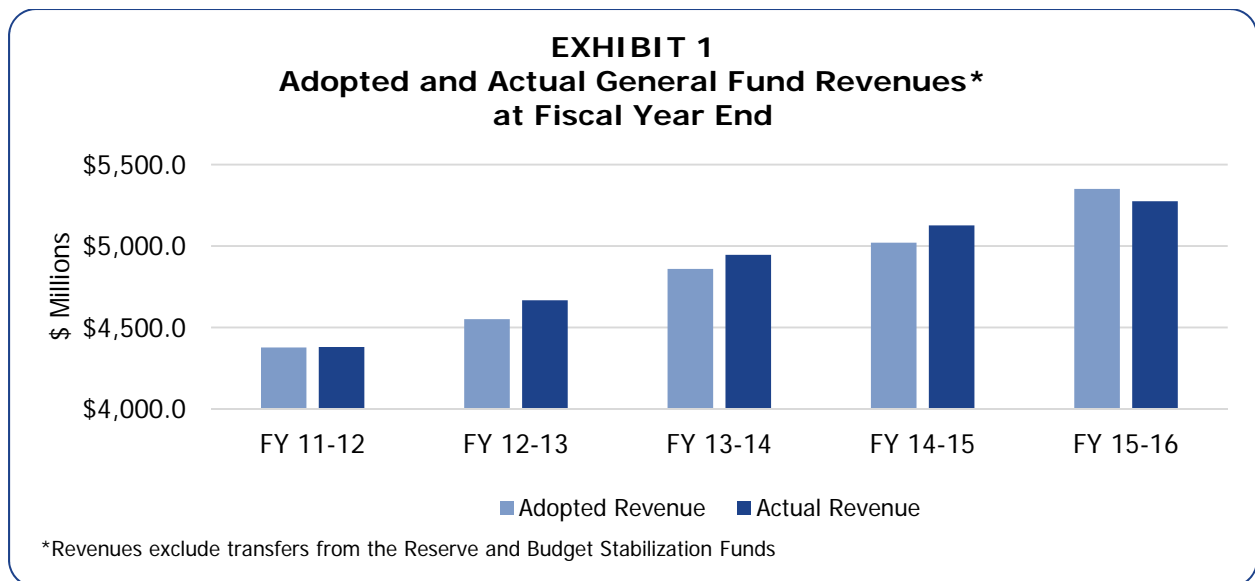
This Preliminary Financial Report focuses on the cash basis financial information of the City, and the General Fund portion of the City budget, including allocations to the General Fund and expenditures therefrom. Audited financial statements, prepared in conformity with Generally Accepted Accounting Principles (GAAP), will be presented in the City's Comprehensive Annual Financial Report (CAFR) later this fiscal year.

Section I: Revenues, Appropriations, Encumbrances, and Expenditures

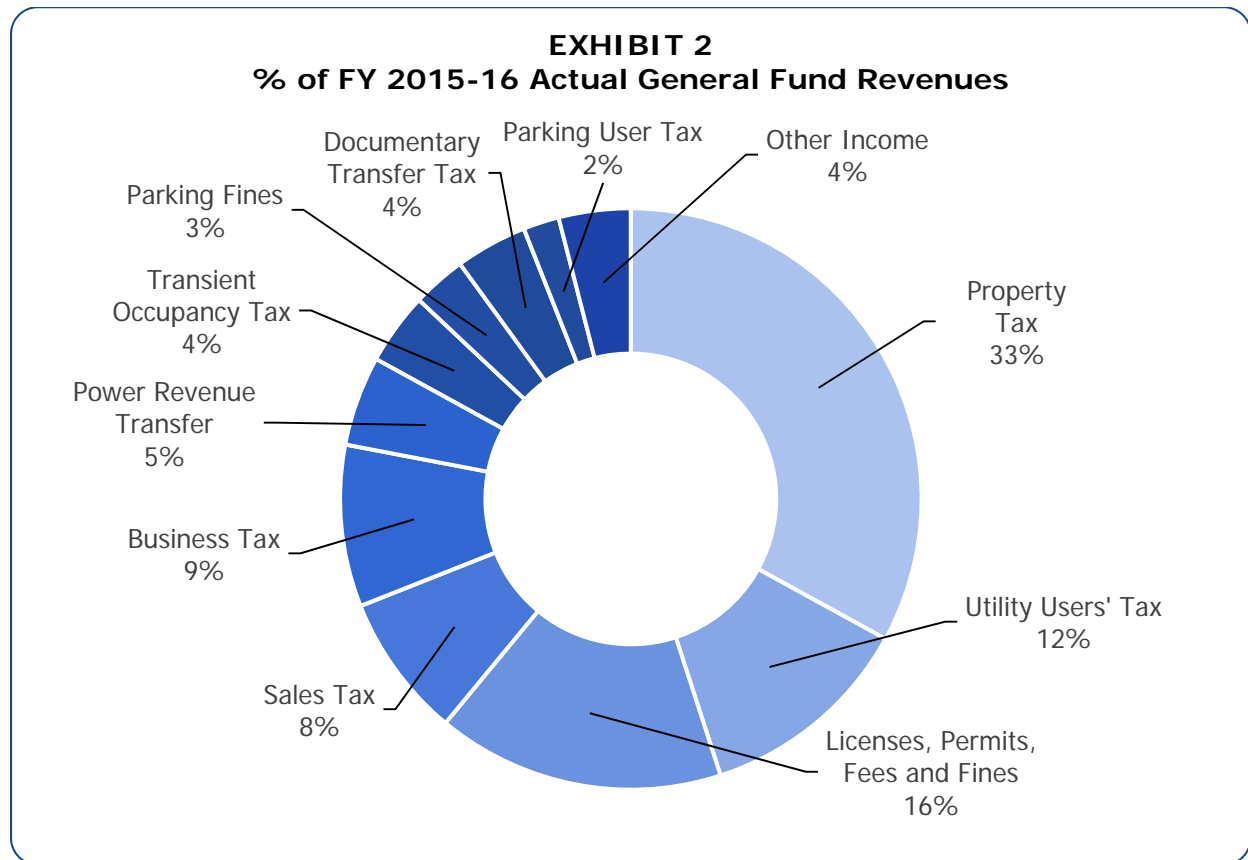
The Adopted Budget establishes the funding priorities of the Mayor and City Council against anticipated revenues and is required to be balanced, with the City's planned expenditures equal to anticipated revenue. The 2015-16 Adopted Budget totaled \$8.6 billion, of which \$5.4 billion was from the General Fund. The combined General and Special Fund Budget and actual information is presented in Schedules IV and V.

General Fund Revenues

In fiscal year 2015-16, actual General Fund receipts, excluding transfers from the Reserve and Budget Stabilization Funds, totaled nearly \$5.3 billion, \$75.3 million below the adopted budget revenue. Exhibit 1 below presents a comparison between adopted and actual General Fund receipts by fiscal year.



The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those legally required to be accounted for in special and other funds. General Fund revenues are derived from such sources as taxes, licenses, permits, fees, fines, intergovernmental revenues, charges for services, special assessments, and interest income. Exhibit 2 below presents fiscal year 2015-16 actual General Fund revenues by percentage.



In fiscal year 2015-16, the major General Fund revenues that were below adopted budget projections were in Property Tax (\$83.4 million), Utility Users' Tax (\$15.6 million), Sales Tax (\$8.6 million), and Parking Fines (\$9.7 million). The Property Tax shortfall was caused by a mis-interpretation of the State's final repayment schedule for funds due to the City from the Property Tax – Sales Tax Replacement (also known as the Triple Flip). The actual final repayment (\$63.5 million) was included in the 2016-17 Budget as one-time revenue, and was received in July, 2016.

These shortfalls were offset by higher than anticipated receipts from Licenses, Permits and Fees (\$14.7 million), Business Tax (\$18.8 million), and Transient Occupancy Tax (\$9.8 million). See Schedule IV for more detail on City General Fund revenues.

General Fund Expenditures & Appropriations

Exhibit 3, below, breaks out activity by summarized budgetary and actual expenditures and encumbrances accounts for 2014-15 and 2015-16.

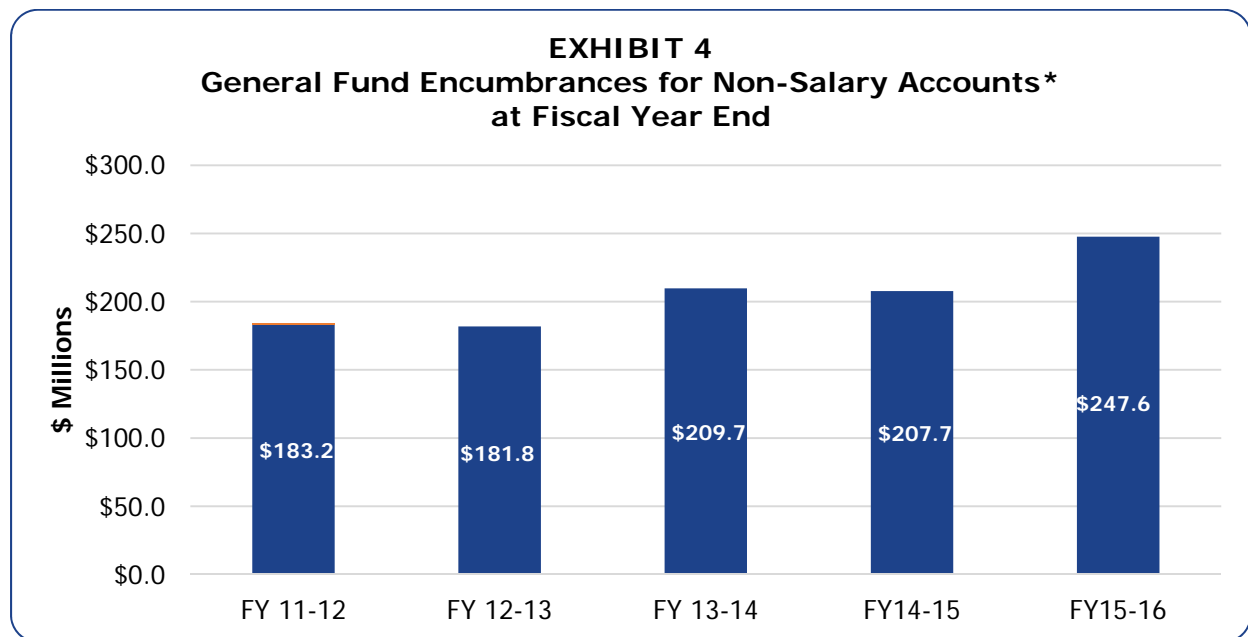
EXHIBIT 3			
General Fund Expenditures and Appropriations			
Including Allocations from Other Funds			
(in Millions)			
	Actual FY 14-15 Expenses & Encumbrances	Adopted FY 15-16 Budget	Actual FY 15-16 Expenses & Encumbrances
Salaries			
Sworn Fire	\$ 529.3	\$ 557.2	\$ 552.2
Sworn Police	1,113.2	1,116.7	1,133.4
Civilian	1,449.7	1,545.9	1,491.1
Total Salaries	3,092.2	3,219.8	3,176.7
Retirement Contribution			
Fire and Police Pensions Contribution	625.0	631.9	623.4
LACERS Contribution	411.5	442.1	434.6
Total Retirement Contribution	1,036.5	1,074.0	1,058.0
Medical Insurance and Other Employee Benefits	455.2	467.4	474.3
Workers' Compensation	148.9	165.0	168.5
Liability Claims	65.8	53.9	110.0
Services, Supplies and Equipment	630.4	664.5	690.3
Unappropriated Balance	--	103.6	--
Debt Service/MICLA Lease Payments/TRAN Interest	242.9	239.6	209.8
Allocation to Other Funds	362.3	384.8	419.6
Total	\$ 6,034.2	\$ 6,372.6	\$ 6,307.2

Note: Departments controlling their own funds, Library and Recreation and Parks, are reflected under Allocation to Other Funds and are not included in other expenditure categories. Expenditures and Appropriations are funded by General Fund and other special fund budget allocations to the General Fund.

General Fund Encumbrances

Encumbered funds are regarded as obligated balances, thereby reducing the available monies the City may use for other critical needs. Encumbrances are continued across fiscal years to ensure that cash is available to cover the expenditure when it is made.

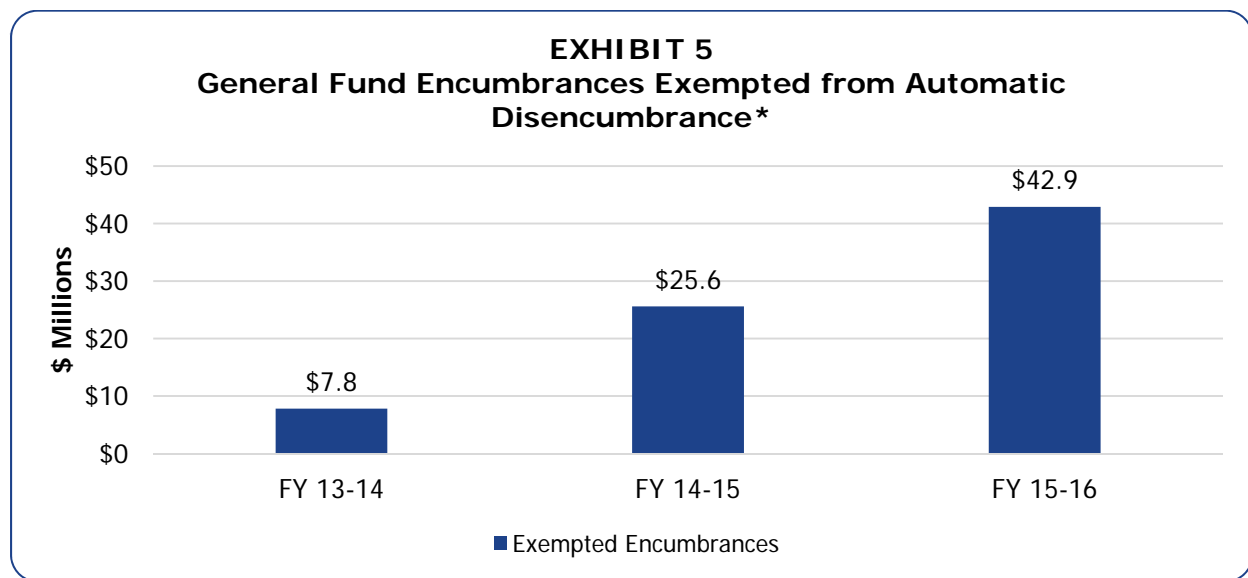
Exhibit 4 below presents year-end General Fund encumbrances for non-salary accounts for the past five fiscal years. Encumbrances for non-salary accounts increased by nearly \$40.0 million, or 19.0 percent from fiscal year 2014-15 to 2015-16. See Schedule VII for more information on General Fund year-end encumbrances.



*Encumbrances for salaries are excluded as they are largely expended at the beginning of the subsequent fiscal year and vary year to year based on the calendar rather than actual spending patterns.

On February 13, 2013, as part of its continuing efforts to strengthen the City's fiscal management, the Council adopted the General Fund Encumbrance Policy as well as timely disencumbrance of funds. The Policy provides that prior-year encumbrances will be automatically disencumbered at the end of each fiscal year (e.g., fiscal year 2014-15 encumbrances were disencumbered in June 2016), subject to exemptions based on certain conditions, legal obligations or for capital projects.

Since the adoption of this policy, the City has made positive progress in releasing unneeded encumbered funds to increase available cash for respective funding sources. However, exemptions to the Policy (approved by Mayor and Council, generally as part of the Year-End Financial Status Report) have increased dramatically. While these exemptions represent only a small portion of the City’s General Fund expenditures, the City should continue to consider these requests critically to ensure they continue to be approved only where necessary. Exhibit 5 presents encumbrances exempted from automatic disencumbrance for the past three fiscal years.

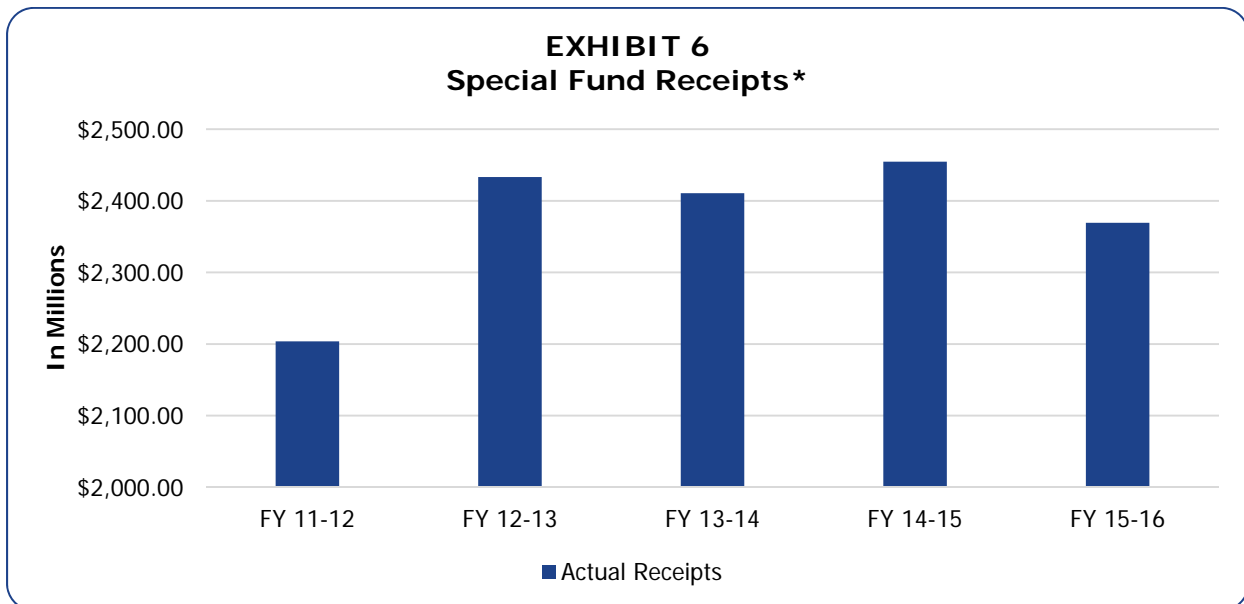


*Amounts authorized pursuant to Year-End Financial Status Reports (C.F. 13-0600-S156; C.F. 14-0600-S260 and C.F. 15-0600-S102)

In the previous two fiscal years, the impact of these exemptions has been minimized by strong revenue performance, which has kept the Reserve Fund strong. However, with this year’s weaker revenue, the marked increase in prior year encumbrances being exempted from the automatic disencumbrance is putting additional pressure on the Reserve Fund. It seems that having information regarding the condition of the Reserve Fund would further inform the decisions on these exemptions, so this Office recommends moving consideration of the exemptions from the Year-End FSR to the First FSR of the following year. This will provide the Mayor and Council with full context when making decisions which, essentially, keep funds out of the Reserve Fund.

Special Purpose Funds

In addition to the General Fund, the City’s budget includes numerous special funds. These special funds are restricted in use due to law, grant requirements, or City policy. In fiscal year 2015-16, special fund receipts totaled \$2.37 billion, a decrease of \$80 million from the fiscal year 2014-15 total. Detail of the fiscal year 2015-16 receipts can be found in Schedule IV. Historical special fund receipts are shown in Exhibit 6, below.

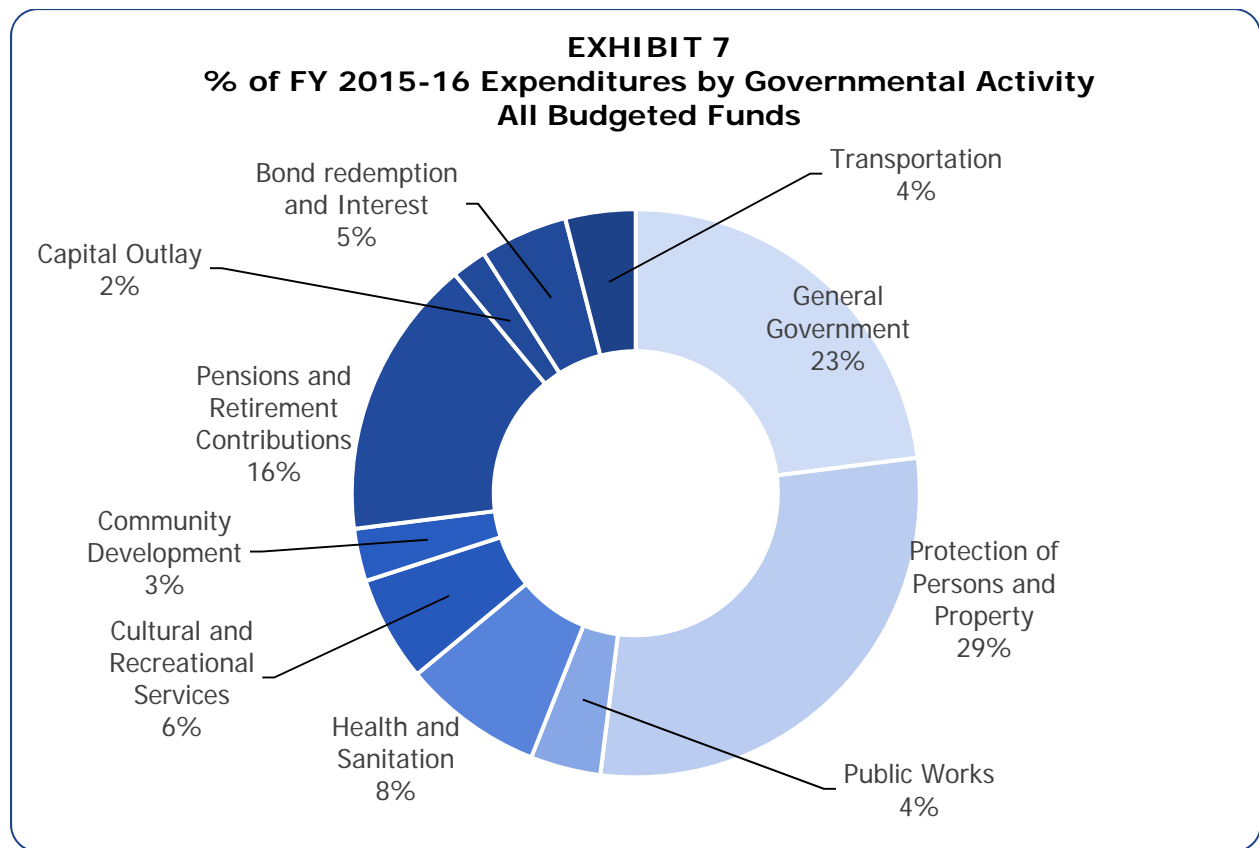


*Special funds receipts included in the Adopted Budget

Expenditures by Governmental Activity

The City tracks expenditures through both Governmental Activity 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 the major functions of government. Exhibit 7, below, presents a breakdown of fiscal year 2015-16 expenditures by Governmental Activity.



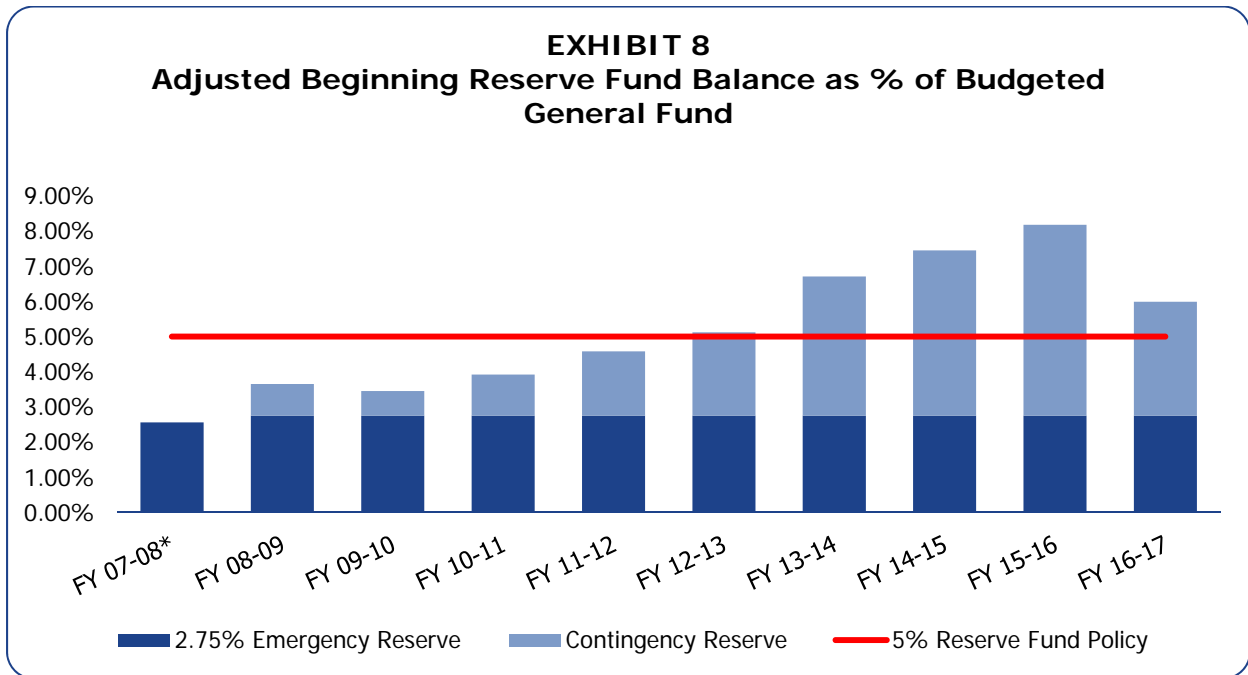
See Schedule VI "Expenditure Trends by Government Activity" for further detail on expenditures by Government Activity.

DISCUSSION

Section II: Reserve Fund

The Reserve Fund is established to ensure that funds are available for unanticipated expenditures and revenue shortfalls in the General Fund. It is an important measure of the City's fiscal health, and is vital to cash flow, bond ratings, and the ability to manage unanticipated financial challenges.

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. Exhibit 8 below displays the past ten years of beginning Emergency and Contingency Reserve Fund balances compared to the five percent Reserve Fund policy.



* The Emergency Reserve 2.75% requirement was established as Council policy in 2007 (C.F. 07-0600) and added to the Charter in 2011. The July 1, 2007 Reserve Fund Balance was only 2.56 percent, so there were no available funds for the Contingency Reserve.

Failure to maintain the City's Reserve Fund at an adequate level not only exposes the City to significant risk in the event of an emergency, but can also have negative financial impacts due to increased cost of borrowing and reduced interest earnings. Just as growing the Reserve Fund has resulted in upgrades in past years, dropping the below the 5.0 percent policy would be viewed negatively by the rating agencies.

Reserve Fund Status

After the fiscal year 2015-16 accounting close, fiscal year 2016-17 budgetary appropriations, and return of advances and reappropriations, the resulting fiscal year-start adjusted Reserve Fund balance is \$334.2 million or 5.99 percent of General Fund receipts anticipated in the 2016-17 Adopted Budget. This is 0.99 percent higher than the five percent set under the Reserve Fund Policy, though slightly below the 6.01 percent in the Adopted Budget.

While the 6.01 percent Reserve Fund in the Adopted Budget is the highest percentage budgeted since the creation of the Reserve Fund policy, the actual beginning balance is at its lowest percentage since fiscal year 2012-13. As shown in Exhibit 9, below, actual year-start Reserve Fund balance has been significantly greater than anticipated in the Adopted Budget since fiscal year 2013-14 mainly due to excess revenues and uncommitted appropriations.

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

	Adopted Budget	Actual	Amount
FY 2012-13	4.79%	5.12%	\$233.1
FY 2013-14	5.37%	6.71%	326.6
FY 2014-15	5.53%	7.45%	383.0
FY 2015-16	5.79%	8.18%	442.5
FY 2016-17	6.01%	5.99%	334.2

The Emergency Reserve Account 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. A finding of urgent economic necessity would be required to use funds from the Emergency Account.

The Contingency Reserve Account is defined to include all monies in the Reserve Fund over and above the amount required to be allocated to the Emergency Account. Contingency Reserve Account funds, appropriated by the majority of the Council, with Mayoral concurrence, will be the source of any additional funding to cover unanticipated expenses or revenue shortfalls for programs approved in the current budget, excluding new programs outside the current year budget.

Changes in Reserve Fund Cash Balance

Exhibit 10, below, details the changes in Reserve Fund Cash Balance comparing Adopted Budget versus actual.

EXHIBIT 10
Reserve Fund Cash Balance
Adopted Budget Versus Actual
(In Millions)

	Adopted FY 16-17 Budget	Actual Balance	Difference
Contingency Reserve:			
a. Balance Before Year-End Reversions/Borrowings	\$ 194.6	\$ 256.0	\$ 61.4
b. Reversion of Uncommitted Balances	158.0	117.0	(41.0)
c. Unallocated Revenue	--	--	--
d. Advances Under CF# 15-0600-S97	--	--	--
e. Advances Under Charter Section 261 (i)	(40.0)	(46.5)	(6.5)
Total Contingency Reserve, Year End	312.6	326.5	13.9
Emergency Reserve*, Year End	148.8	148.8	--
Total Reserve Fund, Ending 6/30/16	\$ 461.4	\$ 475.3	\$ 13.9
f. Return of Advances for Unfunded Encumbrances	18.0	22.2	4.2
g. Transfer to Budget	(35.5)	(35.5)	--
h. Reappropriations**	(108.0)	(126.8)	(18.8)
i. Transfer to Budget Stabilization Fund	(1.0)	(1.0)	--
Total Reserve Fund, Year Start Adjusted 7/1/16	\$ 334.9	\$ 334.2	\$ (0.7)
Emergency Reserve*, Year Start Adjusted	\$ 153.3	\$ 153.3	\$ --
Contingency Reserve, Year Start Adjusted	181.6	180.9	(0.7)

*Charter Section 302 establishes the Emergency Reserve Account within the Reserve Fund to be funded at 2.75% of General Fund revenue each year.

**Authorized by the 2016-17 Adopted Budget Resolution, C.F. 15-0600-S102, and C.F. 15-1471.

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

Reserve Fund Cash Balance (June 30, 2016)

As of June 30, 2016, after closing the City's General Ledger, the recorded Reserve Fund balance was \$475.3 million. This was \$13.9 million more than the amount anticipated in the 2016-17 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.

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 generally revert to the Reserve Fund at year-end.

In fiscal year 2015-16, the total uncommitted balance was \$232.7 million. However, \$115.7 million of this amount was not backed by cash (mainly due to the revenue shortfalls discussed above) and, as such, the fiscal year end reversions were reduced by this amount, resulting in a total reversion of \$117.0 million.

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

c. Unallocated Revenue (Excess Receipts)

Unallocated revenue occurs when revenues exceed the total budget appropriation. Because total General Fund revenue was less than the total appropriation in fiscal year 2015-16, no excess receipts reverted to the Reserve Fund as unallocated revenue.

d. Advances Under CF 15-0600-S97

Council File 15-0600-S97 authorized the Controller to borrow from the Reserve Fund at year-end to balance departmental budgets where needed in order to facilitate the closing of the City's General Ledger. 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.

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 2016-17 Adopted Budget anticipated \$40.0 million in year-end advances from the Reserve Fund. The actual advances, in accordance with this Charter section, were \$46.4 million (\$24.2 million for unfunded expenditures and \$22.2 million for unfunded encumbrances, see Schedule X). The unfunded expenditures generally occur due to: a) an imbalance between the timing of receipts in relation to expenditures, and/or; b) 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 as documented in item (f), below.

Considering the current condition of the Reserve Fund, it is highly recommended that departments be encouraged to repay all Reserve Fund advances as soon as funds are available.

Reserve Fund Cash Balance (2016-17 Year-Start)

The fiscal year 2015-16 year-end Reserve Fund cash balance is not the same as the fiscal year 2016-17 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, documented in item (e), above, and are reversed at the start of the following fiscal year.

g. Transfer to Budget

The 2016-17 Adopted Budget authorized a \$35.5 million transfer from the Reserve Fund as a source of revenue to the General Fund budget.

h. Reappropriations

Reappropriations represent the unencumbered balances of certain funds and accounts reappropriated in accordance with the adopted budget. The 2016-17 Adopted Budget provided that certain uncommitted balances earmarked for specific functions would be automatically reappropriated in the subsequent year if not expended by the year-end.

Actual reappropriations of \$126.8 million were \$18.8 million greater than the \$108.0 million anticipated in the budget. Subsequent to the 2016-17 Adopted Budget, the Council took actions (C.F. 15-0600-S102 and C.F. 15-1471) to reappropriate funds for items such as liability resolution, sidewalk litigation, and potential budgetary shortfalls. Reappropriations by department can be found in Schedule IX.

i. Transfer to Budget Stabilization Fund

In the 2016-17 Adopted Budget, \$1 million was transferred into the Budget Stabilization Fund.

Section III: Budget Stabilization Fund

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

The June 30 Fund balance was \$92.7 million. Exhibit 10 below displays the adopted and prior year cash balance and adjustments of the BSF. Though it was not necessary (as discussed below), the Adopted Budget included a deposit of \$1 million into the Fund.

EXHIBIT 11
Budget Stabilization Fund
(In Thousands)

	FY 14-15 Actual	FY15-16 Actual	FY 16-17 Adopted
Cash Balance, July 1	\$ 62,085	\$ 64,774	\$ 92,414
Transfer from Reserve Fund	2,000	26,940	1,000
Interest Income	689	956	725
Total Receipts	64,774	92,670	94,139
Transfer to Budget	-	-	-
<i>Cash Balance, June 30</i>	<u><u>\$ 64,774</u></u>	<u><u>\$ 92,670</u></u>	<u><u>\$ 94,139</u></u>

The Budget Stabilization Fund Policy (CF [13-0455](#)) provides that a new budget appropriation to the BSF shall be included in the Adopted Budget for the following fiscal year when the combined growth of the seven economically sensitive General Fund tax revenues (property tax, utility users' tax, business tax, sales tax, transient occupancy tax, parking users' tax, and documentary transfer 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 growth of these taxes with an assumed 3.4 percent growth. Withdrawals from the BSF can only be made in certain circumstances, and are limited to 25 percent of the available balance.

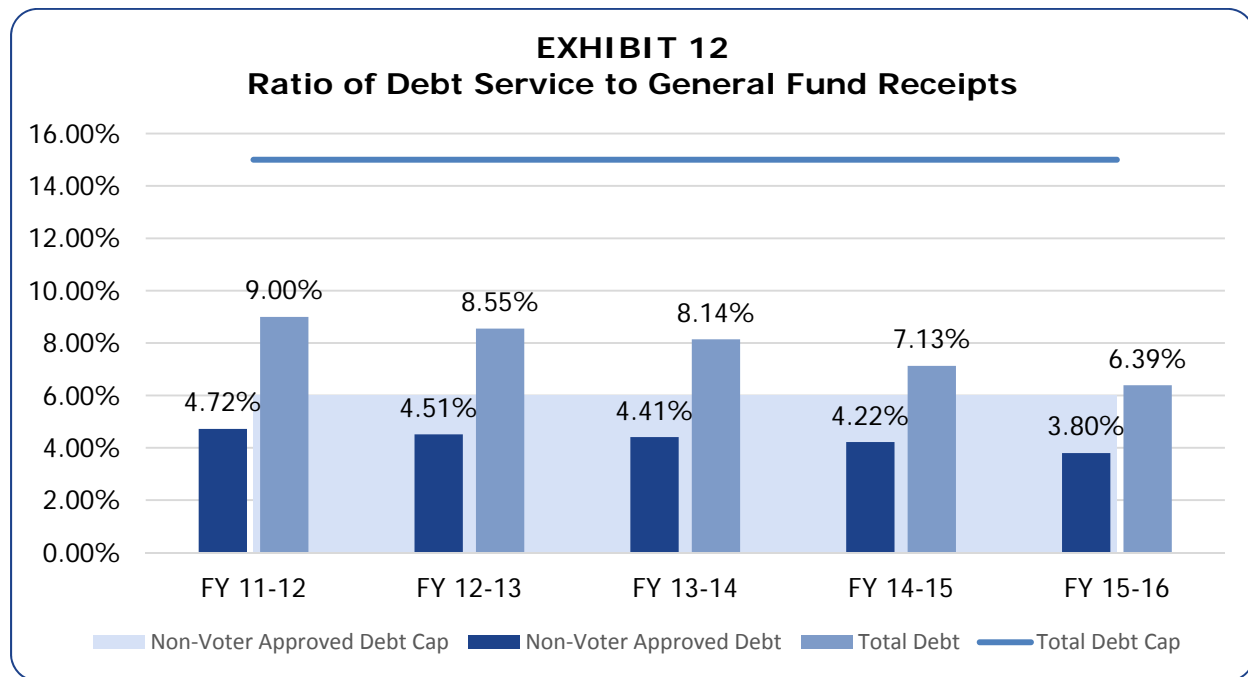
Without accounting for what would be considered one-time revenue, the seven major tax receipts in the 2016-17 Adopted Budget increased by \$160.8 million from the prior fiscal year adopted budget, from \$3.8 billion to \$4.0 billion, or 4.19 percent. The calculation of the 2016-17 Adopted Budget growth rate excluded the one-time property tax – sales tax replacement (triple flip) revenue. As a result, the estimated combined growth rate of the seven tax revenues is 2.53 percent in fiscal year 2016-17 and no deposit to the BSF was required.

Given that the policy is now three years old and the City has had time to evaluate its effectiveness, strengths, and weaknesses, we recommend that the City take this opportunity to revisit the details, potentially including a) which revenue sources are included in the calculation, b) the appropriate definition of “growth”, c) instances when the required deposit may be reduced, and d) rules for accessing the funds for budget balancing or one-time uses.

Section IV: Bonded Indebtedness

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

Exhibit 12, below, illustrates the City's compliance with these debt management policies the past five years. The actual ratio of Debt Service to General Fund Receipts was 8.14 percent in fiscal year 2013-14, 7.13 percent in fiscal year 2014-15 and 6.39 percent in fiscal year 2015-16. Future bond offerings would, of course, impact future bond indebtedness against the debt service cap. See Schedules XI, XII and XIII for more information on City debt.



Section V: Improving the City's Fiscal Health

As discussed earlier in this report, the City had experienced three consecutive years of strong revenue growth between 2012 and 2015. But fiscal year 2015-16 exhibited weaker growth, reminding us of the importance of prudent fiscal management.

Following these ten guiding principles to maintain a healthy budget will ensure that the City is well prepared for future fiscal challenges:

Guiding Principles

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.

We believe the development of a long-term financial plan to be critical to balancing these guiding principles while achieving the City's policy goals. A robust long-term financial plan will align financial capacity with long-term service objectives, and developing such a plan is considered a best practice for governments. Working together, the City's leaders and stakeholders can advance these key strategies.

SCHEDULES

Schedule I: Cash Condition Statement of Receipts and Disbursements – All Funds – provides a reconciliation between the FMS cash balance and the cash in treasury at the beginning and end of the fiscal year, including receipts, disbursements and adjustments for outstanding warrants.

Schedule II: Reserve Fund Statement of Receipts and Disbursements – summarizes the Reserve Fund (RF) transactions for the fiscal year including additions to the RF from various returns of RF loans and advances, revenue transfers; shows reductions from the RF from reappropriations, transfers to various funds and loans for operating needs.

Schedule III: Schedule of Cash Balances by Fund Type – shows details by fund of the FMS cash balance as reconciled against the City Treasury cash balance.

Schedule IV: Statement of Receipts – Budget and Actual – presents information on the adopted General Fund and special fund receipts including the current fiscal year adopted budget and two years actual receipts.

Schedule V: Statement of Budget Appropriations, Expenditures and Encumbrances – presents information on both adopted and final appropriation accounts for all annually budgeted funds by departments and two years actual committed balances (expenditures plus encumbrances).

Schedule VI: Revenue and Expenditure Trends – presents information on (a) comparative revenues of all funds for two fiscal years and nine years ago. Revenue data exclude available cash balances at the beginning of fiscal year as shown in Schedule IV; and, (b) comparative total expenditures of all funds for two fiscal years and nine years ago.

Schedule VII: Schedule of Year-End Encumbrances – General Fund – presents information on General Fund outstanding encumbrances at fiscal year-end summarized by department for the last five years. It also shows how much of the total encumbrances are for salaries and other accounts.

Schedule VIII: General Fund Schedule of Unencumbered Balances Reverted to the Reserve Fund – presents information on the amount of General Fund appropriations that were not encumbered at fiscal year-end and were reverted to the RF by department for the last five fiscal years.

Schedule IX: General Fund Fiscal Year 2015-16 Year-End Uncommitted Balances and Fiscal Year 2016-17 Adopted Budget Reappropriations – presents information on the amount of uncommitted balances at fiscal year-end and amounts reappropriated in accordance with the adopted budget and year-start Council action by department.

Schedule X: Year-End Advances from the Reserve Fund for Unfunded Expenditures and Encumbrances – presents information on the advances made by the Controller pursuant to the following authorities:

- Advances Under Council File 15-0600-S97 – authorizes the Controller to borrow up to \$50,000 or one percent of budget authority from the Reserve Fund at fiscal year-end to balance departmental budgets where needed to expedite the closing of the City's General Ledger.
- Advances Under Charter Section 261(i) for Unfunded Encumbrances and Expenditures – authorizes the Controller to advance funds from the Reserve Fund to any fund that becomes depleted due to tardy receipts of revenue which generally occur due to timing of receipts in relation to expenditures and/or billing delays. Advances for unfunded encumbrances are technical adjustments that are reversed at the start of the new fiscal year.

Schedule XI: Statement of General Obligation Bonded Debt – presents information on all outstanding General Obligation Bonds and provides details on amounts paid at maturity dates, refunding and new issuances, if any.

Schedule XII: Ratio of Debt Service Requirements to General Fund Receipts Last Ten Fiscal Years – presents information on the City's compliance with voter-approved and non-voter approved debt limits by comparing the City's debt service requirements against the General Fund receipts.

Schedule XIII: Statement of Legal Debt Margin – presents the City's compliance with the allowable legal debt limitation relative to the outstanding General Obligation Bonds at fiscal year-end.

SCHEDULE I

Cash Condition Statement of Receipts and Disbursements - All Funds For the Fiscal Year Ended June 30, 2016

Cash Balance, July 1, 2015	\$ 9,037,487,237
Add - Outstanding Warrants, July 1, 2015	<u>96,689,843</u>
Cash in the Treasury, July 1, 2015	9,134,177,080
Add - Receipts during the year ⁽¹⁾	<u>18,472,996,374</u>
Total Available	27,607,173,454
Less - Disbursements during the Year ⁽¹⁾	<u>17,992,002,084</u>
Cash in the Treasury, June 30, 2016	9,615,171,370
Less - Outstanding Warrants, June 30, 2016	<u>107,706,625</u>
Cash Balance, June 30, 2016 ⁽²⁾	<u><u>\$ 9,507,464,745</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 \$141,695,604.

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, 2016, 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, 2016

Cash Balance Ending June 30, 2015		\$ 575,720,570
Receipts:		
Return of Advances Under Charter Section 261(i) for:		
Unfunded Expenditures	\$ 24,812,641	
Unfunded Encumbrances	11,924,252	
Return of Loans from Other Funds	5,532,929	
Payment of Temporary Loan from General Fund	105,000,000	
Transfer of Power Revenue Surplus	266,957,000	
Transfer of Special Parking Revenue Surplus	56,071,889	
Early Reversion of Unencumbered Balance	1,523,398	
Year-End Reversion of Unencumbered Balance	117,017,222	
Miscellaneous	8,615,157	597,454,488
		<hr/>
Total Available Cash		1,173,175,058
Disbursements:		
Transfer to Budget	60,312,889	
Transfer to General Fund of Power Revenue Surplus	266,957,000	
Transfer to General Fund of Special Parking Revenue Surplus	56,071,889	
Transfer to Budget Stabilization Fund	26,940,000	
Transfers to Other Funds	87,009,503	
Loans to Other Funds	6,337,245	
Reappropriations of Prior Year Funds for Capital Improvements and Other Departmental Accounts	42,687,592	
Temporary Loan to General Fund for Cash Flow Purposes	105,000,000	
Advances Under Charter Section 261(i) for:		
Unfunded Expenditures	24,216,603	
Unfunded Encumbrances	22,203,585	
Advances for Unfunded Expenditures per CF15-0600-S97	78,114	697,814,420
		<hr/>
Cash Balance Ending June 30, 2016		<u>\$ 475,360,638</u>

The Mayor and City Council adopted the Reserve Fund Policy (C.F. 98-0459) on August 4, 1998 to create two accounts in the Reserve Fund, the Contingency Reserve and the Emergency Reserve. On March 8, 2011, Charter Amendment P was approved prescribing the establishment and the method of accessing the Contingency and Emergency Reserve accounts. As of June 30, 2016, the total Contingency account is \$326,575,638 and the Emergency account is \$148,785,000.

SCHEDULE III

Schedule of Cash Balances by Fund Type June 30, 2016

Governmental Funds:

General Funds

General	\$ 431,482,549	
Reserve	475,360,638	
Budget Stabilization	92,670,119	
Stores Revolving	17,043,498	
Other General Funds	23,136,564	\$ 1,039,693,368

Special Revenue Funds

Proposition A Local Transit Assistance (PALTA)	271,297,039	
Recreation and Parks	244,984,725	
Solid Waste Resources	190,977,577	
Building and Safety Permit Enterprise	190,493,232	
MICLA Special Revenue	97,330,527	
CRA/LA Excess Non-Housing Bond Proceeds	82,466,444	
Transportation Grants	55,590,027	
Measure R Local Return and Bus Operations	54,360,096	
State AB 1290	50,468,219	
Solid Waste Resources Revenue Bond 2013A Acquisition	46,454,386	
Systematic Code Enforcement Fee Trust	45,068,986	
City of Los Angeles Affordable Housing Trust	41,586,223	
Telecommunication Liquidated Damage and Lost Franchise Fee	38,652,439	
Low and Moderate Income Housing	38,511,738	
Citywide Recycling Trust	37,814,764	
Engineering Special Service	36,054,318	
Proposition C Anti-Gridlock Transit Improvement	30,894,527	
Municipal Sports Account	29,232,481	
Integrated Solid Waste Management Trust	28,863,701	
Subventions and Grants	28,689,435	
Library	28,390,942	
Special Parking Revenue	27,786,895	
Disaster Assistance Trust	26,677,837	
Stormwater Pollution Abatement	26,648,884	
Potrero Canyon Trust	24,559,322	
Street Lighting Maintenance Assessment	24,344,809	
Seismic Bond Reimbursement	22,488,158	
Special Gas Tax Street Improvement	18,827,458	
Sunshine Canyon Community Amenities Trust	18,187,241	
Supplemental Law Enforcement Services	16,945,524	
Sixth Street Viaduct Improvement	16,657,749	
Other Special Revenue Funds	486,693,509	2,377,999,212

Debt Service Funds

General Obligation Bonds	124,121,960	
Other Debt Service Funds	2,983,341	127,105,301

Continued...

SCHEDULE III

Schedule of Cash Balances by Fund Type - (Continued) June 30, 2016

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	\$ 14,830,874	
GOB Series 2003-A Animal Shelter/Fire/Police 911	25,960,853	
GOB Series 2004-A Police 911	14,753,267	
GOB Series 2005-A Storm Water/Fire	21,448,101	
GOB Series 2006-A Storm Water/Fire/Police 911/Animal Shelter	36,859,614	
GOB Series 2008-A Clean Water, Ocean, River, Beach, Bay Storm Water Clean-up Projects	8,073,278	
GOB Series 2009-A Clean Water, Ocean, River, Beach, Bay Storm Water Clean-up Projects	48,967,557	
GOB Series 2011-A Clean Water, Ocean, River, Beach, Bay Storm Water Clean-up Projects	70,713,249	
Recreation and Parks Grant	82,644,688	
Proposition K Projects and Bond Match	94,049,539	
Proposition K Maintenance and Administration	19,089,326	
Other Capital Projects Funds	28,549,720	\$ 465,940,066

Proprietary Funds - Enterprise

Airport Revenue	965,603,629	
Harbor Revenue	216,370,582	
Power Revenue	1,486,167,813	
Water Revenue	323,982,939	
Passenger Facility Charge Fund - LAWA	497,416,200	
Passenger Facility Charge Fund - Ontario	47,228,703	
Airport Revenue Fund - Ontario	101,044,005	
Airport Insurance Trust Fund - LAWA	114,725,874	
China Shipping Mitigation	18,953,798	
Harbor Emergency	47,607,739	
Strategic Operating Fund	160,000,000	
Sewer Construction and Maintenance	66,217,268	
Sewer Operations and Maintenance	85,458,073	
Sewer Capital	28,413,780	
Los Angeles Convention	6,945,379	
Construction (Bond) Funds	535,277,632	
Bond Debt Service Funds	525,964,496	
Other Enterprise Funds	24,194,437	5,251,572,347

Pension Trust

City Employees Retirement	2,669,469	
Fire and Police Pension	2,393,911	
Water and Power Employees' Retirement/Disability/Death Benefits	64,707,307	
Other Pension Trust Funds	705,942	70,476,629

Continued...

SCHEDULE III

Schedule of Cash Balances by Fund Type June 30, 2016

Agency Funds		
Building and Safety Trust	\$ 23,527,641	
General Demand	44,691,130	
General Payroll Reimbursement	4,467,356	
Department of Water and Power Payroll	3,879,130	
Department of Water and Power Disbursement	53,651,101	
Department of Water and Power Plan Benefit	1,295,650	
Dept. of Water and Power Active Employee Healthcare Benefits	1,969,457	
Public Works Trust	84,218,299	
Parking Violation Trust	11,928,770	
Internal Revenue Code Section 501(c) Employee Benefits Trust	30,576,770	
Other Agency Funds	22,179,143	<u>\$ 282,384,447</u>
Total Cash Balance - All Fund Types ⁽¹⁾		9,615,171,370
Less - Outstanding Warrants:		
General Demands	44,675,676	
General Payroll and Reimbursement	4,205,068	
Department of Water and Power Payroll	3,879,130	
Department of Water and Power Disbursement	53,651,101	
Department of Water and Power Plan Benefit	1,295,650	<u>107,706,625</u>
Total Cash Balance in the Treasury, June 30, 2016		<u><u>\$ 9,507,464,745</u></u>

(1) Excludes cash with fiscal agents, petty cash, other revolving funds, and time deposits held for safekeeping by the City Treasurer of \$141,695,604.

SCHEDULE IV

**Statement of Receipts - Budget and Actual
(Cash Basis)
All Annually Budgeted Funds
Fiscal Years Ended June 30, 2016 and 2015**

	FY 2016 Adopted Budget	FY 2016 Actual Receipts	FY 2015 Actual Receipts	FY 2016 Receipts Increase (Decrease)
General Fund Receipts:				
Property Tax:				
Property Tax 1%	\$ 1,255,073,000	\$ 1,257,498,766	\$ 1,190,885,217	\$ 66,613,549
Property Tax - Sales Tax Replacement	127,320,000	36,710,370	121,903,461	(85,193,091)
Property Tax - Vehicle License Fee Replacement	382,837,000	387,566,541	361,671,984	25,894,557
Total Property Tax	<u>1,765,230,000</u>	<u>1,681,775,677</u>	<u>1,674,460,662</u>	<u>7,315,015</u>
Property Tax - Ex-CRA Tax Increment	52,580,000	55,695,899	52,362,917	3,332,982
Utility Users' Tax:				
Electric Users' Tax	371,000,000	360,304,680	363,716,274	(3,411,594)
Telephone Users' Tax	192,500,000	188,005,526	207,032,336	(19,026,810)
Gas Users Tax	66,800,000	66,391,557	68,642,559	(2,251,002)
Total Utility Users' Tax	<u>630,300,000</u>	<u>614,701,763</u>	<u>639,391,169</u>	<u>(24,689,406)</u>
Licenses, Permits, Fees and Fines	872,713,014	887,441,575	851,507,067	35,934,508
Business Tax	491,000,000	509,764,903	497,329,213	12,435,690
Sales Tax	426,120,000	417,541,388	371,031,099	46,510,289
Documentary Transfer Tax	204,115,000	198,437,662	196,680,698	1,756,964
Power Revenue Transfer	275,300,000	266,957,000	265,586,000	1,371,000
Transient Occupancy Tax	221,000,000	230,817,628	202,896,604	27,921,024
Parking Fines	157,590,000	147,883,939	152,292,373	(4,408,434)
Parking Users' Tax	103,600,000	111,144,216	100,369,513	10,774,703
Franchise Income	45,623,198	43,092,592	45,517,312	(2,424,720)
State Motor Vehicle License Fees	1,678,000	1,596,590	1,678,066	(81,476)
Grant Receipts	10,050,000	12,368,342	14,249,956	(1,881,614)
Tobacco Settlement	9,106,000	8,919,407	9,020,828	(101,421)
Transfer From Telecommunications				
Development Account	5,223,022	5,223,022	--	5,223,022
Residential Development Tax	4,740,000	4,365,690	4,365,011	679
Special Parking Revenue Transfer	56,500,000	56,071,889	30,635,342	25,436,547
Interest	17,600,000	20,965,250	17,239,081	3,726,169
Transfer from Reserve Fund	60,312,889	60,312,889	117,546,306	(57,233,417)
Total General Fund Receipts	<u>5,410,381,123</u>	<u>5,335,077,321</u>	<u>5,244,159,217</u>	<u>90,918,104</u>

Continued...

SCHEDULE IV

Statement of Receipts - Budget and Actual (Continued) (Cash Basis) All Annually Budgeted Funds Fiscal Years Ended June 30, 2016 and 2015

	FY 2016 Adopted Budget	FY 2016 Actual Receipts	FY 2015 Actual Receipts	FY 2016 Receipts Increase (Decrease)
Special Fund Receipts:				
Affordable Housing Trust Fund	\$ 10,185,000	\$ 37,864,239	\$ 27,140,154	\$ 10,724,085
Arts & Cultural Facilities & Services Trust Fund	17,372,880	16,803,918	15,525,048	1,278,870
Arts Development Fee Trust Fund	1,663,000	2,625,014	2,620,611	4,403
Building & Safety Permit Enterprise Fund	138,037,649	183,834,311	164,315,986	19,518,325
Central Recycling and Transfer Fund	4,905,000	6,542,884	6,096,075	446,809
City Employees' Retirement Fund ⁽¹⁾	102,171,275	102,940,315	94,050,116	8,890,199
City Employees Ridesharing Fund	3,238,837	3,319,559	3,205,727	113,832
City Ethics Commission Fund	2,452,515	2,452,515	2,730,673	(278,158)
City Tax Levy (Debt Service)	137,526,468	122,293,028	138,277,399	(15,984,371)
Citywide Recycling Trust Fund	21,506,000	26,436,967	24,514,751	1,922,216
Code Enforcement Trust Fund	48,687,800	42,491,430	39,357,676	3,133,754
Community Development Trust Fund	20,535,490	21,305,392	20,754,308	551,084
Community Services Administration Grant Fund	1,360,392	1,750,353	1,255,158	495,195
Convention Center Revenue Fund	24,083,248	36,029,198	31,708,466	4,320,732
Disaster Assistance Trust Fund	4,272,844	17,678,049	12,162,775	5,515,274
El Pueblo de Los Angeles Historical Monument Fund	4,461,686	4,967,863	4,600,035	367,828
Los Angeles Visitors & Convention Bureau Fund	16,615,000	17,757,095	15,612,206	2,144,889
HOME Investment Partnerships Program Fund	6,642,148	4,193,711	4,130,656	63,055
Household Hazardous Waste Fund	3,393,000	3,372,171	3,316,443	55,728
Housing Opportunities for Persons with AIDS Fund	763,297	295,044	402,587	(107,543)
Landfill Maintenance Fund	4,236,431	3,259,261	4,725,675	(1,466,414)
Local Public Safety Fund	43,250,000	40,603,741	40,896,789	(293,048)
Local Transportation Fund	2,913,652	2,644,444	113,882	2,530,562
Measure R Traffic Relief and Rail Expansion Fund	42,400,000	45,174,524	44,217,188	957,336
Mobile Source Air Pollution Reduction Trust Fund	4,631,000	5,218,493	4,857,160	361,333
Multi-Family Bulky Item Fund	6,580,000	7,235,131	6,795,804	439,327
Municipal Housing Finance Fund	3,576,000	4,910,657	3,944,443	966,214
Neighborhood Empowerment Fund	5,291,545	5,841,739	5,577,307	264,432
Older Americans Act Fund	2,741,038	1,886,911	1,634,232	252,679
Park & Recreational Sites & Facilities Fund	2,750,000	2,705,913	2,863,240	(157,327)
Planning Case Processing Revenue Fund	24,912,139	22,015,458	24,080,419	(2,064,961)
Proposition A Local Transit Assistance Fund	157,509,671	157,480,472	127,892,107	29,588,365
Proposition C Anti-Gridlock Transit Improvement Fund	73,061,199	75,537,384	71,268,479	4,268,905
Rent Stabilization Trust Fund	14,723,950	14,470,883	14,377,705	93,178
Sewer Construction & Maintenance Fund	801,858,911	650,773,744	815,943,487	(165,169,743)
Solid Waste Resources Revenue Fund	304,979,590	342,277,351	296,749,348	45,528,003

SCHEDULE IV

Statement of Receipts - Budget and Actual - (Continued) (Cash Basis) All Annually Budgeted Funds Fiscal Years Ended June 30, 2016 and 2015

Special Fund Receipts: (Continued)	FY 2016 Adopted Budget	FY 2016 Actual Receipts	FY 2015 Actual Receipts	FY 2016 Receipts Increase (Decrease)
Special Gas Tax Street Improvement Fund:				
State Gas Tax - Section 2103	22,200,000	20,327,056	43,327,036	(22,999,980)
State Gas Tax - Section 2105	23,200,000	22,216,699	24,272,759	(2,056,060)
State Gas Tax - Section 2106	13,200,000	13,033,703	14,314,280	(1,280,577)
State Gas Tax - Section 2107	29,300,000	28,949,182	31,297,255	(2,348,073)
Surface Transportation Program	10,000,000	13,648,865	13,760,275	(111,410)
Interest on Gas Tax Funds	400,000	483,408	647,791	(164,383)
Other Receipts	2,678,900	728,789	557,592	171,197
Special Parking Revenue Fund	23,289,753	25,518,493	47,480,777	(21,962,284)
Special Police/911 System Tax Fund	16,145	153,780	253,587	(99,807)
Staples Arena Special Fund	5,997,113	115,022	4,809,938	(4,694,916)
Stormwater Pollution Abatement Fund	37,718,917	45,806,500	33,614,691	12,191,809
Street Damage Restoration Fee Fund	10,069,000	9,684,478	6,963,843	2,720,635
Street Lighting Maintenance Assessment Fund	60,677,901	52,165,219	53,686,480	(1,521,261)
Supplemental Law Enforcement Services Fund	5,060,000	8,536,576	6,768,685	1,767,891
Telecommunications Liquidated Damages and Lost Franchise Fees Fund	23,428,135	13,899,667	19,585,491	(5,685,824)
Traffic Safety Fund	7,000,000	5,100,274	6,846,339	(1,746,065)
Workforce Investment Act Fund	18,779,430	11,657,559	12,271,769	(614,210)
Zoo Enterprise Trust Fund	19,771,545	20,874,201	19,484,733	1,389,468
Allocations from Other Sources:				
Animal Sterilization Trust Fund	339,817	--	--	--
ARRA EECBG Fund-Housing Fund	4,655	1,110	--	1,110
ARRA - Neighborhood Stabilization Fund	769,904	150,937	501,248	(350,311)
Audit Repayment Fund	1,718,301	--	4,019	(4,019)
Bus Bench Advertising Trust Fund	166,410	166,410	164,188	2,222
Business Improvement District Trust Fund	773,356	778,276	536,599	241,677
CalHome Trust Fund	69,934	--	--	--
City Attorney Consumer Protection Fund	7,183,848	2,400,000	5,102,372	(2,702,372)
City Planning Long Range Planning Fund	5,722,326	4,422,104	3,358,414	1,063,690
City Planning Systems Development Fund	8,758,210	8,148,688	6,272,709	1,875,979
Coastal Transportation Corridor Trust Fund	769,348	718,326	731,527	(13,201)
Construction Services Trust Fund	1,012,000	1,264,445	--	1,264,445
CPUC-Gas Company Fund	74,932	39,698	--	39,698
Enterprise Zone Tax Credit	1,606,562	764,751	696,512	68,239
Federal Emergency Shelter Grant Fund	183,611	183,611	127,439	56,172
Fire Hydrant Installation and Replacement Fund	--	--	861,264	(861,264)

SCHEDULE IV

Statement of Receipts - Budget and Actual - (Continued) (Cash Basis) All Annually Budgeted Funds Fiscal Years Ended June 30, 2016 and 2015

	FY 2016 Adopted Budget	FY 2016 Actual Receipts	FY 2015 Actual Receipts	FY 2016 Receipts Increase (Decrease)
Special Fund Receipts: (Continued)				
Forfeited Assets Trust Fund of Police Dept Fund	--	5,356,523	4,956,329	400,194
General Services Trust Fund	94,156	761,164	10,615	750,549
GOB Series 2002A Fire/Pr Cons Fund	132,236	509,017	--	509,017
Healthy Homes 1 Fund	218,328	--	--	--
Housing Production Revolving Fund	305,548	367,496	508,630	(141,134)
Housing Small Grants & Awards Fund	106,780	45,305	--	45,305
HUD Connections Grant Fund	5,162	--	--	--
Industrial Development Authority Fund	38,112	24,539	25,733	(1,194)
Innovation Fund	63,489	718,140	--	718,140
Integrated Solid Waste Management Fund	300,000	300,000	300,000	--
LA Regional Initiative for Social Enterprise Fund	42,322	278,318	--	278,318
LEAD Grant Nine Fund	665,949	--	--	--
LEAD Grant 10 Fund	202,021	140,687	--	140,687
Los Angeles Regional Agency Trust Fund	89,153	71,120	78,017	(6,897)
Low and Moderate Income Housing Fund	3,835,156	2,989,872	2,705,988	283,884
Neighborhood Stabilization Fund	430,173	96,711	479,445	(382,734)
Neighborhood Stabilization Prog 3-WSRA Fund	141,708	261,905	--	261,905
Off-Site Sign Periodic Inspection Fee Fund	1,039,169	484,317	378,004	106,313
Permit Parking Program Revenue Fund	944,126	753,477	922,221	(168,744)
Pershing Square Trust Fund	527,269	527,269	530,200	(2,931)
Repair and Demolition Fund	730,355	401,124	501,124	(100,000)
Section 108 Loan Guarantee Fund	324,260	497,952	515,507	(17,555)
Sidewalk Repair Fund	5,216,058	2,928,060	--	2,928,060
State AB 1290 City Fund	--	--	3,848,067	(3,848,067)
Street Banners Trust Fund	88,260	227,657	153,318	74,339
Traffic Safety Education Program Fund	762,584	374,249	380,563	(6,314)
Transportation Expedited Plan Trust Fund	295,998	10,000	--	10,000
Transportation Regulation & Enforcement Fund	890,000	887,623	--	887,623
Used Oil Collection Fund	635,732	587,289	528,999	58,290
Ventura/Cahuenga Blvd Corridor Plan Fund	219,598	109,177	347,172	(237,995)
Warner Center Transportation Trust Fund	463,571	295,645	167,043	128,602
West LA Transportation Improvement & Mitigation Fund	339,748	189,732	196,931	(7,199)
Workforce Innovation Fund	569,155	171,216	1,100,764	(929,548)
Total Special Fund Receipts	2,426,944,884	2,369,292,573	2,454,648,397	(85,355,824)
Available Balances	745,236,659	720,021,495	699,331,811	20,689,684
Total Receipts	\$ 8,582,562,666	\$ 8,424,391,389	\$ 8,398,139,425	\$ 26,251,964

⁽¹⁾ Retirement contributions from Harbor, Airport and LACERS/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, 2016 and 2015**

	Adopted Budget FY 2016	Final Appropriation FY 2016	Expenditures & Encumbrances FY 2016	Expenditures & Encumbrances FY 2015	FY 2016 Expenditures & Encumbrances Increase (Decrease)
Aging	\$ 4,716,336	\$ 4,900,092	\$ 3,936,957	\$ 3,587,600	\$ 349,357
Animal Services	23,055,166	23,052,748	22,235,490	21,358,848	876,642
Building & Safety	106,997,910	108,429,152	87,458,722	81,427,492	6,031,230
City Administrative Officer	16,591,109	19,066,725	17,270,823	14,283,174	2,987,649
City Attorney	120,294,928	125,940,268	124,215,956	120,448,046	3,767,910
City Clerk	10,020,755	10,154,035	9,626,031	20,804,062	(11,178,031)
City Ethics Commission	2,703,856	2,932,856	2,836,758	2,409,952	426,806
Economic and Workforce Development	20,224,038	20,680,091	15,854,083	16,116,175	(262,092)
Controller	17,427,552	18,218,260	17,171,229	17,290,598	(119,369)
Council	23,006,066	40,123,622	30,939,285	30,004,375	934,910
Cultural Affairs	11,030,714	11,642,601	10,385,965	9,256,030	1,129,935
Disability	2,718,652	2,721,322	2,701,071	1,792,472	908,599
El Pueblo	1,760,350	1,758,680	1,644,484	1,567,830	76,654
Emergency Management	2,058,100	3,318,626	3,027,843	2,720,494	307,349
Employee Relations Board	416,747	416,747	349,237	335,900	13,337
Finance	37,710,580	38,728,705	36,835,001	37,490,772	(655,471)
Fire	626,197,506	636,048,506	619,706,894	591,787,135	27,919,759
General Services	242,899,530	341,613,570	313,208,628	267,606,786	45,601,842
Information Technology Agency	93,458,580	100,046,006	97,032,173	93,833,028	3,199,145
Housing and Community Investment	65,521,741	71,272,702	64,496,245	61,152,637	3,343,608
LA Convention & Tourism Development	1,588,937	1,588,937	1,484,857	1,389,059	95,798
Mayor	6,431,536	47,928,962	43,040,138	36,128,779	6,911,359
Neighborhood Empowerment	2,821,839	3,123,977	2,882,158	2,214,600	667,558
Personnel	58,236,583	58,695,556	56,347,901	53,218,817	3,129,084
City Planning and Development	41,975,810	42,325,984	34,152,356	30,484,461	3,667,895
Police	1,438,019,291	1,459,300,631	1,444,983,934	1,417,506,508	27,477,426
Public Works:					
Board Office	16,664,458	22,459,175	21,883,524	18,616,145	3,267,379
Contract Administration	34,491,345	32,765,926	29,765,232	29,135,806	629,426
Engineering	78,495,124	85,791,506	78,822,648	74,874,065	3,948,583
Sanitation	237,252,918	249,824,805	231,721,222	219,067,083	12,654,139
Street Lighting	29,550,960	36,043,256	30,521,746	25,593,641	4,928,105
Street Services	172,645,713	187,814,618	162,061,053	164,942,343	(2,881,290)

Continued ...

SCHEDULE V

Statement of Budget Appropriations, Expenditures and Encumbrances (Continued) Budget and Actual (Cash Basis) - All Annually Budgeted Funds Fiscal Years Ended June 30, 2016 and 2015

	Adopted Budget FY 2016	Final Budget FY 2016	Expenditures & Encumbrances FY 2016	Expenditures & Encumbrances FY 2015	FY 2016 Expenditures & Encumbrances Increase (Decrease)
Transportation	\$ 154,636,217	\$ 155,401,986	\$ 141,296,853	\$ 138,567,718	\$ 2,729,135
Zoo	19,687,309	19,874,600	19,227,525	18,311,373	916,152
Total - Budgetary Departments	<u>3,721,308,256</u>	<u>3,984,005,233</u>	<u>3,779,124,022</u>	<u>3,625,323,804</u>	<u>153,800,518</u>
Library	147,623,777	147,623,777	147,623,777 ⁽¹⁾	139,401,339	8,222,438
Recreation & Parks	165,318,884	166,347,015	166,347,015 ⁽¹⁾	159,879,509	6,467,506
City Employees' Retirement	102,171,275	102,940,315	102,940,315 ⁽¹⁾	94,050,116	8,890,199
Tax and Revenue					
Anticipation Notes	1,077,985,098	1,063,266,583	1,063,266,583	1,038,882,250	24,384,333
Bond Redemption and Interest	137,526,468	137,526,469	137,526,469	148,889,669	(11,363,200)
Capital Finance Administration	235,573,575	237,163,066	204,605,587	231,471,056	(26,865,469)
Capital Improvement					
Expenditure Program	278,748,882	230,594,988	229,441,541	168,224,331	61,217,210
General City Purposes	130,703,946	73,199,057	65,460,597	70,080,251	(4,619,654)
Human Resources Benefits	611,491,371	618,916,838	615,950,631	579,370,861	36,579,770
Judgment Obligation Bonds					
Debt Service	9,031,025	9,031,025	9,031,011	9,028,212	2,799
Liability Claims	53,910,000	110,110,000	110,013,225	65,846,393	44,166,832
Prop. A Local Transit Assistance	311,158,953	312,744,512	110,850,322	91,157,696	19,692,626
Prop. C Anti-Gridlock Transit Improv.	28,996,080	28,196,080	20,911,149	21,849,881	(938,732)
Special Parking Revenue	46,439,877	45,229,218	30,211,963	30,823,228	(611,265)
Unappropriated Balance	103,622,801	79,364,946 ⁽²⁾	--	--	--
Wastewater Special Purpose	464,501,463	464,794,608	390,066,263	393,498,154	(3,431,891)
Water and Electricity	40,978,000	40,978,000	40,978,000	40,764,449	213,551
Other Special Purpose Funds	915,472,935	993,594,219	590,159,439	471,031,187	117,120,640
Total - Nondepartmental	<u>4,861,254,410</u>	<u>4,861,620,716</u>	<u>4,035,383,887</u>	<u>3,754,248,582</u>	<u>279,127,693</u>
Total	<u>\$ 8,582,562,666</u>	<u>\$ 8,845,625,949</u>	<u>\$ 7,814,507,909</u>	<u>\$ 7,379,572,386</u>	<u>\$ 432,928,211</u>

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

⁽²⁾ Total appropriation was \$222,751,881 of which \$143,386,935 was transferred to various departments and is included in Departmental appropriations.

SCHEDULE VI

REVENUE TRENDS (Cash Basis)

	FY 2016		FY 2015		FY 2007	
	Amount	%	Amount	%	Amount	%
Taxes ⁽¹⁾	\$ 4,121,340,026	53	\$ 4,034,102,229	53	\$ 3,465,543,115	55
Licenses, Permits and Fees	966,049,772	13	914,237,907	12	645,264,544	10
Intergovernmental	471,756,332	6	471,759,317	6	422,427,260	7
Charges for Services	1,437,843,415	19	1,366,168,323	18	952,357,518	15
Special Assessments	46,418,339	1	45,201,508	1	43,898,783	1
Interest	35,224,938	--	32,691,513	--	94,261,665	1
Program Income	25,250,896	--	5,374,335	--	--	--
Other ⁽²⁾	217,144,398	3	415,504,834	5	266,961,041	4
Transfer to General Fund ⁽³⁾	383,341,778	5	413,767,648	5	406,051,200	7
Total Revenue ⁽²⁾	\$ 7,704,369,894	100	\$ 7,698,807,614	100	\$ 6,296,765,126	100

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

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

⁽³⁾ Power Revenue, Special Parking Revenue and Reserve Fund transfers.

EXPENDITURE TRENDS (Cash Basis)

	FY 2016		FY 2015		FY 2007	
	Amount	%	Amount	%	Amount	%
General Government	\$ 1,668,604,622	23	\$ 1,583,887,214	23	\$ 1,334,307,182	23
Protection of Persons and Property	2,106,307,742	29	2,053,255,296	30	1,766,558,572	31
Public Works (Maintenance and Improvements)	329,166,862	4	326,447,880	5	328,573,139	6
Health and Sanitation	592,055,661	8	561,737,770	8	388,101,127	7
Cultural and Recreational Services	413,625,686	6	367,682,076	5	291,708,284	5
Community Development	203,061,852	3	152,457,581	2	143,603,034	3
Pension & Retirement						
Systems Contributions	1,163,258,018	16	1,132,458,047	17	716,524,829	12
Capital Outlay	138,007,062	2	98,385,191	1	121,718,564	2
Bond Redemption & Interest	346,131,943	5	348,630,466	5	367,548,947	6
Transportation	258,959,463	4	251,634,554	4	284,667,396	5
Total Expenditures ⁽⁴⁾	\$ 7,219,178,911	100	\$ 6,876,576,075	100	\$ 5,743,311,074	100

⁽⁴⁾ Does not include encumbrances at year-end.

SCHEDULE VII

Schedule of Year-End Encumbrances - General Fund Fiscal Years Ended June 30, 2012 through 2016

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Aging	\$ 371,789	\$ 315,531	\$ 161,250	\$ 179,047	\$ 253,884
Animal Services	1,713,291	1,271,556	1,394,863	1,008,306	1,145,351
Building & Safety	5,002,186	3,960,132	3,294,285	2,975,012	2,713,560
City Administrative Officer	2,463,169	1,127,602	1,309,876	1,405,732	1,209,427
City Attorney	9,207,977	9,526,075	11,087,451	10,310,467	9,314,999
City Clerk	669,342	1,683,310	720,336	3,051,150	1,265,418
City Ethics Commission	315,814	139,448	138,048	103,804	145,029
Controller	3,098,761	2,556,710	1,499,609	1,833,498	1,759,358
Council	2,520,957	2,554,853	1,665,359	1,750,981	1,866,189
Cultural Affairs	3,133,274	2,303,287	2,199,868	1,921,003	1,442,489
Disability	431,779	216,976	258,144	183,422	202,977
Economic and Workforce Dev. ⁽¹⁾	1,323,056	1,360,037	1,129,510	1,405,085	2,089,028
El Pueblo	120,970	117,597	157,544	107,082	158,782
Emergency Management	159,098	141,610	116,562	116,817	107,641
Employee Relations Board	67,321	88,547	86,341	93,590	40,193
Finance	5,344,706	3,295,203	3,071,822	2,558,257	4,510,493
Fire	45,173,866	37,386,972	26,407,276	25,706,809	20,192,219
General Services	41,970,416	21,984,759	24,849,609	26,180,452	31,911,714
Housing and Community Investment ⁽²⁾	5,449,042	3,829,539	3,127,697	2,099,118	2,550,828
Information Technology Agency	24,183,678	23,215,666	23,601,772	21,480,392	20,814,131
LA Convention and Tourism Development	228,853	131,233	64,468	996,740	1,110,118
Mayor	16,418,766	9,820,185	7,943,498	10,179,527	9,334,120
Neighborhood Empowerment	275,218	123,554	150,373	126,385	85,490
Personnel	5,410,007	5,081,908	4,733,395	4,698,696	4,703,665
Planning	7,475,840	5,360,855	3,753,530	3,246,937	3,875,663
Police	104,286,647	89,026,952	82,092,065	62,515,136	59,326,515
PW - Board	3,890,116	3,045,885	2,030,197	1,662,500	2,509,500
PW - Contract Administration	2,044,906	1,551,032	1,666,982	1,218,785	1,116,461
PW - Engineering	5,443,971	4,337,551	3,373,336	3,634,041	3,207,809
PW - Sanitation	15,809,074	12,652,168	11,083,791	11,800,493	11,008,593
PW - Street Lighting	2,413,648	1,274,009	1,072,567	1,291,895	1,398,791
PW - Street Services	27,693,135	26,701,862	30,316,392	20,418,735	24,670,187
Transportation	8,957,349	8,593,874	7,651,949	7,184,939	9,219,635
Zoo	1,891,435	1,237,437	1,088,442	1,305,802	1,080,908
Capital Finance Administration	2,494,560	2,762,860	759,019	272,208	702,933
Capital Improvement Expenditure Program	10,544,965	12,061,546	5,252,948	4,074,272	5,063,734
General City Purposes	22,013,723	20,781,898	15,310,731	14,187,346	16,845,729
Human Resources Benefits	7,430,661	10,377,626	28,765,902	22,820,854	10,760,519
Liability Claims	854,281	--	--	125,000	125,000
Water and Electricity	22,594,145	20,514,285	18,887,409	17,932,384	17,344,320
Total Encumbrances ⁽³⁾	\$ 420,891,792	\$ 352,512,130	\$ 332,274,216	\$ 294,162,699	\$ 287,183,400
Encumbrances for Salaries	\$ 173,265,077	\$ 144,836,428	\$ 122,549,034	\$ 112,395,989	\$ 103,934,348
Encumbrances for Other Accounts	247,626,715	207,675,702	209,725,182	181,766,710	183,249,052
Total	\$ 420,891,792	\$ 352,512,130	\$ 332,274,216	\$ 294,162,699	\$ 287,183,400

⁽¹⁾ 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.

⁽²⁾ 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.

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

SCHEDULE VIII

General Fund Schedule of Unencumbered Balances Reverted to the Reserve Fund at June 30, 2012 through 2016

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Aging	\$ 197,797	\$ 14,852	\$ 12,168	\$ 66,936	\$ 77,221
Animal Services	495,130	1,764,011	186,937	259,299	208,967
Building & Safety	162,811	838,521	548,604	99,907	220,842
Capital Finance Administration	35,161,953	11,131,178	11,276,525	3,782,641	5,814,019
Capital Improvement Expenditure Program	17,988,413	33,153,320	36,803,824	16,351,334	13,995,335
City Administrative Officer	1,750,541	3,174,664	2,520,971	1,709,220	1,088,434
City Attorney	1,425,512	1,364,781	1,619,650	267,497	590,831
City Clerk	918,755	5,544,629	885,618	1,663,932	2,495,638
City Ethics	--	--	--	--	79,655
Controller	992,877	1,113,290	2,226,264	1,224,801	764,594
Council	9,090,656	8,832,811	8,744,784	7,360,932	9,589,652
Cultural Affairs	--	61,000	--	1,602	15,999
Disability	60,264	180,989	13,847	302,349	85,540
Economic and Workforce Development ⁽¹⁾	297,820	160,264	177,762	7,422	--
Emergency Management	87,034	162,354	116,395	34,784	394
Employee Relations Board	111,375	70,788	121,785	71,121	80,143
Finance	2,176,247	1,945,926	1,105,956	49,421	447,415
Fire	13,743,624	8,447,093	5,480,671	2,367,164	2,860,497
General City Purposes	6,728,616	5,813,293	6,473,206	5,783,045	5,485,948
General Services	8,999,105	16,295,534	9,164,321	7,043,182	7,243,604
Housing and Community Investment ⁽²⁾	275,000	353,663	680,380	--	--
Human Resources Benefits	5,056,107	24,208,459	10,593,479	5,810,158	4,014,855
Information Technology Agency	3,004,658	2,476,791	1,826,827	820,746	1,886,693
Liability Claims	30,655	43,611	180,066	1,965	40,547
Los Angeles Convention Center					
Mayor	3,543,677	4,226,179	3,575,376	753,171	160,440
Non-departmental General	5,000,014	13	9,347,146	9,264,440	2
Personnel	1,808,192	1,944,038	3,439,978	3,143,539	2,990,062
Planning	974,522	1,582,486	1,946,792	2,255,678	289,552
Police	12,170,000	9,587,960	19,675,589	12,922,155	5,314,837
PW - Board	33,674	182,260	360,589	236,739	69,850
PW - Contract Administration	1,400,836	1,798,471	1,483,592	1,236,444	594,665
PW - Engineering	110,646	166,336	1,661,504	3,318,722	1,843,199
PW - Sanitation	307,039	--	--	--	--
PW - Street Lighting	310	33,611	--	--	--
PW - Street Services	17,144,109	18,228,586	669,104	71,644	80,121
Transportation	3,729,517	4,659,728	431,713	881,377	2,502,678
Unappropriated Balance	76,634,787	9,941,824	13,415,085	6,403,648	13,520,136
Water and Electricity	1,088,979	--	1,121,894	--	--
Total	\$ 232,701,252	\$ 179,503,314	\$ 157,888,402	\$ 95,567,015	\$ 84,452,365
Less: Unfunded Appropriations	(115,684,030)	--	--	--	(17,600,151)
Net Cash Balances Reverted	\$ 117,017,222	\$ 179,503,314	\$ 157,888,402	\$ 95,567,015	\$ 66,852,214

⁽¹⁾ 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.

⁽²⁾ 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 2015-16 Year-End Uncommitted Balances and Fiscal Year 2016-17 Adopted Budget Reappropriations

Department	Uncommitted Balance	Reappropriation Amounts
Aging	\$ 197,797	\$ --
Animal Services	495,130	--
Building & Safety	162,811	--
Capital Finance Administration	35,161,953	--
Capital Improvement Expenditure Program	17,988,413	17,988,413
City Administrative Officer	1,750,541	--
City Attorney	1,425,512	--
City Clerk	918,755	--
Controller	992,877	750,000
Council	9,090,656	9,090,656
Cultural Affairs	-	--
Disability	60,264	--
Economic and Workforce Development	297,820	--
Emergency Management	87,034	--
Employee Relations Board	111,375	--
Finance	2,176,247	1,000,000
Fire	13,743,624	--
General City Purposes	6,728,616	3,970,344
General-Nondepartmental	5,000,014	--
General Services	8,999,105	6,423,305
Housing and Community Investment	275,000	--
Human Resources Benefits	5,056,107	--
Information Technology Agency	3,004,658	--
Liability Claims	30,655	--
Mayor	3,543,677	3,543,677
Personnel	1,808,192	--
Planning	974,522	--
Police	12,170,000	--
PW - Board	33,674	--
PW - Contract Administration	1,400,836	--
PW - Engineering	110,646	--
PW - Sanitation	307,039	--
PW - Street Lighting	310	--
PW - Street Services	17,144,109	--
Transportation	3,729,517	--
Unappropriated Balance	76,634,787	777,591
Water and Electricity	1,088,979	--
Total Uncommitted Balances and Reappropriations	<u>232,701,252</u>	<u>43,543,986</u>
Less: Unfunded Appropriations	(115,684,030)	--
Year-Start Reappropriations (Not in Adopted Budget)*	--	83,274,211
Total Net Reversion and Reappropriation Amounts	<u>\$ 117,017,222</u>	<u>\$ 126,818,197</u>

*C.F. 15-0600-S102 and C.F. 15-1471

SCHEDULE X

Year-End Advances From The Reserve Fund For Unfunded Expenditures & Encumbrances as of June 30, 2016

Department	Expenditures	Encumbrances	Total
Council File 15-0600-S97 Advances			
Information Technology Agency	\$ 1,136	\$ --	\$ 1,136
Fire	43,518	--	43,518
General City Purposes	33,460	--	33,460
Total Council File 15-0600-S97 Advances	<u>78,114</u>	<u>--</u>	<u>78,114</u>
Charter Section 261(i) Advances			
Aging	191,108	149,215	340,323
Building & Safety	246,306	66,902	313,208
City Administrative Officer	6,240	--	6,240
City Attorney	906,048	19,075	925,123
Controller	--	20,850	20,850
Economic and Workforce Development	1,376,985	811,288	2,188,273
Emergency Management	704,512	52,590	757,102
Fire	923,267	--	923,267
Finance	84,196	--	84,196
General Services	3,277,700	9,705,443	12,983,143
Housing and Community Investment	4,136,628	3,280,051	7,416,679
Information Technology Agency	478,652	--	478,652
Mayor	1,341,508	--	1,341,508
Personnel	390,777	35,830	426,607
Planning	--	317,442	317,442
Police	7,658,193	6,668,481	14,326,674
PW - Board	289,148	917,269	1,206,417
PW - Contract Administration	173,402	--	173,402
PW - Engineering	1,771,655	--	1,771,655
PW - Sanitation	--	78,040	78,040
PW - Street Lighting	243,064	16,177	259,241
PW - Street Services	17,214	64,932	82,146
Total Charter Section 261(i) Advances	<u>24,216,603</u>	<u>22,203,585</u>	<u>46,420,188</u>
TOTAL	<u>\$ 24,294,717</u>	<u>\$ 22,203,585</u>	<u>\$ 46,498,302</u>

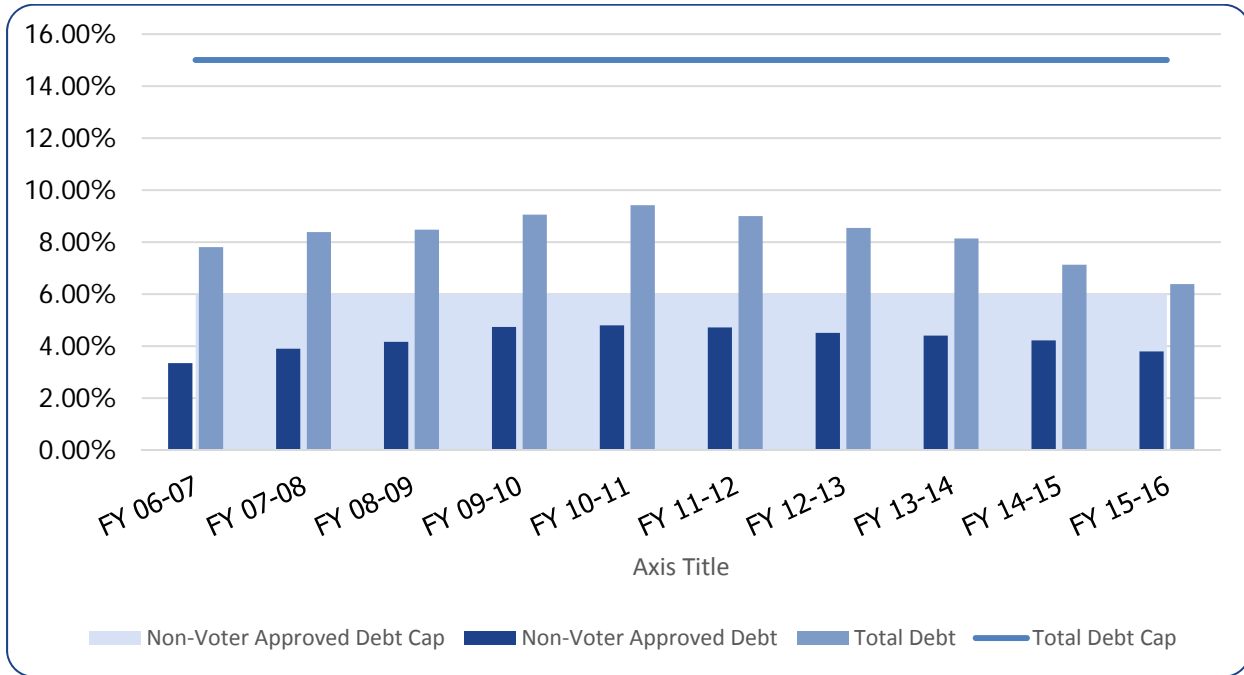
SCHEDULE XI

Statement of General Obligation Bonded Debt Fiscal Year Ended June 30, 2016

<u>Purpose</u>	<u>Outstanding July 1, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Refunded</u>	<u>Outstanding June 30, 2016</u>
Series 1998-A - Advance refunding of a portion of Series 1989-A, 1990-B, 1991-A, 1992-A and 1995-A	\$ 10,625,000	\$ --	\$ 10,625,000	\$ --	\$ --
Series 2005-A - Acquisition and improvement of Fire Station and Fire/Paramedic/Emergency Rescue Helicopter Facilities & finance Water Quality Improvement projects	6,340,000	--	6,340,000	--	--
Series 2005-B - Advance refunding of a portion of Series 1999-B, 2000-A, and 2001-A	62,115,000	--	17,690,000	--	44,425,000
Series 2006-A - Acquisition and improvement of Fire/Paramedic, Animal Shelter, 911-Police-Fire-Paramedic Facilities and finance Water Quality Improvement projects	42,120,000	--	3,510,000	--	38,610,000
Series 2008-A - Acquisition and improvement of Stormwater Pollution Abatement projects	70,700,000	--	5,050,000	--	65,650,000
Series 2009-A - Acquisition and improvement of Stormwater Pollution Abatement projects	79,425,000	--	8,825,000	--	70,600,000
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	99,450,000	--	5,850,000	--	93,600,000
Series 2011-B - Advance refunding of Series 1999-A and 2001-A and a portion of Series 2002-A and Series 2003-A	238,160,000	--	22,820,000	--	215,340,000
Series 2012-A - Advance refunding of a portion of Series 2004-A and 2005-A	225,850,000	--	16,640,000	--	209,210,000
Total	<u>\$ 887,735,000</u>	<u>\$ --</u>	<u>\$ 97,350,000</u>	<u>\$ --</u>	<u>\$ 790,385,000</u>

SCHEDULE XII

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



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

- 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
- There is no guaranteed revenue stream for the debt but the 6% ratio shall only be exceeded for one fiscal year.

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

Fiscal Year	Debt Service Requirements			General Fund Receipts ⁽¹⁾	Ratio		
	Non-Voter Approved	Voter Approved	Total		Non-Voter Approved	Voter Approved	Total
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%
2016	202,602,933	138,053,738	340,656,671	5,338,013,880	3.80%	2.59%	6.39%

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

SCHEDULE XIII

Statement of Legal Debt Margin As of June 30, 2016

TAXABLE PROPERTY AND BONDING CAPACITY

Assessed Valuation ⁽¹⁾	<u>\$ 500,399,000,561</u>
Debt Limit (15% of Assessed Value)	\$ 75,059,850,084 ⁽²⁾
General Obligation Bonds:	
Bonds Outstanding	<u>(790,385,000) ⁽³⁾</u>
Legal Debt Margin	<u>\$ 74,269,465,084 ⁽⁴⁾</u>

⁽¹⁾ Certified by Los Angeles County Auditor-Controller, August 2015.

⁽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⁾ 1.05% of Debt Limit

⁽⁴⁾ 98.95% of Debt Limit