

DISASTER ASSISTANCE TRUST FUND
ANNUAL FINANCIAL REPORT TO THE CITY COUNCIL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CITY OF LOS ANGELES

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Submitted by:

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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 (City Council) on the results of operations of the Disaster Assistance Trust Fund (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 (CDA). Title 44, Code of Federal Regulations, Part 206 implements PL 100-707. California Code of Regulations Title 19, implements the CDA.

SUMMARY

The CAO administered 15 active disaster recovery programs in Fiscal Year 2013-14, 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 February Storms;
- 2005 January Storms;
- 2003 October Wildfires; and
- 1994 Northridge Earthquake.

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

During Fiscal Year 2013-14, the City successfully closed following seven disaster assistance grant applications:

- 1994 Earthquake Airport application;
- 1994 Earthquake DWP/Power application;
- 1994 Earthquake Water application;
- 1994 Earthquake Community Redevelopment Agency (CRA) application;
- 2003 October Wildfires General Application;
- 2005 February Storms General application; and
- 2007 Southern California Wildfires General application.

The Governor's Office of Emergency Services completed seven financial reconciliation and application closures and an audit waiver letter was issued for each of the above-mentioned applications. Final payment was received in Fiscal Year 2013-14. In addition, the City submitted three separate grant application close-outs for 1994 Earthquake Public Works, 1994 Earthquake General Application and 1994 Earthquake Recreation and Parks. Final payment for these three applications is anticipated by fiscal year end 2014-15. Further, the CAO also administered three active Legislative Pre-Disaster Mitigation (LPDM) and Flood Mitigation Assistance (FMA) projects under the LPDM 2009, the LPDM 2008 and FMA 2007 programs.

The total aggregate amount of federal and state disaster assistance grants received during Fiscal Year 2013-14 is \$30,277,548 (Schedule 1), an increase of \$17,470,630 or 136% from Fiscal Year 2012-13 total federal and state assistance grants received in the amount of \$12,806,918. The increase was due primarily to the receipt of reimbursements for the 1994 Northridge Earthquake. The DATF earned and received \$171,726 in interest on the fund balance in Fiscal Year 2013-14 (Schedule 2). This amount is included in the \$30.4 million total receipts from all sources. Interest earned by the DATF is transferred to the General Fund Non-Departmental general account after final accounting.

During Fiscal Year 2013-14, transfers to City departments, proprietary departments, and the General Fund amounted to \$29,349,696 (Schedules 3 - 4). These are reimbursements for emergency costs incurred by departments and administrative costs allowed by the Federal and State agencies. Of this amount, \$275,000 was transferred to the General Fund for the Office of the CAO's administrative costs and \$682,449 was transferred to the General Fund Non-Departmental general account for reimbursements of costs incurred. In total, the DATF reimbursed \$957,449 to the General Fund in FY 2013-14. 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.

The Federal Emergency Management Agency (FEMA) applies an administrative allowance to each approved Project Worksheet (PW) or Damage Survey Report (DSR). The federal administrative allowance is a sliding scale of percentages up to a maximum of 3 ½ % 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 California Office of Emergency Services (CalOES) applies a fixed administrative allowance of 4% to the state share of approved PWs/DSRs. 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 \$79,491 in federal and state administrative allowances in Fiscal Year 2013-14. This amount is included in the \$30.4 million total receipts from all sources.

The information presented in this report is 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 State of California for the following events:

1994 Northridge Earthquake	\$14,750,690
January 2005 Storms	1,603,371
February 2005 Storms	547,246
October 2003 Wildfire	151,727
October 2007 Wildfire	598
2007 Griffith Park Fire	67,594
2008 Sayre Wildfires	10,711
January 2010 Storms	8,132
July 2013 Inyo	<u>13,711</u>
Total State grant funds received	<u>\$17,153,780</u>

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

1994 Northridge Earthquake	\$ 6,432,973
January 2005 Storms	5,098,681
February 2005 Storms	1,527,553
October 2007 Wildfire	5
2008 Sayre Wildfire	38,950
January 2010 Winter storm	<u>25,606</u>
Total Federal grant funds received	<u>\$13,123,768</u>

Summary:

Total Grants Received from the State of California	\$17,153,780
Total Grants Received from FEMA	<u>13,123,768</u>
Total Federal and State Grants Received	30,277,548
Add: Interest earned on DATF Balance	<u>171,726</u>
Total Receipts from all Sources	<u>\$30,449,274</u>

Amounts rounded off to the nearest dollar

SCHEDULE NO. 2

DETAIL OF INTEREST RECEIVED

<u>Period</u>	<u>Amount Received</u>
July 2013	\$.00
August 2013	14,310.35
September 2013	7,983.76
October 2013	13,761.59
November 2013	8,603.95
December 2013	9,573.48
January 2014	29,586.69
February 2014	14,048.53
March 2014	15,774.24
April 2014	9,350.58
May 2014	12,681.00
June 2014	14,114.82
June 2014	21,937.24
Total	<u>\$ 171,726.23</u>

TRANSFERS TO DEPARTMENTS/EXPENDITURES

<u>Event</u>	<u>Department/Fund</u> <u>/Purpose</u>	<u>Amount Transferred</u>	<u>Total</u>
Various Events	General Fund Non-departmental general		
	Reimbursement	\$682,449	\$682,449
Administrative Allowances	City Administrative Officer General Fund		
	Reimbursement	\$275,000	\$275,000
1994 Northridge Earthquake	Department of Water and Power Power Fund		
	Reimbursement	\$16,634,744	\$16,634,744
1994 Northridge Earthquake	Department of Water and Power Water Fund		
	Reimbursement	\$3,510,451	\$3,510,451
1994 Northridge Earthquake	PW-Bureau of Sanitation Sewer Capital Fund		
	Reimbursement	\$1,224,165	\$1,224,165
March 1995 Storms	PW-Bureau of Sanitation Stormwater Pollution Abatement Fund		
	Reimbursement	\$13,985	\$13,985
2003 California Wildfires	Department of Water and Power Power Fund		
	Reimbursement	\$2,397,690	\$2,397,690

January 2005 Storms	Department of Water and Power Power Fund		
	Reimbursement	\$2,717,937	\$2,717,937
January 2005 Storms	Department of Water and Power Water Fund		
	Reimbursement	\$1,758,901	\$1,758,901
2008 Sesnon Wildfire	PW-Bureau of Sanitation Solid Waste Resources Fund		
	Reimbursement	\$1,791	\$1,791
January 2010 Winter storms	PW-Bureau of Sanitation Stormwater Pollution Abatement Fund		
	Reimbursement	\$99,485	\$99,485
January 2010 Winter storms	Department of Water and Power Power Fund		
	Reimbursement	\$33,098	\$33,098
Total transfers			<u>\$29,349,696</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	\$ 275,000	.94%
General Fund non-departmental general	682,449	2.33%
PW-Bureau of Sanitation	1,339,426	4.56%
Department of Water and Power/Power Fund	21,783,469	74.22%
Department of Water and Power/Water Fund	<u>5,269,352</u>	<u>17.95%</u>
Total	<u>\$29,349,696</u>	<u>100.00%</u>

PERCENTAGES OF TRANSFERS BY DISASTER EVENT

<u>DISASTER EVENT</u>	<u>Amount Transferred</u>	<u>Percent of Total</u>
Various Events	\$ 957,449	3.26%
1994 Northridge Earthquake	21,369,360	72.81%
March 1995 Storms	13,985	.05%
2003 California Wildfires	2,397,690	8.17%
January 2005 Storms	4,476,838	15.25%
2008 Sesnon Wildfire	1,791	.01%
January 2010 Winterstorm	<u>132,583</u>	<u>.45%</u>
Total	<u>\$29,349,696</u>	<u>100.00%</u>

Sources: Statement of Revenue and Expense June 30, 2014
Statement of Condition of Appropriation-Summary June 30, 2014
CAO Cash Summary and Reconciliation June 30, 2014
CAO Cash Receipts and Disbursements Ledger June 30, 2014