

TO THE COUNCIL OF THE  
CITY OF LOS ANGELES

Your **BUDGET AND FINANCE** Committee

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT relative to budgetary cash flow.

Recommendation for Council action:

NOTE and FILE the Controller's report relative to budgetary cash flow inasmuch as the report is submitted for information only and no further Council action is necessary.

Fiscal Impact Statement: Not applicable

Community Impact Statement: None submitted

SUMMARY

At its meeting of September 14, 2009, the Budget and Finance Committee considered the Controller's report relative to budgetary cash flow. The report provides an update on salaries and information relative to General Fund and Reserve Fund cash. The Controller reports that to end the year within the adopted salary budget of \$2.737 billion, the bi-weekly salary expenditure should average \$103.9 million throughout the year. Actual payments for Pay Periods 2, 3 and 4 were \$114.5, \$115.1 and \$111.9 million, on average \$10 million per pay period above where the City should be based upon the budget. The Controller reports that current information indicates a problem which needs to be addressed by increased salary appropriations, reduced salary expenditures or a combination of the two.

The Controller expressed concern about the General Fund cash and Reserve Fund cash at fiscal year end. The Controller reports that if the City spends in the salary accounts at a rate of \$250 million above budget, but offset it with an additional \$100 million in appropriations from special purpose funds *and* transfers \$150 from the Reserve Fund (current Reserve Fund balance), the City would end the year with no salary deficit and no Reserve Fund. If the City spends up to \$300 million above salary appropriations, appropriates \$100 million, transfers \$150 million from the Reserve Fund, the City would end the year with no Reserve Fund and will have depleted General Fund cash completely in the last week of June.

The Budget and Finance Committee recommended to note and file the Controller's report inasmuch as the report is submitted for information only and no further Council action is necessary. 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:	YES
KORETZ:	YES

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**