

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: April 12, 2017

TO: Honorable Herb J. Wesson, Council President
Honorable Paul Krekorian, Chair, Budget and Finance Committee
Honorable Members of the Los Angeles City Council

FROM: Ron Galperin, City Controller 

SUBJECT: AUTHORIZATION FOR YEAR-END RESERVE FUND BORROWING

As authorized by Charter Section 341, my Office has annually requested and received Council authority, subject to Mayoral approval, to process advances from the Reserve Fund to cover any circumstances where departmental expenditures exceed appropriations at year-end closing. This facilitates continued compliance with State and Federal year-end reporting requirements. Last year's authority per Council File No.15-0600-S97 resulted in a total Reserve Fund advance of \$78,114.07 to three (3) departments.

As with prior year Reserve Fund borrowing requests, I seek to limit the current fiscal year's Reserve Fund advance authority to an amount up to \$50,000 or one percent (1%) of each budget authority (appropriation) in deficit, whichever amount is greater. My Office will hold the processing of payments for any departmental budget authority that exceeds this limit until approved by separate Mayor and Council action.

RECOMMENDATION

That the Council, subject to the approval of the Mayor:

1. Authorize the Controller to process Reserve Fund borrowing for each departmental budget authority (appropriation) up to \$50,000 or one percent (1%) of said budget authority, whichever amount is greater, to balance departmental expenditures with appropriated amounts when expenditures exceed departmental budget authority;
2. Request the Controller and instruct the City Administrative Officer to work with departments to cancel encumbrances where expenditures and encumbrances exceed either appropriation or available receipts; and,
3. Request the Controller to include in the Preliminary Financial Report to the Mayor and Council a list of year-end Reserve Fund advances resulting from this authority.

If you have any questions, please contact Matthew Crawford, Director of Financial Analysis and Reporting at (213) 978-7203 or Matthew.Crawford@lacity.org.