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CITY OF LOS ANGELES
CALIFORNIA



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April 21, 2026

Honorable Members of the Los Angeles City Council
c/o Office of the City Clerk
200 North Spring Street, Room 395
Los Angeles, CA 90012

RE: OFFICE OF FINANCE – 2026-27 PROPOSED BUDGET

Dear Honorable Members:

I'm grateful for the opportunity to share feedback on the Mayor's Fiscal Year 2026-27 Proposed Budget for the Office of Finance. Over the past several years, the City has faced unique challenges, yet we have prevailed in navigating those tough times by making thoughtful, strategic choices and targeted investments that demonstrate our ability to deliver the needed departmental services even in the most difficult times.

I want to thank the Mayor's Office for working closely with my Office to understand the risks we face and for the critical, meaningful support in the 2026-27 Proposed Budget to address our most immediate needs. Specifically, Finance appreciates the investment in the new LATA system, a project that will be in its fourth year of development and second year of implementation. The Proposed Budget includes costs associated with the implementation of the new software, project management services, and staffing. With these resources, Finance will be held accountable to achieving our project timeline and ensuring that the City is ready for new business activities ahead of major events like the 2028 Olympic Games. With the new system, Finance will secure the City's revenues, provide transparency to taxpayers and internal stakeholders, and create easier pathways of communication for our customers.

The 2026-27 Proposed Budget also includes the continuation of most of the resources for Finance's successful revenue enhancement programs. Last year, Finance proposed revenue enhancement programs that would bring additional revenue to the City by ensuring that tax dollars owed to the City are collected. Finance put forth a department-wide effort to scale staffing, implement operational changes, and ultimately make the best use of the resources provided to us. I can proudly report that through our enhanced collection efforts and new

discovery program, we are on track to exceed the \$20 million in new revenue this year, and surpass a new estimate of \$30 million. The 2026-27 Proposed Budget continues the staffing for these programs, which we have institutionalized into our ongoing workflows and operations to support the collection of the City's revenues.

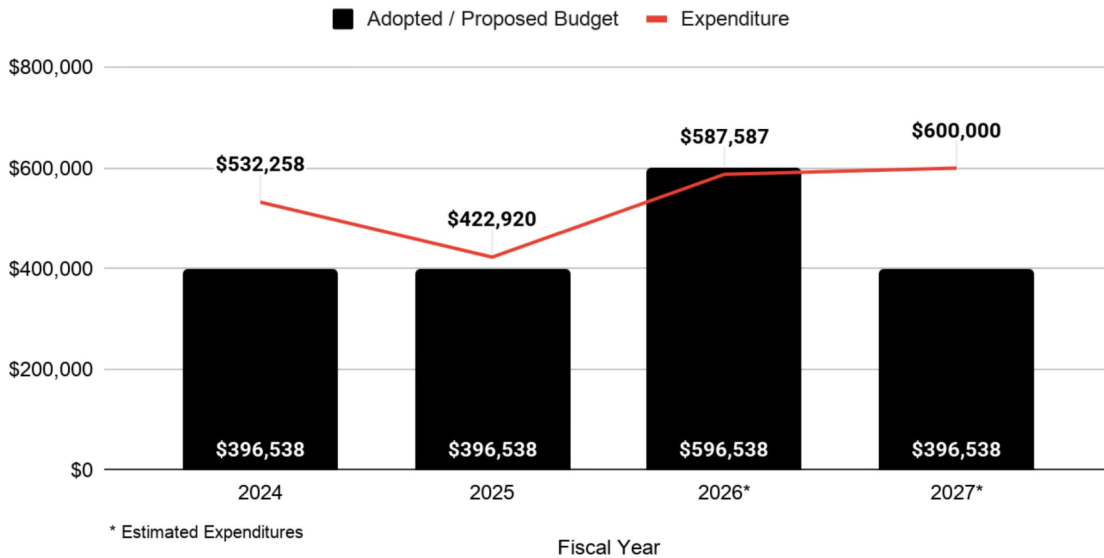
Structural Shortfalls

In addition to completing the resources for our revenue enhancement programs, there is one area of major concern in Finance's 2026-27 Proposed Budget. Similar to the current year budget, Finance will begin the new fiscal year with a deficit due to the underfunding in our general budget. Specifically, the Finance budget has an ongoing structural deficit in all three salary accounts – Salaries General, which supports full-time staff; Salaries As-Needed, which provides for the temporary seasonal workers that Finance uses in peak periods; and Overtime General, which helps Finance address customer support backlogs and peak seasons.

For the Salaries General account, the 2026-27 Proposed Budget assumes a salary savings rate of nine percent, one of the highest across departments despite Finance being a revenue-generating department. This means that the budget does not fund nine percent of Finance's obligatory salary costs in anticipated attrition. However, Finance has an actual vacancy rate of about five percent, creating a structural shortfall in the salary account. In order to more accurately budget for salaries, Finance requests an adjustment of the salary savings rate from nine percent to four percent, which would restore \$2.3 million in salary funding to our Salaries General account. This will allow Finance to adequately staff our operations and not require additional appropriations next fiscal year.

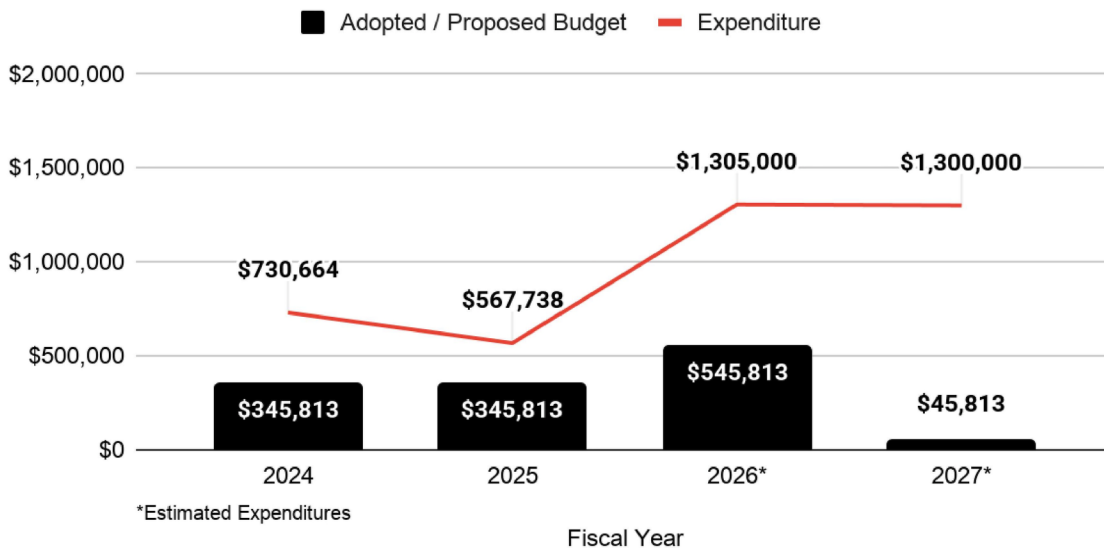
Finance's Salaries As-Needed account provides for approximately 20 seasonal workers, the vast majority of which are returning employees who support our full-time staff during peak seasons. These workers return year after year, with a demonstrated knowledge of our tax code, and smoothly integrate into our operations to help Finance address the influx of customers during tax and permit renewal seasons. The 2026-27 Proposed Budget does not fund the necessary cost of living increases to support the rehire of the 20 employees. Without this increase, Finance will only be able to hire 10 seasonal workers, reducing our support in half. This major shift down in support will either drive an increase in our backlogs or an increase in needed overtime costs.

Salaries As-Needed - Budget vs. Expenditure



Lastly, the 2026-27 Proposed Budget reduces overtime funding to a mere \$45,000. Not including the Revenue Enhancement Programs, Finance regularly spends over \$650,000 in overtime costs annually just to manage annual customer backlogs. This year that amount was close to \$1.3 million as a result of increased call loads generated from our revenue enhancement programs. Call and customer volumes regularly exceed 20,000 in customer requests that need to be addressed. Backlogs typically get reduced to a few thousand customer requests but are never completely eliminated. In order to maintain this level of service, Finance requires ongoing overtime funding in the amount of \$650,000 to maintain the current service level.

Overtime General - Budget vs. Expenditure



Requests for Adjustment

- 1) Add funding in the amount of \$2,317,000 to the Salaries General Account to adjust the salary savings rate down from nine percent to four percent;
- 2) Add funding in the amount of \$204,000 to the Salaries, As Needed account that supports seasonal workers for ongoing, necessary tax collection operations throughout the year; and,
- 3) Add funding in the amount of \$1,254,000 to the Overtime General Account for overtime costs that support ongoing, necessary tax collection operations throughout the year.

Conclusion

The 2026-27 Proposed Budget is clear in its message to address our City's current needs, and brings a renewed sense of optimism for the future. While there are a few adjustments that could correct the structural shortfalls carried over from prior years, we are broadly supportive and grateful for the resources provided and the continued investment in our work. With this foundation, we are well positioned to build on our progress, deliver meaningful results, and successfully achieve our goals in the coming year.

Sincerely,



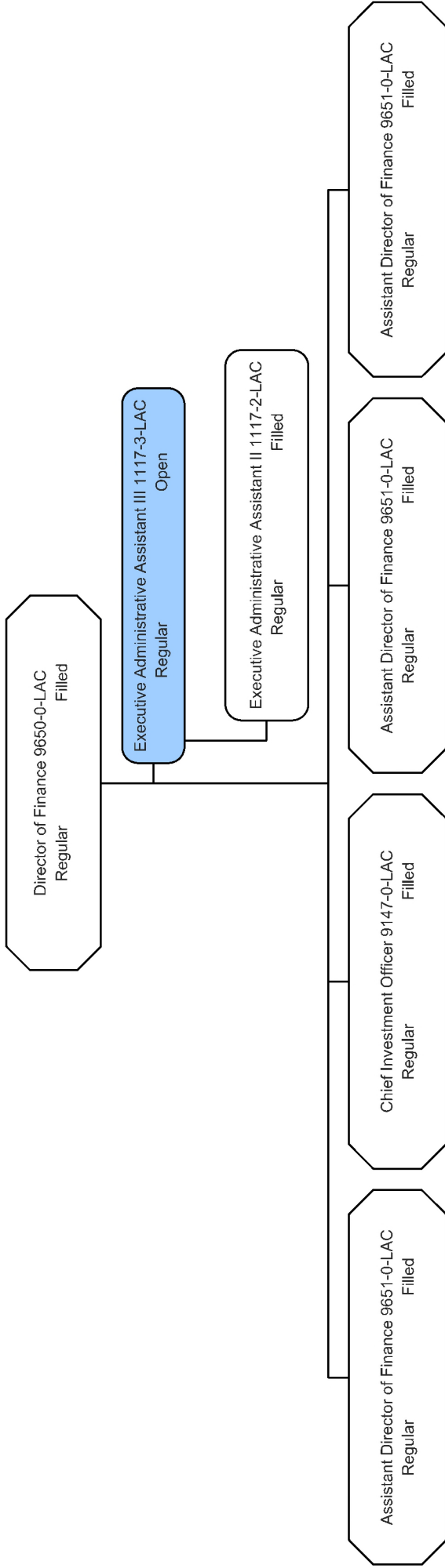
Diana Mangioglu

City Treasurer / Director of Finance

Attachments



2025-26 Organization Chart

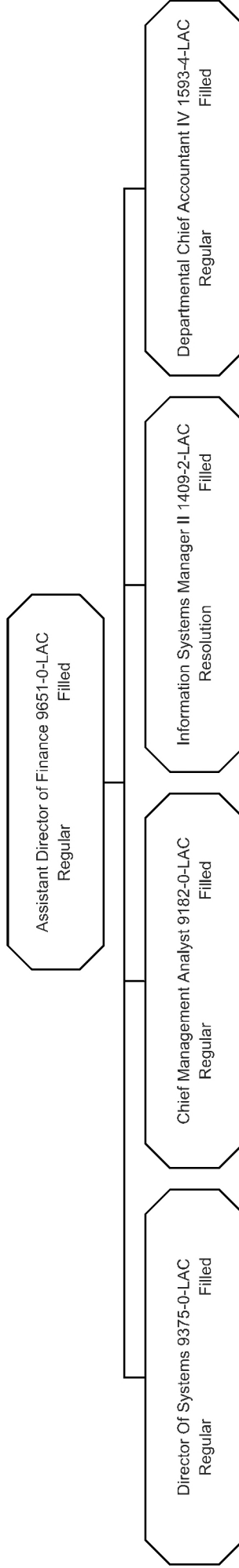


○ Supervisor ○ Assistant ○ Staff ○ Vacant

Executive



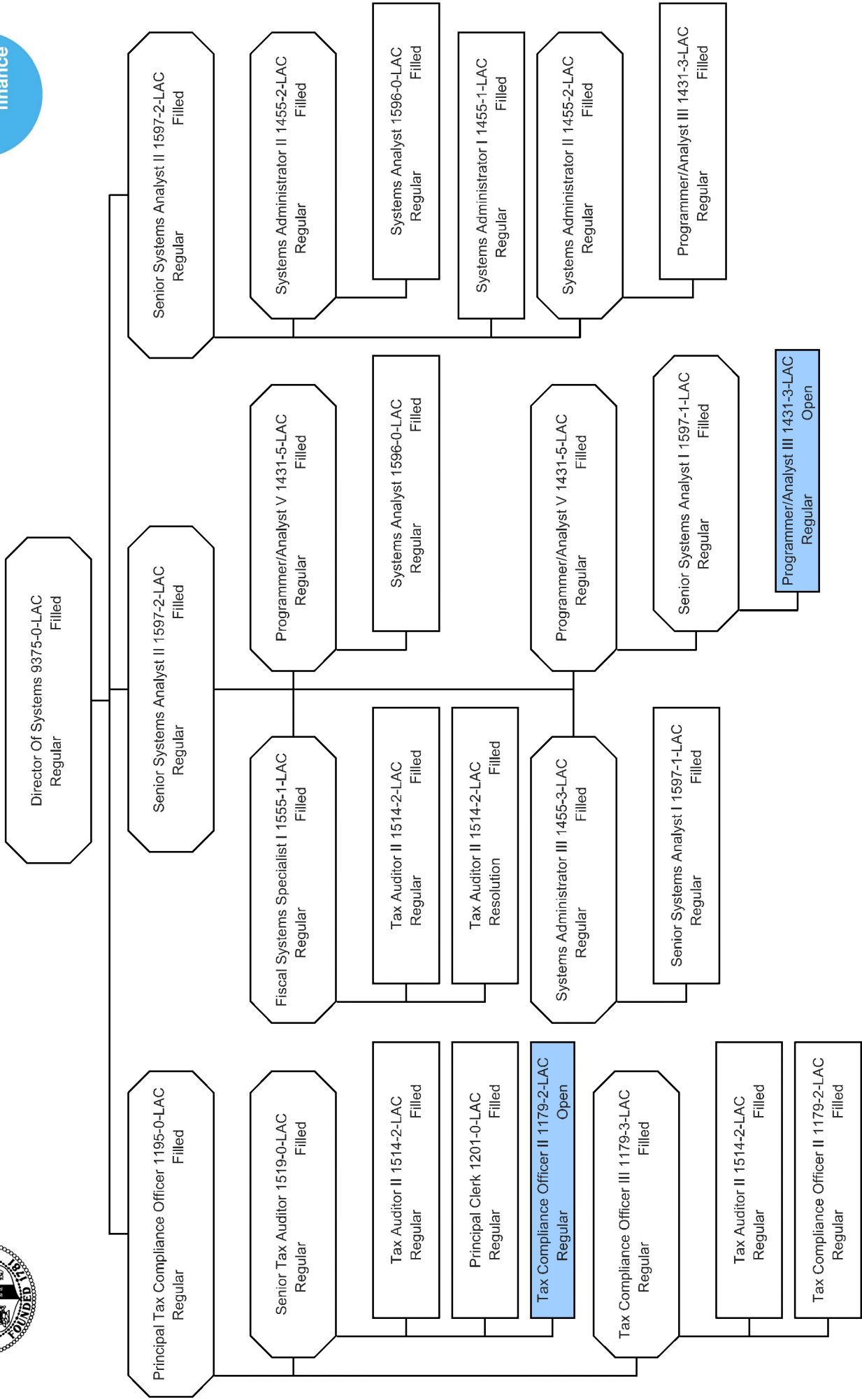
2025-26 Organization Chart



Supervisor Assistant Staff Vacant

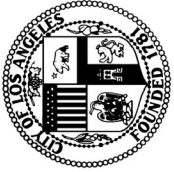


2025-26 Organization Chart

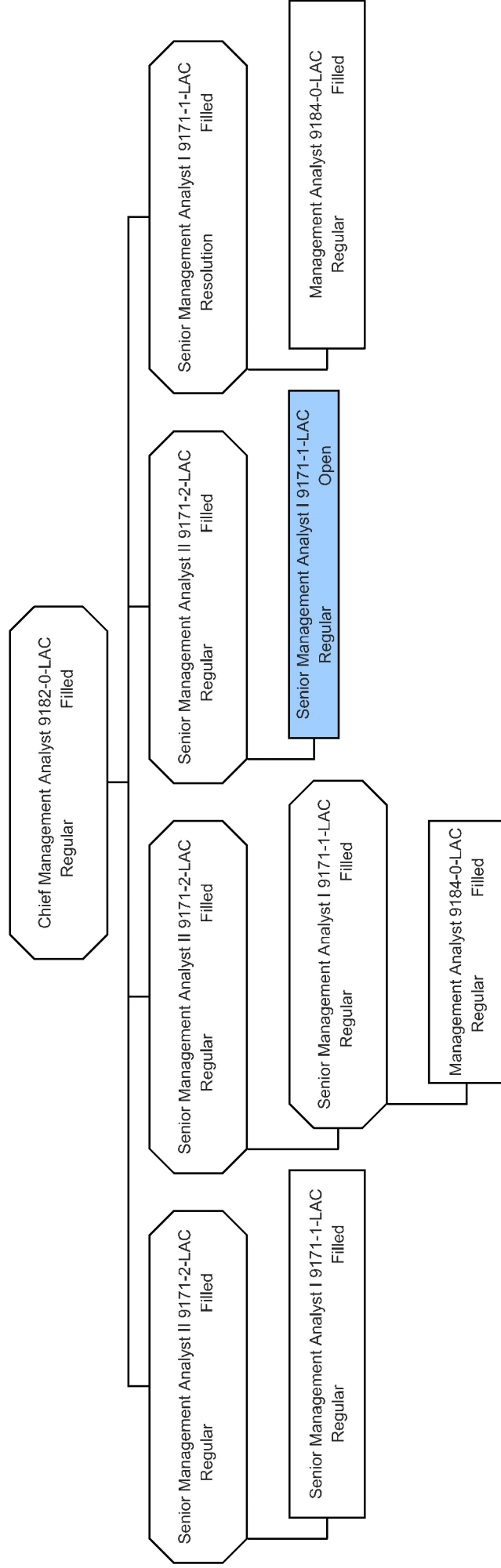


Supervisor
 Assistant
 Staff
 Vacant

Systems



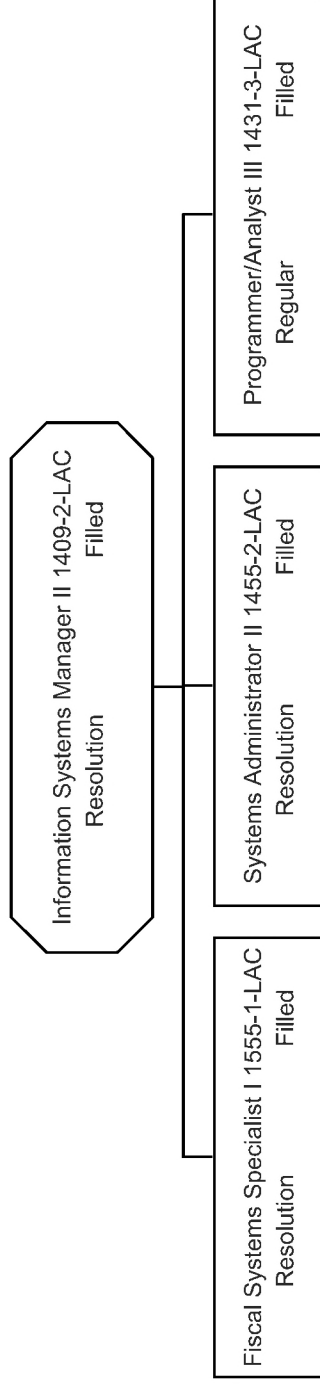
2025-26 Organization Chart



Supervisor
 Assistant
 Staff
 Vacant

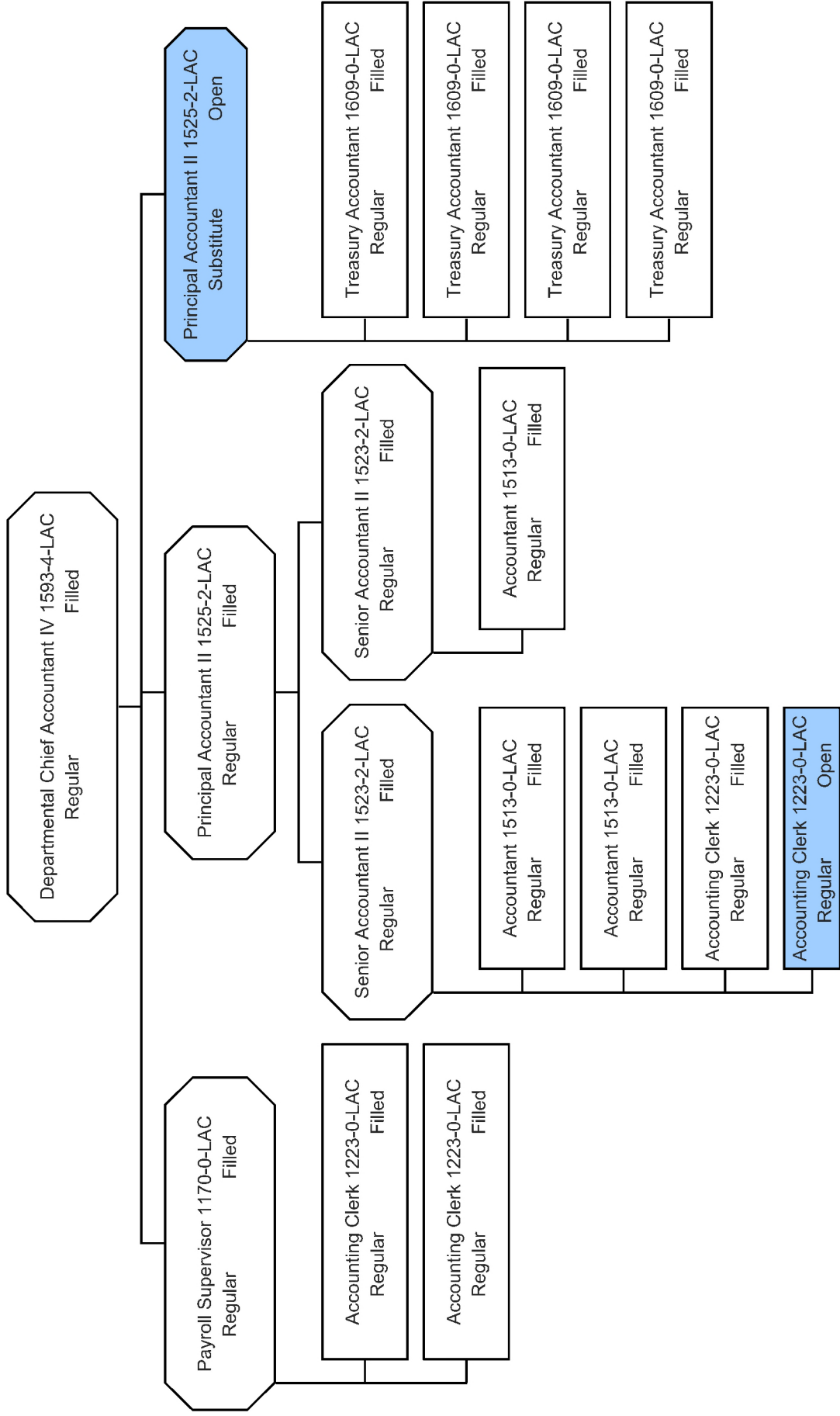


2025-26 Organization Chart





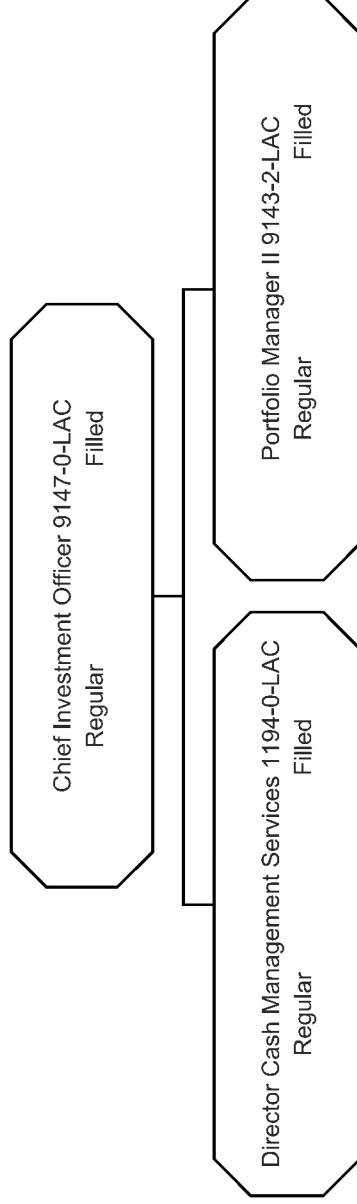
2025-26 Organization Chart



Supervisor
 Assistant
 Staff
 Vacant



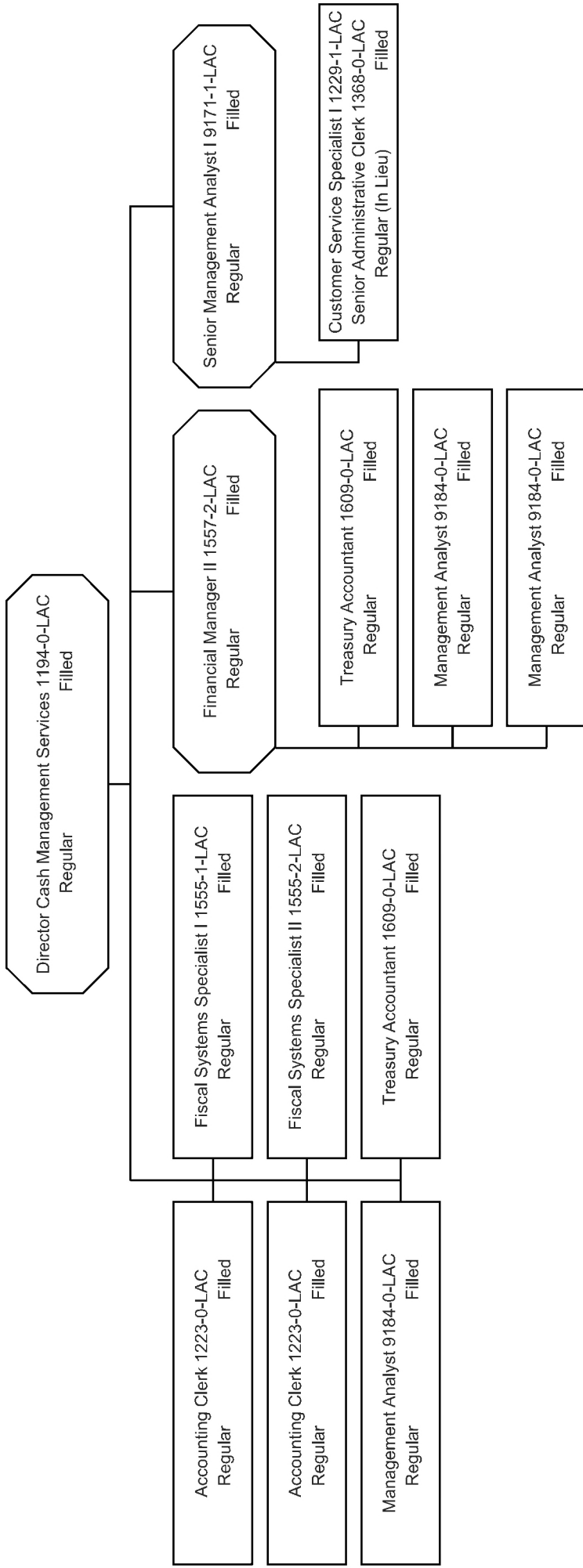
2025-26 Organization Chart



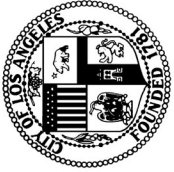
Supervisor Assistant Staff Vacant



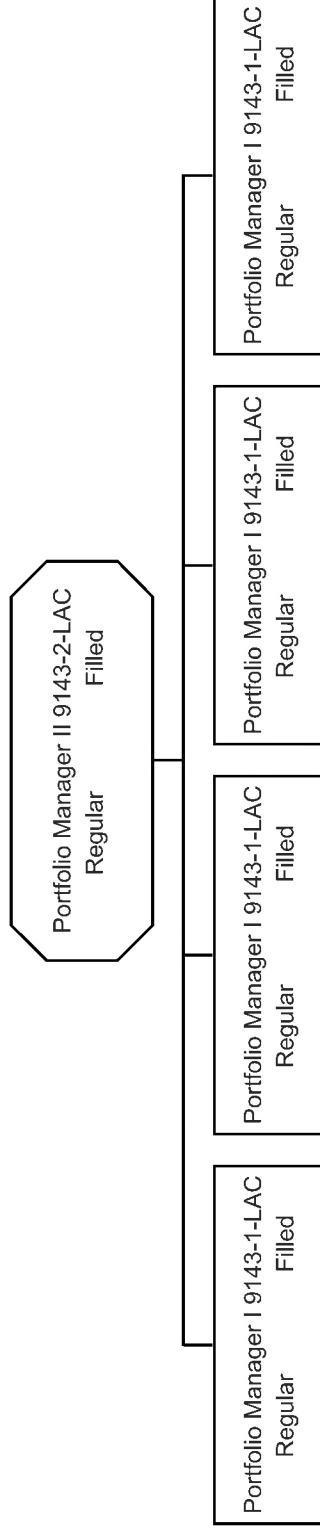
2025-26 Organization Chart




Supervisor
 Assistant
 Staff
 Vacant



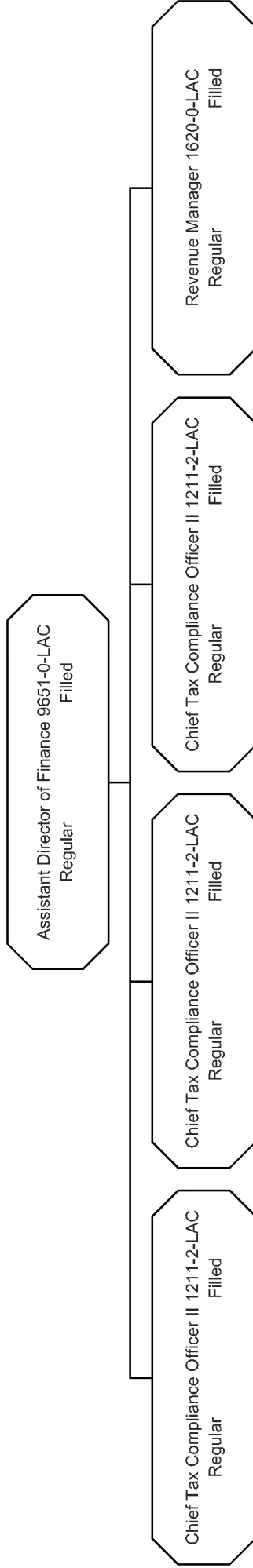
2025-26 Organization Chart



 Supervisor  Assistant  Staff  Vacant



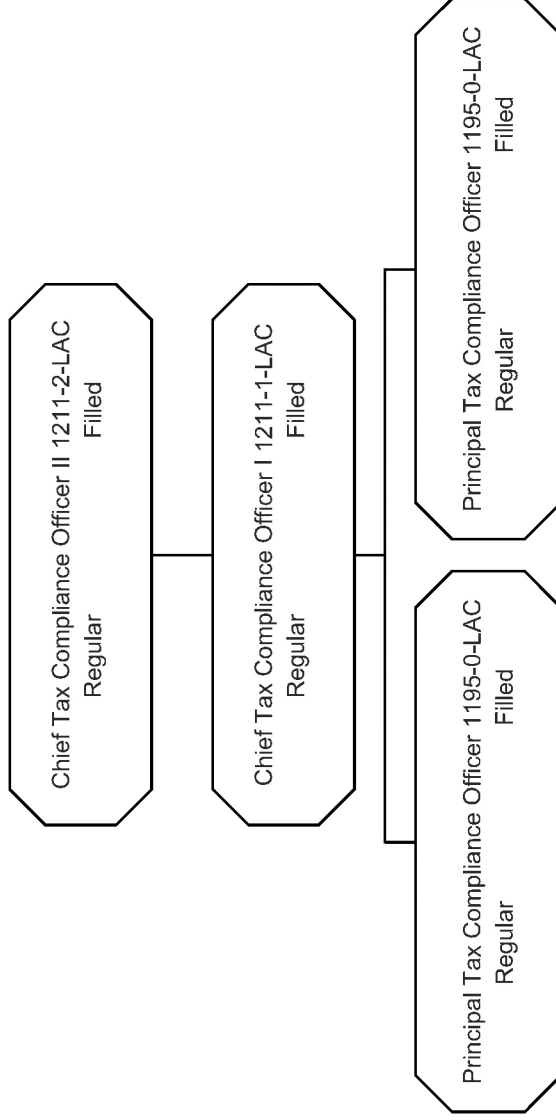
2025-26 Organization Chart



Supervisor Assistant Staff Vacant

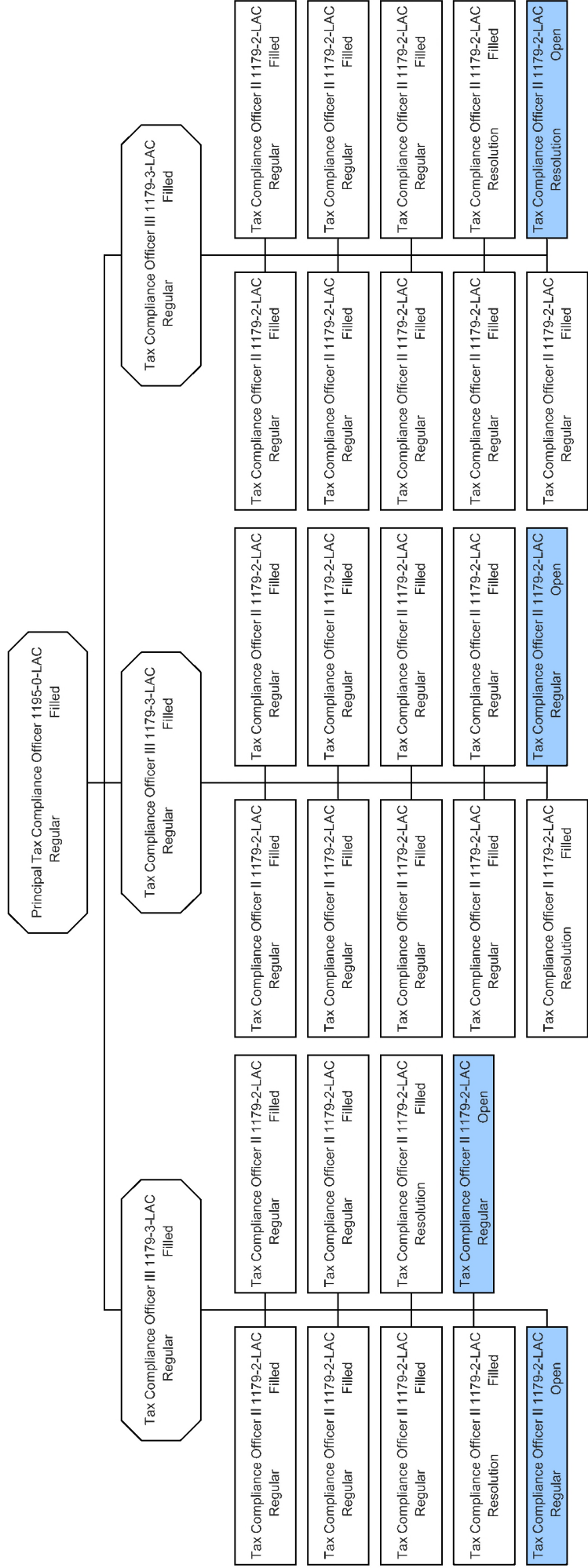


2025-26 Organization Chart





2025-26 Organization Chart

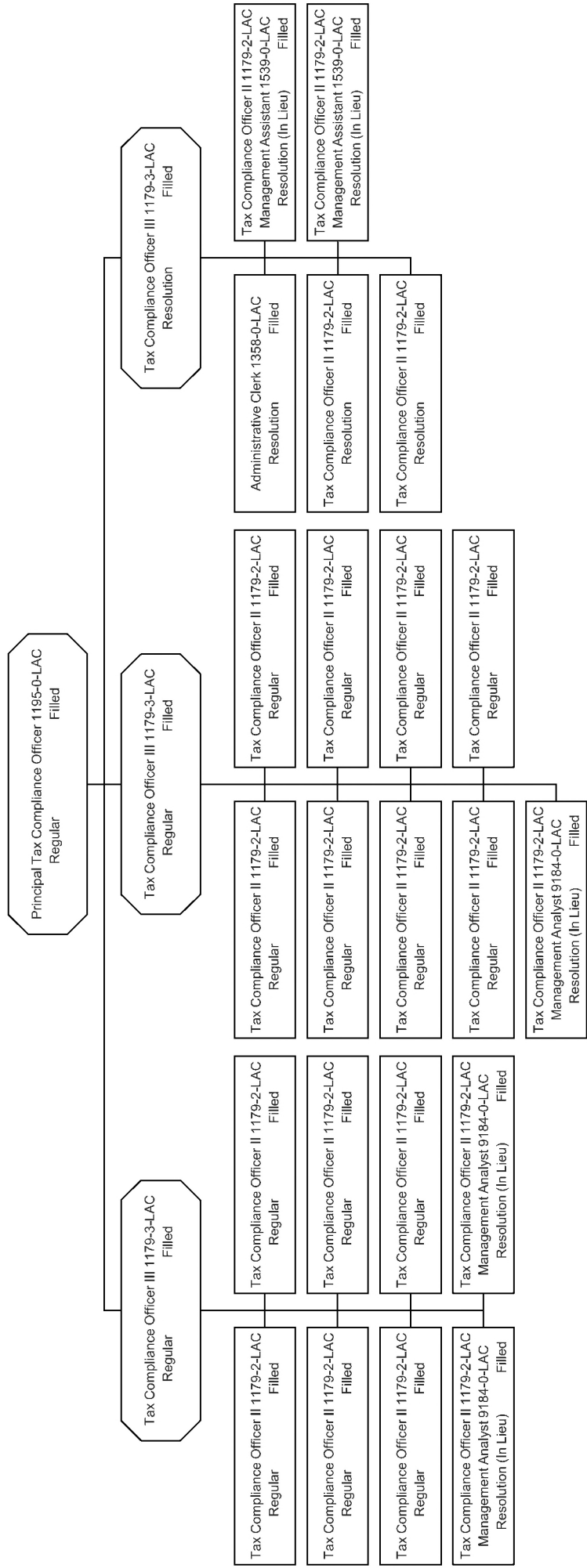


Supervisor
 Assistant
 Staff
 Vacant

Enforcement



2025-26 Organization Chart

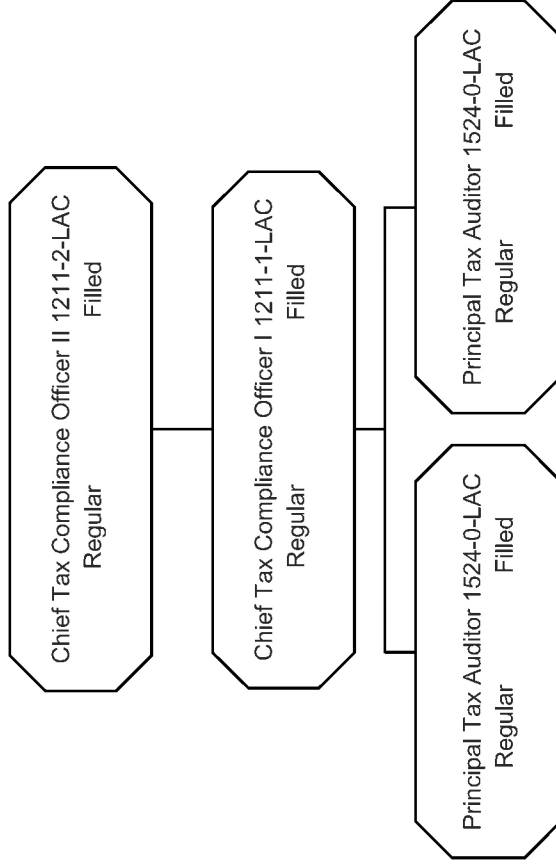


Supervisor
 Assistant
 Staff
 Vacant

Enforcement

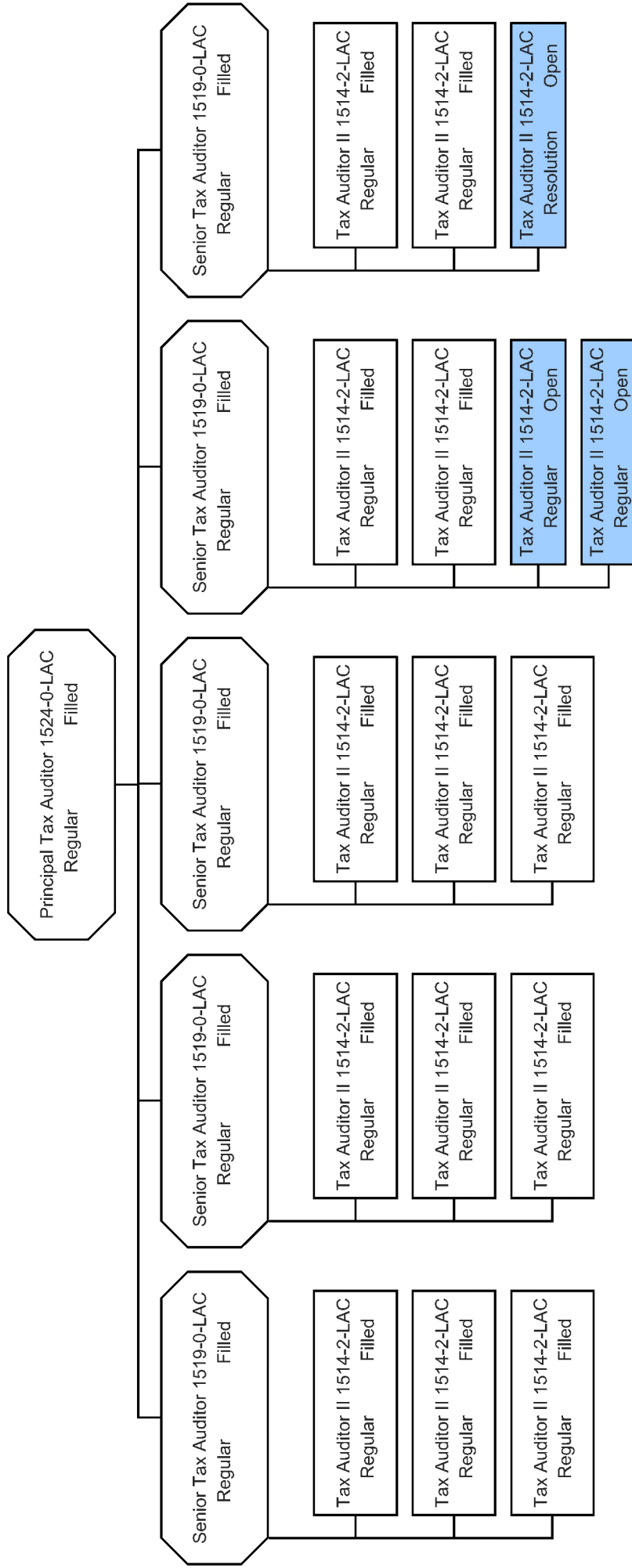


2025-26 Organization Chart





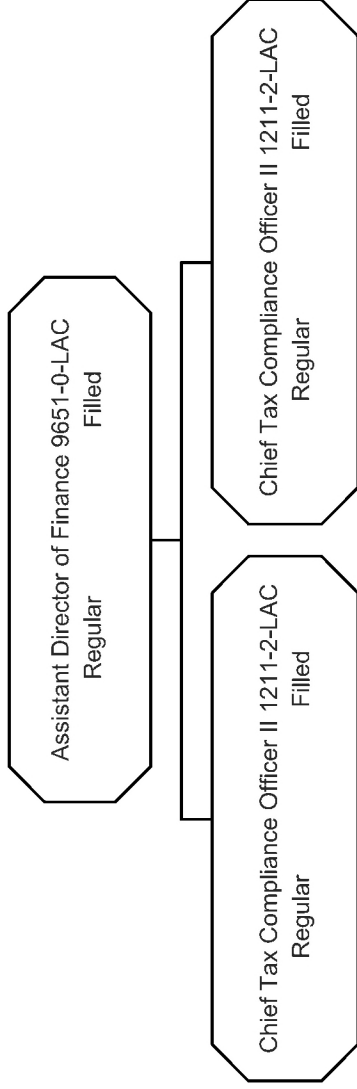
2025-26 Organization Chart



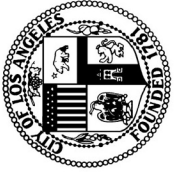
Supervisor
 Assistant
 Staff
 Vacant



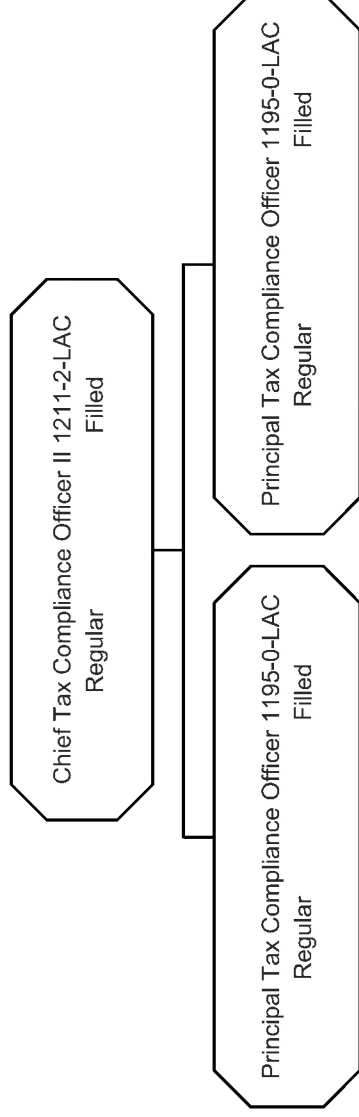
2025-26 Organization Chart



Supervisor Assistant Staff Vacant

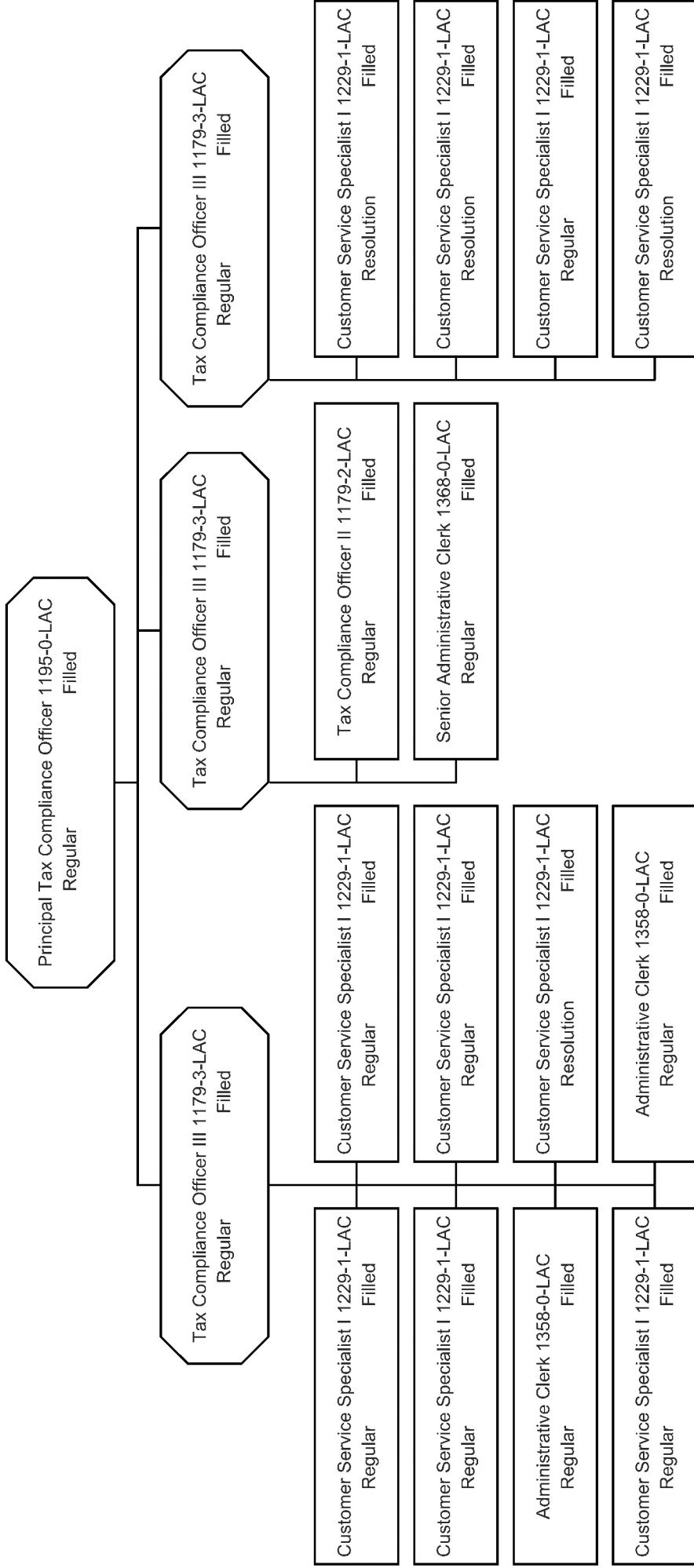


2025-26 Organization Chart





2025-26 Organization Chart

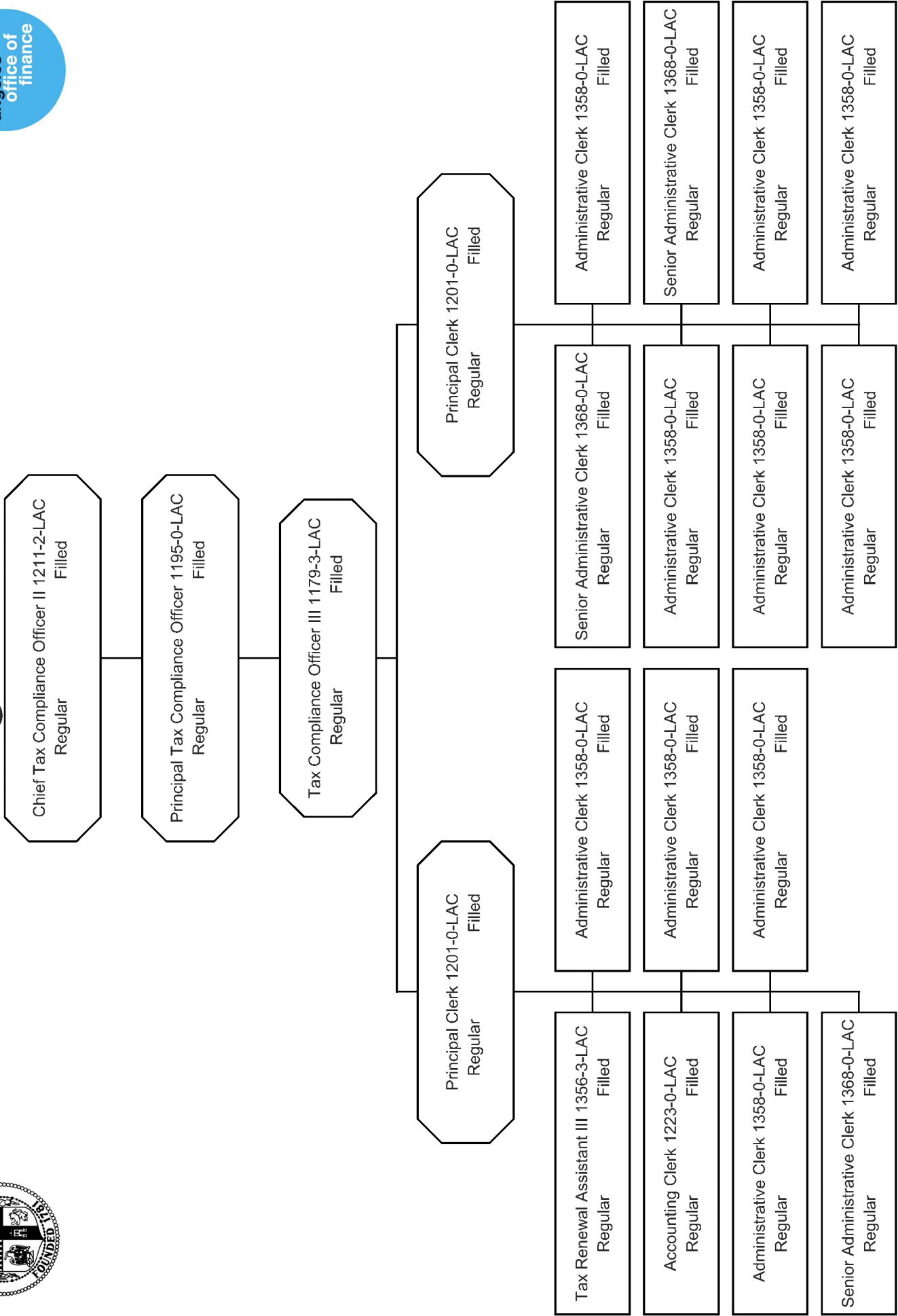


Supervisor
 Assistant
 Staff
 Vacant

Customer Support



2025-26 Organization Chart



Billing and Revenue Processing

○ Supervisor ○ Assistant ○ Staff Vacant

SUMMARY of Positions by Program

Executive Office (3950)

Page 1

| | |
|------------------------|----------|
| <u>Total Positions</u> | <u>7</u> |
| Regular | 7 |
| Reso | 0 |
| Subs | 0 |

Executive Oversight -- Internal Operations

Page 2

- Systems Division
- Budget & Admin Division
- LATAX Transformation Division
- Accounting Division

Systems Division (3905)

Page 3

| | |
|------------------------|-----------|
| <u>Total Positions</u> | <u>26</u> |
| Regular | 25 |
| Reso | 1 |
| Subs | 0 |

Programs and Operations

- *Maintains, supports, and modernizes all mission critical systems like LATAX, applications, and databases used by the Office of Finance, other City's departments, and the City's business taxpayers*
- *Ensures all Office of Finance users have the hardware and software necessary to work productively in a cyber secured environment, and secure taxpayer and department data from cyber threats*
- *Ensures all tax and permit correspondences are generated accurately and timely in the LATAX systems, and coordinate with GSD and our contracted mailing partner to send correspondences on time*

| | |
|-------------------------------|---------------------|
| <u>Contracting Dollars</u> | <u>\$1.73M/year</u> |
| LATAX maintenance and support | \$1.35M/year |
| Printing and mailing services | \$300k/year |
| Cybersecurity software | \$80.1k/year |

Budget & Admin Division (3950)

Page 4

| | |
|------------------------|-----------|
| <u>Total Positions</u> | <u>10</u> |
| Regular | 9 |
| Reso | 1 |
| Subs | 0 |

Programs and Operations

- *Develops and administers the annual budget department-wide, maintains and monitors position authorities according to the adopted budget, and creates financial reporting for CAO and electeds*
- *Serves as department contract coordinator, and administers personal services contracts department and City-wide for over 30 complex financial and technical contracts*
- *Procures goods and supplies to maintain department operations, and manages all Finance facilities (City Hall - 1st Floor, 2nd Floor, 10th Floor, 12th Floor; City Hall East - P4; Van Nuys City Hall; Industrious Building --*

13th Floor, 14th Floor; West LA Office) including emergency preparedness and business continuity

- Strategic initiatives planning and tracking; communications and liaison work with public and elected offices

| | |
|------------------------------|-------------------|
| <u>Contracting Dollars</u> | <u>\$53k/year</u> |
| Photocopier lease and rental | \$53k/year |

LATAX Transformation Division (3905)

Page 5

| | |
|------------------------|----------|
| <u>Total Positions</u> | <u>4</u> |
| Regular | 0 |
| Reso | 4 |
| Subs | 0 |

Programs and Operations

- Replace outdated LATAX system with a robust system that focuses on three main objectives:
 - Streamline, automate, and integrate processes to improve efficiency, reduce errors, and free up staff for high-value tasks
 - Enhance taxpayer experience by providing a user-friendly online portal with 24/7 support
 - Modernize system performance, resiliency, and security by transitioning to a cloud-based platform with advanced analytics and integration capabilities
- Procure a vendor to develop and implement a modern and accessible tax collection and reporting system to reduce barriers to access for taxpayers and residents
- Lead Finance staff through the implementation phase of the project, coordinating with other City departments as needed, including ITA, City Attorney, LAPD, CAO, and the Controller

| | |
|---|---------------------|
| <u>Contracting Dollars</u> | <u>\$24.9M/year</u> |
| LATAX Transformation Project Management Support | \$1.8M/year |
| LATAX Transformation Project Implementation | \$23.1M/year |

Accounting Division (3950)

Page 6

| | |
|------------------------|-----------|
| <u>Total Positions</u> | <u>17</u> |
| Regular | 16 |
| Reso | 0 |
| Subs | 1 |

Programs and Operations

- Performs accounting functions to safeguard over \$154 billion in cash and investment securities
- Performs general accounting functions required for City departments including payroll, accounts receivable, accounts payable, reconciliations, and revenue reconciliation
- Verifies and closes deposits in CashWiz system, and distributes revenues posted from LATAX to FMS4LA on a daily basis
- Reconciles the City's cash balance against the City's contracted banking provider
- Processes payments to contracted vendors and reimbursements to City departments

| | |
|------------------------------------|-------------------|
| <u>Contracting Dollars</u> | <u>\$42k/year</u> |
| Accounting and investment software | \$42k/year |

Executive Oversight -- Investment and Treasury Services

Page 7

- Treasury Division
- Investment Division

Treasury Division (3902)

Page 8

| | |
|------------------------|-----------|
| <u>Total Positions</u> | <u>13</u> |
| Regular | 13 |
| Reso | 0 |
| Subs | 0 |

Programs and Operations

- Supports the City's daily Cash Flow forecasting and monitors the City's daily cash position
- Provides management, implementation, coordination, and oversight of City bank accounts and treasury operations
- Maintains banking relationships, oversight of bank fee expenditures, merchant services, and other depository and disbursement services to support City departments' banking needs
- Serves as paying agent for General Obligation, Wastewater, and Water & Power system bonds
- Administers the payment of principal and interest of Street Improvement Bonds

| | |
|-----------------------------------|---------------------|
| <u>Contracting Dollars</u> | <u>\$4.97M/year</u> |
| Banking services | \$2.0M/year |
| Credit card and merchant services | \$2.19M/year |
| Bond admin fees | \$61.8k/year |
| Bank courier services | \$720k/year |

Investment Division (3908)

Page 9

| | |
|------------------------|----------|
| <u>Total Positions</u> | <u>5</u> |
| Regular | 5 |
| Reso | 0 |
| Subs | 0 |

Programs and Operations

- Invests General Pool funds for the City and its proprietaries with a mandate to ensure safety of principal, provide liquidity, and earn a market rate of return

| | |
|--|--------------------|
| <u>Contracting Dollars</u> | <u>\$619k/year</u> |
| Financial advising & reporting for investment administration | \$120k/year |
| Custody, securities lending, and related services | \$100k/year |
| Portfolio analytics software and indices | \$181k/year |
| Financial software and data subscription services | \$218k/year |

Executive Oversight -- External Operations

Page 10

- STAR Division
- Enforcement Division
- Audit Division
- Citywide Revenue Management Division

STAR Division (3909)

Page 11

| | |
|------------------------|-----------|
| <u>Total Positions</u> | <u>31</u> |
| Regular | 30 |
| Reso | 1 |
| Subs | 0 |

Programs and Operations

- *Audit operations for specialized taxes, including cannabis, parking occupancy, transient occupancy, and utilities taxes*
- *Administers tax appeals process, including first level hearings before an Assessment Review Officer and second level hearings before the Board of Review (BOR)*

| | |
|--|---------------------|
| <u>Contracting Dollars</u> | <u>\$52.2k/year</u> |
| Communication User's Tax independent audit | \$35.2k/year |
| Board of Review services | \$17k/year |

Enforcement Division (3909)

Pages 12-14

| | |
|------------------------|-----------|
| <u>Total Positions</u> | <u>61</u> |
| Regular | 47 |
| Reso | 14 |
| Subs | 0 |

Programs and Operations

- *Discovers unregistered businesses operating within City jurisdiction and communicates with those not in compliance to register and pay business license taxes owed to the City*
- *Enforces business tax compliance in accordance with the Los Angeles Municipal Code*

| | |
|-------------------------------------|---------------------|
| <u>Contracting Dollars</u> | <u>\$47.4k/year</u> |
| Tax discovery services | \$22.4k/year |
| Sales tax enforcement data services | \$25k/year |

Audit Division (3909)

Pages 15-17

| | |
|------------------------|-----------|
| <u>Total Positions</u> | <u>50</u> |
| Regular | 45 |
| Reso | 5 |
| Subs | 0 |

Programs and Operations

- *Audit operations for business taxes in accordance with the Los Angeles Municipal Code; types of businesses include retail/wholesale, healthcare, online streaming platforms, contractors, legal and accounting services, entertainment industries, design and technology, etc.*
- *Ensures timely assessment of taxes due to the City*

| | |
|--|--------------------|
| <u>Contracting Dollars</u> | <u>\$562k/year</u> |
| <i>Audit case management database and system</i> | \$537k/year |
| <i>Post office box rentals</i> | \$25k/year |

Citywide Revenue Management Division (3901)

Page 18

| | |
|------------------------|-----------|
| <u>Total Positions</u> | <u>33</u> |
| <i>Regular</i> | 28 |
| <i>Reso</i> | 5 |
| <i>Subs</i> | 0 |

Programs and Operations

- Oversees Citywide delinquent debt collection activities and works with City departments to facilitate the collection of outstanding accounts receivables either by in-house collection staff or through administered contracts with third party collection agencies
- Consolidates various data sets and conducts data analyses on collection and revenue data
- Researches and analyzes revenue and tax policies to provide related recommendations and revenue forecasting

| | |
|--|----------------------|
| <u>Contracting Dollars</u> | <u>\$468.3k/year</u> |
| <i>Collections management system and related database services</i> | \$226.3k/year |
| <i>Court filing and legal subpoena services</i> | \$20k/year |
| <i>Electronic database services for collections operations</i> | \$72k/year |
| <i>Documentary transfer tax enforcement services</i> | \$150k/year |

Executive Oversight -- Customer Support and Billings

Page 19

- Customer Support Division
- Revenue Processing & Billing Division

Customer Support Division (3906)

Pages 20-22

| | |
|------------------------|-----------|
| <u>Total Positions</u> | <u>66</u> |
| <i>Regular</i> | 51 |
| <i>Reso</i> | 15 |
| <i>Subs</i> | 0 |

Programs and Operations

- Provides frontline customer service to taxpayers, and aids customers via public counters, virtual public counters, email, mail, calls, and online chat to remit tax, permit, and fee payments (including Police, Fire, Tobacco, and Cannabis)
- Assists new business owners when registering for business license certificates
- Assists customers with Utility Users Tax Exemptions/Lifeline applications, which provide needed adjustments to their utility monthly bills

| | |
|--|----------------------|
| <u>Contracting Dollars</u> | <u>\$540.1k/year</u> |
| <i>Email management and mass communication services</i> | \$11.7k/year |
| <i>Digital queuing system</i> | \$36k/year |
| <i>Facility security services</i> | \$452k/year |
| <i>Smart safe services and cash counting machine maintenance</i> | \$40.4k/year |

Billing and Revenue Processing Division (3901)

Page 23

| | |
|------------------------|-----------|
| <u>Total Positions</u> | <u>20</u> |
| Regular | 20 |
| Reso | 0 |
| Subs | 0 |

Programs and Operations

- *Administers the collection of taxes, including taxes imposed under Measure United to House LA (ULA), which was established to fund affordable housing projects and provide resources to tenants at risk of homelessness*
- *Oversees, manages, and processes lockbox, mailed, and online renewals and bill payments*
- *Processes penalty waivers, refunds, and document imaging*