

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0100-00438-0021

Date: September 22, 2011

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, 2011.

During fiscal year 2010-11 the City Administrative Officer administered 14 disaster recovery programs. Total revenues received during fiscal year 2010-11 amounted to \$6,510,793 including \$235,200 interest earned on the fund balance. Total transfers during 2010-11 amounted to \$10,184,612. Included in this amount are \$830,029 interest earned in prior fiscal years and 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:RPC:WRK:rbm

Attachment

CC: The Honorable Antonio Villaraigosa, Mayor

**DISASTER ASSISTANCE TRUST FUND
ANNUAL FINANCIAL REPORT TO THE CITY COUNCIL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

CITY OF LOS ANGELES

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

MIGUEL A. SANTANA, CAO

Raymond P. Ciranna, Executive Officer

Submitted by:

William R. Koenig
Chief Administrative Analyst

Rockie B. Mendoza
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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 as amended by the Disaster Mitigation Act of 2000 (P.L. 106-390) and the California Natural Disaster Assistance Act (NDAA). Title 44, Code of Federal Regulations, Part 206 implements PL 100-707.

SUMMARY

The CAO administered 14 active disaster recovery programs in Fiscal Year 2010-11 (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 2010-11 reached \$6,275,593 (Schedule 1). Receipts for the 1994 Northridge Earthquake totaling \$3,546,052 accounted for 60 percent of the total grant receipts in Fiscal Year 2010-11. As of June 30, 2011, the Federal Emergency Management Agency (FEMA) and the California Emergency Management Agency (CalEMA) have obligated over \$1 billion for the 1994 Northridge Earthquake. Year-to-date receipts for the 1994 Northridge Earthquake have amounted to \$972 million. The 1994 Northridge Earthquake remains to be the most destructive and the most expensive disaster in the City's history.

The Fund earned and received \$235,200 in interest on the fund balance in Fiscal Year 2010-11 (Schedule 2). This amount is included in the \$6.5million 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 2010-11, transfers to City departments, proprietary departments and the General Fund non-departmental general account amounted to \$10,184,612 (Schedule 3 and 4). These are reimbursements for emergency costs incurred by departments. Of this amount,

\$4,627,875 was transferred to the General Fund non-departmental general account. 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 approved Damage Survey Report (DSR) or 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. CalEMA applies a fixed administrative allowance of 4% to the state share of approved DSRs or 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 \$31,363 in federal and state administrative allowances in Fiscal Year 2010-11. This amount is included in the \$6.5million 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:

1994 Northridge Earthquake	\$ 354,605
January 2005 Storms	86,493
February 2005 Storms	27,206
2008 Sayre Wildfires	207,744
2008 Marek Wildfires	27,982
2008 Sesnon Wildfires	95,174
2009 Station Fire	211,942
January 2010 Storms	<u>166,842</u>
Total State grant funds received	<u>\$ 1,177,988</u>

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

1994 Earthquake	3,191,447
January 2005 Storms	268,322
February 2005 Storms	81,621
2008 Sayre Wildfires	330,660
2009 Station Fire	762,381
January 2010 Winter Storms	<u>463,174</u>
Total Federal grant funds received	<u>\$5,097,605</u>

Summary:

Total Grants Received from the State of California	\$1,177,988
Total Grants Received from FEMA	<u>5,097,605</u>
Total Federal and State Grants Received	6,275,593
Add: Interest earned on Fund Balance	<u>235,200</u>
Total Receipts from all Sources	<u>\$6,510,793</u>

Amounts rounded off to the nearest dollar.

SCHEDULE NO. 2

DETAIL OF INTEREST RECEIVED

<u>Period</u>	<u>Amount Received</u>
July 2010	\$.00
August 2010	12,431.10
September 2010	23,543.39
October 2010	21,720.27
November 2010	17,163.27
December 2010	.00
January 2011	24,033.45
February 2011	31,181.36
February 2011	16,333.52
March 2011	15,678.31
April 2011	14,087.30
May 2011	13,757.10
June 2011	22,346.35
June 2011	<u>22,924.81</u>
Total	<u>\$ 235,200.23</u>

TRANSFERS TO DEPARTMENTS/EXPENDITURES*

<u>Event</u>	<u>Department/Fund</u> <u>/Purpose</u>	<u>Amount Transferred</u>	<u>Total</u>
	General Fund-non departmental general		
1992 Storms	Reimbursement	\$72,453	\$4,627,875
March 1995 Storms	Reimbursement	3,867	
1998 El Nino Storms	Reimbursement	586,342	
2003 California Wildfires	Reimbursement	9,295	
January 2005 Storms	Reimbursement	963,131	
February 2005 Storms	Reimbursement	42,320	
2007 Griffith Park Fires	Reimbursement	175,417	
2008 Sesnon Wildfires	Reimbursement	1,945,021	
Interest Earned	Due to General Fund	830,029	
	City Administrative Officer General Fund		
Administrative Allowances	Reimbursement	\$245,000	\$245,000
	Public Works-Bureau of Sanitation Sewer Construction and Maintenance Fund		
1994 Earthquake	Reimbursement	\$1,074,175	\$1,096,409
1998 El Nino Storms	Reimbursement	10,946	
November 2003 Storms	Reimbursement	2,399	
January 2010 Storms	Reimbursement	8,889	
	Department of Water and Power Power Fund		
1994 Earthquake	Reimbursement	\$3,546,052	\$4,090,150
1998 El Nino Storms	Reimbursement	273,404	
2007 Griffith Park Fire	Reimbursement	3,398	
2008 Sayre Wildfires	Reimbursement	35,787	
2008 Marek Wildfires	Reimbursement	25,438	
2008 Sesnon Wildfires	Reimbursement	52,719	
January 2010 Storms	Reimbursement	153,352	

Department of Water and Power
Water Fund

1998 El Nino Storms	Reimbursement	\$59,041	\$107,150
2007 Griffith Park Fires	Reimbursement	2,326	
2007 Inyo Storms	Reimbursement	11,591	
2008 Sayre Wildfires	Reimbursement	13,170	
2008 Sesnon Wildfires	Reimbursement	21,022	

Zoo Department
Zoo Enterprise Fund

1998 El Nino Storms	Reimbursement	\$1,385	\$3,046
2007 Griffith Park Fires	Reimbursement	1,661	

Cultural Affairs Department
Cultural Affairs Department Trust Fund

November 2003 Storms	Reimbursement	\$8,921	\$14,982
January 2005 Storms	Reimbursement	6,061	

Total transfers

\$10,184,612

*Transfers were made to appropriate Special Funds, independent department funds and the General Fund based upon the origin of costs approved for reimbursement.

Amounts rounded off to the nearest dollar.

SCHEDULE NO. 4

TRANSFERS BY DEPARTMENT OR FUND

<u>Department or Fund</u>	<u>Amount Transferred</u>	<u>Percent of Total</u>
City Administrative Officer	\$ 245,000	2.41%
Cultural Affairs Department	14,982	.15%
General Fund non-departmental general	4,627,875	45.44%
Public Works-Bureau of Sanitation	1,096,409	10.77%
Department of Water and Power/Power Fund	4,090,150	40.16%
Department of Water and Power/Water Fund	107,150	1.05%
Zoo Department	3,046	.03%
Total	\$ <u>10,184,612</u>	<u>100.00%</u>

Amounts rounded off to the nearest dollar

Sources: Monthly Detail Listing of Fund Receipts June 30, 2011
Statement of Condition of Appropriation-Recap June 30, 2011
Statement of Revenue and Expense June 30, 2011
CAO Cash Summary and Reconciliation June 30, 2011
CAO Cash Receipts and Disbursements Ledger June 30, 2011