

Fiscal Year 26-27

Proposed Budget

City Administrative Officer
Matthew W. Szabo
April 2026





Overview

FY 26-27 Proposed Budget vs. FY 25-26 Adopted Budget

(\$ Thousands)

	Adopted 2025-26	Proposed 2026-27	% Change
General Fund	\$8,178	\$8,590	5.0%
Special Funds	\$5,925	\$6,258	5.6%
Total	\$14,103	\$14,848	5.3%



FY 26-27 Proposed Budget vs. FY 25-26 Revised Budget

(\$ Thousands)

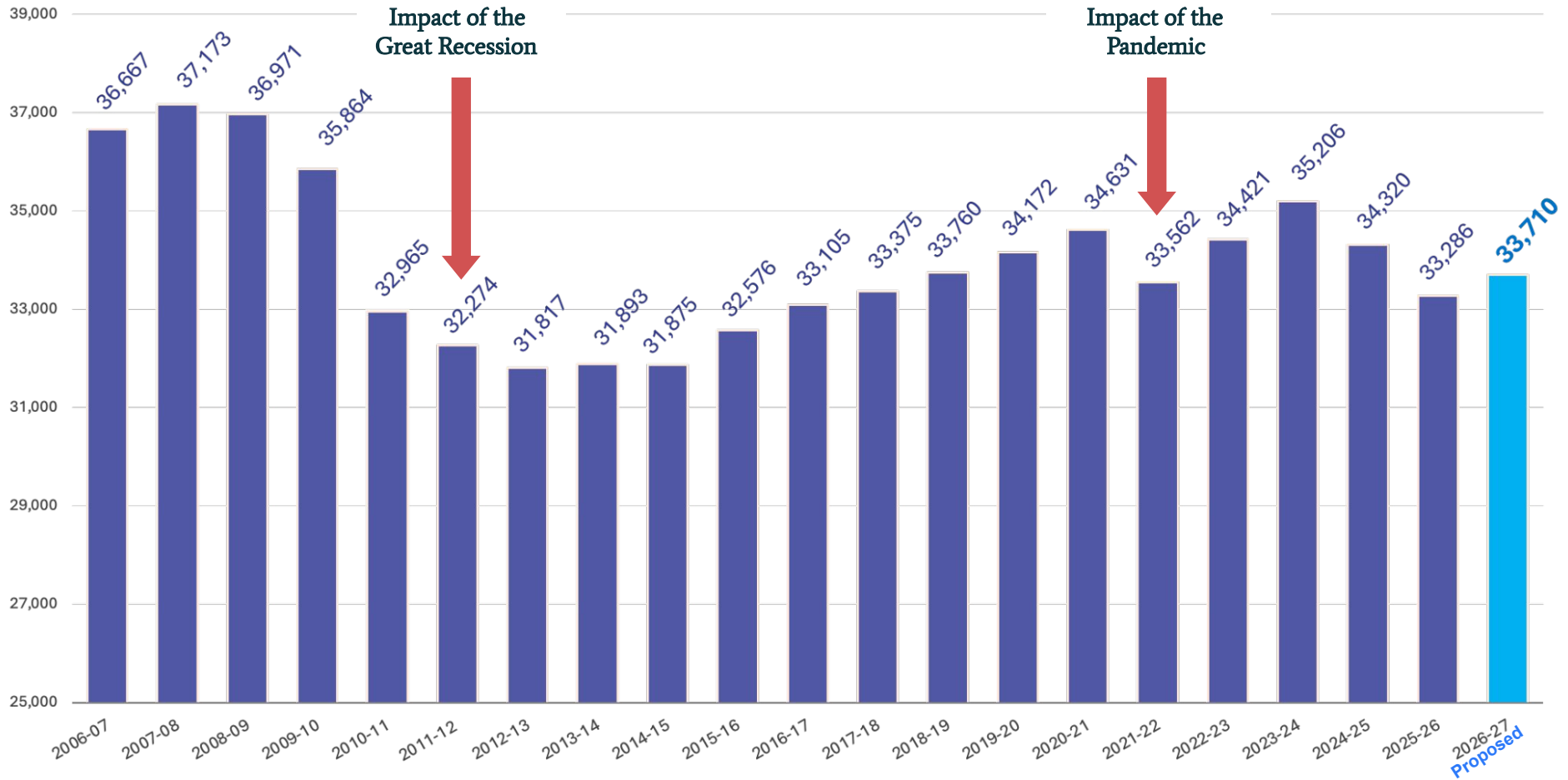
	Revised 2025-26	Proposed 2026-27	% Change
General Fund	\$8,298	\$8,590	3.5%
Special Funds*	\$6,340	\$6,258	-1.3%
Total	\$14,638	\$14,848	1.4%

*includes special fund available balances and Bond Redemption and Interest funds.



Authorized City Staffing

Note: Regular positions only. Does not include proprietary departments.



A blue-tinted photograph of a modern building's interior atrium. The space is characterized by tall, dark columns and a large, ornate chandelier hanging from the ceiling. A large, abstract sculpture is visible in the foreground. The overall atmosphere is clean and architectural.

Revenues

FY 26-27 Proposed Budget vs. FY 25-26 Adopted Budget

	2025-26 ADOPTED	2025-26 REVISED	2026-27 PROPOSED
Property Tax	\$2,839,082	\$2,850,970	\$2,954,152
Ex-CRA Tax Increment	\$172,622	\$151,497	\$155,613
Departmental Receipts	\$1,644,974	\$1,666,210	\$1,856,060
Business Tax	\$825,000	\$889,470	\$895,950
Sales Tax	\$647,485	\$670,670	\$681,500
Utility Users Tax	\$702,520	\$746,010	\$769,790
Transient Occupancy Tax	\$314,990	\$304,070	\$313,500
Power Revenue Transfer	\$227,943	\$225,782	\$219,662
Grants Receipts	\$46,831	\$42,931	\$21,085
Documentary Transfer Tax	\$193,702	\$193,128	\$203,006
Franchise Income	\$144,103	\$140,974	\$130,274
Parking Occupancy Tax	\$141,336	\$147,400	\$151,910
Parking Fines	\$108,400	\$125,600	\$125,600
Interest	\$84,340	\$74,000	\$80,000
Special Parking Revenue Transfer	\$36,647	\$19,544	\$12,215
Tobacco Settlement	\$9,555	\$9,064	\$9,064
State Motor Vehicle License Fees	\$6,146	\$5,960	\$5,960
Residential Development Tax	\$3,580	\$5,905	\$4,740
Budget Stabilization Fund	\$29,000	\$29,000	-
Total General Fund Revenue	\$8,178,256	\$8,298,186	\$8,590,080

(Thousands)

Economy-Sensitive Revenues

Projected to experience **below average growth** (20-year average: +3.8%)

Source	FY 2026-27 vs. FY 2025-26 Revised	Growth (%)
Property Tax	\$129.3M	4.3%
Business Tax	\$6.5M	0.7%
Sales Tax	\$10.8M	1.6%
Utility Users' Tax	\$23.8M	3.2%
Documentary Transfer Tax	\$9.9M	5.1%
Transient Occupancy Tax	\$9.4M	3.1%
Parking Occupancy Tax	\$4.5M	3.1%
Total Economy-Sensitive Revenues	\$194.2M	3.3%
FY 2026-27 vs. FY 2025-26 Adopted	\$303M	5.2%



Total property tax growth higher (4.4%), but reflects loss of \$22m in one-time state aid.

GF Revenue Increase

\$412M

(compared to Adopted FY26)



GF Revenue Increase



\$363M

**Appropriated to
obligatory
employee-related
cost increases**



Reserve Fund

Status of the Reserve Fund

FY 25-26 Adopted Budget:

\$420M

5.13%



July 1, 2025 Actual:

\$402M

4.91%



FY 26-27 Proposed Budget:

\$489M

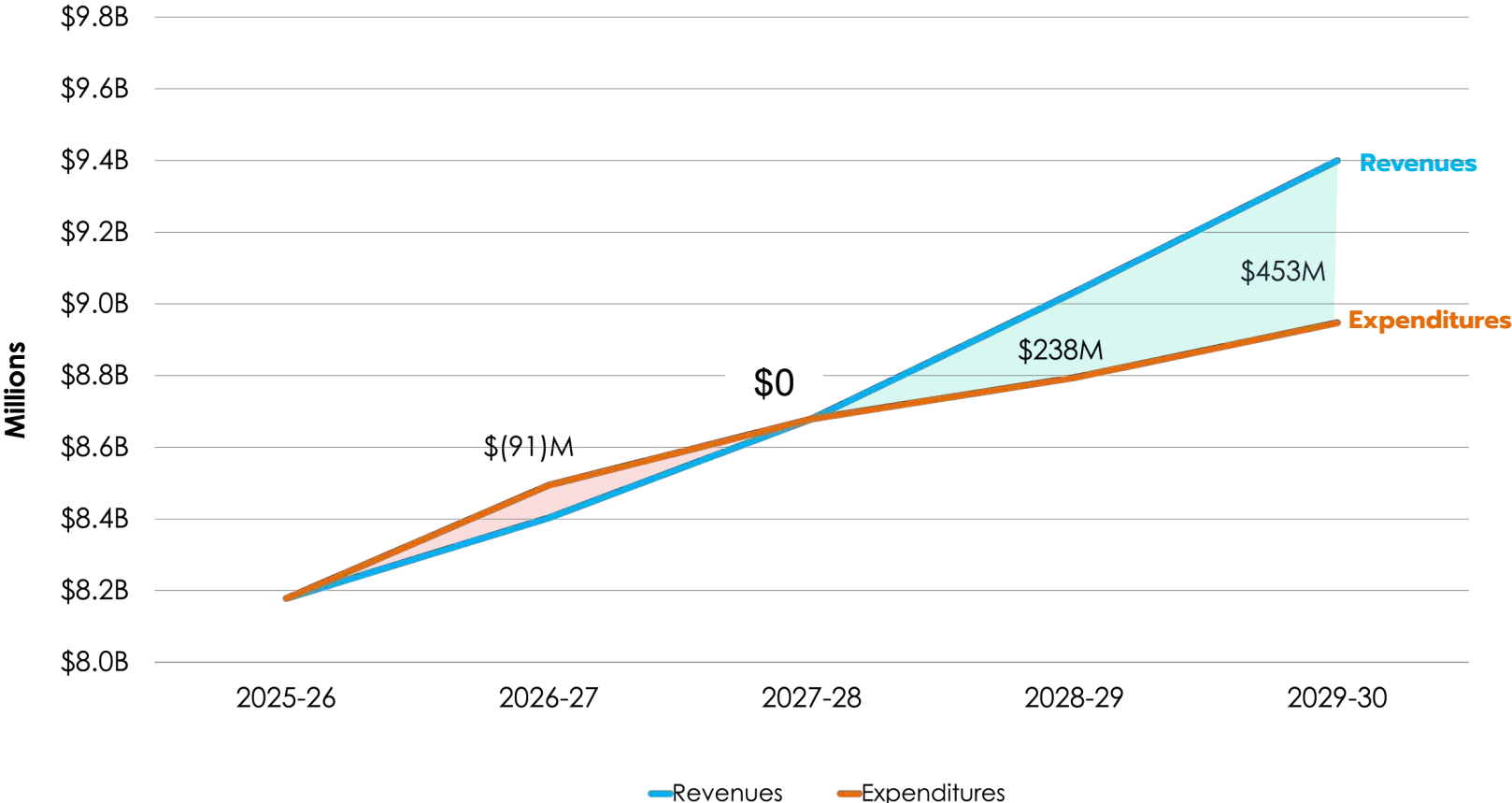
5.70%



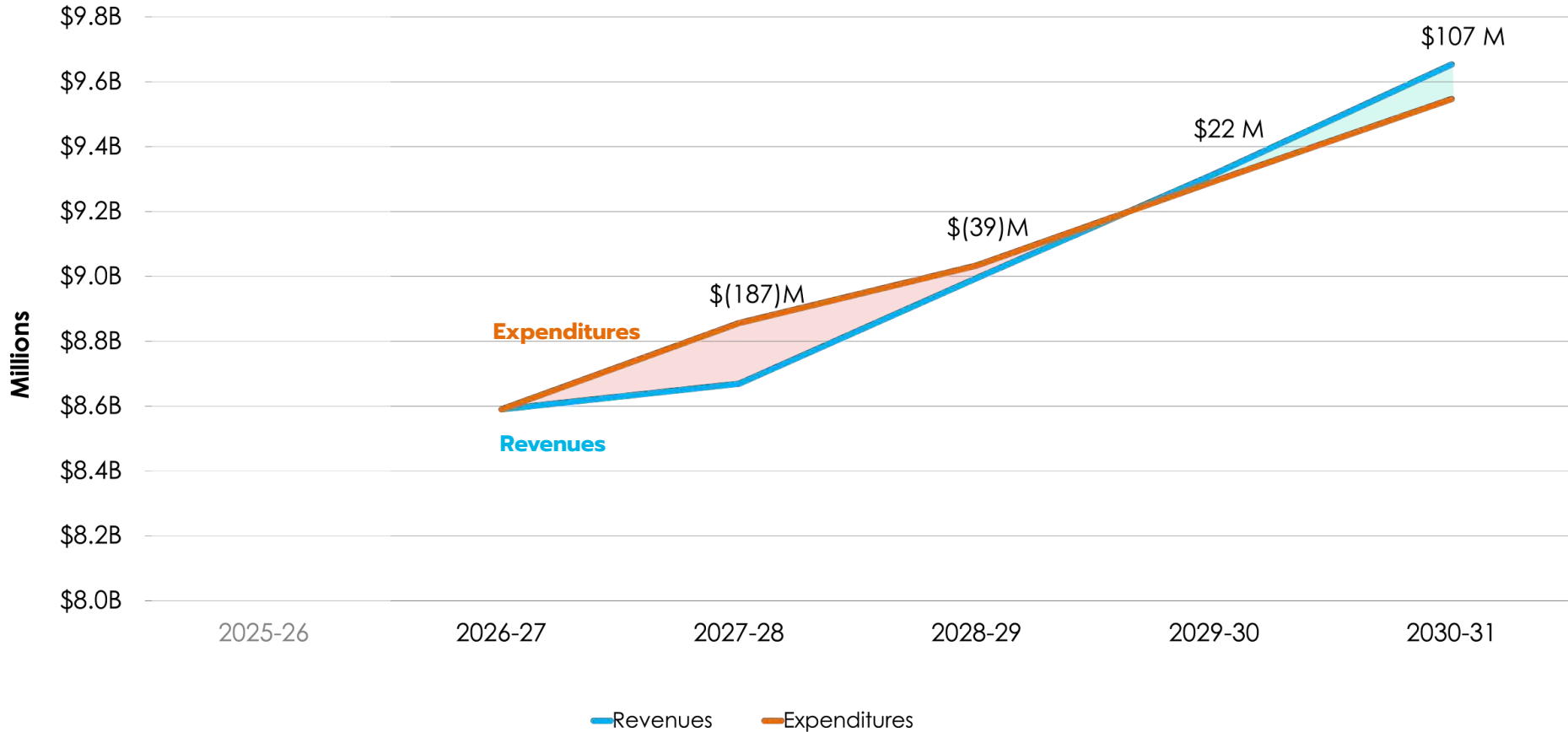


Outlook & Risks

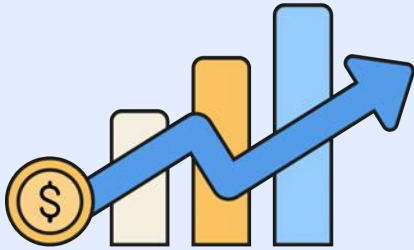
Four-Year Outlook | FY 25-26 Adopted Budget



Four-Year Outlook | FY 26-27 Proposed Budget



Four-Year Outlook | **Key Assumptions**



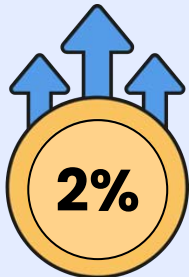
NO RECESSION

Return to historic level of revenue growth



NO SERVICE RESTORATION / EXPANSIONS

*Beyond services included in the Proposed Budget
Expenditures reflect major expenses (e.g. LACC
expansion) known at this time*



NO NEW LABOR COSTS

*2 percent annual increase in labor costs and all
costs for active agreements*



Financial Policies

Financial Policies | FY26-27 Proposed Budget Compliance

Reserve Fund at least 5%
of General Fund revenues



Will start this FY at \$489
million, or 5.70%

Budget Stabilization Fund



Will start this FY at \$195
million

**Cumulative General Fund
reserves** at 10% of GF
Revenues



Cumulative Level of \$722
million, or 8.40%

Financial Policies | FY26-27 Proposed Budget Compliance

**Capital & Technology
Investments** at 1.5% of GF
revenues

X

The Proposed Budget invests \$106 million, or 1.24% of the General Fund revenues in this category

Financial Policies | FY26-27 Proposed Budget Compliance

Debt service No more than 6% for non-voted direct debt, and 15% for direct debt



2.43% for non voter-approved

3.73% for voter and non voter-approved

Debt service adherence to MICLA operating guidelines



Proposed Budget requests an exemption to finance \$29M in police patrol vehicles

Financial Policies | FY26-27 Proposed Budget Compliance

All one-time revenues used for one-time expenditures

X

\$149 million in one-time General Fund revenues vs. \$146 million for one-time expenditures

Achieve structural balance

X

2027-28: Revenues exceed expenditures by \$186.9M



Areas of Concern

Areas of Concern



**Palisades
Repayment
Shortfall**



**Unfunded
Street
Lighting
Obligations**



**Pension Non-
Compliance**



**Police Civilian
Salary
Underfunding**



**Obligatory
Payout
Underfunding**



**Homelessness
Revenue**

Looking Ahead

1. Transition to **Multi-Year Budgeting**
2. **Liability** Mitigation
3. **Fiscal Transparency** Protocols



City Administrative Officer
Matthew W. Szabo

April 2026

cao.lacity.org/budget