

BUDGET AND FINANCE COMMITTEE REPORT relative to the Year-End Financial Status Report (FSR) for Fiscal Year (FY) 2015-16.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

APPROVE the recommendations of the City Administrative Officer (CAO) contained in the Year-End FSR dated June 3, 2016, attached to Council file No. 15-0600-S102, and amended as follows:

- a. Amend Recommendation No. 33 of the Year-End FSR relative to authorization for the Controller to reduce salary appropriations funded by Proposition C - Transportation Grant Fund No. 540/94 in the following departments due to projected lower than anticipated salary reimbursements:
 - i. Item A - Strike (Duplicate of Item B).
 - ii. Item B - revised to read: Reduce departmental salary appropriation accounts within Prop C Fund 540/94 as follows in the amounts noted below.

(Same amounts as listed in the Year-End FSR on Page 18. Amounts do not change.)

Fiscal Impact Statement: The CAO reports that a total of \$5.13 million in expenditure shortfalls and unbudgeted expenses are identified in this Year-End Financial Status Report. The actions identified in this report along with other interim actions by year-end will fully offset this shortfall. Transfers, appropriations, and other adjustments totaling approximately \$160.4 million are recommended in Sections 1, 2, 7, and 9. This includes transfer of approximately \$11.8 million from the UB, Reserve for Mid-Year Adjustments, over \$73 million in Reserve Fund reappropriations, \$43.04 million in prior year Financial Management System (\$43 million) and Supply Management System (\$0.04 million) encumbrances exempted from the General Fund Encumbrance Policy; and reduction of \$7.1 million in appropriations to various department operating accounts from various special funds. Lastly, 2015-16 revenue is further reduced by \$5.2 million due to a reduction in Sewer Construction and Maintenance Fund and the Sewer Capital Fund related cost reimbursements to the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on June 6, 2016, the Budget and Finance Committee considered the CAO's Year-End FSR for FY 2015-16 dated June 3, 2016. The CAO reports that its Office monitors the budget and transmits periodic reports to the Mayor and Council detailing the City's current financial condition. The Year-End FSR provides an update on the current-year budget including changes to projected departmental deficits, trends in revenues, the Reserve Fund, and current issues of concern and their potential impact to the City. Recommendations totaling approximately \$160.4 million for appropriations, transfers and other budgetary adjustments are included in the FSR. The CAO report, attached to the Council file, provides a thorough background regarding the recommendations included in the Year-End FSR and other budget

related items.

The CAO's Finance Specialist provided the Committee with an overview of the Year-End FSR and responded to related questions from the Committee. Additionally, the Finance Specialist read into the record an amendment to Recommendation No. 33 of the Year-End FSR relative to striking a duplicate decrease in salaries appropriations table, and adding clarifying language regarding appropriation accounts.

Discussion of the FSR continued with a representative from the Los Angeles Police department addressing the Committee and responding to questions relative to the Year-End FSR and the proposed \$5 million budget savings appropriations for buydown of Police Sworn Overtime bank for FY 2015-16 and FY 2016-17.

After further consideration and after providing an opportunity for public comment, the Committee approved the recommendations of the CAO contained in the Year-End FSR for FY 2015-16 as amended. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
KORETZ:	ABSENT
BLUMENFIELD:	YES
BONIN:	ABSENT

REW
6/6/16
FILE NO. 15-0600-S102

-NOT OFFICIAL UNTIL COUNCIL ACTS-