



May 6, 2009

Budget and Finance Committee
c/o City Clerk
Room 395, City Hall

Dear Honorable Members:

SUBJECT: RESERVE FUND LOANS

As required under Council File Nos. 99-1794 and 00-2094, attached are the Reserve Fund Statement of Condition Report and the Status of all Reserve Fund loans as of March 31, 2009.

The Mayor and Council approve loans to the General Fund and other special purpose funds to be repaid upon receipt of revenues. As of March 31, 2009, the balance for this type of loan from the Reserve Fund was \$12.6 million. Included in this amount is \$10 thousand that the Controller borrowed from the Reserve Fund on behalf of four City departments to cover expenditures that exceeded appropriations and/or available receipts at June 30, 2008. Council File No. 07-0600-S88 authorized the year-end Controller borrowings. The borrowings enabled the Controller to reconcile the budget without departments returning to Council at year-end to request additional appropriations. This process helps prevent delay in the closing of the City's General Ledger.

Charter Section 261(i) indicates that the Controller shall maintain each fund on parity with its obligations by transferring from the Reserve Fund as a loan to any fund that becomes depleted through tardy receipt of revenues. As of March 31, 2009, the year-end loans for unfunded expenditures totaled \$7.9 million.



A summary of Reserve Fund loan transactions is shown in Table I below:

Table I			
Reserve Fund Loans			
As of March 31			
	<u>FY 2008-09</u>	<u>FY 2007-08</u>	<u>Increase (Decrease)</u>
Council Approved			
Beginning Balance, July 1	\$ 13,272,834	\$ 45,049,878	\$ (31,777,044)
Add - Loans granted during the year	1,899,483	5,860,218	(3,960,735)
Less: Repayments	(2,542,490)	(36,141,146)	33,598,656
Adjustments	--	3,019,600	(3,019,600)
Write-offs	--	(1,809,080)	1,809,080
Ending Balance, March 31	<u>12,629,827</u>	<u>15,979,470</u>	<u>(3,349,643)</u>
Charter Section 261(i)			
Beginning Balance, July 1	37,597,426	49,517,846	(11,920,420)
Less: Repayments	(29,746,284)	(41,779,317)	12,033,033
Adjustments	44,859	339,915	(295,056)
Write-offs	--	(261,625)	261,625
Ending Balance, March 31	<u>7,896,001</u>	<u>7,816,819</u>	<u>79,182</u>
Total Loans Outstanding, March 31	<u>\$ 20,525,828</u>	<u>\$ 23,796,289</u>	<u>\$ (3,270,461)</u>

As of March 31, 2009, departments paid \$2.5 million of the Council approved advances and \$12.4 million of the advances under Charter Section 261(i) or a total of \$14.9 million. The total repayments under Charter Section 261(i) amounted to \$29.7 million, which included \$17.3 million temporary borrowings for unfunded year-end encumbrances that were reversed on July 1, 2008.

Table II below summarizes the plan by City departments to liquidate their outstanding Reserve Fund loans.

Table II			
Reserve Fund Loan Liquidation Plan			
	Council Approved	Charter Section 261(i)	Total
Loans to be repaid by 6/30/09	\$ 3,023	\$ 2,823,009	\$ 2,826,032
Loans to be repaid upon receipt of invoice from other City departments and/or for investigation	2,207,683	3,483,837	5,691,520
Loans to be repaid upon receipt of revenue from other government agencies	2,095,017	1,033,478	3,128,495
Long-term loans*	8,323,465	116,878	8,440,343
Loans departments have recommended or will recommend for write-off	639	438,799	439,438
Total	\$ 12,629,827	\$ 7,896,001	\$ 20,525,828

Attachment I presents the cash condition of the Reserve Fund as of March 31, 2009. Attachment II provides more information on the outstanding Reserve Fund loans.

Sincerely,


 RUSHMORE D. CERVANTES
 Acting City Controller

Attachments

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**CITY OF LOS ANGELES
RESERVE FUND
STATEMENT OF CASH CONDITION
AS OF MARCH 31, 2009**

Cash Balance, July 1, 2008:

Emergency Reserve	\$ 122,039,000	
Contingency Reserve	69,525,433	\$ 191,564,433

Receipts:

Return of Advances Under Charter Section 261(i) for:		
Unfunded Expenditures	12,451,670	
Unfunded Encumbrances	17,294,614	
Return of Loans to Other Funds	2,542,490	
Transfer of Power Revenue Surplus	146,019,527	
Miscellaneous	11,092,955	189,401,256

Total Available Cash and Receipts

380,965,689

Disbursements:

Transfers to Other Funds	23,771,773	
Loans to Other Funds	1,673,662	
Reappropriations of Prior Year Funds for Capital Improvement Projects and Other Departmental Accounts	43,101,509	
Transfer to General Fund of Power Revenue Surplus	146,019,527	
Miscellaneous	440,580	215,007,051

Condition at March 31, 2009

Emergency Reserve	125,226,000	
Contingency Reserve	40,732,638	\$ 165,958,638

City of Los Angeles
 Council Approved Reserve Fund Advances to the General Fund and Special Purpose Funds
 As of March 31, 2009

Reimbursing		Disbursing			Council File		Expected	Comments
Department	Fund/Agency	Department/Project	Fund	Number	Date	Amount	Pynt Date	
Aging	564	Aging	564	97-0966-S2	08/02/99	\$ 25,000.00	Long-term	
Aging	395	Aging	395	97-0966-S2	08/02/99	1,250,000.00	Long-term	
Aging	40F	Aging	40F	99-0989	08/02/99	75,000.00	Long-term	Per CF97-0966-S2, loans are to be carried as long-term until such time as program is terminated.
Aging	40F	Aging	40F	01-1507	08/13/01	150,000.00	Long-term	
Aging	410	Aging	410	02-1035	08/13/02	350,000.00	Long-term	
Aging	47Y	Aging	47Y	05-1077	07/26/05	75,000.00	Long-term	
						1,925,000.00		
El Pueblo	737	El Pueblo	737	03-1250-S84	08/03/04	205,491.00		Will be paid when El Pueblo shows a surplus over and above the amount needed for its operating budget & multi-year reserved accounts.
El Pueblo	737	El Pueblo	737	04-0644	11/24/04	212,974.00		
						418,465.00		
Emergency Management	50A	Emergency Management	50A	05-2476	07/03/07	158,594.33		Will be paid as grantor (Americorps) reimburse EMD
General Services	Casa Nicaragua	General Services	100	03-0909	05/16/06	468.00		Account was submitted to Citivide Collection Unit for collection.
General Services	LAABP	General Services	100	09-0348	03/03/09	282.00	April 2009	Paid per JV4090348CFR074 dated 04/13/09.
General Services	Da Camera Society	General Services	100	09-0112-S1	03/17/09	1,875.00	April 2009	Paid per JV4090112CFR076 dated 04/13/09.
General Services	Office of Mike Davis	General Services	100	08-0564-S1	03/20/09	282.00		Event was cancelled, GSD will request the Controller to reverse entry.
General Services	Chicano Employees Ass	General Services	100	09-0440	03/17/09	866.00	April 2009	Paid per JV4090440CFR075 dated 04/13/09.
General Services	Jewish Comm. Relations	General Services	100	09-0447	03/17/09	456.00		Billing in progress.
						4,229.00		
Mayor	47N	Police	47N	07-0600-S82	04/09/08	91,554.88		Will be paid upon receipt of grant funds from the State.
General City Purpose	Children's Museum of L	General City Purpose	100	05-1330-S2	05/17/07	1,147,666.00		CF05-1330-S3 dated 07/08/08 has extended the loan repayment date to 09/30/09 but in April 2009 the Children's Museum of Los Angeles had decided to file for bankruptcy under Chapter 7 of federal bankruptcy laws and cease operations due to financial troubles.
Police	339	Police	339	04-0423	10/05/06	29,525.26		2006-07 Internet Crimes Against Children Task Force Program - Will be paid upon receipt of grant funds.
Police	339	Police	339	06-3237	04/24/07	298,053.41		2006-07 DNA Capacity Enhancement Program - Will start repayment upon receipt of reimbursement. Currently processing billing for approximately \$200K.
Police	339	Police	339	07-1233-S1	01/30/08	693,000.00		2007 Six Site Initiative - To be reimbursed upon receipt of grant funds. Currently drafting contract with Motorola for \$600K. Will start using the remaining \$93K in April 2009. Anticipate 1st repayment in April 2009.
Police	339	Police	339	07-2878	07/14/08	678,841.35		Forensic DNA Backlog & Capacity - Anticipate to repay balance in June 2009 upon receipt of grant.

City of Los Angeles
 Council Approved Reserve Fund Advances to the General Fund and Special Purpose Funds
 As of March 31, 2009

Reimbursing		Disbursing			Council File		Expected	Comments
Department	Fund/Agency	Department/Project	Fund	Number	Date	Amount	Pymt Date	
Police	339	Police	100	07-2878	07/14/08	144,980.00 1,844,400.02		Forensic DNA Backlog & Capacity - Anticipate to repay balance in June 2009 upon receipt of grant.
Non-Dept-SPF	608	General Services	100	04-0600-S56	06/07/05	1,050,227.00		The Van Nuys City Hall project is still ongoing.
Potrero Canyon Storm Drain	50F	Rec & Parks	100	85-0578	12/23/87	2,100,000.00	Long-Term	Council File No. 04-1587 held in abeyance the write-off of the Reserve Fund loans as recommended by CAO (C.F. 05-0988) until the Potrero Canyon Project is completed. If there are excess funds after completion of the project, the loans will be addressed first before going forward with other projects
Potrero Canyon Storm Drain	50F	Rec & Parks	100	85-0578	04/19/85	550,000.00	Long-Term	
Potrero Canyon Stabilizatic	50F	Rec & Parks	100	91-0702-S2	11/26/91	700,000.00	Long-Term	
Potrero Canyon Storm Drain	50F	Rec & Parks	100	85-0578	06/21/88	1,130,000.00 4,480,000.00	Long-Term	
Rec & Parks	437	Runyon Canyon Project	437	86-0698	05/15/86	1,500,000.00	Long-Term	This is an advance against the future sale of Runyon Canyon development. However, there may be a legal issue due to the possibility of converting the property to a dedicated parkland.
Year-End Closing Advances (CF 07-0600-S88):								
City Attorney	100	City Attorney	100	07-0600-S88	06/11/08	289.46	Write-off	Will work with CAO to write-off loan.
COSW	100	COSW	100	07-0600-S88	06/11/08	9,052.26		Explore availability of special fund(Fund 861) for loan repayment
Disability	100	Disability	100	07-0600-S88	06/11/08	100.00	Write-off	Payroll shortage; Dept of Disability will request for write-off, does not have special fund to pay loan.
Office of the Treasurer	100	Office of the Treasurer	100	07-0600-S88	06/11/08	250.00	Write-off	Payroll shortage for Transportation Act 3310. The Treasurer's Office is working with CAO to write-off the loan.
Total						9,691.72		
Recap:						\$ 12,629,827.95		
Loans to be repaid by 6/30/09						\$ 3,023.00		
Loans to be repaid upon receipt of invoice from other City departments and/or for research						2,207,683.26		
Loans to be repaid upon receipt of revenue from other government agencies						2,095,017.23		
Loans recommended to be written-off						639.46		
Long-term loans						8,323,465.00		
Total						\$ 12,629,827.95		

City of Los Angeles
Reserve Fund Advances Under Charter Section 261(f)
As of March 31, 2009

Reimbursing		Disbursing		Document Number	Date	Unfunded Expenditures	Expected Pymt Date	Comments
Department	Fund	Department	Fund					
Building & Safety	48R	ITA	ITA	JV32CHARTERADX6	06/30/08	\$ 31,124.03	April 2009	ITA & B&S are working to resolve questioned items.
Building & Safety	48R	ITA	ITA	JV32CHARTERADX7	06/29/07	89,223.23	April 2009	Paid \$89,223.23 on 04/08/09 per JV0803445Y; ITA & DBS are working to resolve questioned items in the remaining balance.
Building & Safety	48R	ITA	ITA	JV32CHARTERADX7	06/29/07	16,060.66		
Building & Safety	48R	ITA	ITA	JV32CHARTERADX8	06/30/08	259,338.09	April 2009	Paid \$259,338.09 on 04/08/09 per JV0803446Y; ITA & DBS are working to resolve questioned items in the remaining balance.
Building & Safety	48R	ITA	ITA	JV32CHARTERADX8	06/30/08	292,844.84		
						688,590.85		
CDD	424	General Services		JV40CHARTERADX3	06/30/03	249.18	Write-off	Overstated expenditures for the Early Learning Center; GSD will request authority to write-off
CDD	424	PW-Street Lighting		JV84CHARTERADX8	06/30/08	1,316.94		Will be paid upon receipt of invoice from BSL
CDD	424	PW-Street Services		JV86CHARTERADX8	06/30/08	185,784.76	April 2009	Paid per JV22Unfexp 132J dated 04/22/09.
						187,350.88		
El Pueblo	737	El Pueblo		JV33CHARTERADX8	06/30/08	116,878.11		
Mayor	303	Mayor		JV46CHARTERADX7	06/29/07	9,649.20	Write-off	Balance represent overstated expenditures; working with CAO to write-off loan.
Mayor	40B	General City Purpose		JV56CHARTERADX7	06/29/07	806.42		Waiting for back-up documents from department.
Mayor	46N	Mayor		JV46CHARTERADX4	06/30/04	57,688.01	April 2009	This fund is inactive since FY04-05; the remaining cash balance of \$57,688.01 will be used to partially pay-off the loan, will request write-off for the balance as the fund will be closed.
Mayor	46N	Mayor		JV46CHARTERADX4	06/30/04	17,934.55	Write-off	
Mayor	47N	ITA		JV32CHARTERADX8	06/30/08	118,184.78		Awaiting reimbursement from the State.
Mayor	47N	Emergency Management		JV35CHARTERADX8	06/30/08	130,757.87		Awaiting reimbursement from the State
Mayor	47N	Fire		JV38CHARTERADX8	06/30/08	768,969.34		Awaiting reimbursement from the State.
Mayor	47N	Police		JV70CHARTERADX8	06/30/08	15,566.40		Awaiting reimbursement from the State.

City of Los Angeles
Reserve Fund Advances Under Charter Section 261(f)
As of March 31, 2009

Reimbursing		Disbursing		Document Number	Date	Unfunded Expenditures	Expected Pymt Date	Comments
Department	Fund	Department	Fund					
Mayor	667	Police		JV70CHARTERADX8	06/30/08	8,781.86		Waiting for back-up documents from Police.
						1,128,338.43		
P W-Non Dept	SPF 15E	PW-Contract Admin		JV76CHARTERADX8	06/30/08	2,235.96		Waiting for CAO approval of FY07-08 year-end staff cost reimbursement report with Cap rate adjustment.
P W-Non Dept	SPF 15N	ITA		JV32CHARTERADX8	06/30/08	14,527.00		PW is reviewing staff cost reimbursement for payment. Waiting for CAO's approval of FY07-08 year-end staff cost reimbursement report with Cap rate adjustment.
P W-Non Dept	SPF 15S	PW-Contract Admin		JV76CHARTERADX8	06/30/08	734.42		PW is reviewing staff cost reimbursement for payment.
P W-Non Dept	SPF 15U	ITA		JV32CHARTERADX8	06/30/08	6,864.00		PW is reviewing staff cost reimbursement for payment.
P W-Non Dept	SPF 15U	Fire		JV38CHARTERADX8	06/30/08	8,237.00		Will be paid upon receipt of invoice from GSD.
P W-Non Dept	SPF 15U	General Services		JV40CHARTERADX8	06/30/08	119,193.31		PW is reviewing staff cost reimbursement for payment.
P W-Non Dept	SPF 16A	Emergency Management		JV35CHARTERADX8	06/30/08	10,807.27		PW is reviewing staff cost reimbursement for payment.
P W-Non Dept	SPF 16A	Fire		JV38CHARTERADX8	06/30/08	57,501.84		PW is reviewing staff cost reimbursement for payment.
P W-Non Dept	SPF 16A	General Services		JV40CHARTERADX7	06/29/07	5,695.72		Awaiting invoice from GSD.
P W-Non Dept	SPF 16A	General Services		JV40CHARTERADX8	06/30/08	25,284.07		Will be paid upon receipt of invoice from GSD.
P W-Non Dept	SPF 16A	Police		JV70CHARTERADX8	06/30/08	1,355.66		PW is reviewing staff cost reimbursement for payment.
P W-Non Dept	SPF 16A	PW-Contract Admin		JV76CHARTERADX7Z	04/16/08	9,155.47		PW is reviewing staff cost reimbursement for payment.
P W-Non Dept	SPF 16A	PW-Contract Admin		JV76CHARTERADX8	06/30/08	1,106.19		PW is reviewing staff cost reimbursement for payment.
P W-Non Dept	SPF 16A	PW-Engineering		JV78CHARTERADX7Z	04/16/08	1,495.56		BOE is reviewing the documentation relative to Prop Q to determine if the loan can be repaid from the fund.
P W-Non Dept	SPF 16D	Fire		JV38CHARTERADX8	06/30/08	52,887.44		Will be paid by PW upon receipt of updated cost reports using the latest approved CAP rates.
P W-Non Dept	SPF 16D	General Services		JV40CHARTERADX7	06/29/07	7,142.12	Write-off	Prop F labor reimbursement disapproved by PW. GSD will recommend for write-off.
P W-Non Dept	SPF 16F	PW-Engineering		JV78CHARTERADX7	06/29/07	24,945.10		Waiting for CAO's approval of revised reimbursement report.
P W-Non Dept	SPF 16F	PW-Sanitation		JV82CHARTERADX8	06/30/08	167,802.97	April 2009	Paid per JV50Unfexp127S dated 04/15/09.
P W-Non Dept	SPF 189	General Services		JV40CHARTERADX0	06/30/00	79,721.00	Write-off	GSD will request authority to write-off.
P W-Non Dept	SPF 206	General Services		JV40CHARTERADX8	06/30/08	40,314.21	April 2009	Paid \$40,314.21 per JV50Unfexp125 & 126 dated 4/3/09 & 4/8/09; balance will be paid upon receipt of invoice from GSD.
P W-Non Dept	SPF 206	General Services		JV40CHARTERADX8	06/30/08	8,702.00		
P W-Non Dept	SPF 26A	General Services		JV40CHARTERADX8	06/30/08	660.00		Awaiting invoice from GSD.
P W-Non Dept	SPF 26A	PW-Contract Admin		JV76CHARTERADX7	06/29/07	1,360.60	Write-off	Expenditures overstated in FY 07; BCA will submit report to Council petitioning for a write-off.
P W-Non Dept	SPF 26A	PW-Contract Admin		JV76CHARTERADX8	06/30/08	6,613.22		Will be paid upon receipt of invoice from BCA.
P W-Non Dept	SPF 298	General Services		JV40CHARTERADX8	06/30/08	3,437.60	April 2009	Paid per JV50Unfexp128S dated 04/07/09.

City of Los Angeles
 Reserve Fund Advances Under Charter Section 261(f)
 As of March 31, 2009

Reimbursing		Disbursing		Document Number	Date	Unfunded Expenditures	Expected Pymt Date	Comments
Department	Fund	Department	Fund					
P W-Non Dept	SPF 298	General Services		JV40CHARTERADX8	06/30/08	23,148.14		Awaiting invoice from GSD.
P W-Non Dept	SPF 298	PW-Contract Admin		JV76CHARTERADX6Z	12/13/06	51,175.54	Write-off	These charges were incurred by police facility projects but were not for the Police Administration Bldg. This amount was charged in error to this fund. The Bureau will request authority to write-off.
P W-Non Dept	SPF 298	PW-Engineering		JV78CHARTERADX6	06/30/06	111,933.65		Waiting for CAO's approval of a revised reimbursement report. BOE submitted a final reimbursement report to CAO in FY2007-08 that should have repaid the loan. BOE is reviewing the documentation and will work with CAO to write-off the remaining balance of this loan.
P W-Non Dept	SPF 298	PW-Engineering		JV78CHARTERADX7	06/29/07	13,251.58	Write-off	Invoice for the Topanga Canyon Yard Project was submitted for CAO's approval.
P W-Non Dept	SPF 298	PW-Street Services		JV86CHARTERADX8	06/30/08	52,087.39		Amount represents cost for equipment usage that were ineligible for the Storm Damage Recovery Program in 2007-08 funded by Mfcla.
P W-Non Dept	SPF 298	PW-Street Services		JV86CHARTERADX8	06/30/08	820.00	Write-off	
P W-Non Dept	SPF 305	Transportation		JV94CHARTERADX8	06/30/08	3,216.13		PW is reviewing staff cost reimbursement for payment.
P W-Non Dept	SPF 608	General Services		JV40CHARTERADX1	06/30/01	2,183.00		GSD is working with CAO to change the funding source.
P W-Non Dept	SPF 608	General Services		JV40CHARTERADX2	06/30/02	214,649.00	Write-off	Pico Garnier, Old N Police Station project, GSD will request authority to write-off.
P W-Non Dept	SPF 608	General Services		JV40CHARTERADX3	06/30/03	446,773.00		GSD is working with BOE to request for Council approval to change the funding source of the expenditures.
P W-Non Dept	SPF 608	General Services		JV40CHARTERADX5	06/30/05	746,325.00		
P W-Non Dept	SPF 608	PW-Street Lighting		JV84CHARTERADX8	06/30/08	1,844.87		Will be paid upon receipt of invoice from BSL.
						2,325,187.03		
Police	339	Police		JV70CHARTERADX8	06/30/08	257,542.76	Juvenile Justice Crime Prevention & Operation Alcoholic Beverage Control - Will be paid upon receipt of grant fund.	
Recreation & Parks	205/88	General Services		JV40CHARTERADX8	06/30/08	24,212.53	Awaiting invoice from GSD.	
Recreation & Parks	302/89	PW-Street Services		JV86CHARTERADX8	06/30/08	10,809.76	Revised Reversion worksheet will be submitted to Council for approval. Once adjustment is posted, balance will be zero.	
						35,022.29		
Transportation	385	PW-Engineering		JV78CHARTERADX7Z	04/18/08	35,081.64	Write-off	For adjustment/write-off. Reimbursement was recorded as revenue in Fund 100/78 in FY08. (RSRC 4635 - \$29,442.50 & RSRC 4657 - \$5,639.14)
Transportation	385	PW-Engineering		JV78CHARTERADX8	06/30/08	7,540.56	BOE is reviewing the expenditures reported in the reversion worksheet submitted to Controller.	

City of Los Angeles
 Reserve Fund Advances Under Charter Section 261(i)
 As of March 31, 2009

Reimbursing Department	Fund	Disbursing Department	Document Number	Date	Unfunded Expenditures	Expected Pymt Date	Comments
Transportation	540	PW-Street Lighting	JV84CHARTERADX7	06/29/07	7,763.96	Write-off	Request for write-off will be submitted thru the FSR. This amount has already been paid through an incorrect revenue source.
Transportation	655	General Services	JV40CHARTERADX8	06/30/08	75,153.92	April 2009	Paid \$75,153.92 on 04/17/09 per JV94Unfexp130Y; billing in progress for the balance.
Transportation	655	General Services	JV40CHARTERADX8	06/30/08	41,068.96		
Transportation	655	PW-Street Lighting	JV84CHARTERADX8	06/30/08	209,104.60	April 2009	Paid \$209,104.60 on 04/17/09 per JV94Unfexp131Y; balance will be paid upon receipt of invoice and labor worksheet from PW.
Transportation	655	PW-Street Lighting	JV84CHARTERADX8	06/30/08	1,046,215.49		
Transportation	655	PW-Street Services	JV86CHARTERADX8	06/30/08	1,735,161.95	April 2009	Paid per JV94Unfexp129Y dated 04/17/09.
					3,157,091.08		

Total Advances Under Charter Section 261(i)
 \$ 7,896,001.43

Recap:

Loans to be repaid by 6/30/09 \$ 2,823,009.34
 Loans to be repaid upon receipt of invoice from other City departments and for research 3,483,837.22
 Loans to be repaid upon receipt of revenue from other government agencies 1,033,478.39
 Loans recommended to be written-off 438,798.37
 Long-term loans 116,878.11
Total \$ 7,896,001.43