

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0170-00003-0000

Date: August 29, 2013

To: The City Council

From: Miguel A. Santana, City Administrative Officer



Subject: **ANNUAL FINANCIAL REPORT TO THE CITY COUNCIL**

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 financial report regarding the Disaster Assistance Trust Fund for the fiscal year ended June 30, 2013.

During fiscal year 2012-13 the City Administrative Officer administered 14 active disaster recovery programs. Total revenues received during fiscal year 2012-13 amounted to \$12,988,907 including \$181,989 interest earned on the fund balance. Total transfers during fiscal year 2012-13 amounted to \$11,495,195. Included in this amount are 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 Fund, from which transfers and expenditures were made for the purposes set forth in the grant programs.

Recommendation

Note and file the attached report.

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:RPE:WRK: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, 2013

CITY OF LOS ANGELES

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

MIGUEL A. SANTANA, CAO

Patty J. Huber, Executive Officer

Submitted by:

William R. Koenig
Chief Administrative Analyst

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 Council on the results of operations of the Disaster Assistance Trust Fund (Fund), in accordance with the provisions of the Los Angeles Administrative Code (LAAC).

BACKGROUND

The Fund was created by Ordinance No. 166519 in December 1990, 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 Fund 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.

SUMMARY

The CAO administered 14 active disaster recovery programs in Fiscal Year 2012-13 (December 2010 Winter Storms, January 2010 Winter Storms, 2009 Southern California Station Fire, 2008 Southern California Sayre Wildfires, 2008 Sesnon Wildfire, 2008 Marek Wildfire, October 2007 Wildfires, 2007 Inyo Complex Fire, 2007 Griffith Park Fire, 2007 Extreme Cold Weather, February 2005 Storms, January 2005 Storms, October 2003 Wildfires, and the 1994 Northridge Earthquake). The December 2010 Winter Storms is the most recent calamity to affect the City of Los Angeles.

The total amount of federal and state disaster assistance grants received during Fiscal Year 2012-13 reached \$12,806,918 (Schedule 1). The Fund earned and received \$181,989 in interest on the fund balance in Fiscal Year 2012-13 (Schedule 2). This amount is included in the \$12.9 million total receipts from all sources. Interest earned by the Fund is transferred to the General Fund-non-departmental general account after final accounting.

During Fiscal Year 2012-13, transfers to City departments, proprietary departments, the General Fund and Reserve Fund amounted to \$11,495,195 (Schedules 3 and 4). These are reimbursements for emergency costs incurred by departments and administrative costs. Of this amount, \$275,000 was transferred to the General Fund for administrative costs and \$400,000 in accumulated interest earnings were transferred to the Reserve Fund per Council's instruction. 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). 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 will no longer pay 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. 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 Fund received \$540,461 in federal and state administrative allowances in Fiscal Year 2012-13. This amount is included in the \$12.9 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	Receipts
Schedule 2	Detail of Interest Received on Fund balance
Schedule 3	Transfers to Departments/Expenditures
Schedule 4	Transfers by Department or Fund

SCHEDULE NO. 1

RECEIPTS

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

October 2003 Wildfire	616,619
January 2005 Storms	1,162,297
February 2005 Storms	222,469
2008 Sayre Wildfires	11,111
2008 Sesnon Wildfires	13,109
2009 Station Fire	1,223,974
December 2010 Storms	1,485,349
Total State grant funds received	<u>\$ 4,734,928</u>

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

1994 Earthquake	5,321,635
October 2003 Wildfire	1,801,707
January 2005 Storms	208,721
February 2005 Storms	646,791
2008 Sayre Wildfire	40,404
Pre-disaster mitigation grant	52,732
Total Federal grant funds received	<u>\$8,071,990</u>

Summary:

Total Grants Received from the State of California	4,734,928
Total Grants Received from FEMA	<u>8,071,990</u>
Total Federal and State Grants Received	12,806,918
Add: Interest earned on Fund Balance	<u>181,989</u>
Total Receipts from all Sources	<u>\$12,988,907</u>

Amounts rounded off to the nearest dollar

SCHEDULE NO. 2

DETAIL OF INTEREST RECEIVED

<u>Period</u>	<u>Amount Received</u>
July 2012	\$.00
August 2012	16,279.87
September 2012	11,960.51
October 2012	6,246.40
November 2012	14,119.41
December 2012	17,973.56
January 2013	235.12
January 2013	27,148.38
February 2013	11,801.24
March 2013	8,554.11
March 2013	15,059.29
April 2013	.00
May 2013	20,951.28
June 2013	20,876.38
June 2013	1,273.38
June 2013	<u>9,510.53</u>
Total	<u>\$ 181,989.46</u>

TRANSFERS TO DEPARTMENTS/EXPENDITURES

<u>Event</u>	<u>Department/Fund</u> <u>/Purpose</u>	<u>Amount Transferred</u>	<u>Total</u>
Pre-Disaster Mitigation Grant	General Fund Non-departmental general		
	Reimbursement	\$52,732	\$52,732
Interest Earned on Fund	Reserve Fund Unappropriated Balance		
	Balance Transfer	\$400,000	\$400,000
Administrative Allowances	City Administrative Officer General Fund		
	Reimbursement	\$275,000	\$275,000
January 2005 Storms	Cultural Affairs Department Cultural Affairs Department Trust Fund		
	Reimbursement	\$276,837	\$276,837
January 2005 Storms	MICLA* Capital Finance Administration Fund		
	Reimbursement	\$694,256	\$694,256
2009 Station Fire	PW-Sanitation Sanitation Equipment Charge Fund		
	Reimbursement	\$197,313	\$197,313
2009 Station Fire	PW-Sanitation Landfill Closure and Post Closure Fund		
	Reimbursement	\$348,914	\$348,914
2009 Station Fire	PW-Sanitation Solid Waste Resources Fund		
	Reimbursement	\$2,854	\$2,854

December 2010 Storm	PW-Sanitation Stormwater Pollution Abatement Fund		
	Reimbursement	\$247,087	\$247,087
2008 Sesnon Wildfire	PW-Sanitation Landfill Maintenance Special Trust Fund		
	Reimbursement	\$55,714	\$55,714
2008 Sesnon Wildfire	PW-Sanitation Sewer Construction and Maintenance Fund		
	Reimbursement	\$26,927	\$26,927
Various Events (below)	Department of Water and Power Power Fund		
6% ICRP**	Reimbursement	\$20,972	\$6,756,939
1994 Earthquake	Reimbursement	3,263,121	
February 2005 Storm	Reimbursement	699,803	
2008 Marek Wildfire	Reimbursement	7,600	
2009 Station Fire	Reimbursement	1,105,733	
December 2010 Storm	Reimbursement	1,605,175	
January 2010 Storm	Reimbursement	54,535	
Various Events (below)	Department of Water and Power Water Fund		
1994 Earthquake	Reimbursement	\$2,000,000	\$2,160,622
February 2005 Storm	Reimbursement	160,622	
Total transfers			<u>\$11,495,195</u>

** Municipal Improvement Corporation of Los Angeles

*** Indirect Cost Rate Proposal

Amounts rounded off to the nearest dollar

TRANSFERS BY DEPARTMENT OR FUND

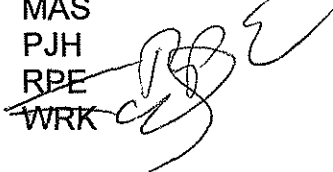
<u>Department or Fund</u>	<u>Amount Transferred</u>	<u>Percent of Total</u>
City Administrative Officer	\$ 275,000	2.39%
Cultural Affairs Department	276,837	2.41%
General Fund non-departmental general	52,732	.46%
MICLA	694,256	6.04%
PW-Bureau of Sanitation	878,809	7.65%
Reserve Fund	400,000	3.48%
Department of Water and Power/Power Fund	6,756,939	58.77%
Department of Water and Power/Water Fund	<u>2,160,622</u>	<u>18.80%</u>
Total	\$ <u>11,495,195</u>	<u>100.00%</u>

Amounts rounded off to the nearest dollar

Sources: Statement of Revenue and Expense June 30, 2013
 Statement of Condition of Appropriation-Summary June 30, 2013
 CAO Cash Summary and Reconciliation June 30, 2013
 CAO Cash Receipts and Disbursements Ledger June 30, 2013

**AFTER
THIS
PAGE
FOR
CAO
FILE
ONLY**

August 28, 2013

TO: MAS
PJH
RPE
WRK 

FROM: RBMendoza 

SUBJECT: ANNUAL FINANCIAL REPORT TO THE CITY COUNCIL

Enclosed is the CAO's annual financial report to the Council as required by the LA Admin Code. It presents the results of operations of the Disaster Assistance Trust Fund for the FY ended June 30, 2013.

The Disaster Recovery Program is audited annually by the Controller's Financial Reporting Division and the City's external auditor to verify compliance with applicable laws and regulations.

The report is due to Council within 90 days after the end of the FY (September 28).

For your review and approval.

Report ID: FMS_GL_06
 Run Date: 7/31/2013
 Run Time: 1:20:32 PM

City of Los Angeles
 Statement of Revenue and Expense



Fiscal Year : 2013 / Accounting Period Between : 1 & 12

Fund 872 Disaster Assistance Trust Fund
 Department 10 City Administrative Officer

Revenue	Revenue Source Name	Cash Revenue / Expense	Accrued Revenue / Expense	Total Revenue / Expense
3361	STATE GRANTS - OTHERS	(4,734,928.00)	0.00	(4,734,928.00)
4903	INTEREST INCOME-OTHER	(181,989.46)	0.00	(181,989.46)
5425	DISASTER COST REIMB FEDERAL GV	(8,071,990.00)	0.00	(8,071,990.00)
Total for : Revenue		(\$12,988,907.46)	0.00	(\$12,988,907.46)
(Net Income) Loss for Department : 10 City Administrative Officer		(\$1,893,712.46)	0.00	(\$1,893,712.46)
(Net Income) Loss for Fund : 872 Disaster Assistance Trust Fund		(\$1,893,712.46)	0.00	(\$1,893,712.46)
Grand Total for (Net Income) / Loss:		(\$1,893,712.46)	0.00	(\$1,893,712.46)

12,806,918

DISBURSEMENTS →

Net income

12,988,907.46
 (11,095,195.-)

1,893,712.46

SDA 4,734,928
 FDA 8,071,990
 12,806,918

STATE OF CAL
 FEDERAL SUBT.