

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Council District: ALL

To: Karen Bass, Mayor
Marqueece Harris-Dawson, Council President
Katy Yaroslavsky, Chair, Budget and Finance Committee

From: Matthew W. Szabo, City Administrative Officer 

Reference: 2025-26 Budget

Subject: **SECOND FINANCIAL STATUS REPORT**

SUMMARY

This Office is transmitting the Second Financial Status Report (FSR) for Fiscal Year 2025-26. This report provides an update on the current-year budget, including projected departmental and non-departmental expenditures, the status of the Reserve Fund, revenue trends, and current issues of concern and their potential impact to the City.

The transactions in this report are deemed necessary to ensure departments have sufficient funds to cover payroll and other obligations pending the release of the Mid-Year FSR. In light of the need to expedite transactions in this report prior to the end of the calendar year, we did not include updates to every department's budgetary status. Instead, we are reporting on the status of major expenditure changes and providing new information from departments on substantive financial issues that warrant immediate notification to the Mayor and Council.

The First FSR identified approximately \$263.20 million in overspending and unbudgeted expenses mainly due to overspending in the Fire Department, City Attorney litigation and outside counsel costs, the Police Department, delays in the implementation of the Solid Waste Fee increase, retaining filled positions eliminated in the Adopted Budget, and unbudgeted salary payouts. The actions taken by the Council and Mayor in the First FSR were anticipated to reduce the overspending to \$249.01 million.

As of October 2025, the projected overspending is \$243.14 million, primarily driven by the same departments and spending categories identified in the First FSR. The largest over-expenditures are in the Fire Department due to the transfer of sworn salaries funding to constant staffing overtime in 2025-26 Budget, unbudgeted sworn bonuses, higher than anticipated resource deployments for wildfires outside the City, expenditures for wildfire cost-sharing agreements, and costs to participate in intergovernmental medical transport programs. Other significant over-expenditures are due to Police Department's costs to retain civilian positions eliminated in the 2025-26 Budget, projected sworn hiring above the levels assumed in the 2025-26 Budget, increased use of sworn overtime

and increased contract costs, the City Attorney's increased litigation expense and outside counsel costs, the General Services Department's unbudgeted salary payouts, increased contract costs, and increased utility prices, and the Office of Finance's unbudgeted salary payouts, absorption of ineligible special fund costs, not being able to meet its budgeted salary savings rate, and unbudgeted costs for the LATAX Transformation Project.

We recommend \$24.83 million in solutions to partially address the projected budget gap of \$243.14 million and identify \$146.94 million in potential future actions to further reduce the remaining year-end overspending to \$71.37 million. While the projected year-end overspending of \$71.37 million is substantially lower than the \$129.91 million reported for the same period last fiscal year, overall citywide overspending remains at a significant level.

An offset to the overspending accounted for in this report is the projected savings from agreements with bargaining units represented by the Engineers and Architects Association (EAA) and the Coalition of City Unions (Coalition) to initiate unpaid holidays beginning in January 2026. The success of these two agreements is contingent on the retention of the savings generated from the unpaid holidays by City departments, with the exception of using these savings to offset costs to retain positions within a respective department, as these savings will need to be transferred as needed to address the citywide costs to hold layoffs in abeyance. To ensure the success of these agreements, departments must absorb or manage remaining costs within existing funds and retain projected surpluses to the greatest extent possible.

With respect to General Fund revenues, the current data only reflects four months of receipts. Thus, even with revenues being above plan at the moment, it is too early to project year-end totals. Through October 2025, revenues are \$118.2 million above plan, an increase of \$38.1 million since the First FSR. However, we continue to caution that changes to economic activity, recent rate cuts, new tariffs, and the federal government shutdown are not yet fully reflected in our current receipts. Further, we maintain that significant downside risks exist to several revenue sources including departmental receipts, property tax, and transient occupancy taxes. Based on the downside revenue risks identified in this report, we do not anticipate a year-end revenue surplus that may be available to offset projected overspending.

The City cannot rely on the Reserve Fund to balance the budget and we must continue making efforts to bolster the Reserve Fund. After accounting for transactions approved since July 1 and the recommendations in this report, the Reserve Fund balance will be \$413.95 million or 5.06 percent of 2025-26 General Fund revenue, which is \$1.82 million, or 0.02 percent higher than what was reported in the First FSR. Due to the significant overspending identified in this report, the downside risk to revenues, and the need to maintain the Reserve Fund to position the City to weather the potential impacts of external risks to our finances, we continue to strongly recommend that the City refrain from using the Reserve Fund for purposes other than budget balancing and only after the City has evaluated cost control measures to reduce expenditures.

Finally, in the First FSR, we raised three issues of concern that presented risks to the City's fiscal condition. These issues were the recent agreements with employee unions to generate current-year savings to hold the layoff process in abeyance, the costs associated with the restoration of

city facilities damaged by the January 2025 wildfires, and the federal government shutdown which recently ended on November 12, 2025. In this report we continue to raise these concerns as the full impact of these issues remain unclear. In addition, in this report we are highlighting the overspending resulting from the Police Department's current sworn hiring, which is above the levels assumed in the 2025-26 Budget. As further detailed in this report, the Police Department is on pace to hire 410 new sworn officers versus the 240 hires authorized and funded in the Adopted Budget. The impact of this overspending in 2025-26 and 2026-27 cannot be overlooked, as it represents a departure from the approved plan with likely repercussions to the City's Reserve Fund. Therefore, this Office has prepared hiring plan options for the Council and Mayor to consider and provide direction on, to ensure the Police Department tailors its remaining classes and class sizes in accordance with the Council and Mayor's agreed upon intent. To be clear, any option that moves the hiring target above 240 new sworn officers represents unbudgeted expenditures. However, given the current hiring pace, the need to restate and/or reset the goal is evident.

Overall, the City has made progress in improving its financial outlook from the same period a year ago. However, unchecked overspending will impede the positive momentum the City has built. Through this Second FSR and subsequent FSRs, this Office will continue to advocate for prudent fiscal stewardship, as we continue to strengthen the City's fiscal position to weather the potential impacts from external risks to our finances and continuing our multi-year effort to restore the Reserve Fund and prepare for the 2028 Olympic and Paralympic Games.

General Fund Revenue

Attachment 1 – 2025-26 Adopted General Fund Revenue through October

Key Findings/Recommendations

- *Excluding interest earnings, actual revenue through October 2025 is \$1.41 billion, which is \$118.2 million above the adopted plan of \$1.29 billion. Excess interest earnings total \$19.5 million and are allocated to special funds.*
- *The above plan status reflects surpluses reported in property tax (\$10.6 million) and departmental receipts (\$38.2 million) pertaining to the delayed collection of revenue originally assumed in the 2024-25 revised budget.*
- *To date, total receipts represent 18.2 percent of the Adopted Budget. After adjusting for property tax timing differences, General Fund receipts are 5.9 percent higher than the same period last fiscal year.*
- *Despite total receipts currently exceeding plan, downside risks to revenue persist, including a lower growth estimate for the City's assessed value (3.6 percent instead of 4.1 percent), and departmental receipts falling short of the adopted budget due to vacant special fund positions, lower special fund revenues, the timing of reimbursements, and delayed implementation of the planned Solid Waste Resources Revenue (SWRRF) rate increase.*

- *Transient Occupancy Tax (TOT) is \$12.8 million below plan and 10.1 percent below receipts for the same period last fiscal year and more recent industry forecasts now project further declines with lower international tourism visits and spending.*
- *Based on recent and anticipated Federal Reserve rate cuts, the Wall Street Journal's October 2025 survey of economists predicted the probability of a national recession at 33 percent within the next twelve months. However, this projection was made during the first week of the 43-day federal shutdown. The Congressional Budget Office (CBO) has since estimated that the shutdown reduced annualized GDP growth in the fourth quarter by roughly 1.5 percentage points.*
- *While GDP growth is expected to rebound next calendar year, the CBO projects that roughly \$11 billion in economic activity has been permanently lost. Additionally, any recovery in City tax receipts may not be realized until the following fiscal year. Federal funding is currently extended only through January 30, 2026, presenting additional risks for another shutdown that would further impact revenue collections.*
- *With only four months of revenue data, it is too early to project year-end totals. Property tax receipts, the largest General Fund revenue source, represent only 3.9 percent of the property tax budget and the first remittance of secured receipts for the next property tax year will not occur until December 2025. Further, 85 percent of business tax receipts are received after January 1.*

2025-26 Adopted Revenue

The 2025-26 Adopted Budget assumes \$8.18 billion in total General Fund revenue, with revenue through October 2025 at \$1.49 billion. Receipts are \$137.6 million above the adopted plan of \$1.35 billion; however, excluding interest earnings that may be owed to special funds, this surplus is closer to \$118.2 million. After accounting for the timing of property tax receipts between fiscal years, October receipts are 7.8 percent above General Fund receipts at this same time last year, or 5.9 percent ahead after excluding interest due to other funds.

With only four months of revenue data, it remains too early to project year-end revenue. Some sources, such as property tax and business tax, currently reflect collections associated with the prior tax period, with remittances for the new tax period expected in December 2025 and January 2026, respectively. Other taxes, including sales and documentary transfer taxes, may respond more quickly to economic activity; however, impacts of recent rate cuts, tariffs, and the federal shutdown are not yet fully reflected in receipts. Early surpluses or deficits should therefore not be interpreted as indicative of full-year performance.

Certain categories, particularly departmental receipts, carry notable downside risk. Although receipts show a \$38.2 million surplus through October, this amount is inflated by delayed prior-year reimbursements, reflecting a pattern of year-end shortfalls that is likely to recur. Like departmental receipts, the property tax surplus of \$10.6 million includes receipts anticipated in May of the prior

fiscal year. Moreover, the adopted property tax revenue budget assumed 4.1 percent growth, whereas the County Assessor's recent estimate of 3.6 percent growth for the City's assessed value may reduce property tax receipts for the upcoming tax period. Transient occupancy taxes continue to underperform during the current fiscal year, with previous industry growth forecasts now projecting declines. Additional economic uncertainties, including the fallout from the wildfires, changing trade policies, and international conflicts, further increase the total risk to the budget.

See the discussion below and Attachment 1 for a summary of the variances from the monthly plan and potential risks to year-end receipts.

Table 1. 2025-26 General Fund Revenue and Variance through October 2025
(Millions of Dollars)

	Adopted Budget	Monthly Plan	Monthly Receipts	Receipts as % of Budget	Variance
Property Tax	\$2,839.1	\$100.4	\$111.0	3.9%	\$10.6
Property Tax Ex-CRA Inc.	172.6	-	-	-	-
Department receipts	1,645.0	385.0	423.2	25.7%	38.2
Business Tax	825.0	66.5	82.5	10.0%	16.0
Utility Users' Tax	702.5	226.5	257.9	36.7%	31.4
Sales Tax	647.5	214.7	225.1	34.8%	10.4
Transient Occupancy Tax	315.0	111.3	98.5	31.3%	(12.8)
Power Revenue Transfer	227.9	-	-	-	-
Documentary Transfer Tax	193.7	65.5	71.8	37.1%	6.3
Franchise Income	144.1	29.6	39.6	27.5%	10.1
Parking Occupancy Tax	141.3	47.1	49.5	35.0%	2.4
Parking Fines	108.4	36.1	36.0	33.2%	(0.1)
Interest Income	84.3	29.9	49.4	58.5%	19.5
Grant Receipts	46.8	0.8	6.6	14.0%	5.8
Special Parking Revenue Transfer	36.6	-	-	-	-
Transfer from Budget Stabilization Fund	29.0	29.0	29.0	1.0	-
Tobacco Settlement	9.6	-	-	-	-
State Motor Vehicle License Fees	6.1	6.1	6.0	97.0%	(0.2)
Residential Development Tax	3.6	1.2	1.4	39.2%	0.2
Total General Fund	\$8,178.3	\$1,349.8	\$1,487.5	18.2%	\$137.6

Property taxes: Net property tax receipts through October remain \$10.6 million ahead of planned receipts. There is additional downside risk to secured receipts based on the County Assessor's forecasted growth in the City's assessed value (3.6 percent) for the next tax period beginning December 2025. The adopted budget estimate assumed 4.1 percent. Tax relief and assessed value adjustments extended to property owners impacted by the January 2025 wildfires pose unknown

risks to receipts though the adopted budget includes assumptions for both. With regards to wildfire relief set aside in the State budget to offset property tax losses, no receipts are currently anticipated for this fiscal year.

Department receipts: Departmental receipts through October, which include license, permits, fees, fines, and various reimbursements, total \$423.2 million, which is \$38.2 million above the adopted plan. The surplus can primarily be attributed to delayed reimbursements anticipated in 2024-25 which represented \$47.3 million of the \$70.8 million year-end shortfall. Early estimates for year-end revenue indicate downside risks from vacant special fund positions, lower special fund revenues, the timing of reimbursements, and delayed implementation of the planned SWRRF rate increase.

Business tax: Net business tax receipts are \$16.0 million above plan. Receipts from non-cannabis business activity is \$14.9 million above plan; cannabis receipts are \$1.1 million above.

Sales tax: Sales tax is \$10.4 million above planned receipts through October. Some share of excess receipts may be attributed to accelerated purchasing completed in advance of anticipated tariffs and an uptick in inflation. Sales tax is one of the City's more economically sensitive revenues. Though current year receipts are above plan, there is risk to this revenue from anemic job growth, continuing inflation and the impact of the 43-day federal government shutdown. The Federal Reserve's rate cuts in September and October may offset this economic risk.

Utility users' tax (UUT): Adjusted total receipts through October are \$31.4 million above plan, largely due to increasing energy costs and consumption. Electricity users tax (EUT) is \$29.2 million above plan. Gas users tax receipts are \$2.2 million above plan. The communication users tax (CUT) is near plan.

Transient occupancy tax (TOT): TOT continues to underperform and is now \$12.8 million below plan (\$12.0 million for hotel activity and \$0.8 million for short-term rentals). With recent industry forecasts estimating a continuing decline in international tourism, specifically from China and Canada, there is sizable downside risk to revenue.

Power Revenue Transfer: After the adoption of the 2025-26 budget, the Board for the Department of Water and Power increased its estimate for the Power Revenue Transfer by \$0.3 million to approximately \$228.2 million. The actual transfer amount will be confirmed by the Board once an audit of 2024-25 Power Revenue Fund financial data is completed.

Documentary transfer tax: Receipts through October are \$6.3 million above plan, attributed to increasing price per deed and a small uptick in sales volume. When prices and sales increase (or decline) together there is a multiplying impact on the change in documentary transfer tax, increasing volatility. There is greater upside potential if mortgage rates mirror Federal Reserve rate reductions.

Franchise income: Net franchise receipts through October are \$10.1 million above plan with \$9.4 million attributed to the early remittance of solid waste franchise receipts. Natural gas franchise receipts are \$0.9 million above plan and cable television is \$0.2 million below.

Parking occupancy tax: Parking occupancy tax receipts are \$2.4 million above plan. As monthly receipts are variable, this surplus is not indicative of any trend.

Parking fines: Parking fine revenue through October is near plan, with twelve months of issuance and collection activity generating between \$108 million and \$111 million in receipts.

Grant receipts: Receipts from grant revenue through October are \$6.6 million, which is approximately \$5.8 million above the budgeted plan for departmental grant revenue due to increased and prior year direct and related cost reimbursements associated with Public Works and other departments. The total grant budget includes \$31.7 million in FEMA reimbursements for COVID-19 response efforts, representing the final payment for pandemic efforts.

Expenditures

Key Findings/Recommendations

- *This Office has identified approximately \$243.14 million in projected overspending and unfunded items across various departments and funds.*
- *The recommendations in this FSR address \$24.83 million of this overspending leaving \$218.31 million to be addressed. This Office has identified anticipated future actions that would offset an additional \$146.94 million, reducing year-end overspending to \$71.37 million.*

Based on expenditure data through the end of October 2025, this Office has identified \$243.14 million in projected overspending and unfunded items across various departments and funds. This amount is largely due to overspending in the Fire (\$83.90 million), Police (\$33.96 million), City Attorney (\$34.12 million), General Services (\$15.59 million) and Finance (\$13.97 million) departments. Many departments reported year-end surpluses due to salary savings and vacancies.

The year-end overspending is detailed in Table 2 to follow and is primarily due to the following categories:

- Projected overspending of \$83.90 million in the Fire Department primarily due to the transfer of sworn salaries funding to constant staffing overtime in 2025-26 Budget, unbudgeted sworn bonuses, higher than anticipated resource deployments for wildfires outside the City, expenditures for wildfire cost-sharing agreements, and costs to participate in the PP-GEMT and County IGT programs.

- Projected overspending of \$33.96 million in the Police Department due to costs to retain civilian positions eliminated in the 2025-26 Budget, projected civilian hiring, projected sworn hiring above the levels assumed in the 2025-26 Budget, increased use of sworn overtime and contract costs for contract security, vehicle evidence holding and a Workday/Accenture consultant.
- Projected overspending of \$34.12 million in the Office of the City Attorney primarily due to increased litigation expenses and outside counsel costs.
- Projected overspending of \$15.59 million in the General Services Department primarily due to unbudgeted salary payouts, increased contract costs and increased utility prices.
- Projected overspending of \$13.97 million in the Office of Finance due to unbudgeted salary payouts, the absorption of ineligible special fund salary costs, the Department not being able to meet its budgeted salary savings rate, banked overtime, and unbudgeted costs for the LATAX Transformation Project, and bank courier services.
- Projected overspending totaling \$61.60 million in various departments and funds for costs to retain positions deleted in the 2025-26 Budget, unbudgeted salary payouts, departments unable to meet their budgeted salary savings rate, costs and revenue shortfalls associated with the response to the January 2025 wildfire and windstorm events, projected ineligible grant costs, costs to maintain critical operations, and liability payouts.

(See Table 2 on the next page)

Table 2. Second FSR Projected Overspending/Unfunded Expenditures (in Millions)				
Departmental and Non-Departmental Overspending				
Department	First FSR	Change	Second FSR	Reason
Animal Services	\$ 0.29	\$ 0.23	\$ 0.52	Overspending due to the Department's vacancy rate being below the salary savings rate assumed in the 2025-26 Budget and increased costs for as-needed staff. Overspending increase due to the Department's hiring plan and rate increases for as-needed staff.
City Attorney	34.17	(0.05)	34.12	Overspending is primarily based on the City Attorney's stated costs for litigation expenses and outside counsel costs. Overspending decrease due to the net impact of unpaid holiday savings from Coalition agreement, reduced projected litigation expenses, offset by increased outside counsel costs.
City Clerk	1.74	(1.74)	-	Overspending resolved by actions in the First FSR.
Civil, Human Rights, and Equity	0.11	(0.11)	-	Overspending resolved due to staff attrition and the inclusion of unpaid holiday savings from the agreement with the Coalition.
Controller	0.37	(0.09)	0.28	Overspending is due to Accounting Assistance Program costs that have yet to be reimbursed and the delayed execution of a 2024-25 contract for an Animal Services Audit. Overspending decrease due to inclusion of unpaid holiday savings from the agreement with the Coalition.
Disability	0.19	(0.02)	0.17	Overspending is primarily due to costs to retain positions eliminated in the 2025-26 Budget. Overspending decrease due to inclusion of unpaid holiday savings from the agreement with the Coalition and reduced contract expenditures.
Emergency Management	4.86	(3.33)	1.53	Overspending is due to unbudgeted costs for a wildfire recovery response contract. Overspending decrease due to the actions of the First FSR.
Finance	14.09	(0.12)	13.97	Overspending is due to unbudgeted salary payouts, the absorption of ineligible special fund salary costs, the Department not being able to meet its budgeted salary savings rate, banked overtime, and unbudgeted costs for the LATAX Transformation Project and bank courier services. Overspending decrease primarily due to the inclusion of unpaid holiday savings from the agreement with the Coalition.
Fire	87.60	(3.70)	83.90	Overspending is primarily due to the transfer of sworn salaries funding to constant staffing overtime in 2025-26 Budget, unbudgeted sworn bonuses, higher than anticipated resource deployments for wildfires outside the City, expenditures for wildfire cost-sharing agreements, and costs to participate in the PP-GEMT and County IGT programs. Overspending decrease primarily due to transfers approved in reports subsequent to the First FSR.
General Services	18.28	(2.69)	15.59	Overspending is primarily due to unbudgeted salary payouts, increased contract costs and increased utility prices. Overspending decrease due to the actions of the First FSR and the inclusion of unpaid holiday savings from agreement with the Coalition.

(Table 2 continued on the next page)

Table 2. Second FSR Projected Overspending/Unfunded Expenditures (in Millions)				
Departmental and Non-Departmental Overspending				
Department	First FSR	Change	Second FSR	Reason
Housing	1.17	(0.68)	0.49	Overspending is primarily due to unfunded grant administrative salary costs and higher than budgeted Proposition HHH Program salary costs. Overspending decrease due to updated unfunded salary costs and Proposition HHH costs, and the inclusion of unpaid holiday savings from the agreement with the Coalition.
Information Technology Agency	1.12	(0.15)	0.97	Overspending is due to unbudgeted salary payouts, increased use of staff overtime in light of staff reductions, and increased costs to upgrade the City's legacy phone systems. Overspending decrease primarily due to the inclusion of unpaid holiday savings from agreement with the Coalition.
Personnel	2.47	0.34	2.81	Overspending is due to unbudgeted salary payouts and costs to maintain staffing in the City jails' medical dispensaries. Overspending increase due to new overspending to maintain staffing in the City jails' medical dispensaries and increased medical supply costs.
Police	27.70	6.26	33.96	Overspending is due to costs to retain civilian positions eliminated in the 2025-26 Budget, projected civilian hiring, projected sworn hiring above the levels assumed in the 2025-26 Budget, the increased use of sworn overtime, and contract costs for contract security, vehicle evidence holding and a Workday/Accenture consultant. Overspending increase due to projected sworn hiring and attrition related payouts, and increased sworn overtime costs to maintain service levels.
Bureau of Sanitation	1.64	2.74	4.38	Overspending is primarily due to increased hazardous waste contract costs, special-fund ineligible fire response costs, and winding down of programs eliminated in the 2025-26 Budget. Overspending increase primarily due to new hazardous waste removal overspending, unfunded positions and the winding down of eliminated programs.
Bureau of Street Services	8.24	(4.98)	3.26	Overspending is primarily due to unfunded positions that have yet to be reimbursed, unbudgeted salary payouts, and unbudgeted costs associated with interim positions. Overspending decrease due to transfers in various other reports and administrative actions, and the inclusion of unpaid holiday savings from the agreement with the Coalition.
Transportation	0.29	(0.29)	-	Overspending is primarily due to increased staff overtime in light of full-time vacancies. Overspending resolved due to hiring delays, unpaid holiday savings from agreement with the Coalition and reduced as-needed staff expenditures.
Non-Departmental				
Repair and Demolition Fund	0.52	(0.11)	0.41	Overspending is due to reduced cash flow due to delays in property owner reimbursements and the Mayor's Tolling Order during the COVID-19 emergency declaration. Overspending decrease due to updated revenue projections.

(Table 2 continued on the next page)

Table 2. Second FSR Projected Overspending/Unfunded Expenditures (in Millions)

Departmental and Non-Departmental Overspending

Department	First FSR	Change	Second FSR	Reason
Cannabis Regulation Trust Fund	10.00	-	10.00	Overspending based on the anticipated need to return up to \$10 million to the State associated with ineligible expenditures from the California Local Jurisdiction Assistance Grant.
El Pueblo de Los Angeles Historical Monument Fund	-	0.28	0.28	Overspending is associated with reduced revenue to the Fund from overdue rents and the delayed implementation of parking rate increases.
Stormwater Pollution Abatement Fund	4.52	(2.80)	1.72	Overspending is primarily due to unbudgeted required repairs and maintenance related to the January 2025 windstorm and wildfire events. Overspending decrease is primarily due to the actions of the First FSR.
Bureau of Sanitation Windstorm and Wildfire Events Response	1.00	-	1.00	Overspending due to costs for January 2025 windstorm and wildfire events from 2024-25 which became 2025-26 costs due to prior-year funding not being encumbered and subsequently reverted to the Reserve Fund.
Bureau of Sanitation, Backbilling (SWRRF, MBIF, SCM)	3.30	-	3.30	Overspending due to the waiver of sewer service charges and solid resources fees for properties impacted by the January 2025 windstorm and wildfire events.
Bureau of Sanitation, CARE/CARE+ Services	3.00	0.99	3.99	Overspending due to budget reductions and available funding that is insufficient to maintain daily cleaning operations, and unbudgeted contract costs for security and janitorial services. Overspending increase due to updated cost projections for seven-day service schedule.
Solid Resources Rates Implementation	30.09	(20.58)	9.51	Overspending is primarily due to delays in the implementation of increased solid resources rates impacting the Solid Waste Resources Revenue Fund (\$28.70 million) and the Multi-Family Bulky Item Fee Fund (\$1.2 million). Overspending decrease is primarily due to the reduction in related cost reimbursements to the General Fund to address revenue shortfalls.
General City Purposes	4.38	0.31	4.69	Overspending is primarily due to the expansion of the Lifeline and Low Income Subsidy Programs administered by the Bureau of Sanitation. Overspending increase is primarily due to reduced medicare surplus due to cost-of-living increases for the City Attorney.
Liability Claims	-	11.31	11.31	Overspending is due to approved and pending liability payouts.
Petroleum Products	0.82	0.16	0.98	Overspending is based on projected monthly commodity prices and prior-year expenditure trends. Overspending increase due to higher than projected commodity prices.
American Rescue Plan Act	1.24	(1.24)	-	Overspending is due to consultant services costs for reporting to the U.S. Treasury. Overspending resolved by the actions of the First FSR.
Total Year-End Overspending	\$263.20	\$(20.06)	\$243.14	

Current Year Budget Balancing

As noted in Table 3 below, the recommendations in this report are expected to reduce the year-end overspending from \$243.14 million to \$218.31 million. This Office has identified potential future actions totaling \$146.94 million, which could further reduce the remaining year-end overspending to \$71.37 million. Departments must absorb or manage remaining costs within existing funds and retain projected surpluses to the greatest extent possible. The City cannot rely on the Reserve Fund to balance the budget and needs to begin work to rebuild the Reserve Fund balance to a healthy level.

Table 3. 2025-26 Budget Balancing Solutions		
Second FSR Overspending	\$ (243.14)	
Second FSR Recommendations		
Department of Water and Power Reimbursement	0.05	Reimbursement of disabled ratepayer assistance service costs to Disability.
UB - Reserve for Mid-Year Adjustments	0.28	Transfer to the El Pueblo de Los Angeles Historical Monument Fund to ensure sufficient cash flow to maintain operations.
UB - Reserve for Mid-Year Adjustments	0.20	Transfer to Finance to partially address staff overtime costs through April 2026.
UB - Ground Emergency Medical Transport QAF Program	12.97	Transfer to the Fire Department for the payment of the first 2026 PP-GEMT-IGT Program invoice.
UB - Reserve for Mid-Year Adjustments	1.05	Transfer to the General Services Department to partially address utilities overspending through April 2026.
Appropriations from Unbudgeted Revenue and Special Fund Balances	0.31	Appropriate unbudgeted revenue and available special funding to Information Technology Agency to partially address projected overspending.
UB - Reserve for Mid-Year Adjustments	0.55	Transfer to Personnel to address costs to maintain the operations of the City's jail medical dispensaries through February 2026.
Bureau of Street Services Transaction Fund	3.28	Transfer to the Fire and Police departments to reimburse costs associated with special events.
Disencumbrance and Reappropriation of Prior-Year Funds	0.39	Disencumber and reappropriate prior-year contract funding to partially address CARE/CARE+ overspending.
UB - Reserve for Mid-Year Adjustments	5.75	Transfer to the Bureau of Sanitation to partially address Solid Waste Resources Revenue Fund overtime overspending.
Subtotal	\$ 24.83	

(Table 3 continued on the next page)

Table 3. 2025-26 Budget Balancing Solutions

Potential Future Actions		
Accounting Assistance Program Reimbursements	0.12	Anticipated transfers from various City departments to the Controller for Accounting Assistance Program costs.
UB - LATAX Replacement Project	9.80	Transfer to Finance to partially address overspending for the LATAX Improvement Project
IGT Fund (59F)	8.45	Transfer to the Fire Department for eligible emergency medical services costs.
UB - Reserve for Extraordinary Liability	11.31	Transfer to the Liability Claims fund for approved and pending liability payouts.
UB - Ground Emergency Medical Transport QAF Program	0.16	Transfer to the Fire Department for the payment of PP-GEMT-IGT Program costs.
UB - Department Payroll Reconciliation	12.00	Transfer to partially address Citywide overspending. These funds are intended to be used for salary payouts associated with labor agreements which are not included in departmental budgets.
UB - Police Department Sworn Overtime - Interim Homeless Housing	4.38	Transfer to the Police Department for sworn overtime costs associated with interim homeless housing.
Third Construction Projects Report, Second Transportation Construction Projects Report, and Administrative Transfers	0.85	Transfers in various future reports and reports pending Council consideration which include transfers to the Bureau of Street Services.
UB - Reserve for Mid-Year Adjustments	99.87	Transfer to various departments to partially address Citywide overspending.
Subtotal	\$ 146.94	
Year-End Overspending	\$ (71.37)	

Pending Interim Requests for Funding

On October 7, 2025, the Budget and Finance Committee approved an instruction for the CAO to include a list of unfunded requests that are pending before the Council in each FSR (Attachment 9). This Office has updated the list that we presented in the First FSR and will continue to update this list in subsequent FSRs. We have included all items that we identified that are currently pending before Council or a Council committee that either instruct a department to identify a funding source or that identify a funding source that is equivalent to a new General Fund appropriation.

We did not include requests for reappropriations or requests that departments only submitted to the CAO as part of their FSRs. Consistent with the City's Financial Policies, we have generally not supported these requests for new funding in the FSR and they are, therefore, not pending before Council. This list also does not include items that discuss the initiation of new or increased services

if there is no corresponding request for funding. Nor did we include requests that propose a viable funding source other than the General Fund.

Using these criteria, we have identified 30 pending requests for funding. The total amount of identified funding on this list is \$52.40 million. We have yet to identify the amounts associated with eight of these 30 requests, however, and therefore the full cost of funding all of these requests would exceed the amount that we identified.

City Reserves

Key Findings/Recommendations

- *After accounting for transactions approved since July 1 and pending transfers, the Reserve Fund balance is \$413.95 million, which represents 5.06 percent of the General Fund budget.*
- *If the City is not able to identify other solutions to address approximately \$71.37 million of additional overspending we detail in this report, the City's use of the Reserve Fund would result in the Reserve Fund dropping below five percent of General Fund revenues.*
- *The City maintains budgetary reserves designed to help manage its risks and ensure sufficient resources to meet contingencies. The City's reserves total \$695.25 million or 8.50 percent of the total 2025-26 General Fund revenue.*

Table 4. Total City Reserves			
Reserves	Balance (In Millions)	%	Purpose
UB, 2025-26 Reserve for Mid-Year Adjustments account	\$ 99.87	1.22%	Available to address shortfalls that may arise throughout the year.
Reserve Fund	413.95	5.06%	Preserved for the most critical needs and matters of urgent economic necessity; not to be used for ongoing expenses.
Budget Stabilization Fund	181.43	2.22%	Restricted for the maintenance of service levels during years of slow growth and declining revenue.
Total Reserves	\$ 695.25	8.50%	

Unappropriated Balance, Reserve for Mid-Year Adjustments

The 2025-26 Adopted Budget includes \$125 million in the UB, Reserve for Mid-Year Adjustments Account. The City should use this account prior to the other reserves. The first FSR included an early reversion of \$10 million and transfers totaling \$6.87 million from the UB, Reserve for Mid-Year Adjustments Account resulting in a balance of \$108.13 million.

As of November 17, 2025, there have been no interim transfers from this account since the First FSR. This report includes transfers totaling \$8.26 million from this account to City Administrative Officer (\$0.05 million), City Planning (\$0.38 million), El Pueblo de Los Angeles Historical Monument Fund (\$0.28 million), Finance (\$0.20 million), General Services (\$1.05 million), Personnel (\$0.55 million), and the Bureau of Sanitation (\$5.75 million), resulting in a balance of \$99.87 million.

Reserve Fund

Attachment 2 – Current Status of Reserve Fund

After accounting for transactions approved since July 1 and pending transfers, the Reserve Fund balance is \$413.95 million, which consists of \$224.90 million in the Emergency Reserve and \$189.05 million in the Contingency Reserve. This balance represents 5.06 percent of the General Fund budget, which meets the five percent Reserve Fund policy.

This report presents current-year anticipated overspending of \$71.37 million that may require the use of the Reserve Fund if the City is not able to identify other solutions. All else being equal, and based on the option for Police Sworn Hiring designated by the Mayor and Council, the use of the Reserve Fund to cover the additional overspending would reduce the Reserve Fund balance as shown in the table below for each sworn hiring option. Using the Reserve Fund to resolve the year-end budget gap in all four options would bring the Reserve Fund below the five percent Reserve Fund policy level.

Table 5. Police Sworn Hiring Options and Reserve Fund Impact

Option	Hiring Scenario	Total Sworn Deployment	Year-End Budget Gap	Reserve Fund Balance After Resolving Year-End Budget Gap	Reserve Fund Percent
A	240 Recruits	8,386	\$ 66.94	\$ 347.01	4.24%
B	360 Recruits	8,506	\$ 69.68	\$ 344.27	4.21%
C	410 Recruits	8,556	\$ 71.37	\$ 342.58	4.19%
D	480 Recruits	8,626	\$ 73.46	\$ 340.49	4.16%

Additionally, this Office is aware of internal and external factors that may also require the use of the Reserve Fund, including the realization of any of the downside risks to revenues that we have identified in this report. In light of these potential uses, this Office recommends the City continue to take steps to protect and maintain the Reserve Fund at the five percent minimum policy. Specifically, the City should refrain from using the Reserve Fund to fund new programs, program expansions, and service restorations.

Budget Stabilization Fund

To supplement the Reserve Fund, the City established the Budget Stabilization Fund (BSF) as part of the 2008-09 Budget to prevent overspending during prosperous years and to provide resources to help maintain service levels during lean years. The current balance in the Budget Stabilization Fund is \$181.43 million.

Issues of Concern Recommendation No. 5

Key Findings/Recommendations

- *Additional internal and external factors that may have an impact on the City include costs associated with the employee union negotiations, wildfire response costs, the recently ended federal government shutdown, and overspending in the Police Department caused by current sworn hiring exceeding the levels assumed in the Adopted Budget.*

Employee Union Negotiations

The City has reached agreements with the bargaining units represented by the Engineers and Architects Association (EAA) and the Coalition of City Unions (Coalition) to implement unpaid holidays in the second half of the fiscal year to hold the layoff process in abeyance. The success of these two agreements is contingent on the retention of the savings generated from the unpaid holidays by City departments, with the exception of using these savings to offset costs to retain positions within a respective department, as these savings will need to be transferred as needed to address the citywide costs to hold layoffs in abeyance. To ensure the success of these agreements, we recommend that the Mayor and Council instruct departments to retain the projected savings generated from these agreements to be used only to offset the costs to hold layoffs in abeyance.

The City has additionally reached an agreement with the Los Angeles Police Protective League for the implementation of a Voluntary Overtime Bank (VOB) to generate savings to hold in abeyance the civilian layoffs in the Police Department.

The projections in this report include the impact of the agreements with EAA and the Coalition. The impact of the agreement with the LAPPL is not included in our projections as the VOB has only been recently implemented in Workday. We will include the impact of the VOB in future FSRs.

Wildfire Response Costs

The CAO submitted its damage estimates to the FEMA and has an approved damage inventory list of 47 active projects totaling \$237.26 million. Of this amount, we currently estimate the need to provide front funding for approximately \$87 million in permanent works for the restoration of City facilities including the Palisades Library, slope mitigation measures, streetlighting, traffic control signs and signals and water control facilities. This \$87 million amount only reflects the amount needed for non-DWP projects as they will be front-funding their own projects. Further, we are working on the addition of a new project related to the streets and sidewalks damaged as part of

the US Army Corps debris removal project, and the preliminary estimate for that is still pending finalization.

Of this amount, the Capital Improvement Expenditure Plan sets aside \$17.7 million in special funds for erosion control and signs and signal work to front fund some of this work leaving approximately \$70 million in funding to be identified. While the General Fund would be the resource of last resort for front funding these projects, the CAO is currently evaluating alternative options including special funds and state funding designated for wildfire response front-funding. Any use of these alternative sources would reduce the exposure of the General Fund but there is no guarantee that, or the extent to which, they will be available.

The entire \$50 million loan from the Building and Safety Enterprise Fund has been depleted. We are working to identify implementation timelines for all of these projects to determine the amount of funding that will be needed this fiscal year versus future fiscal years and potential funding sources. We will report on the funding plan and current-year needs once we have finalized implementation schedules with City departments.

Federal Government Shutdown

On November 12, 2025, the longest federal government shutdown in the country's history ended. The shutdown had a significant impact on City residents and the local economy. Federal workers were not paid after October 10, 2025. Federal agencies halted new grant awards and grant payments. The U.S. Travel Association estimated a weekly loss of \$1 billion nationwide in the travel sector. The Supplemental Nutrition Assistance Program and Head Start were put at risk.

The current continuing resolution is only effective until January 30, 2026. Congress and the President would have to approve a budget or another continuing resolution by that date to avoid another shutdown. We will continue to monitor this situation and report in future FSRs. The City does not have the capacity to fund or replace federal programs or services that are negatively impacted by the shutdown.

Police Sworn Hiring

The Police Department has proceeded with sworn hiring at levels that exceed the adopted sworn hiring plan. The budgeted hiring plan includes six academy classes for the entire year of 40 recruits each, for a total of 240 new hires. The Department has already completed four academy classes with an average of 31 recruits per class and has indicated it will reach 240 new hires by January 2026. Based on current trends and the Department's intent to hold a total of 13 academy classes for the year, this Office projects the hiring of 410 new officers by year end, surpassing the adopted hiring plan by 170 sworn officers. The Department has indicated that that increased efficiency under the Mayor's Executive Directive 14 will result in larger classes in the second half of 2025-26 and bring the count of new hires to 480.

Halting the actions that result in overspending is usually the first step in addressing overspending. However, in this case, this Office believes a decision is needed on whether the Police sworn hiring overspending will be allowed to continue and if so, to what extent. To facilitate a decision, we have prepared several options for the Council and Mayor to consider and identified incremental costs of

each scenario in 2025-26 and the projected 2026-27 costs associated with each hiring scenarios. Any option above the 240 adopted plan will require additional funds.

This Office recommends the following at this time:

- Approve one of the following four options for Police Sworn Hiring in 2025-26 and instruct the Police Department to adjust future sworn recruit classes to ensure that hiring is limited to the total number of sworn hires in the approved hiring option approved by the Mayor and Council. The hiring options and associated costs are summarized in the table below:

Option	Hiring Scenario	Total Sworn Deployment	Incremental 2025-26 Cost Compared to Adopted Hiring Plan	Incremental Cost Increase for 2026-27	Impact to Second FSR Overspending
A	240 Recruits	8,386	\$ -	\$ -	\$ (4,427,200.00)
B	360 Recruits	8,506	\$ 2,732,828.00	\$ 16,734,066.30	\$ (1,694,372.00)
C	410 Recruits	8,556	\$ 4,427,200.00	\$ 23,706,593.92	\$ -
D	480 Recruits	8,626	\$ 6,521,637.00	\$ 33,468,132.60	\$ 2,094,437.00

Budgetary Adjustments

Budgetary adjustments totaling approximately \$50.56 million are recommended in Sections 1, 2, and 4 of this report which include:

- \$7.24 million in new appropriations;
- \$8.25 million for transfers between accounts within various departments and funds;
- \$10.96 million for transfers between various departments and funds;
- \$21.38 million in appropriations from the Unappropriated Balance;
- \$1.25 million in special fund appropriations;
- \$0.83 million in reductions to special fund appropriations; and,
- \$0.65 million in disencumbrances and reappropriations.

Attachments

- 1 2025-26 Adopted General Fund Revenue through October 2025
- 2 Current Status of Reserve Fund
- 3 New Appropriations
- 4 Transfers between Accounts within Departments and Funds
- 5 Transfers between Departments and Funds
- 6 Appropriations from the Unappropriated Balance
- 7A Status of the Unappropriated Balance-General Account
- 7B Status of the Unappropriated Balance-Reserve for Mid-Year Adjustments
- 7C Status of the Unappropriated Balance-non-General Account
- 8 Status of Liability Claims Account
- 9 List of Pending Interim Requests for Funding

RECOMMENDATIONS

(Refer to Discussion Sections 1, 2, and 4)

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

1. Appropriate \$7,238,875.44 to various department and fund accounts as specified in Attachment 3;
2. Transfer \$8,245,982.76 between accounts within various departments and funds as specified in Attachment 4;
3. Transfer \$10,960,554.57 between various department and funds as specified in Attachment 5;
4. Transfer \$21,384,844.77 from the Unappropriated Balance to various departments and funds as specified in Attachment 6;
5. Approve one of the following four options for Police Sworn Hiring in 2025-26 and instruct the Police Department to adjust future sworn recruit classes to ensure that hiring is limited to the total number of sworn hires in the approved hiring option approved by the Mayor and Council. The hiring options and associated costs are summarized in the table below:

Option	Hiring Scenario	Total Sworn Deployment	Incremental 2025-26 Cost Compared to Adopted Hiring Plan	Incremental Cost Increase for 2026-27	Impact to Second FSR Overspending
A	240 Recruits	8,386	\$ -	\$ -	\$ (4,427,200.00)
B	360 Recruits	8,506	\$ 2,732,828.00	\$ 16,734,066.30	\$ (1,694,372.00)
C	410 Recruits	8,556	\$ 4,427,200.00	\$ 23,706,593.92	\$ -
D	480 Recruits	8,626	\$ 6,521,637.00	\$ 33,468,132.60	\$ 2,094,437.00

Cannabis Regulation

6. Authorize the Controller to reduce appropriations from the Cannabis Regulation Special Revenue Trust Fund as follows:

Account	Source of Funds	Adopted Budget	Budget Reduction	Revised Budget
13C139, Finance	Cannabis Regulation Special Revenue Trust Fund	\$1,178,001	\$828,570	\$349,431

7. Authorize the Controller to reduce a corresponding appropriation of \$828,570 within the Office of Finance Fund No. 100/39, Account No. 001010, Salaries General.

8. Authorize the Controller to return interfund operating transfers in excess of \$349,431 from the Office of Finance Fund No. 100/39, Revenue Source Code No. 5667 to the Cannabis Regulation Special Revenue Trust Fund No. 60E/13 as soon as practicable.

City Administrative Officer

9. Authorize the Controller to disencumber encumbrances within the Insurance and Bonds Premiums Special Fund No. 46S/10, in the specific amounts and accounts as listed in the table below, and process the early reversion in the amount of \$263,904.13 to the Reserve Fund No. 101 and transfer a like amount from the Reserve Fund to the Unappropriated Balance Fund No. 100/58 and appropriate therefrom to the Insurance and Bonds Premiums Special Fund No. 46S/10, Account No. 100230 to be used for the procurement of insurance.

BFY	APPR	Encumbrance No.	Amount
2019	100230	SC CO19131909M	\$ 36,919.88
2019	100230	SC CO19132592M	30,270.00
2021	100230	SC CO21136978M	68,744.48
2021	100230	SC CO21137664A	4,739.38
2021	100230	SC CO22139871M	39,196.10
2023	100230	SC CO23137664MX	63.29
2023	100230	SC CO23141432M	38,750.00
2024	100230	SC CO24141432M	38,750.00
2024	100230	SC CO24144398M	10.58
2025	100230	SC CO25144398M	6,460.42
Total:			\$ 263,904.13

City Attorney

10. Request the City Attorney use its existing current-year funds and available encumbrances for the Litigation and Outside Counsel accounts to pay invoices that must be paid prior to the end of the calendar year.
11. Request the City Attorney review its prior-year encumbrances in the Litigation and Outside Counsel accounts to determine which can be released to address costs for existing invoices and report to the Mayor and Council with the recommendations necessary to release prior-year encumbrances the City Attorney determines are available for existing invoices
12. Request the City Attorney work with the City Administrative Officer to the extent that additional funds are needed for Litigation and Outside Counsel costs prior to the Mid-Year FSR.

Community Investment for Families

13. Authorize the Controller to realign appropriations within the Community Services Block Grant (CSBG) Trust Fund No. 428/21 with available grant funds:

- a. Increase appropriations totaling \$54,600.30 within the CSBG Trust Fund No. 428/21, Account No. 21C121, Community Investment for Families;
- b. Increase appropriations in the amount of \$10,463.70 within the CSBG Trust Fund No. 428/21, Account No. 21C299, Reimbursement of General Fund Costs; and,
- c. Increase appropriations totaling \$54,600.30 within the Community Investment for Families Department Fund No. 100/21 as follows:

Account No.	Account Name	Amount
001010	Salaries General	\$ 15,536.30
006010	Office and Administrative	39,064.00
Total		\$ 54,600.30

Emergency Management

14. Instruct the Emergency Management Department to report to Mayor and Council on the status of the contract with Hagerty for wildfire recovery response work, including the associated funding gap to continue the contract through February 2026.

Hotel Subvention Agreements

15. Request the Office of the City Attorney to prepare and present ordinances repealing Section 5.568 of Chapter 162, Division 5 of the Los Angeles Administrative Code, which established the 901 Olympic North Hotel Trust Fund (56N) and Section 5.574 of Chapter 168, Division 5 of the Los Angeles Administrative Code, which established the Metropolis Hotel Project Trust Fund (57J), and to provide for the transfer of any remaining surplus funds from each respective fund to the Reserve Fund (101).
16. Instruct the City Controller to execute the fund transfers and implement the fund closures as instructed in the ordinances.

Bureau of Sanitation

17. Authorize the Controller to disencumber \$386,096.90 in Fiscal Year 2023-24 encumbered balance for Clean Harbors Environmental Services Inc. (Vendor Code 100012183, SC 82 CO24143651M) within Bureau of Sanitation Fund No. 100/82, Account No. 003040, Contractual Services, and revert the disencumbered amount to the Reserve Fund No. 101/62, transfer therefrom to the Unappropriated Balance Fund No. 100/58 and appropriate therefrom to the Bureau of Sanitation Fund No. 100/82, Account No. 003340, Water and Electricity, to pay utilities for Young's Market.

Transportation

18. Rescind the transfer included in the 2025-26 First Financial Status Report (C.F. 25-0600-S126), Attachment 3 for New Appropriations related to the Department's "Overtime Cost for Water Trunkline Projects" since it will be replaced with a new instruction, which is included in this FSR under Attachment 3.

Zoo

19. Increase revenue totaling \$1.2 million within the Zoo Enterprise Trust Fund, Reimbursements Miscellaneous (RSC No. 4543) to reflect additional anticipated receipts from the Greater Los Angeles Zoo Association which were not assumed in the 2025-26 Adopted Budget.

Technical

20. Authorize the CAO to make technical corrections as necessary to those transactions included in this report to implement Mayor and Council intentions.

FISCAL IMPACT STATEMENT

A total of \$243.14 million in projected over-expenditures are identified in the First Financial Status Report. Transfers, appropriations, and other budgetary adjustments totaling approximately \$50.56 million are recommended in Sections 1, 2, and 4 of this report.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies as the recommended transactions use current revenues and balances to pay for current operations.

DISCUSSION

In preparation of this report, this Office has performed an analysis of all departments and funds in an effort to identify spending, revenue, or any other issues of concern. Generally, our analysis is conducted in concert with departments and fund administrators, however, in some cases the analysis presented in this report is based substantially or completely on work conducted by this Office in the absence of information provided by departments or fund administrators. The following departmental sections were completed by this Office in the absence of complete information from departments:

- Fire
- Police

In preparation of this report, this Office has performed an analysis of all departments and funds in an effort to identify spending, revenue, or any other issues of concern. Generally, we base our analysis on data through October 31, 2025. As is typically the case for the Second FSR, however, this report only includes a detailed narrative on the following:

- Overspending that was not resolved by the recommendations of the First FSR.
- A significant change from the First FSR to the Second FSR that introduces a new financial concern.
- An issue of concern related to the department or fund in the First FSR.
- An urgent transaction that this Office recommends that the City Council and Mayor approve at this time.

The following departments did not fit into any of these criteria and we did not include them in the narratives below:

- Aging
- City Clerk
- City Tourism
- Cultural Affairs
- Employee Relations Board
- Ethics
- Library
- Neighborhood Empowerment
- Public Accountability
- Board of Public Works
- Bureau of Contract Administration
- Bureau of Engineering

The following is a discussion regarding the recommendations included in the report and other budget related items. The discussion is presented in the following sections:

Section 1. Status of Departmental Budgets	25
Section 2. Status of Non-Departmental Funds and Special Accounts	76
Section 3. Status of American Rescue Plan Act – State and Local Fiscal Recovery Funds	82
Section 4. Status of Hotel Subvention Agreements	83

1. STATUS OF DEPARTMENTAL BUDGETS

This section addresses the status of department expenditures and revenues, presents projected year-end overspending, and highlights issues of concerns. Recommendations include new appropriations, special fund reappropriations, and transfers for operational needs.

A. Animal Services

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Overspending (Shown as Negative, in millions)</i>			
Salaries General	\$ (0.41)	\$ (0.07)	Projected overspending is due to the Department's vacancy rate being below the eight percent salary savings rate assumed in the 2025-26 Budget.
Salaries As-Needed	(0.10)	0.07	Projected overspending is due to MOU related hourly pay increases and projected staffing needs through year end.
General Fund Total	\$ (0.52)	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 2.72	\$ 2.74	\$ 0.02	Projected revenue surplus is based on prior-year grant reimbursements and year-to-date revenue trends.

The projected General Fund overspending is \$0.23 million higher than reported in the First FSR primarily due to the Department's hiring plan and MOU related hourly rate increases for as-needed staff. This Office recommends a transfer from the Salaries General Account to the Salaries As-Needed Account to address short-term cash flow issues for as-needed staff required to maintain service levels. This Office will continue to work with the Department to monitor its expenditures and report in future FSRs with the recommendations necessary to address the projected overspending.

This Office recommends the following transactions at this time:

- Transfer \$65,500 from the Salaries General Account to the Salaries As-Needed Account to address over-expenditures resulting from MOU related hourly rate increases through March 2026.
- Transfer \$89,235 of grant funds from the Fund 859 - Animal Welfare Trust Fund, Account No. 06106Y to Revenue Source Code 5168, Reimbursement of Prior Year Salary to capture prior year grant salary expenditures.
- Transfer \$60,765 of grant funds from the Fund 859 - Animal Welfare Trust Fund, Account No. 060057 to Revenue Source Code 5361, Related Cost Reimbursement-Others to capture salary related cost expenditures from prior-year grants.

B. Building and Safety
No Recommendation

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 0.58	\$ -	Projected surplus is due to staff vacancies. The Department has a 12 percent vacancy rate.
Other Surplus Accounts	0.07	-	Projected surpluses in several accounts are based on year-to-date expenditure trends.
General Fund Total	\$ 0.65	\$ -	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 9.09	\$ -	Projected surplus is due to staff vacancies. The Department has a 12 percent vacancy rate.
Other Surplus Accounts	1.19	-	Projected surpluses in several accounts are based on year-to-date expenditure trends.
Special Funds Total	\$ 10.28	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 122.47	\$ 120.87	\$ (1.60)	Projected revenue shortfall is due to reduced related cost reimbursements associated with special funded vacancies.

The projected surpluses in the General Fund and special funds are respectively, \$0.04 million and \$0.59 million higher than we previously reported in the First FSR due to slower than projected hiring. This Office does not recommend any transactions at this time.

Repair and Demolition Fund

The Repair and Demolition Fund (Fund) partially funds the Department's Salaries General Account in the amount of \$328,493. As a result of the Mayor's Tolling Order during the COVID-19 emergency declaration, delays in property owner reimbursements impacted the Fund's cashflow for the prior three years. There are two outstanding loans from the Reserve Fund (\$404,657) and the Building and Safety Building Permit Enterprise Fund (\$857,000) to address the Fund's cashflow issues and to address urgent abatement and demolition needs (C.F. 23-0941). As of November 1, 2025, the Fund revenues are \$154,067 and the Department anticipates an additional \$308,136 from direct assessments from Los Angeles County, resulting in a year-end projected revenue of \$462,203 for the Fund.

Based on revenues to date and \$874,907 in pending invoices, this Office projects a year-end revenue shortfall of approximately \$0.41 million. In light of the projected revenue shortfall, the Fund will not be able to repay the pending loans in the current fiscal year. This Office will closely monitor this Fund and provide updates in future FSRs.

C. Cannabis Regulation Recommendation Nos. 6, 7, and 8

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 0.62	\$ -	Projected surplus is due to staff vacancies.
Other Surplus Accounts	0.03	-	Projected surplus is based on prior-year and year-to-date expenditure trends.
Special Funds Total	\$ 0.65	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 4.79	\$ 4.79	\$ -	This Office projects the Department will meet its General Fund revenue budget by year end.

The projected special fund surplus is approximately \$0.15 million lower than previously reported in the First FSR due to increased hiring.

California Local Jurisdiction Assistance Grant

As previously reported in the 2024-25 FSRs and the 2025-26 First FSR, in December 2021, the State of California Department of Cannabis Control (DCC) awarded the Department of Cannabis Regulation approximately \$22 million through the California Local Jurisdiction Assistance Grant (LJAG), with a performance period from January 2022 through June 2025. The Department requested to amend the LJAG agreement in April 2023 to expedite the use of grant funds. During discussion of the requested amendment, the DCC informed the Department that the majority of the originally intended uses of grant funds were no longer allowable. The amendment to the LJAG agreement was finally approved in November 2024, and the grant expenditure period ended in March 2025. The Department continues to work with DCC to recognize additional eligible expenditures, however, the Department anticipates that it may be asked to return up to \$10 million to the DCC in 2025-26. This Office will continue to work with the Department to identify the amount of funding that it may be ordered to return to the State and report in future FSRs with the recommendations necessary to resolve this matter.

Office of Finance Cannabis Audit Unit

The Council and the Mayor adopted an updated fee ordinance for the Department which went into effect in September 2025 (C.F. 25-0418). As part of this ordinance, the City Attorney determined that certain costs incurred by the Office of Finance for its Cannabis Audit Unit were not eligible for reimbursement by the Cannabis Regulation Special Revenue Trust Fund. These costs were programmed in the 2025-26 Adopted Budget and thus an adjustment must be made to reduce the total appropriation from the Cannabis Regulation Special Revenue Trust Fund to the Office of Finance, and eliminate any future allotments to the Office of Finance for the remainder of the fiscal year, as the value of the revised budget appropriation amount was already allotted.

This Office recommends the following transactions at this time:

- Reduce appropriations from the Cannabis Regulation Special Revenue Trust Fund as follows:

Account	Source of Funds	Adopted Budget	Budget Reduction	Revised Budget
13C139, Finance	Cannabis Regulation Special Revenue Trust Fund	\$1,178,001	\$828,570	\$349,431

- Reduce a corresponding appropriation of \$828,570 within the Office of Finance Fund No. 100/39, Account No. 001010, Salaries General.
- Return transfers in excess of \$349,431 to the Cannabis Regulation Special Revenue Trust Fund as soon as practicable.

D. City Administrative Officer

Recommendation No. 9

Attachment 3 – New Appropriations

Attachment 5 – Transfers between Departments and Funds

Attachment 6 – Appropriations from the Unappropriated Balance

The Office of the City Administrative Officer projects completing the year within budget.

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$7.66	\$12.06	\$4.40	The Office anticipates exceeding our General Fund revenue budget by \$4.4 million, due to a) anticipated special event reimbursement received associated with the Dodgers World Series Victory Parade (\$2 million) and University of Southern California Football Games (\$1.4 million) and b) reimbursement from the Department of Water and Power for an agreement for disaster assistance support associated with the Palisades Fire (\$1 million).

This Office recommends the following transactions at this time:

- Unencumber and reappropriate \$263,904.13 within the Insurance and Bonds Premiums Special Fund to fund the procurement of insurance in the current year.
- Transfer \$220,533 from the Bureau of Sanitation to the CAO's Salaries General Account to reimburse for an employee on loan from the CAO to the Bureau.

- Appropriate \$1,360,724 to the CAO's Contractual Services Account from reimbursement from the Department of Water for an agreement for disaster assistance support associated with the Palisades Fire.
- Transfer \$50,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Contractual Services Account for consultant services to perform a poll relative to proposed tax measures being considered for the June 2026 ballot (C.F. 25-0029).

E. City Attorney
Recommendation Nos. 10, 11, and 12

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 0.29	\$ -	Projected surplus is due to staff vacancies, continued recruitment challenges, and unpaid holiday savings from the agreements with the Coalition and EAA.
Overspending (Shown as Negative, in millions)			
Litigation	(14.76)	-	Projected overspending is based on prior-year expenditures and the City Attorney's stated costs for litigation expenses through year end.
Outside Counsel	(19.65)	-	Projected overspending reflects the City Attorney's stated costs for outside counsel services through year end.
General Fund Total	\$ (34.12)	\$ -	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 0.37	\$ -	Projected surplus is due to staff vacancies, continued recruitment challenges, and unpaid holiday savings from the agreements with the Coalition and EAA.
Special Funds Total	\$ 0.37	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 51.98	\$ 48.78	\$ (3.20)	Projected revenue shortfall is due to reduced reimbursements from proprietary departments based on year-to-date trends.

The projected General Fund overspending is approximately \$0.05 million lower than we previously reported in the First FSR due to the net impact of the recommendations of the First FSR, the inclusion of unpaid holiday savings associated with the agreement with the Coalition, and reduced projected litigation expenses, offset by increased projected Outside Counsel costs. While in the First FSR we projected special fund overspending of \$0.35 million, we now project a special fund surplus due to reimbursements received by the City Attorney for special funded staff, the inclusions of unpaid holiday savings associated with the agreement with the Coalition and hiring delays. We will continue to work with the City Attorney to monitor Litigation and Outside Counsel expenditures and report in future FSRs with the recommendations necessary to address the projected overspending.

Litigation

The City Attorney projects \$23.48 million in Litigation expenses through year end, which results in a \$14.76 million over-expenditure after accounting for transfers to the account through October 2025. This projected overspending is approximately \$3.94 million lower than we previously reported in the First FSR due to additional transfers into the Litigation Account since the First FSR (\$0.53 million) and updated projections from the City Attorney (\$3.41 million). The City Attorney states that this overspending is driven by an increases in complex cases and costs to provide litigation services over the past five years. The City Attorney requested \$7 million in additional appropriations for the Litigation Account for costs through April 2026. As of December 1, 2025, the Litigation Account has \$9.07 million in available funds consisting of \$2.64 million in existing current-year (\$0.77 million) and prior-year (\$1.87 million) encumbrances and \$6.43 million in unspent and unencumbered funds. The Litigation Account has \$1.92 million in current-year expenditures. Based on the City Attorney's request, the available funding in for litigation expenses and expenditures to date, this Office does not recommend any additional appropriations at this time.

Outside Counsel

The City Attorney projects \$26.63 million in Outside Counsel costs through year end, which results in a \$19.65 million over-expenditure after accounting for transfers to the account through October 2025. This projected overspending is approximately \$1.75 million higher than we previously reported in the First FSR based on updated projections from the City Attorney. As of the writing of this report, a total of \$6.98 million has been transferred to this account from the Unappropriated Balance (\$5.98 million) and the City Attorney's Salaries General Account (\$1 million) (C.F. 25-0600-S126, 25-0963, 24-1488, 25-0285, and 20-0263-S3). The City Attorney states that this overspending is driven by an increase in complex litigation which it has determined is beyond its

current capacity to litigate. The City Attorney released a report on October 17, 2025, stating the need for \$12.41 million in funding to address costs through December 2025 (C.F. 25-1225), which is pending Council consideration. As of December 1, 2025, the Outside Counsel Account has \$9.08 million in available funds consisting of \$7.92 million in existing current-year (\$2.43 million) and prior-year (\$5.49 million) encumbrances and \$1.16 million in unspent and unencumbered funds. The Outside Counsel Account has \$3.39 million in current-year expenditures. Based on the City Attorney's request, available funding for Outside Counsel costs and expenditures to date, this Office does not recommend any additional appropriations at this time.

To address its stated Litigation and Outside Counsel funding needs, this Office recommends that the City Attorney use its existing current-year funds and available encumbrances for Litigation and Outside Counsel to pay invoices that must be paid prior to the end of the calendar year. We additionally recommend that the City Attorney review its prior-year encumbrances in these accounts to determine which can be released to address costs for existing invoices and report to the Mayor and Council with the recommendations necessary to release prior-year encumbrances the City Attorney determines are available for existing invoices. Finally, we recommend that the City Attorney work with this Office to the extent that any additional funds are needed prior to the Mid-Year FSR to address that funding need in a separate report.

This Office recommends the following at this time:

- Request the City Attorney use its existing current-year funds and available encumbrances for the Litigation and Outside Counsel accounts to pay invoices that must be paid prior to the end of the calendar year.
- Request the City Attorney review its prior-year encumbrances in the Litigation and Outside Counsel accounts to determine which can be released to address costs for existing invoices and report to the Mayor and Council with the recommendations necessary to release prior-year encumbrances the City Attorney determines are available for existing invoices
- Request the City Attorney work with the City Administrative Officer to the extent that additional funds are needed for Litigation and Outside Counsel costs prior to the Mid-Year FSR.

F. City Planning
Attachment 3 – New Appropriations
Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 0.20	\$ -	Projected surplus is due to unpaid holiday savings associated with the agreements with Coalition and EAA.
Contractual Services	-	1.47	This account is projected to be on-budget. Transfers are to utilize funds transferred to City Planning for an environmental impact report, feasibility study and funding to respond to the requirements of SB 79.
General Fund Total	\$ 0.20	\$ 1.47	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 1.02	\$ -	Projected surplus is due to staff vacancies, filling positions in-lieu with lower level classifications, and unpaid holiday savings associated with the agreements with Coalition and EAA. The Department has a seven percent vacancy rate.
Special Funds Total	\$ 1.02	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 19.47	\$ 15.89	\$ (3.57)	Projected revenue shortfall is due to reduced related cost reimbursement associated with special fund revenue shortfalls and vacancies.

The projected General Fund and special fund surpluses are \$0.09 million and \$0.35 million higher, respectively, than we previously reported in the First FSR due to the inclusion of unpaid holiday savings associated with the agreement with the Coalition.

Planning Case Processing Special Fund

This special fund supports case processing work and is subsidized by the General Fund. Planning and Land Use Fees and other case processing fees related to development projects, expedited processing services, and supplemental fee agreements are deposited into this fund. This Office projects that the year-end revenue will be \$3.1 million higher than reported in the First FSR due to higher than planned collection in September and October and an anticipated comprehensive fee update effective February 2026. The projected year-end revenue is based on the collection through October 2025 and assumes an increase in revenue from February through June 2026 reflective of the comprehensive fee update pending Council approval (C.F. 09-0969-S4). An estimated \$1.3 million projected revenue shortfall remains, which may result in the non-payment of \$0.43 million in related cost reimbursements to the General Fund. This Office recommends that the Department identify potential savings and available balances to reduce or eliminate the General Fund impact. This Office will continue to monitor the special fund revenue and report in future FSRs.

Planning Long-Range Planning Special Fund

This special fund supports General Plan maintenance, including Community Plans and is subsidized by the General Fund. General Plan Maintenance Surcharges added to fees imposed for permits, plan checks, licenses or zoning code applications included in Chapter 1 or Chapter 1A of the Los Angeles Municipal Code are deposited into this special fund. This Office projects that the year-end revenue will be \$1.4 million higher than reported in the First FSR due to an anticipated comprehensive fee update effective February 2026. The projected year end revenue is based on the collection through October 2025 and assumes an increase in revenue from February through June 2026 reflective of the comprehensive fee update pending Council approval (C.F. 09-0969-S4). An estimated \$2.4 million projected revenue shortfall remains, which may result in the non-payment of \$2.7 million in related cost reimbursements to the General Fund. This Office recommends that the Department identify potential savings and available balances to reduce or eliminate the General Fund impact. This Office will continue to monitor the special fund revenue and report in future FSRs.

This Office recommends the following transactions:

- Increase appropriations in the amount of \$848,422 in General Fund No. 100, Department of City Planning Department No. 68, Account No. 003040, Contractual Services from revenues received within Fund No. 100/68, Revenue Source Code No. 5101, Contributions from Non-Government Sources for the Westside South Environmental Impact Report.
- Increase appropriations in the amount of \$242,610 in General Fund No. 100, Department of City Planning No. 68, Account No. 003040, Contractual Services from revenue received within Fund No. 100/68, Revenue Source Code No. 5101, Contributions from Non-Government Sources for the Westside Targeted Feasibility Study.

- Transfer \$375,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Contractual Services Account for the procurement of software and technical support required to comply with the provisions of SB 79 (Wiener). This funding is needed urgently to ensure the City meets the compliance timeline for SB 79.

G. Civil, Human Rights, and Equity

Attachment 4 – Transfers between Accounts within Departments and Funds

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 0.065	\$ (0.018)	Projected surplus is primarily due to savings from unpaid holidays associated with the agreements with Coalition and EAA.
<i>Overspending (Shown as Negative, in millions)</i>			
Salaries As-Needed	(0.007)	-	Projected overspending is based on anticipated operational needs through year end for Administrative Interns and Civil Rights Enforcement hearing officers.
Contractual Services	(0.019)	0.018	Projected overspending is based on year-to-date expenditure trends and projected operational needs through year end.
Office and Administrative	(0.020)	-	
General Fund Total	\$ 0.019	\$ -	

While in the First FSR, we projected General Fund overspending of \$0.112 million, we now project a General Fund surplus of \$0.019 million due to staff attrition and the addition of unpaid holiday savings associated with the agreement with Coalition. The Department does not have a General Fund revenue budget.

L.A. REPAIR Program

The L.A. REPAIR Innovation Fund currently has a balance of \$6.2 million. The Department has executed grant agreements with four out of five grantees, totaling approximately \$3.1 million, for Cohort 1. Concurrently, the Department is working to finalize 14 grant agreements, totaling approximately \$5.4 million, for Cohort 2. The Department anticipates the Cohort 2 agreements will be executed by the end of December 2025.

This Office recommends the following transaction at this time:

- Transfer \$18,217 from the Salaries General Account to the Contractual Services Account to fund items that were initially authorized in the prior-year for outreach expenses, program events, and Kajima building improvements. The prior-year funds for these purposes were

not encumbered by year end and reverted to the Reserve Fund. Current-year funding must now be used to cover this prior-year obligation.

H. Community Investment for Families
Recommendation No. 13

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 0.011	\$ -	Projected surplus is due to staff vacancies and unpaid holidays associated with the recent agreement with Coaliton and EAA.
Contractual Services	\$ 1.408	\$ -	Projected surplus is due to lower than anticipated contract expenditures and contracting delays.
General Fund Total	\$ 1.419	\$ -	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 0.397	\$ 0.016	Projected surplus is due to staff vacancies and unpaid holidays associated with the recent agreement with Coaliton and EAA.
<i>Overspending (Shown as Negative, in millions)</i>			
Salaries As-Needed	(0.005)	-	Projected overspending is due to unbudgeted expenditures for the Office of Traffic Safety (OTS) grants.
Travel	(0.004)	-	
Overtime General	(0.022)	-	Projected overspending is due to unbudgeted expenditures for the OTS and OpportunityLA grants.
Printing And Binding	(0.186)	-	
Contractual Services	(0.508)	-	
Office and Administrative	(0.558)	0.039	
Special Funds Total	\$ (0.886)	\$ 0.055	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 6.286	\$ 5.424	\$ (0.862)	Projected revenue shortfall is due to reduced related costs reimbursements associated with staff vacancies funded by the Community Development Block Grant and Community Services Block Grant and reduced reimbursements for Survivor Services System beds.

The projected General Fund surplus is approximately \$0.51 million higher than we previously reported in the First FSR primarily due to lower than anticipated contract expenditures for the FamilySource System and the deferred expenditure of the Survivor Services System Victims of Crime Act contract to 2026-27.

The projected special fund overspending is approximately \$0.47 million lower than we previously reported in the First FSR due to the recommendations of the First FSR (\$0.36 million) and the Local Immigrant Integration and Inclusion report (\$0.13 million, C.F. 21-1015-S7), and reduced spending in Salaries As-Needed and Overtime General accounts. This Office recommends appropriation adjustments to realign budget appropriations with available grant funds to partially address the special fund overspending in the Office and Administrative Account. We anticipate that the approval of pending transmittals for the Office of Traffic Safety (C.F. 25-1395) and OpportunityLA (C.F. 23-0568-S1) grants will further address the remaining special fund overspending in the Salaries As-Needed, Overtime General, Printing and Binding, Travel, Contractual Services, and Office and Administrative accounts. This Office will continue to work with the Department to monitor its expenditures and report in future FSRs with recommendations necessary to address any remaining overspending.

This Office recommends the following transactions at this time:

- Increase appropriations totaling \$65,064 within the Community Services Block Grant Trust Fund to align the Salaries General, Office and Administrative, and related costs accounts with available grant funds.

**I. Controller
No Recommendation**

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 0.12	\$ -	Projected surplus is due to unpaid holiday savings offset by required annual payouts and the need for the General Fund to offset the Community Development Trust fund appropriation reduction.
<i>Overspending (Shown as Negative, in millions)</i>			
Salaries As-Needed	\$ (0.12)	-	Projected overspending is due to anticipated Accounting Assistance Program services that the Controller provides to other departments that departments will reimburse if services are provided. Future reimbursements will offset the projected overspending.
Contractual Services	\$ (0.28)	-	Projected overspending is due to the delayed execution of a 2024-25 contract for an Animal Services Audit.
General Fund Total	\$ (0.28)	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 6.15	\$ 5.71	\$ (0.44)	Projected revenue shortfall is due to lower than anticipated e-payable reimbursement receipts and the elimination of the Community Development Trust Fund related cost reimbursements.

The projected General Fund overspending is approximately \$0.09 million lower than we previously reported in the First FSR due to the inclusion of unpaid holiday savings associated with the agreement with the Coalition. The overspending of \$0.28 million in the Contractual Services Account is due to a contract the Controller was unable to execute in 2024–25. The Controller has requested that these funds be re-appropriated, but consistent with the City’s Financial Policies and in light of the City’s financial condition, this Office does not recommend approval of the request. If

the Controller proceeds with the contract, this Office will monitor expenditures and provide recommendations in future FSRs after evaluating the Controller's available funding. We anticipate that the Salaries As-Needed Account overspending (\$0.12 million) will be fully reimbursed by departments that use the Accounting Assistance Program. This Office does not recommend any transactions at this time.

J. Council

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Attachment 6 – Appropriations from the Unappropriated Balance

The Council requests the following transactions at this time:

- Transfer \$990,000 from Council's Salaries General Account to the Office and Administrative Account to align the Council's budget with current expenditure patterns.
- Transfer \$177,951.76 from the General City Purposes Fund Council District 7 Council Fee Subsidy Account to the Council District 7 Community Services Account to align the Council's operating budget with current expenditure patterns.
- Transfer \$150,778 from the General City Purposes Fund Additional Homeless Services – Council District 7 Account to Council's Salaries As-Needed Account for Council District 7 salary costs for homelessness work.
- Transfer \$275,000 from State AB 1290 City Fund, Council District 6 Redevelopment Fund to Council's Salaries As-Needed Account to support Council District 6 staffing costs.
- Transfer \$1,064,285.76 from the Council Projects (\$750,000) and Additional Homeless Services – Council District 5 (\$314,285.76) accounts within the General City Purposes Fund to Council's Salaries As-Needed Account to support Council District 5 staffing costs.
- Transfer \$52,760 from the General City Purposes Fund Council Projects Account to the Police Overtime Sworn Account to provide additional traffic enforcement in the Lake Hollywood area.
- Transfer \$24,378 from the Unappropriated Balance, Elected Officials Transition Expenses Account to Council's Office and Administrative Account for Council District 2 office technology expenses.
- Transfer \$44,265.68 from the Unappropriated Balance, Equipment, Expenses, and Alterations and Improvements Account to General Services Department's Maintenance Materials, Supplies and Services Account for Council District 1 office repairs.

- Transfer \$93,233.09 from the Unappropriated Balance, Equipment, Expenses, and Alterations and Improvements Account to Council's Office and Administrative Account for Council District 6 office improvements.

K. Disability
Attachment 3 – New Appropriations

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Contractual Services	\$ 0.120	\$ -	Projected surpluses are based on year-to-date and prior-year expenditure trends.
Other Surplus Accounts	0.005	-	
Overspending (Shown as Negative, in millions)			
Salaries General	(0.245)	-	Projected overspending is due to the retention of positions eliminated in the 2025-26 Budget and unbudgeteed retirement payouts.
Salaries As-Needed	(0.045)	0.045	Projected overspending is based on year-to-date and prior-year expenditure trends.
General Fund Total	\$ (0.165)	\$ 0.045	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 0.019	\$ -	\$ (0.019)	Projected revenue shortfall is due to the rescission of the related cost reimbursement plan for Sidewalk Repair positions funded by Measure M.

The projected General Fund overspending is approximately \$0.025 million lower than we previously reported in the First FSR due to the inclusion of unpaid holiday savings associated with the agreement with the Coalition and lower than anticipated contract expenditures. We anticipate that the Salaries General overspending will be addressed by Citywide savings associated with the agreement with the Coalition and EAA, which will be transferred to the Department in a future FSR. We recommend an appropriation of unbudgeted revenue received from the Department of Water and Power (DWP) to the Department's Salaries As-Needed Account to address the projected overspending associated with increased disabled ratepayer assistance services to DWP.

This Office recommends the following transaction at this time:

- Appropriate \$45,000 from unbudgeted General Fund Revenue received from the Department of Water and Power to the Salaries As-Needed Account, which was used to reimburse the Department for support services provided to disabled rate payers.

L. Economic and Workforce Development
No Recommendation

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 0.70	\$ -	Projected surplus is primarily due to staff vacancies.
General Fund Total	\$ 0.70	\$ -	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 3.22	\$ -	Projected surplus is primarily due to staff vacancies.
Other Surplus Accounts	0.07	-	Projected surpluses are based on prior-year expenditure trends and projected operational needs through year end.
Special Funds Total	\$ 3.29	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 5.92	\$ 7.54	\$ 1.61	Projected revenue surplus is due to unbudgeted prior-year reimbursements.

The projected General Fund and special fund surpluses are approximately \$0.19 million and \$0.21 lower, respectively, that we previously reported in the First FSR primarily due to increased hiring. This Office does not recommend any transfers at this time.

Californians for All Grant

The initial Californians for All Grant was a \$53.3 million grant awarded by the State of California to EWDD for youth workforce development programs with an original grant performance period of January 2022 through July 2024, which was subsequently extended through December 2024. The Department received a second grant award of \$20.9 million under this program, with a performance period from October 2024 to December 2025. Due to significant staffing issues within the Department's Financial Management Division, as well as 100 percent supporting documentation requirements for state reporting, the Department continues to struggle to cash-flow this reimbursement-based grant. In June 2023 and November 2023, respectively, the Mayor and Council authorized Reserve Fund loans totaling \$14.5 million to support grant operations. \$4.5 million was repaid to the Reserve Fund in April 2025, and the remaining balance is anticipated to be repaid upon completion of the grant performance periods and full reimbursement of expenditures by the State, likely by June 30, 2025. As of October 2025, the State issued reimbursements of approximately \$32.8 million. The final claim for the initial Californians for All Grant was submitted to the State in May 2025, for a total aggregate claimed amount of \$51.9 million. The Department reports there is \$19.1 million in reimbursements pending State review.

Gang Injunction Curfew Settlement Program

In April 2017, the federal court approved the Gang Injunction Curfew Settlement Agreement (C.F. 16-0081), which obligated the City, through the Department, to provide a variety of work readiness and employment services over four years to help prepare members of the impacted plaintiff class or their qualifying designees to enter the workforce. The number of potential qualifying participants is approximately 6,000. The Settlement Agreement required the City to expend a minimum of \$1.125 million to a maximum of \$7.5 million each year for four years to provide jobs, education, and tattoo removal services. The Department reimburses contractual expenses under this program following the receipt and processing of invoices and expends from the balance of funds on a rolling basis. Uncommitted funds that were available at the close of June 2025 are eligible to support funding needs for the program in 2025-26 until the program close.

The judge in the case issued a tentative ruling requiring an audit and review of the program prior to issuing a final ruling in the matter. As such, the Department reports that expenditures are continuing into the 2025-26 program year, including \$432,889 in expenditures from July 2025 to October 2025. Additionally, the Department reports \$1,105,356 in invoices are currently under review and/or anticipated through June 2026. In light of the necessary extension of certain program expenses due to the ongoing court audit, the 2025-26 Adopted Budget (C.F. 25-0600) reappropriated \$1.25 million to the Unappropriated Balance (UB) for this purpose with an instruction to the Department to report through the Financial Status Report or other means if funding is needed to support expenditures in the current year. A transfer of \$1.125 million from the UB to the Department was approved as part of the First FSR to support ongoing program expenses; \$0.125 million remains available in the UB should the Department demonstrate additional program expenses during the course of 2025-26.

M. El Pueblo
Attachment 6 – Appropriations from the Unappropriated Balance

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 0.131	\$ -	Projected surplus is primarily due to the attrition of an Assistant General Manager.
Salaries As-Needed	0.012	-	Projected surpluses are based on year-to-date and prior-year expenditure trends.
Other Surplus Accounts	0.021	-	
Overspending (Shown as Negative, in millions)			
Water and Electricity	(0.154)	-	Projected overspending is due to utility price increases.
Special Funds Total	\$ 0.010	\$ -	

Special Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 5.313	\$ 4.760	\$ (0.553)	Projected revenue shortfall is due to overdue rent payments and the delayed implementation of parking fee increases.

The projected special fund surplus is approximately \$0.055 million lower than we previously reported in the First FSR due to increased utility costs that are partially offset by increased salary savings associated with the attrition of an Assistant General Manager and the inclusion of unpaid holiday savings associated with the agreement with the Coalition.

El Pueblo de Los Angeles Historical Monument Revenue Fund

The projected revenue shortfall for the El Pueblo de Los Angeles Historical Monument Revenue Fund (Fund) is approximately \$0.366 million higher than we previously reported in the First FSR due to a continued trend of overdue rents and the delayed implementation of parking rate increases. In the first four months of the fiscal year, only 58 percent of tenant rent was collected monthly, with tenants either paying half of their rent or no payments at all. The projected revenue shortfall assumes a 35 percent increase in parking fee revenues following the delayed implementation of rate increases that took effect in October 2025. To address the projected revenue shortfall, this Office recommends a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Fund ensure the Fund has sufficient funding to maintain

operations. Additionally, this Office anticipates that the Fund will be unable to reimburse the General Fund for related costs (\$272,730) this fiscal year. This Office will continue to work with the Department to monitor the Fund's revenues and report in future FSRs.

This Office recommends the following transaction at this time:

- Transfer \$280,434 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the El Pueblo de Los Angeles Historical Monument Revenue Fund to ensure sufficient cash flow to the Fund to maintain operations.

N. Emergency Management

Recommendation No. 14

Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 0.07	\$ -	Projected surplus is due to unpaid holiday savings associated with the agreements with the Coalition and EAA.
Overspending (Shown as Negative, in millions)			
Contractual Services	(1.60)	-	Projected overspending is due to unbudgeted contract costs related to the wildfire recovery response determined as ineligible for FEMA reimbursement.
General Fund Total	\$ (1.53)	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 0.12	\$ 0.12	\$ -	This Office projects the Department will meet its General Fund revenue budget by year end.

The projected General Fund overspending is approximately \$3.33 million lower than we previously reported in the First FSR, primarily due to the recommendations of the First FSR.

Wildfire Response Contract

The newly reported overspending in the Contractual Services Account is due to the continuation of an unbudgeted contract with Hagerty for wildfire recovery response. The General City Purposes, Wildfire Emergency Response and Recovery Account provided front funding for the first six months of this contract with the expectation that the expenditures were eligible for Federal Emergency Management Agency (FEMA) reimbursement. The Wildfire Emergency Response and Recovery Account is now fully depleted and the continued spending on this contract was determined as ineligible for FEMA reimbursements. Nonetheless, the Department expects to continue using this contract through February 2026. The Department incurred services to date that exceed their available funding by \$1.05 million. The unbudgeted cost to continue this contract until February 2026 is \$0.55 million for a total unbudgeted cost of \$1.60 million. We recommend that the Department submit a separate report to Mayor and Council to request funding for this interim budget request.

This Office recommends the following at this time:

- Instruct the Emergency Management Department to report to Mayor and Council on the status of the contract with Hagerty for wildfire recovery response work, including the associated funding gap to continue the contract through February 2026.

O. Finance

Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Transportation	0.16	-	Projected surpluses are based on year-to-date expenditure trends and anticipated operational needs through year end.
Other Surplus Accounts	0.02	-	
Overspending (Shown as Negative, in millions)			
Salaries General	(3.52)	-	Projected overspending is due to unbudgeted salary payouts, the absorption of ineligible special fund salary costs, and the Department not being able to meet its budgeted salary savings rate.
Overtime General	(0.30)	0.20	Projected overspending is due to the increased use of staff overtime in light of full-time vacancies to address an increased workload and projected payments for banked overtime.
Contractual Services	(10.32)	-	Projected overspending is due to unbudgeted costs for the LATAX Transformation Project and bank courier services.
General Fund Total	\$ (13.97)	\$ 0.20	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 0.65	\$ (0.83)	Projected surplus is related to costs for cannabis business audits determined as special fund ineligible by the City Attorney.
Special Funds Total	\$ 0.65	\$ (0.83)	

(Finance narrative continued on the next page)

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 14.28	\$ 13.67	\$ (0.61)	Projected revenue shortfall is due to reduced related cost reimbursements associated with ineligible special fund salary costs.

The projected General Fund overspending is approximately \$0.12 million lower than we previously reported in the First FSR due to the inclusion of unpaid holiday savings associated with the agreement with the Coalition, which is partially offset by the increased use of staff overtime to support the Department's operations and increased contract costs. The projected special fund surplus is approximately \$0.04 million higher than we previously reported in the First FSR due to the inclusion of unpaid holiday savings associated with the agreement with the Coalition. This Office recommends a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Overtime General Account to ensure sufficient funding for the Department through April 2026. The 2025-26 Adopted Budget includes funding in the Unappropriated Balance for the LATAX Transformation Project (\$9.80 million) that is contingent upon receipt of increased business tax revenues, which could be used to offset the projected Contractual Services overspending. This Office will not be able to confirm whether business tax met its goals associated with the Revenue Enhancement Project until, at earliest, April 2026. This Office will continue to work with the Department to monitor its expenditures and report in future FSRs with the recommendations necessary to address the projected overspending.

Cannabis Regulation Special Revenue Trust Fund Support to Office of Finance

The 2025-26 Budget programmed funding from the Cannabis Regulation Special Revenue Trust Fund (Fund) to the Department for customer service and tax auditor support for cannabis businesses. Subsequent to the adoption of the 2025-26 Budget, the City Attorney opined that only customer support activities are eligible for reimbursement from the Fund. In this FSR, the Cannabis Regulation section includes a recommendation to reduce the budget appropriation to the Department from the Fund by \$0.87 million to align appropriations from the Fund with the City Attorney's guidance on eligible expenditures. This appropriation reduction would result in a General Fund impact of approximately \$0.72 million inasmuch as the ineligible special fund costs become a General Fund obligation.

This Office recommends the following transaction at this time:

- Transfer \$200,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Overtime General Account to ensure sufficient funding for staff overtime costs through April 2026.

P. Fire

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 0.10	\$ -	Projected surplus is based on revised hiring plan.
Salaries As-Needed	0.16	-	Projected surpluses in these accounts are based on year-to-date expenditure trends.
Overtime Variable Staffing	1.43		
Other Surplus Accounts	0.48	-	
Overspending (Shown as Negative, in millions)			
Salaries Sworn	(41.65)	(2.27)	Projected overspending due to transfer of funds to the Overtime Constant Staffing Account in the 2025-26 Budget, unbudgeted payouts and current-year transfers to address projected overspending in other accounts.
Sworn Bonuses	(5.71)	1.50	Projected overspending due to unbudgeted sworn MOU bonuses.
Unused Sick Time	(0.20)		Projected overspending in these accounts are based on year-to-date expenditure trends.
Overtime General	(1.41)	-	
Overtime Sworn	(1.96)	-	
Overtime Constant Staffing	(3.48)	-	
Rescue Supplies and Expense	(1.15)	-	
Operating Supplies	(2.23)	-	Projected overspending due to unanticipated major repair of Fire Engine 66.
Field Equipment Expense	(1.41)	-	
Contractual Services	(25.93)	12.97	Projected overspending includes expenditures for wildfire cost-sharing agreements, and participation in the PP-GEMT and County IGT programs.
Office and Administrative	(0.77)	0.77	Projected overspending is due to funding provided to the LAFD Chief Officers Association - Executive Development Fund.
Other Overspending Accounts	(0.19)	-	Projected overspending is based on year-to-date expenditure trends.
General Fund Total	\$ (83.90)	\$ 12.97	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 333.38	\$ 351.04	\$ 17.66	Projected revenue surplus is due to increased emergency ambulance services receipts, and increased reimbursements for wildfire response and pre-positions.

The projected General Fund overspending is approximately \$3.70 million lower than we previously reported in the First FSR due to transfers approved subsequent to the release of the First FSR (C.F. 25-0882, C.F. 25-0667-S1, and C.F. 24-0975), partially offset by projected 2026 Public Provider Ground Emergency Medical Transport (PP-GEMT) invoice amounts that are higher than previously anticipated, based on the latest invoice received. This Office recommends transfers from the Salaries Sworn and the Unappropriated Balance, Ground Emergency Medical Transport QAF Program accounts to partially address the projected overspending in the Sworn Bonuses, Contractual Services, and Office and Administrative accounts. This Office will continue to work with the Department to monitor its expenditures and report in a future FSR with the recommendations necessary to address the remaining projected overspending.

Public Provider – Ground Emergency Medical Transport Intergovernmental Transfer Program
Effective January 1, 2023, the Department of Health Care Services (DHCS) implemented the PP-GEMT Intergovernmental Transfer (IGT) Program, which provides increased reimbursements generated by an add-on increase to emergency medical transports provided by eligible non-contracted public GEMT providers. The PP-GEMT Program requires the City to make payments to the DHCS to participate. The total cost to participate during the 2025 calendar year is \$30.38 million, of which the Department paid \$21.98 million. On October 16, 2025, the Department paid the last quarterly invoice for calendar year 2025, totaling \$8,404,589. On December 2, 2025, the Department received the first quarterly invoice for calendar year 2026, totaling \$12,967,534, to be paid by January 16, 2026. Due to the current available balance in the Contractual Services Account, this Office recommends a transfer from the Unappropriated Balance, Ground Emergency Medical Transport QAF Program Account to ensure the Department is able to pay the first quarterly invoice for calendar year 2026.

Los Angeles County Medi-Cal Intergovernmental Transfer Program

The Department participates in the Los Angeles County Medi-Cal Intergovernmental Transfer Program (Medi-Cal IGT), which Los Angeles County created in January 2023 after DHCS implemented the PP-GEMT IGT Program. The Medi-Cal IGT program allows a public entity providing health care services to Medi-Cal managed care beneficiaries to transfer funds to DHCS in order to support the Medi-Cal program. The DHCS uses these funds to obtain increased matching funds from the federal Center for Medicare and Medicaid Services to support Medi-Cal health care services provided by participating agencies. The Department pays an annual invoice from DHCS to participate in the Medi-Cal IGT program. The Department received the 2025-26

participation invoice on October 3, 2025, totaling \$6,962,935. The Department paid this invoice November 19, 2025.

This Office recommends the following transactions at this time:

- Transfer \$765,000 from the Salaries Sworn Account to the Office and Administrative Account to provide funding for the Executive Development Fund, as established in MOU 22 with the Los Angeles Fire Department Chief Officers Association.
- Transfer \$1,500,000 from the Salaries Sworn Account to the Sworn Bonuses Account to partially address projected overspending.
- Transfer up to \$12,967,534 set aside in the Unappropriated Balance Fund, Ground Emergency Medical Transport QAF Program Account to the Contractual Services Account, for the payment of the first quarterly invoice for the calendar year 2026 PP-GEMT-IGT Program.

Q. General Services

Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Travel	\$ 0.08	\$ -	Projected surpluses are based on prior-year expenditure trends.
Operating Supplies	0.06	-	
Overspending (Shown as Negative, in millions)			
Salaries General	(4.88)	-	Projected overspending is due to unbudgeted employee payouts.
Overtime General	(0.80)	-	Projected overspending is due to the increased use of staff overtime and hiring hall staff to maintain service levels in light of full-time vacancies.
Hiring Hall Salaries	(0.85)	-	
Hiring Hall Benefits	(1.25)	-	
Hiring Hall Overtime	(0.07)	-	
Contractual Services	(4.47)	-	Projected overspending is based on year-to-date expenditure trends and invoices pending payment.
Util Exp Pvt Companies	(3.41)	1.05	Projected overspending is based on increased commodity prices and prior-year seasonal usage trends.
General Fund Total	\$ (15.59)	\$ 1.05	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Salaries General	\$ 1.17	\$ -	Projected surplus is due to staff vacancies and savings from unpaid holidays associated with employee union agreements.
<i>Overspending (Shown as Negative, in millions)</i>			
Overtime General	(0.47)	-	Projected overspending is due to increased staff overtime for vehicle maintenance due to the age of the City's fleet vehicles.
Special Funds Total	\$ 0.70	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 44.34	\$ 45.20	\$ 0.86	Projected revenue surplus is due to unbudgeted prior-year related cost reimbursements.

The projected General Fund overspending is approximately \$2.69 million lower than we previously reported in the First FSR due to the recommendations of the First FSR and the inclusion of projected savings from unpaid holidays associated with the agreement with the Coalition. While the First FSR reported net special fund overspending of \$0.91 million, we now project a \$0.70 million net surplus due to the transactions from the First FSR and the inclusion of projected savings from unpaid holidays associated with the agreement with the Coalition. This Office recommends a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments to partially address projected Utilities Private Company Account overspending to cover expenses through April 2026. This Office will continue to work with the Department to monitor its expenditures and report in future FSRs with the recommendations necessary to address the remaining overspending.

This Office recommends the following transactions at this time:

- Transfer \$1.05 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Utilities Expense Private Company Account to partially address the overspending related to increased commodity prices.

**R. Housing
No Recommendation**

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Leasing	\$ 0.14	\$ -	Projected surplus is due to savings associated with the lack of a main office space.
Contractual Services	0.40	-	Projected surplus is based on year-to-date and prior-year expenditure trends.
<i>Overspending (Shown as Negative, in millions)</i>			
Salaries General	(1.02)	-	Projected overspending is due to unfunded grant administrative salary costs and Proposition HHH program expenses being higher than budgeted.
Office and Administrative	(0.01)	-	Projected overspending is based on prior-year expenditure trends.
General Fund Total	\$ (0.49)	\$ -	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries, General	\$ 12.84	\$ -	Projected surplus is due to staff vacancies.
Contractual Services	0.54	-	Projected surplus is based on year-to-date and prior-year expenditure trends.
Leasing	1.19	-	Projected surplus is due to savings associated with the lack of a main office space.
Special Funds Total	\$ 14.57	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 62.98	\$ 57.52	\$ (5.46)	Projected revenue shortfall is due to reduced related costs reimbursements associated with special funded vacancies.

The projected General Fund overspending is approximately \$0.68 million lower than we previously reported in the First FSR due to updated projections for unfunded grant administrative salary costs and Proposition HHH expenditures, and projected unpaid holiday savings associated with the agreement with the Coalition. The projected special fund surplus is approximately \$1.63 million higher than we reported in the Second FSR due to delays in hiring and projected unpaid holiday savings associated with the agreement with the Coalition. This Office will continue to work with the Department to monitor its overspending and report in future FSRs with the recommendations necessary to address the projected overspending. This Office does not recommend any transactions at this time.

S. Information Technology Agency
Attachment 3 – New Appropriations
Attachment 5 – Transfers between Departments and Funds

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries As-Needed	\$ 0.12	\$ -	Projected surpluses are based on year-to-date and prior-year expenditure trends.
Hiring Hall Salaries	0.13	-	
Operating Supplies	0.54	-	
Overspending (Shown as Negative, in millions)			
Salaries General	(1.07)	-	Projected overspending is due to unbudgeted employee payouts.
Overtime General	(0.24)	-	Projected overspending is due to the increased use of staff overtime to support departmental operations in light of staff reductions.
Contractual Services	(0.28)	0.28	Projected overspending is based on increased use of contractors to support departmental operations in light of staff reductions.
Communication Services	(0.17)	0.03	Projected overspending is due to increased costs of telecommunications associated with upgrading the City's legacy phone systems to more modern systems.
General Fund Total	\$ (0.97)	\$ 0.31	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 3.91	\$ 3.91	\$ -	This Office projects the Department will meet its General Fund revenue budget by year end.

The projected General Fund overspending is approximately \$0.15 million lower than previously reported in the First FSR primarily due to the inclusion of unpaid holiday savings associated with the agreement with the Coalition and the recommendations of the First FSR, partially offset by the increased use of contractors in light of higher than projected staff attrition and increased communication services costs. This Office recommends transfers to address the projected Contractual Services overspending and to offset the Communication Services overspending. We will continue to work with the Department to monitor its expenditures and report in future FSRs with the recommendations necessary to address the remaining overspending.

Telecommunications Development Fund

Due to softening demand for cable television driven by the growing popularity of streaming services, we have observed a trend of reduced revenues for the Public, Educational, and Government (PEG) Development and Telecommunications Development funds. Based on this trend, we project a year-end special fund revenue shortfall of \$0.98 million. If this reduced revenues trend for these funds continues, appropriations will need to be reduced, which we anticipate will impact the equipment maintenance and replacement for L.A. City View Channel 35. This Office will continue to monitor revenues for these funds and report in future FSRs.

This Office recommends the following transactions at this time:

- Appropriate \$30,468.23 from the Department's Reimbursement from Other Funds General Fund revenue account to its Communication Services (\$25,747) and Hiring Hall Salaries accounts (\$4,721.40) for a customer service request for the North Hollywood Library Roof Security System.
- Transfer \$276,120 from the Telecommunications Liquidated Damages and Lost Franchise Fees Fund to the Department's Contractual Services Account for contract programmers to support MyLA311.

T. Mayor

Attachment 5 – Transfers between Departments and Funds

The Mayor's Office requests the following transactions at this time:

- Establish new appropriation accounts and transfer \$1,584,300.14 from various accounts within the Fiscal Year 2020 Securing the Cities Fund to the Partner Jurisdiction (2022-23, \$155,000), Partner Jurisdiction (2024-25, \$265,000), Grant Management and Administration (\$257,000), Los Angeles World Airports (\$50,000), Port of Los Angeles (\$50,000), Police's Overtime Sworn (\$331,714.08), Fire's Overtime Variable Staffing (\$28,534.78), Mayor's related costs (\$417,230.18), and Police's related costs (\$29,821.10) accounts to pay for grant-related costs.
- Establish a new appropriation account and transfer \$150,000 from the Fiscal Year 2022 State Homeland Security Program Grant Fund, Fire Grant Allocation to the Fire Operating Supplies for the reimbursement of grant-funded expenses.

U. Personnel

Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Oral Board Expense	\$ 0.02	\$ -	Projected surplus is based on year-to-date expenditure trends.
Contractual Services	-	0.15	This account is projected to be on-budget. Transfer is to use savings from the Human Resources Benefits Fund to develop a payroll system module to assist in the calculation of layoff seniority.
Overspending (Shown as Negative, in millions)			
Salaries General	(1.33)	-	Projected overspending is primarily due to unbudgeted employee payouts.
Salaries As-Needed	(1.50)	0.55	Projected overspending is due to anticipated costs to maintain staffing in the City jails' medical dispensaries.
General Fund Total	\$ (2.81)	\$ 0.70	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 24.86	\$ 24.86	\$ -	This Office projects the Department will meet its General Fund revenue budget by year end.

The projected net General Fund overspending is approximately \$0.34 million higher than we previously reported in the First FSR due to new overspending in the Salaries As-Needed Account relative to costs to maintain staffing in the City jails' medical dispensaries and increased medical supply costs, which is partially offset by the inclusion of unpaid holiday savings associated with the agreement with the Coalition.

The new projected overspending in the Salaries As-Needed Account (\$1.50 million) is associated with as-needed staffing costs for the City's jails' medical dispensaries. The primary drivers of this overspending are unbudgeted retroactive payments, shift differentials, and salary cost increases, as well as the Department's continued use of as-needed staffing to maintain service levels in other priority areas. If additional funding is not provided to the Salaries As-Needed Account, we anticipate that two of the three medical dispensaries in the City's jails will need to close by the end of the calendar year. The Department is currently working on a report in conjunction with this Office to identify adequate funding to keep all three jail dispensaries open for the full fiscal year in response to a direction from the Council to identify funding to keep the three medical dispensaries open with adequate staff to maintain services (C.F. 25-0607). We recommend a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to maintain the three jail dispensaries through February 2026 while a more comprehensive solution is identified.

As part of the First FSR, the Council directed Personnel to report on the police officer hiring plan and potential savings (C.F. 25-0600-S126). A discussion regarding Police hiring and potential savings is incorporated within the Police section of this Report. Additionally, the Personnel Department is working on a supplemental report, that the Department anticipates releasing in conjunction with this FSR, which requests additional resources in response to C.F. 25-0600-S126 and Executive Directive 14. The Department's report will include an assessment of the number of police officer candidates that can be hired with Personnel's existing resources this fiscal year, as well as the resources needed to meet budgeted or increased police recruitment targets.

This Office recommends the following transaction at this time:

- Transfer \$550,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Salaries As-Needed Account to address costs to keep the City's jail medical dispensaries operational through February 2026.

V. Police

Attachment 5 – Transfers between Departments and Funds

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries As-Needed	\$ 0.43	\$ -	Projected surpluses are based on prior-year expenditure trends and projected operational needs through year end.
Accumulated Overtime	2.14	-	
Office and Administrative	1.80	(1.80)	
Other Surplus Accounts	0.23	-	
Overspending (Shown as Negative, in millions)			
Salaries General	(13.36)	-	Projected overspending is due to costs to retain positions eliminated in the 2025-26 Budget and projected hiring.
Salaries Sworn	(6.48)	-	Projected overspending is due to projected hiring above the levels assumed as in the 2025-26 Budget and unbudgeted salary payouts.
Overtime Sworn	(16.16)	3.20	Projected overspending is based on year-to-date expenditure trends.
Contractual Services	(1.35)	-	Projected overspending is based prior-year expenditure trends, the increased use of contract security services, increased vehicle evidence holding at Official Police Garages, and costs for a Workday/Accenture consultant.
Other Overspending Accounts	(1.21)	-	Projected overspending is primarily due to increased academy expenses as a result of projected hiring of 170 sworn officers above the budgeted count of 240 for a total of 410 sworn recruits.
General Fund Total	\$ (33.96)	\$ 1.40	

(Police narrative continued on the next page)

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Overspending (Shown as Negative, in millions)</i>			
Contractual Services	\$ (0.91)	\$ -	Projected overspending is based on prior-year expenditure trends, increased contract security demand, and costs associated with the Living Wage Ordinance.
Special Funds Total	\$ (0.91)	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 190.00	\$207.03	\$ 17.03	Projected revenue surplus is primarily due to prior-year receipts from the MTA that were received in the current fiscal year.

The projected General Fund overspending is approximately \$8.16 million higher than we previously reported in the First FSR primarily due to increased projected Salaries Sworn costs based on updated hiring and attrition information through October 2025, and increased Overtime Sworn costs to maintain service levels.

The abeyance of planned layoffs, following labor agreements reached with the Los Angeles Police Protective League (LAPPL) and the Engineers and Architects Association (EAA), is the single largest driver of the projected overspending in the Salaries General Account. The savings anticipated from the Voluntary Overtime Bank (VOB) are uncertain at this time, as the VOB has only recently been implemented in Workday. Further, it is unclear whether generated savings from civilian unpaid holidays will be available for transfer to the Department to offset the costs associated with delaying layoffs. As a precaution, the Department reduced its projected annual civilian hiring from 144 positions in the First FSR to 96 positions in the Second FSR to mitigate potential shortfalls should VOB savings not fully be realized. This Office will continue to work with the Department to monitor the account and assess savings as they materialize.

Sworn Hiring

The projected overspending in the Salaries Sworn Account is primarily due to hiring levels that exceed the adopted sworn hiring plan and unbudgeted salary payouts for excess sick time and payments associated with sworn employees separating from the City. The budgeted hiring plan includes six academy classes of 40 recruits each for a total of 240 new hires, offset by the anticipated attrition of 530 officers. From June 28, 2025, through the pay period ending October

18, 2025, the Department hired four recruit classes for a total of 123 additional officers for an average of 31 recruits per class. The Department is on track to reach the budgeted 240 hires by January 2026 and currently plans to hire 480 recruits by year end. Officer attrition through October 18, 2025, was 175 versus the 128 assumed in the Adopted Budget. Hiring through October 18, 2025, is 53.75 percent higher than assumed in the Adopted Budget (123 actual hires versus 80 budgeted). As of October 18, 2025, there are 8,626 officers deployed citywide, including 14 Municipal Officers.

Based on the Department's sworn hiring plan reviewed at the time of writing and hires to date, this Office projects the hiring of 410 new officers by year end, surpassing the adopted hiring plan by 170 sworn officers. The Department believes that while the first half of the fiscal year saw smaller recruitment classes, that increased efficiency under the Mayor's Executive Directive 14 will result in larger classes in the second half of the fiscal year. As a result, the Department expects classes in the second half to average 42 to 43 recruits per class, potentially bringing the total hiring to 480 officers by year-end, doubling the original plan and significantly increasing salary costs.

Hiring beyond the budgeted count of 240 sworn officers is contingent upon the identification and appropriation of additional funding. Absent such funding, the Department will be limited to the adopted sworn hiring plan. The table below provides a summary of four options for Police sworn hiring in 2025-26 for Mayor and Council consideration, including the incremental costs in 2025-26, the projected costs in 2026-27, and the impact on our reported overspending in this FSR:

Police Sworn Hiring Options and 2025-26, 2026-27 and FSR Overspending Fiscal Impacts

Option	Hiring Scenario	Total Sworn Deployment	Incremental 2025-26 Cost Compared to Adopted Hiring Plan	Incremental Cost Increase for 2026-27	Impact to Second FSR Overspending
A	240 Recruits	8,386	\$ -	\$ -	\$ (4,427,200.00)
B	360 Recruits	8,506	\$ 2,732,828.00	\$ 16,734,066.30	\$ (1,694,372.00)
C	410 Recruits	8,556	\$ 4,427,200.00	\$ 23,706,593.92	\$ -
D	480 Recruits	8,626	\$ 6,521,637.00	\$ 33,468,132.60	\$ 2,094,437.00

In the Police Sworn Hiring Issue of Concern section of this report, this Office recommends that the Mayor and Council consider the four options we present in this report and provide direction both to the Police Department and this Office on the sworn hiring target for 2025-26.

Sworn Overtime

The Department continues to rely on sworn overtime to maintain minimum service levels, respond effectively to crime surges, sustain crime suppression efforts, and to support special events. Based on information through October 2025, this Office projects overspending of \$16.16 million in the Overtime Sworn Account. This projection is driven by a \$23 million shortfall in non-reimbursable overtime, partially offset by an \$11 million surplus in reimbursable overtime. The reimbursable surplus is primarily due to the Metropolitan Transportation Authority (MTA) contract, which temporarily suspended deployment requests to the Airport Metro Connector. The overspending is further offset by the recommendations of the First FSR which included \$3.47 million in

reimbursements for costs of special events. In this FSR, we recommend additional special events reimbursements under the Bureau of Street Services section, which will reduce the projected overspending to \$12.96 million. Our projection does not include additional costs which may arise from the FIFA World Cup in June 2026, as deployment needs and expenses remain unknown at this time.

This Office recommends the following transaction at this time:

- Transfer \$1,802,610.99 from the Office and Administrative Account to the 2022 Officer Wellness and Mental Health Grant Fund 67P/70, Account 70A584. Funding was transferred to reimburse eligible sworn officers for approved wellness activities. The funds remaining are the unspent grant funds that need to be returned to the grant fund.

W. Public Works/Bureau of Sanitation

Recommendation No. 17

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Operating Supplies	\$ 0.63	\$ -	Projected surpluses are based on year-to-date and prior-year expenditure trends.
Field Equipment	0.02	-	
Overspending (Shown as Negative, in millions)			
Contractual Services	(3.46)	-	Projected overspending is due to increase in Livability Service Division contracts for hazardous waste removal.
Salaries General	(1.08)	-	Projected overspending is due to Fire Response activities that are potentially special-fund ineligible and winding down programs terminated in the 2025-26 Budget.
Other Overspending Accounts	(0.49)	0.39	Projected overspending is based on year-to-date and prior-year expenditure trends.
General Fund Total	\$ (4.38)	\$ 0.39	

(Bureau of Sanitation narrative continued on the next page)

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 21.74	\$ (2.46)	Projected surplus is due to staff vacancies and hiring delays.
Contractual Services	0.59	-	Projected surplus is due to contracting delays.
Other Surplus Accounts	1.57	-	Projected surplus is based on year-to-date and prior year expenditure trends.
<i>Overspending (Shown as Negative, in millions)</i>			
Overtime General	(15.77)	9.19	Projected overspending is due to increased overtime and as-needed staffing to provide services in light of full time vacancies and projected operational needs through year end.
Salaries As-Needed	(0.02)	-	
Special Funds Total	\$ 8.12	\$ 6.73	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 162.21	\$ 145.21	\$ (17.00)	Projected revenue shortfall is due to the delayed implementation of Solids Waste Fee rate increases.

The projected General Fund overspending is approximately \$2.74 million higher than we previously reported in the First FSR, primarily due to increased Contractual Services costs for hazardous waste removal and increased Salaries General costs due to unfunded positions and work related to the winding down of the Mobile Hygiene Unit program and Public Receptacle program collections. The projected special fund surplus is approximately \$5.05 million lower than we reported in the First FSR primarily due to increased Solid Waste Resources Fund (SWRRF) staff overtime costs associated with the implementation of the new rate increases.

This Office recommends transfers from the Salaries General Account to partially address projected overspending in the Overtime General Account to cover expenditures through April 2026. We additionally recommend a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Overtime General Account to partially cover overspending through April 2026. We will continue to work with the Bureau to monitor its revenues and expenditures and report in future FSRs.

In the First FSR, this Office reported on various issues of concern affecting the Bureau. There are no changes to report regarding the Bureau's Windstorm and Wildfire Events Response and Recovery, CARE/CARE+ Services and Illegal Dumping, Solid Resources Rates Implementation, Solid Waste Resources Revenue Fund, and Stormwater Pollution Abatement Fund except as noted below:

Windstorm and Wildfire Events Response and Recovery

In November 2026, the Bureau was approved for \$1.8 million in funding from the 2025 Wildfire Emergency Response and Recovery Account, pending reimbursement from the Federal Emergency Management Agency. Additionally, the Bureau is expecting an up to \$5 million insurance payout related to lost revenue from homes that could not be serviced as a result of heavy damage or destruction. The payout amount will be finalized in the first quarter of 2026.

In the First FSR, this Office reported that the Bureau would not backbill for Palisades residents who used sewer services but whose billing was paused after the January wildfire. Council instructed the Bureau to report separately on the issue and to request reimbursement to the Sewer Construction and Maintenance Fund for approximately \$2.2 million in ineligible costs. The Bureau is finalizing the total subsidized amounts and intends to submit its report after the total subsidy amounts are verified.

CARE/CARE+ Services and Illegal Dumping

The Bureau continues to provide services despite projected overspending within the Salaries General and Contractual Services accounts. In addition, funds are requested to pay utilities for the Young's Market facility which acts as the main operations location for CARE/CARE+ activities in the downtown Los Angeles area. We recommend the disencumbrance and reappropriation of prior year encumbered funds that are no longer needed to address this issue.

As stated in the First FSR, options to resolve this overspending include reducing CARE/CARE+ service days, Citywide support operations, Public Receptacle Program collections, and Illegal Dumping operations to five days per week instead of seven days, or identifying \$3.99 million in additional funding to maintain the current seven-day service schedule.

Solid Resources Rates Implementation

The Bureau implemented new Solid Resources Fee and Multi-Family Bulky Item Fee rates on November 21, 2025. As a result of the delay in implementation, we project a reduction of current year revenues of \$28.7 million for SWRRF and \$1.2 million for the Multi-Family Bulky Item Fund (MBIF). Both of these funds are subsidized by the General Fund for related costs. However, due to the higher than anticipated starting balance for MBIF, the decrease in revenue will only impact General Fund revenue for SWRRF, reducing related costs reimbursements to the General Fund by \$17 million.

Our Office will continue to monitor the impacts of the rate implementation including the impact to the Lifeline Program which the Bureau estimates may require an additional appropriation of up to \$7.64 million from the General Fund or may result in a further reduction in related cost reimbursements to the General Fund.

Solid Waste Resources Revenue Fund (SWRRF)

We currently project \$9.51 million in overspending in the SWRRF Overtime General Account and we recommend a transfer from the Unappropriated Balance to partially address this overspending. The increased staff overtime costs are required for trash bin pickups following holidays, to implement actions related to the rate increase such as the deployment of green bins for organic waste, and to address customer service calls for the removal of bins. An additional \$3.7 million in General Fund appropriations may be needed to maintain operations through year end if other funding sources are not identified.

Stormwater Pollution Abatement Fund

This Office projects overspending of \$0.66 million in this fund primarily in the Salaries General and Overtime General accounts. The vacancy rate remains near 9.3 percent which is lower than the budgeted salary savings rate of 12.9 percent and is a primary driver of the Salaries General overspending. The Bureau halted hiring within this fund to avoid further overspending. We recommend transfers from special purpose fund appropriations within the Fund to address the projected overspending.

This Office will continue to monitor expenditures and report on these areas of concern and report in future FSRs.

This Office recommends the following transactions at this time:

- Disencumber up to \$386,097 in prior-year Contractual Services Account encumbrances and reappropriate to the Water and Electricity Account to support the continued provision of daily CARE/CARE+ services.
- Transfer \$290,218 from the Monsanto Polychlorinated Biphenyls (PCBs) Remediation Restitution Account to the Salaries General Account within the Stormwater Pollution Abatement Fund to address projected overspending due to hiring above the fund's salary savings rate through Pay Period 21.
- Transfer \$685,000 from the NPDES Permit Compliance (\$272,028), and Sanitation Contracts (\$412,972) accounts in the Stormwater Pollution Abatement Fund to the Bureau's Overtime General Account to maintain service levels through Pay Period 21.
- Transfer \$2,750,000 from the Bureau's Salaries General Account within the Sewer Construction and Maintenance Fund (\$2,500,000), Multi-Family Bulky Item Fund (\$100,000), and Citywide Recycling Trust Fund (\$150,000) to the Overtime General Account to address projected overspending to maintain current service levels.
- Transfer \$5,750,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Bureau's Overtime General Account to partially address overspending and maintain service levels through Pay Period 21 for the Solid Waste Resources Revenue Fund.

X. Public Works/Bureau of Street Lighting
Attachment 3 – New Appropriations

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 0.01	\$ -	Projected surplus is primarily due to unpaid holiday savings associated with the agreements with the Coalition and EAA.
General Fund Total	\$ 0.01	\$ -	
Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 1.18	\$ -	Projected surplus is primarily due to staff vacancies and unpaid holiday savings associated with the agreements with the Coalition and EAA.
Office and Administrative	0.15	-	Projected surpluses are based on the prior-year expenditure trends and anticipated operational needs through year end.
Contractual Services	0.05	-	
Operating Supplies	0.52	-	
Street Lighting Improvements and Supplies	1.01	-	
Special Funds Total	\$ 2.91	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 8.63	\$ 7.36	\$ (1.27)	Projected revenue shortfall is due to reduced related cost reimbursements associated with special funded vacancies.

The projected special fund surplus is approximately \$0.80 million higher than we previously reported in the First FSR due to hiring delays and the inclusion of unpaid holiday savings from the agreement with the Coalition. While this Office projects a special fund surplus, market and supply

chain instability may have a significant, negative impact on the projected special fund surpluses in the Operating Supplies and Street Lighting Improvements and Supplies accounts due to increasing domestic prices for materials such as copper, steel, concrete, and lumber. The State of California's Department of General Services publishes a monthly update of the California Construction Cost Index (CCCI), which tracks the cost trends for specific construction trade labor and materials based upon Building Cost Index (BCI) cost indices average for San Francisco and Los Angeles. The CCCI has increased 6.7 percent since July 2024 which typically correlates to an equivalent increase in estimated costs.

This Office recommends the following transaction at this time:

- Appropriate \$500,000 from the cash balance of the Street Lighting Maintenance and Assessment Fund to the Assessment District Analysis Account within the Street Lighting Maintenance and Assessment Fund for outreach efforts required for the new District Wide Street Lighting Assessment Ballot Initiative.

Y. Public Works/Bureau of Street Services

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Overspending (Shown as Negative, in millions)</i>			
Salaries General	\$ (2.85)	\$ -	Projected overspending is due to costs associated with unfunded positions that have yet to be reimbursed and unbudgeted payouts.
Overtime General	(0.18)	-	Projected overspending is based on year-to-date and prior-year expenditure trends and unbudgeted costs associated with interim projects.
Hiring Hall Salaries	(0.02)	-	
Benefits Hiring Hall	(0.01)	-	
Overtime Hiring Hall	(0.04)	-	
Contractual Services	(0.04)	-	
Operating Supplies	(0.04)	-	
Construction Expense	(0.09)	-	
General Fund Total	\$ (3.26)	\$ -	

(Bureau of Street Services narrative continued on the next page)

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Overtime General	\$ 0.23	\$ 0.10	Projected surplus is due to the use of Overtime Hiring Hall instead of Overtime General for the Street and Transit Amenities Program.
Field Equipment Expense	0.05	-	Projected surpluses are based on year-to-date and prior-year expenditure trends.
Transportation	0.18	-	
Operating Supplies	0.13	-	
Construction Expense	0.65	(0.75)	
Overspending (Shown as Negative, in millions)			
Salaries General	(0.75)	-	Projected overspending is due to unbudgeted payouts.
Hiring Hall Salaries	(0.76)	0.75	Projected overspending is due to unbudgeted costs associated with interim projects.
Overtime Hiring Hall	(0.19)	0.19	
Contractual Services	(3.09)	-	
Special Funds Total	\$ (3.55)	\$ 0.29	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 101.66	\$ 101.24	\$ (0.42)	Projected shortfall is due to reduced reimbursements associated with limited staffing resources available for Department of Water and Power projects.

The projected General Fund and special fund overspending are approximately \$4.98 million and \$5.73 million lower, respectively, than we previously reported in the First FSR due to the transfers included in the First Transportation Construction Projects Report (\$6.68 million), First Construction Projects Report (\$0.20 million), various other reports and administrative transfers (\$4.04 million), and the inclusion of unpaid holiday savings associated with the agreement with the Coalition.

This Office recommends a transfer to reimburse the Bureau and various other departments and funds for costs related to special events. This Office anticipates transfers totaling \$5.71 million in the Second Transportation Construction Projects Report (\$5.56 million), Third Construction Projects Report (\$0.08 million), and an administrative transfer pending approval (\$0.03 million) (C.F. 14-1174-S114) will further offset the projected overspending. These transfers, if approved,

would offset the General Fund overspending in the Salaries General (\$0.44 million), the special fund overspending in the Salaries General Account (\$0.94 million), and fully address projected General Fund and special fund overspending in the remaining accounts. After our recommended transfer and the anticipated future transfers, we project \$2.40 million in remaining General Fund overspending. This Office will continue to work with the Bureau to monitor its expenditures and report in future FSRs with the recommendations necessary to address the remaining overspending.

This Office recommends the following transactions at this time:

- Transfer \$4.11 million from the Bureau of Street Services Transaction Fund to the Bureau of Street Services (\$286,005), the Department of Transportation (\$542,050), the Solid Waste Resources Fund (\$1,838), the Building and Safety Building Permit Enterprise Fund (\$1,643), the Fire Department (\$74,688), the Police Department (\$3,201,789), and the Street Lighting Maintenance Assessment Fund (\$936) to reimburse salaries, overtime, and other expenses associated with special events.
- Transfer \$189,000 from the Bureau's Overtime General Account within the Reinvestment in Accessibility Infrastructure and Streetscape Enhancements for Los Angeles Fund to the Hiring Hall Overtime Account for the Urban Transit Amenities Program.
- Transfer \$750,000 from the Bureau's Construction Expense Account within Measure M (\$250,000) and the Sidewalk Repair Fund (\$500,000) to the Hiring Hall Salaries Account for concrete construction.

Z. Recreation and Parks
No Recommendation

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 0.03	\$ -	Projected surplus is due to staff vacancies. The Department's vacancy rate is 18 percent as of October 2025.
Maintenance Materials, Supplies & Services	0.79	-	Projected surpluses are based on prior-year expenditure patterns and projected operational needs through year end.
Office and Administrative	0.42	-	
Children's Play Equipment	0.25	-	
Other Surplus Accounts	0.26	-	
Special Funds Total	\$ 1.75	\$ -	

Special Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 60.86	\$ 60.86	\$ -	This Office projects the Department will meet its self-generated revenue budget by year end.

The projected special fund surplus is approximately \$1.65 million higher than previously reported in the First FSR primarily due to delays in hiring. This Office does not recommend any transactions at this time.

Child Care Centers

The Department reports that ten child care centers are currently open: Branford, Downey, Echo Park, Evergreen, Hubert H. Humphrey, Ira C. Massey, Jim Gilliam, Ralph M. Parsons, South Park, and Victory-Valley. The table below summarizes the status of enrollment at these centers:

(Child Care Centers table on next page)

Center Name	Date Opened to the Public	Licensed Capacity	No. Enrolled as of October 2025	Available Enrollment Slots
Branford Child Care Center	8/15/22	50	5	45
Downey Child Care Center	7/10/23	44	4	40
Echo Park Child Care Center	2/12/24	50	3	47
Evergreen Child Care Center	7/10/23	46	7	39
Hubert Humphrey Child Care Center	7/10/23	52	3*	49
Ira C. Massey Child Care Center	7/10/23	30	9	21
Jim Gilliam Child Care Center	1/11/95	45	13	32
Ralph M. Parsons Preschool	3/19/04	90	32	58
South Park Child Care Center	12/02/24	75	4	71
Victory Valley Child Care Center	8/15/22	50	13	37
Total		532	93	439

* Enrichment Program

Request for Proposals (RFP) – Management and Operation of Licensed Preschool Centers:

The Department completed its evaluation of the submitted proposals and selected six partners. The Partnership Division is drafting contracts to present to the Council and Mayor for review and approval, while the Recreational Division is working with regulatory agencies and the community to ensure there will be a smooth transition from City-operated Child Care Centers to non-City providers.

AA. Transportation
Recommendation No. 18
Attachment 3 – New Appropriations

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 0.79	\$ -	Projected surplus is due to staff vacancies and unpaid holidays savings associated with the recent agreements with EAA and Coalition.
Salaries As-Needed	2.10	-	Projected surplus is based on year-to-date expenditures and prior-year expenditure trends.
Other Surplus Accounts	0.04	-	Projected surpluses are based on prior-year expenditure trends.
<i>Overspending (Shown as Negative, in millions)</i>			
Overtime General	(1.68)	-	Projected overspending is based on year-to-date expenditures and prior-year expenditure trends.
Office and Administrative	(0.20)	-	Projected overspending due to increased software licensing and other licensing fees.
General Fund Total	\$ 1.05	\$ -	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 4.40	\$ -	Projected surplus is due to staff vacancies and unpaid holidays savings associated with the recent agreements with EAA and Coalition.
<i>Overspending (Shown as Negative, in millions)</i>			
Overtime General	(0.86)	2.28	Projected overspending is based on year-to-date expenditures and prior-year expenditure trends.
Special Funds Total	\$ 3.54	\$ 2.28	

(Transportation narrative continued on the next page)

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 106.66	\$ 94.63	\$ (12.03)	Projected revenue shortfall is due to reduced related cost reimbursements associated with special funded vacancies and the Department anticipating that Quarter 4 related costs reimbursements will be delayed to 2026-27, partially offset by unbudgeted prior-year related cost reimbursements and increases permit receipts.

While in the First FSR this Office reported General Fund overspending of \$0.29 million, we now project a General Fund surplus of \$1.05 million, due to hiring delays, unpaid holiday savings associated with the recently approved agreement with the Coalition, and reduced spending in Salaries As-Needed. This Office recommends rescinding the recommendation in the First FSR relative to appropriating revenue from the Department of Water and Power for overtime costs for Water Trunkline Projects to the Department's Overtime General Account. This Office recommends creating a new account within the Fund prior to appropriating into the Department's Overtime General Account. This will ensure that any unspent funds from the current year are available for future years.

While in the First FSR this Office reported special fund overspending of \$6.45 million, we now project a special fund surplus of \$3.54 million, due to the recommendations from the First FSR and unpaid holiday savings associated with the recently approved agreement with the Coalition. This Office recommends transfers totaling \$2.28 million in this FSR, which will offset the special funded Overtime General overspending and front-fund anticipated work.

Traffic Safety Fund

This Office projects that the Traffic Safety Fund (Fund), which provides Salaries As-Needed funding to support the Crossing Guards Program, will receive \$1 million in revenues based on historical trends, resulting in a shortfall of \$0.30 million. At the time of this FSR, the Fund has received \$0.57 million in revenues. If the budgeted revenue amount is not reached, any expenditures above the actual revenues would become General Fund obligations. This Office will continue to work with the Department to monitor the Fund's revenues and report in future FSRs.

This Office recommends the following transactions at this time:

- Rescind the transfer included in the 2025-26 First Financial Status Report (C.F. 25-0600-S126), Attachment 3 for New Appropriations related to the Department's "Overtime Cost for Water Trunkline Projects" since it will be replaced with a new instruction, which is included

in this FSR under Attachment 3.

- Appropriate \$300,000 in advance payment received from LADWP for the Water Trunkline Projects, currently deposited in the Service to Water and Power account within the Department of Transportation Trust Fund, to a new account within the same fund; and subsequently appropriate that amount to the Department's Overtime General account, to cover overtime costs related to traffic control services and other services in support of LADWP.
- Increase appropriations in the amount of \$142,382.50 in the ATSAC Systems Maintenance Account within the Measure R Local Return Fund from the revenue source account, Reimbursement from Other Funds, within the same Fund for LAWA reimbursement related to the ATSAC Hub Enclosure.
- Appropriate \$66,498 from the Miscellaneous Revenue - Others revenue account within the Proposition C Anti-Gridlock Transit Fund to the Department of Transportation's Overtime General Account to fund overtime cost related to support of the Metro Crenshaw Light Rail Project.
- Appropriate \$1,131,025.73 from the Department of Transportation Trust Fund, Special Events account to the Department's Overtime General Account to cover the overtime cost related to traffic control services at venues.
- Appropriate \$535,872.49 in advance payment received from LAWA, currently deposited in the Department of Transportation Trust Fund, Service to Airport account, to a new account within the same Fund; and subsequently appropriate that amount to the Department's Overtime General account, to cover overtime cost related to traffic control services in support of LAWA.

BB. Youth Development

Attachment 4 – Transfers between Accounts within Departments and Funds

General Fund			
Account Name	First FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 0.165	\$ (0.040)	Projected surplus is due to staff vacancies.
Contractual Services	0.101	0.040	Projected surpluses are based on anticipated operational needs through year end.
Youth Council Stipends	0.006	-	
Overspending (Shown as Negative, in millions)			
Office and Administrative	(0.005)	-	Projected overspending is based on year-to-date expenditure trends and projected operational needs through year end.
General Fund Total	\$ 0.267	\$ -	
Special Funds			
Account Name	First FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Salaries General	\$ 0.125	\$ -	Projected surplus is due to staff vacancies.
Contractual Services	0.010	-	Projected surpluses are based on anticipated operational needs through year end.
Transportation	0.002	-	
Special Funds Total	\$ 0.137	\$ -	

The projected General Fund and special fund surpluses are approximately \$0.112 million and \$0.063 million higher, respectively, than we previously reported in the First FSR due to lower than anticipated expenditures and updated projected operational needs through year end, including unbudgeted prior-year obligations. This Office anticipates that the projected overspending in the Office and Administrative Account will be addressed through transfers from accounts with projected surpluses. We will continue to work with the Department to monitor its expenditures and report in future FSRs with the recommendations necessary to address the projected overspending. The Department does not have a General Fund revenue budget.

Californians for All Youth Workforce Development Grant

The Department is responsible for overseeing the evaluation component of the Californians for All Youth Workforce Development Grant (CA4All), which is a multi-year and cost-reimbursement grant awarded by the State of California (State). The Economic and Workforce Development Department (EWDD) administers this grant on behalf of the City (C.F. 22-0014). This grant had an original term of January 2022 through July 2024, which the state extended through December 31, 2024. The Department received additional grant funding (C.F. 24-1067) in the amount of \$113,299 for this

program, with a performance period from October 2024 to December 2025. Due to delays in grant reimbursements from the state to EWDD, the Council approved a \$4.5 million Reserve Fund loan for EWDD to avoid cash flow and service disruptions related to the grant (C.F. 22-0683-S2). Subsequently, the Council approved a second Reserve Fund loan of \$10 million for the same purpose (C.F. 23-1073), to be repaid at the end of the grant period and upon receipt of full reimbursement from the state. As of April 2025, funding in the amount of \$4.5 million was repaid to the Reserve Fund and we anticipate that the remainder will be repaid upon completion of the grant performance periods and full reimbursement of expenditures by the State. As of October 2025, the State issued reimbursements of approximately \$32.8 million. The final claim for the first round of the Californians for All Youth Workforce Development Grant was submitted to the State in May 2025.

This Office recommends the following transaction at this time:

- Transfer \$40,000 from the Salaries General Account to the Contractual Services Account to implement the Youth Expo and Youth Summit in 2025-26. In light of the budget reductions, the funding for these events were eliminated in the 2025-26 Adopted Budget. The Department identified available surpluses in the Salaries General Account to restore funding for these events. These savings are a result of higher levels of attrition and are unrelated to the layoff abeyance or unpaid holiday savings.

CC. Zoo
Recommendation No. 19
Attachment 3 – New Appropriations

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Overspending (Shown as Negative, in millions)</i>			
Salaries General	\$ (0.87)	\$ -	Projected overspending is due to unbudgeted salary payouts and the Department not meeting its assumed salary savings rate due to the deletion of vacant positions.
Hiring Hall Salaries	(0.80)	0.80	Projected overspending is due to unbudgeted expenditures for deferred maintenance and improvement projects.
Benefits Hiring Hall	(0.40)	0.40	
Special Funds Total	\$ (2.07)	\$ 1.20	

The projected special fund overspending is approximately \$0.05 million lower than we previously reported in the First FSR due to unpaid holidays savings associated with the agreement with the Coalition and the recommendations of the First FSR, which is partially offset by new projected overspending in the Hiring Hall Salaries (\$0.80 million) and Benefits Hiring Hall (\$0.40 million)

accounts for maintenance needs and improvement projects. This Office recommends new appropriations from anticipated Zoo Enterprise Trust Fund (Fund) revenue to address the overspending in the Hiring Salaries and Benefits Hiring Hall accounts. This Office will continue to work with the Department to monitor expenditures and assess the ability of the Fund to further offset overspending. We will report in future FSRs with the recommendations necessary to address the remaining overspending of \$0.87 million.

This Office recommends the following transactions at this time:

- Increase revenue totaling \$1.2 million within the Zoo Enterprise Trust Fund, Reimbursements Miscellaneous, to reflect additional anticipated receipts from the Greater Los Angeles Zoo Association which were not assumed in the Adopted Budget.
- Increase appropriations totaling \$1.2 million from the Zoo Enterprise Trust Fund cash balance to the Zoo's Hiring Hall Salaries and Benefits Hiring Hall operating accounts to address and complete deferred maintenance and improvement projects.

2. STATUS OF NON-DEPARTMENTAL FUNDS AND SPECIAL ACCOUNTS

This section addresses the status of non-departmental expenditures and revenues and highlights issues of concern.

A. General City Purposes

Attachment 4 – Transfers between Accounts within Departments and Funds

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
Medicare	\$ 2.34	\$ -	Projected surplus is due to lower than anticipated staffing and updated wages as a result of a cost-of-living adjustments for MOUs 29, 31, and 32. Projected surplus is due to lower than anticipated staffing.
Social Security	0.30	-	
Pension Savings Plan	0.44	-	
Overspending (Shown as Negative, in millions)			
Los Angeles Neighborhood Land Trust	(0.04)	-	Projected overspending is due to delayed agreements with LA Neighborhood Land Trust and Sister Cities of LA to defray prior year operating expenses.
Sister Cities	(0.08)	-	
Solid Waste Fee Lifeline Rate Program	(7.64)	-	Projected overspending due to expansion of the Lifeline and Low Income Subsidy Programs.
General Fund Total	\$ (4.69)	\$ -	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 39.20	\$ 39.20	\$ -	This Office projects the Fund will meet its General Fund revenue budget by year end.

This Office projects year-end overspending in the amount of \$4.69 million, which is \$0.31 million higher than we reported in the First FSR. This increase is primarily due to a decrease in the Medicare surplus by \$0.43 million as a result of cost-of-living increase for the City Attorney taking effect in October 2025. The increased overspending is partially offset by an increase in the surplus from the First FSR in the Social Security (\$0.08 million) and Pension Savings (\$0.02 million) accounts due to lower staff count for part-time employees as well as actions taken in the First FSR

to address overspending in various General City Purposes membership accounts (\$0.02). While the projected Social Security and Pension Savings Plan surpluses do account for approved salary increases, they do not include the estimated impact of letters of agreement with labor that include unpaid holidays. This Office expects to refine our analysis throughout the fiscal year as the City moves forward with implementation of the letters of agreement with labor and more payroll data becomes available.

The City Clerk has identified errors in GCP accounts for Council District 10 contracts with The People Concern (\$400,314) for homeless outreach teams and the Community Build (\$600,000) for Project Save. As a result of these errors, funding was incorrectly spent from the General City Purposes, Council Community Projects Account. To address these errors, this Office now recommends to transfer those amounts from the General City Purposes, Additional Homeless Services CD10 and General City Purposes, Council Projects Accounts to backfill the funding that resulted from the incorrect expenditure of funds from the General City Purposes, Council Community Projects Account.

This Office recommends the following transactions at this time:

- Transfer \$400,314 from the General City Purposes, Additional Homeless Services CD 10 Account to the General City Purpose, Council Community Project Account to address a clerical error in which a contract for The People Concern (C-139076) for homeless outreach teams.
- Transfer \$600,000 from the General City Purposes, Council Projects Account to General City Purposes, Council Community Projects to address a clerical error in which a contract for the Community Build, Inc. (C-139855) for Project Save.

B. Unappropriated Balance

Attachment 6 – Appropriations from the Unappropriated Balance

Attachment 7A – Status of the UB – General Account

Attachment 7B – Status of the UB – Reserve for Mid-Year Adjustments

Attachment 7C – Status of the UB – Non-General Accounts

The 2025-26 Adopted Budget includes \$290.52 million for the Unappropriated Balance (UB). Through November 17, 2025, the Mayor and City Council have approved a net of \$46.32 million in transactions, leaving a balance of \$244.20 million in the UB.

This report includes recommendations to transfer \$21.38 million from various UB accounts, which leaves a remaining balance of \$222.81 million.

This Office recommends the following transactions at this time:

- Transfer \$50,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Contractual Services Account for consultant services to perform a poll relative to proposed tax measures being considered for the June 2026 ballot (C.F. 25-0029).
- Transfer \$24,378 from the UB, Elected Officials Transition Expenses Account to Council's Office and Administrative Account for technology expenses.
- Transfer \$44,265.68 from the UB, Equipment, Expenses, and Alterations and Improvements Account to General Services Department's Maintenance Materials, Supplies and Services Account for various Council office repairs.
- Transfer \$93,233.09 from the UB, Equipment, Expenses, and Alterations and Improvements Account to Council's Office and Administrative Account for various Council office improvements.
- Transfer \$280,434 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the El Pueblo de Los Angeles Historical Monument Revenue Fund to ensure sufficient cash flow to the Fund to maintain operations.
- Transfer \$200,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Office of Finance's Overtime General Account to ensure sufficient funding for staff overtime costs through April 2026.
- Transfer \$12,967,534 from the Ground Emergency Medical Transport QAF Program Account to Fire Department's Contractual Services Account for the Ground Emergency Medical Transport QAF Program quarterly invoice.
- Transfer \$1.05 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the General Services Department's Utilities Expense Private Company Account to partially address the overspending related to increased commodity prices.
- Transfer \$550,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Personnel Department's Salaries As-Needed Account to address costs to keep the City's jail medical dispensaries operational through February 2026.
- Transfer \$5,750,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Bureau of Sanitation's Overtime General Account to partially address overspending and maintain service levels through Pay Period 21 for the Solid Waste Resources Revenue Fund.

C. Human Resources Benefits
Attachment 5 – Transfers between Departments and Funds

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Police Health and Welfare Program	\$ 0.66	\$ -	Projected surplus is due to lower than assumed health plan premium rate increases.
Civilian Benefits Program	0.88	-	Projected surplus is primarily due to the impact of declining enrollment.
Unemployment Insurance	0.78	(0.15)	Projected surplus is due to lower than assumed unemployment rates associated with the abeyance of layoffs.
<i>Overspending (Shown as Negative, in millions)</i>			
Fire Health and Welfare Program	(0.76)	-	Projected overspending is due to higher than assumed health plan rate increases, partially offset by reductions in enrollment.
Supplemental Civilian Union Benefits	(0.07)	-	Projected overspending is due to higher than assumed rates and benefits payments.
General Fund Total	\$ 1.50	\$ (0.15)	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 4.32	\$ 4.32	\$ -	This Office projects the Fund will meet its General Fund revenue budget by year end.

The projected net General Fund surplus is approximately \$1.35 million higher than we previously reported in the First FSR primarily due to the newly projected Civilian Benefits Program surplus (\$0.88 million) compared to the overspending of \$0.18 million we reported in the First FSR. While there were higher than assumed premium rate costs compared to the 2025-26 Budget, there was a decrease in actual civilian enrollment.

Projections this early in the fiscal year are subject to potentially significant expenditure fluctuations by year end due to changes in benefit rates, open enrollment, staff attrition and hiring, and workers' compensation claims. There is particular uncertainty for Workers Compensation costs, which we currently project to remain within budget, but can experience significant fluctuation and have been

a source of significant overspending in prior years. This Office and the Personnel Department will continue to monitor the status of this Fund and report in future FSRs.

This Office recommends the following transaction at this time:

- Transfer \$150,000 of savings in the Human Resources Benefits, Unemployment Insurance Account to the Personnel Department, Contractual Services Account to fund the development of a module in the City's Human Resources and Payroll System that would assist with the calculation of layoff seniority.

D. Liability Claims Account

Attachment 8 – Status of Liability Accounts

The 2025-26 Adopted Budget provides \$187.37 million for Liability Payouts, allocated between the Miscellaneous Liability Payouts (\$180 million) and Public Works, Sanitation Liability Payouts Accounts; \$2 million from the Solid Waste Resources Revenue Fund (SWRRF) and \$5.37 million from the Sewer Operations & Maintenance Fund (SCM). The Unappropriated Balance (UB) Reserve for Extraordinary Liability Account includes supplemental funding of \$20 million to pay for both tort liability and tax-related cases beyond the amount allocated in the Liability Claims Account. On October 2, 2025, the Mayor and Council approved the transfer of \$3.58 million from the Fire Department to the Liability Claims, Fire Liability Payouts Account for a liability payout related to the Fire Department (C.F. 25-0098). This resulted in an adjusted total budget of \$190.95 million for Liability Payouts (\$183.58 million in General Fund and \$7.37 million for the Bureau of Sanitation).

As of October 31, 2025, the City has paid \$77.04 million and approved an additional \$47.06 million, which is pending payment and accounts for \$20 million borrowed from the Miscellaneous Liability Payouts Account to be reimbursed by the Sanitation Liability Payouts, Solid Waste Resources Revenue Fund or any other account determined by City Attorney for the first payment due for the Kamran Hakimi v. City of Los Angeles, et al case (C.F. 25-0852). This results in an available balance of approximately \$66.85 million (\$62.10 million in General Fund and \$4.75 million for the Bureau of Sanitation) for the remainder of the fiscal year. The Department reports there are \$21.98 million worth of cases pending Council approval (\$20.75 million in General Fund and \$1.23 million for the Bureau of Sanitation), and \$56 million (\$52.71 million in General Fund and \$3.29 million for the Bureau of Sanitation) pending final report. Including these items pending various levels of approval, the projected net year-end overspending is approximately \$11.08 million (\$11.31 million in General Fund overspending and a \$0.23 million surplus for the Bureau of Sanitation). The projected \$11.08 million in net overspending only represents approved and pending payments, any additional settlements that arise later in the year will increase the projected overspending. This Office will continue to monitor this Account and report updated expenditures in future FSRs.

E. Leasing
No Recommendation

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Surpluses (Shown as Positive, in millions)			
General Fund Leasing	\$ 2.89	\$ -	Projected surplus reflects the aggregate sum of all lease surpluses and shortfalls projected at year end for all currently approved agreements.
General Fund Total	\$ 2.89	\$ -	

The projected General Fund surplus is approximately \$0.51 million higher than we previously reported in the First FSR, primarily due to the postponed start date of the lease at 6230 South Gramercy Place for the Police Department, South Traffic Division. This Office does not recommend any transactions at this time.

F. Petroleum Products
No Recommendation

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Overspending (Shown as Negative, in millions)			
Petroleum Products	\$ (0.98)	\$ -	Projected overspending is due to increased commodity prices.
General Fund Total	\$ (0.98)	\$ -	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
Overspending (Shown as Negative, in millions)			
Petroleum Products	\$ (0.49)	\$ -	Projected overspending is due to increased commodity prices and vehicle usage by special-funded departments.
Special Funds Total	\$ (0.49)	\$ -	

The projected General Fund overspending is approximately \$0.16 million higher than we previously reported in the First FSR, due to higher than projected commodity prices. While in the First FSR we reported a special fund surplus of \$0.40 million, we now project special fund overspending of \$0.49 million due to higher than anticipated vehicle usage for special funded departments and increased commodity prices. This Office will continue to work with the General Services Department to monitor the Petroleum Products expenditures and report in future FSRs with the recommendations necessary to address the projected overspending. This Office does not recommend any transactions at this time.

G. Water and Electricity No Recommendation

Due to delays in billing, this Office prepared Water and Electricity expenditure projections based on prior-year spending. Based on this prior-year data and as reported in the First FSR, we continue to project that the Water and Electricity Fund will end the year on-budget. We anticipate that this Fund will meet its \$5.38 million General Fund revenue budget by year end. This Office does not recommend any transactions at this time.

3. AMERICAN RESCUE PLAN ACT – STATE AND LOCAL FISCAL RECOVERY FUNDS Attachment 6 – Appropriations from the Unappropriated Balance

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) into law establishing the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund (SLFRF). The intent of these funds is to provide support to state, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses.

The SLFRF provided the City with approximately \$1.28 billion in recovery funds. On May 18, 2021, the City received the first tranche of SLFRF totaling \$639,450,464. The City moved the first tranche of SLFRF funding into the General Fund revenue, which allowed the City to balance the 2020-21 General Fund budget without drawing on reserves or deficit borrowing. The City received the second tranche of SLFRF of \$639,450,464 on June 3, 2022. The 2021-22 Budget also treated those funds as General Fund revenue.

The CAO is responsible for administering the SLFRF funds and for preparing all required reports for the U.S. Treasury on behalf of the City. This Office submitted the sixteenth quarterly Project and Expenditures Report by the October 31, 2025, due date. The City must expend all grant funds by December 31, 2026.

In the report, the CAO identified eligible spending of approximately \$11.52 million from July 1, 2025 through September 30, 2025 and total spending of approximately \$1.26 billion to date.

The status of the SLFRF as of September 2025 is provided in the following table:

Total SLFRF Award (amounts in millions)	\$ 1,278.90	
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SLFRF Expenditures by Type as of 9/30/25	Totals	% of total SLFRF Award
Government Services Expenditures	\$ 1,114.80	87.2%
"Stand Alone Project" Expenditures	\$ 143.69	11.2%
Total Expenditures Reported	\$ 1,258.49	98.4%
Unexpended SLFRF as of 9/30/25	Totals	% of total SLFRF Award
Budgeted SLFRF Allocated to Stand-Alone Projects	\$ 20.41	1.6%
Total SLFRF Remaining Balance	\$ 20.41	1.6%

This Office currently uses a consultant services contract with KPMG to support our efforts to provide accurate and timely spending reports to the U.S. Treasury, comply with all grant requirements, and maintain and provide comprehensive documentation to enable our responses to ongoing and future audits. The actions taken in the First FSR resolved the reported overspending for ARPA consultant support. This Office does not recommend any transactions at this time.

4. HOTEL SUBVENTION AGREEMENTS Recommendation Nos. 15 and 16

The Council approved Subvention Agreements for the Courtyard by Marriott and Residence Inn (C.F. 11-0966, C-120874) and the Metropolis Hotel Project (C.F. 14-0029, C-125192), authorizing up to \$21.9 million and \$13.5 million, respectively, in financial assistance through Transient Occupancy Tax subvention payments to the developers. Trust funds were established in 2014-15 to administer these payments. Both trust funds have fulfilled their purpose and are no longer required as full payments to the developers were completed in 2023-24. Thus, both trust funds should be closed out and the remaining balances transferred to the Reserve Fund, which requires Council adoption of ordinances.

This Office recommends the following at this time:

- Request the Office of the City Attorney to prepare and present ordinances repealing Section 5.568 of Chapter 162, Division 5 of the Los Angeles Administrative Code, which established the 901 Olympic North Hotel Trust Fund (56N) and Section 5.574 of Chapter 168, Division 5 of the Los Angeles Administrative Code, which established the Metropolis Hotel Project Trust Fund (57J), and to provide for the transfer of any remaining surplus funds from each respective fund to the Reserve Fund (101).

- Instruct the City Controller to execute the fund transfers and implement the fund closures as instructed in the ordinances.

A blue ink handwritten signature, appearing to be 'N. Campbell', written over a horizontal line.

Nicholas S. Campbell, Chief Administrative Analyst

APPROVED:

A blue ink handwritten signature, appearing to be 'Ben Ceja', written in a cursive style.

Ben Ceja, Assistant City Administrative Officer

MWS:BC:JWW:JL:NSC:01260055C

Attachments

2025-26 Adopted General Fund Revenue
Through October 2025
(Thousand Dollars)

	2025-26 Budget	Plan Through October	Receipts Through October	Receipts as Percent of Budget	Variance of Receipts from Plan	Comments
Property Tax	\$2,839,082	\$100,366	\$111,012	3.9%	\$10,646	Excess revenue represents secured receipts from the prior tax period. The County Assessor has reported 3.6% AV growth for the City compared to 4.1% assumed in the adopted budget.
Property Tax Ex-CRA Inc.	172,622	-	-	-	-	
Utility Users' Tax	702,520	226,517	257,875	36.7%	31,358	\$29.2m of surplus attributed to EUT. Gas users tax \$2.2m above plan. CUT \$0.1m below.
Department receipts (LPFF and reimbursements)	1,644,974	385,022	423,249	25.7%	38,227	Excess receipts primarily attributed to delayed 2024-25 reimbursements from special funds, proprietary departments and other agencies. Early analysis for year-end revenue indicates downside risk.
Business Tax	825,000	66,530	82,539	10.0%	16,009	Receipts from non-cannabis and cannabis related business activity are \$14.9m and \$1.1m above plan, respectively.
Sales Tax	647,485	214,712	225,095	34.8%	10,383	Receipts are above plan which may partly due to purchases made in advance of tariffs in Q2 and the impact of increasing inflation.
Documentary Transfer Tax	193,702	65,525	71,813	37.1%	6,288	Surplus is attributed to higher price per deed than assumed in the adopted budget. Sales volume is slightly higher also. When these two components move together there is a multiplying impact on variances. Receipts from legal entity transfer are \$0.4m above plan.
Power Revenue Transfer	227,943	-	-	-	-	The DWP adopted budget transfer is \$228.2m. The actual transfer amount may vary according to FY25 Power Revenue Fund operating income.
Transient Occupancy Tax	314,990	111,300	98,510	31.3%	(12,790)	Hotel and short term rental receipts are \$12.0m and \$0.8m below plan, respectively, and 10.1% below receipts this time last year.
Parking Fines	108,400	36,120	35,978	33.2%	(142)	Receipts are near plan.
Parking Occupancy Tax	141,336	47,112	49,480	35.0%	2,368	Monthly receipts are variable.
Franchise Income	144,103	29,589	39,639	27.5%	10,050	Solid waste franchise revenue above plan \$9.4m with early remittance. Gas
State Motor Vehicle License Fees	6,146	6,146	5,960	97.0%	(186)	The single annual payment (remitted early) is -\$0.2m below the adopted estimate.
Grant Receipts	46,831	805	6,560	14.0%	5,755	Departmental grant receipts ahead of plan includes prior-year grant reimbursements.
Tobacco Settlement	9,555	-	-	-	-	
Residential Development Tax	3,580	1,192	1,404	39.2%	212	Monthly receipts are variable. Receipts are near plan.
Special Parking Revenue Transfer	36,647	-	-	-	-	
Subtotal General Fund	\$8,064,916	\$1,290,936	\$1,409,114	17.5%	\$118,179	
Interest Income	84,340	29,892	49,353	58.5%	19,461	Monthly receipts are variable. Interest may be owed to special funds.
Transfer from Budget Stabilization Fund	29,000	29,000	29,000	100.0%	-	
Total General Fund	\$8,178,256	\$1,349,828	\$1,487,468	18.2%	\$137,640	

ATTACHMENT 2
STATUS OF RESERVE FUND AS OF 11/17/25

Council File No.	Item Description	Amount
	Balance Available, 7/1/2025	\$ 401,905,273.84
	Less: Emergency Reserve Account	<u>\$ 224,902,000.00</u>
	Contingency Reserve Account 7/1/2025	\$ 177,003,273.84
	 Loan Repayment and Other Receipts	<u>25,004,832.38</u>
	Contingency Reserve Account	\$ 202,008,106.22
	Loans and Transfers Approved to Date	
25-0525	Consolidated Plan Grants Loan	(10,000,000.00)
	UB - Equipment, Expense, and Alterations & Improvement	
First FSR	Reappropriation	(2,184,037.00)
First FSR	UB - Elected Officials Transition Expenses Reappropriation	(775,000.00)
	Loans and Transfers Approved to Date Subtotal	\$ (12,959,037.00)
	Contingency Reserve Available Balance as of 11/17/2025	<u><u>\$ 189,049,069.22</u></u>
	Total Emergency and Contingency Reserve Fund	<u><u>\$ 413,951,069.22</u></u>

ATTACHMENT 3
FY 2025-26 BUDGET ADJUSTMENTS
NEW APPROPRIATIONS

		TRANSFER FROM		TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT	
City Administrative Officer <i>Disaster Assistance Contract</i>	<u>Fund 100/10, City Administrative Officer</u> RSC 4596, Service to Water and Power	\$ 1,360,724.00	<u>Fund 100/10, City Administrative Officer</u> 003040, Contractual Services	\$ 1,360,724.00	
City Planning <i>Westside South EIR</i>	<u>Fund 100/68, City Planning</u> RSC 5101, Contributions from Non-Government Sources	\$ 848,422.00	<u>Fund 100/68, City Planning</u> 003040, Contractual Services	\$ 848,422.00	
<i>Westside Targeted Feasibility Study</i>	<u>Fund 100/68, City Planning</u> RSC 5101, Contributions from Non-Government Sources	\$ 242,610.00	<u>Fund 100/68, City Planning</u> 003040, Contractual Services	\$ 242,610.00	
Disability <i>Disability Ratepayer Service</i>	<u>Fund 100/65, Department on Disability</u> RSC 4596, Service to Water and Power	\$ 45,000.00	<u>Fund 100/65, Department on Disability</u> 001070, Salaries, As-Needed	\$ 45,000.00	
Information Technology Agency <i>Communication Service Requests</i>	<u>Fund 100/32, Information Technology Agency</u> RSC 5301, Reimbursements from Other Funds	\$ 30,468.23	<u>Fund 100/32, Information Technology Agency</u> 001100, Hiring Hall Salaries 009350, Communication Services	\$ 4,721.40 25,746.83	
			Subtotal	\$ 30,468.23	
Public Works - Street Lighting <i>Assessment Ballot Outreach</i>	<u>Fund 347/50, SLMAF</u> Cash Balance	\$ 500,000.00	<u>Fund 347/50, SLMAF</u> 50TLOO, Assessment District Analysis	\$ 500,000.00	
Transportation <i>Advance Payment for Overtime Cost for Water Trunkline Prjects</i>	<u>Fund 840/94 Dept Transportation Trust</u> RSC 4596, Service to Water and Power	\$ 300,000.00	<u>Fund 100/94, Transportation (840/94/94C194)</u> TBD, LADWP Water Trunkline Project	\$ 300,000.00	
	<u>Fund 840/94 Dept Transportation Trust</u> TBD, LADWP Water Trunkline Project	\$ 300,000.00	<u>Fund 100/94, Transportation</u> 001090, Overtime General	\$ 300,000.00	
<i>LAWA Reimb for ATSAC Hub</i>	<u>Fund 51Q/94, Measure R Local Return Fund</u> RSC 5301, Reimbursements from Other Funds	\$ 142,382.50	<u>Fund 51Q/94, Measure R Local Return Fund</u> 94W634, ATSAC Systems Maintenance	\$ 142,382.50	
<i>Overtime cost for Metro Crenshaw Light Rail support</i>	<u>Fund 540/94, Proposition C Antigriddock Imp</u> RSC 5188, Miscellaneous Revenue-Others	\$ 66,498.00	<u>Fund 100/94, Transportation</u> 001090, Overtime General	\$ 66,498.00	
<i>Overtime reimbursement for traffic control services at special events venues</i>	<u>Fund 840/94 Dept Transportation Trust</u> RSC 4658, Special Events	\$ 1,131,025.73	<u>Fund 100/94, Transportation</u> 001090, Overtime General	\$ 1,131,025.73	
<i>Advance payment for LAWA prjects</i>	<u>Fund 840/94 Dept Transportation Trust</u> RSC 4595, Service to Airports	\$ 535,872.49	<u>Fund 840/94 Dept Transportation Trust</u> TBD, LAWA Project Overtime Support	\$ 535,872.49	
	<u>Fund 840/94 Dept Transportation Trust</u> TBD, LAWA Project Overtime Support	\$ 535,872.49	<u>Fund 100/94, Transportation (840/94/94C194)</u> 001090, Overtime General	\$ 535,872.49	
Zoo <i>Reimbursements</i>	<u>Fund 40E/87, Zoo Enterprise Trust Fund</u> Cash Balance	\$ 1,200,000.00	<u>Fund 100/87, Zoo (40E/87/87C187)</u> 001100, Hiring Hall Salaries 001120, Benefits Hiring Hall	\$ 800,000.00 400,000.00	
			Subtotal	\$ 1,200,000.00	
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 7,238,875.44		\$ 7,238,875.44	

ATTACHMENT 4
FY 2025-26 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

TRANSFER FROM		TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	FUND/ACCOUNT	AMOUNT
Animal Services <i>Shelter Staffing Support</i>	<u>Fund 100/06, Animal Services</u> 001010, Salaries General	<u>Fund 100/06, Animal Services</u> 001070, Salaries, As-Needed	\$ 65,500.00
Civil, Human Rights and Equity Department <i>Prior-Year Obligations</i>	<u>Fund 100/15, Civil, Human Rights and Equity Department</u> 001010, Salaries General	<u>Fund 100/15, Civil, Human Rights and Equity Department</u> 003040, Contractual Services	\$ 18,217.00
Council <i>Account Realignment</i>	<u>Fund 100/28, Council</u> 001010, Salaries General	<u>Fund 100/28, Council</u> 006010, Office and Administrative	\$ 990,000.00
<i>Council District 7 Realignment</i>	<u>Fund 100/56, General City Purposes Fund</u> 000864, CD 7 Council Fee Subsidy	<u>Fund 100/56, General City Purposes Fund</u> 000707, Community Services District 7	\$ 177,951.76
Fire <i>Executive Development Fund</i>	<u>Fund 100/38, Fire</u> 001012, Salaries Sworn	<u>Fund 100/38, Fire</u> 006010, Office and Administrative	\$ 765,000.00
<i>Sworn Bonuses Overspending</i>	<u>Fund 100/38, Fire</u> 001012, Salaries Sworn	<u>Fund 100/38, Fire</u> 001030, Sworn Bonuses	\$ 1,500,000.00
General City Purposes <i>Homeless Outreach</i>	<u>Fund 100/56, General City Purposes</u> 000624, Additional Homeless Services - CD10	<u>Fund 100/56, General City Purposes</u> 000903, Council Community Projects	\$ 400,314.00
<i>Project Save</i>	<u>Fund 100/56, General City Purposes</u> 000A28, Council Projects	<u>Fund 100/56, General City Purposes</u> 000903, Council Community Projects	\$ 600,000.00
Public Works - Sanitation <i>Overtime General Overspending</i>	<u>Fund 100/82, Bureau of Sanitation</u> 001010, Salaries General (SCMO) 001010, Salaries General (MFBIF) 001010, Salaries General (CRTF)	<u>Fund 100/82, Bureau of Sanitation</u> 001090, Overtime General (SCMO) 001090, Overtime General (MFBIF) 001090, Overtime General(CRTF)	\$ 2,500,000.00 100,000.00 150,000.00
	Subtotal	Subtotal	\$ 2,750,000.00
Public Works - Street Services <i>Urban Transit Amenities</i>	<u>Fund 100/86, Public Works-Street Services (67H/50)</u> 001090, Overtime General	<u>Fund 100/86, Public Works-Street Services (67H/50)</u> 001190, Overtime Hiring Hall	\$ 189,000.00
<i>Hiring Hall Salaries</i>	<u>Fund 100/86, Public Works-Street Services (59C/94)</u> 003030, Construction Expense	<u>Fund 100/86, Public Works-Street Services (59C/94)</u> 001100, Hiring Hall Salaries	\$ 250,000.00
	<u>Fund 100/86, Public Works-Street Services (57F/50)</u> 003030, Construction Expense	<u>Fund 100/86, Public Works-Street Services (57F/50)</u> 001100, Hiring Hall Salaries	\$ 500,000.00
	Subtotal	Subtotal	\$ 750,000.00
Youth Development Department <i>Youth Expo and Youth Summit</i>	<u>Fund 100/19, Youth Development Department</u> 001010, Salaries General	<u>Fund 100/19, Youth Development Department</u> 003040, Contractual Services	\$ 40,000.00
TOTAL ALL DEPARTMENTS AND FUNDS			\$ 8,245,982.76

ATTACHMENT 5

FY 2025-26 BUDGET ADJUSTMENTS TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	FUND/ACCOUNT	TRANSFER FROM		FUND/ACCOUNT	TRANSFER TO	
		AMOUNT			AMOUNT	
Animal Services <i>Grant Salaries</i>	<u>Fund 859/06, Animal Welfare Trust Fund</u> 06106Y, Animal Services	\$	89,235.00	<u>Fund 100/06, Animal Services</u> RSC 5168, Reimbursement of Prior Year Salary	\$	89,235.00
	<u>Fund 859/06, Animal Welfare Trust Fund</u> 060057, Best Friends Grant-Salaries	\$	60,765.00	<u>Fund 100/06, Animal Services</u> RSC 5361, Related Cost Reimbursement-Others	\$	60,765.00
City Administrative Officer <i>Reimbursement for Loaned Employee</i>	<u>Fund 100/82, Bureau of Sanitation (760/50, 50C182)</u> 001010, Salaries General	\$	220,533.00	<u>Fund 100/10, City Administrative Officer (760/50, 50C110)</u> 001010, Salaries General	\$	220,533.00
Council <i>Council District 7 Homelessness Activities</i>	<u>Fund 100/56, General City Purposes Fund</u> 000621, Additional Homeless Services - CD 7	\$	150,778.00	<u>Fund 100/28, Council</u> 001070, Salaries As-Needed	\$	150,778.00
	<u>Fund 53P/28, State AB 1290 City Fund</u> 281206, CD 6 Redevelopment Fund	\$	275,000.00	<u>Fund 100/28, Council</u> 001070, Salaries As-Needed	\$	275,000.00
<i>Council District 5 Staffing</i>	<u>Fund 100/56, General City Purposes Fund</u> 000A28, Council Projects 000619, Additional Homeless Services - CD 5	\$	750,000.00 314,285.76	<u>Fund 100/28, Council</u> 001070, Salaries As-Needed	\$	1,064,285.76
	Subtotal	\$	1,064,285.76			
<i>Lake Hollywood Traffic Enforcement</i>	<u>Fund 100/56, General City Purposes Fund</u> 000A28, Council Projects	\$	52,760.00	<u>Fund 100/70, Police</u> 001092, Overtime Sworn	\$	52,760.00
Human Resources Benefits <i>Workday Layoff Systems Solution</i>	<u>Fund 100/61, Human Resources Benefits</u> 009100, Unemployment Insurance	\$	150,000.00	<u>Fund 100/66, Personnel Department</u> 003040, Contractual Services	\$	150,000.00
Information Technology Agency <i>Contract Programmers</i>	<u>Fund 342/32, Telecommunications Development Account</u> 32132W, Information Technology Agency	\$	276,120.00	<u>Fund 100/32, Information Technology Agency (342/32, 32132C)</u> 003040, Contractual Services	\$	276,120.00
Mayor <i>Homeland Security Grant</i>	<u>Fund 64G/46, FY 2020 Securing the Cities Fund</u> 46W304, Contractual	\$	75,000.00	<u>Fund 64G/46, FY2020 Securing the Cities Fund</u> 46W668, Partner Jurisdiction	\$	155,000.00
	46W730, Equipment		80,000.00	46A668, Partner Jurisdiction		265,000.00
	46A730, Equipment		772,000.00	46A946, Grant Management & Administration		257,000.00
	46A138, Fire		8,534.78	46A904, LAWA		50,000.00
	46A170, Police		187,577.86	46A942, Port of Los Angeles		50,000.00
	46C970, LAPD Grant Allocation		14,136.22	Subtotal	\$	777,000.00
	46A299, Related Costs		447,051.28			
	Subtotal	\$	1,584,300.14	<u>Fund 100/70, Police (64G/46, 46C170)</u> 001092, Overtime Sworn	\$	331,714.08
				<u>Fund 100/38, Fire (64G/46, 46C138)</u> 001098, Overtime Variable Staffing	\$	28,534.78
				<u>Fund 100/46, Mayor (64G/46, 46C299)</u> RSC 5346, Related Costs Reimbursement from Grants	\$	417,230.18
				<u>Fund 100/70, Police (64G/46, 46C299)</u> RSC 5346, Related Costs Reimbursement from Grants	\$	29,821.10
				Subtotal	\$	1,584,300.14
<i>Homeland Security Grant</i>	<u>Fund 67M/46, FY 2022 State Homeland Security Program Grant Fund</u> 46C398, LAFD Grant Allocation	\$	150,000.00	<u>Fund 100/70, Fire (67M/46, 46C138)</u> 006020, Operating Supplies	\$	150,000.00
Police <i>2022 Officer Wellness and Mental Health Grant Fund</i> <i>70A584 (C.F. 24-0551)</i>	<u>Fund 100/70, Police Department (67P/70, 70A170)</u> 006010, Office and Administrative	\$	1,802,610.99	<u>Fund 67P/70, BSCC FY 2022 OWMHG</u> 70A584, 2022 Officer Wellness and Mental Health Grant	\$	1,802,610.99
Public Works - Sanitation <i>Stormwater Pollution Abatement Fund</i> <i>Polychlorinated Biphenyls Remediation</i> <i>Stormwater Pollution Abatement Fund</i> <i>Overtime General Overspending</i>	<u>Fund 511/50, Stormwater Pollution Abatement Fund</u> 50AAFJ, Monsanto PCB Remediation Restitution	\$	290,218.00	<u>Fund 100/82, Bureau of Sanitation (511/50, 50C182)</u> 001010, Salaries General	\$	290,218.00
	<u>Fund 511/50, Stormwater Pollution Abatement Fund</u> 50V554, NPDES Permit Compliance 50V565, Sanitation Contracts 50W554, NPDES Permit Compliance 50Y565, Sanitation Contracts	\$	212,028.00 225,741.00 60,000.00 187,231.00	<u>Fund 100/82, Bureau of Sanitation (511/50, 50C182)</u> 001090, Overtime General	\$	685,000.00
	Subtotal	\$	685,000.00			

ATTACHMENT 5

FY 2025-26 BUDGET ADJUSTMENTS TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

TRANSFER FROM		TRANSFER TO		
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Public Works - Street Services <i>Reimb for Special Events</i>	<u>Fund 64C/50, BSS Transaction Fund</u>		<u>Fund 100/86, Public Works-Street Services</u>	
	RSRC 465800, Special Events-General	\$ 4,108,948.68	001090, Overtime General	\$ 286,004.95
			<u>Fund 100/94, Transportation</u>	
			001090, Overtime General	\$ 542,049.67
			<u>Fund 508/50, Solid Waste Resources Fund</u>	
			RSRC 5188, Miscellaneous Revenue-Others	\$ 1,837.90
			<u>Fund 48R/08, Bldg & Safety Permit Enterprise Fund</u>	
			RSRC 3225, Building Permits-Regular	\$ 1,643.00
			<u>Fund 100/38, LAFD</u>	
			001012, Salaries Sworn	\$ 74,688.00
			<u>Fund 100/70, LAPD</u>	
			001092, Overtime Sworn	\$ 3,201,789.16
			<u>Fund 347/50 St Lighting Maintenance Assess</u>	
			RSRC 5301, Reimb from Other Funds	\$ 936.00
			Subtotal	<u>\$ 4,108,948.68</u>
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 10,960,554.57	\$ 10,960,554.57	

ATTACHMENT 6

FY 2025-26 BUDGET ADJUSTMENTS APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE

APPROPRIATE FROM:	APPROPRIATE TO:	AMOUNT:
<u>Fund, 100/58, Unappropriated Balance</u>		
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/10, City Administrative Officer</u> 003040, Contractual Services	\$ 50,000.00
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/68, City Planning</u> 003040, Contractual Services	\$ 375,000.00
580432, Elected Officials Transition Expenses	<u>Fund 100/28, Council</u> 006010, Office and Administrative	\$ 24,378.00
580132, Equipment, Expenses, Alteration & Improvement	<u>Fund 100/28, Council</u> 006010, Office and Administrative	\$ 93,233.09
580196, Reserve for Mid-Year Adjustments	<u>Fund 737/33, El Pueblo de Los Angeles Histor. Mon. Rev. Fund</u> RSC 5691, Addl Interfund Trans - General Fund	\$ 280,434.00
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/39, Finance</u> 001090, Overtime General	\$ 200,000.00
580304, Ground Emergency Medical Transport QAF Program	<u>Fund 100/38, Fire</u> 003040, Contractual Services	\$ 12,967,534.00
580132, Equipment, Expenses, Alteration & Improvement	<u>Fund 100/40, General Services</u> 003160, Maintenance Materials, Supplies & Services	\$ 44,265.68
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/40, General Services</u> 003330, Utilities Expense Private Company	\$ 1,050,000.00
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/66, Personnel Department</u> 001070, Salaries, As-Needed	\$ 550,000.00
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/82, Bureau of Sanitation (508.50, 50C182)</u> 001090, Overtime General	\$ 5,750,000.00
TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE		\$ 21,384,844.77

[illegible]

ATTACHMENT 7B
Status of the Unappropriated Balance, Reserve for Mid Year Adjustments

2025-26 Budget **\$ 125,000,000.00**

First FSR Recommendations

Transfer Out:

Transfer to Mayor - Contractual Services	(4,861,410.00)
Transfer to Public Works Sanitation - Solid Waste Resources Revenue Fund	(1,000,000.00)
Transfer to General City Purposes - Memberships	(22,089.00)
Transfer to City Administrative Officer - ARPA Contractual Services	(982,637.00)
Transfer to City Employees' Retirement Fund	(156.61)
Transfer to Fire and Police Pension Fund	(3,897.10)
Early Reversion to Reserve Fund to repay Reserve Fund Loan	(10,000,000.00)

Subtotal \$ (16,870,189.71)

Subtotal First FSR Recommendations (16,870,189.71)

Second FSR Recommendations

Transfer Out:

Transfer to City Planning - Contractual Services	(375,000.00)
Transfer to El Pueblo de los Angeles Historical Monument Revenue Fund	(280,434.00)
Transfer to Office of Finance - Overtime	(200,000.00)
Transfer to General Services - Utilities	(1,050,000.00)
Transfer to Personnel - As-Needed Salaries	(550,000.00)
Transfer to Public Works Sanitation - Overtime	(5,750,000.00)
Transfer to CAO - Contractual Services	(50,000.00)

Subtotal \$ (8,255,434.00)

Subtotal Second FSR Recommendations (8,255,434.00)

Year-end Available **\$ 99,874,376.29**

ATTACHMENT 7C
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT

Account No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reappropri.	Appropriated during year	First FSR	Appropriated during year	Second FSR	Appropriated during year	Mid-Year FSR	Appropriated during year	Year-End FSR	Available Balance
	General Fund												
580440	Community Services Efficiencies	CIFD	\$ 630,000										\$ 630,000.00
580383	Department Payroll Reconciliation	All	\$ 12,000,000										\$ 12,000,000.00
580432	Elected Officials Transition Expenses	GSD	\$ -	775,000				(24,378)					\$ 750,622.00
580431	Election Expenses - General Municipal Elections	City Clerk	\$ 10,000,000			(1,800,000)							\$ 8,200,000.00
580132	Equipment, Expense, and Alterations & Improv.	Mayor/Council	\$ 6,181,000	2,184,037		(4,828,890)		(137,499)					\$ 3,398,647.84
580231	Gang Injunction Settlement Agreement	EWDD	\$ -	1,250,000		(1,125,000)							\$ 125,000.00
580001	General (see Attachment 7A)	All	\$ 50,000										\$ 50,000.00
580304	Ground Emergency Medical Transport QAF Program	Fire	\$ 30,000,000		(8,464,911)		(8,404,589)	(12,967,534)					\$ 162,966.27
580445	Information Technology Network Equipment Replacement	ITA	\$ 500,000										\$ 500,000.00
580441	Interim Housing	Mayor/CAO	\$ 41,895,450										\$ 41,895,450.00
580381	LAHSA Homeless Engagement Teams	Housing	\$ 3,290,288										\$ 3,290,288.00
580433	LAHSA Homeless Outreach Navigators	Housing	\$ 528,408										\$ 528,408.00
580245	LATAx Replacement Project	Finance	\$ 9,800,000										\$ 9,800,000.00
580274	Mutual Aid Overtime	Fire	\$ 3,000,000				(3,000,000)						\$ -
580197	Outside Counsel including Workers' Comp	City Atty	\$ 5,982,000		(4,624,000)	(1,358,000)							\$ -
580429	Police Department Sworn Overtime - Interim Homeless Housing	Police	\$ 4,378,000										\$ 4,378,000.00
580232	Reserve for Extraordinary Liability	All	\$ 20,000,000										\$ 20,000,000.00
580196	Reserve for Mid-Year Adjustments	All	\$ 125,000,000			(16,870,190)		(8,255,434)					\$ 99,874,376.29
580443	South Bay Cities Association	City Clerk	\$ 59,021		(59,021)								\$ -
580444	Trade and Commerce Relations	Mayor	\$ 549,000										\$ 549,000.00
			\$ 273,843,167	\$ 4,209,037	\$ (13,147,932)	\$ (25,982,080)	\$ (11,404,589)	\$ (21,384,845)	\$ -	\$ -	\$ -	\$ -	206,132,758.40
	Special Funds												
580442	2028 Games Project Public Right of Way Improvements	CTIEP	\$ 5,281,868										\$ 5,281,868.00
580446	Cannabis Regulation Compliance Inspections	Cannabis	\$ 147,407										\$ 147,407.00
580441	Interim Housing	CAO	\$ 11,250,000										\$ 11,250,000.00
			\$ 16,679,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,679,275.00
	Grand Total		\$ 290,522,442	\$ 4,209,037	\$ (13,147,932)	\$ (25,982,080)	\$ (11,404,589)	\$ (21,384,845)	\$ -	\$ -	\$ -	\$ -	\$ 222,812,033.40

STATUS OF LIABILITY ACCOUNTS - FY 2025-26 SECOND FINANCIAL STATUS REPORT (FSR)

Department/Bureau	Account	Budget		Paid	Available Balance after Paid Amounts	Pending Payments	Available Balance after Paid + Pending Payments	Percent Available of Available Balance to Adjusted Budget
		(A1)	(A2)	(B)	(C=A2+B)	(D)	(E=C+D)	
		2025-26 Adopted Budget	Adjusted Budget (AB)	Amount	Amount	Amount	Amount	
FIRE	009790	\$ -	\$ 1,275,000	\$ (5,576,778)	\$ (4,301,778)	\$ (473,625)	\$ (4,775,403)	-3%
GENERAL SERVICES	009791	\$ -	\$ 137,500	\$ (137,500)	\$ -	\$ -	\$ -	0%
POLICE	009792	\$ -	\$ 22,267,064	\$ (37,038,087)	\$ (14,771,023)	\$ (11,309,171)	\$ (26,080,194)	-38%
PW/ENGINEERING	009793	\$ -	\$ -	\$ -	\$ -	\$ (500,000)	\$ (500,000)	-3%
PW/SANITATION SOLID	009794	\$ 2,000,000	\$ 2,000,000	\$ (1,054,285)	\$ 945,715	\$ (389,500)	\$ 556,215	-2%
PW/SANITATION SEWER	009794	\$ 5,370,072	\$ 5,370,072	\$ (1,183,039)	\$ 4,187,033	\$ -	\$ 4,187,033	-1%
PW/STREET SERVICES	009795	\$ -	\$ 13,217,500	\$ (14,832,500)	\$ (1,615,000)	\$ (5,847,836)	\$ (7,462,836)	-23%
RECREATION & PARKS	009796	\$ -	\$ 2,850,000	\$ (2,850,000)	\$ -	\$ (600,000)	\$ (600,000)	-3%
TRANSPORTATION	009797	\$ -	\$ 4,755,000	\$ (4,935,000)	\$ (180,000)	\$ (695,000)	\$ (875,000)	-4%
MISCELLANEOUS	009798	\$ 180,000,000	\$ 139,074,714	\$ (9,429,689)	\$ 129,645,025	\$ (27,199,235)	\$ 102,445,790	-28%
GENERAL FUND SUBTOTAL		\$ 180,000,000	\$ 183,576,778	\$ (74,799,554)	\$ 108,777,224	\$ (46,624,867)	\$ 62,152,357.00	-106%
SPECIAL FUNDS SUBTOTAL		\$ 7,370,072	\$ 7,370,072	\$ (2,237,324)	\$ 5,132,748	\$ (389,500)	\$ 4,743,248	-97%
TOTAL		\$ 187,370,072	\$ 190,946,850.00	\$ (77,036,878)	\$ 113,909,972	\$ (47,014,367)	\$ 66,895,605	-106%

ATTACHMENT 9
LIST OF PENDING INTERIM REQUESTS FOR FUNDING

Proposing Department/Office	Impacted Department(s)	Council File Number	Brief Description	Amount of Request
Planning	Planning	14-0518	Request for nine positions to implement the proposed wildlife district ordinance.	Not identified
CD-14	Community Investment for Families	17-0046-S4	Motion instructing CAO to increase the City contribution to RepresentLA.	\$ 1,000,000
CD-1	Animal Services	23-0452	identify source of funds to provide sufficient funding for spay and neuter voucher increases for free certificates for dogs and cats.	Not identified
CD-13/15	Bureau of Contract Administration and City Attorney	23-0932	Motion CLA and the Bureau of Contract Administration to identify the resources required to enable the enforcement of workplace violations; Subsequent CLA report directs the the CAO report on adding 16 positions and to identify a potential source of special funds.	\$ 2,890,000
CD-12	Sanitation	24-1178	Motion and subsequent Bureau of Sanitation report instructing the CAO to identify funding sources for position authorities to resume illegal dumping investigations.	Not identified
CD-11	Board of Public Works	25-0378	Motion and subsequent Council action instructing the CAO to identify source of funds to maintain the Venice Beach Ocean Front Walk Crash Ramps and Bollards Project	Not identified
Housing	Housing	25-0600	Exhibit H of the Adopted Budget instructed LAHD to report with a staffing plan for the Homelessness Oversight Bureau. LAHD is preparing to release a report requesting approximately 50 new positions. Exact details will not be known until the report is released, which is expected in October.	\$ 1,196,548
CD-12	Police	25-0600	Adopted budget motion authorizing the Police Department to recruit and hire 240 police officers above the funded amount and restore civilian positions identified for layoff contingent upon funding availability as reported by the CAO in the Second or Third FSR and subject to the Council and Mayor's determination that additional hiring is responsive to both the Department's needs and the City's fiscal condition.	Not identified
CD-11	Various	25-0600-S10	Budget motion proposing funding to repair Posetano Road.	\$ 6,000,000
CD-12	Engineering	25-0600-S11	Budget motion proposing funding to remediate the Tarmonto landslide.	\$ 4,000,000
CD-2	Various	25-0600-S13	Budget motion instructing the CAO and CLA to identify funding for building decarbonization work for municipal facility projects under construction in 2025-26.	\$ 3,000,000
CD-7	Emergency Management	25-0600-S14	Budget motion instructing the CAO to identify funding to replace the security video management system the Emergency Operations Center.	\$ 209,000
CD-11	Police	25-0600-S15	Budget motion proposing funding for sworn overtime patrols on Ocean Front Walk in Venice.	\$ 1,500,000
CD-14	Unspecified	25-0600-S16	Budget motion instructing the CAO and CLA to identify funding for a public bank study.	\$ 460,000

ATTACHMENT 9
LIST OF PENDING INTERIM REQUESTS FOR FUNDING

Proposing Department/Office	Impacted Department(s)	Council File Number	Brief Description	Amount of Request
CD-14	Street Services	25-0600-S17	Budget motion instructing the CAO and CLA to identify funding for public toilet maintenance contracts.	\$ 643,858
CD-7	Fire	25-0600-S19	Budget motion proposing funding for five EMTs advanced providers.	\$ 956,416
CD-13	Sanitation	25-0600-S20	Motion instructing the CAO to identify non-General Fund source that could restore the Mobile Hygiene Program.	\$ 5,703,950
CD-7	Police	25-0600-S21	Budget motion proposing funding for 60 additional recruits.	\$ 3,525,739
CD-11	Recreation and Parks	25-0600-S27	Budget motion proposing funding for demolition of Murphy Ranch.	\$ 5,000,000
CD-13	Civil, Human Right and Equity	25-0600-S28	Budget motion instructing the CAO and CLA to identify funding for one Public Information Director.	Not identified
CD-11	Building and Safety	25-0600-S4	Budget motion proposing funding for demolition of the abandoned lifeguard structure in Playa Del Rey	\$ 980,000
CD-11	Recreation and Parks	25-0600-S6	Budget motion proposing funding for refurbishment of the Venice Beach paddle tennis courts.	\$ 250,000
CD-11	Neighborhood Council Fund	25-0600-S7	Budget motion proposing funding for the Fund	\$ 693,000
CD-11	Sanitation	25-0600-S8	Budget motion proposing funding for soil testing for victims of the Palisades Fire.	\$ 3,500,000
CD-11	Various	25-0600-S9	Budget motion proposing funding for reconstruction of Revello Drive.	\$ 5,500,000
Public Safety Committee	Personnel	25-0607	Council action instructing the CAO to identify funding to keep the 77th Street and Van Nuys LAPD Detention Facilities open with adequate staff to maintain service.	Not identified
CD-3	Economic and Workforce Development	25-1081	public and/or private/philanthropic funding to establish a 40 percent Launch and Rebate grant for "micro-drama" productions.	\$ 5,000,000
Planning and Land Use Management Committee	Planning	25-1083	Committee report instructs the CAO to report by December 1, 2025, with options for providing Planning and other City departments with personnel and financial sources needed to prepare for implementation of SB 79 and within 30 days provide funding for the capacity modeling for delayed effectuation and local alternative plans	\$ 375,000
CD-6	Animal Services	Pending	Motion instructing the CAO to identify a source of funds to purchase large transportation vehicles and personnel to participate in community resource fairs, health fairs, and other city sponsored events.	Not identified

Identified Total: \$ 52,383,511