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: **THIRD (MID-YEAR) FINANCIAL STATUS REPORT**

SUMMARY

This Office is transmitting the Third (Mid-Year) 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. This report contains recommendations totaling 112.64 million for appropriations, transfers, and other budgetary adjustments.

In the Second FSR, we identified approximately $243.14 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 Second FSR were anticipated to reduce the overspending to $208.61 million. Subsequent to the actions in the Second FSR, the projected overspending increased by a net $0.83 million to $209.44 million. In this Mid-Year FSR, this Office recommends $112.64 million in solutions to partially address the projected budget gap and identifies $59.05 million in potential future actions to further reduce the remaining year-end overspending to $37.75 million.

The projected overspending of $209.44 million reflects both decreases and increases in previously reported department overspending amounts as of December 2025. The overall overspend continues to be driven by the same departments and spending categories identified in the Second FSR. The largest over-expenditures continue to be 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 the Police Department's costs to retain civilian positions eliminated in the 2025-26 Budget, unbudgeted sworn salaries, 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, retroactive payments associated with the reclassification of Equipment Mechanics to Heavy Duty Equipment Mechanics, increased contract costs, and increased utility prices. Additionally, as further detailed below, the number of unpaid holidays that were assumed to address department salary overspending were reduced, thereby decreasing the anticipated savings.

In order to address the overspending caused by retaining employees that would have otherwise been subject to the layoff process, the City negotiated Letters of Agreement (LOAs) with the Engineers & Architects Association (EAA) and the Coalition of City Unions (Coalition) for its members to take up to five unpaid holidays. After the reaching an agreement on a calculation methodology, EAA members are now scheduled to take two unpaid holidays while Coalition members are scheduled to take one unpaid holiday with the possibility of taking a second unpaid holiday if adequate savings are not generated for layoff abeyance. This Office is working on calculating the savings generated from the one unpaid holiday taken on February 9, 2026 and will notify the Coalition on whether its members need to take a second unpaid holiday once those savings are calculated. Additionally, the City has reached an agreement with the Los Angeles Police Protective League (LAPPL) for the implementation of a Voluntary Overtime Bank (VOB) to generate savings to hold in abeyance the civilian layoffs in the Police Department. This Office is working with the Police Department to calculate the savings generated from the VOB, but as of the release of this report, the City has saved $107,410 from 951 hours deposited into the VOB between November 30, 2025 and February 7, 2026. Furthermore, this Office anticipates that there will be an additional $4,310,505 in savings, from 55,042 Compensated Time Off (CTO) hours transferred into the VOB via the one-time transfer process. As noted in the Second FSR, the success of these 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.

We request that the Mayor and Council continue to instruct departments to retain the projected savings generated from these agreements to be used only to offset the costs to hold layoffs in abeyance. While the projected year-end overspending of $37.75 million is lower than the $71.37 million reported for the Second FSR, overall Citywide overspending remains at a significant level. 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 Year-End FSR.

With respect to General Fund revenues, the current data reflects seven months of receipts. Thus, even with revenues being above plan at the moment, it is too early to project year-end totals. Through January 2026, revenues are $141.6 million above plan, an increase of $23.4 million since the Second FSR. However, we continue to caution that changes to economic activity, recent rate cuts, new tariffs, and the partial 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 $432.25 million or 5.29 percent of 2025-26 General Fund revenue, which is $18.30 million, or 0.23 percent higher than what was reported in the Second FSR. Due to the ongoing 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.

In addition to the continued overspending and the downside revenue risks, in this report we raise three issues of concern that present risks to our fiscal condition beyond the current fiscal year. These issues are the costs associated with the restoration of City facilities damaged by the January 2025 wildfires, the partial federal government shutdown and changes in federal tariff policies, and the potential ballot measure for November 2026 General Municipal Election to repeal the City's business tax. The full impact of these issues is unclear, but each one may impact the City's ability to fund critical services projects, and overall City operations. Therefore, while the City has made progress in improving its financial outlook, it is prudent that we continue to build on this positive momentum while preparing 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 January

Key Findings/Recommendations

- *The Adopted 2025-26 General Fund revenue budget totals $8.18 billion. Excluding interest earnings and the Budget Stabilization Fund transfer, actual revenue through January is $3.86 billion, which is $141.6 million above the adopted plan of $3.72 billion. To date, total General Fund receipts from all sources represent 48.2 percent of the budget.*

- *Despite total receipts currently exceeding plan, downside risks to revenue persist. The surpluses reported in property tax ($14.7 million) and departmental receipts ($44.5 million) reflect the delayed collection of revenue originally assumed in the 2024-25 revised budget.*

- *The Adopted property tax revenue budget anticipated 4.1 percent growth; however, the County Assessor provided a lower 3.6 percent growth estimate for the City's assessed value. However, based on property tax remittances for the new 2026 tax year, actual growth*

on the current property tax base has been closer to 3.0 percent, with February receipts anticipated to be $34.8 million below plan.

- *Preliminary estimates for year-end departmental receipts indicate several sources may end 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 Sewer Construction and Maintenance (SCM) rate increase.*

- *Transient Occupancy Tax (TOT) is $9.1 million below plan and 5.2 percent below receipts for the same period last fiscal year; an improvement since the Second FSR. However, receipts are not anticipated to recover calendar year 2025 losses by fiscal year end.*

- *Based on the Federal Reserve's third rate cut, lower-than-predicted tariffs and inflation, and increasing investment in artificial intelligence, the Wall Street Journal's January 2025 survey of economists reduced the probability of a national recession to 27 percent within the next twelve months. However, the economy remains vulnerable: unemployment has increased from the previous year, while aggressive immigration enforcement has reduced labor supply. Additionally, much of consumer spending has been driven by the top 20 percent of income.*

2025-26 Adopted Revenue

The 2025-26 Adopted Budget assumes $8.18 billion in total General Fund revenue, with revenue through January at $3.94 billion. Receipts are $130.4 million above the adopted plan of $3.81 billion; however, excluding the variability of interest earnings that may be owed to special funds, this surplus is 141.6 million. After accounting for the timing of property tax receipts between fiscal years, January receipts are 6.3 percent above General Fund receipts at this same time last year, or 5.8 percent ahead after excluding interest due to other funds.

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

2025-26 General Fund Revenue and Variance through January
(Million Dollars)

	Adopted Budget	Monthly Plan	Monthly Receipts	Receipts as % of Budget	Variance
Property Tax	$2,839.1	$1,501.5	$1,516.2	$0.5	$14.7
Property Tax Ex-CRA Inc.	172.6	49.1	56.9	0.3	7.9
Department receipts	1,645.0	700.9	745.3	0.5	44.5
Business Tax	825.0	166.4	191.2	0.2	24.8
Utility Users' Tax	702.5	411.4	448.2	0.6	36.9
Sales Tax	647.5	377.7	382.0	0.6	4.3
Transient Occupancy Tax	315.0	183.3	174.2	0.6	(9.1)
Power Revenue Transfer	227.9	-	-	-	-
Documentary Transfer Tax	193.7	115.7	122.2	0.6	6.4
Franchise Income	144.1	61.6	62.6	0.4	1.1
Parking Occupancy Tax	141.3	82.4	89.4	0.6	7.0
Parking Fines	108.4	63.2	59.9	0.6	(3.3)
Interest Income	84.3	58.5	47.2	0.6	(11.3)
Grant Receipts	46.8	1.6	7.8	0.2	6.1
Special Parking Revenue Transfer	36.6	-	-	-	-
Budget Stabilization Fund Transfer	29.0	29.0	29.0	1.0	-
Tobacco Settlement	9.6	-	-	-	-
State Motor Vehicle License Fees	6.1	6.1	6.0	1.0	(0.2)
Residential Development Tax	3.6	2.1	2.6	0.7	0.6
Total General Fund	8,178.3	3,810.4	3,940.8	0.5	130.4

Property Taxes: Net property tax receipts through January are $14.7 million ahead of planned receipts attributed to receipts from the prior tax year, supplemental receipts, and redemptions. There is downside risk to secured receipts, however, based on actual growth on the current base closer to 3.0 percent. The adopted budget estimate assumed 4.1 percent, while the County Assessor's forecasted growth in the City's assessed value at 3.6 percent. Tax relief and assessed value adjustments extended to property owners impacted by the Palisades have had a greater impact on receipts than assumed in the adopted budget. The February remittance, not reflected in this report, is $34.8 million below plan. State wildfire relief of $22.0 million is also included in this remittance to offset property tax losses, reduces this shortfall to $12.8 million.

Department receipts: Departmental receipts through January, which include licenses, permits, fees, fines, and various reimbursements, total $745.3 million, which is $44.5 million above the adopted plan. However, this amount is inflated by delayed prior-year reimbursements, reflecting a pattern of year-end shortfalls that is likely to recur. Notable variations above planned receipts include emergency ambulance billing, which exceeded expectations by $27.2 million primarily due to the receipt of prior-year funds. Other revenues above plan, primarily due receipt of prior-year funds, include reimbursements for MTA transit security services ($16.4 million), state mandate police claims ($8.3 million) and other revenues including miscellaneous receipts ($10.9 million).

These gains were partially offset by delays in billing for services to proprietaries ($11.6 million) and other agencies ($2.6 million).

Conversely, negative variances include delayed remittances for related costs and other fund reimbursements ($22.6 million). This variance was offset by the reimbursement of prior year related costs and salaries ($22.6 million). Year-end departmental receipts may also be vulnerable to shortfalls if delayed related cost payments, vacancies, or changes to the cost allocation plan rates reduce budgeted reimbursements.

Business Tax: Net business tax receipts are $24.8 million above plan attributed to increased collection of prior year taxes. Receipts from non-cannabis business activity is $24.3 million above plan; cannabis receipts are $0.5 million above plan. While receipts are slightly lower than the prior year one month into the renewal period, initial data is generally not a strong predictor of year-end revenue.

Sales tax: Sales tax is $4.3 million above planned receipts through January. Some share of excess receipts may be attributed to accelerated purchasing 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 and continuing inflation. Additional Federal Reserve rate cuts may offset this economic risk.

Utility Users' Tax (UUT): Adjusted total receipts through January are $36.9 million above plan, largely due to increasing energy costs and consumption. Electricity users tax (EUT) is $30.6 million above plan. Gas Users Tax receipts are $4.8 million above plan. The Communication Users' Tax (CUT) is $1.1 million ahead.

Transient Occupancy Tax (TOT): TOT has seen modest improvement since the previous report and is now $9.1 million below plan ($8.8 million for hotel activity and $0.3 million for short-term rentals).

Power Revenue Transfer: With the completion of the 2024-25 Power Revenue Fund financial audit, the actual transfer amount approved by the Board for the Department of Water and Power Board is $225.8 million, for a year-end shortfall of $2.2 million.

Documentary Transfer Tax: Receipts through January are $6.4 million above plan, attributed to increasing price per deed. Sales volume has been trending lower than amounts assumed in the adopted budget. 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 with further federal reserve rate reductions.

Franchise income: Net franchise receipts through January are $1.1 million above plan with $1.9 million attributed to natural gas franchise receipts, offset by $0.8 million in lower receipts from cable television.

Parking Occupancy Tax: Parking Occupancy Tax receipts are $7.0 million above plan and are anticipated to end the year ahead.

Parking Fines: Parking Fine revenue through January has fallen $3.3 million below plan, with some of this shortfall attributed to lower ticket issuance during the holiday months. Annual issuance and collection activity is projected to generate between $108 million and $111 million.

Grant Receipts: Receipts from grant revenue through January are $7.8 million, which is approximately $6.1 million above the budgeted plan for departmental grant revenue due to prior year direct and related cost reimbursements associated with Public Works, Emergency Management and other departments. The total grant budget includes $31.7 million in Federal Emergency Management Agency (FEMA) reimbursements for COVID-19 response efforts, representing the final payment for pandemic efforts. There is downside risk to these receipts due to delayed FEMA reimbursements.

Expenditures

Key Findings/Recommendations

- *This Office has identified approximately $209.44 million in prcjected overspending and unfunded items across various departments and funds.*

- *The recommendations in this FSR address $112.64 million of this overspending leaving $96.8 million to be addressed. This Office has identified anticipated future actions that would offset an additional $59.04 million, reducing year-end overspending to $37.75 million.*

Based on expenditure data through the end of December 2025, this Office has identified $209.44 million in projected overspending and unfunded items across various departments and funds. This amount is largely due to overspending in the Fire ($70.64 million), Police ($38.60 million), City Attorney ($14.65 million), General Services ($19.35 million) and Finance ($5.34 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 $70.64 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 $38.60 million in the Police Department due to costs to retain civilian positions eliminated in the 2025-26 Budget, unbudgeted civilian and sworn MOU-related payouts, increased sworn vacation and sick payouts due to higher attrition, increased use of sworn overtime and contract costs for contract security, increased vehicle evidence holding costs, and a Workday/Accenture consultant.

- Projected overspending of $14.65 million in the Office of the City Attorney primarily due to increased litigation expenses and outside counsel costs.

- Projected overspending of $19.35 million in the General Services Department primarily due to unbudgeted salary payouts, increased contract costs, and increased utility prices.

- Projected overspending of $5.34 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.

(See Table 2 on the next page)

Table 2. Second FSR Projected Overspending/Unfunded Expenditures (in Millions)				
Departmental and Non-Departmental Overspending				
Department	**Second FSR**	**Change**	**Mid-Year FSR**	**Reason**
Aging	$ -	$ 0.06	$ 0.06	Overspending is due to unbudgeted salary payouts and current hiring plan.
Animal Services	$ 0.52	$ 1.25	$ 1.77	Overspending increase due to the Department's hiring plan, rate increases for as-needed staff, and reduction in number of unpaid holidays.
City Attorney	26.47	(11.82)	14.65	Overspending decrease due to the net impact of unpaid holiday savings, reduced projected litigation and outside counsel expenses, and transfers approved by Council/Mayor to the Litigation and Outside Counsel accounts.
Controller	0.28	(0.28)	-	Overspending resolved due to hiring delays and reduction in expense funding.
Disability	0.12	0.05	0.17	Overspending is primarily due to costs to retain positions eliminated in the 2025-26 Budget and unbudgeted retirement payouts.
Emergency Management	1.53	0.32	1.85	Overspending increase due to salary payouts, reduction in number of unpaid holidays, and the City's share of costs for debris removal services conducted by the Army Crops of Engineers.
Finance	11.72	(6.38)	5.34	Overspending was 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 delays in hiring and transfers approved by Council/Mayor for the LATAX Transformation Project.
Fire	70.85	(0.21)	70.64	Overspending was 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 Second FSR.
General Services	14.54	4.81	19.35	Overspending was primarily due to unbudgeted salary payouts, increased contract costs, and increased utility prices. Overspending increased due to retroactive payments for Heavy Duty Equipment Mechanics (HDEMs), reclassification costs to transition Equipment Mechanics to HDEMs, and reduction in number unpaid holidays.
Housing	0.49	(0.06)	0.43	Overspending was 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.

(Table 2 continued on the next page)

Table 2. Second FSR Projected Overspending/Unfunded Expenditures (in Millions)				
Departmental and Non-Departmental Overspending				
Department	**Second FSR**	**Change**	**Mid-Year FSR**	**Reason**
Information Technology Agency	0.66	0.89	1.55	Overspending was 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 increase primarily due to the reduction of unpaid holiday savings.
Personnel	2.26	0.64	2.90	Overspending was due to unbudgeted salary payouts and costs to maintain staffing in the City jails' medical dispensaries. Overspending increase due to unbudgeted payouts.
Police	30.76	7.84	38.60	Overspending was due to costs to retain civilian positions eliminated in the 2025-26 Budget, projected civilian hiring, unbudgeted sworn salaries, the increased use of sworn overtime, and contract costs for contract security, vehicle evidence holding, and a Workday/Accenture consultant. Overspending increase due to unbudgeted sworn overtime costs for special events and payouts from increased attrition.
Board of Public Works	-	2.76	2.76	Overspending is primarily due to expenditures related to graffiti abatement and community beautification.
Bureau of Contract Administration	-	0.27	0.27	Overspending is primarily due to pending reimbursements for staff dedicated to the Los Angeles Convention Center Expansion and Modernization Project.
Bureau of Sanitation	4.38	(2.30)	2.08	Overspending was 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 decrease primarily due to lower than anticipated overtime and contractual services expenditures.
Bureau of Street Lighting	-	0.16	0.16	Overspending is primarily due to unbudgeted wildfire recovery costs.
Bureau of Street Services	3.26	(0.66)	2.60	Overspending was 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 to reduce departmental expenditures.
Non-Departmental				
Repair and Demolition Fund	0.41	(0.16)	0.25	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.
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	-	0.34	0.34	Overspending is associated with reduced revenue to the Fund from overdue rents and the delayed implementation of parking rate increases.

(Table 2 continued on the next page)

Table 2. Second FSR Projected Overspending/Unfunded Expenditures (in Millions)				
Departmental and Non-Departmental Overspending				
Department	**Second FSR**	**Change**	**Mid-Year FSR**	**Reason**
Stormwater Pollution Abatement Fund	1.72	(1.60)	0.12	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 actions taken in previous FSRs and higher than anticipated staff vacancy rates.
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	3.60	0.39	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	3.76	0.85	4.61	Overspending was due to delays in implementation of solid resources rate increases. Overspending increase is due additional staff costs.
General City Purposes	4.69	(4.69)	-	Overspending resolved due updated projections that the expansion of the Lifeline and Low Income Subsidy Program will impact the 2026-27 budget instead of the current year budget and projected savings in the Medicare, Social Security, and Pension Savings Plan accounts.
Human Resources Benefits	-	4.39	4.39	Overspending is primarily due to higher enrollment and higher than assumed health plan rate increases.
Liability Claims	11.31	4.95	16.26	Overspending is due to approved and pending liability payouts.
Petroleum Products	0.98	(0.98)	-	Overspending is based on projected monthly commodity prices and prior-year expenditure trends. Overspending resolved due to lower than anticipated expenditures as a result of fluctuating commodity prices.
Total Year-End Overspending	**$ 208.61**	**$ 0.77**	**$ 209.44**	

Current Year Budget Balancing

As noted in Table 3 below, the recommendations in this report are expected to reduce the year-end overspending from $209.44 million to $96.80 million. This Office has identified potential future actions totaling $59.05 million, which could further reduce the remaining year-end overspending to $37.75 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		
Mid-Year FSR Overspending	**$ (209.44)**	
Mid-Year FSR Recommendations		
UB - Reserve for Mid-Year Adjustments	0.89	Transfer to Animal Services to address staff costs.
UB - Reserve for Mid-Year Adjustments	7.20	Transfer to the City Attorney for outside counsel and litigation expenses.
UB - Reserve for Extraordinary Liability	16.26	Transfer to the Liability Claims fund for approved and pending liability payouts.
UB - Elected Expenses - General Municipal Elections	0.03	Transfer to the City Clerk to for the Los Angeles County petition verification services for the failed repeal of the Hotel Wage Ordinance.
Reappropriation of Prior-Year Funds	0.38	Reppropriate prior-year funding in Disability's Contractual Services Account to address overspending in the Salaries General Account.
UB - Reserve for Mid-Year Adjustments	0.34	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	1.70	Transfer to the Emergency Management Department's Contractual Services Account to pay for wildlife recovery
UB - Reserve for Mid-Year Adjustments	2.80	Transfer to Finance's Salaries General Account to pay for unfunded salary payouts and bonuses and ineligible cannabis business auditing costs.
UB - Ground Emergency Medical Transport QAF Program	0.16	Transfer to the Fire Department for the payment of the first 2026 PP-GEMT-IGT Program invoice.
UB - Reserve for Mid-Year Adjustments	10.50	Transfer to the General Services Department to address unbudgeted salary payouts, retroactive payments, and increased utility and maintenance costs.
UB - Reserve for Mid-Year Adjustments	17.00	Transfer to Police to address overspending in the Salaries General and Overtime Sworn accounts.
Climate Equity Fund	0.15	Transfer to the Board of Public Works for amortization study
Reappropriation of Prior-Year Funds	0.71	Reppropriate prior-year funding in the Board of Public Work's Contractual Services Account to process expenditures for newly amended contracts.
UB - Reserve for Mid-Year Adjustments	0.10	Transfer to the Bureau of Sanitation to partially address overspending in the Salaries General Account and to maintain operations.
Reappropriation of Prior-Year Funds	1.30	Reppropriate prior-year funding in the Bureau of Sanitation's Contractual Services Account to address overspending in the Salaries General Account and to maintain operations.
Bureau of Street Services Transaction Fund	0.77	Transfer to the Bureau of Street Services, Fire, Police, and Transportation departments to reimburse costs associated with special events.
UB - Reserve for Mid-Year Adjustments	1.21	Transfer to the Transportation Department for overtime staff costs.

(Table 3 continued on the next page)

Table 3. 2025-26 Budget Balancing Solutions		
Mid-Year FSR Overspending	**$ (209.44)**	
Mid-Year FSR Recommendations		
UB - Reserve for Mid-Year Adjustments	1.21	Transfer to the Transportation Department for overtime staff costs.
UB - Reserve for Mid-Year Adjustments	17.69	Transfer to the Fire Department for the payment of the second 2026 PP-GEMT-IGT Program invoice, maintenance, and cleaning services.
UB - Reserve for Mid-Year Adjustments	3.45	Transfer to the Bureau of Sanitation to partially address overspending within the Solid Waste Resourves Revenue Fund.
UB - Reserve for Mid-Year Adjustments	30.00	Transfer to the Fire Department to address overspending in the Salaries Sworn Account.
Subtotal	**$ 112.64**	
Potential Future Actions		
Council District 3 Development Funds	1.10	Transfer to the Board of Public Works for community beautification efforts.
UB - LATAX Replacement Project	2.20	Transfer to Finance to partially address overspending for the LATAX Improvement Project
Reimbursement of LACCE Modernization Project.	0.27	Transfer to the Bureau of Contract Administration for staff costs related to the Los Angeles Convention Center Expansion and Modernization Project.
IGT Fund (59F)	15.30	Transfer to the Fire Department for eligible emergency medical services costs.
UB - Reserve for Mid-Year Adjustments	40.18	Transfer to various departments to partially address Citywide overspending.
Subtotal	**$ 59.05**	
Year-End Overspending	**$ (37.75)**	

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 and Second 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 34 pending requests for funding. The total amount of identified funding on this list is $52.12 million. We have yet to identify the amounts associated with 11 of these 34 requests. Therefore, the full cost of funding all of these requests would increase the unfunded amount we identified.

City Reserves

Key Findings/Recommendations

- *After accounting for transactions approved since July 1, the Reserve Fund balance is $432.25 million, which represents 5.29 percent of the General Fund budget.*
- *If the City is not able to identify other solutions to address approximately $37.75 million of additional overspending we detail in this report, the City's use of the Reserve Fund would result in the Reserve Fund falling 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 $656.38 million or 8.03 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	$ 41.16	0.50%	Available to address shortfalls that may arise throughout the year.
Reserve Fund	432.25	5.29%	Preserved for the most critical needs and matters of urgent economic necessity; not to be used for ongoing expenses.
Budget Stabilization Fund	182.97	2.24%	Restricted for the maintenance of service levels during years of slow growth and declining revenue.
Total Reserves	**$ 656.38**	***8.03%***	

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 and Second FSRs

included an early reversion of $10 million and transfers totaling $43.12 million from the UB, Reserve for Mid-Year Adjustments Account. In December 2025, Council and Mayor approved a transfer of $8 million to the Bureau of Engineering's Contractual Services Account for services needed in response to the 2025 January Wind and Fire Storm event resulting in a balance of $83.88 million in the UB, Reserve for Mid-Year Adjustments Account.

This report includes recommendations to increase funding in this account by $51.63 million through transfers from the UB Department Payroll Reconciliation Account ($12 million) and savings from other non-departmental accounts for Citywide budget balancing ($39.63 million) for a total available balance of $135.51 million. In addition, this report transfers a total of $94.35 million from this account to Animal Services ($0.89 million), City Attorney ($7.2 million), City Administrative Officer ($1 million), the El Pueblo de Los Angeles Historical Monument Fund ($0.34 million), Emergency Management ($1.70 million), Finance ($2.8 million), Fire ($47.69 million), General Services ($10.5 million), Neighborhood Empowerment ($0.47 million), Police ($17.0 million), Public Works - Sanitation ($3.55 million), and Transportation ($1.21 million). These actions result in a balance of $41.16 million remaining in the UB Reserve for Mid-Year Adjustments Account.

In addition to the transfers included in this report, a transfer of $0.98 million to Personnel to continue operating the City's jail medical dispensaries (C.F. 25-0607) is pending Mayor and City Council approval. If approved, this transfer would result in a remaining balance of approximately $40.18 million in the UB, Reserve for Mid-Year Adjustments Account.

Reserve Fund
Attachment 2 – Current Status of Reserve Fund

After accounting for transactions approved since July, the Reserve Fund balance is $432.25 million, which consists of $224.90 million in the Emergency Reserve and $207.35 million in the Contingency Reserve. This balance represents 5.29 percent of General Fund revenues, which meets the five percent Reserve Fund policy.

This report presents current year anticipated overspending of $37.75 million that may require the use of the Reserve Fund if the City is not able to identify other solutions. All else being equal, the use of the Reserve Fund to cover the additional overspending would reduce the Reserve Fund balance to $394.5 million, which is 4.82 percent of the General Fund budget and below the five percent Reserve Fund policy level.

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 $182.97 million.

Issues of Concern

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, partial federal government shutdown, and federal tariff policies.*

Wildfire Response Costs
As of February 2026, the CAO has submitted 52 projects under FEMA's Public Assistance Program totaling $214.5 million in estimated costs. Of this amount, we currently estimate the need to provide front funding for approximately $80-$90 million for projects related to the restoration of City facilities including the Palisades Library, slope mitigation measures, streetlighting, traffic control signs and signals, repairs to sidewalks and streets due to damage caused by the debris removal project, and water control facilities. This range is subject to change and only reflects the amount needed for non-Department of Water and Power (DWP) projects as DWP will be front-funding their own projects. Furthermore, the timing of when these funds will be needed varies based on each specific project.

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 the recovery work. However, since the entire $50 million loan from the Building and Safety Enterprise Fund has been depleted, the sources of funds to address the remaining front-funding are yet to be identified. While the General Fund would be the resource of last resort for front funding the recovery projects, the CAO is currently evaluating alternative options including special funds and state funding designated for wildfire response front-funding. Additionally, some of the projects may be funded through existing City programs such as sidewalk and street repairs based on the scope of the project. Any use of existing or 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.

This Office is 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.

This Office is also working on a schedule to repay the $50 million loan from the Building and Safety Enterprise Fund to ensure the fee-supported fund is made whole. We anticipate transferring approximately $15 million to partially repay the special fund in the year-end FSR. This repayment

amount is based on funds received in the Disaster Assistance Trust Fund for the Palisades Fire response from CalOES in advance of FEMA reimbursements for obligated projects. Additional payments will occur in subsequent fiscal years as more projects are obligated by FEMA.

Partial Federal Government Shutdown and Tariffs

On February 14, the federal government entered a partial shutdown impacting the Department of Homeland Security, including the Transportation Security Administration, the Federal Emergency Management Agency, the Cybersecurity and Infrastructure Agency, U.S. Secret Service, U.S. Coast Guard, U.S. Immigration and Customs Enforcement, and U.S. Customs and Border Protection. This is the second federal government shutdown in fiscal year 2026, with the first shutdown beginning on October 1, 2025 and lasting for 43 days. It is too early to estimate the impacts of this partial government shutdown, but we will continue to monitor this situation and report on any impacts in the Year-End FSR. The City does not have the capacity to fund or replace federal programs or services that are negatively impacted by the shutdown.

On February 20, the Supreme Court ruled that the President could not impose tariffs under the 1977 International Emergency Economic Powers Act. In response to the ruling, the President issued a new tariff under Section 122 of the Trade Act of 1974, which allows the President to implement tariffs of up to 15% for as long as 150 days to quickly address international payments problems. It is too early to estimate the impacts of the Supreme Court's decision and the newly proposed tariffs, but we will continue to monitor the situation and report on any impacts in the Year-End FSR.

Proposed Business Tax Repeal Ballot Measure

A proposed ballot measure to repeal the City's business tax, sponsored by various Los Angeles business chambers and associations, was circulated for signatures and subsequently filed on February 18, 2026 with the City Clerk for validation. Should the proposed ballot measure be found to meet the election code requirements, the measure may appear on the November 2026 General Municipal Election. If approved, the measure would repeal the City's business tax (gross receipts tax), which currently ranges from 0.1 to 0.425 percent, on all business sectors except the cannabis industry. The measure would become effective January 1, 2028 but the impacts on the City's finances and budget would likely begin to manifest in 2026-27 as the City would need to prepare for a loss of over $740 million in annual General Fund revenue beginning with the 2027-28 budget. Furthermore, the collection of business taxes in 2026-27 could potentially be hampered if businesses began to withhold paying their taxes in anticipation of the repeal. As the proposed ballot measure continues to proceed through the election code requirements, the City needs to fully understand the impact of the measure should it be approved.

Budgetary Adjustments

Budgetary adjustments totaling approximately $322.40 million are recommended in Sections 1 and 2 of this report which include:

- $11.28 million in new appropriations;
- $16.96 million for transfers between accounts within various departments and funds;
- $47.12 million for transfers between various departments and funds;
- $126.56 million in appropriations from the Unappropriated Balance;
- $107.30 million in reductions to special fund appropriations
- $4.72 million in disencumbrances and reappropriations; and,
- $8.46 million in other appropriation adjustments

Attachments

1	2025-26 Adopted General Fund Revenue through January
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 and 2)

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

1. Appropriate $11,278,018.11 to various department and fund accounts as specified in Attachment 3;

2. Transfer $16,960,460.04 between accounts within various departments and funds as specified in Attachment 4;

3. Transfer $47,115,123.69 between various department and funds as specified in Attachment 5;

4. Transfer $126,557,092.27 from the Unappropriated Balance to various departments and funds as specified in Attachment 6;

5. Instruct General Managers to refrain from requesting new Reserve Fund loans or interim budget appropriations and instruct the CAO to report on the fiscal impact of all requests made along with recommendations that account for the fiscal impact.

6. Instruct General Managers to retain the projected savings from unpaid holidays associated with the agreements with EAA and the Coalition, with the exception of the use of these savings to address costs within their department to hold layoffs in abeyance.

Cannabis Regulation

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

Account	Source of Funds	Current Budget	Budget Reduction	Revised Budget
13R203, Social Equity Fee Deferral Program	Cannabis Regulation Special Revenue Trust Fund	$46,209.00	$46,209.00	$0.00
13T302, 2021 Cannabis Equity Act Grant	Cannabis Regulation Special Revenue Trust Fund	$595,652.42	$265,056.00	$330,596.42
13V305, 2022 Local Jurisdiction Assistance Grant	Cannabis Regulation Special Revenue Trust Fund	$15,529,458.74	$14,940,901.30	$588,557.44

Community Investment for Families

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

    a. Reduce appropriations in the amount of $827 within the CSBG Trust Fund No. 428/21, Account No. 21C299, Reimbursement of General Fund Costs;

    b. Increase appropriations in the amount of $827 within the CSBG Trust Fund No. 428/21, Account No. 21C121, Community Investment for Families; and

c. Increase and reduce appropriations within the Community Investment for Families Department Fund No. 100/21 as follows:

Account No.	Account Name	Amount
001010	Salaries, General	$ 91,902
001070	Salaries, As-Needed	30,200
001090	Overtime General	(4,964)
002120	Printing and Binding	(3,500)
002130	Travel	(17,962)
003040	Contractual Services	(12,500)
006010	Office and Administrative	(82,349)
	Total	**$ 827**

9. Authorize the Controller to reduce appropriations within the Domestic Violence Trust Fund No. 880/21 that are no longer needed as follows:

Account No.	Account Name	Amount
21V121	Community Investment for Families	$ (204.35)
21W121	Community Investment for Families	(0.77)
	Total	**$ (205.12)**

10. Authorize the Controller to realign appropriations within the Community Development Trust Fund No. 424/21 to align with available grant funds:

    a. Reduce appropriations totaling 537,795.04 within Community Development Block Grant Trust Fund No. 424/21, Account No. 21C121, Community Investment for Families;

    b. Reduce appropriations in the amount of $537,795.04 within the Community Investment for Families Fund No. 100/21, Account No. 001010, Salaries, General; and

    c. Reduce appropriations in the amount of $362,204.96 within the Community Development Trust Fund, Account No.21C299 – Reimbursement to the GF.

11. Authorize the Controller to reduce appropriations up to $377,028 within the Community Development Trust Fund No. 424/21, Account No. 21W233, COVID-19 Administrative Reserve to reflect available grant funds.

12. Authorize the Controller to realign appropriations within the Community Investment for Families (CIFD) Miscellaneous Grants and Awards Fund No. 65G/21 with available grant funds:

    a. Increase and reduce appropriations within the CIFD Fund No. 100/21 as follows:

Account No.	Account Name	Amount
002120	Printing and Binding	$ 5,907.80
003040	Contractual Services	(5,907.80)
	Total	**$ -**

Disability

13. Authorize the Controller to appropriate $3,500,000 from the available cash balance in Opioid Settlement Fund No. 66E/10 to a new account to be established within the same Fund, entitled Opioid Remediation Program - Department on Disability in compliance with prior Council action (C.F. 23-0670-S2, November 4, 2025).

14. Authorize the Controller to appropriate $3,000,000 from the available cash balance in Opioid Settlement Fund No. 66E/10 to a new account to be established within the same Fund, entitled MacArthur Park Health Hub in compliance with prior Council action (C.F. 23-0670-S2, June 25, 2024).

15. Authorize the Controller to disencumber up to $222,166.86 in Fiscal Year 2020-2021 encumbered balances for Contract Nos. C-132784, C-132785, C-132786, C-132788, C-132792, C-132794, C-132796, C-132797, C-133038, C-133039, C-133040, C-133041, and C-133116 within the Department of Disability Fund No. 100/65, Account No. 003040, Contractual Services, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the Department on Disability Fund No. 100/65, Account No. 001010 Salaries General in 2025-26.

16. Authorize the Controller to disencumber up to $155,295 in Fiscal Year 2021-2022 encumbered balances for Contract No. C-134829 within the Department on Disability Fund No. 100/65, Account No. 003040, Contractual Services, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the Department on Disability Fund No. 100/65, Account No. 001010 Salaries General in 2025-26.

Fire

17. In accordance with the provisions set forth in Section 2 of the Fire Department's Departmental Personnel Ordinance (C.F. 25-1700), authorize the City Administrative Officer to approve substitute positions for the Los Angeles Fire Department in the classification of Firefighter III to address the critical operational needs of the Department.

Housing

18. Authorize the Controller to disencumber up to $75,000 in 2024-25 encumbered balances for Contract No. C-139994, with Partners in Diversity Inc., within the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services, revert the disencumbered amount to the Low and Moderate Income Housing Fund No. 55J, and reappropriate therefrom to the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services to pay for paralegal services to review land use agreements.

19. Authorize the Controller to disencumber up to $150,000 in 2024-25 encumbered balances for Contract No. C-145501, with Paul Tang Architects, Inc., within the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services, revert the disencumbered amount to the Low and Moderate Income Housing Fund No. 55J, and reappropriate therefrom to the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services to pay for affordable housing site design analysis services.

20. Authorize the Controller to disencumber up to $225,000 in 2024-25 encumbered balances for Contract No. C-141408, with Keyser Marston Associates, within the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services, revert the disencumbered amount to the Low and Moderate Income Housing Fund No. 55J, and reappropriate therefrom to the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services to pay for financial advisor services.

21. Authorize the Controller to reduce appropriations in the amount of $50,954,436.82 within the Systematic Code Enforcement Fee Trust Fund No. 41M/43 to align appropriations with the available cash balance as follows:

Account No.	Appropriation Name	Amount
43R229	Hearing Officer Contract	$39,811.29
43S229	Hearing Officer Contract	88,886.65
43T143	Housing and Community Investment	97.24
43T229	Hearing Officer Contract	63,308.00
43W143	Los Angeles Housing Department	599.97
43W620	Code Enforcement Training	19,548.28
43WC35	Study on Eviction/Relocation	74,741.25
43Y143	Los Angeles Housing Department	174,463.36
43Y620	Code Enforcement Training	10,000.00
43A110	City Administrative Officer	20,728.91
43A112	City Attorney	9,051.05
43A132	Information Technology Agency	352
43A139	Finance	199,805.00
43A143	Housing	7,061,124.76
43A166	Personnel	42,218.59

43A299	Reimbursement of General Fund Costs	4,133,413.47
43A411	Unallocated	38,656,287.00
	Total	**$50,594,436.82**

22. Authorize the Controller to reduce appropriations in the amount of $35,545,764.32 within the Rent Stabilization Fund No. 440/43 to align appropriations with the available cash balance as follows:

Account No.	Appropriation Name	Amount
43M228	Rent and Code Outreach Program	$100,000.00
43N228	Rent and Code Outreach Program	56,250.00
43P228	Rent and Code Outreach Program	7,000.00
43R228	Rent and Code Outreach Program	31,000.00
43R229	Hearing Officer Contract	5,822.00
43R780	Rent Stabilization Fee Study	22,662.50
43S208	Relocation Services Provider Fee	781,478.00
43S229	Hearing Officer Contract	1,780.00
43T207	Fair Housing	46,128.68
43T208	Relocation Services Provider Fee	1,500,000.00
43T229	Hearing Officer Contract	1,292.00
43V207	Fair Housing	30,369.79
43V208	Relocation Services Provider Fee	1,500,000.00
43V229	Hearing Officer Contract	512
43W229	Hearing Officer Contract	548
43Y143	Los Angeles Housing Department	48,925.28
43Y208	Relocation Services Provider Fee	2,841,683.00
43Y229	Hearing Officer Contract	534
43A110	City Administrative Officer	22,004.59
43A139	Finance	109,895.00
43A143	Housing	2,433,329.72
43A166	Personnel	42,218.59
43A299	Reimbursement of General Fund Costs	653,752.17
43A411	Unallocated	25,308,579.00
	Total	**$35,545,764.32**

23. Authorize the Controller to reduce appropriations in the amount of $557,013.39 within the Foreclosure Registry Fund No. 56V/43 to align appropriations with the available cash balance as follows:

Account No.	Appropriation Name	Amount
43M900	Contract Programming – Systems Upgrade	$0.80
43Y143	Los Angeles Housing Department	497.46
43A112	City Attorney	4,751.15
43A143	Housing	395,259.44
43A299	Reimbursement of General Fund Costs	156,504.54
	Total	**$557,013.39**

24. Authorize the Controller to reduce appropriations in the amount of $3,563,010.63 within the Accessible Housing Fund No. 10D/43 to align appropriations with the available cash balance as follows:

Account No.	Appropriation Name	Amount
43Y143	Los Angeles Housing Department	$37,947.54
43A112	City Attorney	181,047.72
43A143	Los Angeles Housing Department	736,397.76
43A299	Reimbursement of General Fund Costs	2,573,251.08
43A560	Translation Services	34,366.53
	Total	**$3,563,010.63**

25. Authorize the Controller to reduce appropriations in the amount of $383,286 within the Federal Emergency Shelter Grant Fund No. 517/43 to align with the approved Consolidated Plan Grant allocations in the 51th Program Year (2025-26) (C.F. 25-0525) as follows:

Account No.	Appropriation Name	Amount
43C143	Los Angeles Housing Department	$245,611.00
43C299	Reimbursement of General Fund Costs	137,675.00
	Total	**$383,286.00**

26. Authorize the Controller to reduce appropriations in the amount of $245,611 within the Housing Department Fund No. 100/43 to align with Emergency Solutions Grant funding as follows:

Account No.	Appropriation Name	Amount
001010	Salaries General	$224,531.00
001070	Salaries, As-Needed	794.00
001090	Overtime General	164.00
002120	Printing and Binding	378
002130	Travel	24
003040	Contractual Services	4,026.00
003310	Transportation	373.00
006010	Office and Administrative	2900
006030	Leasing	12,421.00
	Total	**245,611.00**

27. Authorize the Controller to reduce appropriations in the amount of $247,100 within the Housing Opportunities for Persons with AIDS Fund No. 569/43 to align with the approved Consolidated Plan Grant allocations in the 51st Program Year (2025-26) (C.F. 25-0525) as follows:

Account No.	Appropriation Name	Amount
43C143	Los Angeles Housing Department	$163,682.00
43C299	Reimbursement of General Fund Costs	83,418.00
	Total	**$247,100.00**

28. Authorize the Controller to reduce appropriations within the Housing Opportunities for Persons with AIDS Fund No. 569/43 in the amount of $163,682 in the Department's Salaries General Account within the Housing Department Fund No. 100/43 to align with available Housing Opportunities for Persons with AIDS grant balance.

29. Authorize the Controller to reduce appropriations in the amount of $168,046.70 in 2021-2025 encumbered balances in the Translation Services Accounts within various special funds to align appropriations with the available cash balances as follows:

Budget Fiscal Year	Fund	Account	Appropriation Name	Amount
2025	41M	43A560	Translation Services	$69,680.05
2025	440	43A560	Translation Services	36,582.00
2025	66M	43A560	Translation Services	431.44
2025	815	43A560	Translation Services	7,250.00
2024	440	43Y560	Translation Services	28,968.76
2024	815	43Y560	Translation Services	3,600.00
2023	49N	43W560	Translation Services	6,826.85
2023	815	43W560	Translation Services	30.01
2022	41M	43V560	Translation Services	6,873.18
2022	440	43V560	Translation Services	5,927.82
2022	815	43V560	Translation Services	1,500.00
2021	49N	43T560	Translation Services	250.00
2021	815	43T560	Translation Services	126.59
			Total	**$168,046.70**

Police

30. Rescind the recommendation in Attachment 5 of the 2025-26 First FSR (C.F. 25-0600-S126) to transfer $206.40 from the 2021 Project Safe Neighborhood Grant from the Police Department Fund No. 339/70, Police Account No. 70A170 ($188.05) and from the Police Department Fund No. 339/70, Related Costs Account No. 70A299 ($18.35) to the Police Department Fund No. 339/70, Project Safe Neighborhood Account No. 70W564. This action was completed in 2024-25 and is no longer needed.

31. Authorize the Controller to disencumber $15,914.06 in 2024-25 encumbered balances for Insight Public Sector, Inc. (CPO, 70,250000480421) within the Police Department Fund No. 100/70, Account No. 007340, Transportation Equipment, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the same account in the same amount for equipment needed for Community Safety Partnership vehicles in 2025-26.

32. Authorize the Controller to disencumber $16,709.92 in 2024-25 encumbered balances for Insight Public Sector, Inc. (CPO, 70,250000480434) within the Police Department Fund No. 100/70, Account No. 007340, Transportation Equipment, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the same

account in the same amount for equipment needed for Community Safety Partnership vehicles in 2025-26.

33. Authorize the Controller to disencumber $43,365.68 in 2024-25 encumbered balances for Motorola Solutions (CPO,70,250000480443) within the Police Department Fund No. 100/70, Account No. 007340, Transportation Equipment, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the same account in the same amount for equipment needed for Community Safety Partnership vehicles in 2025-26.

34. Authorize the Controller to disencumber $43,365.68 in 2024-25 encumbered balances for Motorola Solutions (CPO,70,250000480452) within the Police Department Fund No. 100/70, Account No. 007340, Transportation Equipment, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the same account in the same amount for equipment needed for Community Safety Partnership vehicles in 2025-26.

35. Authorize the Controller to disencumber $1,138,719.16 in 2024-25 encumbered balances for Contract No. C-145206 with CelPlan (SC,70,CO25145206M) within the Police Department Fund No. 100/70, Account No. 003040, Contractual Services, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the Furniture, Office, and Technical Equipment Account No. 007300 to purchase Automated License Plate Readers for Council District 3.

Board of Public Works

36. Authorize the Controller to disencumber up to $403,024.13 in Fiscal Year 2023-24 encumbered balance for expired Contract No. C-136631 with Northeast Graffiti Busters within the Board of Public Works Fund No. 100/74, Account No. 003040, Contractual Services, process the early reversion of the disencumbered amount to the Reserve Fund. No. 101/62, subsequently transfer the disencumbered amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the Board of Public Works, Fund No. 100/74, Account No. 003040, Contractual Services for the newly executed contract with Northeast Graffiti Busters, Contract No. C-203313.

37. Authorize the Controller to disencumber up to $118,695.72 in Fiscal Year 2024-25 encumbered balance for expired Contract No. C-136631 with Northeast Graffiti Busters within the Board of Public Works Fund No. 100/74, Account No. 003040, Contractual Services, process the early reversion of the disencumbered amount to the Reserve Fund. No. 101/62, subsequently transfer the disencumbered amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the Board of Public Works, Fund No. 100/74, Account No. 003040, Contractual Services for the newly executed contract with Northeast Graffiti Busters, Contract No. C-203313.

38. Authorize the Controller to disencumber up to $189,477.72 in Fiscal Year 2021-22 encumbered balance for expired Contract No. C-136662, Los Angeles Conservation Corps within the Board of Public Works Fund No. 100/74, Account No. 003040 Contractual Services, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the disencumbered amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the Board of Public Works, Fund No 100/74, Account No. 003040, Contractual Services, for the newly executed contract with the Los Angeles Conservation Corps, Contract No. C-145470.

Bureau of Sanitation

39. Authorize the Controller to disencumber up to $1,921,145.19 within the Bureau of Sanitation Fund No. 100/82, in the specific amounts and accounts as listed in the table below, 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. 001010 Salaries General to address overspending due to unfunded positions and activities related to the 2026 World Cup.

BFY	APPR	Encumbrance No.	Vendor	Amount
2023	3040	CPO 230000403662	HERC RENTALS INC.	$1,940.34
2023	3040	CPO 230000439056	HERC RENTALS INC.	1,128.95
2023	3040	CPO 230000449712	HERC RENTALS INC.	1,128.95
2023	3040	CPO 230000459090	HERC RENTALS INC.	57,881.70
2023	3040	CPO 230000459096	HERC RENTALS INC.	1,128.95
2023	3040	CPO 230000468513	HERC RENTALS INC.	3,233.52
2023	3040	CPO 230000468565	HERC RENTALS INC.	20,848.78
2023	3040	CPO 230000469260	HERC RENTALS INC.	1,813.32
2023	3040	CPO 230000471527	HERC RENTALS INC.	5,617.35
2023	3040	CPO 230000471713	HERC RENTALS INC.	4,312.11
2023	3040	CPO 230000472648	HERC RENTALS INC.	672.00
2023	3040	CPO 230000485319	HERC RENTALS INC.	19,729.63
2023	3040	CPO 230000486629	HERC RENTALS INC.	219.08
2023	6020	CPO 230000476501	HERC RENTALS INC.	578.16
2024	3040	SC CO24143651M	CLEAN HARBORS ENVIRONMENTAL SERVICES INC	105,672.71
2024	3040	CPO 240000406436	HERC RENTALS INC.	100,359.71
2024	3040	CPO 240000411146	HERC RENTALS INC.	10,102.42
2024	3040	CPO 240000411322	HERC RENTALS INC.	21,339.36
2024	3040	CPO 240000411334	HERC RENTALS INC.	9,362.25
2024	3040	CPO 240000411341	HERC RENTALS INC.	20,354.80
2024	3040	CPO 240000428650	HERC RENTALS INC.	1,207.76
2024	3040	CPO 240000429694	HERC RENTALS INC.	19,893.91
2024	3040	CPO 240000430772	HERC RENTALS INC.	31,220.64

2024	3040	CPO 240000440829	HERC RENTALS INC.	416.76
2024	3040	CPO 240000441062	HERC RENTALS INC.	2,999.15
2024	3040	CPO 240000444437	HERC RENTALS INC.	696.96
2024	3040	CPO 240000473579	HERC RENTALS INC.	3,325.51
2024	3040	CPO 240000473580	HERC RENTALS INC.	20,188.67
2024	3040	CPO 240000483252	HERC RENTALS INC.	6,195.49
2024	3040	CPO 240000483262	HERC RENTALS INC.	9,076.55
2024	3040	CPO 240000483268	HERC RENTALS INC.	3,721.82
2024	3040	CPO 240000494926	HERC RENTALS INC.	5,380.06
2025	3040	SC CO25145552M	FIVE KEYS SCHOOLS AND PROGRAMS	377,952.50
2025	6020	SC CO25138499M	BROWNING-FERRIS INDUSTRIES OF CALIFORNIA INC	7,803.93
2025	3040	CPO 250000404239	HERC RENTALS INC.	272,934.29
2025	3040	CPO 250000432111	HERC RENTALS INC.	70,308.41
2025	3040	CPO 250000446247	HERC RENTALS INC.	47,624.20
2025	6020	SC CO25138499M	BROWNING-FERRIS INDUSTRIES OF CALIFORNIA INC	425,749.68
2025	6020	SC CO25138499M	BROWNING-FERRIS INDUSTRIES OF CALIFORNIA INC	24,358.59
2025	6020	SC CO25138499M	BROWNING-FERRIS INDUSTRIES OF CALIFORNIA INC	13,113.69
2025	6020	SC CO25138499M	BROWNING-FERRIS INDUSTRIES OF CALIFORNIA INC	189,552.53
			TOTAL	**$1,921,145.19**

40. Authorize the Controller to reduce appropriations up to $1,254,225.52 within the Solid Waste Revenue Resources Fund No. 508/50, in the specific amounts and accounts as listed in the table below and appropriate from the Solid Waste Revenue Resources Fund's Cash Balance to the Bureau of Sanitation Fund No. 100/82, Account No. 001090, Overtime General Account within the Solid Waste Resources Revenue Fund to address overspending due to holiday waste pickups and maintain current service levels.

Account No.	Appropriation Name	Amount
50CU58	Solid Waste Resources Revenue Bonds 2013-A - Interest	$109,991.82
50CU59	Solid Waste Resources Revenue Bonds 2013-B - Principal	819,134.44

50CU60	Solid Waste Resources Revenue Bonds 2013-B - Interest	28,999.96
50CU64	Solid Waste Resources Revenue Bonds 2018-A - Interest	41,174.30
50CU73	Solid Waste Resources Revenue Bonds 2023-A - Interest	254,925.00
	Total	**$1,254,225.25**

Bureau of Street Lighting

41. Authorize the Executive Director of the Bureau of Street Lighting, or designee, to disburse up to $1,425.90 from the Digital Inclusion Fund, Universal Broadband Services Account, to pay invoice #1-2025-03-09 from the Housing Authority of the City of Los Angeles (HACLA) for items that were purchased for Digital Inclusion Project – Modernize HACLA Labs.

Transportation

42. Rescind the transfer of $500,000 included in the 2025-26 First Financial Status Report (C.F. 25-0600-S126), Attachment 3 for New Appropriations related to "Metro Support Overtime" since it will be replaced with a new instruction, which is included in this FSR under Attachment 3.

Technical

43. 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 $209.44 million in projected over-expenditures are identified in the Mid-Year Financial Status Report. Transfers, appropriations, and other budgetary adjustments totaling approximately $322.40 million are recommended in Sections 1 and 2 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

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 32
Section 2. Status of Non-Departmental Funds and Special Accounts 111
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Section 8. Status of Tax and Revenue Anticipation Notes 122

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. Aging
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Printing and Binding	$ 0.01	$ -	Projected surpluses are based on prior-year expenditure trends and year-to-date data.
Transportation	0.01	$ -	
Overspending (Shown as Negative, in millions)			
Salaries General	(0.08)	-	Projected overspending is due to retirement payouts and current hiring plan.
General Fund Total	**$ (0.06)**	**$ -**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Printing and Binding	$ 0.01	$ -	Projected surpluses are based on prior-year expenditure trends and year-to-date data.
Overspending (Shown as Negative, in millions)			
Salaries General	(0.10)	-	Projected overspending is due to lower than anticipated grant funding.
Special Funds Total	**$ (0.09)**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 0.42	$ 0.42	$ -	This Office projects the Department will meet its General Fund revenue budget by year-end.

This Office projects the General Fund overspending is $0.041 million higher than what was projected in the First FSR due to unbudgeted retirement payouts and current hiring plan. The projected special fund surplus decreased from 0.003 to a deficit of $0.09 million from the First FSR due to lower than anticipated grant funding and staffing costs. The Department expects to meet its General Fund revenue budget of $0.42 million by year-end. This Office will continue to work with the Department to monitor its spending and report in the Year-End FSR with the necessary recommendations to resolve the projected overspending. This Office does not recommend any transactions at this time.

B. Animal Services
Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Overspending (Shown as Negative, in millions)			
Salaries, General	$ (1.73)	$ 0.87	Projected overspending is due to the Department's vacancy rate below the eight percent salary savings rate assumed in the 2025-26 Budget.
Salaries, As-Needed	(0.04)	0.02	Projected overspending is due to MOU related hourly pay increases and projected staffing needs through year end.
General Fund Total	**$ (1.77)**	**$ 0.89**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year 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 $1.25 million higher than reported in the Second FSR primarily due to obligatory costs from MOU-negotiated salary increases, a reduction in the assumed number of unpaid holidays reported in the Second FSR, and the Department's current hiring plan. This Office recommends a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to ensure that the Department has sufficient funding to maintain operations. This Office will continue to work with the Department to monitor its spending and report in the Year-End FSR with any necessary recommendations to resolve the projected overspending.

This Office recommends the following transactions at this time:

- Transfer $865,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Salaries General Account to address overspending.

- Transfer $20,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Salaries As-Needed Account to address over-expenditures resulting from MOU-related hourly rate increases.

C. Building and Safety
Attachment 5 – Transfers between Departments and Funds

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.33	$ -	Projected surplus is due to staff vacancies.
Other Surplus Accounts	0.04	-	Projected surplus is based on prior-year and year-to-date expenditure trends.
General Fund Total	**$ 0.37**	**$ -**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 11.85	$ -	Projected surplus is due to staff vacancies.
Other Surplus Accounts	1.11	-	Projected surplus is based on prior-year and year-to-date expenditure trends.
Special Funds Total	**$ 12.96**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 122.47	$121.03	$ (1.44)	Projected revenue shortfall is due to reduced related cost reimbursements associated with special fund vacancies.

The projected General Fund surplus of $0.37 million is approximately $0.28 million lower than we previously reported in the Second FSR due to the Department's lower vacancy rate. The projected special fund surplus of $12.96 million is approximately $2.68 million higher than we previously reported in the Second FSR due to slower than projected hiring. The projected General Fund revenue shortfall reported in the Second FSR has decreased by $0.16 million to $1.44 million. The projected General Fund revenue is now $121.03 million and the shortfall is due to a reduction in related costs reimbursements due to staff vacancies.

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 have 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 January 1, 2026, the Fund revenues are $307,457 and the Department anticipates an additional $245,966 in receipts from direct assessments from Los Angeles County, resulting in a year-end projected revenue of $553,423 for the Fund.

Based on revenues to date and $807,305 in pending invoices, this Office projects a year-end revenue shortfall of approximately $0.25 million. In light of the projected revenue shortfall, the Fund will be unable to repay the pending loans in the current fiscal year. This Office will closely monitor this Fund and provide an update in the Year-End FSR.

This Office recommends the following transaction at this time:

- Transfer $106,743.97 from the Building and Safety Building Permit Enterprise Fund, Fund 48R/08, Account No. 08C601, Building and Safety Expense and Equipment to the General Services Department Fund No. 100/40, Account No. 009130, Mail Services for costs related to the Department of Building and Safety's postage/mailings for the period of January 1, 2026 to June 30, 2026.

D. Cannabis Regulation
Recommendation No. 7

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.95	$ -	Projected surplus is due to staff vacancies and delayed hiring.
Other Surplus Accounts	0.04	-	Projected surplus is based on prior-year and year-to-date expenditure trends.
Special Funds Total	**$ 0.99**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year 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 $0.34 million higher than previously reported in the Second FSR due to delays in hiring.

California Local Jurisdiction Assistance Grant
As previously reported in the 2024-25 FSRs and the 2025-26 First and Second FSRs, 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 required 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.

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	Current Budget	Budget Reduction	Revised Budget
13R203, Social Equity Fee Deferral Program	Cannabis Regulation Special Revenue Trust Fund	$46,209.00	$46,209.00	$0.00
13T302, 2021 Cannabis Equity Act Grant	Cannabis Regulation Special Revenue Trust Fund	$595,652.42	$265,056.00	$330,596.42
13T302, 2022 Local Jurisdiction Assistance Grant	Cannabis Regulation Special Revenue Trust Fund	$15,529,458.74	$14,940,901.30	$588,557.44

E. City Administrative Officer
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	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 7.66	$ 13.97	$ 6.31	The Office anticipates exceeding our General Fund revenue budget by $6.3 million, due to a) anticipated reimbursement received for various special events ($4.7 million) and b) reimbursement from the Department of Water and Power for an agreement for disaster assistance support associated with the Palisades Fire ($1.6 million).

This Office will continue to monitor its expenditures and will provide an update in the Year-End FSR.

This Office recommends the following transactions at this time:

- Appropriate $824,383 within the Insurance and Bonds Premiums Fund for reimbursements from the Harbor Department ($150,000), the Department of Recreation and Parks ($207,672.54), the Department of Water and Power ($401,635.31), Miscellaneous Revenue ($17,659.88), and Interest Revenue ($47,415.27).

- Transfer a total of $9,000,000 in savings within various accounts in the Capital Finance Administration Fund to the Unappropriated Balance, Reserve for Mid-Year Adjustments Account for Citywide budget balancing.

- Transfer $1,000,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Contractual Services Account disaster assistance support associated with the Palisades Fire.

F. City Attorney
Attachment 5 – Transfers between Departments and Funds
Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Printing and Binding	$ 0.02	$ -	Projected surplus is based on operational need through year end.
Overspending (Shown as Negative, in millions)			
Salaries General	(0.72)	0.63	Projected overspending is primarily due to the decreased number of unpaid holidays.
Litigation Expenses	(11.05)	5.00	Projected overspending for these accounts are based on prior-year expenditures and the City Attorney's stated costs for expenses through year end.
Outside Counsel	(2.20)	2.20	
Office and Administrative	(0.70)	-	Projected overspending is due to unbudgeted technology needs.
General Fund Total	**$ (14.65)**	**$ 7.83**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Overspending (Shown as Negative, in millions)			
Salaries General	$ 2.40	$ -	Projected surplus is due to staff vacancies and continued recruitment challenges.
Special Funds Total	**$ 2.40**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 51.98	$ 48.79	$ (3.19)	Projected revenue shortfall is primarily due to reduced reimbursements from proprietary departments based on year-to-date trends.

The projected General Fund overspending of $14.65 million is approximately $11.82 million less than reported in the Second FSR primarily due to the transfers to the Outside Counsel Account that were approved outside of the FSRs. The special fund surplus is $2.03 million higher than previously reported in the Second FSR due to staff vacancies and hiring challenges. We will continue to work with the City Attorney to monitor Litigation and Outside Counsel expenditures and report in the Year-End FSR with the recommendations necessary to resolve the projected overspending.

Litigation

The City Attorney projects $20.21 million in Litigation expenses through year-end, which results in a $11.05 million in overspending after accounting for transfers to the account through December 2025. This projected overspending is approximately $3.27 million less than previously reported in the Second FSR due to transfers included in the First FSR and updated projections from the City Attorney. The City Attorney states that this overspending is driven by increases in complex cases and costs to provide litigation services over the past five years. The City Attorney requests $5.00 million in additional appropriations to the Litigation Account for costs through March 2026.

Outside Counsel

This Office projects $16.83 million in Outside Counsel costs through year-end, which results in a total projected overspending of $2.20 million after accounting for transfers to the account through December 2025. This projected overspending is approximately $9.80 million less than previously reported in the Second FSR based on updated projections from the City Attorney. As of writing this report, a total of $14.63 million has been transferred to this account consisting of transfers from the Unappropriated Balance ($13.63 million), the City Attorney's Salaries General Account ($1.00

million), and Consumer Protection Fund ($5,000) (C.F. 25-0600-S126; 25-0963; 24-1488; 25-0285; and 20-0263-S3). The City Attorney's Office state that this overspending is driven by an increase in complex litigation and 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 Council approved on December 5, 2025. As of February 2026, the Outside Counsel Account's current budget is $14.63 million, composed of $8.43 million in current-year expenditures, $3.59 million in encumbrances, and $2.61 million unspent and unencumbered funds.

This Office recommends the following transactions at this time:

- Transfer $628,586 from the Mayor's Office's Salaries, As-Needed Account to the Department's Salaries General Account to cover salaries for staff on loan through year-end.
- Transfer $5,000,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments account to the Litigation Expense Account to cover projected costs through March 2026.
- Transfer $2,200,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Outside Counsel Account to address projected overspending.

G. City Clerk
Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	0.13	$ -	Projected surplus is due to unpaid holiday savings associated with the agreements with Coalition and EAA, a four percent vacancy rate, and the Department's current hiring plan.
Overspending (Shown as Negative, in millions)			
Salaries, As-Needed	(0.03)	0.03	Projected overspending is related to unbudgeted staffing costs associated with the Hotel Worker Wage Ordinance Repeal Petition.
Office and Administrative	(0.01)	-	Projected overspending is related to unbudgeted bank processing fees associated with the administration of Neighborhood Council funding accounts.
General Fund Total	**$ 0.09**	**$ 0.03**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 0.41	$ 0.42	$ 0.01	This Office projects the Department will exceed its General Fund revenue budget by year-end due to additional Election Reimbursements.

While we projected a General Fund deficit of $1.74 million in the First FSR, this Office now projects a General Fund surplus of $0.09 million. The projected overspending was reduced due to a $1.80 million transfer provided through the First FSR, savings from unpaid holidays, and updates to the Department's hiring plan. The Department projects overspending in its Salaries, As-Needed and Office and Administrative accounts due to unbudgeted staffing costs related to the Hotel Worker Wage Ordinance Repeal Petition and unbudgeted bank processing fees associated with the administration of Neighborhood Council funding accounts, respectively. To address the overspending in the Salaries, As-Needed Account, this Office recommends a transfer of $0.03 million from the Unappropriated Balance, Elections Expenses – General Municipal Elections Account to the Department's Salaries, As-Needed Account to pay for unbudgeted staffing costs related to the Hotel Worker Wage Ordinance Repeal Petition. This Office will continue to work with the Department to monitor expenditures and will report with an update in the Year-End FSR.

This Office recommends the following transaction at this time:

- Transfer $30,000 from the Unappropriated Balance, Election Expenses – General Municipal Elections Account to the City Clerk's Salaries, As-Needed Account to pay for the Los Angeles County petition verification services for the failed repeal of the Hotel Wage Ordinance.

H. City Planning
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.11	$ -	Projected surplus is due to unpaid holiday savings associated with the agreements with Coalition and EAA.
General Fund Total	**$ 0.11**	**$ -**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.82	$ -	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 an eight percent vacancy rate.
Special Funds Total	**$ 0.82**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 19.47	$ 18.41	$ (1.05)	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 decreased by $0.09 million and $0.20 million, respectively, than previously reported in the Second FSR due to the change in number of unpaid holidays associated with the agreements between the Coalition and EAA. The projected General Fund revenue shortfall reported in the Second FSR has decreased by $2.52 million to $1.05 million. The projected General Fund revenue is now $18.41 million and the shortfall is due to a reduction in related costs reimbursements due to staff vacancies. This Office does not

recommend any transactions at this time. This Office will continue to work with the Department to monitor expenditures and will report with an update in the Year-End FSR.

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 $1.6 million less than reported in the Second FSR due to lower than planned collection in November and December and the comprehensive fee update, effective February 23, 2026 (C.F. 09-0969-S4). The projected year-end revenue is based on the collection through December 2025 and assumes an increase in revenue from March through June 2026 reflective of the comprehensive fee update. There remains an approximately $2.9 million projected revenue shortfall that 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 the Year-End FSR.

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 $0.5 million higher than reported in the Second FSR due to the comprehensive fee update effective February 23, 2026 (C.F. 09-0969-S4). The projected year end revenue is based on the collection through December 2025 and assumes an increase in revenue from March through June 2026 reflective of the comprehensive fee update. There remains an approximately $1.9 million projected revenue shortfall that may result in the non-payment of $2.7 million 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 the Year-End FSR.

I. City Tourism
No Recommendation

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.20		Projected surplus is primarily due to staff vacancies, furlough days, and delays in hiring.
Other Surplus Accounts	0.01		Projected surpluses in various expense accounts are based on year-to-date and prior-year expenditure trends.
Special Funds Total	**$ 0.21**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 1.00	$ 1.00	$ -	This Office projects the Department will meet its General Fund revenue budget by year-end.

The projected special fund surplus increased by $0.03 million from the previously reported $0.18 million, due to savings from unpaid holidays. This Office does not recommend any transactions at this time. This Office will continue to monitor expenditures and report with an update in the Year-End FSR.

J. Civil, Human Rights, and Equity
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.027	$ -	Projected surplus is primarily due to savings from vacancies.
Overspending (Shown as Negative, in millions)			
Contractual Services	(0.001)	-	Projected overspending is based on year-to-date expenditure trends and projected operational needs through year end.
General Fund Total	**$ 0.026**	**$ -**	

The projected General Fund surplus increased slightly from $0.019 to $0.026 since the Second FSR, which is due to the recommendations in the Second FSR, the resolution of previously reported overspending in the Salaries As-Needed and Office of Administrative Account and vacancies. The Department does not have a General Fund revenue budget. This Office will continue to monitor expenditures and report with an update in the Year-End FSR.

L.A. REPAIR Program
The L.A. REPAIR Innovation Fund currently has a balance of $6.2 million. The Department is working to finalize 14 grant agreements, totaling approximately $5.4 million, for Cohort 2. The Department anticipates that the agreements will be executed in the current year and expend these funds.

This Office does not recommend any transactions at this time.

K. Community Investment for Families
Recommendation Nos. 8, 9, 10, 11, and 12
Attachment 3 – New Appropriations
Attachment 4 – Transfers between Accounts within Departments and Funds

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Contractual Services	$ 2.11	$ (0.49)	Projected surplus is due to lower than anticipated contract expenditures and contracting delays.
Overspending (Shown as Negative, in millions)			
Salaries General	(0.79)	0.49	Projected overspending is due to staff work related to the consolidation.
General Fund Total	**$ 1.32**	**$ -**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 1.08	$ (0.45)	Projected surplus is due to staff vacancies, shift of staff work in support of the consolidation, and unpaid holidays.
Other Surplus Accounts	0.12	(0.12)	Projected surplus is due to year-to-date expenditure trends.
Overspending (Shown as Negative, in millions)			
Salaries As-Needed	(0.03)	0.03	Projected overspending is due to the increase in as-needed staff.
Special Funds Total	**$ 1.17**	**$ (0.54)**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 6.29	$ 5.16	$ (1.13)	Projected revenue shortfall is due to reduced related costs reimbursements associated with staff vacancies funded by the Community Development Block Grant and reduced reimbursements for the Survivor Services System beds.

The projected General Fund surplus is approximately $0.08 million less than reported in the Second FSR due to an increase in expenditures in the Salaries General Account for work related to the approved consolidation (C.F. 25-0600-S43). Departmental staff began to provide support to the Department of Aging in advance of the consolidation report receiving final approval from Mayor and Council in December 2025. This Office recommends transferring $485,498 from the surplus in the Contractual Services Account to the Salaries General Account to partially address the projected overspending.

While we projected a special fund deficit of $0.89 million in the First FSR, this Office now projects a special fund surplus of $1.17 million due to the Office of Traffic Safety grants (C.F. 25-1395) and OpportunityLA Grant (C.F. 23-0568-S1) and reduced spending in Salaries General, Travel, and Office and Administrative accounts. This Office recommends to realign appropriations within available grant funds to address the special fund overspending in the Salaries, As-Needed and Printing and Binding accounts. This Office will continue to work with the Department to monitor expenditures and report in the Year-End FSR with recommendations necessary to resolve any remaining overspending.

This Office recommends the following transactions at this time:

- Reduce appropriations in the amount of $827 within the Community Services Block Grant Trust Fund, Reimbursement of General Fund Costs Account and increase and reduce budgetary appropriations totaling $827 to align with available grant funds.

- Reduce appropriations totaling $205.12 within the Domestic Violence Trust Fund that are no longer needed.

- Reduce appropriations totaling $900,000 within the Community Development Trust Fund to align with available grant funds.

- Reduce appropriations up to $377,028 in the Community Development Trust Fund, COVID-19 Administrative Reserve, to reflect available grant funds.

- Appropriate $500 from the cash balance within the Domestic Violence Trust Fund and transfer to the CIFD Office and Administrative Account to pay for administrative costs related to the Domestic Violence Taskforce.

- Transfer $1,000 from the Contractual Services Account to the Transportation Account for staff mileage reimbursements.

- Transfer $485,498 from the Contractual Services to the Salaries General Account to partially offset the Department's overspending related to the consolidation.

L. Controller
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.04	$ -	Projected surplus is due to salary savings from hiring delays.
Office and Administrative	0.01	-	Projected surplus is due to anticipated reduction in spending for software renewals, telecommunication licenses, and Office supplies.
Contractual Services	0.10	-	Projected surplus is anticipated due to reduced procurement activities and contractual services expense.
General Fund Total	**$ 0.15**	**$ -**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.19	$ -	Projected surplus is due to reduction of services provided to special funds due to limited staffing.
Special Funds Total	**$ 0.19**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 6.15	$ 5.53	$ (0.62)	Projected revenue shortfall is due to lower than anticipated e-payable reimbursement receipts, the elimination of the Community Development Trust Fund related cost reimbursements, and reduced services provided to special funds.

The projected General Fund overspending reported in the Second FSR has been resolved and the Department is now projected to have a General Fund surplus of $0.15 million and a special fund surplus of $0.19 million due to hiring delays and reductions in expense funding. The Controller has requested $0.28 million in its Contractual Services Account to be re-appropriated from 2024-25 to the current fiscal year due to a delay in contracting for an Animal Services audit, however, 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 and will continue to monitor expenditures. The Department is projected to have a $0.62 million General Fund revenue shortfall due to lower than anticipated e-payable reimbursement receipts and reduced services provided by special funds. This Office does not recommend any transactions at this time. This Office will report in the Year-End FSR with recommendations necessary to resolve any projected overspending.

M. 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 $1,050,000 from Council's Salaries General Account to the Travel ($50,000) and Office and Administrative ($1,000,000) accounts to align with current expenditure patterns.

- Transfer $651,000 from the Sunshine Canyon Community Amenities Trust Fund to the Police Department's Furniture, Office, and Technical Equipment Account for improvements and purchases for the deployment of new technology within Devonshire Division.

- Transfer $500,000 from the State AB 1290 City Fund, Council District 3 Redevelopment Fund to Council's Salaries As-Needed Account to pay for Council District 3 staffing costs.

- Transfer $750,000 from the State AB 1290 City Fund, Council District 9 Redevelopment Fund to Council's Salaries As-Needed Account to pay for Council District 9 staffing costs.

- Transfer $500,000 from State AB 1290 City Fund, Council District 10 Redevelopment Fund to Council's Salaries As-Needed Account to pay for Council District 10 staffing costs

- Transfer $5,775 from the Unappropriated Balance, Elected Officials Transition Expenses Account to Council's Office and Administrative Account for Council District 2 office technology expenses.

- Transfer $12,726 from the Unappropriated Balance, Equipment, Expenses, and Alterations and Improvements Account to General Services Department's Salaries Construction Projects ($8,284) and Construction Materials ($4,442) accounts for carpet replacement at Van Nuys City Hall.

- Transfer $82,319 from the General City Purposes Fund, Additional Homeless Services – Council District 6 to the General Services Department's Hiring Hall Construction ($17,287), Benefits Hiring Hall Construction ($11,525), and Construction Materials ($53,507) accounts for the Balboa Recreational Vehicle Storage Lot Project.

N. Cultural Affairs
No Recommendation

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Art and Music Expense	$ 0.07	$ -	Projected surpluses based on prior-year expenditure trends and operational needs through year end.
Office and Administrative	0.07	-	
Operating Supplies	0.10	-	
Cultural Grants for Family and Youth	0.21	-	
Special Events III	1.47	-	
Overspending (Shown as Negative, in millions)			
Salaries General	(0.14)	-	Projected overspending is due to projected hiring and unbudgeted salary payouts.
Special Funds Total	**$ 1.78**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 14.00	$ 14.00	$ -	This Office projects that the Department will meet its General Fund revenue budget by year end.

While we projected a special fund deficit of $0.98 million in the First FSR, this Office now projects a special fund surplus of $1.78 million. The projected deficit was reduced due to delays in hiring and a $2.01 million transfer from prior year balances within the Arts and Cultural Facilities and Services Trust Fund as part of the First FSR. The Department anticipates meeting its General Fund revenue budget of $14.00 million by year-end. This Office will continue to work with the Department to monitor its expenditures and report in the Year-End FSR with recommendations necessary to resolve the projected overspending in the Salaries General Account.

O. Disability
Recommendation Nos. 13, 14, 15, and 16

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Contractual Services	$ 0.16	$ -	Projected surpluses are based on year-to-date and prior-year expenditure trends.
Other Surplus Accounts	0.03	-	
Overspending (Shown as Negative, in millions)			
Salaries General	(0.36)	0.38	Projected overspending is due to the retention of positions eliminated in the 2025-26 Budget and unbudgeted retirement payouts.
General Fund Total	$ (0.17)	$ 0.38	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 0.02	$ -	$ (0.02)	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 of $0.17 million is approximately $0.05 million higher than reported in the Second FSR due to updated salary expenditures. The projected overspending in the Salaries General Account is due to the abeyance of layoffs for employees and unbudgeted retirement payouts.

Opioid Settlement Funds

On June 25, 2024, the Council allocated $3.0 million in Opioids Settlement Trust Fund for the development of a City-County program entitled MacArthur Park/Westlake Area Respite Center, now referred to as the MacArthur Park Health Hub, for the delivery of community-based opioid remediation services (C.F. 23-0670-S2). On November 4, 2025, the Council subsequently approved the allocation of $3.5 million from the Opioids Settlement Trust Fund for an Opioid Remediation Program, to be administered by the Department on Disability, to support the delivery of opioid remediation services Citywide by community-based organizations through a competitive bid process (C.F. 23-0670-S2). Inasmuch as the Controller instructions were omitted from the previous Council actions, these instructions are now required to appropriate the funding into new accounts to be established within the Opioid Settlement Trust Fund (66E) for these programs, in compliance with prior Council intent.

This Office recommends the following transactions at this time:

- Appropriate $3.0 million from the Opioids Settlement Trust Fund cash balance to a new account to be established entitled MacArthur Park Health Club for a City-County partnership for the delivery of community based opioid remediation services in compliance with prior Council intent (C.F. 23-0670-S2).

- Appropriate $3.5 million from the Opioids Settlement Trust Fund cash balance to a new account to be established for a Citywide Opioid Remediation Program in compliance with prior Council intent (C.F. 23-0670-S2).

- Authorize the Controller to disencumber up to $377,461.86 in prior year Contractual Services Account encumbrances, revert the unencumbered funds to the Unappropriated Balance Fund, Reserve for Mid-Year Adjustments, and appropriate therefrom to the Department's Salaries General Account to address overspending.

P. Economic and Workforce Development
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.57	$ -	Projected surplus is due to staff vacancies.
Leasing	0.02	-	Projected surpluses are based on projected operational needs through year end.
General Fund Total	**$ 0.59**	**$ -**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 3.67	$ -	Projected surplus is due to staff vacancies.
Other Surplus Accounts	0.57	-	Projected surpluses are based on prior-year expenditure trends and projected operational needs through year end.
Special Funds Total	**$ 4.24**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 5.92	$ 8.93	$ 3.01	This Office projects that the Department will exceed its General Fund revenue budget by year end due to timing of prior year reimbursements.

The projected General Fund surplus is approximately $0.11 million less, and the projected special fund surplus is approximately $0.95 million higher, respectively, than previously reported in the Second FSR. The projected General Fund revenue increased to $8.93 million, an increase of $1.39 million from the amount reported in the Second FSR, due to an increase in prior year reimbursements. This Office does not recommend any transfers at this time. This Office will continue to monitor expenditures and report with an update in the Year-End FSR.

Californians for All Grant

The initial Californians for All Grant was a $53.3 million grant awarded by the State of California to the Department for youth workforce development programs with an original grant performance period of January 2022 through July 2024, 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 has struggled 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 remainder is anticipated to be repaid upon completion of the grant performance periods and full reimbursement of expenditures by the state, likely by June 30, 2026. As of December 2025, the state has 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 review from the State.

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 potentially 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 completion of the program.

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 $446,871 in expenditures from July 2025 to December 2025. Additionally, the Department reports $1,091,374 in invoices 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 for the remainder of 2025-26.

This Office does not recommend any transactions at this time.

Q. El Pueblo
Attachment 3 – New Appropriations
Attachment 6 – Appropriations from the Unappropriated Balance

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.093	$ -	Projected surplus is due to staff vacancies.
Contractual Services	0.020	-	Projected surplus is due to delays in installing El Pueblo's security cameras.
Other Surplus Accounts	0.013	-	Projected surpluses are based on prior-year expenditure trends and projected operational needs through year end.
Overspending (Shown as Negative, in millions)			
Water and Electricity	(0.123)	0.060	Projected overspending is due to utility cost increases.
Special Funds Total	**$ 0.002**	**$ 0.060**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 5.313	$ 4.769	$ (0.544)	Projected revenue shortfall is due to overdue rent payments and the delayed implementation of parking fee increases.

The projected special fund surplus is substantially the same as previously reported in the Second FSR. The projected overspending in the Water and Electricity Account is due to rising utility costs.

<u>El Pueblo de Los Angeles Historical Monument Revenue Fund</u>
The projected revenue shortfall for the El Pueblo de Los Angeles Historical Monument Revenue Fund (Fund) is approximately $0.544 million and substantially the same shortfall reported in the Second FSR. The projected revenue is less than the Adopted Budget due to a continued trend of overdue rents and the delayed implementation of parking rate increases. Currently, only 60 percent of tenant rent is 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 to 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 provide an update in the Year-End FSR.

This Office recommends the following transaction at this time:

- Transfer $340,000 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 $60,000 from El Pueblo de Los Angeles Historical Monument Revenue Fund Cash Balance to the Department's Water and Electricity Account to support El Pueblo's operations.

R. Emergency Management
Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries As-Needed	$ 0.01	$ -	Projected surplus is due to staff attrition.
Overspending (Shown as Negative, in millions)			
Salaries General	(0.11)	-	Projected overspending is due to unbudgeted salary payouts and reduction in number of unpaid holidays.
Overtime General	(0.05)	-	Projected overspending is due to Emergency Operations Center activations and major events coordination.
Contractual Services	(1.70)	1.70	Projected overspending is due to unbudgeted costs related to contracted services for wildfire recovery and for the City's portion of costs for debris removal services conducted by the Army Corps of Engineers.
General Fund Total	**(1.85)**	**1.70**	

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

The projected General Fund overspending of $1.85 million is approximately $0.32 million higher than previously reported in the Second FSR, mainly due to unbudgeted salary payouts, the reduction in number of unpaid holidays, and increased overspending in the Contractual Services Account resulting from unbudgeted services related to wildfire recovery response.

Wildfire Response Contract

The overspending in the Contractual Services Account is due to unbudgeted services provided by Hagerty Consulting, Inc. for wildfire recovery response services through December 2025. The General City Purposes Wildfire Emergency Response and Recovery Account provided front funding for the first six months of this contract, but the Account is now fully depleted, and the Department has insufficient funds to cover the remaining obligation. This Office is currently facilitating the review of these expenses for eligibility under FEMA reimbursement guidelines; however, to qualify for potential reimbursement, the City must first remit payment for the incurred costs. The Department ceased all work on this contract on December 10, 2025, and incurred services that exceed its available funding by $1.57 million. In the Second FSR, the Department was instructed to report to Mayor and Council on the status of this overspending and the associated funding gap; however, the report is still pending. To avoid further delay in payment of the Hagerty invoices, this Office recommends addressing the funding shortfall through a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account.

The remaining projected overspending of $0.13 million in the Contractual Services Account is due to the receipt of a final invoice from the County of Los Angeles in the amount of $0.13 million for the City's share of costs associated with debris removal services conducted by the U.S. Army Corps of Engineers. The Department received a transfer of $4.86 million in the First FSR for this purpose, for invoices received through July 2025. The new invoice is for services rendered through August 2025. This Office recommends a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to address this overspending

This Office recommends the following transactions at this time:

- Transfer $129,731 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Contractual Services Account for the payment of invoices from the County for the City's proportional cost of debris removal services conducted by the Army Corps of Engineers in response to the Palisades Fire.

- Transfer $1,566,919 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Contractual Services Account for the payment of invoices for unbudgeted, contracted services related to the wildfire recovery response.

S. Employee Relations Board
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.065	$ -	Projected surplus is due to delays in projected hiring.
Printing and Binding	0.001	-	Projected surplus is based on prior-year expenditure trends.
General Fund Total	**$ 0.066**	**$ -**	

The projected General Fund surplus is approximately $0.048 million higher than previously reported in the First FSR primarily due to delays in hiring. The Department does not have a General Fund revenue budget. This Office does not recommend any transactions at this time.

T. Ethics
No Recommendation

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.24	-	Projected surplus is based on delays in hiring and anticipated operational needs through year end.
Salaries As-Needed	0.08	-	
Contractual Services	0.35	-	Projected surplus assumes that special prosecutor services will not result in full expenditure this year based on prior-year expenditure trends.
Special Funds Total	**$ 0.67**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 1.37	$ 1.37	$ -	This Office projects that the Department will meet its General Fund revenue budget by year end.

The projected special fund surplus is approximately $0.29 million higher than previously reported in the First FSR primarily due to delays in projected hiring and changes in operational staffing needs. The Department anticipates meeting its General Fund revenue budget of $1.37 million by year-end. This Office does not recommend any transactions at this time.

U. Finance
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	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Printing and Binding	0.13	(0.13)	Projected surpluses are based on year-to-date expenditure trends and anticipated operational needs through year end.
Transportation	0.11	(0.06)	
Office and Administrative	0.05	-	
Other Surplus Accounts	0.05	-	
Overspending (Shown as Negative, in millions)			
Salaries General	(3.45)	2.80	Projected overspending is due to unbudgeted salary payouts, the absorption of ineligible special fund salary costs, and the Department being unable to meet its budgeted salary savings rate.
Overtime General	(0.08)	0.06	Projected overspending is due to increasing workload and backlog as a result of aggressive mailing campaigns associated with the Revenue Enhancement Project.

Contractual Services	(2.15)	-	Projected overspending is due to unbudgeted costs for the LATAX Transformation Project.
General Fund Total	**$ (5.34)**	**$ 2.67**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.68	$ -	Projected surplus is related to costs for cannabis business audits determined as special fund ineligible by the City Attorney.
Special Funds Total	**$ 0.68**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 14.28	$ 13.60	$ (0.68)	Projected revenue shortfall is due to reduced related cost reimbursements associated with ineligible special fund salary costs.

The projected General Fund overspending is approximately $6.38 million less than previously reported in the Second FSR due to delays in hiring and transfers approved by Mayor and Council for the LATAX Transformation Project. The projected overspending in the Contractual Services Account is due to the development and implementation costs associated with the LATAX Transformation Project. A vendor for the project has been selected and the Department plans to execute a contract with the vendor in the next month. The 2025-26 Adopted Budget set aside $9.8 million in the Unappropriated Balance for this project, and a total of $7.6 million has been approved to be transferred to the Department. This Office will continue to monitor business tax revenue receipts and submit any additional transfer requests in the Year-End FSR. The projected special fund surplus is $0.68 million is substantially similar to the previously reported surplus in the Second FSR.

This Office recommends the following transaction at this time:

- Transfer $2,800,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Salaries General Account to partially address overspending due to unfunded payouts and bonuses and ineligible cannabis business auditing costs.

- Transfer $127,269 from the Printing and Binding Account to the General Services Department's Mail Services Account to fund postage costs from July 1, 2025 to November 30, 2025 for the Revenue Enhancement Project mailing.

- Transfer $55,000 from the Transportation Account to the Overtime General Account for overtime costs.

V. Fire
Recommendation No. 17
Attachment 6 – Appropriations from the Unappropriated Balance

(Fire Department narrative starts on the next page)

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Overtime Variable Staffing	$ 1.86	$ -	Projected surplus is based on year-to-date expenditure trends.
Other Surplus Accounts	0.24	-	Projected surpluses in these accounts are based on year-to-date expenditure trends.
Overspending (Shown as Negative, in millions)			
Salaries General	(0.08)	-	Projected overspending due to personal leave payouts.
Salaries Sworn	(48.95)	-	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	(3.43)	-	Projected overspending due to unbudgeted sworn MOU bonuses.
Unused Sick Time	(0.07)		Projected overspending in these accounts are based on year-to-date expenditure trends.
Overtime General	(1.44)	-	
Overtime Sworn	(0.76)	-	
Overtime Constant Staffing	(0.16)	-	
Rescue Supplies and Expense	(0.88)	0.88	
Operating Supplies	(1.80)	1.80	
Field Equipment Expense	(1.30)	1.30	
Contractual Services	(13.51)	13.51	Projected overspending includes expenditures for wildfire cost-sharing agreements, and participation in the PP-GEMT program and turnout gear cleaning services.
Other Overspending Accounts	(0.36)	0.36	Projected overspending is based on year-to-date expenditure trends.
General Fund Total	**$ (70.64)**	**$ 17.85**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 333.38	$ 370.78	$ 37.40	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 $0.21 million less than previously reported in the Second FSR primarily due to the transfers approved as part of the Second FSR. Projected overspending in the Salaries Sworn Account increased by $7.30 million, from $41.65 million to $48.95 million, largely as a result of $5.30 million in estimated retroactive payments due to sworn employees who were previously paid at incorrect rates, which was discovered subsequent to the release of the Second FSR. This Office recommends transfers from the Unappropriated Balance, Ground Emergency Medical Transport QAF Program and Reserve for Mid-Year Adjustment accounts to partially address the projected overspending in the Contractual Services, Field Equipment Expense, Rescue Supplies and Expense, Office and Administrative, and Operating Supplies accounts. This Office will continue to work with the Department to monitor its expenditures and report in the Year-End FSR with the recommendations necessary to resolve the remaining projected overspending.

The projected General Fund revenue is approximately $19.74 million higher than previously reported in the Second FSR primarily due to increased reimbursements for deployments to emergency incidents and pre-positions, and the receipt of prior-year Ground Emergency Medical Transport Quality Assurance Fees from the California Department of Health Care Services.

Public Provider – Ground Emergency Medical Transport Intergovernmental Transfer Program
Effective January 1, 2023, the Department of Health Care Services (DHCS) implemented the Public Provider Ground Emergency Medical Transport (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 has paid $21.98 million. On October 16, 2025, the Department paid the last quarterly invoice for calendar year 2025, totaling $8,404,589. On January 12, 2026, the Department paid the first quarterly invoice for calendar year 2026. Due to the current available balance in the Contractual Services Account, this Office recommends transfers from the Salaries Sworn Account and the Unappropriated Balance, Ground Emergency Medical Transport QAF Program Account to ensure the Department is able to pay the second quarterly invoice for calendar year 2026, which the Department anticipates receiving on March 3, 2026 with and estimated cost of $13,128,757.

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. 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, for $6,962,935. On November 19, 2025, the Department paid this invoice.

This Office recommends the following transactions at this time:

- Transfer $12,965,791 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Contractual Services Account for the payment of the second quarterly invoice for the calendar year 2026 PP-GEMT-IGT Program.

- Transfer $162,966.27 from the Unappropriated Balance, Ground Emergency Medical Transport QAF Program Account to the Department's Contractual Services Account for the payment of the first quarterly invoice for the calendar year 2026 PP-GEMT-IGT Program.

- Transfer $380,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Contractual Services Account to address projected over-spending in turnout maintenance repair costs.

- Transfer $1,302,818 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Field Equipment Expense Account to address projected over-spending for fleet maintenance costs.

- Transfer $879,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Rescue Supplies and Expense Account to address projected over-spending for medical and rescue supplies;

- Transfer $356,885 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Office and Administrative Account to address projected over-spending for fire station cleaning services and maintenance;

- Transfer $1,803,603 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Operating Supplies Account to address projected over-spending for on-going fire stations supplies and equipment.

W. General Services
Attachment 3 – New Appropriations
Attachment 5 – Transfers between Departments and Funds
Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	**Mid-Year 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	(11.03)	7.00	Projected overspending is due to unbudgeted employee payouts, retroactive payments for Heavy Duty Equipment Mechanics (HDEMs), reclassification costs to transition Equipment Mechanics to HDEMs, and reduction in number unpaid holidays.
Overtime General	(0.59)	0.50	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.
HH Salaries	(0.64)	-	
HH Benefits	(0.90)	-	
HH Overtime	(0.02)	-	
Contractual Services	(0.49)	-	Projected overspending is based on year-to-date expenditure trends and invoices pending payment.
Field Equipment Expense	(3.00)	1.00	Projected overspending is due to higher maintenance costs associated with the City's aging fleet.
Utilities Expense Private Company	(2.82)	2.00	Projected overspending is based on increased commodity prices and prior-year seasonal usage trends.
General Fund Total	**$ (19.35)**	**$ 10.50**	

(General Services Department narrative continues on the next page)

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.60	$ -	Projected surplus is due to staff vacancies and savings from unpaid holidays.
Overtime General	0.03	-	Projected surplus is due to year-to-date expenditure trends.
Special Funds Total	**$ 0.63**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 44.34	$ 45.65	$ 1.31	Increased revenue is due to higher than anticipated salvage receipts and prior-year related cost reimbursements.

The projected General Fund overspending of $19.35 million is approximately $4.81 million higher than previously reported in the Second FSR mainly due to higher than anticipated overspending in the Salaries General and Field Equipment Expense accounts. The projected overspending in the Salaries General Account increased due to retroactive payments for Heavy Duty Equipment Mechanics (HDEMs), reclassification costs to transition Equipment Mechanics to HDEMs, and reduction in the number of previously assumed unpaid holidays. The projected overspending in the Field Equipment Expense Account is due to an increase in maintenance costs associated with the City's aging fleet. This Office recommends a transfer in the amount of $10.5 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department and $0.5 million from the Capital and Technology Improvement Expenditure Program to ensure that the Department has sufficient funding to maintain operations until the Year-End FSR.

Stores Revolving Fund

The Stores Revolving Fund was established to finance the cost of materials, supplies, equipment, salaries and wages, and necessary expenses in connection with the carrying on of the activities and duties of the Stores Division within the General Services Department. The fund consistently faces liquidity challenges because the cash flow relies on timely reimbursements to maintain Citywide inventory levels. To help alleviate cash flow issues, the Department has identified $1.45 million in unencumbered vendor rebates within the GSD Trust Fund (Fund No. 843) from Fiscal Years 2024 and 2025. Historically, these rebates have been deposited into RSC 5188 - Misc Revenue - Other, but the Department has already received $1.61 million through December and will be well above the Adopted Budget projection of $800,000 at year-end. As such, this Office

recommends to appropriate $1.45 million in revenue from RSC 5188 - Misc Revenue – Other to the Stores Revolving fund to address liquidity issues.

The projected special fund surplus is substantially the same as previously reported in the Second FSR.

This Office recommends the following transactions at this time:

- Appropriate up to $1.45 million in revenue from Revenue Source Code No. 5188, Miscellaneous Revenue – Others to the Stores Revolving Fund No. 707/40, Account No. 40000A, Available Account to address liquidity challenges within the Stores Revolving Fund.

- Transfer $7.0 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Salaries General Account to partially address employee payouts and unfunded salary costs.

- Transfer $0.5 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Overtime General Account to partially address the increased costs for the repair and maintenance of the City's aging fleet.

- Transfer $1.0 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Field Equipment Expense Account to partially address increased costs for the repair and maintenance of the City's aging fleet.

- Transfer $2.0 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.

- Transfer $250,000 from the Capital and Technology Improvement Expenditure Program, Citywide Maintenance and Improvements Account to the Department's Contractual Services Account to address expenditures related to the installation of electric vehicle charger infrastructure that have been deemed ineligible from the original funding source.

- Transfer $250,000 from the Capital and Technology Improvement Expenditure Program, Citywide Maintenance and Improvements Account to the Department's Contractual Services Account to address overspending related to the repair and maintenance of underground storage tanks.

X. Housing
Recommendation Nos. 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, and 29
Attachment 3 – New Appropriations
Attachment 4 – Transfers between Accounts within Departments and Funds
Attachment 5 – Transfers between Departments and Funds

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries, As Needed	$ 0.08		Projected surplus is due to lower than anticipated as-needed staffing.
Contractual Services	0.17		Projected surplus is based on year-to-date and prior-year expenditure trends.
Leasing	0.14		Projected surplus is due to savings associated with the lack of a main office space.
Overspending (Shown as Negative, in millions)			
Salaries, General	(0.82)		Projected overspending is due to unfunded grant administrative salary costs and program expenses being higher than budgeted.
General Fund Total	**$ (0.43)**	**$ -**	

(Housing Department narrative continues on the next page)

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 9.98	$ (0.38)	Projected surplus is due to staff vacancies and attrition.
Leasing	0.96		Projected surplus is due to savings associated with the lack of a main office space.
Contractual Services	0.23		Projected surplus is based on year-to-date and prior-year expenditure trends.
Overspending (Shown as Negative, in millions)			
Office and Administrative	(0.14)	0.14	Projected overspending is due to software and license expenditures that are necessary to maintain program operations.
Overtime General	(0.08)	0.08	Projected overspending is due to increased workload for full time staff due to ULA Super NOFA and delayed hiring of Just Cause positions.
Printing and Binding	(0.07)	0.07	Projected overspending is due to increased postage and printing costs.
Transportation	(0.20)	0.20	Projected overspending is due to increased travel activity in the Code Enforcement Division.
Special Funds Total	**$ 10.68**	**$ 0.11**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 62.98	$ 59.95	$ (3.03)	Projected revenue shortfall is due to reduced related costs reimbursements associated with special funded vacancies.

The projected General Fund overspending of $0.43 million is substantially similar to what was previously reported in the Second FSR due to unfunded grant administrative salary costs and program expenditures. The projected special fund surplus of $10.68 million is approximately $3.89 million less than previously reported in the Second FSR due to a reduction in the number of unpaid holidays, current hiring plan, and projected overspending in the Department's expense accounts

related to the Systematic Code Enforcement Fee Fund and Just Cause Ordinance. This Office recommends to address the projected special fund overspending by transferring projected special fund surpluses from the Salaries General Account. This Office will continue to work with the Department to monitor its expenditures and report in the Year-End FSR with recommendations to resolve any remaining overspending.

The Department is in the process of reconciling various grant and special funds and requests a series of appropriation adjustments to align departmental budget authority with actual cash balances and approved grant allocations for the current program year. These adjustments are necessary to ensure no expenditures occur without sufficient cash balances.

This Office recommends the following transactions at this time:

- Authorize the Controller to disencumber up to $75,000 in 2024-25 encumbered balances for Contract No. C-139994, with Partners in Diversity Inc., within the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services, revert the disencumbered amount to the Low and Moderate Income Housing Fund No. 55J, and reappropriate therefrom to the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services to pay for paralegal services to review land use agreements.

- Authorize the Controller to disencumber up to $150,000 in 2024-25 encumbered balances for Contract No. C-145501, with Paul Tang Architects, Inc., within the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services, revert the disencumbered amount to the Low and Moderate Income Housing Fund No. 55J, and reappropriate therefrom to the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services to pay for affordable housing site design analysis services.

- Authorize the Controller to disencumber up to $225,000 in 2024-25 encumbered balances for Contract No. C-141408, with Keyser Marston Associates, within the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services, revert the disencumbered amount to the Low and Moderate Income Housing Fund No. 55J, and reappropriate therefrom to the Housing Department Fund No. 100/43, Account No. 003040, Contractual Services to pay for financial advisor services.

- Reduce appropriations in the amount of $50,594,436.82 within the Systematic Code Enforcement Fee Trust Fund No. 41M/43 to align appropriations with the available cash balance.

- Reduce appropriations in the amount of $35,545,764.32 within the Rent Stabilization Fund No. 440/43 to align appropriations with the available cash balance.

- Reduce appropriations in the amount of $557,013.39 within the Foreclosure Registry Fund No. 56V/43 to align appropriations with the available cash balance.

- Reduce appropriations in the amount of $3,563,010.63 within the Accessible Housing Fund No. 10D/43 to align appropriations with the available cash balance.

- Reduce appropriations in the amount of $383,286 within the Federal Emergency Shelter Grant Fund No. 517/43 to align with the approved Consolidated Plan Grant allocations in the 51th Program Year (2025-26) (C.F. 25-0525).

- Reduce appropriations in the amount of $245,611 within the Housing Department Fund No. 100/43 to align with Emergency Solutions Grant funding.

- Reduce appropriations in the amount of $247,100 within the Housing Opportunities for Persons with AIDS Fund No. 569/43 to align with the approved Consolidated Plan Grant allocations in the 51st Program Year (2025-26) (C.F. 25-0525).

- Reduce appropriations in the amount of $163,682 in the Salaries General Account within the Housing Department Fund No. 100/43 to align with available Housing Opportunities for Persons with AIDS grant balance.

- Reduce appropriations in the amount of $168,046.70 in 2021-2025 encumbered balances in the Translation Services Accounts within various special funds to align appropriations with the available cash balances.

- Appropriate $617,102 from the available Cash Balance within the Housing Production Revolving Fund No. 240 to the Department's Salaries General ($443,129) and Reimbursement of General Fund Costs ($173,973) accounts to fund the Prevailing Wage Unit through all of FY 26.

- Appropriate $152,741 from the Administrative Reserve Account No. 43T904 within the Housing Impact Trust Fund to the Department's Salaries General ($109,680) and the Reimbursement of General Fund Costs ($43,061) accounts to address overspending.

- Appropriate $8,940.51 from the available Cash Balance within the LAHD's Small Grants and Awards Fund to Fund No. 49N/43 Account No. 43C299, Reimbursement of General Fund Costs for the LEAP grant.

- Appropriate $46,126 from the available Cash Balance of the Emergency Rental Assistance Fund No. 64D to the Department's Salaries General ($29,150), Overtime General ($5,531), and Reimbursement of General Fund Cost ($11,445) accounts to support administrative costs related to processing Emergency Rental Payments.

- Appropriate $833,068 from various Proposition HHH Bond Proceeds Funds to the Department's Reimbursement from Other Funds ($571,103) and Related Cost Reimbursements - Other ($261,965) revenue accounts to reimburse the General Fund for eligible salary expenses and related costs related to the Proposition HHH Program.

- Appropriate $11,250 from the available Cash Balance within the Foreclosure Registry Fund to Fund No. 56V Account 43C588, Handyworker to fund lead testing.

- Transfer $195,744 from the Salaries General Account ($133,377) and Reimbursement of General Fund Costs Account ($62,367) within the Code Enforcement Trust Fund to the Department's Transportation Account to fund inspection activities.

- Transfer $77,184 from the Salaries General Account ($54,253) and Reimbursement of General Fund Costs ($22,931) accounts within the Just Cause, SB2-Permanent Local Housing Allocation and House LA funds to the Overtime General Account to maintain service levels.

- Transfer $71,113 from the Salaries General ($51,065) and the Reimbursement of General Fund Costs ($20,048) accounts within the Code Enforcement Trust Fund to the Printing and Binding Account to address projected deficit due to increases in postage and printing costs.

- Transfer $90,665 from the Salaries General Account ($65,105) and Reimbursement of General Fund Costs ($25,560) accounts within the Accessible Housing Fund No. to the Office and Administrative Account for software and technology needs.

- Transfer $44,576 from the Salaries General ($32,009) and Reimbursement of General Fund Costs ($12,567) accounts within the Code Enforcement, Just Cause, and Rent Stabilization Funds to the Office and Administrative Account for badge access readers and office expansion needs.

- Transfer $12,000 from the House LA Administration Account No.43C00B within the United to House LA Fund No. 66M to the Translation Services Account No. 43C560 for the Department to provide translation services as part of the United to House LA Program.

- Transfer $55,505.50 from Salaries General ($37,820.50) and Reimbursement of General Fund Costs ($17,685) within the Code Enforcement Trust Fund, Rent Stabilization Trust Fund, and Just Cause Enforcement Fee Trust Funds to the Information Technology Agency (ITA) for Sunset office network infrastructure upgrades.

- Transfer $2,500 from CD11-LAHSA Mental Health Outreach Account within the HCID General Fund Program Fund to the General City Purposes Fund, Council Community Projects Account to correct a clerical error in a motion approved by Council on May 14, 2024 (C.F. 24-0533).

Y. Information Technology Agency
Attachment 4 – Transfers between Accounts within Departments and Funds

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries As-Needed	$ 0.12	$ -	Projected surplus is based on year-to-date and prior-year expenditure trends.
Office and Administrative	0.13	(0.13)	
Operating Supplies	0.44	(0.14)	
Overspending (Shown as Negative, in millions)			
Salaries General	(1.66)	-	Projected overspending is due to unbudgeted salary payouts.
Overtime General	(0.22)	-	Projected overspending is due to the increased use of overtime to support departmental operations in light of staff reductions.
Hiring Hall Salaries	(0.37)	0.27	Projected overspending is due to the increased use of Hiring Hall labor to support departmental operations in light of staff reductions.
General Fund Total	**$ (1.55)**	**$ -**	

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

The projected General Fund overspending of $1.55 million is approximately $0.89 million higher than previously reported in the Second FSR mainly due to unbudgeted salary payouts and a reduction in the previously assumed number of unpaid holidays. We will continue to work with the Department to monitor its expenditures and report in the Year-End FSR with recommendations to resolve the projected overspending. The Department anticipates meeting its General Fund revenue budget of $3.91 million by year-end. This Office recommends transfers to partially address the projected Hiring Hall Salaries overspending.

Telecommunications Development Fund

Due to softening demand for cable television, revenues for the Public, Educational, and Government (PEG) Development and Telecommunications Development funds, we project a year-end special fund revenue shortfall of $0.98 million. As streaming services continue to gain popularity, the industry is increasingly shifting away from cable television. If the observed trend of reduced revenues for these funds continues, appropriations will need to be reduced, which will most likely impact the capacity for equipment maintenance and replacement for L.A. City View Channel 35, but operations are otherwise not anticipated to be disrupted at this time. This Office will continue to monitor revenues for these funds and report in the Year-End FSR.

This Office recommends the following transactions at this time:

- Transfer $265,000 from the Office and Administrative ($130,000) and Operating Supplies ($135,000) accounts to the Hiring Hall Salaries Account to address the projected over expenditures.

Z. Library
No Recommendation

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries, General	$ 2.24	$ -	Projected surplus is due to staff vacancies.
Salaries, As-Needed	$ 0.41	-	Projected surplus is based on year-to-date and prior-year expenditures.
Contractual Services	6.93	-	Projected surplus is based on prior-year expenditures and anticipated construction needs through year end.
Office and Administrative	2.53	-	Projected Surpluses are based on year-to-date and prior-year expenditure trends.
Various Special	8.87	-	
Other Surplus Accounts	0.47	-	
Overspending (Shown as Negative, in millions)			
Travel	(0.08)	-	Projected overspending based on anticipated travel needs through year end.
Transportation	(0.02)	-	Projected overspending based on anticipated transportation needs through year end.
Special Funds Total	**$ 21.35**	**$ -**	

This Office projects that the special fund surplus is $3.91 million less than reported in the First FSR, largely due changes in staff vacancies and expenditures related to Library renovations and Police security invoicing. The Department has resolved its projected overspending of $0.35 million reported in the First FSR, but now projects slight overspending in the Travel and Transportation accounts. This Office will work with the Department to monitor its expenditures and resolve any overspending in the Year-End FSR. The Department has no General Fund revenue budget. This Office does not recommend any transactions at this time.

AA. Mayor
Attachment 4 – Transfers between Accounts within Departments and Funds
Attachment 5 – Transfers between Departments and Funds

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

- Transfer $11,172.87 from the Police's Overtime Sworn ($10,723.00) and the Fiscal Year 2020 Securing the Cities Fund related costs ($449.87) accounts to the Police's Revenue Source Code 5346, Related Cost Reimbursement-Grants to capture salary related cost expenditures from prior-year grants.

- Transfer $351,946.10 from the Partner Jurisdictions ($67,720.00), Information Technology Agency Grant Allocation ($27,744.77), Emergency Management Department Grant Allocation ($30,760.67), Los Angeles Fire Department Grant Allocation ($168,360.43), Los Angeles Police Department Grant Expenses ($26,850.22), and Reimbursement of General Fund Costs ($30,510.01) accounts within the Fiscal Year 2021 Urban Area Security Initiative Grant to the Grant Management and Administration Account to pay for grant-related costs.

BB. Neighborhood Empowerment
Attachment 6 – Appropriations from the Unappropriated Balance

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Overspending (Shown as Negative, in millions)			
Salaries, General	(0.63)	(0.47)	Projected overspending is due to the Department not meeting its nine percent salary savings rate due to lower than anticipated attrition and unbudgeted costs associated with layoff abeyance.
Transportation	(0.01)	(0.00)	Projected overspending is based on year-to-date expenditure trends and projected operational needs through year end.
Other Overspending Accounts	(0.02)	-	
Special Funds Total	**(0.66)**	**(0.47)**	

The projected special fund overspending is substantially similar to what was previously reported in the First FSR due to the Department not meeting its nine percent salary savings rate, lower than anticipated attrition, and unbudgeted costs associated with layoff abeyance and Civic University. The Neighborhood Empowerment Fund cash balance is insufficient to support the projected overspending and this Office recommends a transfer from the Unappropriated Balance, Reserve

for Mid-Year Adjustments Account to ensure that the Department has sufficient funding to maintain its operations. This Office will continue to work with the Department to monitor its expenditures and identify offsets within its accounts to the extent possible. We will report in the Year-End FSR with transactions necessary to resolve any remaining projected overspending. The Department has no budgeted General Fund revenues.

This Office recommends the following transactions at this time:

- Transfer $466,693 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Salaries General Account to address projected overspending and unbudgeted costs associated with civilian labor agreements.

- Transfer $4,068 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Transportation Account to address projected overspending and unbudgeted costs associated with civilian labor agreements.

CC. Personnel
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Oral Board Expense	$ 0.03	$ -	Projected surplus is based on year-to-date expenditure trends.
Overspending (Shown as Negative, in millions)			
Salaries General	(1.83)	-	Projected overspending is primarily due to unbudgeted employee payouts.
Salaries As-Needed	(1.10)	-	Projected overspending is due to higher than anticipated as-needed staffing.
General Fund Total	**$ (2.90)**	**$ -**	

(Personnel Department narrative continues on the next page)

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year 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 General Fund overspending is substantially similar to what was previously reported in the Second FSR. A main driver of the projected overspending continues to be the Salaries, General Account due to unbudgeted sick leave, personal leave, and retirement pay-outs. There is also projected overspending in the Salaries, As-Needed Account due to higher than anticipated as-needed staffing. This Office in conjunction with the Department released a report on February 6, 2026 to identify adequate funding to address the overspending in the Salaries, As-Needed Account and keep all three jail dispensaries open for the full fiscal year (C.F. 25-0607). A transfer of $550,000 was approved in the Second FSR to maintain the three jail dispensaries through February 2026 and a report is pending in Council to transfer an additional $980,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account. The Department anticipates meeting its General Fund revenue budget of $24.86 million by year-end. We will provide an update to the Department's expenditures in the Year-End FSR with any necessary recommendations to resolve the projected overspending.

DD. Police
Recommendation Nos. 30, 31, 32, 33, 34, and 35
Attachment 4 – Transfers between Accounts within Departments and Funds
Attachment 6 – Appropriations from the Unappropriated Balance

(Police Department narrative starts on the next page)

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries As-Needed	$ 1.12	$ (0.03)	Projected surpluses are based on prior-year expenditure trends and projected operational needs through year end.
Accumulated Overtime	0.86	-	
Uniforms	0.85	(0.85)	
Office and Administrative	1.25	(1.25)	
Other Surplus Accounts	0.75	(0.45)	
Overspending (Shown as Negative, in millions)			
Salaries General	$ (13.42)	$ 6.00	Projected overspending is due to costs to retain positions eliminated in the 2025-26 Budget and unbudgeted MOU-related payouts. Does not yet reflect the anticipated transfer related to VOB savings.
Salaries Sworn	(4.24)	-	Projected overspending is due to unbudgeted payouts, such as promotions and upgrades, and increased vacation and sick leave payouts.
Overtime Sworn	(22.32)	11.36	Projected overspending is based on year-to-date expenditure trends and unbudgeted overtime costs.
Overtime General	(0.30)	0.30	Projected overspending is based on year-to-date expenditure trends.
Firearm Ammunition Other Devices	(0.13)	0.13	Projected overspending is based on projected training usage for the Metropolitan Division.
Contractual Services	(2.03)	1.44	Projected overspending is based on 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, and increased arrestee transportation costs.
Field Equipment Expense	(0.80)	0.80	Projected overspending is due to increased costs of automotive parts for the Department's aging fleet.
Furniture, Office & Technical Equipment	(0.19)	0.19	Projected overspending is due to the purchase of equipment to calibrate radios.
General Fund Total	**$ (38.60)**	**$ 17.63**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.35	$ (0.35)	Projected surplus is based on prior-year expenditure trends and projected operational needs through year end.
Salaries Sworn	1.50	(1.50)	Projected surplus is due to the discontinuation of the CLEAR program.
Salaries As-Needed	0.05	(0.05)	Projected surpluses are based on prior-year expenditure trends and projected operational needs through year end.
Overtime General	0.05	(0.05)	
Overspending (Shown as Negative, in millions)			
Contractual Services	(0.99)	0.45	Projected overspending is due to contract security services for the Bureau of Sanitation, Department of Cultural Affairs, and El Pueblo.
Office and Administrative	(1.50)	1.50	Projected overspending is due to expenditures supporting the Digital In-Car Video and Body-worn Video Camera programs.
Special Funds Total	**$ (0.54)**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$190.00	$209.75	$ 19.75	Projected revenue surplus is primarily due to prior-year receipts from the Metropolitan Transportation Authority that were received in the current fiscal year.

The projected General Fund overspending of $38.60 million is approximately $7.84 million higher than previously reported in the Second FSR, primarily due to increased and unbudgeted Overtime Sworn costs, including approximately $1.00 million for the November 2025 Dodgers Celebration Parade and $3.70 million in projected expenditures for the June 2026 FIFA World Cup. The Salaries Sworn Account is projected to have overspending of $4.24 million even after the interim transfer of $4.43 million to fund the remaining 170 recruits through fiscal year-end (C.F. 25-0600-S129) due to unbudgeted MOU payouts, hiring 24 more officers than planned in December 2025 (56 vs. 32),

unbudgeted sworn promotions and upgrades, and increased vacation and sick payouts, resulting from elevated sworn attrition. The General Fund overspending is partially offset by projected surpluses in the Salaries As-Needed, Uniforms, and Operating Supplies accounts. This Office recommends using surpluses in the Department's expense accounts and transfers from the Unappropriated Balance, Reserve for Mid-Year Adjustments, to partially address the projected overspending. This Office will continue monitoring the status of all accounts and recommend additional transfers in the Year-end FSR to resolve the projected overspending.

Sworn Hiring

From June 28, 2025, through December 27, 2025, the Department hired seven recruit classes for a total of 240 additional officers. Our expenditure projections assume the Department will hire 170 recruits to achieve a total of 410 officers by the fiscal year-end. Officer attrition through December 27, 2025, was 227 compared to the 198 assumed in the Adopted Budget. Hiring through December 27, 2025, is 100 percent higher than the Adopted Budget (240 actual hires versus 120 budgeted). As of December 27, 2025, there are 8,711 officers deployed Citywide, including 14 Municipal Officers.

This Office recommends the following transactions at this time:

- Rescind the recommendation in Attachment 5 of the 2025-26 First FSR (C.F. 25-0600-S126) to transfer $206.40 from the 2021 Project Safe Neighborhood Grant from the Police Department Fund No. 339/70, Police Account No. 70A170 ($188.05) and from the Police Department Fund No. 339/70, Related Costs Account No. 70A299 ($18.35) to the Police Department Fund No. 339/70, Project Safe Neighborhood Account No. 70W564. This action was completed in 2024-25 and is no longer needed.

- Authorize the Controller to disencumber $15,914.06 in 2024-25 encumbered balances within the Police Department Fund No. 100/70, Account No. 007340, Transportation Equipment, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the same account in the same amount for equipment needed for Community Safety Partnership vehicles in 2025-26.

- Authorize the Controller to disencumber $16,709.92 in 2024-25 encumbered balances within the Police Department Fund No. 100/70, Account No. 007340, Transportation Equipment, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the same account in the same amount for equipment needed for Community Safety Partnership vehicles in 2025-26.

- Authorize the Controller to disencumber $43,365.68 in 2024-25 encumbered balances within the Police Department Fund No. 100/70, Account No. 007340, Transportation Equipment, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and

appropriate therefrom into the same account in the same amount for equipment needed for Community Safety Partnership vehicles in 2025-26.

- Authorize the Controller to disencumber $43,365.68 in 2024-25 encumbered balances within the Police Department Fund No. 100/70, Account No. 007340, Transportation Equipment, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the same account in the same amount for equipment needed for Community Safety Partnership vehicles in 2025-26.

- Authorize the Controller to disencumber $1,138,719.16 in 2024-25 encumbered balances within the Police Department Fund No. 100/70, Account No. 003040, Contractual Services, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom into the Furniture, Office, and Technical Equipment Account No. 007300 to purchase Automated License Plate Readers for Council District 3.

- Transfer $304,000 from the Overtime Sworn ($272,000) and the Salaries, As-Needed ($32,000) accounts to the Overtime General Account to realign budgeted funds specific to the Los Angeles County Metropolitan Transportation Authority contract to address civilian overtime costs that exceed current appropriations.

- Transfer $855,000 from the Uniforms Account to the Contractual Services Account to partially address projected overspending resulting from increased demand for extended evidence holds for vehicles stored at Official Police Garages, contract security, Workday/Accenture consultant services, and arrestee transportation costs.

- Transfer $1,249,094 from the Office and Administrative Account to the Firearm Ammunition and Other Devices ($125,000), Contractual Services ($584,436), Field Equipment Expense ($348,250), and Furniture, Office and Technical Equipment ($191,408) accounts to address projected deficits related to ammunition required for Metropolitan Division training, contract obligations, automotive parts, and equipment needed to calibrate radios in-house in support of the trunked communications system.

- Transfer $451,408 from the Operating Supplies Account to the Field Equipment Expense Account to address a projected deficit driven by increased automotive parts costs for the Department's aging fleet.

- Transfer $1,500,000 from the Salaries Sworn Account to the Office and Administrative Account within the Supplemental Law Enforcement Services Fund (SLESF) to support the Digital In-Car and Body-Worn Video camera programs.

- Transfer $455,118 from the Salaries General ($353,343), Salaries, As-Needed ($53,265), and Overtime General ($48,510) accounts to the Police Department's

Contractual Services Account within the Sewer Construction and Maintenance Fund to support contract security services at Bureau of Sanitation facilities.

- Transfer $6,000,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Salaries General Account to partially address projected overspending.

- Transfer $11,000,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Overtime Sworn Account to partially address projected overspending.

EE. Public Accountability
Attachment 4 – Transfers between Accounts within Departments and Funds

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.42	$ (0.01)	Projected surplus is due to staff vacancies.
Contractual Services	1.05	-	Projected surplus is based on anticipated operational need for consulting services related to the Department of Water and Power's (DWP) rate reviews.
Other Surplus Accounts	(0.01)	0.01	Projected overspending is due to unbudgeted travel expenditures.
Overspending (Shown as Negative, in millions)			
Travel	(0.01)	-	Projected overspending is due to unbudgeted travel expenditures.
General Fund Total	**$ 1.46**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 6.07	$ 3.79	$ (2.27)	Projected revenue shortfall is primarily due to staff vacancies and reduced expense account costs, which are fully reimbursed by the DWP.

The projected General Fund surplus is approximately $0.48 million higher than previously projected in the First FSR due to reduced projected hiring and delays in DWP's rate-setting analysis. This Office recommends transfers from the Salaries General Account surplus to the Travel Account to address projected overspending. This Office will work with the Department to monitor its expenditures.

This Office recommends the following transactions at this time:

- Transfer $10,000 from the Salaries General Account to the Travel Account to address unbudgeted travel expenses for support staff to attend training and conferences.

FF. Public Works/Board
Recommendation No. 36, 37, and 38
Attachment 3 – New Appropriations
Attachment 4 – Transfers between Accounts within Departments and Funds
Attachment 5 – Transfers between Departments and Funds

(Public Works/Board narrative starts on the next page)

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Office and Administrative	$ 0.04	$ -	Projected surplus is based on year-to-date expenditure trends.
Salaries General	$ -	$ 0.04	Projected surplus is based on anticipated salary reimbursements.
Overspending (Shown as Negative, in millions)			
Salaries As-Needed	$ (0.03)	0.03	
Contractual Services	$ (2.77)	0.87	Projected overspending is due to expenditures related to the community beautification and public right-of-way cleaning services.
General Fund Total	**$ (2.76)**	**$ 0.94**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Overspending (Shown as Negative, in millions)			
Salaries General	(0.64)	0.23	Projected overspending is due to costs for staff dedicated to off-budget programs which are pending reimbursement.
Contractual Services	(0.01)	0.02	Projected overspending is due to final invoice costs for the Office of Petroleum and Natural Gas Amortization studies.
Special Funds Total	**$ (0.65)**	**$ 0.25**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 5.95	$ 6.00	$ 0.05	Projected revenue surplus is due to prior-year related costs reimbursements.

While we projected a General Fund surplus of $0.11 million in the First FSR, this Office now projects General Fund overspending totaling $2.76 million due to expenditures related to graffiti abatement and community beautification. This Office anticipates that the Board will receive interim appropriations from Council Offices that will mitigate the overspending. The projected special fund overspending is approximately $0.27 million higher than previously reported in the First FSR due increased staffing costs working on off-budget programs, which are pending reimbursement. This Office anticipates that special fund overspending will be partially addressed once the pending reimbursements are processed.

This Office recommends the reappropriation of prior-year encumbrances to help offset the projected overspending in the Contractual Services Account. Additionally, this Office anticipates that the Board will be reimbursed for its expenditures related to off-budget programs from the Emergency Management Department, the Bureau of Street Services, and the Department of City Planning by year end, which will address the projected overspending within the Salaries General Account. This Office will continue to work with the Board to monitor its expenditures and report in the Year-End FSR with the recommendations necessary to address the remaining overspending.

This Office recommends the following transactions at this time:

- Authorize the Controller to disencumber up to $403,024.13 in Fiscal Year 2023-24 encumbered balance for expired Contract No. C-136631 with Northeast Graffiti Busters within the Board of Public Works Fund No. 100/74, Account No. 003040, Contractual Services, process the early reversion of the disencumbered amount to the Reserve Fund. No. 101/62, subsequently transfer the disencumbered amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the Board of Public Works, Fund No. 100/74, Account No. 003040, Contractual Services for the newly executed contract with Northeast Graffiti Busters, Contract No. C-203313.

- Authorize the Controller to disencumber up to $118,695.72 in Fiscal Year 2024-25 encumbered balance for expired Contract No. C-136631 with Northeast Graffiti Busters within the Board of Public Works Fund No. 100/74, Account No. 003040, Contractual Services, process the early reversion of the disencumbered amount to the Reserve Fund. No. 101/62, subsequently transfer the disencumbered amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the Board of Public Works, Fund No. 100/74, Account No. 003040, Contractual Services for the newly executed contract with Northeast Graffiti Busters, Contract No. C-203313.

- Authorize the Controller to disencumber up to $189,477.72 in Fiscal Year 2021-22 encumbered balance for expired Contract No. C-136662, Los Angeles Conservation Corps within the Board of Public Works Fund No. 100/74, Account No. 003040 Contractual Services, process the early reversion of the disencumbered amount to the Reserve Fund No. 101/62, subsequently transfer the disencumbered amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the Board of Public Works, Fund

No 100/74, Account No. 003040, Contractual Services, for the newly executed contract with the Los Angeles Conservation Corps, Contract No. C-145470.

- Appropriate $383,738.57 from the Public Works Trust Fund No. 834/50, Revenue Source Code 5742, Miscellaneous Deposits, Tree Guarantee Fee - PW Subsidy ($13,194.67) and the Public Works Trust Fund No. 834/50, Revenue Source Code 5742, Miscellaneous Deposits, Tree Guarantee Fee - PW No Subsidy ($370,543.90) to the Bureau of Street Services' Overtime General ($9,308) and Operating Supplies ($3,432) accounts; the Bureau of Street Services' Overtime General ($281,735.30) and Operating Supplies ($15,923.60) accounts; and the Board of Public Works' Salaries General Account ($73,339.67) for implementation of the Tree Guarantee Fee Planting Plan.

- Transfer $31,064 from the Board of Public Works' Salaries General Account to the Salaries, As-Needed Account for the salary reimbursements of three interns.

- Transfer $156,200 from the Climate Equity Fund No. 65K/50, Amortization Study Contingency Account to the Department's Contractual Services Account to continue the amortization study.

GG. Public Works/Bureau of Engineering
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.27	$ -	Projected surplus is primarily due to staff vacancies.
Other Surplus Accounts	0.07	-	Projected surpluses are based on year-to-date trends and prior-year expenditure trends.
General Fund Total	**$ 0.34**	**$ -**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 2.81	$ -	Projected surplus is primarily due to staff vacancies.
Other Surplus Accounts	0.09	-	Projected surpluses are based on year-to-date trends and prior-year expenditure trends.
Special Funds Total	**$ 2.90**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 65.08	$ 58.47	$ (6.61)	Projected revenue shortfall is based on prior year revenue trends, year-to-date collections, the delayed implementation of permit fee increases, and the shortfall associated with related costs reimbursements for Metro Rail projects based on prior-year revenue trends.

The projected surpluses in the General Fund and special funds are respectively, $0.12 million less and $0.45 million higher than previously reported in the First FSR primarily due to higher than anticipated staff vacancies.

The 2025-26 Budget recognized approximately $2.78 million in additional permit revenues due to the development services fee adjustments and assumed six months of revenue at the adjusted rates. Based on revenue collection in the first half of the fiscal year, prior-year trends, and considering that the Bureau's fee increases became effective on December 7, 2025 (C.F. 25-0600-S44), this Office projects a revenue shortfall of approximately $6.61 million. This is primarily due to a projected shortfall of $5.1 million related to permit fee revenues. About $1.95 million of the permit fee revenue shortfall is related to U-Permit fee revenues. The 2025-26 Budget recognized $7.1 million in revenues; however, the Bureau's Fee Study assumed that the proposed fee increase would increase the revenue by $0.5 million, from a base revenue of $4.7 million to $5.2 million. Permit fee revenues have historically tracked broader economic conditions, which may further affect collections. Additionally, this Office projects a $3.0 million revenue shortfall for B-Permit revenues based on actual receipts and economic conditions. The remaining General Fund revenue shortfall is associated with related cost reimbursements for Metro Rail Projects based on prior year

trends and receipts to date. This Office will continue to work with the Bureau to monitor its revenues and report in the Year-End FSR with any necessary recommendations.

This Office does not recommend any transfers at this time.

HH. Public Works/Bureau of Contract Administration
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Overspending (Shown as Negative, in millions)			
Salaries General	$ (0.50)	$ -	Projected overspending is due to pending reimbursements for staff dedicated to the Los Angeles Convention Center Expansion and Modernization Project (C.F. 15-1207-S1). Staff for this project are unbudgeted and costs are reimbursed throughout the year through interim appropriations.
Overtime General	$ (0.04)	-	
Transportation	$ (0.04)		
Office and Administrative	$ (0.02)	-	
Surpluses (Shown as Positive, in millions)			
Other Surplus Accounts	$ 0.32	-	Projected surpluses are based on year-to-date and prior-year expenditure trends.
General Fund Total	$ (0.27)	**$ -**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 1.13	$ -	Projected surpluses are due to staff vacancies. The Bureau has a 13 percent vacancy rate.
Overtime General	$ 0.32	-	
Transportation	$ 0.23	-	Projected surpluses are based on year-to-date and prior-year expenditure trends.
Other Surplus Accounts	$ 0.25	-	
Special Funds Total	$ 1.93	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 31.30	$ 22.32	$ (8.98)	Projected revenue shortfall is due to reduced related cost reimbursements associated with special funded vacancies, reduced proprietary revenue based on prior-year trends, reduced receipts in various funds based on prior-year trends, and lower than anticipated Permit Fee receipts.

While we projected a General Fund surplus of $0.39 million in the First FSR, this Office now projects General Fund overspending of $0.27 million due to expenditures related to the Los Angeles Convention Center Expansion and Modernization Project (C.F. 15-1207-S1). Eligible staff and expense costs will be reimbursed by the Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds. Therefore, this Office anticipates that MICLA reimbursements will resolve the projected overspending by year-end. The overspending is partially offset by increases in various expense account surpluses reported in the First FSR due to slower than projected expense account spending.

The projected special fund surplus is $1.93 million and is $0.68 million higher than previously reported in the First FSR due to hiring delays and slower than projected expense account spending. The current vacancy rate is 13 percent (49 vacancies) and the Bureau expects to fill 10 vacancies by year-end, which would reduce the vacancy rate to 10 percent.

The projected General Fund revenue shortfall reported in the First FSR has increased by $8.62 million to $8.98 million. The projected General Fund revenue is now $22.32 million and the shortfall is due to reduced related cost reimbursements associated with special funded vacancies ($0.9 million), reduced proprietary revenue based on prior-year trends ($2.4 million), reduced receipts in various funds based on prior-year trends ($2.1 million), and lower than anticipated Permit Fee receipts based on year-to-date trends ($3.5 million).

This Office will continue to work with the Bureau to monitor its expenditures and General Fund revenues and report in the Year-End FSR with the recommendations necessary to address any remaining overspending. This Office does not recommend any transactions at this time.

II. Public Works/Bureau of Sanitation
Recommendation Nos. 39 and 40
Attachment 3 – New Appropriations
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	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Operating Supplies	$ 0.71	$ (0.21)	Projected surpluses are based on year-to-date and prior year expenditure trends.
Field Equipment	0.16	-	
Other Surplus Accounts	0.03	-	
Overspending (Shown as Negative, in millions)			
Salaries General	(2.23)	2.23	Projected overspending is due to Fire Response activities that are potentially special-fund ineligible, for winding down programs terminated in the budget, and activities related to the 2026 World Cup.
Contractual Services	(0.37)	-	Projected overspending is due to increase in LSD contracts for hazardous waste removal.
Other Overspending Accounts	(0.38)	-	Projected overspending is based on year-to-date and prior year expenditure trends.
General Fund Total	**$ (2.08)**	**$ 2.02**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 21.06	$ (2.83)	Projected surplus is due to staff vacancies and hiring delays.
Contractual Services	0.92	-	Projected surplus is due to contracting delays.
Other Surplus Accounts	1.25	-	Projected surplus is based on year-to-date and prior year expenditure trends.
Overspending (Shown as Negative, in millions)			
Overtime General	(8.51)	7.57	Projected overspending is due to increased overtime and as-needed staffing to provide services in light of the rainy season, full time vacancies, and projected operational needs through year end.
Other Overspending Accounts	(0.03)	0.36	
Special Funds Total	**$ 14.68**	**$ 5.10**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 162.21	$ 145.01	$ 17.20	Projected revenue shortfall is due to the delayed implementation of Solids Waste Fee rate increase and Stormwater Pollution Abatement Fund operations.

The projected General Fund overspending of $2.08 million is approximately $2.30 million less than previously reported in the Second FSR, primarily due to decreased Overtime General and Contractual Services expenditures as the result of winding down programs and the timing of invoices for hazardous waste removal. A portion of the decrease in General Fund overspending is offset by increased Salaries General Account expenditures related to the 2026 World Cup and unfunded positions. The projected special fund surplus is $14.68 million and is approximately $6.56 million higher than reported in the Second FSR, primarily due to transfers made in the Second FSR that partially addressed overspending in the Overtime General Account.

This Office recommends transfers within the Department's various surplus special fund accounts to partially address the projected special fund overspending and recommends to transfer funding

from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to partially address the projected General Fund overspending. We will continue to work with the Bureau to monitor its revenues and expenditures and report in the Year-End FSR to resolve any overspending.

In the First and Second FSRs, 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 the First FSR, this Office reported that the Bureau was working with CAO Risk Management to negotiate a possible insurance claim for business interruption related to solid resources fees. The Bureau reports that the insurance may not cover the lost revenue and, as such, approximately $1.1 million in lost revenue will impact the Solid Waste Resources Revenue Fund and Multi-Family Bulky Item Fund. Both funds are subsidized and the impact to the General Fund is yet to be determined.

Additionally in the First FSR, we reported on considerations in progress to waive development fees related to rebuilding impacted properties (C.F. 25-0006-S57) and certain fees collected on property tax bills, which would impact revenue to the Stormwater Pollution Abatement (SPA) Fund and likely result in a General Fund appropriation due to the financial position of the SPA Fund. On February 3, 2026, Council approved the recommendation in the CAO's report regarding the waiving of permit fees for reconstruction areas. The impact to the Stormwater Pollution Abatement Fund is approximately $490,000 in lost revenue.

As reported in the Second FSR, the Bureau expected an insurance payout of up to $5 million. As of November 2025, the Bureau received payments totaling approximately $4.3 million. We recommend appropriations from the revenue source to which the payout was received for the On Call Contractors (Emergency Funds) Account in the Stormwater Pollution Abatement Fund to address emergency stormdrain repairs.

CARE/CARE+ Services and Illegal Dumping
The Bureau continues to provide services despite projected overspending within the Salaries General, Overtime General, and Contractual Services accounts. Overspending is also the result of work performed by unfunded positions and activities such as planning for the LA 2028 Olympic and Paralympic Games. Funds are requested to maintain current services levels. We recommend the disencumbrance and reappropriation of prior-year funds as well as transfers from other accounts to maintain the current service levels through pay period 25.

Solid Resources Rates Implementation
As stated in the First and Second FSRs, the new Solid Resources Fee and Multi-Family Bulky Item Fee rates were implemented on November 21, 2025. As a result of the delay in implementation, we project reduced current year revenues for the Solid Waste Resources Revenue Fund ($45.9 million) and the Multi-Family Bulky Item Fund ($1.2 million). The delay will reduce the Solid Waste Resources Revenue Fund revenue to the General Fund by $17 million. We do not anticipate that

the Multi-Family Bulky Item Fund revenue to the General Fund will be impacted. As both funds are subsidized by the General Fund for related costs, the decrease in revenue will impact revenue to the General Fund.

Our Office no longer anticipates the need of an additional appropriation of up to $7.64 million from the General Fund for the Lifeline Program. Invoices for this program are not received until the following fiscal year, therefore, we do not anticipate an impact in the current year.

Solid Waste Resources Revenue Fund (SWRRF)
We currently project $3.91 million in overspending in the Solid Waste Resources Revenue Fund Overtime General Account. The increased staff overtime costs are required for trash bin pickups after holidays, to implement actions related to the rate increase such as deployment of green bins for organic waste, and to address customer service calls for the removal of bins. We recommend transfers from the Unappropriated Balance, Reserve for Mid-Year Adjustments and the reappropriation of funds within the Solid Waste Resources Revenue Fund to maintain operations through pay period 25. In addition, due to the timing of litigation settlements, we recommend a transfer to the City Attorney to address liability claims.

Stormwater Pollution Abatement Fund
This Office projects overspending of $0.12 million in this fund primarily in the Salaries General and Overtime General accounts. The vacancy rate has increased from 9.3 percent as stated in the Second FSR to approximately 12 percent. This amount is still less than the budgeted salary savings rate of 12.9 percent and is a primary factor in the Salaries General overspending. The Bureau has halted hiring within this fund to avoid further overspending. As revenues from agreements with other governmental agencies have been received earlier than anticipated, we recommend transfers from the cash balance 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 the Year-End FSR.

This Office recommends the following transactions at this time:

- Appropriate $400,000 from the cash balance of the Stormwater Pollution Abatement Fund to the Bureau's Overtime General Account within the SPA Fund to address overspending due to storm activities and maintain current service levels.

- Appropriate $3,300,000 from Revenue Source Code No. 5121, Damage Claims and Settlements within the Stormwater Pollution Abatement Fund to the On Call Contractors (Emergency Funds) Account within the Stormwater Pollution Abatement Fund for emergency stormdrain repair and initial work performed for Debris Basin No. 69.

- Transfer $208,625 from the Operating Supplies Account to the Bureau's Salaries General Account to address overspending and maintain current service levels.

- Transfer $3,360,000 from the Salaries General Account to the Bureau's Salaries, As-Needed ($360,000) and Overtime General ($3,000,000) accounts within the Sewer Operations Fund to address operations and maintenance overspending and maintain current service levels.

- Transfer $170,000 from the Salaries General Account to the Bureau's Overtime General Account within the Sewer Capital Fund to perform work on capital projects.

- Transfer $150,000 from the Solid Waste Resources Revenue Bonds (SWRRB) 2018-A – Interest ($70,000) and SWRRB 2023-A – Interest ($80,000) accounts to the SWRRB 2018-A – Principal ($70,000) and SWRRB 2023-A – Principal ($80,000) accounts to balance necessary appropriations and comply with SWRRF Revenue Bond debt service payment schedules.

- Transfer $35,000 from the Sanitation Expense and Equipment Account within the Sewer Construction and Maintenance Fund to the City Attorney's Litigation Account for court reporter expenses.

- Transfer $14,682.89 from the Sanitation Expense and Equipment Account within the Sewer Construction and Maintenance Fund to the Department of Airports Fund No. 700/04 Revenue Source Code 5166, Deposit Receipts-Agency Funds for an employee overtime payout.

- Transfer $700,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Bureau's Salaries General Account within the Solid Waste Resources Revenue Fund to address overspending and maintain services levels through pay period 25.

- Transfer $2,750,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Bureau's Overtime General Account within the Solid Waste Resources Revenue Fund to address overspending and maintain services levels through pay period 25.

- Transfer $101,020 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Bureau's Salaries General Account within the General Fund to address overspending and maintain services levels through pay period 25.

- Transfer $3,500,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments to the Liability Claims Account within the Solid Waste Resources Revenue Fund to address pending litigation costs.

- Disencumber up to $1,921,145.19 in prior-year Contractual Services Account encumbrances and reappropriate to the Bureau's Salaries General Account within the General Fund to address overspending and maintain current service levels.

- Reduce appropriations up to $1,254,225.52 in Solid Waste Resources Revenue Fund Bond funds and reappropriate to the Bureau's Overtime Account within Solid Waste Resources Revenue Fund to address overspending and maintain current services levels. The reverted bond funds are no longer needed to comply with Solid Waste Resources Revenue Fund Revenue Bond debt service payment schedules.

JJ. Public Works/Bureau of Street Lighting
Recommendation No. 41
Attachment 5 – Transfers between Departments and Funds

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Overspending (Shown as Negative, in millions)			
Salaries General	$ (0.08)	$ -	Projected overspending is due to unbudgeted costs for wildfire recovery.
Overtime General	(0.08)	-	
General Fund Total	**$ (0.16)**	**$ -**	

(Public Works/Bureau of Street Lighting narrative continues on the next page)

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 2.47	$ -	Projected surplus is primarily due to staff vacancies and unpaid holiday savings associated with the agreements with the Coalition and EAA.
Overtime General	0.60	-	
Hiring Hall Salaries	0.10	-	Projected surpluses are based on the prior-year expenditure trends and anticipated operational needs through year end.
Benefits Hiring Hall	0.06	-	
Office and Administrative	0.12	-	
Contractual Services	0.05	0.10	
Operating Supplies	0.57	-	
Street Lighting Improvements and Supplies	1.04	-	
Other Surplus Accounts	0.01	-	
Special Funds Total	**$ 5.02**	**$ 0.10**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 8.63	$ 7.64	$ (0.99)	Projected revenue shortfall is due to reduced related cost reimbursements associated with vacant special funded positions.

While we projected a General Fund surplus of $0.01 million in the Second FSR, this Office now projects General Fund overspending to be $0.16 million due to unbudgeted wildfire recovery costs. This Office anticipates that the projected General Fund overspending will be resolved by transfers in the Third Transportation Construction Projects Report.

The projected special fund surplus of $5.02 million is $2.11 million higher than previously reported in the Second FSR due to transfers of interim funding for the State Middle-Mile Broadband Network,

solar lighting, and various Street Lighting repair and expansion projects. 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 cost indices average for San Francisco and Los Angeles. The CCCI has increased 3.9 percent since December 2024, which typically correlates to an equal increase in estimated costs.

This Office recommends the following transactions at this time:

- Authorize the Executive Director of the Bureau of Street Lighting, or designee, to disburse up to $1,425.90 from the Digital Inclusion Fund, Universal Broadband Services Account, to pay invoice #1-2025-03-09 from the Housing Authority of the City of Los Angeles (HACLA) for items that were purchased for Digital Inclusion Project – Modernize HACLA Labs.
- Transfer $100,000 from various accounts within the Street Banners Revenue Trust Fund to the Bureau's Contractual Services Account to redesign the street banner permit website to meet Americans with Disabilities Act compliance mandates for Web Content Accessibility Guidelines (WCAG) 2.1 Levels A and AA by April 24, 2026.

KK. 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	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Uniforms	$ 0.03	$ -	Projected surplus is based on year-to-date and prior-year expenditure trends.
Overspending (Shown as Negative, in millions)			
Salaries General	(2.48)	-	Projected overspending is due to costs associated with unfunded positions not yet covered by interim appropriations and unbudgeted payouts.
Contractual Services	(0.13)	-	Projected overspending is based on year-to-date and prior-year expenditure trends and unbudgeted costs associated with interim projects.
Operating Supplies	(0.02)	-	
General Fund Total	**$ (2.60)**	**$ -**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries, General	$ 0.05	$ 1.43	Requested transfer for pavement preservation activities.
Construction Expense	3.11	(3.11)	Projected surplus due to lower than anticipated construction expenses for the Pavement Preservation Program.
Transportation	0.16	-	Projected surpluses are based on year-to-date and prior year expenditure trends.
Utilities Expense Private Company	0.05	-	
Uniforms	0.03	-	
Other Operating Equipment	0.16	-	
Overspending (Shown as Negative, in millions)			
Salaries, Overtime	(1.58)	1.55	Projected overspending is due to increased overtime activities for pavement preservation due to staffing shortages.
Contractual Services	(0.11)	0.11	Projected overspending is based on year-to-date and prior-year expenditure trends and unbudgeted costs associated with interim projects.
Operating Supplies	(0.01)	0.01	
Special Funds Total	**$ 1.84**	**$ (0.01)**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 101.60	$101.31	$ (0.40)	Projected revenue shortfall is due to limited staffing resources to commit to projects for the Department of Water and Power.

The projected General Fund overspending is $2.60 million and is $0.66 million less than previously reported in the Second FSR due to projected surpluses in the Uniforms Account and reduction in overspending in the Salaries General and various expense accounts. While we projected a special

fund deficit of $3.55 million in the Second FSR, this Office now projects a special fund surplus of $1.84 million, primarily due to transfers included in the Second Transportation Construction Projects Report, Third Construction Projects Report, and administrative transfers approved since the Second FSR.

This Office recommends a series of transfers to reimburse the Bureau and other departments and funds for costs related to special events. This Office anticipates transfers totaling $117,000 in the Third Transportation Construction Projects Report, will further offset the projected overspending. After our recommended transfers and anticipated future transfers, we project that the General Fund overspending will be reduced to $2.13 million. This Office will continue to work with the Bureau to monitor its expenditures and report in the Year-End FSR with the recommendations necessary to address the remaining overspending.

This Office recommends the following transactions at this time:

- Transfer $768,325.46 from the Bureau of Street Services Transaction Fund to the Bureau of Street Services ($43,945), the Department of Transportation ($77,964), the Fire Department ($15,858), and the Police Department ($630,558) to reimburse salaries and overtime associated with special events.

- Transfer $3,000,000 from the Bureau's Construction Expense Account within the Street Damage Restoration Fee Fund to the Salaries General ($1,500,000) and Overtime General ($1,500,000) accounts for the Pavement Preservation Program.

- Transfer $176,500 from the Bureau's Salaries General ($65,000) and Construction Expense ($111,5000) accounts within Measure M to the Overtime General ($50,000), Contractual Services ($113,200), Operating Supplies ($13,300) accounts for concrete construction.

LL. Recreation and Parks
No Recommendation

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
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	-	
Operating Supplies	0.58	-	
Children's Play Equipment	0.25	-	
Other Surplus Accounts	0.28	-	
Overspending (Shown as Negative, in millions)			
Salaries General	(0.81)		Projected overspending is due to unbudgeted salary payouts. The Department's vacancy rate is 14 percent as of December 2025.
Salaries As-Needed	(10.00)		Projected overspending is based on prior-year expenditure patterns and projected operational needs through year end.
Overtime General	(0.80)		
Other Overspending Accounts	(0.26)		
Special Funds Total	**$ (9.55)**	**$ -**	

Special Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year 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.

While we projected a special fund surplus of $1.75 million in the Second FSR, this Office now projects a special fund overspending totaling $9.55 million primarily due to overspending in the Salaries General ($0.81 million), Salaries As- Needed ($10 million), and Overtime General ($0.8 million) accounts related to projected operational needs through year end. These changes are offset by surpluses in various expense accounts.

On January 15, 2026, the Board of Recreation and Parks Commissioners (Board) approved a recommendation to transfer $11 million from the Unreserved and Undesignated Fund Balance to the Salaries, As-Needed ($10 million), Overtime General ($0.8 million), Hiring Hall Salaries ($0.1 million), and Transportation ($0.1 million) accounts to address the projected overspending in the Department's accounts. This Office anticipates that these actions will fully address the special fund overspending in these accounts and result in a projected $1.5 million special fund surplus. This Office anticipates that the projected overspending in the Salaries General Account will be resolved through an administrative transfer from the accounts with projected year-end surpluses.

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. Banning Child Care Center is not in operation due to ongoing renovations, which are expected to be completed by February 2026. The table below summarizes the status of enrollment at these centers:

Center Name	**Date Opened to the Public**	**Licensed Capacity**	**No. Enrolled as of December 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	12 (non-licensed)	3*	9
Ira C. Massey Child Care Center	7/10/23	30	10	20
Jim Gilliam Child Care Center	1/11/95	45	13	32
Ralph M. Parsons Preschool	3/19/04	90	33	57
South Park Child Care Center	12/02/24	75	4	71
Victory Valley Child Care Center	8/15/22	50	13	37
Total		**492**	**95**	**397**

* Enrichment Program

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

The Department continues to draft and finalize contracts. Selected providers will meet with the Department to discuss contract terms. Final contract approval will be conducted by the Board and the City Council. Final approval will be granted by the City of Los Angeles Fire Department and the California Department of Social Services Community Care Licensing.

Transition Process from City Operated Child Care Centers to Non-City Providers
A parent meeting will be held in Spring 2026 to walk parents through the plan to transition City operated Child Care Centers to non-City Child Care providers, introduce the selected contractors, and respond to questions.

MM. Transportation
Recommendation No. 42
Attachment 3 – New Appropriations
Attachment 4 – Transfers between Accounts within Departments and
Attachment 5 – Transfers between Departments and Funds
Attachment 6 – Appropriations from the Unappropriated Balance

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.27	$ -	Projected surplus is due to staff vacancies and unpaid holidays savings associated with the recent agreements with EAA and Coalition.
Salaries As-Needed	3.55	(1.00)	Projected surpluses are based on year-to-date expenditures and prior-year expenditure trends.
Other Surplus Accounts	0.01	-	
Overspending (Shown as Negative, in millions)			
Overtime General	(2.52)	2.21	Projected overspending is based on year-to-date expenditures and prior-year expenditure trends.
General Fund Total	**$ 1.31**	**$ 1.21**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 3.18	$ -	Projected surplus is due to staff vacancies and unpaid holidays savings associated with the recent agreements with EAA and Coalition.
Overtime General	2.01	0.67	Projected surplus is based on year-to-date expenditures and prior-year expenditure trends.
Other Surplus Accounts	0.18	-	Projected surplus based on prior-year expenditure trends.
Special Funds Total	**$ 5.37**	**$ 0.67**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year FSR**	**Variance from Budget**	**Projection Basis**
$ 106.66	$ 98.02	$ (8.64)	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 increased permit receipts.

The projected General Fund surplus is approximately $0.26 million higher than previously reported in the Second FSR primarily due to hiring delays and reduced spending in the Salaries, As-Needed Account. To address overspending in the Overtime General Account and maintain operations until the Year-End FSR, this Office recommends transferring $2.21 million to the Overtime General Account, consisting of a $1.21 million transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account and $1.00 million from the Department's Salaries, As-Needed Account. Future reimbursements for permitted special events processed by the Bureau of Street Services will be deposited to the Department's General Fund revenue.

The projected special fund surplus is approximately $1.83 million higher than previously reported in the Second FSR due to lower than anticipated special-funded staff overtime costs. This Office

recommends transfers totaling $0.67 million in this report, which will front-fund anticipated work for the Los Angeles Metropolitan Transit Authority, the Los Angeles World Airports, and the Harbor Department and reimburse overtime for permitted special events.

Traffic Safety Fund

In the Second FSR, this Office projected that the Traffic Safety Fund (Fund), which provides as-needed funding to support the Crossing Guards Program, would receive $1.00 million in revenues based on historical trends, resulting in a shortfall of $0.30 million. The Fund has received $1.05 million in revenues. This Office projects that the Fund will meet the 2025-26 Adopted Budget revenue amount and the issue is no longer a concern. 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 the Year-End FSR.

This Office recommends the following transactions at this time:

- Rescind the transfer of $500,000 included in the 2025-26 First Financial Status Report (C.F. 25-0600-S126), Attachment 3 for New Appropriations related to "Metro Support Overtime" since it will be replaced with a new instruction, which is included in this FSR under Attachment 3.

- Appropriate $4,387.50 from the Transportation Department's Fund No. 100/94, Revenue Source Code 5301, Reimbursement from Other Funds to the Transportation Department's Fund No. 100/94, Contractual Services Account for sign installation and fabrication for Council District 11.

- Appropriate $251.25 from the Transportation Department's Fund No. 100/94, Revenue Source Code 5188, Miscellaneous Revenue to the Transportation Department's Fund No. 100/94, Salaries General Account to restore funds previously overpaid to employees and subsequently repaid.

- Appropriate $439,315.33 in advance payment received from the Los Angeles Metropolitan Transit Authority (Metro) for the Florence Avenue Next Gen Bus Only Lane project, currently deposited in the Measure M Local Return Fund No. 59C/94, Revenue Source Code 5311, Reimbursement - Metro Rail Project to the Measure M Local Return Fund No. 59C/94, to a new account entitled Metro Rail Annual Work Program.

- Appropriate $45,000 in advance payment received from the Los Angeles World Airports (LAWA) for the LAWA Central Terminal Area Curbside Improvement Project, currently deposited in the Transportation Trust Fund No. 840/94, Revenue Source Code 4595, Service to Airports to the Transportation Trust Fund No. 840/94, LAWA Project Overtime Support Account and appropriate therefrom to the Transportation Department's Fund No. 100/94, Overtime General Account to cover overtime cost related to the project.

- Appropriate $45,000 in advance payment received from the Harbor Department for the SR-47 / Vincent Thomas Bridge / Harbor Blvd. Interchange Project, currently deposited in the Transportation Trust Fund No. 840/94, Revenue Source Code 4597, Services to Harbor to the Transportation Trust Fund No. 840/94, to a new account entitled POLA Project Overtime Support and appropriate therefrom to the Transportation Department's Fund No. 100/94, Overtime General Account to cover overtime cost related to the project.

- Appropriate $1,000,000 in advance payment received from Los Angeles Metropolitan Transit Authority (Metro) to support overtime for Metro projects, currently deposited in the Transportation Trust Fund No. 840/94, Revenue Source Code 5311, Reimbursement - Metro Rail Project to the Transportation Trust Fund No. 840/94, to a new account entitled Metro Project Overtime Support, and appropriate therefrom to the Transportation Department's Fund No. 100/94, Overtime General Account to cover overtime cost related to the project.

- Reappropriate $214,914.51 from the unencumbered balance in the Fiscal Year 2025 Transportation Account within the Department of Transportation Trust Fund to a new account entitled Metro Crenshaw/LAX Transit Corridor within the same fund for the Metro Crenshaw/LAX Transit Corridor Project.

- Reappropriate $496,176.87 from the unencumbered balance in the Fiscal Year 2025 Transportation Account within the Department of Transportation Trust Fund to a new account entitled DWP Trunk Line Support within the same fund for the DWP Trunk Line Unit 1 Replacement project.

- Reappropriate $132,411.08 from the unencumbered balance in the Fiscal Year 2021 Transportation Account within the Department of Transportation Trust Fund to the new account entitled DWP Trunk Line Support within the same fund for the DWP Century Trunk Line Unit 1 project.

- Reappropriate $56,281.92 from the unencumbered balance in the Fiscal Year 2021 Transportation Account within the Department of Transportation Trust Fund to the new account entitled DWP Trunk Line Support within the same fund for work related to traffic control for Sunset Plaza Water System.

- Transfer $330,894 from the Salaries General Account within the Measure M Local Return Fund No. 59C/94 to a new account entitled Asset Management - Transportation within the same fund for Cartegraph subscription fees.

- Transfer $1,000,000 from the Salaries, As-Needed Account to the Overtime General Account to offset projected overspending.

- Transfer $339,000 from the Local Transportation Fund No. 207/94, Bikeways Program Account to the Department of Transportation Fund No. 100/94, Salaries General Account to cover staff salaries.

- Transfer $1,214,117 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department of Transportation's Overtime General Account to offset projected overspending.

NN. Youth Development
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.134	$ -	Projected surplus is due to staff vacancies.
Contractual Services	0.016	-	Projected surplus is based on anticipated operational needs through year end.
Overspending (Shown as Negative, in millions)			
Office and Administrative	(0.006)	-	Projected overspending is based on year-to-date expenditure trends and projected operational needs through year-end.
Youth Council Stipends	(0.002)	-	
General Fund Total	**$ 0.142**	**$ -**	

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries General	$ 0.128	$ -	Projected surplus is due to staff vacancies.
Contractual Services	0.010	-	Projected surplus is based on anticipated operational needs through year end.
Transportation	0.003	-	
Special Funds Total	**$ 0.141**	**$ -**	

The projected General Fund surplus is approximately $0.125 million less than previously reported in the Second FSR due to increased expenditures related to a decrease in the assumed number of

unpaid holidays. The Special Fund surplus is $0.004 million higher than previously reported in the Second 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 and Youth Council Stipends accounts 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 the Year-End FSR 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.

OO. Zoo

Attachment 4 – Transfers between Accounts within Departments and Funds

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Salaries As-Needed	$ 0.10	$ (0.10)	Projected surpluses are based on anticipated operational needs through year end.
Contractual Services	0.40	(0.40)	
Overspending (Shown as Negative, in millions)			
Salaries General	(1.18)	0.50	Projected overspending is due to unbudgeted salary payouts, the Department not meeting its assumed salary savings rate due to the deletion of vacant positions, and elimination of unpaid holidays.
Special Funds Total	**$ (0.68)**	**$ -**	

The projected special fund overspending is approximately $1.39 million lower than we previously reported in the Second FSR due actions approved in the First and Second FSRs. The projected overspending in the Salaries General Account is approximately $0.31 million higher than what we previously reported in the Second FSR due to the Zoo's exemption from taking unpaid holidays. This Office will continue to work with the Department to monitor its expenditures and assess the ability of the Zoo Enterprise Trust Fund to further offset any overspending. We will report in the Year-End FSR with any recommendations necessary to address any remaining overspending.

Zoo Revenue

The Department 2025-26 Special Fund budgeted revenue is $31.4 million which includes an approximate $583,000 General Fund appropriation. Based on revenue receipts through December, this Office is currently projecting a year-end shortfall of $2.2 million primarily in Admissions, Concessions, Night-Time Ticketed Events, and Membership. Attendance has been low which is typical for the time of year, but may also be due to economic uncertainty, diminished disposable income, and the current political climate. If revenue does not improve, it is anticipated that a supplemental General Fund appropriation will be required, should the Zoo Enterprise Trust Fund cash balance or any other savings be insufficient to cover the shortfall. The Department states that it cannot reduce appropriations through year-end without impacting animal welfare and current service levels. This Office will continue to monitor the condition of the Zoo Enterprise Trust Fund and will report in the Year-End FSR if additional resources are required to offset the revenue shortfall.

This Office recommends the following transactions at this time:

- Transfer $500,000 from the Salaries, As-Needed ($100,000) and Contractual Services ($400,000) accounts to the Salaries General Account to partially address overspending.

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	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Medicare	$ 2.68	$ -	Projected surplus is due to lower than anticipated staffing.
Social Security	0.24	-	
Pension Savings Plan	0.38	-	
Overspending (Shown as Negative, in millions)			
Los Angeles Neighborhood Land Trust	(0.04)	-	Projected overspending due to delayed agreements with LA Neighborhood Land Trust and Sister Cities of LA to defray prior year operating expenses.
Sister Cities	(0.08)	-	
General Fund Total	**$ 3.19**	**-**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year 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.

In the Second FSR, this Office projected a net overspend of $4.69 million, which was primarily driven by a projected overspend of $7.64 million for the Solid Waste Lifeline and Low Income Subsidy programs, offset by projected savings in the Medicare, Social Security, and Pension

Savings Plan accounts ($3.08 million). Since the Second FSR, the $7.64 million in overspending from the expansion of the Solid Waste Lifeline and Low Income Subsidy programs was resolved, and projected net savings in the Medicare, Social Security and Pensions Savings Plan accounts increased by $0.22 million, resulting in an overall projected year-end surplus of $3.19 million in the General City Purposes Fund.

The Bureau of Sanitation determined that the expansion of the Lifeline and Low-Income Subsidy Programs will not have an impact in 2025-26. Rather, this expansion will impact the General Fund in 2026-27. The projected surplus also increased in the Medicare Account ($0.34 million) due to lower than anticipated employee counts. The surpluses decreased for both Social Security (0.06 million) and Pension Savings Plan ($0.06 million) accounts, as the staffing levels continue to fall below projections assumed in the 2025-26 Budget. This Office expects that employment levels will rise, as hiring for as-needed staffing ramps up during the Spring and Summer season. This Office will continue to refine our projections as more payroll data becomes available and report back in the Year-End FSR.

The 2025-26 Budget assumes $39.2 million in General Fund revenue from the Los Angeles County Memorandum of Understanding Alliance Settlement. As of February 4, 2026, invoices have not been transmitted to the County for reimbursement, which may delay the receipt of General Fund revenue in the current year. This Office, however, maintains its current assumption that the GCP will meet its revenue targets by year-end and will report back on any General Fund revenue impacts in the Year-End FSR.

This Office recommends the following transaction at this time:

- Transfer $839,924.94 from the General City Purposes, Council Community Projects Account to the General City Purposes, Council Projects Account to address a clerical error in which a contract for Mountain Recreation and Conservation Authority (C-145967) for MRCA River Rangers project was incorrectly encumbered and paid out of the incorrect appropriation account.

B. Unappropriated Balance
Attachment 4 – Transfers between Accounts within Departments and Funds
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 February 19, 2026, the Mayor and City Council have approved a net of $89.88 million in transactions, leaving a balance of $200.64 million in the UB.

This report includes recommendations to transfer $12 million from the UB, Department Payroll Reconciliation Account and $39.63 million from non-department accounts into the UB, Reserve for Mid-Year Adjustments Account, to replenish the account for a total available balance of $135.51

million for budget balancing. The transactions recommended in this report address several departments' overspending and unfunded expenditures resulting in a remaining balance of $41.16 in the UB, Reserve for Mid-Year Adjustments Account.

This report includes recommendations to transfer a net of $74.93 million to and from various UB accounts, which leaves a remaining balance of $125.71 million in the UB.

In addition to the transfers included in this report, approximately $10.6 million in transfers are pending Mayor and City Council approval, including transferring $0.98 million from the Reserve for Mid-Year Adjustments Account to Personnel to continue operating the City's jail medical dispensaries (C.F. 25-0607). These actions would result in a remaining balance of approximately $115.11 million in the UB.

This Office recommends the following transactions at this time:

- Transfer $865,000 from the UB, Reserve for Mid-Year Adjustments Account to Animal Services' Salaries General Account to partially address projected overspending.

- Transfer $20,000 from the UB, Reserve for Mid-Year Adjustments Account to Animal Services' Salaries As-Needed Account to partially address projected overspending.

- Transfer $30,631,405 from the Tax and Revenue Anticipation Note to the UB, Reserve for Mid-Year Adjustments Account for Citywide budget balancing.

- Transfer $9,000,000 from the Capital Finance Administration Fund to the UB, Reserve for Mid-Year Adjustments Account for Citywide budget balancing.

- Transfer $1,000,000 from the UB, Reserve for Mid-Year Adjustments Account to the City Administrative Officer's Contractual Services Account for disaster assistance support associated with the Palisades Fire.

- Transfer $5,000,000 from the UB, Reserve for Mid-Year Adjustments Account to the City Attorney's Litigation Account to partially address projected overspending for litigation expenses.

- Transfer $2,200,000 from the UB, Reserve for Mid-Year Adjustments Account to the City Attorney's Outside Counsel Account to partially address overspending for various cases.

- Transfer $30,000 from the UB, Election Expenses - General Municipal Elections Account to the City Clerk's Salaries As-Needed Account for petition verification services.

- Transfer $5,775 from the UB, Elected Officials Transition Expenses Account to Council's Office and Administrative Account for technology expenses.

- Transfer $12,726 from the UB, Equipment, Expenses, and Alterations and Improvements Account to General Services Department's Salaries, Construction Projects ($8,284) and Construction Materials ($4,442) accounts for carpet replacement at Van Nuys City Hall.

- Transfer $340,000 from the UB, Reserve for Mid-Year Adjustments Account to the El Pueblo de Los Angeles Historical Monument Revenue Fund to offset the Fund's revenue shortfalls and maintain operations.

- Transfer $129,731 from the UB, Reserve for Mid-Year Adjustments Account to the Emergency Management's Contractual Services Account for debris removal services conducted by the Army Corps of Engineers in response to the Palisades Fire.

- Transfer $1,566,919 from the UB, Reserve for Mid-Year Adjustments Account to the Emergency Management's Contractual Services Account for Hagerty consulting services related to the wildfire recovery response.

- Transfer $2,800,000 from the UB, Reserve for Mid-Year Adjustments Account to Finance's Salaries General Account to partially address projected overspending.

- Transfer $30,000,000 from the UB, Reserve for Mid-Year Adjustments Account to Fire's Sworn Salaries Account to partially address projected overspending.

- Transfer $162,966.27 from the UB, Ground Emergency Medical Transport QAF Program Account to the Fire's Contractual Services Account to cover a portion of the Ground Emergency Medical Transport QAF Program quarterly invoice.

- Transfer $12,965,791 from the UB, Reserve for Mid-Year Adjustments Account to Fire's Contractual Services Account to cover the remaining portion of the Ground Emergency Medical Transport QAF Program quarterly invoice.

- Transfer $380,000 from the UB, Reserve for Mid-Year Adjustments Account to Fire's Contractual Services Account to address projected overspending.

- Transfer $1,302,818 from the UB, Reserve for Mid-Year Adjustments Account to Fire's Field Equipment Expense Account to address projected overspending.

- Transfer $879,000 from the UB, Reserve for Mid-Year Adjustments Account to Fire's Rescue Supplies and Expense Account to address projected overspending.

- Transfer $356,885 from the UB, Reserve for Mid-Year Adjustments Account to Fire's Rescue Office and Administrative Account to address projected overspending.

- Transfer $1,803,603 from the UB, Reserve for Mid-Year Adjustments Account to Fire's Operating Supplies Account to address projected overspending.

- Transfer $7,000,000 from the UB, Reserve for Mid-Year Adjustments Account to General Services' Salaries General Account to partially address projected overspending.

- Transfer $500,000 from the UB, Reserve for Mid-Year Adjustments Account to General Services' Overtime General Account to partially address projected overspending.

- Transfer $2,000,000 from the UB, Reserve for Mid-Year Adjustments Account to General Services' Utilities Expense Private Company Account to partially address the overspending related to increased commodity prices.

- Transfer $1,000,000 from the UB, Reserve for Mid-Year Adjustments Account to General Services' Field Equipment Expense Account to partially address increased costs for the repair and maintenance of the City's fleet.

- Transfer $466,693 from the UB, Reserve for Mid-Year Adjustments Account to Neighborhood Empowerment's Salaries General Account to address projected overspending.

- Transfer $4,068 from the UB, Reserve for Mid-Year Adjustments Account to Neighborhood Empowerment's Transportation Account to address projected overspending.

- Transfer $6,000,000 from the UB, Reserve for Mid-Year Adjustments Account to the Police's Salaries General Account to partially address projected overspending.

- Transfer $11,000,000 from the UB, Reserve for Mid-Year Adjustments Account to the Police's Overtime Sworn Account to partially address projected overspending.

- Transfer $700,000 from the UB, Reserve for Mid-Year Adjustments Account to the Bureau of Sanitation's Salaries General Account within the Solid Waste Resources Revenue Fund to partially address projected overspending.

- Transfer $2,750,000 from the UB, Reserve for Mid-Year Adjustments Account to the Bureau of Sanitation's Overtime General Account within the Solid Waste Resources Revenue Fund to partially address projected overspending.

- Transfer $101,020 from the UB, Reserve for Mid-Year Adjustments Account to the Bureau of Sanitation's Salaries General Account to partially address projected overspending.

- Transfer $1,214,117 from the UB, Reserve for Mid-Year Adjustments Account to the Transportation's Overtime General Account to address projected overspending.

- Transfer $12,000,000 from the UB, Department Payroll Reconciliation Account to the UB, Reserve for Mid-Year Adjustments to partially offset Citywide overspending related to various provisions for salary adjustments and payouts.

- Transfer $20,000,000 from the UB, Reserve for Mid-Year Adjustments Account to the Liability Claims' Miscellaneous Liability Payouts ($17,500,000) and Public Works, Sanitation Liability Payouts ($2,500,000) accounts for anticipated settlements.

C. Human Resources Benefits
No Recommendation

General Fund			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Unemployment Insurance	$ 0.65	$ -	Projected surplus is due to lower than assumed unemployment rates associated with the abeyance of layoffs.
Overspending (Shown as Negative, in millions)			
Civilian Benefits Program	(4.76)	-	Projected overspending is due to the impact of increasing enrollment and higher than assumed health plan premium rate increases.
Fire Health and Welfare Program	(0.22)	-	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	**$ (4.39)**	**$ -**	

General Fund Revenue (Figures in Millions)			
Revenue Budget	**Mid-Year 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.

While we projected a General Fund surplus of $1.50 million in the First FSR, this Office now projects a General Fund overspend of $4.39 million due higher enrollment and higher than assumed health plan rate increases. A surplus continues in the Unemployment Insurance Account due to recent

agreements made with labor organizations to hold layoffs in abeyance; however, the surplus is less than what was reported in the Second FSR due to cost increases primarily associated with part-time employees as well as recommended transfers in the Second FSR to the Personnel Department to fund contractual services. Additionally, there is no longer a surplus in the Police Health and Welfare Program, as projected savings are being used to fund increased police hiring related to recent Council approval for C.F. 25-0600-S129.

The projected overspending is primarily due to the Civilian Benefits Program, which reports overspending of $4.76 million compared to its reported surplus of $0.88 million in the Second FSR. This is primarily due to changes in open enrollment premium rates from the City from changing benefit providers. Additionally, there is projected overspending in the Fire Health and Welfare Program in the amount of $0.22 million due to higher premium rate costs compared to the budget. The Supplemental Civilian Union Benefits Account is also projected to have overspending in the amount or $0.07 million due to higher than assumed premium rate costs and civilian enrollment.

This Office and the Personnel Department will continue to monitor the status of this Fund and report in the Year-End FSR to address any overspending. Projections through the end of the fiscal year are subject to increased volatility 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 are currently projected to remain within budget, but may experience significant fluctuation and have been a source of significant overspending in prior years.

D. Liability Claims Account
Attachment 6 – Appropriations from the Unappropriated Balance
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 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 an employment-related settlement associated with the *David Gonzalez, et al. v. City of Los Angeles, et al.* matter (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 December 31, 2025, the City has paid $100.25 million and approved an additional $28.49 million for a total of $128.74 million in settlement payouts. Of the $128.74 million, $20 million was front-funded by the Miscellaneous Liability Payouts Account for a structured settlement due in 2025-26 for the *Kamran Hakimi v. City of Los Angeles, et al.* (C.F. 25-0852). Per Council action, the $20 million is to be reimbursed by the Public Works Sanitation Liability Account. This results in an available balance of approximately $62.21 million ($57.86 million in General Fund and $4.35 million for the Bureau of Sanitation) for the remainder of the fiscal year.

The Department reports there are $31.14 million worth of cases pending Council approval ($29.79 million in General Fund and $1.35 million for the Bureau of Sanitation), and $47.33 million ($44.50 million in General Fund and $2.83 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 $16.26 million ($16.42 million in General Fund overspending and a $0.16 million surplus for the Bureau of Sanitation), before accounting for the $20 million in the Unappropriated Balance Reserve for Extraordinary Liability Account. The projected $16.26 million in net overspending only represents approved and pending payments. Any additional settlements that arise later in the year will increase the projected overspending. We recommend a transfer of $20 million from the Unappropriated Balance, Reserve for Extraordinary Liability Account to address the remaining anticipated need. This Office will continue to monitor this Account and report updated expenditures in the Year End FSR.

The Office recommends the following transaction at this time:

- Transfer $17,500,000 from the Unappropriated Balance, Reserve for Extraordinary Liability Account to the Liability Claims Account to address the costs associated with settlements that are currently pending before the City Council.

- Transfer $2,500,000 from the Unappropriated Balance, Reserve for Extraordinary Liability Account to the Liability Claims Account within the Solid Waste Resources Revenue Fund to address pending litigation costs.

E. Leasing
No Recommendation

The projected General Fund surplus of $2.89 million reported in the Second FSR has been reduced due to actions taken as part of the Fiscal Year 2025-26 Second Quarterly Status Report – Citywide Leasing Program. This Office now projects that the Leasing Fund will end the year on-budget. This Office does not recommend any transactions at this time.

F. Petroleum Products
No Recommendation

Special Funds			
Account Name	**Mid-Year FSR**	**Proposed FSR Changes**	**Projection Basis**
Surpluses (Shown as Positive, in millions)			
Petroleum Products	$ 0.19	$ -	Projected surplus is due to lower-than-anticipated special fund expenditures.
Special Funds Total	**$ 0.19**	**$ -**	

The projected General Fund overspending of $0.98 million and projected special fund overspending of $0.49 million reported in the Second FSR has been reduced due to lower than anticipated expenditures and fluctuating commodity prices. This Office now projects that the Petroleum Products Fund will end the year with a modest special fund surplus of $0.19 million. This Office will continue to work with the General Services Department to monitor the Petroleum Products expenditures and report in the Year-End FSR with any necessary recommendations. 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 and Second 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. STATUS OF EMPLOYMENT
Attachment 9 – Employment Level Report

Citywide employment authority from all funding sources totaled 37,481 at the end of December for both civilian and sworn classes. There are 31,637 filled positions at the end of December. Departments reported a total of 5,844 vacant positions: 3,913 General Fund and 1,931 special funded.

4. STATE BUDGET
No Recommendation

On January 9, 2026, Governor Newsom presented the 2026-27 Proposed Budget, which identifies a projected $2.9 billion shortfall following several years of fiscal volatility. The proposal anticipates $42.3 billion in additional revenue over a three-year period (2024-25 through 2026-27) compared to previous estimates from June 2025, which is largely attributed to sustained growth in the technology and artificial intelligence sectors. The Proposed Budget maintains total reserves of $23 billion, including $14.4 billion in the Budget Stabilization Account. There is a $248.3 billion General Fund spending plan focused on protecting core investments from prior years, while avoiding significant, new discretionary spending, or broad tax policy changes to mitigate future projected deficits. We summarize the items with potential impacts to the City below:

<u>Olympic and Paralympic Games (LA28)</u>
The Proposed Budget includes dedicated funding for infrastructure, security, and transportation readiness for LA28. This includes continued support for the Transit and Intercity Rail Capital Program and the Active Transportation Program, with a specific focus on projects in Los Angeles that are slated for completion by 2028. The Proposed Budget includes $96.5 million in one-time

funding to complete critical deferred maintenance projects that are necessary to meet code compliance and accessibility requirements.

Housing and Homelessness
The Proposed Budget includes $500 million for the seventh round of the Homeless Housing, Assistance, and Prevention (HHAP) program. This represents a decrease from the $1 billion provided in the previous round, which was funded in Fiscal Year 2024-25 and distributed across fiscal years 2024-25 and 2025-26. The Proposed Budget speaks to future requirements for HHAP funding with stricter accountability and performance standards, which may require expanded data tracking to qualify for future funding. The Proposed Budget also includes a redirection of $1 billion in Proposition 1 funds from mental health services to housing infrastructure, which may place additional pressure on local behavioral health providers.

Natural Disaster and Recovery
The Proposed Budget indicates forthcoming assistance for homeowners affected by the 2025 Eaton and Palisades wildfires, with specific details anticipated in the May Revision. The Proposed Budget also includes funding for wildfire and forest resilience, grants for local fire prevention, and technical assistance to wildfire-vulnerable homeowners. Furthermore, the suspension of property tax penalties that began in January 2025 is set to continue through April 2026.

Transportation and Infrastructure
Beyond LA28-related projects, the Proposed Budget includes continued funding for the Southeast Gateway Line and the University of California, Los Angeles (UCLA) transit hub. Funding of $410 million is also provided for the Zero-Emission Transit Capital Program to assist local agencies in transitioning to cleaner bus fleets. Additionally, new California Environmental Quality Act (CEQA) streamlining tools are proposed to accelerate high-priority projects that deliver essential infrastructure and services.

Education (Proposition 98)
The Proposed Budget includes provisions that impact City social services. It provides $22.9 million specifically for Los Angeles County school fire recovery following the January 2025 wildfires. Additionally, the Proposed Budget includes $1 billion in ongoing funding to support the Community Schools model, which aims to target high-need schools within the State, providing integrated health and social services that reduce the demand on municipal safety net programs.

Climate
The Proposed Budget continues to invest in climate-related programs and projects to advance the State's climate goals for climate resiliency, wildfire prevention, water management, and energy infrastructure development. The Proposed Budget includes $2.2 billion for the second year of a multi-year expenditure plan to implement the $10 billion Climate Bond (Proposition 4). This expenditure plan includes dedicated funding for brush clearance and fire fuel reduction efforts. The Proposed Budget also includes the continuation of the Cap-and-Invest program to further the State's goals to deliver effective pollution reduction results, support clean transportation and communities, and help address energy affordability through the California Climate Credit on utility bills.

Health and Human Services
The Proposed Budget includes reductions for individuals with certain immigration status and adjustments to provider reimbursement rates due to federal policy. Various community clinics, including the Los Angeles County-University of Southern California (LAC+USC) Medical Center, may experience an increase in uncompensated care costs, as coverage and eligibility requirements are tightened.

The Governor will release his revised budget in May 2026. This Office will continue to monitor the state budget and will provide a status update in the Year-End FSR.

5. AMERICAN RESCUE PLAN ACT – STATE AND LOCAL FISCAL RECOVERY FUNDS
No Recommendation

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 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 preparing all required reports for the U.S. Treasury on behalf of the City. This Office submitted the seventeenth quarterly Project and Expenditures Report by the January 31, 2026, due date. The City must expend all grant funds by December 31, 2026.

In the report, the CAO identified eligible spending of approximately $8.30 million from October 1, 2025 through December 31, 2025 and total spending of approximately $1.26 billion to date.

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

Total SLFRF Award (amounts in millions)	**$ 1,278.90**	

SLFRF Expenditures by Type as of 12/31/25	**Totals**	**% of total SLFRF Award**
Government Services Expenditures	$ 1,116.95	87.3%
"Stand Alone Project" Expenditures	$ 149.84	11.7%
Total Expenditures Reported	**$ 1,266.79**	**99.1%**
Unexpended SLFRF as of 9/30/25	**Totals**	**% of total SLFRF Award**
Budgeted SLFRF Allocated to Stand-Alone Projects	$ 12.11	0.95%
Total SLFRF Remaining Balance	**$ 12.11**	**0.95%**

6. FEE WAIVERS FOR PLAN CHECK AND PERMIT FEES

On February 3, 2026, the City Council adopted plan check and permit fee waivers associated with the reconstruction of private property damaged or destroyed as a result of the January 2025 wildfires (C.F. 25-0006-S57). These waivers were to apply to all structures regardless of the rebuild or repair scale up to the amount attributed to 110 percent of the original footprint, with an aggregate cap of $90 million for three years. These waivers are front-funded by the Building and Safety Building and Permit Enterprise Fund, to be reimbursed by the General Fund over the next three years at up to $30 million per year. In addition, this Office was instructed to provide updates in the FSR on the amount of fees waived. As of January 2026, the City issued $11.3 million in fee waivers as follows:

Plan Check/Permit Fee	**Amount**
Building and Safety Building Permit Fund	$ 8,498,467.09
Dwelling Unit Construction Tax	89,281.51
E.Q. Instrumentation	52,302.87
Linkage Fee	1,498,883.16
Residential Development Tax	133,922.26
Other Funds	993,413.36
Total:	**$11,266,270.25**

7. MICLA COMMERCIAL PAPER PROGRAMS
No Recommendation

The City's Financial Policies instruct this Office to periodically report on the status of Municipal Improvement Corporation of Los Angeles (MICLA) Commercial Paper (CP) programs. The City has two MICLA CP programs, the general MICLA CP Program authorized for up to $425 million and the MICLA Los Angeles Convention Center (LACC) CP Program authorized for up to $100 million. Since the establishment of the MICLA CP programs, the Mayor and City Council have allocated MICLA CP to finance and refinance the acquisition, construction, and capital improvement of the LACC and various City facilities, and for the acquisition of capital equipment and vehicles for City departments. The MICLA CP programs allow the City to access the financial markets quickly to obtain flexible, short-term maturities, and to borrow at favorable rates. Commercial paper notes are short-term obligations with maturities ranging from 1 to 270 days.

The MICLA CP programs are secured by direct-pay letters of credit (LOCs) from three commercial banks. Below are the range of interest rates and the total amount of outstanding notes by CP program as of January 27, 2026.

Program	Reporting Period	Interest Range	Amount Outstanding
MICLA CP (Tax-Exempt)	January 1, 2025 through January 27, 2026	2.50% - 3.75%	$ 361,236,000
MICLA CP (Taxable)		4.10% - 4.70%	6,000,000
MICLA LACC CP (Taxable)		4.05% - 4.80%	0
		Total	**$ 367,236,000**

8. TAX AND REVENUE ANTICIPATION NOTES
Attachment 3 – New Appropriations
Attachment 5 – Transfers between Departments and Funds

In July 2025, the City issued Tax and Revenue Anticipation Notes (TRAN) to pay its annual contributions to the Los Angeles City Employees' Retirement System (LACERS) and the Los Angeles Fire and Police Pension Plan (LAFPP) and to alleviate the City's short-term cash flow deficits that occur early in the fiscal year when certain taxes and revenues have not yet been received (C.F. 25-0600-S31). To address the City's cash flow need, the City Council authorized the issuance of $200 million in notes through the TRAN financing and the borrowing of up to $375 million from special funds in accordance with Charter Section 340(b). The 2025-26 Adopted Budget provides sufficient funds in the TRAN Debt Service Fund (P15) to pay for both the debt service on the TRAN financing and the interest on the special fund borrowings for cash flow management. To pay for interest costs attributed to the borrowings discussed above, this Office recommends the transfer of up to $425,537 from the TRAN Debt Service Fund to the General City Purposes Fund.

This Office recommends the following transaction at this time:

- Authorize the Controller to transfer up to $425,537 from the TRAN Debt Service Fund, Interest Payment Account to the General City Purposes Fund, Fund Loan Interest Reimbursement Account to pay for applicable interest costs related to short-term loans from various special funds (C.F. 25-0600-S31) to address the City's short-term cash flow deficits.

- Authorize the Controller to transfer $30,631,405 from the Non-Departmental – General Fund No. 100/62, Account No. 620P15, Tax Revenue Anticipation Notes to the Unappropriated Balance Fund No. 100/58, Account No. 580196, Reserve for Mid-Year Adjustments Account for Citywide budget balancing.

Bryan Oh

Bryan Y. Oh, Finance Specialist III

APPROVED:

Ben Ceja, Assistant City Administrative Officer

MWS:BC:JL:BYO:01260065C

Attachments

2025-26 Adopted General Fund Revenue
Through January 2026
(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	$1,501,466	$1,516,202	53.4%	$14,736	Excess revenue represents secured receipts ($15m) 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. Other variances include lower unsecured (-$2.0m), miscellaneous receipts (-$2.0m) and VLF replacement (-$1.8m) higher refunds (-$1.3m), offset by higher supplemental receipts ($2.1m) and redemptions ($3.1m) and lower county charges ($1.7m).
Property Tax Ex-CRA Inc.	172,622	49,078	56,941	0	7,863	
Utility Users' Tax	702,520	411,371	448,233	63.8%	36,862	$30.6m of surplus attributed to EUT. Gas users tax $4.8m above plan. CUT $1.1m above plan.
Department receipts (LPFF and reimbursements)	1,644,974	700,865	745,341	45.3%	44,476	Current surplus attributed to emergency billing and the early collection of various reimbursements. Surplus may be offset by billing delays and shortfall stemming from the postponed implementation of the fee rate increase.
Business Tax	825,000	166,375	191,200	23.2%	24,825	Receipts from non-cannabis and cannabis related business activity are $24.3m and $0.5m above plan, respectively.
Sales Tax	647,485	377,708	382,028	59.0%	4,320	Receipts are above plan.
Documentary Transfer Tax	193,702	115,721	122,157	63.1%	6,436	Surplus is attributed to higher price per deed than assumed in the adopted budget in the first half of the fiscal year; although this growth has reversed decreasing the surplus. Sales volume has been below amounts assumed in the budget.
Power Revenue Transfer	227,943	-	-	-	-	The approved transfer Power Revenue Fund transfer based on audited financial data is $225.8m, -$2.2m below the adopted budget.
Transient Occupancy Tax	314,990	183,280	174,186	55.3%	(9,094)	Hotel and short term rental receipts are $8.8m and $0.3m below plan, respectively, representing a slowing decline in receipts which are -5.2% below receipts this time last year.
Parking Fines	108,400	63,210	59,896	55.3%	(3,314)	Receipts are below plan due to lower ticket issuance in November and
Parking Occupancy Tax	141,336	82,446	89,410	63.3%	6,964	Monthly receipts are variable, but trend is positive.
Franchise Income	144,103	61,552	62,607	43.4%	1,055	Natural gas franchise revenue above plan $1.9m with early remittance.
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	1,617	7,760	16.6%	6,144	Departmental grant receipts ahead of plan includes prior-year grant reimbursements.
Tobacco Settlement	9,555	-	-	-	-	
Residential Development Tax	3,580	2,086	2,640	73.7%	554	Monthly receipts are variable. Receipts are near plan.
Special Parking Revenue Transfer	36,647	-	-	-	-	
Subtotal General Fund	**$8,064,916**	**$3,722,921**	**$3,864,561**	**47.9%**	**$141,641**	
Interest Income	84,340	58,496	47,210	56.0%	(11,286)	Monthly receipts are variable. Surplus earnings are owed to special funds.
Transfer from Budget Stabilization Fund	29,000	29,000	29,000	100.0%	-	
Total General Fund	**$8,178,256**	**$3,810,417**	**$3,940,771**	**48.2%**	**$130,355**	

ATTACHMENT 2
STATUS OF RESERVE FUND AS OF 2/19/26

Council File No.	Item Description		Amount
Balance Available, 7/1/2025		$	401,905,273.84
Less: Emergency Reserve Account		$	224,902,000.00
Contingency Reserve Account 7/1/2025		$	177,003,273.84
Loan Repayment and Other Receipts			43,299,818.10
Contingency Reserve Account		$	220,303,091.94
Loans and Transfers Approved to Date			
25-0525	Consolidated Plan Grants Loan		(10,000,000.00)
First FSR	UB - Equipment, Expense, and Alterations & Improvement 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 2/19/2026	**$**	**207,344,054.94**
Total Emergency and Contingency Reserve Fund		**$**	**432,246,054.94**

ATTACHMENT 3

FY 2025-26 BUDGET ADJUSTMENTS
NEW APPROPRIATIONS

REQUESTING DEPARTMENT	TRANSFER FROM FUND/ACCOUNT	AMOUNT	TRANSFER TO FUND/ACCOUNT	AMOUNT
City Administrative Officer	46S/10, Insurance and Bonds Premiums Fund		46S/10, Insurance and Bonds Premiums Fund	
Insurance Reimbursements	RSC 4597, Service to Harbor	$ 150,000.00	100230, Insurance and Bonds Premiums	$ 824,383.00
	RSC 4596, Service to Departmen Water and Power	$ 401,635.31		
	RSC 4903 Interest Income-Other	$ 47,415.27		
	RSC 5188, Miscellaneous Revenue-Others	$ 17,659.88		
	RSC 5301, Reimbursement from Other Funds	$ 207,672.54		
	Subtotal	$ 824,383.00		
TRAN Cash Flow Borrowing - Interest Cost	Fund P15/62, Tax and Revenue Anticipation Notes Debt Service Fund		Fund 100/56, General City Purposes	
	628210, Interest Payment	$ 425,536.57	000964, Fund Loan Interest Reimbursement	$ 425,536.57
Community Investment for Families	Fund 880/21 Domestic Violence Trust Fund		Fund 100/21 Community Investment for Families (880/21, 21C121)	
Domestic Violence Alliance Administration	Cash Balance	$ 500.00	006010, Office and Administrative	$ 500.00
El Pueblo	Fund 737/33, El Pueblo de Los Angeles Histor. Mon. Rev. Fund		Fund 100/33, El Pueblo (737/33, 33133C)	
Water and Electricity Overspending	Cash Balance	$ 60,000.00	003340, Water and Electricity	$ 60,000.00
General Services	Fund 100/40, General Services Department		Fund 707/40, Stores Revolving Fund	
Water and Electricity Overspending	RSC 5188, Miscellaneous Revenue - Others	$ 1,450,000.00	40000A, Available	$ 1,450,000.00
Housing	Fund 240/43, Housing Production Revolving Fund		Fund 100/43, Housing Department (240/43, 43C143)	
Housing Production Revolving Fund	Cash Balance	$ 443,129.00	001010, Salaries General	$ 443,129.00
	Fund 240/43, Housing Production Revolving Fund		Fund 240/43, Housing Production Revolving Fund	
	Cash Balance	$ 173,973.00	43C299, Reimbursement of General Fund Costs	$ 173,973.00
Housing Impact Trust Fund	Fund 59T/43, Housing Impact Trust Fund		Fund 100/43, Housing Department (59T/43, 43C143)	
	43T904, Administrative Reserve	$ 109,680.00	001010, Salaries, General	$ 109,680.00
	Fund 59T/43, Housing Impact Trust Fund		Fund 59T/43, Housing Impact Trust Fund	
	43T904, Administrative Reserve	$ 43,061.00	43C299, Reimbursement of General Fund Costs	$ 43,061.00
LEAP Grant Related Cost	Fund 49N/43, LAHD Small Grants and Awards		Fund 49N/43, LAHD Small Grants and Awards	
	Cash Balance	$ 8,940.51	43C299, Reimbursement of General Fund Costs	$ 8,940.51
Emergency Rental Assistance Interest Approriations	Fund 64D/43, US Treasury Emergency Rental Assistance		Fund 100/43, Housing Department (64D/43, 43C143)	
	Cash Balance	$ 34,681.00	001090, Overtime General	$ 5,531.00
			001010, Salaries, General	$ 29,150.00
			Subtotal	$ 34,681.00
	Fund 64D/43, US Treasury Emergency Rental Assistance		Fund 64D/43, US Treasury Emergency Rental Assistance	
	Cash Balance	$ 11,445.00	43C299, Reimbursement of General Fund Costs	$ 11,445.00

ATTACHMENT 3

FY 2025-26 BUDGET ADJUSTMENTS
NEW APPROPRIATIONS

REQUESTING DEPARTMENT	TRANSFER FROM FUND/ACCOUNT	AMOUNT	TRANSFER TO FUND/ACCOUNT	AMOUNT
HHH Permanent Supportive Housing Program	Fund 17A/10, GOB Series 2017-A (Taxable), Prop HHH Construction Fund		Fund 100/43, Housing Department	
	RSC 4904, Interest on Pooled Invest-Bond Fds	$ 78,549.06	RSRC 5301, Reimbursement from Other Funds	$53,848.68
			RSRC 5361, Related Cost Reimbursements-Others	$24,700.38
	Fund 17C/10, GOB Series 2018-A (Taxable), Prop HHH Construction Fund			
	RSC 4904, Interest on Pooled Invest-Bond Fds	$ 562,356.82	RSRC 5301, Reimbursement from Other Funds	$385,519.12
			RSRC 5361, Related Cost Reimbursements-Others	$176,837.70
	Fund 17E/10, GOB Series 2021-A (Taxable), Prop HHH Construction Fund			
	RSC 4904, Interest on Pooled Invest-Bond Fds	$ 192,162.12	RSRC 5301, Reimbursement from Other Funds	$131,735.20
			RSRC 5361, Related Cost Reimbursements-Others	$60,426.92
	Subtotal	$ 833,068.00	Subtotal	$833,068.00
Handywork Lead Testing Funding	Fund 56V/43, Foreclosure Registry Fund		Fund 56V/43, Foreclosure Registry Fund	
	Cash Balance	$ 11,250.00	43C588, Handyworker	$ 11,250.00
Public Works - Board	Fund 834/50 Public Works Trust Fund		Fund 100/86, Bureau of Street Services (834/50, 50C186)	
Tree Guarantee Fee Planting Plan	RSRC 5742, Misc. Deposts, Tree Guarantee Fee - PW Subsidy	$ 13,194.67	001090, Overtime General	$ 9,308.00
	RSRC 5742, Misc. Deposts, Tree Guarantee Fee - PW No Subsidy	$ 370,543.90	006020, Operating Supplies	$ 3,432.00
	Subtotal	383,738.57	Subtotal	$ 12,740.00
			Fund 100/86, Bureau of Street Services (834/50, 50C186)	
			001090, Overtime General	$ 281,735.30
			006020, Operating Supplies	$ 15,923.60
			Subtotal	$ 297,658.90
			Fund 100/74, Board of Public Works (834/50, 50C174)	
			001010, Salaries General	$ 73,339.67
			Subtotal	383,738.57
Public Works - Sanitation	Fund 511/50, Stormwater Pollution Abatement Fund		Fund 100/82, Bureau of Sanitation (511/50, 50C182)	
SPA Overtime Overspending	Cash Balance	$ 400,000.00	001090, Overtime General (SPA)	$ 400,000.00
Emergency Wildfire Insurance Payout	Fund 511/50, Stormwater Pollution Abatement Fund		Fund 511/50, Stormwater Pollution Abatement Fund	
	RSC 5121, Damage Claims and Settlements	$ 3,300,000.00	50C387, On Call Contractors (Emergency Funds)	$ 3,300,000.00
Transportation	Fund 100/94, Transportation		Fund 100/94, Transportation	
CD11 Sign Installation and fabrication	RSC 5301, Reimb from Other Funds	$ 4,387.50	003040, Contractual Services	$ 4,387.50
Salary Overpayment Reimbursement	Fund 100/94, Transportation		Fund 100/94, Transportation	
	RSC 5188, Miscellaneous Revenue-Others	$ 251.25	001010, Salaries General	$ 251.25
Florence Ave Next Gen Bus Only Lane Prcject	Fund 59C/94, Measure M Local Return Special Fund		Fund 59C/94, Measure M Local Return Special Fund	
	RSRC 5311, Reimbursement - Metro Rail Project	$ 439,315.33	TBD, Metro Rail Annual Work Program	$ 439,315.33
Advance payment for LAWA prcjects	Fund 840/94, Dept Transportation Trust		Fund 840/94, Dept Transportation Trust	
	RSRC 4595, Service to Airports	$ 45,000.00	94CE57, LAWA project Overtime Support	$ 45,000.00
Advance payment for Harbor prcjects	Fund 840/94, Dept Transportation Trust		Fund 840/94, Dept Transportation Trust	
	RSRC 4597, Services to Harbor	$ 45,000.00	TBD, POLA Project Overtime Support	$ 45,000.00
Advance payment for Metro prcjects	Fund 840/94, Dept Transportation Trust		Fund 840/94, Dept Transportation Trust	
	RSRC 5311, Reimbursement - Metro Rail Project	$ 1,000,000.00	TBD, Metro Project Overtime Support	$ 1,000,000.00
Metro Crenshaw/LAX Corridor	Fund 840/94, Dept Transportation Trust		Fund 840/94, Dept Transportation Trust	
	94A194, Transportation	$ 214,914.51	TBD, Metro Crenshaw/LAX Transit Corridor	$ 214,914.51

ATTACHMENT 3

FY 2025-26 BUDGET ADJUSTMENTS
NEW APPROPRIATIONS

	TRANSFER FROM		TRANSFER TO	
REQUESTING DEPARTMENT	**FUND/ACCOUNT**	**AMOUNT**	**FUND/ACCOUNT**	**AMOUNT**
DWP Trunk Line Unit 1 Replacement	Fund 840/94, Dept Transportation Trust 94A194, Transportation	$ 496,176.87	Fund 840/94, Dept Transportation Trust TBD, DWP Trunk Line Support	$ 496,176.87
DWP Century Trunk Line Unit 1	Fund 840/94, Transportation (Fund 840/94) 94T194, Transportation	$ 132,411.08	Fund 840/94, Dept Transportation Trust TBD, DWP Trunk Line Support	$ 132,411.08
Sunset Planza Water System Traffic Control	Fund 840/94, Dept Transportation Trust 94T194, Transportation	$ 56,281.92	Fund 840/94, Dept Transportation Trust TBD, DWP Trunk Line Support	$ 56,281.92
Cartegraph subscription	Fund 100,94 (59C/94, 94C194) 001010, Salaries General	$ 330,894.00	Fund 59C/94, Measure M Local Return TBD, Asset Management - Transportation	$ 330,894.00
TOTAL ALL DEPARTMENTS AND FUNDS		**$ 11,278,018.11**		**$ 11,278,018.11**

ATTACHMENT 4

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

	TRANSFER FROM		TRANSFER TO	
REQUESTING DEPARTMENT	**FUND/ACCOUNT**	**AMOUNT**	**FUND/ACCOUNT**	**AMOUNT**
Public Accountability	Fund 100/11, Public Accountability		Fund 100/11, Public Accountability	
Account Realignment	001010, Salaries General	$ 10,000.00	002130, Travel	$ 10,000.00
Community Investment for Families	Fund 100/21, Community Investment for Families		Fund 100/21, Community Investment for Families	
Mileage Reimbursement	003040, Contractual Services	$ 1,000.00	003310, Transportation	$ 1,000.00
Consolidation Costs - Administrative	Fund 100/21, Community Investment for Families		Fund 100/21, Community Investment for Families	
	003040, Contractual Services	$ 485,498.00	001010 Salaries, General	$ 485,498.00
Council	Fund 100/28, Council		Fund 100/28, Council	
Account Realignment	001010, Salaries General	$ 1,050,000.00	002130, Travel	$ 50,000.00
			006010, Office and Administrative	1,000,000.00
			Subtotal	$ 1,050,000.00
Finance	Fund 100/39, Finance		Fund 100/39, Finance	
Overtime Costs	003310, Transportation	$ 55,000.00	001090, Overtime General	$ 55,000.00
Housing	Fund 100/43, Housing (43C143)		Fund 100/43, Housing (43C143)	
Code Inspector Transportation	001010, Salaries, General (41M/43)	$ 133,377.00	003310, Transportation (41M/43)	$ 195,744.00
	Fund 41M/43, Systematic Code Enforcement Fee Trust Fund			
	43C299, Reimbursement of General Fund Costs	$ 62,367.00		
	Subtotal	$ 195,744.00		
Overtime Overspending	Fund 100/43, Housing (43C143)		Fund 100/43, Housing (43C143)	
	001010, Salaries, General (67W/43)	$ 21,754.00	001090, Overtime, General (67W/43)	$ 31,926.00
	001010, Salaries, General (64R/43)	10,534.00	001090, Overtime, General (64R/43)	14,670.00
	001010, Salaries, General (66M/43)	21,965.00	001090, Overtime, General (66M/43)	30,588.00
			Subtotal	$ 77,184.00
	Fund 67W/43, Just Cause Enforcement Fee Trust Fund			
	43C299, Reimbursement of General Fund Costs	$ 10,172.00		
	Fund 64R/43, SB2 Permanent Local Housing Allocation Fund			
	43C299, Reimbursement of General Fund Costs	$ 4,136.00		
	Fund 66M/43, House LA			
	43C299, Reimbursement of General Fund Costs	$ 8,623.00		
	Subtotal	$ 77,184.00		
Printing and Binding Overspending	Fund 100/43, Housing Department (43C143)		Fund 100/43, Housing (41M/43,43C143)	
	001010, Salaries, General (41M/43)	$ 51,065.00	002120, Printing and Binding (41M/43)	$ 71,113.00
	Fund 41M/43, Systematic Code Enforcement Fee Trust Fund			
	43C299, Reimbursement of General Fund Costs	$ 20,048.00		
	Subtotal	$ 71,113.00		
Technology Needs	Fund 100/43, Housing Department (43C143)		Fund 100/43, Housing (43C143)	
	001010, Salaries, General (10D/43)	$ 65,105.00	006010, Office and Administrative (10D/43)	$ 90,665.00
	Fund 10D/43, Accessible Housing Fund			
	43C299, Reimbursement of General Fund Costs	$ 25,560.00		
	Subtotal	$ 90,665.00		
Office Expansion	Fund 100/43, Housing Department (43C143)		Fund 100/43, Housing (43C143)	
	001010, Salaries, General (41M/43)	$ 19,205.00	006010, Office and Administrative (41M/43)	$ 26,745.00
	001010, Salaries, General (67W43)	4,801.00	006010, Office and Administrative (67W/43)	6,686.00
	001010, Salaries, General (440/43)	8,003.00	006010, Office and Administrative (440/43)	11,145.00
			Subtotal	$ 44,576.00
	Fund 41M/43, Systematic Code Enforcement Fee Trust Fund			
	43C299, Reimbursement of General Fund Costs	$ 7,540.00		
	Fund 67W/43, Just Cause Enforcement Fee Trust Fund			
	43C299, Reimbursement of General Fund Costs	$ 1,885.00		

ATTACHMENT 4

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

REQUESTING DEPARTMENT	TRANSFER FROM FUND/ACCOUNT	AMOUNT	TRANSFER TO FUND/ACCOUNT	AMOUNT
	Fund 440, Rent Stabilization Trust Fund			
	43C299, Reimbursement of General Fund Costs	$ 3,142.00		
	Subtotal	$ 44,576.00		
Translation Services	Fund 66M/43 House LA Fund		Fund 66M/43, House LA Fund	
	43C00B, Administration	$ 12,000.00	43C560, Translation Services	$ 12,000.00
General City Purposes	Fund 100/56, General City Purposes		Fund 100/56, General City Purpose	
MRCA River Rangers	000903, Council Community Projects	$ 839,924.94	000A28, Council Projects	$ 839,924.94
Information Technology Agency	Fund 100/32, Information Technology Agency		Fund 100/32, Information Technology Agency	
Hiring Hall Overspending	006010, Office and Administrative	$ 130,000.00	001100, Hiring Hall Salaries	$ 265,000.00
	006020, Operating Supplies	135,000.00		
	Subtotal	$ 265,000.00		
Mayor	65R/46, FY 21 UASI Homeland Security Grant Fund		65R/46, FY 21 UASI Homeland Security Grant Fund	
Homeland Security Grant	46V668, Partner Jurisdiction	$ 67,720.00	46V946, Grant Management and Administration	$ 351,946.10
	46V932, ITA Grant Allocation	27,744.77		
	46V935, EMD Grant Allocation	30,760.67		
	46V938, LAFD Grant Allocation	168,360.43		
	46V970, LAPD Expenses	26,850.22		
	46A299, Reimbursement of General Fund Costs	30,510.01		
	Subtotal	$ 351,946.10		
Police	Fund 100/70, Police		Fund 100/70, Police	
MTA contract - civilian overtime	001070, Salaries As-Needed	$ 32,000.00	001090, Overtime General	$ 304,000.00
	001092, Overtime Sworn	272,000.00		
	Subtotal	$ 304,000.00		
Contractual Services Overspending	Fund 100/70, Police		Fund 100/70, Police	
	004430, Uniforms	$ 855,000.00	003040, Contractual Services	$ 855,000.00
Expense Account Overspending	Fund 100/70, Police		Fund 100/70, Police	
	006010, Office and Administrative	$ 1,249,094.00	003010, Firearms Ammunition Other Devices	$ 125,000.00
			003040, Contractual Services	584,436.00
			003090, Field Equipment Expense	348,250.00
			007300, Furniture, Office and Technical Equipment	191,408.00
			Subtotal	$ 1,249,094.00
Automotive parts	Fund 100/70, Police		Fund 100/70, Police	
	006020, Operating Supplies	$ 451,408.00	003090, Field Equipment Expense	$ 451,408.00
Digital In-Car and Body-Worn Video camera	Fund 100/70, Police (Fund 667/46, 46C170)		Fund 100/70, Police (Fund 667/46, 46C170)	
	001012, Salaries Sworn	$ 1,500,000.00	006010, Office and Administrative	$ 1,500,000.00
Sanitation Security Services	Fund 100/70, Police (Fund 760/50, 50C170)		Fund 100/70, Police (Fund 760/50, 50C170)	
	001010, Salaries General	$ 353,343.00	003040, Contractual Services	$ 455,118.00
	001070, Salaries As-Needed	53,265.00		
	001090, Overtime General	48,510.00		
	Subtotal	$ 455,118.00		
Public Works - Board	Fund 100/74, Board of Public Works		Fund 100/74, Board of Public Works	
Intern Staffing	001010, Salaries General	$ 31,064.00	001070, Salaries, As Needed	$ 31,064.00
Public Works - Sanitation	Fund 100/82, Bureau of Sanitation		Fund 100/82, Bureau of Sanitation	
LSD Salaries Overspending	006020, Operating Supplies (GF)	$ 208,625.00	001010, Salaries General (GF)	$ 208,625.00
SCMO Salaries and Overtime Overspending	Fund 100/82, Bureau of Sanitation (760/50, 50C182)		Fund 100/82, Bureau of Sanitation (760/50, 50C182)	
	001010, Salaries General (SCMO)	$ 3,360,000.00	001070, Salaries As-Needed (SCMO)	$ 360,000.00
			001090, Overtime General (SCMO)	3,000,000.00
			Subtotal	$ 3,360,000.00

ATTACHMENT 4

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

	TRANSFER FROM		TRANSFER TO	
REQUESTING DEPARTMENT	**FUND/ACCOUNT**	**AMOUNT**	**FUND/ACCOUNT**	**AMOUNT**
SCMC Overtime Overspending	Fund 100/82, Bureau of Sanitation (761, 50, 50C182)		Fund 100/82, Bureau of Sanitation (761, 50, 50C182)	
	001010, Salaries General (SCMC)	$ 170,000.00	001090, Overtime General (SCMC)	$ 170,000.00
SWRRF Debt Service	Fund 508/50, Solid Waste Resources Revenue Fund		Fund 508/50, Solid Waste Resources Revenue Fund	
	50CU64, Solid Waste Resources Revenue Bonds 2018-A - Interest	$ 70,000.00	50CU63, Solid Waste Resources Revenue Bonds 2018-A - Principal	$ 70,000.00
	50CU73, Solid Waste Resources Revenue Bonds 2023-A - Interest	80,000.00	50CU72, Solid Waste Resources Revenue Bonds 2023-A - Principal	80,000.00
	Subtotal	$ 150,000.00	Subtotal	$ 150,000.00
Public Works - Street Services	Fund 100/86, Public Works-Street Services (41A/50)		Fund 100/86, Public Works-Street Services (41A/50)	
Pavement Preservation - Overtime	003030 - Construction Expense	$ 3,000,000.00	001010 - Salaries, General	$ 1,500,000.00
			001090 - Overtime General	$ 1,500,000.00
			Subtotal	$ 3,000,000.00
LANI - Westlake Transit Improv. Prcject	Fund 100/86, Public Works-Street Services (59C/94)		Fund 100/86, Public Works-Street Services (59C/94)	
	001010 - Salaries General	$ 65,000.00	001090 - Overtime General	$ 50,000.00
	003030 - Construction Expense	111,500.00	003040 - Contractual Services	113,200.00
	Subtotal	$ 176,500.00	006020 - Operating Supplies	13,300.00
			Subtotal	$ 176,500.00
Transportation	Fund 100/94, Transportation		Fund 100/94, Transportation	
Overtime Shortfall	001070, Salaries, As-Needed	$ 1,000,000.00	001090, Overtime General	$ 1,000,000.00
Zoo	Fund 100/87, Zoo		Fund 100/87, Zoo	
Youth Expo and Youth Summit	001070, Salaries As-Needed	$ 100,000.00	001010, Salaries General	$ 500,000.00
	003040, Contractual Services	400,000.00		
	Subtotal	$ 500,000.00		
TOTAL ALL DEPARTMENTS AND FUNDS		**$ 16,960,460.04**		**$ 16,960,460.04**

ATTACHMENT 5

FY 2025-26 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM FUND/ACCOUNT	AMOUNT	TRANSFER TO FUND/ACCOUNT	AMOUNT
Building and Safety	Fund 48R/08, Building and Safety Building Permit Enterprise Fund		Fund 100/40, General Services (48R/08, 08C140)	
Mail Services	08C601, Building and Safety Expense and Equipment	$ 106,743.97	009130, Mail Services	$ 106,743.97
City Administrative Officer	Fund 100/62, Non-Departmental - General		Fund 100/58, Unappropriated Balance	
Citywide Budget Balancing - TRAN	620P15, Tax Revenue Anticipation Notes	$ 30,631,405.00	580196, Reserve for Mid-Year Adjustments	$ 30,631,405.00
Citywide Budget Balancing - CP	Fund 100/53, Non-Departmental - Captial Finance Administration Fund		Fund 100/58, Unappropriated Balance	
	000321, MICLA Refunding of Commercial Paper	$ 9,000,000.00	580196, Reserve for Mid-Year Adjustments	$ 9,000,000.00
City Attorney	Fund 100/46, Mayor		Fund 100/12, City Attorney	
Staff Reimbursements	001070, Salaries As-Needed	$ 628,586.00	001010, Salaries General	$ 628,586.00
Council	Fund 699/14, Sunshine Canyon Communities Amenities Trust Fund		Fund 100/70, Police	
Devonshire Division Technology Improvements	140011, Sunshine Canyon - BFI	$ 651,000.00	007300, Furniture, Office, and Technical Equipment	$ 651,000.00
Council District 3 Staffing	Fund 53P/28, State AB 1290 City Fund		Fund 100/28, Council	
	281203, CD 3 Redevelopment Fund	$ 500,000.00	001070, Salaries As-Needed	$ 500,000.00
Council District 9 Staffing	Fund 53P/28, State AB 1290 City Fund		Fund 100/28, Council	
	281209, CD 9 Redevelopment Fund	$ 750,000.00	001070, Salaries As-Needed	$ 750,000.00
Council District 10 Staffing	Fund 53P/28, State AB 1290 City Fund		Fund 100/28, Council	
	281210, CD 10 Redevelopment Fund	$ 500,000.00	001070, Salaries As-Needed	$ 500,000.00
Balboa RV Storage Lot	Fund 100/56, General City Purposes Fund		Fund 100/40, General Services	
	000620, Additional Homeless Services - CD 6	$ 82,319.00	001101, Hiring Hall Construction	17,287.00
			001121, Benefits Hiring Hall Construction	11,525.00
			003180, Construction Materials	$ 53,507.00
			Subtotal	$ 82,319.00
CD3 community beautification	Fund 53P/28/28A174		Fund 100/74, Board of Public Works	
	CD 3 Redevelopment Projects-Services	$ 1,065,414.00	003040, Contractual Services	$ 1,065,414.00
Finance	Fund 100/39, Finance		Fund 100/40, General Services	
Mailing Services	002120, Printing and Binding	$ 127,269.00	009130, Mail Services	$ 127,269.00
General Services	Fund 100/54, CTIEP		Fund 100/40, General Services Department	
Electric Vehicle Charger Installations	00C046, Citywide Maintenance and Improvements	$ 250,000.00	03040, Contractual Services	$ 250,000.00
Underground Storage Tank Repair and Replacement	Fund 100/54, CTIEP		Fund 100/40, General Services Department	
	00C046, Citywide Maintenance and Improvements	$ 250,000.00	03040, Contractual Services	$ 250,000.00
Housing	Fund 100/43, Housing (43C143)		Fund 100/32, ITA	
Contract Programmers	001010, Salaries, General (41M/43)	$ 22,692.50	009350, Communication Services (41M/43,43C132)	$ 33,303.50
	001010, Salaries, General (440/43)	9,455.00		
	001010, Salaries, General (67W/43)	5,673.00		
	Fund 41M/43, Systematic Code Enforcement Fee Trust Fund		009350, Communication Services (440/43, 43C132)	$ 13,876.00
	43C299, Reimbursement of General Fund Costs	10,611.00		
	Fund 440/43, Rent Stabilization Trust Fund			
	43C299, Reimbursement of General Fund Costs	4,421.00	009350, Communication Services (67W/4343C132)	$ 8,326.00
			Subtotal	$ 55,505.50
	Fund 67W/43, Just Cause Enforcement Fee Trust Fund			
	43C299, Reimbursement of General Fund Costs	$ 2,653.00		
	Subtotal	$ 55,505.50		
CD11 Funding			Fund 100/56, General City Purposes	
	43YD23, CD11-LAHSA Mental Health Outreach	$ 2,500.00	000903, Council Community Projects	$ 2,500.00
Mayor	Fund 100/70, Police (64G/46, 46C170)		Fund 100/70, Police (64G/46, 46C299)	
Homeland Security Grant	001092, Overtime Sworn	$ 10,723.00	RSC 5346, Related Costs Reimbursement from Grants	$ 11,172.87
	Fund 64G/46, FY 2020 Securing the Cities Fund			
	46A299, Related Costs	$ 449.87		
	Subtotal	$ 11,172.87	Subtotal	$ 11,172.87
Public Works - Board	Fund 65K/50 Climate Equity fund		Fund 100/74, Board of Public Works (65K/50, 50C174)	
Amortization Study	50WZBL, Amortization Study Contingency	$ 156,200.00	003040, Contractual Services	$ 156,200.00

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 - Sanitation	Fund 760/50, Sewer Construction and Maintenance Fund		Fund 100/12, City Attorney	
City Attorney -Vadnais Court Reporter Expenses	50AX82, PW- Sanitation Expense and Equipment	$ 35,000.00	004200, Litigation	$ 35,000.00
City Attorney -Vadnais Court Reporter Expenses	Fund 760/50, Sewer Construction and Maintenance Fund		Fund 700/04, Department of Airports	
	50VX82, PW- Sanitation Expense and Equipment	$ 14,682.89	RSC 5166, Deposit Receipts-Agency Funds	$ 14,682.89
Public Works - Street Lighting	Fund 43U/50, Street Banners Revenue Trust		Fund 100/84, Bureau of Street Lighting	
Banner Permit Platform Upgrade and ADA Accessibility	50V184, Bureau of Street Lighting	$ 31,770.03	003040, Contractual Services	$ 100,000.00
	50W184, Bureau of Street Lighting	20,644.40		
	50Y184, Bureau of Street Lighting	30,095.62		
	50A184, PW-STREET LIGHTING	17,489.95		
	Subtotal	$ 100,000.00		
Public Works - Street Services	Fund 64C/50, BSS Transaction Fund		Fund 100/86, Public Works-Street Services	
Reimb for Special Events	RSRC 465800, Special Events-General	$ 768,325.46	RSC 465800, Special Events	$ 43,945.48
			Fund 100/94 Transportation (64C/50, 50C194)	
			001090, Overtime General	$ 77,963.78
			Fund 100/38, LAFD (64C/50, 50C138)	
			001012, Salaries Sworn	$ 15,857.99
			Fund 100/70, LAPD (64C/50, 50C170)	
			001092, Overtime Sworn	$ 630,558.21
			Subtotal	$ 768,325.46
Transportation	Fund 840/94, Dept Transportation Trust		Fund 100/94, Transportation (840/94, 94C194)	
Advance payment for LAWA prcjects	94CE57, LAWA project Overtime Support	$ 45,000.00	001090, Overtime General	$ 45,000.00
Advance payment for Harbor prcjects	Fund 840/94, Dept Transportation Trust		Fund 100/94, Transportation (840/94, 94C194)	
	TBD, POLA Project Overtime Support	$ 45,000.00	001090, Overtime General	$ 45,000.00
Advance payment for Metro prcjects	Fund 840/94, Dept Transportation Trust		Fund 100/94, Transportation (840/94)	
	TBD, Metro Project Overtime Support	$ 1,000,000.00	001090, Overtime General	$ 1,000,000.00
Bikeway Salaries	Fund 207/94, Local Transportation Fund		Fund 100/94, Transportation (207/50, 94C194)	
	94AD02, Bikeways Program	$ 339,000.00	001010, Salaries General	$ 339,000.00
TOTAL ALL DEPARTMENTS AND FUNDS		**$ 47,115,123.69**		**$ 47,115,123.69**

ATTACHMENT 6

FY 2025-26 BUDGET ADJUSTMENTS
APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE

APPROPRIATE FROM:	APPROPRIATE TO:		AMOUNT
Fund, 100/58, Unappropriated Balance			
	Fund 100/06, Animal Services		
580196, Reserve For Mid-Year Adjustments	001010, Salaries General	$	865,000.00
	001070, Salaries As-Needed	$	20,000.00
	Subtotal	$	885,000.00
	Fund 100/10, City Administrative Officer		
580196, Reserve for Mid-Year Adjustments	003040, Contractual Services	$	1,000,000.00
	Fund 100/12, City Attorney		
580196, Reserve for Mid-Year Adjustments	004200, Litigation	$	5,000,000.00
	009301, City Attorney Outside Counsel	$	2,200,000.00
	Subtotal	$	7,200,000.00
	Fund 100/14, City Clerk		
580431, Election Expenses - General Municipal Elections	001070, Salaries As-Needed	$	30,000.00
	Fund 100/28, Council		
580432, Elected Officials Transition Expenses	006010, Office and Administrative	$	5,755.00
	Fund 100/40, General Services		
580132, Equipment, Expenses, and Alterations & Improvement	001014, Salaries, Construction Projects	$	8,284.00
	003180, Construction Materials	$	4,442.00
	Subtotal	$	12,726.00
	Fund 737/33, El Pueblo de Los Angeles Histor. Mon. Rev. Fund		
580196, Reserve For Mid-Year Adjustments	RSC 5691. Addl Interfund Trans - General Fund	$	340,000.00
	Fund 100/35, Emergency Management		
580196, Reserve For Mid-Year Adjustments	003040, Contractual Services	$	129,731.00
	003040, Contractual Services	$	1,566,919.00
	Subtotal	$	1,696,650.00
	Fund 100/39, Finance		
580196, Reserve for Mid-Year Adjustments	001010, Salaries General	$	2,800,000.00

ATTACHMENT 6

FY 2025-26 BUDGET ADJUSTMENTS
APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE

APPROPRIATE FROM:	APPROPRIATE TO:		AMOUNT
	Fund 100/38, Fire		
580196, Reserve for Mid-Year Adjustments	001012, Salaries Sworn	$	30,000,000.00
	003040, Contractual Services	$	12,965,791.00
	003040, Contractual Services	$	380,000.00
	003090, Field Equipment Expense	$	1,302,818.00
	003260, Rescue Supplies and Expense	$	879,000.00
	006010, Office and Administrative	$	356,885.00
	006020, Operating Supplies	$	1,803,603.00
	Subtotal	$	47,688,097.00
	Fund 100/38, Fire		
580304, Ground Emergency Medical Transport QAF Program	003040, Contractual Services	$	162,966.27
	Fund 100/40, General Services		
580196, Reserve for Mid-Year Adjustments	001010, Salaries General	$	7,000,000.00
	001090, Overtime General	$	500,000.00
	003330, Utilities Expense Private Company	$	2,000,000.00
	003090, Field Equipment Expense	$	1,000,000.00
	Subtotal	$	10,500,000.00
	Fund 100/47, Neighborhood Empowerment		
580196, Reserve For Mid-Year Adjustments	001010, Salaries General	$	466,693.00
	003310, Transportation	$	4,068.00
	Subtotal	$	470,761.00
	Fund 100/70, Police		
580196, Reserve For Mid-Year Adjustments	001010, Salaries General	$	6,000,000.00
	001092, Overtime Sworn	$	11,000,000.00
	Subtotal	$	17,000,000.00
	Fund 100/82, Bureau of Sanitation		
580196, Reserve for Mid-Year Adjustments	001010, Salaries General (SWRRF)	$	700,000.00

ATTACHMENT 6

FY 2025-26 BUDGET ADJUSTMENTS
APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE

APPROPRIATE FROM:	APPROPRIATE TO:		AMOUNT
	Fund 100/82, Bureau of Sanitation 508/50 50C182		
580196, Reserve for Mid-Year Adjustments	001090, Overtime General (SWRRF)		$ 2,750,000.00
	Fund 100/82, Bureau of Sanitation		
580196, Reserve for Mid-Year Adjustments	001010, Salaries General		$ 101,020.00
	Fund 100/94, Transportation		
580196, Reserve for Mid-Year Adjustments	001090, Overtime General		$ 1,214,117.00
	Fund 100/58, Unappropriated Balance		
580383, Department Payroll Reconciliation	580196, Reserve for Mid-Year Adjustments		$ 12,000,000.00
	Fund 100/59, Liability Claims		
580232, Reserve for Extraordinary Liability	009798, Miscellaneous Liability Payouts		$ 17,500,000.00
	009794, Public Works, Sanitation Liability Payouts		$ 2,500,000.00
		Subtotal	$ 20,000,000.00
TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE			**$ 126,557,092.27**

ATTACHMENT 7A
STATUS OF UNAPPROPRIATED BALANCE
GENERAL ACCOUNT

C.F.	Appropriations	Date	Amount
25-0600	General		$ 50,000
	Approved Transfer		
		Balance Available	50,000.00
	Anticipated Appropriations		
		Projected Balance Available	**$ 50,000.00**

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)***
Year-end Available	**$ 108,129,810.29**
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	(450,000.00)
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)
Transfer to Human Resources Benefits - Contractual Services	(100,000.00)
Transfer to City Attorney - Outside Counsel	(7,647,986.00)
Subtotal	***$ (16,253,420.00)***
Subtotal Second FSR Recommendations	***(16,253,420.00)***
Year-end Available	**$ 91,876,390.29**
Interim Transfers	
Transfer to Public Works Engineering - Contractual Services	(8,000,000.00)
Subtotal	(8,000,000.00)
Mid-year FSR Recommendations	
Transfer In:	
Transfer from Capital Finance Administration Fund	9,000,000.00
Transfer from Tax and Revenue Anticipation	30,631,405.00
Transfer from Unappropriated Balance - Department Payroll Reconciliation	12,000,000.00
Subtotal	51,631,405.00

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

Transfer Out:	
Transfer to Animal Services - Salaries General	(865,000.00)
Transfer to Animal Services - Salaries As-Needed	(20,000.00)
Transfer to City Administrative Officer - Disaster Assistance Support Services	(1,000,000.00)
Transfer to City Attorney - Litigation	(5,000,000.00)
Transfer to City Attorney - Outside Counsel	(2,200,000.00)
Transfer to El Pueblo de Los Angeles Historical Monument Revenue Fund	(340,000.00)
Transfer to Emergency Management - Debris Removal Services	(129,731.00)
Transfer to Emergency Management - Hagerty Consulting Wildfire Recovery Response Services	(1,566,919.00)
Transfer to Finance - Salaries General	(2,800,000.00)
Transfer to Fire - Salaries Sworn	(30,000,000.00)
Transfer to Fire - Ground Emergency Medical Transport Quarterly Invoice	(12,965,791.00)
Transfer to Fire - Contractual Services	(380,000.00)
Transfer to Fire - Filed Equipment Expense	(1,302,818.00)
Transfer to Fire - Rescue Supplies and Expense	(879,000.00)
Transfer to Fire - Office and Administrative	(356,885.00)
Transfer to Fire - Operating Supplies	(1,803,603.00)
Transfer to General Services - Salaries General	(7,000,000.00)
Transfer to General Services - Overtime General	(500,000.00)
Transfer to General Services - Utilities Expense Private Company	(2,000,000.00)
Transfer to General Services - Field Equipment Expense	(1,000,000.00)
Transfer to Neighborhood Empowerment - Salaries General	(466,693.00)
Transfer to Neighborhood Empowerment - Transportation	(4,068.00)
Transfer to Police - Salaries General	(6,000,000.00)
Transfer to Police - Sworn Overtime	(11,000,000.00)
Transfer to Public Works Sanitation - Salaries General (SWRRF)	(700,000.00)
Transfer to Public Works Sanitation - Overtime General (SWRRF)	(2,750,000.00)
Transfer to Public Works Sanitation - Salaries General	(101,020.00)
Transfer to Transportation - Overtime General	(1,214,117.00)
Subtotal	(94,345,645.00)
Subtotal Mid-Year FSR Recommendations	***(42,714,240.00)***
Year-end Available	**$ 41,162,150.29**

ATTACHMENT 7C
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT

Account No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reapprop.	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)			$ -
580432	Elected Officials Transition Expenses	GSD	$ -	775,000				(24,378)		(5,775)			$ 744,847.00
580431	Election Expenses - General Municipal Elections	City Clerk	$ 10,000,000			(1,800,000)				(30,000)			$ 8,170,000.00
580132	Equipment, Expense, and Alterations & Improv.	Mayor/Council	$ 6,181,000	2,184,037		(4,828,890)		(137,499)		(12,726)			$ 3,385,921.84
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)			$ -
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					(1,800,000)					$ 8,000,000.00
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)				$ -
580232	Reserve for Extraordinary Liability	All	$ 20,000,000							(20,000,000)			$ -
580196	Reserve for Mid-Year Adjustments	All	$ 125,000,000			(16,870,190)		(16,253,420)	(8,000,000)	(42,714,240)			$ 41,162,150.29
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)**	**$ (31,182,831)**	**$ (12,378,000)**	**$ (74,925,707)**	**$ -**	**$ -**	**109,031,065.13**
	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)**	**$ (31,182,831)**	**$ (12,378,000)**	**$ (74,925,707)**	**$ -**	**$ -**	**$ 125,710,340.13**

Attachment 8

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

Department/Bureau	Account	Budget		Paid	Available Balance after Paid Amounts	Pending Payments	Available Balance after Paid + Pending payments	Percentage 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	AB -(A)-(B)	
FIRE	009790	$ -	$ 1,275,000	$ (6,050,402)	$ (4,775,402)	$ -	$ (4,775,402)	-3%
GENERAL SERVICES	009791	$ -	$ 137,500	$ (137,500)	$ -	$ -	$ -	0%
POLICE	009792	$ -	$ 22,267,064	$ (48,797,258)	$ (26,530,194)	$ (1,589,000)	$ (28,119,194)	-40%
PW/ENGINEERING	009793	$ -	$ -	$ (500,000)	$ (500,000)	$ (150,000)	$ (650,000)	-3%
PW/SANITATION SOLID	009794	$ 2,000,000	$ 2,000,000	$ (1,655,680)	$ 344,321	$ (100,000)	$ 244,321	-2%
PW/SANITATION SEWER	009794	$ 5,370,072	$ 5,370,072	$ (1,268,039)	$ 4,102,033	$ -	$ 4,102,033	-1%
PW/STREET SERVICES	009795	$ -	$ 13,217,500	$ (19,990,336)	$ (6,772,836)	$ (2,005,000)	$ (8,777,836)	-25%
RECREATION & PARKS	009796	$ -	$ 2,850,000	$ (3,450,000)	$ (600,000)	$ (690,000)	$ (1,290,000)	-3%
TRANSPORTATION	009797	$ -	$ 4,755,000	$ (5,630,000)	$ (875,000)	$ -	$ (875,000)	-5%
MISCELLANEOUS	009798	$ 180,000,000	$ 139,074,714	$ (12,769,808)	$ 126,304,907	$ (23,952,043)	$ 102,352,864	-26%
GENERAL FUND SUBTOTAL		***$ 180,000,000***	***$ 183,576,778***	***$ (97,325,304)***	***$ 86,251,475***	***$ (28,386,043)***	***$ 57,865,431.82***	***-109%***
SPECIAL FUNDS SUBTOTAL		***$ 7,370,072***	***$ 7,370,072***	***$ (2,923,719)***	***$ 4,446,353***	***$ (100,000)***	***$ 4,346,353***	***-98%***
TOTAL		**$ 187,370,072**	**$ 190,946,850.31**	**$(100,249,023)**	**$ 90,697,828**	**$ (28,486,043)**	**$ 62,211,785**	**-109%**

Attachment 9
LIST OF PENDING INTERIM REQUESTS FOR FUNDING

Proposing Department/Office	Impacted Department(s)	Council File Number	Brief Description	Amount of Request
CD2/CD4	Transportation	12-1657-S14	Motion to fund a 25% schematic design of a walking path to connect the LA River bikeway to the Universal/Studio City Metro Station.	$80,000
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	Motion and subsequent Council action instructing the CAO to 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 CAO report on adding 16 positions and to identify a potential source of special funds.	$2,890,000
Controller	ITA	24-1043	Request to add one Programmer Analyst IV and one Programmer Analyst V to assist with HRP workload.	$147,616
Controller	ITA/Police/Controller	24-1043	Request for authority and funding for 13 positions comprising of four positions at LAPD, two positions at ITA, and seven positions at Controller. Additional request to fill four civilian positions at LAPD above the critical hiring limit.	$781,000
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
CD-1	Multiple	25-0381	Motion instructing CAO to report with funding necessary for various services and programs for and around MacArthur Park.	Not identified
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
Finance	Finance	25-0600-S125	Proposed implementation of a Cannabis Tax Amnesty Program. The Office of Finance requests funding for Overtime General ($200,000) and Salaries, As-Needed ($100,000) accounts to enact the proposed program.	$300,000
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-	$3,000,000

Attachment 9
LIST OF PENDING INTERIM REQUESTS FOR FUNDING

Proposing Department/Office	Impacted Department(s)	Council File Number	Brief Description	Amount of Request
CD-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
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 EMS advance 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 Neighborhood Council 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
CD-4	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	Not identified
CD-7	PW Sanitation	25-0867	Motion instructing the Bureau of Sanitation, along with the CAO, to identify long-term strategies to sustain and increase funding for the Brownfields Program, including but not limited to: federal, state, and philanthropic grant opportunities; public-private financing models; and other viable financing models.	Not identified
CD-3	Economic and Workforce Development	25-1081	Motion instructing the CLA, CAO, and EWDD to identify $5M in public and/or private/philanthropic funding to establish a 40 percent Launch and Rebate grant for "micro-drama" productions.	$5,000,000
CD-6	Animal Services	25-1221	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. Motion approved by APLCE Committee 1/13/2026.	Not identified
CD-1/9	Street Services	26-0064	Motion asks CAO to report back with fiscal impact and budget constraints associated with storm-related pothole operations, and identify short and long term funding strategies to support pothole repair and street maintenance efforts.	Not identified
			Identified Total:	**$52,120,579**