

APPROVED
01-20-2016

BOARD OF RECREATION
AND PARK COMMISSIONERS

REPORT OF GENERAL MANAGER

NO. 16-015

DATE January 20, 2016

C.D. Various

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: TRANSFER OF APPROPRIATIONS WITHIN THE DEPARTMENT OF RECREATION AND PARKS FUND 205, DEPARTMENT 88 ACCOUNTS

R. Barajas _____
H. Fujita _____
V. Israel _____

K. Regan _____
* N. Williams NDW

Neil D. Williams

General Manager

Approved

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Authorize the Department of Recreation and Parks' Chief Accounting Employee to transfer Three Million, Six Hundred Seventy-Four Thousand, Nine Hundred Seven Dollars and Forty-Two Cents (\$3,674,907.42) from Fund 205, Department 88 various accounts (see attached) to Fund 205, Department 88, Account number 88900H Projects Cash Flow; and,
2. Authorize the Chief Accounting Employee to make technical corrections as necessary to this transaction in order to effectuate the intent of this Report.

SUMMARY:

During the past twenty-five (25) years the Department of Recreation and Parks (RAP) has received or been awarded many grants from Federal, State, County, and other governmental agencies to provide much needed funding for both capital improvements and the provision of services. These grants included, but were not limited to, capital improvement grants such as Proposition 12, Proposition 40, and Proposition A-1 and A-2. RAP also received program grants for summer lunch, juvenile justice, senior nutrition, Community Development Block Grant (CDBG), etc. As with most capital or program grants, these awards did not provide upfront funding prior to the completion of projects or provision of services because, consistent with most grants, they were awarded on a reimbursement basis, requiring partial or full completion of capital improvements or provision of services to be completed prior to receiving any cash from the funding agency.

Accordingly, a lag time between billing the funding agency and receiving cash is generally between eight and sixteen weeks. However, vendors who provided services to RAP retained the right to be paid within thirty (30) days. To meet this requirement and to ensure sufficient funds were on hand to pay vendors, RAP, consistent with the practice of other City Departments, occasionally utilized funds from the City Reserve Fund, Public Works Trust Fund,

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or other designated special funds to cover these cash demands.

Since grants require strong accounting support to properly collect and record funding in compliance with grant requirements and the City of Los Angeles' accounting procedures, the Department has reviewed a variety of these transactions from 1995 to 2004. This review reveals that some of the project accounting for Proposition A-1 projects was not fully documented as completed, even though the projects were physically completed and the County of Los Angeles was properly billed, and the City received the cash that it "cash flowed or fronted" while the projects were in construction.

Therefore, to ensure the undocumented step in the accounting process was properly completed, i.e. returning the funds to the cash flow source, RAP began implementing stronger accounting controls over the last ten (10) years and has narrowed the group of projects that are not officially closed to those included on the Attachment. These funds are currently recorded in Fund 205 and should be properly reflected in the Project Cash Flow Account.

Therefore, Staff recommends that these projects now be officially closed and the remaining balances be transferred to Fund 205, Department 88, Account No. 88900H Projects Cash Flow. This recommendation is being made to remedy these fully documented funds and to, and to increase RAP's existing cash flow account as RAP has continued to receive capital grants (such as Proposition 1C-Housing Related Parks Program Grant) as well as program grants, and is required to increase RAP's cash flow account to support these activities. This would bring RAP's cash flow account balance to approximately Six Million Dollars (\$6,000,000.00). Additionally, increasing the cash flow account balance is in line with appropriate accounting practices, helping to lessen or eliminate transferring various funding sources.

FISCAL IMPACT STATEMENT:

There is no RAP General Fund impact as all transfers are within Fund 205.

This report was prepared by Noel Williams, Chief Financial Officer, and Finance Division.

BFY	Fund	Department	Appropriation Unit	Cash Flow Amount
2004	205	88	88004H NICKERSON GARDENS-HA	\$ 85,356.24
2004	205	88	88005H RAMONA GARDENS-HA	\$ 23,793.76
2004	205	88	88006H DEBS PARK	\$ 37,956.65
2004	205	88	88014H GRIFFITH OBS-REHAB	\$ 168,443.07
2004	205	88	88019H HANSEN DAM-ORCAS AREA	\$ 66,027.84
2004	205	88	88022H PAN PACIFIC PARK	\$ 1,154.00
2004	205	88	88025H SEPULVEDA BASIN-HJELTE FIELD	\$ 97,657.69
2004	205	88	88027H SEPULVEDA BASIN-WILDLIFE	\$ 171,500.00
2004	205	88	88040H DOWNEY REC CTR POOL BLDG	\$ 45,500.00
2004	205	88	88043H GREEN MEADOWS REC CENTER	\$ 21,166.04
2004	205	88	88044H HOLLYWOOD REC CTR R/R	\$ 37,428.55
2004	205	88	88048H LEMON GROVE REC CTR EXP	\$ 438,914.00
2004	205	88	88049H LINDSAY COMMUNITY CTR-PARK DEV	\$ 10,000.00
2004	205	88	88060H ALGIN SUTTON REC CTR CHILDCARE	\$ 107,001.63
2004	205	88	88061H ALGIN SUTTON REC CTR POOL BLDG	\$ 95,000.00
2004	205	88	88069H DELANO REC CTR COMM BLDG	\$ 16,526.36
2004	205	88	88070H EAGLE ROCK REC CTR CHILDCARE	\$ 45,863.31
2004	205	88	88073H ECHO PARK AREA CHILDCARE	\$ 87,006.44
2004	205	88	88082H LAFAYETTE PARK BLDG REHAB	\$ 13,241.59
2004	205	88	88093H RUNYON CANYON PARK DEVELOP	\$ 9,106.14
2004	205	88	88096H STUDIO CITY MINI-PARK ACQ	\$ 9,736.79
2004	205	88	88100H VNSO REC CTR INDOOR POOL	\$ 632,563.06
2004	205	88	88109H CABRILLO MARINE AQUARIUM	\$ 8,216.79
2004	205	88	88123H HARVARD RC- TENNIS COURTS	\$ 236,023.52
2004	205	88	88127H CABRILLO MARINE AQ M/PLAN IMP	\$ 685,591.92
2004	205	88	88133H GRIF PK TT TRAIN EXH SHELTER	\$ 200,552.94
2004	205	88	88143H MACARTHUR PARK OUTDOOR IMPR	\$ 73,061.32
2004	205	88	88144H NORTHEAST PARK-EL SERENO	\$ 19,570.59
2004	205	88	88156H STUDIO CITY RC BLDG REFURB	\$ 91,411.50
2004	205	88	88166H CABRILLO MARINE AQUARIUM	\$ 139,535.68
			Total	\$ 3,674,907.42