

DISASTER ASSISTANCE TRUST FUND
ANNUAL FINANCIAL REPORT TO THE CITY COUNCIL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CITY OF LOS ANGELES
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
MIGUEL A. SANTANA, CAO

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The Office of the City Administrative Officer (CAO) is required to prepare and submit an annual report to the Los Angeles City Council on the results of operations of the DATF, in accordance with the provisions of the Los Angeles Administrative Code (LAAC), Section 8.72.1 (J).

BACKGROUND

In December 1990, the DATF was created by Ordinance No. 166519, adding Section 8.72.1 (J) to Article 9.6 of Chapter 3 of Division 8 of the LAAC to meet accounting requirements for Federal and State Disaster Assistance Programs. The DATF designated as "Fund 872" in the City's Financial Management System is a Special Revenue Fund.

The primary enabling legislation for the disaster assistance program is Public Law (P.L.) 100-707 the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 as amended by the Disaster Mitigation Act of 2000 (P.L. 106-390) and the California Disaster Assistance Act (CDAA). Title 44, Code of Federal Regulations, Part 206 implements PL 100-707. California Code of Regulations Title 19, implements the CDAA.

SUMMARY

The CAO administered 13 active disaster recovery programs in fiscal year 2014-15, as follows:

- 2013 July Inyo Storms;
- 2010 December Winter Storms;
- 2010 January Winter Storms;
- 2009 Southern California Station Fire;
- 2008 Southern California Sayre Wildfires;
- 2008 Sesnon Wildfire;
- 2008 Marek Wildfire;
- 2007 October Wildfires;
- 2007 Inyo Complex Fire;
- 2007 Griffith Park Fire;
- 2007 Extreme Cold Weather;
- 2005 January Storms; and
- 1994 Northridge Earthquake.

The 2013 July Inyo Storms is the most recent disaster event to affect the City of Los Angeles (City).

The total aggregate amount of federal and state disaster assistance grants received during fiscal year 2014-15 is \$12,656,270.07 (Schedule 1). During fiscal year 2014-15 the DATF earned \$185,871.08 in interest on the fund balance (Schedule 2). Interest earned by the DATF is transferred to the General Fund Non-Departmental general account after final accounting. These amounts are included in the \$12.8 million total receipts from all sources.

During fiscal year 2014-15, transfers to City departments, proprietary departments, Capital Finance Fund and the General Fund totaled \$10,067,289 (Schedules 3 - 4). These are reimbursements for emergency and facility repair costs incurred by departments and administrative costs allowed by federal and state agencies. The DATF reimbursed a total amount of \$1,178,172 to the General Fund in fiscal year 2014-15, including \$440,000 for the Office of the CAO's administrative costs, and \$738,172 to the General Fund non-departmental general account for reimbursements of costs incurred by general funded departments. In addition to this, \$4,986,630 was transferred to the Capital Finance Fund as reimbursement of project costs front-funded by the Municipal Improvement Corporation of Los Angeles that were reimbursed by the Federal Emergency Management Agency (FEMA). Transfers include receipts from prior years not transferred in those fiscal years due to timing differences between receipt of funds and collection of required documentation.

FEMA applies an administrative allowance to each Project Worksheet (PW) approved prior to November 13, 2007 based on a sliding scale of percentages up to a maximum of 3.5 percent applied to the net eligible costs. However, effective November 13, 2007, FEMA no longer pays for administrative allowance based on the associated expense percentages as allowed under the Stafford Act. The Disaster Mitigation Act of 2000 (PL 106-390) amended the Stafford Act by adding Section 324 "Management Costs." For events on or after November 13, 2007 the recovery of project costs will be based on management cost rates established by FEMA. The State of California Office of Emergency Services (CalOES) applies a fixed administrative allowance of 4 percent to the state share of approved PWs. The administrative allowance is intended to help with the costs of requesting, obtaining and administering federal and state disaster assistance grants. Typical items that fall under the category of administrative allowance include costs for audits, consultants, bookkeepers, grant administrators, legal services and executive management. The DATF received \$306,658.45 in federal and state administrative allowances in fiscal year 2014-15. This amount is included in the \$12.8 million total receipts from all sources.

During fiscal year 2014-15, the City successfully closed the January 2005 Storms (Event 1577). As a result of high winds and extensive rainfall associated with the winter storms of December 27, 2004 through January 11, 2005, flooding damaged multiple facilities of the City of Los Angeles. FEMA obligated and paid a total of \$20,787,404 as reimbursement of costs incurred by the City. The final payment in the amount of \$753,268.62 was received on April 23, 2015. CalOES obligated and paid \$7,558,476 as reimbursement of costs incurred by the City. The final payment in the amount of \$205,678 was received on April 21, 2015. CalOES completed a financial reconciliation and application closure and an audit waiver letter was issued on April 2, 2015.

The information for selected federal grants presented in this report are included in the Schedule of Expenditures of Federal Awards of the annual Single Audit Report in conformity with the provisions of the Single Audit Act of 1984 Public Law 98-502, the Single Audit Act amendments of 1996 Public Law 104-156 and Office of Management and Budget Circular No. A-133 "Audits of Institutions of Higher Education and Other Non-Profit Organizations".

The schedules on the following pages show the summary and detail of receipts and transfers in the Disaster Assistance Trust Fund during the fiscal year, presented in the following order:

Schedule 1	Grant Receipts
Schedule 2	Detail of Interest Received
Schedule 3	Transfers to Departments/Expenditures
Schedule 4	Percentages of Transfers by Department or Fund
Schedule 4	Percentages of Transfers by Disaster Event

SCHEDULE NO. 1**GRANT RECEIPTS**

Disaster assistance grant funds received from the Federal Emergency Management Agency for the following events:

1994 Northridge Earthquake	\$ 201,170
2005 January Storms	2,258,230
2003 October Wildfire	448,799
FY07Flood Mitigation Assistance Grant	280,238
2008 Sayre Wildfires	4,235,519
PJ09-Pre-Disaster Mitigation Grant	60,767
2010 January Storms	<u>1,460,480</u>
Total Federal grant funds received	<u>\$ 8,945,203</u>

Disaster assistance grant funds received from the State of California for the following events:

1994 Northridge Earthquake	\$ 422,764
2005 January Storms	751,306
2007 October Wildfire	135,179
2007 Griffith Park Fire	10,967
2007 Extreme Cold Weather	319,513
2008 Sayre Wildfire	1,035,857
2010 December Storms	221,303
2010 January Winter storm	365,121
2013 July Inyo Storm	<u>449,057</u>
Total State grant funds received	<u>\$3,711,067</u>

Summary:

Total Grants Received from FEMA	\$ 8,945,203
Total Grants Received from the State of California	<u>3,711,067</u>
Total Federal and State Grants Received	12,656,270
Add: Interest earned on DATF Balance	<u>185,871</u>
Total Receipts from all Sources	<u>\$12,842,141</u>

Amounts rounded off to the nearest dollar

SCHEDULE NO. 2

DETAIL OF INTEREST RECEIVED

<u>Period</u>	<u>Amount Received</u>
July 2014	\$.00
August 2014	18,066.47
September 2014	12,975.36
October 2014	33,436.55
November 2014	9,320.02
December 2014	7,365.58
January 2015	21,997.70
February 2015	5,023.82
March 2015	12,510.50
April 2015	20,143.78
May 2015	13,361.80
June 2015	10,872.70
June 2015	<u>20,796.80</u>
Total	<u>\$ 185,871.08</u>

SCHEDULE NO. 3

TRANSFERS TO DEPARTMENTS/EXPENDITURES

<u>Event</u>	<u>Department/Fund</u> <u>/Purpose</u>	<u>Amount Transferred</u>	<u>Total</u>
Administrative Allowances	City Administrative Officer General Fund Reimbursement	\$440,000	\$440,000
2013 July Inyo Storm	Department of Water and Power Water Fund Reimbursement	\$189,149	\$189,149
2010 January Storms	Department of Water and Power Power Fund Reimbursement	\$1,825,601	\$1,825,601
2010 December Storm	Department of Water and Power Power Fund Reimbursement	\$221,303	\$221,303
2007 Flood Mitigation Assistance Grant	Department of Water and Power Power Fund Reimbursement	\$280,238	\$280,238
2007 Inyo Storm	Department of Water and Power Water Fund Reimbursement	\$332,682	\$332,682
2005 February Storms	PW-Bureau of Sanitation Sewer Construction and Maintenance Fund Reimbursement	\$80,422	
	General Fund Non-departmental general Reimbursement	\$129,553	
	Capital Finance Fund Reimbursement	\$1,132,359	\$1,342,334

<u>Event</u>	<u>Department/Fund</u> <u>/Purpose</u>	<u>Amount Transferred</u>	<u>Total</u>
2005 January Storms	PW-Bureau of Engineering Subvention and Grants Fund Reimbursement	\$373,193	
	General Fund Non-departmental general Reimbursement	\$608,619	
	Capital Finance Fund Reimbursement	\$3,854,271	\$4,836,083
2003 November Storm	Housing Department Systematic Code Enforcement Fee Fund Reimbursement	\$509	\$509
2003 October Wildfires	Department of Water and Power Power Fund Reimbursement	\$599,390	\$599,390
Total transfers			<u>\$10,067,289</u>

Amounts rounded off to the nearest dollar

SCHEDULE NO. 4

PERCENTAGES OF TRANSFERS BY DEPARTMENT OR FUND

<u>Department or Fund</u>	<u>Amount Transferred</u>	<u>Percent of Total</u>
City Administrative Officer	\$ 440,000	4.37%
General Fund non-departmental general	738,172	7.33%
Capital Finance Fund	4,986,630	49.53%
Housing Department	509	.01%
PW-Bureau of Engineering	373,193	3.71%
PW-Bureau of Sanitation	80,422	.80%
Department of Water and Power/Power Fund	2,926,532	29.07%
Department of Water and Power/Water Fund	521,831	5.18%
Total	<u>\$10,067,289</u>	<u>100.00%</u>

PERCENTAGES OF TRANSFERS BY DISASTER EVENT

<u>DISASTER EVENT</u>	<u>Amount Transferred</u>	<u>Percent of Total</u>
Administrative Allowances	440,000	4.37%
2013 July Inyo Storm	189,149	1.88%
2010 January Winter Storm	1,825,601	18.13%
2010 December Winter Storm	221,303	2.20%
2007 Flood Mitigation Assistance Grant	280,238	2.78%
2007 Inyo Storm	332,682	3.30%
2005 February Storm	1,342,334	13.33%
2005 January Storm	4,836,083	48.04%
2003 November Storm	509	.01%
2003 October Wildfire	<u>599,390</u>	<u>5.95%</u>
Total	<u>10,067,289</u>	<u>100.00%</u>

Amounts rounded off to the nearest dollar

Sources: Statement of Revenue and Expense June 30, 2015
 Statement of Condition of Appropriation-Summary June 30, 2015
 CAO Cash Summary and Reconciliation June 30, 2015
 CAO Cash Receipts and Disbursements Ledger June 30, 2015