



RON GALPERIN
CONTROLLER

March 1, 2016

Honorable Members of the City Council
City of Los Angeles, California

Dear Honorable Members:

SUBJECT: FINANCIAL FORECAST REPORT – MARCH 1 REPORT

City Charter Section 311(c) requires the Controller by March 1 to send the Mayor, with a duplicate to the Council and to the City Administrative Officer, a detailed statement of estimated debt service requirements on all outstanding debt and an estimate of the revenue to be derived from fines, licenses and other sources. Attached is a duplicate of said report sent to the Mayor today.

This Office estimates that General Fund receipts for the current year will be \$169.7 million below the 2015-16 Adopted Budget. This revenue shortfall is largely a result of lower than budgeted property tax in-lieu of sales tax receipts wherein \$90.6 million will not be received this year due to overestimation and timing, of which \$63.6 million of the deficit is expected to be received in fiscal year 2016-17.

While any budgetary shortfall must be addressed, the City must also ensure that General Fund cash flow requirements are sufficient to meet demands. Given the reduction in current year anticipated revenues, cash flow borrowing from reserves may be necessary. It would be prudent for the City to take any necessary actions for soonest receipt of General Fund revenues, including effectuating the fiscal year 2015-16 Power Revenue Fund transfer.

Honorable Members of the City Council
March 1, 2016
Page 2

If you have any questions, please contact Todd Bouey, Director of Financial Analysis and Reporting at (213) 978-7203.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Earl', written in a cursive style.

MONIQUE EARL
Interim Chief Deputy Controller

Attachment