

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your

BUDGET AND FINANCE Committee

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT relative to Reserve Fund loans as of December 31, 2009.

Recommendations for Council action:

1. NOTE and FILE the City Controller's report relative to the Reserve Fund Statement of Condition and Status of all Reserve Fund loans as of December 31, 2009, inasmuch as the report is submitted for information and no Council action is necessary.
2. INSTRUCT the City Administrative Officer to continue to urge City departments to repay their Reserve Fund loans by June 30, 2010; and, to collect grant and special fund receipts for which Reserve Fund loans were made, by June 30, 2010 to maximize the Reserve Fund.

Fiscal Impact Statement: None submitted by the Controller. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted

SUMMARY

At its meeting of April 5, 2010, the Budget and Finance Committee considered the Controller's Reserve Fund Statement of Condition Report and Status of all Reserve Fund loans as of December 31, 2009. The Controller reports that as of December 31, 2009, the balance for loans approved by the Mayor and Council to the General Fund and other special purpose funds to be repaid upon receipt of revenues was \$44.7 million. Included in this amount is \$19.6 million that the Controller borrowed from the Reserve Fund on behalf of six City departments to cover expenditures that exceeded appropriations and/or available receipts at June 30, 2009. The borrowings enabled the Controller to reconcile the budget without departments returning to Council at year-end to request additional appropriations. The Controller reports that as of December 31, 2009, the year-end loans for unfunded expenditures totaled \$15.9 million. The Controller's report provides additional detail relative to Reserve Fund loan transactions and the plan by City departments to liquidate their outstanding Reserve Fund loans.

During the Committee discussion, the Chair questioned the Controller regarding information in the Controller's report relative to the write-off of a \$19 million loan from the Reserve Fund to the Special Parking Revenue Fund. The Controller clarified that the \$19 million has been repaid to the Reserve Fund; however, the repayment was reflected as a transfer to the Reserve Fund as opposed to repayment of the loan. The CAO advised that this clarification would be included in the CAO's Year-End report.

The Budget and Finance Committee recommended to note and file the Controller's report. Additionally, the Committee instructed the City Administrative Officer to continue to urge City departments to repay their Reserve Fund loans by June 30, 2010; and, to collect grant and special fund receipts for which Reserve Fund loans were made, by June 30, 2010 to maximize the Reserve Fund. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PARKS:	YES
SMITH:	YES
ROSENDAHL:	YES
HUIZAR:	ABSENT
KORETZ:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-