

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

**DATE:** April 6, 2018

**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. 16-0600-S175 resulted in a total Reserve Fund advance of \$3,290.12 to the Fire Department.

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.

**RECOMMENDATIONS**

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 cover any circumstances where departmental expenditures exceed appropriations at year-end closing;
2. Request the Controller and instruct the City Administrative Officer to work with departments to cancel encumbrances where expenditures and encumbrances exceed either appropriations 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](mailto:Matthew.Crawford@lacity.org).