

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

Your **BUDGET AND FINANCE** Committee

**reports as follows:**

BUDGET AND FINANCE COMMITTEE REPORT relative to the Reserve Fund Statement of Condition and Status of all Reserve Fund loans as of September 30, 2009.

Recommendations for Council action:

1. NOTE and FILE the Controller's report relative to the Reserve Fund Statement of Condition and Status of all Reserve Fund loans as of September 30, 2009.
2. REQUEST the Mayor's Office to instruct departments with loans to be repaid to renew emphasis upon retrieving funds before June 30, 2010.
3. INSTRUCT the City Administrative Officer (CAO) to review mediation efforts between departments attempting to resolve unpaid invoices.
4. INSTRUCT the CAO to review whether unpaid loans that will impact the General Fund or Reserve Fund can instead be charged to the subsequent department budget.

Fiscal Impact Statement: Not applicable.

Community Impact Statement: None submitted.

SUMMARY

At its meeting of November 9, 2009, the Budget and Finance Committee considered the City Controller's report relative to the Reserve Fund Statement of Condition and Status of all Reserve fund loans as of September 30, 2009. The Controller reports that the Mayor and Council approve loans to the General Fund and other special purpose funds to be repaid upon receipt of revenues. As of September 30, 2009, the balance for this type of loan from the Reserve Fund was \$30.1 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 Controller reports that this is more than the previous year of \$0.5 million because the anticipated transfer from the Special Parking Revenue Fund (\$19.6 million) did not occur. The borrowings enabled the Controller to reconcile the budget without departments returning to Council at year-end to request additional appropriations. The Controller's report provides additional detail relative to Reserve Fund loan transactions, the plan by City departments to liquidate their outstanding Reserve Fund loans, and the Statement of Cash Condition as of September 30, 2009.

The Budget and Finance Committee recommended to note and file the Controller's report relative to the Reserve Fund Statement of Condition and Status of all Reserve Fund loans as of September 30, 2009. Further, the Committee recommended the three additional instructions detailed above and summarized as follows: request the Mayor's Office to instruct departments with loans to be repaid to renew emphasis upon retrieving funds before June 30, 2010, instruct the CAO to review

mediation efforts between departments attempting to resolve unpaid invoices and to review whether unpaid loans that will impact the General Fund or Reserve Fund can instead be charged to the subsequent department budget. 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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