

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0100-00438-0026

Date: December 14, 2016

To: The City Council

From: Miguel A. Santana, City Administrative Officer

MAS
MS

Subject: **DISASTER ASSISTANCE TRUST FUND ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

In accordance with Chapter 3, Division 8, Article 9.6, Section 8.72.1 (J) of the Los Angeles Administrative Code, we have prepared and submit herewith the required annual financial report regarding the Disaster Assistance Trust Fund (DATF) for the fiscal year ended June 30, 2016. The Fund is administered by the Office of the City Administrative Officer.

During fiscal year 2015-16, the Office of the City Administrative Officer administered ten active disaster recovery programs. Total revenues received during fiscal year 2015-16 amounted to \$17,839,598. Included in this amount is \$158,523 interest earned on the fund balance. Total transfers during fiscal year 2015-16 amounted to \$6,681,152, which included grant reimbursements received in prior fiscal years that were not transferred in the same fiscal years.

All grant monies for disaster relief public assistance were placed in the DATF, from which transfers and expenditures were made for the purposes set forth in the grant programs.

RECOMMENDATION

It is recommended that the Los Angeles City Council Note and File the Disaster Assistance Trust Fund Annual Financial Report for the fiscal year ending June 30, 2016.

FISCAL IMPACT STATEMENT

There will be no impact on the General Fund or other City funds as a result of adoption of this recommendation.

MAS:PJH:BC:MCK:RBM:rbm

Attachment

CC: The Honorable Eric Garcetti, Mayor

DISASTER ASSISTANCE TRUST FUND
ANNUAL FINANCIAL REPORT TO THE CITY COUNCIL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CITY OF LOS ANGELES

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

MIGUEL A. SANTANA, CAO

Patricia J. Huber, Executive Officer

Submitted by:

Melissa C. Krance
Revenue Manager

Rockie B. Mendoza
Fiscal Systems Specialist

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 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 (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 eight active disaster recovery programs and two Pre-Disaster Mitigation Grants in fiscal year 2015-16, as follows:

Disaster Recovery Programs:

- 2013 July Inyo Storms;
- 2010 December Winter Storms;
- 2010 January Winter Storms;
- 2009 Southern California Station Fire;
- 2008 Sesnon Wildfire;
- 2008 Marek Wildfire;
- 2007 Griffith Park Fire;
- 1994 Northridge Earthquake;

Pre-Disaster Mitigation Grants:

- 25th Street Drainage Improvement; and
- 2016 Local Hazard Mitigation Plan Update

The total aggregate amount of federal and state disaster assistance grants received during fiscal year 2015-16 is \$17,681,075 (Schedule 1). During fiscal year 2015-16 the DATF earned \$158,523 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 \$17.8 million total receipts from all sources.

During fiscal year 2015-16, transfers to City departments, proprietary departments, and the General Fund totaled \$6,681,152 (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 \$3,232,201 to the General Fund in fiscal year 2015-16, including \$452,803 for the Office of the CAO's administrative costs, and \$2,779,398 to the General Fund non-departmental general account for reimbursements of costs incurred by general funded departments. The balance of \$3,448,951, reimbursed the Bureau of Sanitation Special Funds, the Department of Water and Power, Convention Center and Cultural Affairs Trust Fund. 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 \$1,410 in federal and state administrative allowances in fiscal year 2015-16. This amount is included in the \$17.8 million total receipts from all sources.

During fiscal year 2015-16, the City successfully closed three disaster assistance grants programs. These are the 1994 Earthquake Recreation and Parks Application (Event 1008), the 2007 Inyo Complex Fire (Event DR 2007-07) and the 2008 Sayre Fire (Event 1810). Final payment for the 1994 Earthquake Recreation and Parks Application in the amount of \$1,410,054 was received on June 17, 2016. CalOES completed a financial reconciliation and application closure and an audit waiver letter was issued on May 21, 2016. Final payment for the 2008 Sayre Fire in the amount of \$49,665 was received on December 30, 2015. CalOES completed a financial reconciliation and application closure and an audit waiver letter was issued on December 4, 2015. Final payment for the 2007 Inyo Complex Fire in the amount of \$391,558 was received on August 14, 2015. CalOES completed a financial reconciliation and application closure and an audit waiver letter was issued on July 22, 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	\$ 9,841,194
2008 Sayre Wildfires	49,666
2010 January Storms	<u>399,430</u>
Total Federal grant funds received	<u>\$10,290,290</u>

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

1994 Northridge Earthquake	\$ 6,885,301
2007 Inyo Complex Fire (DWP only)	391,558
2008 Sayre Wildfire	12,658
2010 January Winter storm	<u>101,268</u>
Total State grant funds received	<u>\$7,390,785</u>

Summary:

Total Grants Received from FEMA	\$10,290,290
Total Grants Received from the State of California	<u>7,390,785</u>
Total Federal and State Grants Received	17,681,075
Add: Interest earned on DATF Balance	<u>158,523</u>
Total Receipts from all Sources	<u>\$17,839,598</u>

Amounts rounded off to the nearest dollar

SCHEDULE NO. 2

DETAIL OF INTEREST RECEIVED

<u>Period</u>	<u>Amount Received</u>
July 2015	\$.00
August 2015	16,374.85
September 2015	15,141.87
October 2015	9,787.17
November 2015	7,066.71
December 2015	20,342.89
January 2016	14,436.60
February 2016	3,449.96
March 2016	21,810.37
April 2016	13,495.52
May 2016	6,478.23
June 2016	17,772.68
June 2016	<u>12,366.10</u>
Total	<u>\$ 158,522.95</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 Allocation to the CAO	City Administrative Officer General Fund Reimbursement	\$452,803	\$452,803
2010 January Storms	Public Works-Sanitation Stormwater Pollution Abatement Fund Reimbursement	\$12,091	
	General Fund Non-departmental general Reimbursement	\$72,268	\$84,359
2008 Sayre Wildfire	Department of Water and Power Power Fund Reimbursement	\$737,757	
	Department of Water and Power Water Fund Reimbursement	\$440,485	
	General Fund Non-departmental general Reimbursement	\$1,314,176	\$2,492,418
2007 October Wildfire	General Fund Non-departmental general Reimbursement	\$81	\$81
2007 Griffith Park Fire	General Fund Non-departmental general Reimbursement	\$14,153	\$14,153
2005 February Storm	General Fund Non-departmental general Reimbursement	\$138,715	\$138,715

<u>Event</u>	<u>Department/Fund /Purpose</u>	<u>Amount Transferred</u>	<u>Total</u>
January 2005 Storm	Department of Water and Power Power Fund Reimbursement	\$1,994,052	
	General Fund Non-departmental general Reimbursement	\$1,181,990	\$3,176,042
2003 October Wildfire	General Fund Non-departmental general Reimbursement	\$58,015	\$58,015
1994 Northridge Earthquake	Convention Center Convention Center Revenue Fund Reimbursement	\$139,348	
	Cultural Affairs Department Cultural Affairs Department Trust Fund Reimbursement	\$125,218	\$264,566
Total transfers			<u>\$6,681,152</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	\$ 452,803	6.78%
General Fund non-departmental general	2,779,398	41.60%
Convention Center	139,348	2.09%
Cultural Affairs	125,218	1.87%
PW-Bureau of Sanitation	12,091	.18%
Department of Water and Power/Power Fund	2,731,809	40.89%
Department of Water and Power/Water Fund	440,485	6.59%
Total	<u>\$ 6,681,152</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	\$ 452,803	6.78%
2010 January Winter Storm	84,359	1.26%
2008 Sayre Wildfire	2,492,418	37.31%
2007 Griffith Park Fire	14,153	.21%
2007 October Wildfire	81	0.00%
2005 February Storm	138,715	2.08%
2005 January Storm	3,176,042	47.54%
2003 October Wildfire	58,015	.87%
1994 Northridge Earthquake	264,566	3.96%
Total	<u>\$ 6,681,152</u>	<u>100.00%</u>

Amounts rounded off to the nearest dollar

Sources: Statement of Revenue and Expense June 30, 2016
 Statement of Condition of Appropriation-Summary June 30, 2016
 CAO Cash Summary and Reconciliation June 30, 2016
 CAO Cash Receipts and Disbursements Ledger June 30, 2016