

**REPORT FROM**

## **OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: December 6, 2024

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Council District: ALL

To: Karen Bass, Mayor  
Marqueece Harris-Dawson, Council President  
Bob Blumenfield, Chair, Budget, Finance, and Innovation Committee

From: Matthew W. Szabo, City Administrative Officer 

Reference: 2024-25 Budget

Subject: **SECOND FINANCIAL STATUS REPORT**

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### **SUMMARY**

This Office is transmitting the Second Financial Status Report (FSR) for Fiscal Year 2024-25. 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 for 2024-25, and a discussion of an issue of concern which may impact the City's finances.

One-third of the way through the 2024-25 fiscal year, the City continues to be in a particularly challenging financial position. On September 27, 2024, this Office released a report in which we first raised the financial and budgetary concerns that we expected to continue to face and have to address in 2024-25. Then, in the First FSR we expanded upon these concerns, identifying downside risks to several economy-sensitive revenue sources and \$216 million in projected overspending. We further reported that since the Reserve Fund balance was only at 3.9 percent of General Fund revenues and below the five percent Charter minimum, the City could not rely on it to balance the 2024-25 Budget.

With only four months of revenue data available, it is too early in the year to project whether the City will meet its budgeted revenue amount by year end. Nonetheless, being above plan on revenues at this point in the year is a better position to be in. General Fund revenues through October 2024 are \$54 million above plan. While overall General Fund revenue is above plan, we identify downside risks to economically sensitive receipts, including sales tax, property tax, and transient occupancy tax. In addition, the lower base revenue in selected receipts in 2023-24 means that the projected revenue growth for 2024-25 in the Adopted Budget is likely overstated. Consequently, even with revenues being above plan at this time, based on the downside revenue risks identified in this report we do not anticipate a year-end revenue surplus that could be used to offset overspending.

We have identified \$296.14 million in expenditures above plan in the current year. The largest over-expenditures are in the Liability Claims due to approved and pending liability payouts and due to

the recently approved fire sworn labor agreement. Other significant over-expenditures are the Fire Department's increased retirement sick payout liabilities, overtime for fire life safety inspections and deployments in response to natural disasters, unbudgeted contract obligations, and increased fleet maintenance and repair costs, the City Attorney's increased litigation expense and outside counsel costs, the Police Department's sworn and civilian salary and sworn overtime costs, the Transportation Department's salary, as-needed, overtime, and unbudgeted contract costs, and the General Services Department's increased fuel and fleet maintenance costs.

In this report we recommend \$46.83 million in solutions to partially address the projected budget gap of \$296.14 million and identify \$119.40 million in potential future actions to further reduce the remaining year-end overspending to \$129.91 million. The size of the remaining budget gap highlights the need for the City to pursue cost control and reduction measures to balance the current-year budget. Departments must absorb or manage remaining overspending 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.

The Reserve Fund balance is \$320.53 million or 4.0 percent of 2024-25 General Fund revenue, after accounting for transactions approved since July 1 and the recommendations in this report. This balance is below the five percent Reserve Fund policy. Due to the significant overspending identified in this report, the downside risk to revenues, and the need to restore the Reserve Fund, we strongly recommend that the City refrain from using the Reserve Fund for the remainder of the fiscal year for any purpose other than to pay settlements and judgments in cases that we are considering including in a future judgment obligation bond.

In this report we raise one issue of concern related to the current status of ongoing employee union negotiations with various bargaining units. Since the First FSR, the Council and Mayor have approved the new memorandum of understanding for the sworn firefighters. At the time of the First FSR, this was the largest pending agreement and we have now been able to incorporate its impacts in our spending projections. There are other agreements that the Mayor and Council have recently approved, are pending Council consideration, or are under negotiation that are not incorporated in our spending projections. It is likely that some departments will be able to absorb a portion of the costs associated with the agreements, while others may not be able to. We will continue to monitor salaries accounts throughout the year and include recommendations to address overspending associated with these agreements.

### **Budget Balancing and Reserves Restoration Plan for 2024-25 and Beyond** **Recommendation No. 5**

The fiscal challenges that we present in this FSR are consistent with those that we previously presented in the First FSR, dated October 25, 2024, and in our initial report raising these challenges on September 27, 2024. In those reports, we recognized the threat that overspending and potential revenue shortfalls have on the Reserve Fund. Therefore, the Council and Mayor took a number of actions to help to preserve and ultimately restore the Reserve Fund to at least the five percent policy minimum.

These actions sought to mitigate and address overspending using current appropriations rather than reserves, by:

- Instructing the CAO to present budget balancing and reduction recommendations no later than the Mid-Year FSR.
- Instructing departments to absorb overspending.
- Instructing General Managers to retain the General Fund surpluses for future Citywide budget balancing.
- Retaining the prioritized critical hiring process.
- Deferring requests for interim budget appropriations and reappropriations of prior year funds.
- Instructing the CAO to review off-budget special funds for budget balancing.

In order to help to address structural budgetary challenges on an ongoing basis, the Council and Mayor have:

- Instructed the CAO and requested the City Attorney to report on strategies to limit future liability and outside counsel spending.
- Committed to evaluating the need for the prioritized critical hiring process in the 2025-26 Budget in the context of restoring the Reserve Fund being to the five percent policy level.
- Instructed the Bureau of Sanitation and the Bureau of Street Lighting to present options to return solid waste fees and street lighting assessments to reasonable cost recovery. We strongly urge these bureaus to complete the necessary steps to achieve this so that we begin to see progress toward reasonable cost recovery in 2025-26.

In order to restore the Reserve Fund, the Council and Mayor have:

- Instructed General Managers to refrain from requesting new Reserve Fund loans.
- Instructed the CAO to report on opportunities to expedite the repayment of outstanding Reserve Fund loans.
- Instructed the CAO and requested the City Attorney to pursue the necessary steps to enable the City to issue a judgment obligation bond with the intent of reimbursing the Reserve Fund for transfers made from the Reserve Fund to pay for liability costs so that it could remain an option for a future Council and Mayor decision.

Together with all departments, we are actively implementing these recommendations.

Through this ongoing work, we have determined that if we issue a judgment obligation bond, the proceeds will not be available to restore the Reserve Fund during 2024-25 but could be available for that purpose during 2025-26. Therefore, in order to ensure that the Reserve Fund remains above the 2.75 percent Emergency Reserve level for the remainder of this fiscal year, we recommend to the degree possible that the City minimize the use of the Reserve Fund for any

purpose other than paying for settlements and judgments that could be part of a future judgment obligation bond.

Instead of the Reserve Fund, we propose addressing 2024-25 overspending from the following sources in the following order:

1. \$105 million in the Unappropriated Balance, Department Payroll Reconciliation Account beginning in this Second FSR.
2. Any savings that can be generated through the ongoing reduction exercise and evaluation of off-budget special funds no later than the Mid-Year FSR.
3. If necessary, up to the full \$205 million balance in the Budget Stabilization Fund beginning in the Mid-Year FSR.

The City must take steps to reduce the chance that the challenges that we are facing this year will occur in future fiscal years. Therefore, as part of the 2025-26 Budget development process, this Office will recommend the necessary steps to:

- Restore the Reserve Fund to the five percent policy minimum during 2025-26. Pursuant to Charter Sections 302(b)(4) and (b)(5), if the Reserve Fund falls below the five percent minimum, the City must take steps to restore it in the subsequent fiscal year. If it falls more than one percent below the five percent minimum, the City must attempt to restore at least one percent in each subsequent fiscal year until the Reserve Fund returns to the five percent level.
- Restore any portion of Budget Stabilization Fund used for 2024-25 budget balancing through a multi-year repayment plan beginning with the 2025-26 Budget. This plan will require annual budgetary appropriations to the Budget Stabilization Fund, above what would otherwise be required by the policy, until the full amount used for 2024-25 budget balancing is repaid with interest.
- Ensure that the City does not face similar spending challenges in future fiscal years by recommending that the 2025-26 Budget increase appropriations in obligatory accounts that are now regularly underfunded. The most notable, but not the only, of these accounts is the Liability Claims Account.
- Support the development and recommend approval of action by the Bureau of Sanitation and the Bureau of Street Lighting to return solid waste fees and street lighting assessments to levels that achieve reasonable cost recovery beginning no later than 2025-26.

If followed, these recommendations will make the 2025-26 and future budgets structurally stronger. They will also make it challenging to include funding for new or expanded services in the 2025-26 Budget. In fact, taking these steps will exacerbate what is likely to be an already existing need for cost and potentially service reductions in the 2025-26 Budget.

## **General Fund Revenue**

### **Attachment 1 – 2024-25 Adopted General Fund Revenue through October**

#### *Key Findings/Recommendations*

- *Actual 2024-25 revenue through October is \$1.35 billion, \$54.1 million above the adopted plan of \$1.29 billion. Receipts-to-date represent 16.8 percent of the General Fund revenue budget of \$8.03 billion. Excluding excess interest earnings that may be due to special funds, receipts are \$35.7 million above plan and 6.0 percent above General Fund receipts from the previous year.*
- *Despite total receipts being higher than plan, there are downside risks to revenue. The adopted revenue budget for property tax assumed 4.75 percent growth based on the County Assessor’s May 2024 estimate for countywide growth. The Assessor has since provided a 4.6 percent growth estimate for the City’s assessed value. Other economy-sensitive revenues that are below plan, such as sales tax and transient occupancy tax (TOT), indicate lingering economic weakness despite the recent rate cut, primarily attributed to the extended period of inflation and higher interest rates. Forecasts specific to the state and local economy predict subpar economic growth throughout 2024 and increasing unemployment with indicators not anticipated to improve until the end of 2025.*
- *With only four months of revenue data, it is too early to project year-end totals. Current year property tax receipts only represent 3.9 percent of the property tax budget and the first remittance of secured receipts for the next property tax year will not occur until December 2024. Further, over 85 percent of business tax receipts are received after January 1.*

#### 2024-25 Adopted Revenue

With only an additional month of revenue data since the first FSR, we have not identified new trends in General Fund receipts. As we noted in the first FSR, some revenue sources, like property tax and business tax, presently represent earnings attributable to the prior-tax year, with current tax year remittances anticipated in December 2024 and January 2025, respectively. Other taxes, such as the sales, TOT and documentary transfer taxes may have shorter lags from economic activity, but changing economic conditions from two rate cuts may alter the trend in receipts.

While receipts through October (excluding interest earnings that may be owed to special funds) are \$35.7 million above plan, large surpluses (or shortfalls) should not be assumed as indicative of year-long trends. For example, the \$60.3 million surplus in departmental receipts through October is boosted by one-time, prior-year and unanticipated receipts, some of which require new appropriations or will be otherwise disbursed. Additionally, downside risks to other revenues may reduce this surplus. Lower 2023-24 receipts in business taxes and TOT mean that assumptions for the current year base are too high. Additionally, there are over \$20 million in reduced business tax receipts recorded in the LATax system for October that are not reflected in the City’s financial management system (FMS) receipts. Growth for sales and property tax is also likely to be lower

than the assumptions used in the adopted budget, based on recent forecasts. Moreover, projected growth for the state and local economy is now anticipated to be realized near the end of the 2025 calendar year rather than coinciding with the recent rate cuts. Finally, there are lesser defined economic risks linked to uncertainties from new economic and trade policies and worsening international conflicts.

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

**Table 1. 2024-25 General Fund Revenue and Variance through October**  
(Million Dollars)

	Adopted Budget	Monthly Plan	Monthly Receipts	Receipts as % of Budget	Variance
Property Tax	\$2,770.4	\$127.6	\$108.8	3.9%	(\$18.8)
Property Tax Ex-CRA Inc.	142.6	-	-	0.0%	-
Department receipts	1,421.4	298.8	359.1	25.3%	60.3
Business Tax	837.1	68.1	74.0	8.8%	6.0
Sales Tax	691.0	229.1	220.5	31.9%	(8.6)
Utility Users Tax	685.1	234.8	230.8	33.7%	(4.0)
Transient Occupancy Tax	342.8	118.8	109.5	31.9%	(9.3)
Power Revenue Transfer	227.5	-	-	0.0%	-
Grant Receipts	224.6	2.1	7.2	3.2%	5.1
Documentary Transfer Tax	168.8	63.2	61.3	36.3%	(1.8)
Franchise Income	147.5	35.1	35.7	24.2%	0.7
Parking Occupancy Tax	134.6	45.0	51.6	38.3%	6.6
Parking Fines	110.0	36.8	36.9	33.5%	0.1
Special Parking Revenue Transfer	24.6	-	-	0.0%	-
Tobacco Settlement	10.7	-	-	0.0%	-
State Motor Vehicle License Fees	4.8	-	-	0.0%	-
Residential Development Tax	4.7	1.6	1.1	22.8%	(0.5)
Interest Income	84.5	30.6	49.0	58.0%	18.4
<b>Total General Fund</b>	<b>\$8,032.6</b>	<b>\$1,291.4</b>	<b>\$1,345.5</b>	<b>16.8%</b>	<b>\$54.1</b>

**Property taxes:** There is no change to property tax receipts from September. Net property tax receipts through October remain \$18.8 million below plan, partly attributed to a higher-than-estimated remittance for May 2024 (\$27.9 million) in the prior fiscal year. Secured receipts are \$23.4 million lower, with an additional \$0.6 million shortfall in redemptions. Offsetting these shortfalls are higher unsecured, supplemental, and adjusted receipts (\$3.4 million, \$1.3 million, and \$0.2 million, respectively) and lower refunds (\$0.4 million). There is additional

downside risk to secured receipts based on the County Assessor's forecasted growth in the City's assessed value (4.6 percent) for the next tax period beginning December 2024. The adopted budget estimate assumed 4.75 percent growth based on the Assessor's May estimate for countywide growth.

**Department receipts:** Departmental receipts through October, which include license, permits, fees, fines, and various reimbursements, total \$359.1 million, which is \$60.3 million above the adopted plan. The surplus can be attributed to: \$33.8 million in ambulance billing payments, including \$28.0 million attributed to the quality assurance fee; \$32.5 million in early remittances from special funds for related costs and other reimbursements; \$8.8 million from proprietary departments with LAWA's reimbursement of prior-year expenditures; and \$8.5 million in various fees and other payments attributed to the \$12.2 million payment for prior-year state mandated police claims. Offsetting the above surplus were lower than anticipated MTA reimbursements due to the delayed approval of the ninth amendment to the MTA contract (\$23.1 million).

Additionally, approximately \$3.6 million of excess receipts will need to be transferred to other funds from City Attorney collection activities (\$2.7 million) and County reimbursement for the Inside Safe program (\$0.9 million), while \$5.2 million are pending appropriations to departments for construction programs. Other amounts for transfer or appropriation may also be necessary, also reducing the available surplus. Finally, departmental receipts may also be susceptible to year-end shortfalls when vacancies or changes to the cost allocation plan rates reduce budgeted reimbursements.

**Business tax:** Net business tax receipts are \$6.0 million above plan, some of which might represent the delayed recording of 2023-24 receipts. The surplus in receipts from non-cannabis related business activities is offset by a \$2.8 million shortfall in anticipated cannabis receipts. As reported in the First FSR, state legislation effective January 2025 may reduce cannabis-related taxes. Additionally, the \$41.6 million shortfall from revised 2023-24 estimates in both categories translates to a lower base for growth in 2024-25 receipts, which may impact the next annual business tax renewal cycle that begins in 2025.

**Sales tax:** Sales tax is \$8.6 million below planned receipts through October. Sales tax is one of the City's more economically sensitive revenues. Lower receipts for both revised 2023-24 and the current year have been attributed to the lingering impact of 2023 entertainment industry strikes, eroded purchasing power with inflation, and curtailed business investment and hiring from higher interest rates and wages. There is a downside risk to this revenue based on increasing unemployment and economic indicators that have been slow to improve after the Federal Reserve's interest cuts.

**Utility users tax (UUT):** Adjusted total receipts through October are \$4.0 million below plan. Gas users and electricity users taxes (EUT) are \$4.3 million and \$0.6 million below plan, respectively. Excess communication users tax (CUT) receipts of \$0.9 million slightly reduce the net shortfall.

**Transient occupancy tax (TOT):** With the inclusion of approximately \$1.1 million in LATax receipts not yet recorded in FMS, adjusted TOT receipts are \$9.3 million below budget, which

follows a \$14.3 million shortfall from the revised 2023-24 estimate. October receipts from hotel and short-term rental activity are \$8.0 million and \$1.3 million below plan, respectively. TOT receipts have yet to return to pre-pandemic levels, and current year revenue is 1.1 percent below prior year receipts to date.

**Power Revenue Transfer:** After the adoption of the 2024-25 budget, the Board for the Department of Water and Power increased its estimate for the Power Revenue Transfer by \$0.5 million to approximately \$228.0 million. The Board will confirm the actual transfer amount once an audit of 2023-24 Power Revenue Fund financial data is completed.

**Documentary transfer tax:** Receipts through October are \$1.8 million below plan attributed to lower-than-anticipated sales activity. Receipts are, however, 12.8 percent higher than this time last year, demonstrating some recovery in both sales volume and prices since multiple interest rate increases by the Federal Reserve pushed up mortgage rates. There may be some risk in this receipt if reductions in mortgage rates lag the Fed's interest rate cuts.

**Franchise income:** Net franchise receipts through October are \$0.6 million above plan. The \$7.7 million shortfall in natural gas franchise income attributed to the reduction in gross receipts from the California climate credit, as reported in the First FSR, has since been offset by \$7.3 million in early solid waste franchise income and higher cable television (\$0.7 million) and official police garage (\$0.3 million) receipts.

**Parking occupancy tax:** Parking occupancy tax receipts are \$6.6 million above plan and \$3.4 million higher than LATax receipts through October. There can be large variability in monthly receipts.

**Parking fines:** Parking fine revenue through October is near plan, with twelve months of issuance and collection activity generating between \$108 million and \$111 million in receipts since April 2022.

**Grant receipts:** Receipts from grant revenue through October are \$7.2 million, which is approximately \$5.1 million above the budgeted plan for departmental grant revenue due to increased and prior year direct and related cost reimbursements associated for Public Works and other departments. The total grant budget includes \$208.2 million in FEMA reimbursements for COVID-19 response efforts, the timing of which is challenging to predict.

## **Expenditures**

### *Key Findings/Recommendations*

- *This Office has identified approximately \$296.14 million in projected overspending and unfunded items across various departments and funds. This is an \$80.08 million increase from the First FSR due primarily to the inclusion of the costs of the recently approved fire sworn labor agreement and increased liability claims costs.*



- *The recommendations in this FSR address \$46.83 million of this overspending leaving \$249.31 million to be addressed. This Office has identified anticipated future actions that would offset an additional \$119.40 million, reducing year-end overspending to \$129.91 million.*

Based on expenditure data through the end of October 2024, this Office has identified \$296.14 million in projected overspending and unfunded items across various departments and funds. This amount is largely due to overspending in the City Attorney (\$25.41 million), Fire (\$36.68 million), Police (\$19.65 million), Transportation (\$13.95 million), and General Services (\$11.49 million) departments, the recently approved fire sworn labor agreement (\$53.40 million), and the Liability Claims Account (\$112.02 million). Many departments reported year-end surpluses due to salary savings and vacancies.

In Table 2 we provide the year-end overspending amounts, the changes in these amounts since the first FSR, and explain the primary causes for the overspending and the reasons for any changes. We provide additional detail on the overspending by department or non-department in the Discussion section of this report.

(See Table 2 on the next page)

<b>Table 2. Second FSR Projected Overspending/Unfunded Expenditures (in Millions)</b>				
<b>Departmental and Non-Departmental Overspending</b>				
<b>Department</b>	<b>First FSR</b>	<b>Change</b>	<b>Second FSR</b>	<b>Reason</b>
Aging	\$ 0.40	\$ (0.37)	\$ 0.03	Overspending resolved through actions in the First FSR.
City Administrative Officer	0.37	(0.19)	0.18	Overspending is due to unbudgeted costs associated with the civilian labor agreements approved last fiscal year. Reduced overspending due to unanticipated attrition.
City Attorney	30.55	(5.14)	25.41	Overspending is based on year-to-date and prior-year expenditure trends for litigation expenses and outside counsel costs. Overspending decrease is due to recommendations in the First FSR and reduced expenditures for outside counsel costs.
Community Investment for Families	0.85	(0.85)	-	Overspending resolved through actions in the First FSR and lower than anticipated contract expenditures for the Victim of Crimes Act Reserve Fund.
Controller	1.12	0.47	1.59	Overspending is due to unbudgeted costs associated with the civilian labor agreements approved last fiscal year and the inability of the Department to meet its salary savings rate in light of low staff vacancies. Increased overspending is due to increased salaries and overtime spending projections.
Finance	1.41	(0.08)	1.33	Overspending is primarily due to staff overtime, contracting costs, and LATAX data storage and software license renewal costs. Overspending decrease is due to reduced expenditures in various expense accounts.
Fire	32.40	4.28	36.68	Overspending is primarily due to increased retirement sick payout liabilities, overtime for fire life safety inspections and deployments in response to natural disasters, unbudgeted contract obligations, and increased fleet maintenance and repair costs. Increased overspending is due to year-to-date overtime expenditures and revised projections.
Fire Sworn Labor Agreement	-	53.40	53.40	Overspending projection is related to the impact of the new labor agreement with the United Firefighters of Los Angeles City.
General Services	18.91	(7.42)	11.49	Overspending is primarily due to increased petroleum and fleet maintenance costs. Reduced overspending is due to savings in these accounts based on updated spending patterns and salary savings.
Housing	0.01	(0.01)	-	Overspending resolved by slower hiring.
Personnel	0.57	(0.09)	0.48	Overspending is primarily due to an unbudgeted increase in reimbursement rates for Sexual Assault Response Team examinations. Reduced overspending is primarily due to employee attrition.

(Table 2 continued on the next page)

<b>Table 2. Second FSR Projected Overspending/Unfunded Expenditures (in Millions)</b>				
<b>Departmental and Non-Departmental Overspending</b>				
<b>Department</b>	<b>First FSR</b>	<b>Change</b>	<b>Second FSR</b>	<b>Reason</b>
Police	12.41	7.24	19.65	Overspending is primarily due to salary costs associated with civilian and sworn labor agreements and increased use of sworn overtime. Increased overspending is associated with projected hiring and increased costs for salary payouts.
Bureau of Sanitation	1.96	(1.28)	0.68	Overspending is primarily due to a projected increase in CARE/CARE+ service days and increased use of staff overtime in light of full-time vacancies. Reduced overspending is primarily due to various savings associated with the delayed occupancy of the Young's Market facility.
Bureau of Street Services	0.18	(0.18)	-	Overspending resolved by slower hiring.
Transportation	12.21	1.74	13.95	Overspending is primarily due to unbudgeted costs associated with the civilian labor agreements approved last fiscal year, increased staff overtime in light of full-time vacancies and unbudgeted contract costs. Increased overspending is primarily associated with the deployment of additional crossing guards.
<b>Non-Departmental</b>				
Repair and Demolition Fund	0.92	0.06	0.98	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.
Sanitation - Solid Waste Revenue Fund	-	7.00	7.00	Since the Solid Waste Revenue Fund is fully subsidized by the General Fund, overspending that cannot be resolved must be paid by the General Fund.
Human Resources Benefits	10.10	(0.07)	10.03	Overspending is due to higher benefits and premium costs than assumed in the budget.
Leasing	-	1.24	1.24	Overspending is due to increased costs associated with newly approved unfunded leases for 2024-25.
Liability Claims	91.69	20.33	112.02	Overspending is due to approved and pending liability payouts. Increased overspending is due to the City Attorney reaching more settlements since the First FSR.
<b>Total Year-End Overspending</b>	<b>\$216.06</b>	<b>\$80.08</b>	<b>\$296.14</b>	

### *Current Year Budget Balancing*

As we will illustrate in Table 3 below, the recommendations in this report would reduce the year-end overspending from \$296.14 million to \$249.31 million. This Office has identified potential future actions totaling \$119.40 million, which could further reduce the remaining year-end overspending to \$129.91 million. The potential solutions below reflect our recommendation in this report that the City first address overspending using the Unappropriated Balance, Department Payroll Reconciliation Account and then turn to current-year budget reductions. The \$17.19 million in current departmental and non-departmental surpluses that we include on this table is a placeholder amount for those reductions, which we are currently working with departments to develop. The degree to which actual reductions that we propose reflect this placeholder amount will impact the need for other solutions. The remaining \$129.91 million in overspending poses a challenge insofar as the City cannot rely on the Reserve Fund as a potential solution and this challenge will be exacerbated if we cannot achieve current-year budget reductions. Therefore, Departments must absorb or manage remaining overspending within their existing funds and retain projected surpluses to the greatest extent possible.

(See Table 3 on the next page)

<b>Table 3. 2024-25 Budget Balancing Solutions</b>		
<b>Second FSR Overspending</b>	<b>\$ (296.14)</b>	
<b>Second FSR Recommendations</b>		
Disencumbrance and Reappropriation of Prior-Year Funds	\$ 3.14	Disencumber and reappropriate prior-year funds to offset overspending in the Community Investment for Families and General Services Departments.
UB - Department Payroll Reconciliation	9.69	Transfer to the City Attorney to partially address Litigation overspending.
UB - Outside Counsel including Workers' Compensation	2.05	Transfer to the City Attorney to partially address Outside Counsel overspending.
UB - Department Payroll Reconciliation	4.34	Transfer to the City Attorney to partially address Outside Counsel overspending.
UB - Ground Emergency Medical Transport Program	6.29	Transfer to Fire for the payment of the quarterly invoice for the PP-GEMT-IGT Program.
UB - Fire Positions Reserve	0.07	Transfer to Fire to address Salaries General overspending related to costs to fill two civilian positions.
UB - Citywide Recreational Vehicle Program	0.25	Transfer to Police to partially address the Citywide Recreational Vehicle Recycling Program overspending.
UB - Department Payroll Reconciliation	1.00	Transfer to Transportation to partially address overspending related to Crossing Guards.
UB - Department Payroll Reconciliation	20.00	Transfer to the Liability Claims Fund to partially address liability payout overspending.
<b>Subtotal</b>	<b>\$ 46.83</b>	
<b>Potential Future Actions</b>		
Projected Departmental and Non-Departmental Surpluses	17.19	Transfer surpluses from departmental and non-departmental accounts to partially address Citywide overspending.
UB - Department Payroll Reconciliation	69.80	Transfer to partially address Citywide overspending.
Reserve Fund	32.41	Transfers to the Liability Claims Fund to partially address liability payout overspending.
<b>Subtotal</b>	<b>\$ 119.40</b>	
<b>Year-End Overspending</b>	<b>\$ (129.91)</b>	

## City Reserves

### Key Findings/Recommendations

- *After accounting for transactions approved since July 1, the Reserve Fund balance is \$320.53 million, which represents 3.99 percent of the General Fund budget, which is below the five percent Reserve Fund Policy.*
- *The previously approved transfer to partially cover liability claims overspending exhausted the Unappropriated Balance, Reserve for Mid-Year Adjustments account.*
- *In addition to the approved transactions to address liability claims, the City Attorney identified \$32.41 million in proposed transfers from the Reserve Fund for a subset of all settlements and judgments pending Council approval. If approved, the transfers would reduce the Reserve Fund balance to 3.59 percent. If the City uses the Reserve Fund to address the remaining Liability Claims overspending, the Reserve Fund balance will be further reduced to 2.84 percent.*
- *If the City is not able to identify other solutions to address approximately \$130 million of additional overspending we detail in this report, the City’s use of the Reserve Fund would result in the Reserve Fund dropping below the 2.75 percent Emergency Reserve level, which requires the City Council to make a finding of urgent economic necessity.*
- *The City maintains budgetary reserves designed to help manage its risks and ensure sufficient resources to meet contingencies. The City’s reserves total \$525.26 million or 6.54 percent of the total 2024-25 General Fund revenue.*

**Table 4. Total City Reserves**

<b>Reserves</b>	<b>Balance (In Millions)</b>	<b>%</b>	<b>Purpose</b>
<b>UB, 2024-25 Reserve for Mid- Year Adjustments account</b>	\$ 0.00	0.00%	Available to address shortfalls that may arise throughout the year.
<b>Reserve Fund</b>	320.53	3.99%	Preserved for the most critical needs and matters of urgent economic necessity and are not to be used for ongoing expenses.
<b>Budget Stabilization Fund</b>	204.73	2.55%	Restricted for the maintenance of service levels during years of slow growth and declining revenue.
<b>Total Reserves</b>	<b>\$ 525.26</b>	<b>6.54%</b>	

## **Unappropriated Balance, Reserve for Mid-Year Adjustments**

The 2024-25 Adopted Budget includes \$59.38 million in the UB, Reserve for Mid-Year Adjustments Account. The City should use this account prior to the other reserves. In September 2024, Council and Mayor approved a transfer of the entire \$59.38 million to the Liability Claims Account. This action exhausted the full balance of the UB Reserve for Mid-Year Adjustments Account.

### **Reserve Fund Attachment 2 – Current Status of Reserve Fund No Recommendation**

After accounting for transactions approved since July 1, the Reserve Fund balance is \$320.53 million, which consists of \$220.91 million in the Emergency Reserve and \$99.62 million in the Contingency Reserve. This balance represents 3.99 percent of the General Fund budget, which is below the five percent Reserve Fund policy.

The Reserve Fund balance of \$320.53 million reflects a net reduction of approximately \$10.05 million from the July 1, 2024 balance of \$330.58 million. Among the transactions approved since the First FSR and contributing to the net reduction are transfers totaling \$7.55 million to address various liability claims.

In addition to approved transactions accounted for in this report, the City Attorney identified an additional \$32.41 million in proposed transfers from the Reserve Fund for settlements and judgments pending Council approval that we are considering including in a future judgment obligation bond. If approved, the Reserve Fund balance would be reduced to 3.59 percent of the General Fund budget. If the City uses the Reserve Fund to address the remaining \$59.59 million of Liability Claims overspending, the Reserve Fund will be reduced to 2.84 percent of the General Fund budget.

This report presents further current year anticipated overspending of \$129.91 million that may require the use of the Reserve Fund if the City is not able to identify other solutions. The use of the Reserve Fund to cover the additional overspending would reduce the Reserve Fund balance to \$158.21 million, which is 1.97 percent of the General Fund budget, which is below the Emergency Reserve Account level.

In order to make a transfer that results in the Reserve Fund dropping below the 2.75 percent Emergency Reserve level, the City Council must make a finding of urgent economic necessity concurrent with the transfer. A finding of urgent economic necessity is different from a declaration of fiscal emergency. The basis for such a finding includes, but is not limited to, a significant economic downturn after the adoption of the budget, a natural disaster, or another significant unanticipated event requiring the use of the General Fund.

In order to prevent this from occurring, in this report this Office recommends against using the Reserve Fund for any purpose other than to pay settlements and judgments in cases that we are considering including in a future judgment obligation bond.

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 and the critical importance to retain the full Emergency Reserve Account, this Office recommends the City continue to take steps to protect and restore the Reserve Fund to the five percent minimum policy. In this report, we both described the steps that the City has already taken to support the restoration of the Reserve Fund and recommend additional actions to support these efforts.

## **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 BSF is \$204.73 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.*

### Employee Union Negotiations

On November 5, 2024, the City Council approved the agreement with the United Firefighters of Los Angeles City (MOU 23). This Office estimates the direct cost of this new agreement in 2024-25 is approximately \$53.4 million and will report in a future FSR with these costs incorporated into the Fire sworn salary and overtime projections. In addition, on December 3, 2024, the City Council approved MOU 26 and 66. The City has reached a Tentative Agreement with the Municipal Construction Inspectors Association (MOU 05), which the CAO has filed with the Council for its consideration. This Office is still negotiating a successor agreement with the Los Angeles Fire Department Chief Officers' Association (MOU 22). The projections in this report do not include costs associated with these agreements, however, the 2024-25 Budget includes \$104.83 million in the Unappropriated Balance, Department Payroll Reconciliation Account to address the anticipated costs for these and other agreements that were not included in departmental 2024-25 budgets. If the actual cost of these agreements is higher than budgeted, identified overspending will increase. This Office will report in future FSRs with updates on employee union negotiations and with cost projections for any approved agreements.

## **Judgment Obligation Bonds No Recommendation**

In the First FSR, the City Council approved a recommendation instructing this Office and the City Attorney to pursue the necessary steps to enable the City to issue a judgment obligation bond (JOB), with the intent of reimbursing the Reserve Fund for transfers made from the Reserve Fund



to pay for liability costs. This Office recommended that a JOB be initiated to preserve the Reserve Fund and prevent it from dipping to the 2.75 percent Emergency Reserve Account level.

As instructed, this Office and the City Attorney have taken the initial steps to issue a JOB, by assembling a financing team comprised of outside counsel and a municipal advisor, reviewing pending settlements and judgments to be included in a JOB issuance, and discussing the steps and timeline required to issue the bonds. In the First FSR, this Office reported that, based on the City's previous JOB experiences, the entire JOB process would require a four-to-five month timeline. Through the current working group discussions, however, it has been determined that a JOB issuance cannot not be executed in the current fiscal year due to a lengthier than expected court validation process. Even under the most accelerated timeline of a bond closing in early 2025-26, it would require that a list of stipulated judgments be finalized in early January 2025, which would limit the financing size and the desired benefits of meaningfully restoring the Reserve Fund. Nevertheless, this Office will continue to pursue a JOB, with an understanding that bonds may not be issued until midway through 2025-26. The ongoing JOB process will entail incorporating certain findings and reimbursement language required by Section 11.27 of the City's Administrative Code in the City Attorney settlement/judgment reports and in reports to be released by this Office under separate cover.

## **Budgetary Adjustments**

Budgetary adjustments totaling approximately \$91.80 million are recommended in Sections 1, 2, and 4 of this report which include:

1. \$3.27 million in new appropriations;
2. \$23.97 million for transfers between accounts within various departments and funds;
3. \$8.72 million for transfers between various departments and funds;
4. \$48.85 million in appropriations from the Unappropriated Balance;
5. \$3.14 million in disencumbrances and reappropriations
6. \$3.85 million in other appropriation adjustments

## **Attachments**

- 1 2024-25 Adopted General Fund Revenue through October
- 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

## **RECOMMENDATIONS**

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

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

1. Appropriate \$3,269,854.50 to various department and fund accounts as specified in Attachment 3;
2. Transfer \$23,967,117.49 between accounts within various departments and funds as specified in Attachment 4;
3. Transfer \$8,715,962.32 between various department and funds as specified in Attachment 5;
4. Transfer \$48,848,458.00 from the Unappropriated Balance to various departments and funds as specified in Attachment 6;
5. Instruct the CAO to propose budget balancing solutions during 2024-25 from the following sources and in the following order:
  - a. \$105 million in the Unappropriated Balance – Departmental Payroll Reconciliation Account.
  - b. Any savings that can be generated through the ongoing reduction exercise and evaluation of off-budget special.
  - c. If necessary, up to the full \$205 million balance in the Budget Stabilization Fund.

### Community Investment for Families

6. Authorize the Controller to disencumber up to \$417,859.80 in Fiscal Year 2022-23 encumbered balances for Contract No. C-143391Y with Focus Language International, Inc. (SC 21 CO23143391Y) within the Community Investment for Families Department Fund No. 100/21, 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 same account in the same amount to continue interpretation and translation services for the Citywide Language Access Program.

### Council

7. Amend the 2024-25 Budgetary Departments Footnote – Council Item No. 3 to increase the transfer up to amount by \$3,849,000 for a new transfer up to amount of \$11,250,000 with no impact to the General Fund.

General Services

8. Authorize the Controller to disencumber up to \$234,854.87 in Fiscal Year 2019-20 encumbered balances within the General Services Fund 100/40, Account No. 003090, Field Equipment Expenses, and revert the unencumbered funds to the Reserve Fund No. 101/62, and subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the same account in the same amount to fund the repair and maintenance of the City's Fleet in 2024-25.
9. Authorize the Controller to disencumber up to \$312,324.74 in Fiscal Year 2020-21 encumbered balances within the General Services Fund 100/40, Account No. 003090, Field Equipment Expenses, and early revert the uncommitted balance of \$2,597.26 and revert these funds for a total of \$314,922 to the Reserve Fund No. 101/62, and subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the same account in the same amount to fund the repair and maintenance of the City's Fleet in 2024-25.
10. Authorize the Controller to disencumber up to \$683,683 in Fiscal Year 2021-22 encumbered balances within the General Services Fund 100/40, Account No. 003090, Field Equipment Expenses, and revert the unencumbered funds to the Reserve Fund No. 101/62, and subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the same account in the same amount to fund the repair and maintenance of the City's Fleet in 2024-25.
11. Authorize the Controller to disencumber up to \$169,059 in Fiscal Year 2022-23 encumbered balances within the General Services Fund 100/40, Account No. 003230, Petroleum Products, and revert the unencumbered funds to the Reserve Fund No. 101/62, and subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the same account in the same amount to partially address overspending related to increased commodity prices in 2024-25.
12. Authorize the Controller to disencumber up to \$871,391 in Fiscal Year 2023-24 encumbered balances within the General Services Fund 100/40, Account No. 003230, Petroleum Products, and revert the unencumbered funds to the Reserve Fund No. 101/62, and subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the same account in the same amount to partially address overspending related to increased commodity prices in 2024-25.
13. Authorize the Controller to disencumber up to \$447,000 in Fiscal Year 2023-24 encumbered balances within the General Services Fund 100/40, Account No. 003330, Utilities Expense Private Company, and revert the unencumbered funds to the Reserve Fund No. 101/62, and subsequently transfer the amount to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the same account in the same amount to partially address overspending related to increased commodity prices in 2024-25.

Technical

14. 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**

In this report we identify a total of \$296.14 million in projected over-expenditures. We recommend transfers, appropriations, and other budgetary adjustments totaling approximately \$91.80 million in Sections 1, 2, and 4 of this report.

**FINANCIAL POLICIES STATEMENT**

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

## DISCUSSION

In preparation of this report, this Office has performed an analysis of all departments and funds in an effort to identify spending, revenue, or any other issues of concern. Generally, we base our analysis on data through October 31, 2024. As is typically the case for the Second FSR, however, this report only includes a detailed narrative for departments and funds if this Office has identified:

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

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

- Cannabis Regulation
- City Planning
- City Tourism
- Disability
- El Pueblo
- Emergency Management
- Employee Relations Board
- Ethics
- Public Accountability
- Board of Public Works
- Bureau of Contract Administration

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 .....	22
Section 2. Status of Non-Departmental Funds and Special Accounts .....	78
Section 3. Status of American Rescue Plan Act – State and Local Fiscal Recovery Funds ....	84
Section 4. Status of Tax and Revenue Anticipation Notes.....	85

**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**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.022	\$ -	The projected surplus is due staff vacancies. The Department's vacancy rate is 14 percent as of October 2024.
Transportation	\$ 0.003	-	The projected surplus is based on prior-year and year-to-date expenditure trends.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Office and Administrative	(0.053)	-	The projected overspending is due to higher than anticipated phone service bills resulting from higher call volumes for information and referral services.
<b>General Fund Total</b>	<b>\$ (0.028)</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.097	\$ -	Projected surpluses are based on projected expenditures in light of reduced grant awards to the Department. The Department anticipates reducing expenditures in these accounts to eliminate the projected surplus by year end, because this amount is not supported by cash.
Salaries As-Needed	0.027	-	
<b>Special Funds Total</b>	<b>\$ 0.124</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 0.40	\$ 0.40	\$ -	This Office anticipates the Department will meet its General Fund revenue budget by year end.

This Office projects that the General Fund overspending is \$0.43 million lower than we reported in the First FSR comprised of increased available funding in the Salaries General (\$0.37 million) and Salaries As-Needed (\$0.10 million) accounts due to transactions approved in and since the First FSR. This overspending decrease is partially offset by increased overspending in the Office and Administrative Account (\$0.04 million) due to increased telephone service costs. We have not significantly changed our special fund projections from the First FSR. Although we currently project overspending, the Department plans to use special fund salary savings to pay for activities that are part of the General Fund budget but eligible for special funding in order to address a portion of the remaining overspending. This Office will continue to monitor the Department’s accounts and will report in a future FSR with recommendations necessary to address remaining overspending.

Based on year-to-date actuals, the Department has met its Special Fund Revenue budget to date. This Office does not recommend any transactions at this time.

Rapid Response Senior Meals Program (RRSMP)

The 2024-25 Adopted Budget authorized the reappropriation of \$2.7 million in 2023-24 RRSMP savings to cover the ramp down costs associated with the RRSMP in the current fiscal year. The RRSMP ended on August 31, 2024. As the Department inadvertently excluded the costs for staffing and office and administrative expenses, all funds were designated for contractual services. Consequently, as part of the First Financial Status Report actions, the Mayor and Council authorized the transfer of \$104,409 from RRSMP contractual services savings to cover these unbudgeted expenses. Of the \$2.7 million appropriation, \$2,606,591 was applied to RRSMP contractual services and \$104,409 to administrative expenses. As of this report, the Department indicated the final total for all invoices for July and August was \$2,181,053 resulting in savings of \$425,538. Since these funds are included in the 2023-24 Contractual Services Account, these savings will be disencumbered and revert at the end of the fiscal year.

**C. Animal Services  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries, General	\$ 0.39	\$ -	Projected surplus is due to staff vacancies.
<b>Overspending (Shown as Negative, in millions)</b>			
Salaries As-Needed	(0.09)	-	Projected overspending is based on prior-year expenditure trends.
Overtime General	(0.06)	-	Projected overspending is due staff overtime to ensure services on the additional City holiday and to pay down banked overtime.
Medical Supplies	(0.06)	-	Projected overspending is due to increased sterilizations at City shelters.
Office and Administrative	(0.10)	-	Projected overspending is due to unanticipated increases in office supplies at all City shelters.
Operating Supplies	(0.08)	-	Projected overspending is due to the purchase of cleaning supplies and protective equipment for new staff and the increased cost of cleaning solution.
<b>General Fund Total</b>	<b>\$ (0.00)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 3.42	\$ 2.49	\$ 0.93	This Office anticipates a revenue shortfall of \$0.93M in the Department's General Fund revenue budget of \$3.42M. Revenue shortfall is primarily due to reduced permit processing in light of full time vacancies.

This Office projects that there is no longer a General Fund surplus, which we had reported in the First FSR as being \$0.32 million. The increased spending is due to new overspending that we now



project in the Overtime General, Medical Supplies, Office and Administrative, and Operating Supplies accounts based on year-to-date expenditures. This Office will continue to work with the Department to monitor its expenditures and report in future FSRs with recommendations necessary to address projected overspending. This Office does not recommend any transactions at this time.

**D. Building and Safety  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$2.45		Projected surplus is due to staff vacancies. The Department has a 19 percent vacancy rate.
Other Surplus Accounts	0.33		Projected surpluses in several accounts are based on prior-year and year-to-date expenditure trends.
<b>General Fund Total</b>	<b>\$2.78</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 25.39		Projected surplus is due to staff vacancies. The Department has a 19 percent vacancy rate.
Other Surplus Accounts	4.00		Projected surpluses in several accounts are based on prior-year and year-to-date expenditure trends.
<b>Special Funds Total</b>	<b>\$ 29.39</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 87.03	\$ 80.81	\$ (14.90)	Projected shortfall is due to reduced related costs associated with special funded vacancies.

This Office projects that the Department’s General Fund surplus is \$0.17 million higher than we reported in the First FSR primarily due to increased Salaries General savings (\$0.43 million) from delayed hiring offset by decreased surpluses across several expense accounts (\$0.26 million). This Office also projects that the special fund surplus is \$4.39 million higher than we reported in the First FSR primarily due to increased Salaries General savings (\$4.46 million) from delayed hiring.

Repair and Demolition Fund

The Repair and Demolition Fund (Fund) partially funds the Department’s Salaries General Account in the amount of \$423,424. 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 two years.

In 2022-23, the Mayor and Council approved a Reserve Fund loan of \$404,657 to address the Fund’s cash flow issues. In addition, \$857,000 was transferred to Fund 346 from the Building and Safety Permit Enterprise Fund as a loan for urgent abatement and demolition needs (CF 23-0941). The Fund revenues to-date are \$316,308 and the Department is projecting \$632,616 in additional revenue for the remainder of the 2024-25 fiscal year. Based on current projected year-end revenue of \$949,000 and outstanding loans, this Office projects a year-end revenue shortfall of approximately \$0.98 million. We will continue to work with the Department to monitor the Fund’s revenues and expenditures, and report with updated projections and recommendations necessary to address the projected shortfall.

This Office does not recommend any transactions at this time.

**E. City Administrative Officer  
No Recommendation**

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Overspending (Shown as Negative, in millions)</i>			
Salaries General	(0.18)	-	Projected overspending is due to unbudgeted costs associated with the civilian labor agreements approved last fiscal year.
<b>General Fund Total</b>	<b>\$ (0.18)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 7.28	\$ 9.89	\$ 2.61	An increase in General Fund receipts is projected, primarily associated with unbudgeted special event reimbursement including for the Dodgers World Series Victory Parade.

This Office projects that the General Fund overspending is approximately \$190,000 lower than we reported in the First FSR due to unanticipated staff attrition. This Office will continue to monitor expenditures and report in future FSRs with recommendations necessary to address projected overspending. This Office does not recommend any transactions at this time.

**F. City Attorney  
Attachment 6 – Appropriations from the Unappropriated Balance**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	\$ (1.45)	\$ -	Projected overspending is primarily due to a \$2 million transfer from this Account to address litigation expenses.
Litigation Expenses	(13.03)	\$ 9.69	Projected overspending is due to specialized litigation services, audit fees, and other associated expenses and based on year-to-date and prior-year expenditure trends.
Outside Counsel	(10.93)	\$ 6.39	Projected overspending is based on year-to-date expenditure trends.
<b>General Fund Total</b>	<b>\$ (25.41)</b>	<b>\$ 16.08</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	\$ (1.09)	-	Projected overspending is due to salary costs for grants that have not yet been reimbursed.
<b>Special Funds Total</b>	<b>\$ (1.09)</b>	<b>\$ -</b>	

<b>General Fund Revenue</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 47.75	\$ 47.75	\$ -	The office anticipates that the Department will meet its General Fund revenue budget by year end.

This Office projects that the General Fund overspending is \$5.14 million lower than we reported in the First FSR. The reduction is primarily due to transactions approved in and since the First FSR to resolve overspending in the Overtime General and Contractual Services accounts (\$0.62 million) and to partially address the projected overspending in the Litigation Expense (\$1.35 million) and Outside Counsel (\$3.45 million) accounts. This projected overspending decrease is partially offset by an increase in the Salaries General overspending (\$0.5 million) due to a transfer that the Mayor and Council approved in the First FSR offset by increased salary savings. This Office projects that the special fund overspending has decreased by \$0.71 million due to salary savings.

The overspending in the Litigation Expense Account continues to be a major concern and this Office recommends a transfer of \$9.69 million to this Account based on the City Attorney's projected spending through the Mid-Year FSR. This Office will continue to monitor the Department's accounts and will report in a future FSR with recommendations necessary to address remaining overspending.

Outside Counsel

The City Attorney states that its Outside Counsel Account overspending is primarily due to costs to support continuing litigation for police, employment, and high exposure personal injury cases. Based on the City's Attorney's projected spending until the time of the Mid-Year FSR, this Office projects year-end spending of \$12.13 million. The Mayor and Council have already approved transfers to this Account totaling \$1.20 million from the Unappropriated Balance, Outside Council Account leaving \$10.93 million to be addressed this fiscal year. The Office recommends transfers totaling \$6.39 in this report to cover the projected outside counsel spending until the Mid-Year FSR. Specifically, this Office recommends to transfer the remaining \$2.05 million balance of the Unappropriated Balance, Outside Council Account and an additional transfer of \$4.34 million from

the Unappropriated Balance, Department Payroll Reconciliation Account. This Office will continue to work with the City Attorney to monitor its Outside Counsel Account expenditures and report in a future FSR with recommendations necessary to address any remaining overspending.

This Office recommends the following transactions at this time:

- Transfer \$9,690,000 from the Unappropriated Balance, Department Payroll Reconciliation Account to the City Attorney’s Litigation Account to partially address projected overspending for litigation expenses.
- Transfer \$2,050,000 from the Unappropriated Balance, Outside Counsel Account to the City Attorney’s Outside Counsel Account to address a portion of the Outside Counsel Account overspending.
- Transfer \$4,335,000 from the Unappropriated Balance, Department Payroll Reconciliation Account to the City Attorney’s Outside Counsel Account to address a portion of the Outside Counsel Account overspending.

**G. City Clerk  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.80	\$ -	Projected surplus is due to staff vacancies. The Department's vacancy rate is 11 percent as of October 2024.
<b>General Fund Total</b>	<b>\$ 0.80</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 1.05	\$ 0.93	\$ (0.12)	Projected revenue shortfall is due to lower than anticipated Passport Application receipts based on year-to-date trends.

This Office projects that the General Fund surplus is \$0.09 million higher than we reported in the First FSR primarily due to the Council and Mayor’s actions in the First FSR to address the Election

Account overspending. The increased surplus is partially offset by a \$0.77 million decrease in the Salaries General surplus due to our incorporation of more aggressive hiring assumptions. This Office will continue to monitor the status of the Salaries General Account and note any changes to the hiring plan in future FSRs.

#### Passport Application Fee Receipts

The Department is currently projecting it will fall short of its General Fund Revenue budget by approximately \$0.12 million. This shortfall assumes the current trend of Passport Application receipts to continue to be behind the \$0.23 million budget amount. This projection does not account for the potential impacts of the Department's efforts to increase public awareness of its Passport services. The Department's goal is that through sustained outreach, the Passport Application revenue will increase. The Department is currently engaging in a social media campaign to highlight its services. Additionally, the Department began attending Naturalization Ceremonies in Downtown last month, providing outreach and education materials to new U.S. citizens wishing to apply for a passport. Although the immediate effects of these efforts are still unknown, the Department anticipates that it will see an uptick in appointments. As of this report, the Department has collected twenty percent (\$0.02 million) of its revised projected Passport Application receipts. This Office will work with the Department to monitor this revenue source and report in the Third (Mid-Year) FSR with an updated revenue projection.

This Office does not recommend any transactions at this time.

**H. Civil, Human Rights, and Equity  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.062	\$ -	Projected surplus is due to staff vacancies and savings from positions filled with in-lieu classifications at a lower level.
Salaries As-Needed	0.020	-	Projected surplus is based on anticipated operational needs through year end for Discrimination Enforcement hearing officers.
Printing and Binding	0.015	-	Projected surplus is based on year-to-date expenditure trends and projected operational needs through year end.
Operating Supplies	0.009	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Office and Administrative	(0.016)		Projected overspending is based on anticipated operational needs through year-end for telecommunication costs.
<b>General Fund Total</b>	<b>\$ 0.091</b>	<b>\$ -</b>	

This Office projects that the General Fund surplus is approximately \$0.06 million higher than we reported in the First FSR largely due to increased vacancies, lower anticipated operational needs for Discrimination Enforcement hearing officers, and certain one-time costs for the Department's move to the Kajima Building being covered by the General Services Department. The Department does not have a General Fund revenue budget.

**L.A. REPAIR Program**

The LA REPAIR Innovation Fund currently has a balance of \$8.5 million. The Department is in the process of executing five grant agreements totaling approximately \$3.1 million for Cohort 1. The Department expects that disbursements for Cohort 1 to commence by the end of 2024. Concurrently, the Department is working to finalize 14 grant agreements, totaling approximately \$5.4 million for Cohort 2. Cohort 2 grant agreements will commence by early 2025. The Department has no in-house accounting support and relies solely on the Office of the City Clerk for technical accounting transactions. The City Clerk was able to fill an Accountant position that will support small City departments, thus providing the Department with the ability to efficiently manage and disburse funds for the Participatory Budgeting Pilot Program.

This Office does not recommend any transactions at this time.

**I. Community Investment for Families  
Recommandation No. 6  
Attachment 5 – Transfers between Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.003	\$ -	Projected surplus is due to staff vacancies.
Contractual Services	2.057	0.418	Projected surplus is due to lower than anticipated contract expenditures.
<b>General Fund Total</b>	<b>\$ 2.060</b>	<b>\$ 0.418</b>	

(Community Investment for Families Department narrative continued on the next page)



<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 0.224	\$ -	Projected surplus is due to staff vacancies.
Transportation	0.013	-	Projected surplus is due to lower than anticipated mileage reimbursements.
<b>Overspending (Shown as Negative, in millions)</b>			
Salaries As-Needed	(0.014)	-	Projected overspending is due to unbudgeted expenditures for the Office of Traffic Safety (OTS) grants.
Overtime General	(0.019)	-	Projected overspending is due to unbudgeted expenditures for the OTS grants and the Local Immigrant Integration and Inclusion Grant.
Printing and Binding	(0.210)	0.180	Projected overspending is due to unbudgeted expenditures for the OTS grants, OpportunityLA grant, and the Local Immigrant Integration and Inclusion Grant.
Travel	(0.006)	-	Projected overspending is due to unbudgeted expenditures for the OTS grants.
Contractual Services	(0.160)	0.010	Projected overspending is due to unbudgeted expenditures for the Community Services Block Grant, the OTS grants, OpportunityLA grant, Family Homelessness Challenge Grant, and the Local Immigrant Inclusion and Integration Grant.
Office and Administrative	(0.446)	0.277	
<b>Special Funds Total</b>	<b>\$ (0.618)</b>	<b>\$ 0.467</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 4.96	\$ 4.53	\$ (0.43)	Projected revenue shortfall is due to reduced related costs reimbursements associated with vacancies in positions funded by the Community Development Trust Fund.

After reporting \$0.85 million in General Fund overspending in the First FSR, this Office now projects a General Fund surplus due to lower than anticipated contract expenditures for the Victim of Crimes

Act Reserve Fund and actions that the Mayor and Council approved in the First FSR. This Office projects that the special fund overspending is approximately \$0.95 million lower than we reported in the First FSR due to savings from increased vacancies and hiring delays for positions funded by the Community Development Trust Fund (\$0.24 million), actions that the Mayor and Council approved in the First FSR (\$0.25 million), and reduced spending in other expense account. This special fund overspending decrease is partially offset by increased overspending in the Office and Administrative Account (\$0.15 million). This Office recommends disencumbering and reappropriating funds for the Citywide Language Access Program to continue language services in 2024-25. This Office also recommends transferring funds for the OpportunityLA Grant to address \$0.47 million in special fund overspending in the Printing and Binding, Contractual Services, and Office and Administrative accounts. Pending transmittals for the Family Homelessness Challenge (C.F. 22-1097), Local Immigrant Inclusion and Integration (C.F. 21-1015-S7), and Office of Traffic Safety grants will further address approximately \$0.15 million remaining in special fund overspending in various expense accounts. This Office will continue to work with the Department to monitor expenditures and report in future FSRs with recommendations necessary to address any remaining overspending.

This Office recommends the following transactions at this time:

- Disencumber, revert, and reappropriate up to \$417,859.80 from 2022-23 in the Department's Contractual Services Account to the current fiscal year to continue language access services in 2024-25.
- Transfer \$467,380 within the Community Investment for Families Department (CIFD) Miscellaneous Grants and Awards Fund from the CIFD Costs Reserve Account to the Department's Printing and Binding (\$179,571.90), Contractual Services (\$10,455.00) and Office and Administrative (\$277,353.10) accounts to provide OpportunityLA outreach services.

**J. Controller  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	\$ (1.39)	-	Projected overspending is primarily due to the inability of the Department to meet its salary savings rate in light of a low staff vacancies and costs associated with the recent civilian labor agreements including sick time payouts and retroactive pay.
Overtime General	(0.20)	-	Projected overspending is consistent with historical spending levels and is due to fiscal year-end closing related functions, financial reporting, year-end payroll activities, and increased needs to issue emergency checks.
<b>General Fund Total</b>	<b>\$ (1.59)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 5.91	\$ 6.24	\$ 0.34	Projected revenue surplus is attributed to an increase in estimated proprietary billing reimbursements from LAWA.

This Office projects that the General Fund overspending is \$0.47 million higher than we reported in the First FSR due to an increase in Salaries General overspending (\$0.27 million) as the Department continues to experience low vacancy rates and a new Overtime General overspending in anticipation of the continuation of historical overtime spending levels. The Salaries General overspending projection assumes that the Department will not fill nine positions added to the its Budget without funding. If these positions are filled, the projected overspending will increase. This Office will continue to work with the Department to monitor the Department’s overspending and report in future FSRs with recommendations necessary to address it. This Office does not recommend any transactions at this time.

**K. Council**

**Recommendation No. 7**

**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**

This Office recommends the following transactions at this time:

- Amend the 2024-25 Budgetary Departments Footnote – Council Item No. 3 to increase the transfer up to amount by \$3,849,000 for a new transfer up to amount of \$11,250,000 with no impact to the General Fund.
- Appropriate and transfer \$243,600.50 from Council's Service to Harbor Revenue Source Code to the Council's Salaries As-Needed Account for Council District 15 costs associated with Harbor-related activities.
- Transfer \$2,320,000 from Council's Salaries General Account to their Salaries As-Needed (\$1,000,000), Travel (\$20,000), Contractual Services (\$100,000), and Office and Administrative (\$1,200,000) accounts to align the budget with current expenditure patterns.
- Transfer \$250,000 from the State AB 1290 City Fund, Council District 3 Redevelopment Fund Account to the Council's Salaries As-Needed Account to support Council District 3 staffing costs.
- Transfer \$190,000 from the General City Purposes Fund, Additional Homeless Services Council District 7 Account to Council's Salaries As-Needed Account to support Council District 7 staffing costs related to homelessness activities.
- Transfer \$2,889,568 from the Unappropriated Balance, Equipment, Expenses, Alterations and Improvements Account to Council's Salaries As-Needed Account to pay for staffing costs.
- Transfer \$112,493 from the Unappropriated Balance, Equipment, Expenses, and Alterations and Improvements Account to General Services' Hiring Hall Construction (\$67,553), Benefits Hiring Hall Construction (\$28,950), and Construction Materials (\$15,990) accounts for Van Nuys City Hall improvements.

**L. Cultural Affairs**  
**Attachment 3 – New Appropriations**

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.11	\$ -	Projected surpluses are based on prior-year expenditure trends and operational needs through year end.
Contractual Services	0.11	-	
Office and Administrative	0.02	-	
Art and Music Expense	0.04	-	
Special Appropriations I	0.61	-	
Special Appropriations II	0.10	-	
Special Appropriations III	1.39	2.12	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries As-Needed	(1.13)	0.50	Projected overspending is due to the increased use as-needed staff for programming at arts centers and theaters in light of full time vacancies.
<b>Special Funds Total</b>	<b>\$ 1.25</b>	<b>\$ 2.62</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 10.60	\$ 10.60	\$ -	This Office projects that the Department will meet its General Fund revenue budget by year end.

This Office projects that the special fund surplus is approximately \$0.35 million higher than we reported in the First FSR primarily due to delays in hiring. This Office recommends an appropriation from the cash balance of the Arts and Cultural Facilities and Services Trust Fund to partially offset the projected overspending in the Salaries As-Needed Account. This Office will continue to work

with the Department to monitor this Account and report in future FSRs with recommendations necessary to address any remaining overspending.

This Office recommends the following transaction at this time:

- Appropriate \$2,612,117 from the available cash balance of the Arts and Cultural Facilities and Services Trust Fund to the Department’s Salaries As-Needed Account (\$500,000) to support art centers and theaters and various Special Appropriation III accounts (\$2,121,177) for 2023-24 projects and contracts that have extended into 2024-25.

**M. Economic and Workforce Development**

**Attachment 4 – Transfers between Accounts within Departments and Funds**

**Attachment 5 – Transfers between Departments and Funds**

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 0.25	\$ -	Projected surplus is due to staff vacancies.
<b>General Fund Total</b>	<b>\$ 0.25</b>	<b>\$ -</b>	

Special Funds			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 2.05	\$ -	Projected surplus is due to staff vacancies.
Operating Supplies	0.32	-	Projected surpluses are based on prior-year expenditure trends and projected operational needs through year end.
Other Surplus Accounts	0.16	-	
<b>Special Funds Total</b>	<b>\$ 2.53</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 6.11	\$ 6.11	\$ -	This Office projects that the Department will meet its General Fund revenue budget by year end.

This Office projects that the General Fund surplus is \$0.52 million lower than we reported in the First FSR due to recent hiring. The projected special fund surplus is \$0.80 million lower due to recent hiring offset by increased surpluses across various expense accounts. This Office will continue to monitor expenditures and report in future FSRs. This Office recommends the transfer of unspent special funds between accounts within the Los Angeles County Youth Jobs program to allow the Department to expend funds under the County’s new funding structure for the program. We also recommend the transfer of \$3.37 million from the American Rescue Plan Act Fund to the Economic Development Trust Fund to ensure ARPA funds are spent by the federal deadline and the Legacy Business Program operated by the Department can continue into 2025.

Californians for All Grant

The Californians for All Grant is a \$53.3 million grant awarded by the State of California for youth workforce development programs with an original grant performance period of January 2022 through July 2024, subsequently extended through December 31, 2024. 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 total Reserve Fund loans of \$14.5 million to support grant operations to be repaid upon completion of the grant performance period and full reimbursement of expenditures by the State. As of October 2024, the State has issued reimbursements of approximately \$9 million. The Department reports there is an additional \$24.9 million in reimbursements pending State review.

Gang Injunction Curfew Settlement Program

In April 2017, the federal court approved the Gang Injunction Curfew Settlement Agreement (C.F. 16-0081), which obligated the City, through the Department, to provide a variety of work readiness and employment services over four years to help prepare members of the impacted plaintiff class or their qualifying designees to enter the workforce. The number of 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 2024 are eligible to support funding needs for the program in 2024-25 until the program close.

The judge in the case issued a tentative ruling requiring an audit and review of the program prior to issuing a final ruling in the matter. As such, the Department reports that expenditures are continuing into the 2024-25 program year, including \$450,000 in expenditures from July to October 2024. Additionally, the Department reports \$1.3 million in invoices currently under review. The Department has adequate funding to address the current expenditures at this time. Given the necessary extension of certain program expenses due to the ongoing court audit, the 2023-24 Fourth (Year-End) Financial Status Report (C.F. 23-0600-S120) reappropriated \$2.5 million to the Unappropriated Balance 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.

This Office recommends the following transactions at this time:

- In order to facilitate encumbrances and invoice payment due to an organizational change within the Los Angeles County Youth Jobs Program:
  - Transfer \$5,283,719 from the LA County Youth at Work, Foster Youth (\$574,863) and LA County Youth at Work, Other Underserved Youth (\$4,708,856) accounts within the LA County Youth Jobs Program Fund to a new appropriation account entitled "LA County Youth at Work Consolidated (OUY/Foster/SIY)";
  - Transfer and re-appropriate \$1,673,611 from the LA County Systems Involved Youth Account within the LA County Systems Involved Youth Fund to the new LA County Youth at Work Consolidated (OUY/Foster/SIY) Account within the LA County Youth Job Program Fund.
- Transfer \$3,369,897.20 from the American Rescue Plan Act Fund to the Economic Development Trust Fund, and re-designate this amount as General Fund, to ensure ARPA funds are spent by the federal deadline and the Legacy Business Program operated by the Department can continue into 2025.



**N. Finance**

**Attachment 4 – Transfers between Accounts within Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	\$ (0.11)	\$ (0.27)	Projected overspending is due to unbudgeted costs associated with the civilian labor agreements approved last fiscal year.
Overtime General	(0.27)	0.27	Projected overspending is based on year-to-date expenditure trends and projected increased overtime usage during peak tax renewal season in the second half of the fiscal year.
Printing and Binding	(0.04)		Projected overspending is based on prior-year expenditure trends and projected operational needs through year end.
Transportation	(0.09)		
Contractual Services	(0.60)		Projected overspending is due to increased costs for imaging and mailing services, and LATAX cloud maintenance services.
Office and Administrative	(0.22)		Projected overspending is due to increased costs for LATAX cloud data storage and software license renewals.
<b>General Fund Total</b>	<b>\$ (1.33)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 13.33	\$ 13.56	\$ 0.23	Projected revenue surplus is due to a projected increase in special services for proprietary departments and prior-year reimbursements.

This Office projects that the General Fund overspending is approximately \$0.08 million lower than we reported in the First FSR due a net reduction across several expense accounts. This Office recommends a transfer from the Salaries General Account to the Overtime General Account to address projected overspending that cannot wait until the Mid-Year FSR to be resolved. The transfer will not result in short term cash flow issues for the Salaries General Account and this Office will continue to work with the Department to monitor its spending in this account and the

projected overspending in the other expense accounts. We will report in future FSRs with any transactions necessary to resolve the remaining projected overspending.

This Office recommends the following transaction at this time:

- Transfer \$270,000 from the Salaries General Account to the Overtime General Account to support peak season workload and backlog in the second half of the fiscal year.

**O. Fire**

**Attachment 4 – Transfers between Accounts within Departments and Funds**

**Attachment 6 – Appropriations from the Unappropriated Balance**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Unused Sick Time	\$ 1.00	\$ -	Projected surplus is due to a decreased number of DROP exits compared to prior-year trends.
Overtime Constant Staffing	1.95	-	Projected surplus is based on year-to-date expenditure trends.
Overtime Variable Staffing	0.70	-	Projected surplus is due to additional appropriations received from grants.
Other Surplus Accounts	0.29	-	Projected surpluses in these accounts are based on prior-year and year-to-date expenditure trends.

(Fire Department narrative continued on the next page)

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	\$ (2.51)	0.07	Projected overspending is primarily due to unbudgeted payment obligations related to a legal settlement and costs associated with civilian labor agreements approved last fiscal year.
Salaries Sworn	(11.00)	(8.75)	Projected overspending is due to a budget adjustment and transfer of funds to the Constant Staffing Overtime Account in the Adopted Budget and transfers made in the fiscal year to various accounts to meet timely cash flow needs.
Salaries As-Needed	(0.41)	-	Projected overspending is due to the increased use of as-needed staff to maintain service levels in light of full time vacancies.
Overtime General	(0.85)	-	Projected overspending is due to increased staff overtime for public safety inspections, fleet maintenance, and Workday issue resolution work.
Overtime Sworn	(8.75)	8.75	Projected overspending is due to higher than anticipated resources deployed to wildfires and tropical storm Helene.
Contractual Services	(11.99)	6.29	Projected overspending is due to unbudgeted contract obligations.
Field Equipment Expense	(1.04)		Projected overspending due to increased cost of auto parts and anticipated fireboat expenses.
Operating Supplies	(2.98)	-	Projected overspending is due to increasing demands on on-going operational supplies.
Other Overspending Accounts	(1.09)	-	Projected overspending is due to costs associated with bonuses included in approved labor agreements, unanticipated travel, and a data management software update.
<b>General Fund Total</b>	<b>\$ (36.68)</b>	<b>\$ 6.36</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>First FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 311.83	\$337.43	\$ 25.60	Projected revenue surplus is due to the receipt of one-time prior-year QAF funds and increased reimbursements for deployments to wildfire and storm events.

This Office projects that the General Fund overspending is approximately \$4.28 million higher than we reported in the First FSR primarily due to increases in the projected overspending in the Salaries Sworn (\$4.67 million) and Overtime Sworn (\$2.66 million) accounts and a decrease in the projected surplus in the Overtime Constant Staffing (\$2.65 million) Account based on year-to-date expenditures. This Office recommends a transfer from the Salaries Sworn Account to address overspending in the Overtime Sworn account. While the recommendation will increase the projected overspending, this transfer will not result in short-term cash flow issues for this Account. We also recommend a transfer from the UB, Ground Emergency Medical Transport QAF Program Account to the Contractual Services Account to make the quarterly payment for participation in the 2025 Public Provider Ground Emergency Medical Transport (PP-GEMT) IGT Program. Finally, we recommend a transfer from the UB, Fire Positions Reserve Account to the Salaries General for the salary costs of two positions that were proposed for deletion as a result of the elimination of vacant positions and restored in the Adopted Budget. The Department did not include the estimated cost of the recently approved MOU 23, which we estimate will be approximately \$53.4 million in 2024-25 and will increase the projected overspending in the sworn salary and overtime accounts. This Office will continue to work with the Department to monitor its expenditures and report in future FSRs with recommendations necessary to address the projected overspending.

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 increased fee 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 2024 calendar year is \$26.53 million, of which the Department has paid \$24.12 million. The \$6.3 million transfer requested with this FSR is for the first invoice for calendar year 2025, which the Department anticipates receiving in December 2024, with the estimated \$635,153 administrative fee to be paid when the Department is billed by DCHS. The Department estimates the total amount for the 2025 calendar year to be \$29.51 million, but can only confirm actual amounts once quarterly invoices are received. The payments required for calendar year 2025 will be needed by January 15th and April 15th in Fiscal Year 2024-25. This Office will work with the Department to monitor the projected PP-GEMT IGT payments needed, and will recommend any necessary transfers in future FSRs.

### 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. For Fiscal Year 2021-22, the City received \$4.5 million in net revenue. On July 19, 2024, DHCS notified the Department of the November 22, 2024 deadline to transfer approximately \$5.2M to participate in the calendar year 2022-23 Medi-Cal IGT program, which is expected to generate net revenue of \$2.9 million. A Motion (Rodriguez-Lee) (C.F. 24-1218) approved by the Budget, Finance and Innovation Committee on October 30, 2024 and pending City Council approval, will transfer \$5.7 million from the Department's Salaries Sworn Account to its Contractual Services Account to pay the amount invoiced by DHCS.

This Office recommends the following transactions at this time:

- Transfer \$8,750,000 from the Salaries Sworn Account to the Sworn Overtime Account for sworn resources deployed outside of the City for wildfires. Mutual aid reimbursements can be expected throughout the year and are captured as revenue to the General Fund.
- Transfer up to \$6,286,294 from the Ground Emergency Medical Transport QAF Program Account within the Unappropriated Balance to the Department's Contractual Services Account for the payment of the quarterly invoice for the PP-GEMT-IGT Program.
- Transfer up to \$68,671 from the Fire Positions Reserve Account within the Unappropriated Balance to the Department's Salaries General Account for salary costs of two positions that were proposed for deletion as a result of the elimination of vacant positions and restored in the Adopted Budget.

**P. General Services**

**Recommendation Nos. 8, 9, 10, 11, 12, and 13**

**Attachment 4 – Transfers between Accounts within Departments and Funds**

**Attachment 5 – Transfers between Departments and Funds**

**Attachment 6 – Appropriations from the Unappropriated Balance**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 3.46	\$ -	Projected surplus is due to staff vacancies. Departmental vacancy rate is 8.9 percent through October 2024.
Salaries As-Needed	0.25	-	Projected surpluses are based on year-to-date expenditure trends and projected operational needs through year end.
Other Surplus Accounts	0.25	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Overtime General	\$ (0.50)	\$ 0.03	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.
Salaries Hiring Hall	(0.60)	-	
Hiring Hall Fringe Benefits	(0.68)	-	
Field Equipment Expense	(7.29)	1.23	Projected overspending is due to higher maintenance costs associated with the City's aging fleet, including SWRRF overspending in this account that we anticipate will become a General Liability due to funding constraints in SWRRF.
Petroleum Products	(5.20)	1.04	Projected overspending is due to increased commodity prices.
Utility Expense Private Companies	(1.14)	0.45	
Uniforms	(0.04)	-	Projected overspending is due to new positions added without dedicated funding for uniforms.
<b>General Fund Total</b>	<b>\$ (11.49)</b>	<b>\$ 2.75</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 0.92	\$ (0.05)	Projected surplus is due to staff vacancies. Departmental vacancy rate is 8.9 percent as of October 2024.
Petroleum Products	0.92	\$ (0.50)	Projected surplus is due to savings related to special-funded petroleum expenditures.
Office and Administrative	-	\$ 0.14	No projected surplus based on year-to-date expenditure trends.
<b>Overspending (Shown as Negative, in millions)</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
Overtime General	\$ (1.50)	\$ 0.55	Projected overspending is due to the increased use of staff overtime to maintain service levels in light of full-time vacancies.
Uniforms	(0.04)	-	Projected overspending is due to new positions added without dedicated funding for uniforms.
<b>Special Funds Total</b>	<b>\$ 0.30</b>	<b>\$ 0.14</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 40.38	\$ 40.93	\$ 0.55	Projected revenue surplus is primarily due to unbudgeted prior-year reimbursements.

This Office projects that the General Fund overspending is \$7.42 million less than we reported in the First FSR primarily due to an increased Salaries General surplus from delayed hiring (\$1.15 million) and reductions in the overspending in the Field Equipment Expense (\$1.71 million) and the Petroleum Products (\$4.58 million) accounts based on updated spending patterns and estimated costs. The \$7.29 million in Field Equipment Expense Account overspending for the maintenance and repair of the City's aging fleet includes \$2.05 million that would traditionally be paid for by the Solid Waste Resources Revenue Fund (SWRRF). Due to funding constraints in the fund, we anticipate these costs will become a General Fund liability unless savings are identified in SWRRF sufficient to address these costs. While we reported special fund overspending of \$0.21 million in

the First FSR, we now project a special fund surplus due to a new Petroleum Products surplus offset by a decrease in the Salaries General surplus (\$0.41 million).

This Office recommends reappropriating prior year funds to the Field Equipment Expense, Petroleum Products, and Utilities Private Company Expense accounts to partially offset overspending in these accounts. This Office also recommends a transfer from the UB, Equipment, Expenses, and Alteration & Improvement Account to pay for work related to the transition of elected officials. We also recommend transfers from the Salaries General and Petroleum Products accounts to the Overtime General Account to address overspending related to increased services for El Pueblo and the maintenance of City's aging fleet. Finally, we recommend the transfer from the Emergency Operations Fund to the Office and Administrative Account to fund the disposal of expired hand sanitizer.

This Office recommends the following transactions at this time:

- Disencumber, revert, and reappropriate up to \$234,854 in 2019-20 encumbered balances in the Department's Field Equipment Expense Account to the current fiscal year to fund the repair and maintenance of City's Fleet.
- Disencumber, revert, and reappropriate up to \$314,922 in 2020-21 encumbered balances in the Department's Field Equipment Expense Account to the current fiscal year to fund the repair and maintenance of City's Fleet.
- Disencumber, revert, and reappropriate up to \$683,683 in 2021-22 encumbered balances in the Department's Field Equipment Expense Account to the current fiscal year to fund the repair and maintenance of City's Fleet.
- Disencumber, revert, and reappropriate up to \$169,059 in 2022-23 encumbered balances in the Department's Petroleum Products Account to the current fiscal year to partially address overspending related to increased commodity prices in 2024-25.
- Disencumber, revert, and reappropriate up to \$871,391 in 2023-24 encumbered balances in the Department's Petroleum Products Account to the current fiscal year to partially address overspending related to increased commodity prices in 2024-25.
- Disencumber, revert, and reappropriate up to \$447,000 in 2023-24 encumbered balances in the Department's Utilities Expense Private Company to the current fiscal year to partially address overspending related to increased commodity prices in 2024-25.
- Appropriate \$285,000 from the Unappropriated Balance, Equipment, Expenses, and Alterations and Improvements Account to the Department's Salaries, Construction Projects (\$100,000), Overtime General (\$25,000), Contractual Services (\$10,000), and Construction Materials (\$150,000) accounts to cover costs associated with the transition of elected officials.



- Transfer \$500,000 from the Petroleum Products Account to the Overtime General Account within the SWRF to address overspending due to the repair and maintenance of the City's Fleet.
- Transfer \$50,000 from the Salaries General Account to the Overtime General Account within the El Pueblo de Los Angeles Historical Monument Fund to address overspending related to services provided to the El Pueblo Department.
- Transfer \$138,488 from the Contractual Services (\$6,918), Furniture Office and Technical Equipment (\$39,613), and Other Operating Equipment (\$91,957) accounts within the Emergency Operations Fund to the Department's Office and Administrative Account to fund the disposal of expired hand sanitizer.

**Q. Housing**  
**No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Leasing	\$ 0.14	\$ -	Projected surplus is due to delays in securing main office space.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	(0.10)	-	Projected overspending is due to unfunded grant administrative salary costs and Proposition HHH ineligible salary costs.
<b>General Fund Total</b>	<b>\$ 0.04</b>	<b>\$ -</b>	

(Housing narrative continued on the next page)

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 6.99	\$ -	Projected surplus is due to vacancies.
Leasing	2.92	-	Projected surplus is due to delays in securing main office space.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries As-Needed	(0.07)	-	Projected overspending is due to the increased use of as-needed staff to maintain service levels in light of full-time vacancies.
Travel	(0.02)	-	Projected overspending is based on prior-year expenditure trends and estimated operational needs through year-end.
Transportation	(0.08)	-	
Office and Administrative	(0.32)	-	Projected overspending is due to office and administrative costs for new staff and the replacement of end of life software.
<b>Special Funds Total</b>	<b>\$ 9.43</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 57.80	\$ 55.30	\$ (2.50)	Projected revenue shortfall is due to reduced related costs reimbursements associated with special funded vacancies.

After reporting \$0.08 million in General Fund overspending in the First FSR, this Office now projects a General Fund surplus of \$0.04 million primarily due to savings generated by slower than projected hiring and the anticipated use of prior year appropriations. The projected special fund surplus is \$2.45 million lower than we reported in the First FSR due to accelerated hiring (\$2.94 million). This decrease in the surplus is partially offset by new overspending in the Transportation and Travel accounts and increased overspending in the Office and Administrative Account (\$0.24 million) associated with the increased hiring rate. This Office will continue to work with the Department to monitor its expenditures and report with recommendations necessary to address overspending in future FSRs.

**R. Information Technology Agency**  
**Attachment 4 – Transfers between Accounts within Departments and Funds**  
**Attachment 5 – Transfers between Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 1.03	\$ -	Projected surplus is due to staff vacancies. The Departmental vacancy rate is 11 percent.
Salaries As-Needed	0.12	-	
Operating Supplies	0.59	-	Projected surpluses are based on year-to-date and prior-year expenditure trends.
Communication Services	2.40	(0.04)	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Overtime General	(1.01)	-	Projected overspending is due to increased staff overtime and hiring hall staff to support departmental operations in response to full-time vacancies.
Hiring Hall Salaries	(0.09)	-	
Overtime Hiring Hall	(0.11)	0.06	
Contractual Services	(0.27)	0.27	Projected overspending was due to pending reimbursement from LAWA for Human Resources and Payroll Project support services
<b>General Fund Total</b>	<b>\$ 2.66</b>	<b>\$ 0.29</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.10	\$ -	Projected surplus is due to staff vacancies. The Departmental vacancy rate is 11 percent.
<b>Special Funds Total</b>	<b>\$ 0.10</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 5.44	\$ 5.44	\$ -	This Office anticipates the Department will meet its General Fund revenue budget by year end.

This Office projects that the General Fund surplus is approximately \$0.64 million lower than we reported in the First FSR primarily due to transactions approved in the First FSR and projected overspending in the Overtime Hiring Hall Account. This Office recommends a transfer to address a portion of the overspending and anticipates that the balance of the overspending will be addressed through transfers from the projected surpluses in the Department’s other accounts. This Office also recommends appropriations from the Department’s revenue accounts to the Communication Services Account (\$0.03 million) to fund communication services request projects and to the Contractual Services Account (\$0.34 million) to fund payments for Human Resources and Payroll Project support services. We will continue to work with the Department to monitor its expenditures and report in a future FSR with recommendations necessary to address the projected overspending.

This Office recommends the following transactions at this time:

- Transfer \$73,047 from the Contractual Services Account to the Communication Services Account to reallocate funding previously transferred into the incorrect account for the Bureau of Sanitation’s Annual Fiber Service Lease.
- Transfer \$60,000 from the Communication Services Account to the Hiring Hall Overtime account to partially offset projected overspending.
- Appropriate \$26,308 from General Fund Revenue received from the Los Angeles City Employee’s Retirement System (\$22,650) and El Pueblo (\$3,658) to the Communication Services Account to fund Communication Services Request projects and reimburse for payments made for internet services.
- Appropriate \$340,000 from General Fund Revenue received from the Los Angeles World Airports to the Contractual Services Account to fund payments for Human Resources and Payroll Project support services.

**S. Library**  
**Attachment 5 – Transfers between Departments and Funds**

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 3.19	\$ -	Projected surplus is due to staff vacancies.
Salaries As-Needed	1.37	-	
Contractual Services	4.63	(0.56)	Projected surplus is based on prior-year expenditures and anticipated construction needs through year end.
Office and Administrative	1.17	-	Projected surpluses are based on year-to-date and prior-year expenditure trends.
Various Special	1.92	-	
Other Surplus Accounts	0.22	-	
<b>Special Funds Total</b>	<b>\$ 12.49</b>	<b>\$ (0.56)</b>	

This Office projects that the special fund surplus is \$4.02 million less than we reported in the First FSR. The First FSR identified \$16.51 million in surpluses across all accounts but incorrectly stated the sum of those surpluses to be \$7.92 million. The surplus has decreased primarily due to administrative transfers approved in and since the First FSR in the Salaries General (\$0.60 million) and Contractual Services (\$4.52 million) accounts coupled with increased use Office and Administrative Account (\$0.61 million) in anticipation of several upcoming technology projects. These decreased surpluses are partially offset by an increased surplus in the Salaries As-Needed Account (\$0.56 million) reflecting hiring trends.

Tech2Go Hotspot Program

The Tech2Go Hotspot Loan Program allows Library patrons to check out a mobile hotspot device for six weeks, which they can use to connect a laptop, tablet, and other Wi-Fi enabled devices to the internet. This Office previously recommended the reappropriation of unspent Tech2Go Hotspot Loan Program funds to support continued implementation of this program in the current year. The transaction included in the First FSR will resolve this issue.

This Office recommends the following transactions at this time:

- Transfer \$555,620.99 from the Library’s Contractual Services Account to the General Services Department’s Salaries, Construction Projects (\$413,837.80) and Construction Materials (\$141,783.19) accounts to pay for alterations, improvements, and repairs at Library facilities.

## **T. Mayor**

### **Attachment 4 – Transfers between Accounts within Departments and Funds**

### **Attachment 5 – Transfers between Departments and Funds**

### **Attachment 6 – Appropriations from the Unappropriated Balance**

This Office recommends the following transactions at this time:

- Establish new appropriation accounts within the Fiscal Year 2020 Justice Assistance Grant Fund and transfer \$189,224.80 from prior years' balances to the Mayor's Salaries General (\$938.74) and Related Costs Reimbursement from Grants (\$56,952.59) accounts and the City Attorney's Salaries General (\$88,953.47) and Related Costs Reimbursement from Grants (\$42,380.00) accounts to pay for current-year salaries and related costs.
- Establish a new appropriation account within the Fiscal Year 2022 Improving Criminal Justice Responses Grant Fund and transfer \$15,763.53 from the prior-year related costs account to pay current-year related costs.
- Establish a new appropriation accounts within the Fiscal Year 2021 Regional Catastrophic Preparedness Grant Program Fund and transfer \$14,148.12 from the Mayor's Salaries General Account (\$8,089.63) and the Regional Catastrophic Preparedness Grant Program Fund's prior-year Reimbursement of General Fund Costs Account (\$6,058.49) to the Grant Management and Administration and current-year related costs accounts to pay current-year administrative and related costs.
- Establish a new appropriation account within the Fiscal Year 2021 Emerging Family Justice Center and transfer \$28,289.49 from the Contractual (\$25,850.81), Operating Exercise (\$438.68), and Disabilities (\$2,000) accounts to the Grant Management and Administration Account to pay for administrative costs.
- Transfer \$456,377.06 within the Fiscal Year 2020 Securing the Cities Fund from the Fire Account (\$124,000) to Fire's Overtime Variable Staffing Account and from the Police Account (\$913.69) to Police's Overtime Sworn Account to pay for Fire and Police's overtime costs, and from prior years' related costs (\$331,463.37) accounts to the Mayor's Related Costs Reimbursement from Grants Account to pay for the Mayor's current-year related costs.
- Transfer \$1,681,432 from the Unappropriated Balance, Equipment, Expenses, Alterations and Improvements Account to the Mayor's Salaries, General (\$800,000), Travel (\$281,432), Contractual Services (\$400,000), and Office and Administrative (\$200,000) accounts to align the Mayor's operating budget with current expenditure patterns.

- Transfer \$200,000 from the Unappropriated Balance, Equipment, Expenses, Alterations and Improvements Account to the General Services Department’s Hiring Hall Construction (\$147,974), Benefits Hiring Hall Construction (\$33,350), and Construction Materials (\$18,676) accounts to pay for security improvements and capital repairs at City-owned facilities.

**U. Neighborhood Empowerment  
No Recommendation**

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Printing and Binding	\$ 0.065	\$ -	Projected surpluses are based on projected operational needs through year end.
Contractual Services	0.103	-	Projected surplus based on projected reduced operational needs through year end.
Office and Administrative	0.011	-	Projected surpluses are based on projected operational needs through year end.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	(0.250)	-	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 the civilian labor agreements approved last year.
Salaries As-Needed	(0.032)	-	Projected overspending is based on projected operational needs through year end including increased workload during the Neighborhood Council Election cycle and mileage costs.
Transportation	(0.017)	-	
<b>Special Funds Total</b>	<b>\$ (0.120)</b>	<b>\$ -</b>	

This Office projects that the special fund overspending is \$0.151 million lower than we reported in the First FSR due to recent changes in projected attrition, actions that the Council and Mayor took through the First FSR, and minor adjustments in various expense accounts. The Department continues to conduct a reconciliation of the Neighborhood Empowerment Fund cash balance to determine if there is a surplus in the starting cash balance of the Fund that may be available to mitigate projected overspending. This Office will continue to work with the Department to identify a

feasible solution that minimize services impacts and present these recommendations in the Mid-Year FSR. This Office does not recommend any transactions at this time.

**V. Personnel  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.70	\$ -	Projected surplus is due to staff vacancies and filling positions in-lieu with lower level classifications.
Transportation	0.01	-	Projected surplus is based on year-to-date expenditure trends.
Oral Board Expense	0.01	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Overtime General	(0.21)	-	Projected overspending is due to increased staff overtime to maintain service levels in light of full-time vacancies, evening and weekend attendance at job fairs and recruitment events, and ensuring the 24/7 operation of medical staffing in the City's jails.
Contractual Services	(1.00)	-	Projected overspending is due to an increase in reimbursement rates for Sexual Assault Response Team (SART) examinations that was not funded in the 2024-25 Adopted Budget (C.F. 18-0728-S1).
<b>General Fund Total</b>	<b>\$ (0.48)</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.22	-	Projected surplus is due to reduced special fund billing and staff vacancies.
<b>Special Funds Total</b>	<b>\$ 0.22</b>	<b>\$ -</b>	



<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 32.66	\$ 35.60	\$ 2.94	Projected revenue surplus is due to unbudgeted prior year receipts.

This Office projects that General Fund overspending is approximately \$0.09 million lower than we reported in the First FSR due to savings associated with employee attrition partially offset by increased Overtime General expenditures. We further now project a \$0.22 million special fund Salaries General surplus primarily due to reduced billing to the Mobile Source Air Pollution Reduction Fund. This Office will continue to work with the Department to monitor its expenditures and report in future FSRs with recommendations necessary to address projected overspending. This Office does not recommend any transactions at this time.

**W. Police**  
**Attachment 6 – Appropriations from the Unappropriated Balance**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Accumulated Overtime	1.01	-	Projected surpluses are based on year-to-date and prior-year expenditure trends.
Other Surplus Accounts	1.22	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	(5.94)	-	Projected overspending is primarily due to salary costs associated with the civilian labor agreements approved last fiscal year and projected hiring.
Salaries Sworn	(7.60)	-	Projected overspending is primarily due to costs associated with the agreement with the Los Angeles Police Protective League (LAPPL) and projected hiring.
Overtime Sworn	(7.51)	-	Projected overspending is based on prior-year expenditure trends and anticipated operational needs through year end.
Other Overspending Accounts	(0.83)	0.25	
<b>General Fund Total</b>	<b>\$ (19.65)</b>	<b>\$ 0.25</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Overtime Sworn	0.64	-	Projected surplus is based on lower than anticipated operational need for special funded sworn overtime.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Contractual Services	(0.83)	-	Projected overspending is based on prior-year expenditure trends and increased contract security demand.
<b>Special Funds Total</b>	<b>\$ (0.20)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 168.93	\$ 157.22	\$ (11.71)	Projected revenue shortfall is primarily due to delayed MTA receipts due to Workday reporting issues, delayed approval of the MTA contract amendment, and reduced revenues anticipated from permits, false alarm, impound, and other fees.

This Office projects that General Fund overspending is approximately \$7.24 million higher than we reported in the First FSR. This increase is primarily due to projected overspending in the Salaries General and Salaries Sworn accounts based on projected hiring and increased costs for bonuses, sick, vacation, and retroactive payouts. This Office projects that the special fund overspending is unchanged since the First FSR. While we did identify a special fund surplus of \$1.21 million in the First FSR, we inaccurately identified a \$1.43 million surplus in sworn and civilian salaries when there was no such surplus. This Office will continue to work with the Department to monitor its spending and to formulate mitigation measures to reduce projected overspending. This Office will report in future FSRs with updated projections and transactions necessary to address projected overspending.

Sworn Hiring

The 2024-25 Adopted Budget includes a hiring plan of 574 new recruits and 30 officers through the BOUNCE/Recall Program. From June 29, 2024, through October 19, 2024, the Department hired four recruit classes for a total of 124 additional officers. Based on this current hiring trend, this Office projects that the Department will hire 445 new recruits and 25 officers through the BOUNCE/Recall Program by year-end. Officer attrition through October 19, 2024, was 161 versus the 163 assumed in the Adopted Budget. Hiring through October 19, 2024, is 26 percent lower than assumed in the Adopted Budget (124 actual hires versus 168 budgeted). As of October 19, 2024, there are 8,773 officers deployed citywide, including 16 Municipal Officers.

Citywide Recreational Vehicle (RV) Recycling Program

On August 16, 2024, the Council approved a \$2 million transfer from the Unappropriated Balance (UB) Citywide Recreational Vehicle Program Account to the Department for the recycling of recreational vehicles (C.F. 24-0863). The Council also instructed this Office, with the assistance of the Department, to provide a report on funding for this program once the account reaches \$250,000 for this fiscal year. In response, this Office reports that as of November 6, 2024, the Department has spent approximately \$0.7 million, leaving a remaining balance of \$1.3 million. More Council Districts have been using the funds recently due to increasing demands with Care+ operations resulting in the storing and subsequent recycling of RVs. Based on a maximum usage rate of \$10,000 per day, we project that the remaining funds will last until March 2025. The Department is

projecting an additional \$1 million is needed to sustain the project until the end of the fiscal year. Without additional funding, recycling efforts may need to be adjusted, which could lead to limited storage and fewer impounds.

This Office recommends transferring the remaining balance of \$250,000 from the UB Recreational Vehicle Program Account to the Department’s Contractual Services account to partially address the projected shortfall. This Office will continue to work with the Department to monitor its spending and provide updated usage report in future FSRs to assess whether additional funding is necessary.

This Office recommends the follow transaction at this time:

- Transfer \$250,000 from the Unappropriated Balance, Citywide Recreational Vehicle Program Account to the Police’s Contractual Services Account for the recycling of recreational vehicles.

**X. Public Works/Bureau of Engineering  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.04	\$ -	Projected surplus is due to staff vacancies.
<b>General Fund Total</b>	<b>\$ 0.04</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 3.29	\$ -	Projected surplus is due to staff vacancies.
Other Surplus Accounts	0.01	-	Projected surpluses are based on year-to-date and prior-year expenditure trends.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
<b>Special Funds Total</b>	<b>\$ 3.30</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 60.73	\$ 60.73	\$ -	This Office anticipates that the Bureau will meet its General Fund revenue budget by year end.

This Office projects that the Special Fund Surplus is approximately \$0.71 million higher than we reported in the First FSR due to unanticipated staff attrition and actions that the Mayor and Council took through the First FSR.

Engineering Special Services Fund

The purpose of the Engineering Special Services Fund is for the Bureau of Engineering to receive and disburse receipts for work it performs for proprietary departments and developers. After performing the services paid by the receipts for the Fund, the Mayor and City Council may approve the use of excess funds for other purposes. The 2024-25 Budget (C.F. 24-0600) instructed this Office to include in the 2024-25 Financial Status Reports the transfer of an anticipated \$9,202,248 in interest from the Engineering Special Services Fund to the Reserve Fund. In the First FSR, the Mayor and Council approved the transfer of \$6,726,467 in available funding to the Reserve Fund. We will continue to monitor the interest earnings and make recommendations in the Mid-Year FSR to transfer the remaining \$2,475,781 of the total commitment.

This Office does not recommend any transactions at this time.

**Y. Public Works/Bureau of Sanitation**  
**Attachment 4 – Transfers between Accounts within Departments and Funds**  
**Attachment 5 – Transfers between Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 5.45	\$ (1.10)	Projected surplus is due to staff vacancies.
Operating Supplies	0.76	-	Projected surplus is based on year-to-date and prior-year expenditure trends.
Water and Electricity	0.08	-	Surplus due to timing of invoices from the Department of Water and Power.
Other Surplus Accounts	0.03	-	Projected surplus is based on year-to-date and prior-year expenditure trends.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Contractual Services	(4.53)	-	Projected overspending is due to a projected increase in CARE/CARE+ service days, which results in higher hazardous waste cleaning contract costs.
Overtime General	(2.04)	1.00	Projected overspending is due to increased staff overtime to provide services in light of full-time vacancies.
Other Overspending Accounts	(0.44)	0.10	Projected overspending is due to projected increased as-needed hiring and service days.
<b>General Fund Total</b>	<b>\$ (0.68)</b>	<b>\$ -</b>	

(Bureau of Sanitation narrative continued on the next page)

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 13.37	\$ (2.36)	Projected surplus is due to staff vacancies.
Contractual Services	0.29	-	Projected surplus is due to timing of contract execution and receipt of invoices.
Other Surplus Accounts	0.55	-	Projected surplus is based on year-to-date and prior-year expenditure trends.
<b>Overspending (Shown as Negative, in millions)</b>			
Overtime General	(9.00)	1.95	Projected overspending is due to increased overtime and as-needed staffing to provide services in light of full-time vacancies and projected operational needs through year end.
Salaries As-Needed	(0.47)	0.41	
Other Overspending Accounts	(0.27)	-	Projected overspending is based on year-to-date and prior-year expenditure trends, and projected operational needs through year end.
<b>Special Funds Total</b>	<b>\$ 4.47</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from</b>	<b>Projection Basis</b>
\$ 88.26	\$ 88.26	\$ -	This Office projects the Bureau will meet its General Fund revenue budget by year end.

This Office projects that the General Fund overspending is \$1.28 million lower than we reported in the First FSR. This change is primarily due to delayed hiring related to the changed timing of the occupancy of the Young's Market facility from January 2025 to March 2025, resulting in increased Salaries General (\$1.48 million) and Operating Supplies (\$0.28 million) account surpluses and decreased overspending in the Contractual Services Account (\$0.26 million). These changes are partially offset by increased Overtime General Account overspending (\$0.77 million) to mitigate the service impact from vacancies. This Office also projects that the special fund surplus is \$2.61 million higher than what we reported in the First FSR. This change is primarily due to an increased Salaries General Account surplus (\$6.82 million) due to delayed hiring. This surplus increase is partially offset by a decrease in the Contractual Services Account surplus (\$1.75 million) due to contract timing and an increase in Overtime General Account overspending (\$3.55 million) as the Bureau seeks to mitigate the service impacts of vacancies.

This Office recommends transfers from the projected Salaries General Account surplus to partially address overspending in the Overtime General and Salaries As-Needed accounts. We will continue to work with the Bureau to monitor its salary and expense accounts and will report in future FSRs with recommendations necessary to address the remaining overspending.

We have identified the following issues of concern and will continue to monitor related funds and accounts and provide updates and potential impacts, including recommended transfers, in future FSRs:

#### Hyperion Spill

Expenditures from the Overtime General, Salaries As-Needed, and Hiring Hall accounts related to the wastewater spill in 2021 continue as the Bureau has moved from emergency repairs to recovery efforts. As of November 2024, the Bureau has received payments totaling over \$46 million from the property insurance policy for damage to the Hyperion Water Reclamation Plant (Hyperion). The Bureau has received an additional \$10 million for a subsequent incident in February 2024. The Bureau anticipates the receipt of additional payments before the end of the current fiscal year but none have been finalized at this time. Consultants are working with the Bureau to determine how these funds will be used to reimburse the Sewer Construction and Maintenance Fund (SCM) for eligible expenditures. The full impact of the spill is yet to be determined.

#### Rate Increases

Several of the Bureau's funds are not operating at full-cost recovery. The Solid Waste Resources Revenue Fund (SWRRF) has not had a rate adjustment since 2008 and is subsidized by the General Fund in the amount of \$111.7 million in 2024-25, including related costs. The Multi-Family Bulky Item Fund has not had a rate increase since it was established in 2007 and is subsidized by the General Fund in the amount of \$3.4 million in 2024-25 for related costs. As part of the 2023-24 Adopted Budget, the Council and Mayor instructed the Bureau to conduct rate studies and to report back on findings. The Bureau is currently preparing rate studies for these funds to formulate recommended rate adjustments that it plans to present to the Mayor and Council this fiscal year for consideration in 2025-26. As stated in the Summary section of this FSR, this Office believes that returning this program to full cost recovery is an essential component in addressing the City's structural budgetary challenges on an ongoing basis and intends to work with the Bureau to accelerate the timeframe for presenting these rate adjustments.

#### Sewer Construction and Maintenance Fund

The Council adopted Ordinance No. 188363 (C.F. 23-0600-S9) related to increasing the Sewer Service Charge, which took effect October 19, 2024. The new Sewer Service Charge will increase revenue to SCM in accordance with the Adopted Budget, which did not include corresponding appropriation increases. The Bureau anticipates additional cash availability in SCM by January 2025 and plans to increase hiring and more aggressively pursue updates to Hyperion and other water conveyance and reclamation facilities to meet mandates, sustainability, and Citywide goals. As such, the Bureau intends to request an exemption from the Prioritized Critical Hiring review process for existing, fully-SCM funded positions and an additional appropriation from the SCM cash balance to support hiring. This Office recommends that the Bureau prepare a separate report to



make this request to the City Council and Mayor to allow for a more thorough review by the appropriate City Council policy committees.

#### Solid Waste Resources Revenue Fund

After the review of several months of 2024-25 collections data, the Bureau does not anticipate a SWRRF revenue shortfall in 2024-25. The Bureau, however, has identified more than \$7 million in SWRRF overspending in 2024-25, including \$3.9 million in non-departmental expenditures. As the General Fund fully subsidizes this Fund, the General Fund must pay for any 2024-25 revenue loss or overspending.

#### CARE/CARE+ Services

We project \$3.98 million in overspending in the Contractual Services Account within the General Fund due to an anticipated increase in service days and use of hazardous waste cleaning contracts once the new Young's Market central location for the Livability Services Division is fully established for occupancy in March 2025 and CARE+ services increase from two days per week to five days per week. Should the Bureau be unable to manage within its resources, additional General Fund appropriations or service reductions may be required.

#### Vacancies and Related Costs

The Bureau continues to pay the related cost amounts included in its budget. Due to the high vacancy rate, the Bureau may pay related costs in excess of the required amount. We will reconcile any excess payments that may occur and provide necessary recommendations in future FSRs or through the annual budget process.

#### Proposition O

The Bureau projects \$340,147 in expenditures for Proposition O activities in 2024-25. These activities are front funded by the Measure W-Safe Clean Water-Municipal Program Special Fund (MWLRF) and reimbursed on a yearly basis. If the Bureau does not receive an appropriation from Proposition O to reimburse the MWLRF by year end, the City must process a Reserve Fund loan equal to the unreimbursed amount. We will work with the Bureau, the Bureau of Engineering, and the Public Works, Office of Accounting to ensure the completion of the necessary reimbursements to mitigate the need for a Reserve Fund loan.

This Office recommends the following transactions at this time:

- Transfer \$510,000 from the Salaries General Account to the Salaries As-Needed Account within the SCMO (\$200,000), Sewer Capital Fund (SCMC) (\$150,000), Measure W Local Return Fund (MWLRF) (\$60,000), and General Fund (\$100,000) to maintain service levels and address projected over-expenditures.
- Transfer \$2,950,000 from the Salaries General Account to the Overtime General Account within SWRRF (\$1,000,000), SCMC (\$100,000), Citywide Recycling Trust Fund (\$250,000), Multi-Family Bulky Item Fee Fund (\$300,000), MWLRF (\$300,000), and General Fund

(\$1,000,000) to address increased staff overtime costs to maintain service levels and address projected over-expenditures through mid-year.

- Transfer \$1,400 from the Contractual Services Account to the Information Technology Agency’s Communications Services Account for data port activation for badge readers at the Public Works Building.

**Z. Public Works/Bureau of Street Lighting**  
**Attachment 5 – Transfers between Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Travel	\$ 0.003	\$ -	Projected surpluses are based on the prior-year expenditure trends and anticipated operational needs through year end.
Street Lighting Improvements and Supplies	\$ 0.065	\$ -	
<b>General Fund Total</b>	<b>\$ 0.068</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 1.294	\$ -	Projected surplus is due to staff vacancies.
Operating Supplies	\$ 0.886	\$ -	Projected surpluses are based on the prior-year expenditure trends and anticipated operational needs through year end.
Other Surplus Accounts	\$ 0.277	\$ -	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Overtime General	(0.015)	0.015	Projected overspending is due to costs associated with the new Pedestrian Hybrid Beacon/HAWK at the Magnolia Boulevard/Tyrone Avenue intersection.
<b>Special Funds Total</b>	<b>\$ 2.442</b>	<b>\$ 0.015</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 7.175	\$ 7.011	\$ (0.164)	Projected revenue shortfall is due to reduced related cost reimbursements associated with special funded vacancies.

This Office projects that the General Fund surplus has not changed significantly since the First FSR. This Office also projects that the special fund surplus is \$0.22 million higher than we reported in the First FSR due to increased special funded salary savings offset by a new special funded Overtime General Account overspending. We recommend a transaction in this FSR to fully address the new Overtime overspending. This Office also projects a decrease in the General Fund revenue shortfall of \$0.19 million from the First FSR as the Bureau intends to rotate staff into special funded positions that will be reimbursed.

Street Lighting Maintenance and Assessment Fund

This Office projects year-end revenue shortfall of \$1.96 million from the Street Lighting Maintenance and Assessment Special Fund (SLMAF) revenue budget of \$61.47 million, an increase of \$0.46 million from the shortfall we projected in the First FSR. The projected shortfall is driven by decreased revenue in Co-Location due to lower rates of construction requests and lease fees from telecommunications companies.

Adjusting for any revenue shortfall, should there be surplus funds in various SLMAF accounts, this Office recommends that those funds be redirected to pay DWP energy bills for the cost of powering street lights.

This Office recommends the following transactions at this time:

- Transfer \$15,000 from the Bureau of Street Lighting Account within the Council Discretionary Street Furniture Fund to the Bureau's Overtime General Account for civil and design work for the new Pedestrian Hybrid Beacon/HAWK at the Magnolia Boulevard/Tyrone Avenue intersection.

**AA. Public Works/Bureau of Street Service  
Attachment 5 – Transfers between Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 3.22	\$ -	The projected surplus is due to staff vacancies.
<b>Overspending (Shown as Negative, in millions)</b>			
Transportation	(0.01)	-	The projected overspending is due to unbudgeted travel.
<b>General Fund Total</b>	<b>\$ 3.21</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ -	\$ 0.04	No projected surplus based on year-to-date expenditure trends.
Transportation	0.22	-	Projected surplus is due to prior year expenditure trends and anticipated operational needs through year end
<b>Special Funds Total</b>	<b>\$ 0.22</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 89.70	\$ 89.98	\$ 0.28	Projected revenue surplus is based on year-to-date receipts.

After reporting \$0.18 million in General Fund overspending in the First FSR, this Office now projects a General Fund surplus of \$3.21 million comprised of Salaries General savings (\$3.22 million) due to staff vacancies and offset by new overspending in the Transportation Account (\$.01 million). While we reported special fund overspending of \$0.50 million in the First FSR, we now project a \$0.22 million special fund surplus due to actions taken through the First FSR to address Overtime General Account overspending ending (\$0.18 million) and new special fund surplus in the Transportation Account (\$0.22 million) based on updated spending patterns. This Office

recommends a transfer from the Street Furniture Fund to the Salaries General Account for services related to the Pedestrian Hybrid Beacon/HAWK at the Magnolia Boulevard/Tyrone Ave intersection. We will continue to work with the Department to monitor its accounts and update our projections in future FSRs.

This Office recommends the following transactions at this time:

- Appropriate \$40,000 from the Bureau of Street Services Account within the Street Furniture Revenue Fund to the Bureau of Street Services' Salaries General Account for services related to the Pedestrian Hybrid Beacon/HAWK at the Magnolia Boulevard/Tyrone Ave intersection.
- Transfer and appropriate \$20,000 from the Bureau of Street Services Account within the Street Furniture Revenue Fund to the Bureau of Engineering's Salaries General Account for services related to the Pedestrian Hybrid Beacon/HAWK at the Magnolia Boulevard/Tyrone Ave intersection.

**BB. Recreation and Parks  
No Recommendation**

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 4.52	\$ -	Projected surplus is due to staff vacancies. The Department's vacancy rate is 20 percent as of October 2024.
Contractual Services	0.96	-	Projected surpluses in several expense accounts are based on prior-year and year-to-date expenditure trends and projected operational needs through year end.
Other Surplus Accounts	1.17	-	
<b>Overspending (Shown as Negative, in millions)</b>			
Salaries As-Needed	(4.13)	-	Projected overspending is primarily due to unbudgeted salary costs associated with the civilian labor agreements approved last fiscal year.
Maintenance Materials, Supplies and Services	(1.22)	-	Projected overspending is due to reductions to budgeted funds for these accounts.
Operating Supplies	(0.31)	-	
<b>Special Funds Total</b>	<b>\$ 0.99</b>	<b>\$ -</b>	

<b>Special Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 57.40	\$ 57.40	\$ -	This Office projects the Department will meet its self-generated revenue budget by year end.

This Office projects that the special fund surplus is \$1.44 million lower than we reported in the First FSR. The projected surplus in the Salaries General Account decreased by \$4.27 million as a result of increased spending in this account (\$1.4 million) for bonuses and an administrative transfer made from this account to the Salaries As-Needed Account (\$2.87 million) to partially address the overspending in the Salaries As-Needed Account reported in the First FSR. This Office expects the remaining projected overspending in this account as well as in the Maintenance Materials, Supplies

and Services and Operating Supplies accounts to be resolved through transfers from other accounts and through actions to limit spending. We will continue to work with the Department to monitor and report with recommendations necessary to address the overspending in a future FSR.

Child Care Centers

The Department reports that eight child care centers are currently open: Jim Gilliam, Ralph Parsons, Branford, Victory-Valley, Evergreen, Downey, Ira C. Massey, and Hubert H. Humphrey. The table below summarizes the status of enrollment at the centers opened since 2022:

Center Name	Date Opened to the Public	Licensed Capacity	No. Enrolled as of October 2024	Available Enrollment Slots
Branford Child Care Center	8/15/2022	50	5	45
Downey Child Care Center	7/10/2023	44	13	31
Evergreen Child Care Center	7/10/2023	46	6	40
Hubert Humphrey Child Care Center	7/10/2023	52	6	46
Ira C. Massey Child Care Center	7/10/2023	30	10	20
Victory Valley Child Care Center	8/15/2022	50	11	39
<b>Total</b>		<b>272</b>	<b>51</b>	<b>221</b>

The soft openings of the Echo Park and Van Ness Child Care Centers have been delayed until December 2024 and January 2025, respectively, due to challenges in recruiting qualified full-time and part-time staff to support the child care program. South Park Child Care Center had its soft opening on November 12, 2024. The Department’s report on the challenges to increase staffing at childcare centers and center enrollment goals along with the cost efficiency of program delivery models is pending.

This Office does not recommend any transactions at this time.

**CC. Transportation**  
**Attachment 4 – Transfers between Accounts within Departments and Funds**  
**Attachment 5 – Transfers between Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Printing and Binding	\$ 0.02	\$ -	Projected surpluses are based on prior-year expenditure trends.
Other Surplus Accounts	0.02	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	(4.61)	-	Projected overspending is due to unbudgeted costs associated with the civilian labor agreements approved last fiscal year.
Salaries As-Needed	(3.98)	1.00	
Overtime General	(3.29)	-	Projected overspending is due to increased staff overtime to maintain current service levels in light of full-time vacancies and to provide traffic control services for special events.
Contractual Services	(2.11)	-	Projected overspending is due to unbudgeted contract costs for security services (\$1.11 million), Strategic Plan development (\$0.3 million), high touch disinfection (\$0.12 million), Mobility Data Software software licensing fees (\$0.53 million), and Verizon invoices (\$0.37 million).
<b>General Fund Total</b>	<b>\$ (13.95)</b>	<b>\$ 1.00</b>	

(Transportation narrative continued on the next page)



<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 6.77	\$ (0.15)	Projected surplus is due to staff vacancies.
Other Surplus Accounts	0.38	-	Projected surpluses are based on prior-year expenditure trends.
<b>Overspending (Shown as Negative, in millions)</b>			
Overtime General	(1.15)	0.95	Projected overspending is due to increased staff overtime to maintain service levels in light of full-time vacancies and to support the Pavement Preservation Program.
Salaries As-Needed	(0.14)	0.15	Projected overspending is due to the increased use of as-needed staff to maintain service levels in light of full-time vacancies.
<b>Special Funds Total</b>	<b>\$ 5.86</b>	<b>\$ 0.95</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 121.62	\$ 92.49	\$ (29.13)	Projected revenue shortfall is primarily due to reduced related cost reimbursements (\$26.1 million), Filming Permits (\$0.72 million), Services to Department of Water and Power (\$1.65 million), and Services to Los Angeles World Airports (\$0.30 million).

This Office projects that the General Fund overspending is \$1.74 million higher than we reported in the First FSR. This increase is primarily due to increased overspending in the Salaries As-Needed Account (\$1.83 million) mostly from the deployment of additional Crossing Guards. This increased overspending is partially offset by a decrease in the Salaries General Account overspending (\$0.12 million) and actions taken to address Office and Administrative Account overspending (\$0.18 million) in the First FSR. This Office projects that the special fund surplus is approximately \$3.15 million higher than we reported in the First FSR due to hiring delays and actions that the Mayor and Council approved in the First FSR. This increased surplus is partially offset by increased Salaries As-Needed overspending (\$0.15 million) from an increased need to use as-needed staff to maintain services in light of full-time vacancies

This Office recommends a transfer of \$0.15 million from the projected special fund Salaries General surplus to the Salaries As-Needed Account to offset the projected overspending. This Office is also recommends a transfer of \$0.95 million from the Department of Transportation Trust Fund to the Overtime General Account to cover staff costs on various projects. Finally, this Office recommends a transfer from the Commuter Express – Fleet Replacement Account within the Proposition A Local Transit Assistance Fund to fund transit bus fleet’s technology services. LADOT reported that there is no impact to the Commuter Express bus Replacement Project as it is on hold pending the new Comprehensive Operational Analysis to determine the appropriate level of Commuter Express services based on the travel behavior post-pandemic.

This Office will continue to work with the Department to monitor its expenditures and report with any additional recommendations necessary to address projected overspending in a future FSR.

### Crossing Guards

The recently approved Memorandum of Understanding (MOU) for Crossing Guards provides a shift differential bonus of 8.25 percent should a Crossing Guard work more than 50 percent of time between the hours of 12 to 8 a.m. and a bilingual/multi-lingual bonus. LADOT reports that most Crossing Guards would qualify for this shift differential bonus, retroactive from March 2024. LADOT reports that the bonus is not yet implemented and thus the Department cannot estimate the actual cost. This is an obligation that will need be funded at a future date. Additionally, LADOT’s level of funding for Crossing Guards has not increased to reflect the salary increases over the years or the number of Crossing Guards it employs. This Office has worked with the Department and now estimates that overspending is between \$1.7 million to \$2.5 million, excluding the shift differential bonus. LADOT estimates that it will fully expend its as-needed funds by the end of March. Since the Mid-Year FSR is usually approved at the end of March or early April, this Office recommends a transfer of \$1 million from the Unappropriated Balance to partially offset the projected overspending. This Office will continue to monitor this Account and report in a future FSR with recommendations necessary to address the remaining overspending.

This Office recommends the following transactions at this time:

- Transfer \$89,575 from the Salaries General Account (Proposition A Local Transit Assistance Fund) to the Salaries As-Needed Account to address the projected overspending.
- Transfer \$61,056 from the Salaries General Account (Permit Parking Program Revenue Fund) to the Salaries As-Needed Account to address the projected overspending.
- Transfer \$2,821,431 from the Commuter Express – Fleet Replacement Account (Proposition A Local Transit Assistance Fund) to the Smart Technology for DASH & Commuter Express Buses Account within the same fund for the transit bus fleet’s technology services.
- Appropriate a total of \$952,744.18 from the Transportation Account within the Department of Transportation Trust Fund to the Department’s Overtime General Account for traffic control services for the Tujunga Village Speed Tables (\$13,618.77), CD2 Elementary School

Area Speed Hump Program (\$4,033.13), Left Turn at Olympic and Normandie (\$21,049.50), Metro Crenshaw/LAX Transit Corridor (\$214,914.51), CD5 Hughes & Venice Left-turn (\$84,000), CD5 Girard & Midvale Left-Turn (\$94,000), CD13 Hollywood Area Curb Repaint (\$3,244.72), LADWP Trunk Line Unit 1 (\$496,176.87), Venice Blvd Project Planning (\$12,179.41), Riverside Dr. Improvements (\$4,983.46), La Tuna Canyon & Canter Pedestrian Hybrid Beacon Hybrid (\$2,562.60), and CD3 Speed Reduction (\$1,981.21) projects.

- Transfer \$1,000,000 from the Unappropriated Balance, Department Payroll Reconciliation Account to the Salaries As-Needed Account to partially offset projected overspending.

**DD. Youth Development**  
**No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.281	\$ -	Projected surplus due to staff vacancies.  Projected surpluses are based on prior-year and year-to-date expenditure trends and projected operational needs through year end.
Salaries As-Needed	0.015	-	
Contractual Services	0.046	-	
Other Surplus Accounts	0.011	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Office and Administrative	\$ (0.008)	-	Projected overspending is based on current and prior-year expenditure trends.
<b>General Fund Total</b>	<b>\$ 0.345</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.038	\$ -	Projected surpluses are based on year-to-date expenditure trends.
Contractual Services	0.012	-	
<b>Special Funds Total</b>	<b>\$ 0.050</b>	<b>\$ -</b>	

This Office projects that the General Fund surplus is \$0.33 million higher than we reported in the First FSR due to delayed hiring. This Office projects no changes in the special fund surplus. This

Office will work with the department to address remaining General Fund overspending in future FSRs. The Department has no budgeted General Fund revenues.

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), a multi-year and cost-reimbursement grant awarded by the State of California for which the Economic and Workforce Development Department (EWDD) is the administrator (C.F. 22-0014). This grant had an original term of January 2022 through July 2024, which the state extended to December 31, 2024. 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 and upon receipt of full reimbursement from the state. As of November 14, 2024, EWDD has processed reimbursements through December 2023. EWDD anticipates the state will reimburse these expenses in the coming months and EWDD will process and transfer reimbursements for the Department’s expenses to the Reserve Fund as reimbursements allow.

This Office does not recommend any transactions at this time.

**EE. Zoo**

**Attachment 4 – Transfers between Accounts within Departments and Funds**

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries As-Needed	\$ 0.48	\$ (0.20)	Projected surplus is due to program closures, hiring delays, and anticipated attrition.
Contractual Services	0.10	-	Projected surpluses are based on prior-year expenditure trends and operational needs through year end.
Feed and Grain	0.22	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	(0.30)	-	Projected overspending is due to unbudgeted costs associated with the civilian labor agreements approved last fiscal year.
Hiring Hall Salaries	(0.12)	0.12	Projected overspending is due to infrastructure repairs and maintenance needs.
Benefits Hiring Hall	(0.08)	0.08	
<b>Special Funds Total</b>	<b>\$ 0.30</b>	<b>\$ -</b>	

This Office projects that the special fund surplus is approximately \$0.03 million lower than we reported in the first FSR primarily due to new projected overspending in the Hiring Salaries (\$0.12 million) and Benefits Hiring Hall (\$0.08 million) due to infrastructure repairs and maintenance needs at the Zoo. This surplus decrease is partially offset by an increased surplus in the Salaries As-Needed Account (\$0.20 million) due to hiring delays and attrition. This Office recommends a transfer from the projected Salaries As-Needed surplus to the Hiring Salaries and Benefits Hiring Hall accounts to address the projected overspending.

### Zoo Revenue and Infrastructure Concerns

The volume and magnitude of the Zoo's deferred maintenance and infrastructure repairs are extensive. Currently, there are certain areas within the Zoo that are closed indefinitely until repairs are made. According to the Department, this has a significant impact on the Zoo's revenue as these areas are revenue generating. Additionally, the Zoo advises that it has noticed a downward trend in attendance in recent months. The Zoo is currently working with its construction staff and the General Services Department to determine project scopes and required funding to reopen impacted facilities. This Office will continue to monitor Zoo revenue and potential downside risks. We will provide updated revenue projections in the Mid-Year FSR once more information is available.

The Zoo is in the midst of a competitive bid process to select a contractor or contractors for the operation and management of the following functions in partnership with the Zoo: fundraising, membership, special events, sponsorships, publications, and volunteers. In September 2024, the Zoo released separate Request for Proposals for each function.

This Office recommends the following transaction at this time:

- Transfer \$200,000 from the Salaries, As-Needed Account to the Hiring Hall Salaries (\$125,000) and Benefits Hiring Hall (\$75,000) to ensure continuity of infrastructure repairs and maintenance at the Zoo.

## 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 No Recommendations

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<b>Surpluses (Shown as Positive, in millions)</b>			
Medicare Contributions	\$ 2.18	\$ -	Projected surplus is the result of lower than anticipated wages, offset partially by higher than expected staffing. Surplus is lower than what we reported in the First FSR as it now incorporates the recently approved Fire MOU.
Pensions Savings Plan	0.68	-	Projected surplus is the result of lower than anticipated wages, offset partially by higher than expected staffing. Surplus is higher than what we reported in the First FSR due to lower employee counts and salary costs.
<b>General Fund Total</b>	<b>\$ 2.86</b>	<b>\$ -</b>	

General Fund Revenue (Figures in Millions)			
Revenue Budget	Second FSR	Variance from Budget	Projection Basis
\$ 0.20	\$ 18.66	\$ 18.46	Projected revenue surplus is due to unbudgeted homeless reimbursements and Alliance settlement receipts that will be appropriated for related services.

This Office projects that the surplus is \$0.10 million lower than we reported in the First FSR because it now incorporates the impact of the new firefighter memorandum of understanding, offset by reduced employee counts and costs. The surplus is in the Medicare Contributions (\$2.18 million) and Pensions Savings Plan (\$0.68 million) accounts and in both cases is the result of lower than anticipated salaries partially offset by higher than anticipated staffing levels. The surplus in Medicare Contributions is \$0.40 million lower than we reported in the First FSR as a result of increased firefighter salaries. The surplus in the Pension Savings Plan is \$0.30 million higher than

we reported in the First FSR due to lower average employee counts and salaries. All GCP payroll accounts are volatile and difficult to project this early in the fiscal year. Therefore, this Office expects to refine our analysis throughout the fiscal year as more payroll data becomes available.

## **B. Unappropriated Balance**

### **Attachment 6 – Appropriations from the Unappropriated Balance**

### **Attachment 7A – Status of the UB – General Account**

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

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

The 2024-25 Adopted Budget includes \$338.45 million for the Unappropriated Balance (UB). Through December 2, 2024, the Mayor and City Council have approved a net of \$79.33 million in transactions, leaving a balance of \$259.12 million in the UB and completely depleting the Reserve for Mid-Year Adjustments Account.

This report includes recommendations to transfer \$48.85 million from various UB accounts, which leaves a remaining balance of \$210.27 million.

This Office recommends the following transactions at this time:

- Transfer \$9,690,000 from the UB, Department Payroll Reconciliation Account to the City Attorney's Litigation Account to partially address projected overspending for litigation expenses.
- Transfer \$2,050,000 from the UB, Outside Counsel including Workers' Compensation Account to the City Attorney's Outside Counsel Account to partially address overspending for various cases.
- Transfer \$4,335,000 from the UB, Department Payroll Reconciliation Account to the City Attorney's Outside Counsel Account to partially address overspending for various cases.
- Transfer \$2,889,568 from the UB, Equipment, Expenses, and Alterations and Improvements Account to Council's Salaries As-Needed Account to cover staffing costs.
- Transfer \$112,493 from the UB, Equipment, Expenses, Alterations and Improvement Account to General Services' Hiring Hall Construction (\$67,553), Benefits Hiring Hall Construction (\$28,950), and Construction Materials (\$15,990) accounts for Van Nuys City Hall improvements.
- Transfer \$6,286,294 from the UB, Ground Emergency Medical Transport QAF Program Account to the Fire's Contractual Services Account for the Ground Emergency Medical Transport QAF Program quarterly invoice.

- Transfer \$68,671 from the UB, Fire Positions Reserve Account to the Fire's Salaries General Account to cover the salary costs of filling two positions proposed for deletion and subsequently restored in the Adopted Budget.
- Transfer \$285,000 from the UB, Equipment, Expenses, Alterations and Improvement Account to the General Services Department's Salaries, Construction Projects (\$100,000), Overtime General (\$25,000), Contractual Services (\$10,000), and Construction Materials (\$150,000) accounts to cover costs associated with the transition of elected officials.
- Transfer \$1,681,432 from the UB, Equipment, Expenses, and Alterations and Improvements Account to the Mayor's Salaries, General (\$800,000), Travel (\$281,432), Contractual Services (\$400,000), and Office and Administrative (\$200,000) accounts to align with current expenditures.
- Transfer \$200,000 from the UB, Equipment, Expenses, Alterations and Improvement Account to the General Services Department's Hiring Hall Construction (\$147,974), Benefits Hiring Hall Construction (\$33,350), and Construction Materials (\$18,676) accounts to pay for security improvements and capital repairs at City-owned facilities.
- Transfer \$250,000 from the UB, Citywide Recreational Vehicle Program Account to the Police's Contractual Services Account to the Police's Contractual Services Account for the recycling of recreational vehicles.
- Transfer \$1 million from the UB, Department Payroll Reconciliation Account to Transportation's Salaries As-Needed Account to partially address projected overspending related to Crossing Guards.
- Transfer \$20 million from the UB, Department Payroll Reconciliation Account to the Liability Claims Account, Miscellaneous Liability Payouts Account for anticipated settlements.



**C. Human Resources Benefits  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
<b>Overspending (Shown as Negative, in millions)</b>			
Civilian Benefits Program	\$ (9.47)	\$ -	Projected overspending is due to the impact of increasing enrollment and higher than assumed health plan premium rate increases.
Fire Health and Welfare Program	(0.11)	-	Projected overspending is due to higher than assumed health plan rate increases, partially offset by reductions in enrollment.
Police Health and Welfare Program	(0.14)	-	
Supplemental Civilian Union Benefits	(0.31)	-	Projected overspending is due to higher than assumed rates and benefit payments.
<b>General Fund Total</b>	<b>\$ (10.03)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 4.20	\$ 4.20	\$ -	This Office projects the Fund will meet its General Fund budget by year end.

Our current projected net overspending is consistent with the projection we included in the First FSR with an increase of \$0.08 million. Overspending in the Civilian Benefits Program has increased due to continued increases in enrollment, but is offset by reduced overspending in the Fire and Police Health and Welfare Programs due to reduced enrollment. For the Civilian Benefits Program, the budget assumed that due to the continuation of the Prioritized Critical Hiring (PCH) process, attrition would offset hiring for no net change in overall civilian enrollment. The City, however, has experienced a 1.14 percent increase in enrollment since the beginning of the fiscal year (307 employees) and a 2.68 percent increase in enrollment since February 2024 when the PCH process was implemented (710 employees). Our year-end projection assumes that there will be no further net increases in civilian enrollment.

Projections this early in the fiscal year are subject to potentially significant expenditure fluctuations by year end due to changes in benefit rates, open enrollment, staff attrition and hiring, and workers' compensation claims. This Office and the Personnel Department will continue to monitor the status

of this Fund and report in future FSRs. This Office does not recommend any transactions at this time.

#### **D. Liability Claims Account**

##### **Attachment 6 – Appropriations from the Unappropriated Balance**

##### **Attachment 8 – Status of Liability Accounts**

The 2024-25 Adopted Budget includes \$87.37 million for the Liability Claims Account (\$80 million in General Fund, \$2 million from the Solid Waste Resources Revenue Fund, and \$5.37 million from the Sewer Operations and Maintenance Fund). The 2024-25 Adopted Budget also includes \$20 million in the Unappropriated Balance, Reserve for Extraordinary Liability Account. As of November 25, 2024, the City Attorney reports that the total value of all known settlements is \$301.04 million, which is more than \$200 million above the budgeted amount.

In addition to transferring the entire \$20 million from the Unappropriated Balance, Reserve for Extraordinary Liability, the Mayor and Council have approved transfers totaling \$82.63 million to partially address this overspending. These include transfers from the Unappropriated Balance, Reserve for Mid-Year Adjustments (\$59.38 million) and the Reserve Fund (\$23.24 million) (C.F. 24-1060). The adjusted budget for the Liability Claims account is \$190.00 million (\$182.63 million in General Fund and \$7.37 million from special funds). Thus, the remaining overspending in this Account is \$111.04 million (\$112.02 million in General Fund and a surplus of \$0.98 million in special funds). This \$20.93 million increase from the amount we reported in the First FSR (\$20.33 million in the General Fund and \$0.60 million in special funds) reflects that we are tracking currently settled cases rather than projecting year-end spending and as a result, the amount is likely to increase as the year progresses.

Of the \$301.04 million in current settlements, \$157.47 million has been paid (\$154.89 from the General Fund and \$2.58 from special funds) and \$32.81 million has been approved but is pending payment (\$31.69 in General Fund and \$1.12 million in special funds). The Department reports there are \$56.28 million in cases pending Council approval (\$55.96 million in General Fund and \$0.32 million in special funds) and \$54.48 million pending final report in the City Attorney's Office (\$52.11 million in General Fund and \$2.37 million in special funds).

This Office recommends that the Mayor and Council approve sufficient transfers in this FSR to address all cases that are currently paid, pending payment, and pending Council approval at this time. The total General Fund value of these cases is \$242.54 million. Accounting for the \$182.63 adjusted General Fund budget, the City Attorney will need an additional \$59.91 million. Pursuant to Council direction, this Office is continuing to take the steps necessary to enable the City to issue a judgment obligation bond, should the Mayor and Council choose to do so. For the cases that the bond will reimburse, the Council will approve a transfer from the Reserve Fund upon the approval of each case. Through this process, the City will be able to address \$39.96 million of the total \$59.91 million in required funding. We recommend a transfer of \$20 million from the Unappropriated Balance, Department Payroll Reconciliation Account to address the remaining anticipated need.

This Office will recommend transfers in future FSRs for settlements that are awaiting final report and any other settlements that the City Attorney finalizes and the City Council approves this fiscal year.

The Office recommends the following transaction at this time:

- Transfer \$20,000,000 from the Unappropriated Balance, Department Payroll Reconciliation to the Liability Claims Account to address the costs associated with settlements that are currently pending before the City Council.

**E. Leasing Account  
No Recommendation**

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<b>Surpluses (Shown as Positive, in millions)</b>			
General Fund Leasing	\$ (1.24)	\$ -	Projected overspending reflects the aggregate sum of all lease surpluses and shortfalls projected at year-end for currently approved agreements.
<b>General Fund Total</b>	<b>\$ (1.24)</b>	<b>\$ -</b>	

This Office projects that the \$0.52 million surplus that we reported in the First FSR is now \$1.24 million in overspending primarily due to increased costs associated with newly approved unfunded leases for 2024-25. This Office will continue to monitor this Account and report in a future FSR with recommendations necessary to address this overspending. This Office does not recommend any transactions at this time.

**3. 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 the General Fund revenue, which allowed the City to balance the 2020-21 General Fund budget without drawing on reserves or deficit borrowing. The City received the second tranche of SLFRF of \$639,450,464 on June 3, 2022. The 2021-22 Budget also treated those funds as General Fund revenue.

The CAO is responsible for administering the SLFRF funds and for preparing all required reports for the U.S. Treasury on behalf of the City. This Office submitted the twelfth quarterly Project and Expenditures Report by the October 31, 2024, due date. The purpose of this report is to identify actual and obligated spending. In the report, the CAO identified eligible spending of approximately \$5.1 million from July 1, 2024, through September 30, 2024 and total spending of approximately \$1.216 billion to date.

The status of the SLFRF as of September 2024 is provided in the following table:

<b>Total SLFRF Award (amounts in millions)</b>	<b>\$ 1,278.90</b>	
<b>SLFRF Expenditures by Type as of 09/30/24</b>	<b>Totals</b>	<b>% of total SLFRF Award</b>
Government Services Expenditures	\$ 1,102.97	86.2%
"Stand Alone Project" Expenditures	\$ 112.83	8.8%
<b>Total Expenditures Reported</b>	<b>\$ 1,215.80</b>	<b>95.1%</b>
<b>Unexpended SLFRF as of 06/30/24</b>	<b>Totals</b>	<b>% of total SLFRF Award</b>
Budgeted SLFRF Allocated to Stand-Alone Projects	\$ 63.43	5.0%
Unbudgeted SLFRF Allocated to Government Services	(.28)	(0.1%)
<b>Total SLFRF Remaining Balance</b>	<b>\$ 63.15</b>	<b>4.9%</b>

This Office currently uses a consultant services contract with KPMG to support our efforts to provide accurate and timely spending reports to the U.S. Treasury, comply with all grant requirements, and maintain and provide comprehensive documentation to enable our responses to ongoing and future audit. This Office has identified funding in other SLFRF projects that we can use to continue this consultant services contract through September 2025. The First FSR included a transfer of \$600,000 from the Department of Transportation for that purpose. This Office is working with the Department of Recreation and Parks to identify other available SLFRF funds to cover the remaining portion of this contract.

#### **4. TAX AND REVENUE ANTICIPATION NOTES**

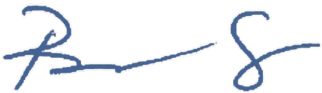
##### **Attachment 3 – New Appropriations**

In July 2024, 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. 24-0600-S30). 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 \$325 million from special funds in accordance with Charter Section 340(b). The 2024-25 Adopted Budget provides sufficient funds in the TRAN Debt Service Fund 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 \$405,137 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 \$405,137 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. 24-0600-S30) to address the City's short-term cash flow deficits.

APPROVED



Ben Ceja, Assistant City Administrative Officer

MWS:BC:JWW:01250032c

Attachments

**ATTACHMENT 1**

**2024-25 Adopted General Fund Revenue  
Through October  
(Thousand Dollars)**

	<b>Adopted Budget</b>	<b>Plan Through October</b>	<b>Receipts Through October</b>	<b>Receipts as Percent of Budget</b>	<b>October Plan Variance</b>	<b>Comments on Variance from October Plan</b>
Property Tax	\$2,770,359	\$127,583	\$108,770	3.9%	(\$18,813)	Shortfall corresponds to the prior property tax remittance period which reflects a higher-than-estimated remittance for May 2024 (\$27.9m in early receipts). The current shortfall includes lower secured (-\$23.4m) and redemption (-\$0.6m) payments offset by higher secured, supplemental and adjusted receipts and lower refund activity (\$3.4m, \$1.3m, \$0.2m, and \$0.4m, respectively). There is further downside risk to this receipt as the adopted budget assumed 4.75% growth, whereas the County Assessor has estimated 4.6% growth for the City.
Property Tax Ex-CRA Inc.	142,560	-	-	-	-	
Department receipts (LPFF and reimbursements)	1,421,407	298,777	359,116	25.3%	60,339	Current surplus is attributed to delayed and unanticipated prior year remittances, of which \$8.8m has been identified for new appropriations or as transfers to other funds.
Business Tax	837,060	68,068	74,023	8.8%	5,955	Excess business tax receipts from non-cannabis activity are offset by a -\$2.8m shortfall in receipts from cannabis activity. It should be noted that LATax receipts through October are \$21.6m lower, with multiple adjustments recorded in October.
Sales Tax	691,035	229,069	220,493	31.9%	(8,576)	There is downside risk based on the decline in year-over-year sales for the quarter.
Utility Users' Tax*	685,130	234,820	230,809	33.7%	(4,011)	Shortfalls in EUT and gas tax receipts (-\$0.6m and -\$4.3m respectively), are offset by \$0.9m in additional CUT receipts.
Transient Occupancy Tax*	342,810	118,799	109,520	31.9%	(9,279)	Reported figures include \$1.1m in LATax receipts that have not been recorded in FMS, with hotel and short-term rental receipts -\$8.0m and -\$1.3m below plan respectively. Monthly receipts have remained relatively unchanged since FY23. However, recent receipts appear to be declining.
Power Revenue Transfer	227,481	-	-	-	-	DWP's budgeted transfer is \$0.5m higher than the adopted general fund budget.
Grant Receipts	224,595	2,092	7,179	3.2%	5,087	Excess receipts are primarily attributed to increased and prior-year departmental grant receipts for the Public Works department. The budget includes \$208.4 million in FEMA reimbursements for which timing has been challenging to predict.
Documentary Transfer Tax	168,770	63,150	61,322	36.3%	(1,828)	Property and legal entity transfers are -\$0.7m and -\$1.1m below budget, respectively. The former is attributed to persistently low sales volume.
Franchise Income	147,537	35,077	35,728	24.2%	651	The shortfall in natural gas franchise receipts (-\$7.7m) has been offset by \$7.3m in early solid waste franchise receipts as well as \$0.7m and \$0.3m in cable television and official police garage receipts.
Parking Occupancy Tax*	134,570	44,980	51,580	38.3%	6,600	Reported figures are \$3.4m higher than LATax receipts recorded through October; although this amount may represent prior year receipts. Monthly receipts are variable.
Parking Fines	110,000	36,766	36,864	33.5%	98	Receipts are near plan.
Special Parking Revenue Transfer	24,623	-	-	-	-	
Tobacco Settlement	10,715	-	-	-	-	
State Motor Vehicle License Fees	4,813	-	-	-	-	
Residential Development Tax	4,680	1,560	1,065	22.8%	(495)	Monthly receipts are variable.
<b>Subtotal General Fund</b>	<b>\$7,948,145</b>	<b>\$1,260,741</b>	<b>\$1,296,469</b>	<b>16.3%</b>	<b>\$35,729</b>	
Interest Income	84,501	30,647	49,021	58.0%	18,374	Receipts are variable and excess receipts may be owed to special funds.
Transfer from Reserve Fund	-	-	-	-	-	
<b>Total General Fund</b>	<b>\$8,032,646</b>	<b>\$1,291,388</b>	<b>\$1,345,490</b>	<b>16.8%</b>	<b>\$54,103</b>	

**ATTACHMENT 2  
STATUS OF RESERVE FUND AS OF 12/2/24**

<b>Council File No.</b>	<b>Item Description</b>	<b>Amount</b>
<b>Balance Available, 7/1/2024</b>		\$ 330,583,261.63
<b>Less: Emergency Reserve Account</b>		<u>\$ 220,908,000.00</u>
<b>Contingency Reserve Account 7/1/2024</b>		\$ 109,675,261.63
<b>    Loan Repayment and Other Receipts</b>		<u>30,741,050.30</u>
<b>Contingency Reserve Account</b>		\$ 140,416,311.93
 <b>Loans and Transfers Approved to Date</b>		
24-0500	Consolidated Plan Grants Loan	(10,000,000.00)
24-1060	Liability Claims	(23,241,426.00)
24-1231	Liability Claims	(175,000.00)
24-1310	Liability Claims	(200,000.00)
24-1249	Liability Claims	(875,000.00)
24-1235	Liability Claims	(137,500.00)
24-1240	Liability Claims	(150,000.00)
24-1239	Liability Claims	(800,000.00)
24-1250	Liability Claims	(540,000.00)
24-1242	Liability Claims	(430,000.00)
24-1238	Liability Claims	(425,000.00)
24-1241	Liability Claims	(395,000.00)
24-1234	Liability Claims	(250,000.00)
24-1248	Liability Claims	(3,000,000.00)
24-1237	Liability Claims	(175,000.00)
<b>Loans and Transfers Approved to Date Subtotal</b>		\$ (40,793,926.00)
 <b>Contingency Reserve Available Balance as of 12/2/2024</b>		<u><u>\$ 99,622,385.93</u></u>
 <b>Total Emergency and Contingency Reserve Fund</b>		<u><u>\$ 320,530,385.93</u></u>

**ATTACHMENT 3**  
**FY 2024-25 BUDGET ADJUSTMENTS**  
**NEW APPROPRIATIONS**

REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
	<b>TRANSFER FROM</b>		<b>TRANSFER TO</b>	
<b>City Administrative Officer</b>	<u>Fund P15/62, Tax and Revenue Anticipation Notes Debt Service Fund</u>		<u>Fund 100/56, General City Purposes</u>	
<i>TRAN Cash Flow Borrowings Interest Cost</i>	628210, Interest Payment	\$ 405,137.00	000964, Fund Loan Interest Reimbursement	\$ 405,137.00
<b>Council</b>	<u>Fund 100/28, Council</u>		<u>Fund 100/28, Council</u>	
<i>Council District 15 Liaison Activities</i>	RSRC 4597, Service to Harbor (2023-24)	\$ 113,021.30	001070, Salaries As-Needed	\$ 243,600.50
	RSRC 4597, Service to Harbor (2024-25)	130,579.20		
	Subtotal	\$ 243,600.50		
<b>Cultural Affairs</b>	<u>Fund 480/30, Arts and Cultural Facilities and Services</u>		<u>Fund 100/30, Cultural Affairs</u>	
<i>Prior Year Reappropriations and Salaries As-Needed</i>	30Y130, Cultural Affairs	\$ 2,621,117.00	001070, Salaries As-Needed	\$ 500,000.00
			009494, LA Cultural Tourism & Promotion	\$ 20,000.00
			009840, LACMA/Watts Towers Conservation	\$ 150,000.00
			009856, Citywide Mural Art Program	\$ 500,000.00
			009862, Employee Training Productivity and Efficiency Prg	\$ 63,012.00
			009864, Art Partner Center Program	\$ 34,000.00
			009868, Victims of 1871 Anti-Chinese Massacre Memoria	\$ 365,135.00
			009869, Victims of Gun Violence Memoria	\$ 250,000.00
			009870, Lankershim Arts Center	\$ 552,045.00
			009876, COVID-19 Memorial	\$ 186,925.00
			Subtotal	\$ 2,621,117.00
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 3,269,854.50</b>		<b>\$ 3,269,854.50</b>



**ATTACHMENT 4**

**FY 2024-25 BUDGET ADJUSTMENTS  
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	FUND/ACCOUNT	TRANSFER FROM	AMOUNT	FUND/ACCOUNT	TRANSFER TO	AMOUNT
<b>Council</b> <i>Expenditure Account Realignment</i>	<u>Fund 100/28, Council</u>			<u>Fund 100/28, Council</u>		
	001010, Salaries General		\$ 2,320,000.00	001070, Salaries As-Needed		\$ 1,000,000.00
				002130, Travel		20,000.00
				003040, Contractual Services		100,000.00
				006010, Office and Administrative		1,200,000.00
				Subtotal	\$ 2,320,000.00	
<b>Economic and Workforce Development</b> <i>LA County Youth Jobs Program Consolidation</i>	<u>Fund 56E/22, LA County Youth Job Program</u>			<u>Fund 56E/22, LA County Youth Job Program</u>		
	22A865, LA County Youth@Work-Foster Youth		\$ 574,863.00	TBD, LA County Youth at Work Consolidated OUY/Foster/SIY		\$ 5,283,719.00
	22A866, LA County Youth@Work-Other Underserved Youth		4,708,856.00			
		Subtotal	\$ 5,283,719.00			
<b>General Services</b> <i>Overtime Overspending (El Pueblo)</i>	<u>Fund 100/40, General Services</u>			<u>Fund 100/40, General Services</u>		
	001010, Salaries General (El Pueblo)		\$ 50,000.00	001090, Overtime General (El Pueblo)		\$ 50,000.00
<i>Overtime Overspending (SWRF)</i>	<u>Fund 100/40, General Services</u>			<u>Fund 100/40, General Services</u>		
	003230, Petroleum Products (SWRF)		\$ 500,000.00	001090, Overtime General (SWRF)		\$ 500,000.00
<b>Finance</b> <i>Overtime General Overspending</i>	<u>Fund 100/39, Office of Finance</u>			<u>Fund 100/39, Office of Finance</u>		
	001010, Salaries General		\$ 270,000.00	001090, Overtime General		\$ 270,000.00
<b>Fire</b> <i>Sworn Overtime Overspending</i>	<u>Fund 100/38, Fire</u>			<u>Fund 100/38, Fire</u>		
	001012, Salaries Sworn		8,750,000.00	001092, Overtime Sworn		8,750,000.00
<b>Information Technology Agency</b> <i>Annual Fiber Service Lease</i>	<u>Fund 100/32, Information Technology Agency</u>			<u>Fund 100/32, Information Technology Agency</u>		
	003040, Contractual Services		\$ 73,047.00	009350, Communication Services		\$ 73,047.00
<i>Hiring Hall Overtime</i>	<u>Fund 100/32, Information Technology Agency</u>			<u>Fund 100/32, Information Technology Agency</u>		
	009350, Communication Services		\$ 60,000.00	001190, Overtime Hiring Hall		\$ 60,000.00
<b>Mayor</b> <i>Emerging Family Justice Center</i>	<u>Fund 66G/46, FY2021 Emerging Family (FE) Justice Center</u>			<u>Fund 66G/46, FY2021 Emerging Family (FE) Justice Center</u>		
	46W304, Contractual		\$ 25,850.81	46A946, Grant Management and Administration		\$ 28,289.49
	46W601, Operating Exercise		438.68			
	46W965, Disabilities		2,000.00			
		Subtotal	\$ 28,289.49			
<b>Public Works - Sanitation</b> <i>Salaries As-Needed Overspending</i>	<u>Fund 100/82, Bureau of Sanitation</u>			<u>Fund 100/82, Bureau of Sanitation</u>		
	001010, Salaries General (SCMO)		\$ 200,000.00	001070, Salaries As-Needed (SCMO)		\$ 200,000.00
	001010, Salaries General (SCMC)		150,000.00	001070, Salaries As-Needed (SCMC)		150,000.00
	001010, Salaries General (MWLRF)		60,000.00	001070, Salaries As-Needed (MWLRF)		60,000.00
	001010, Salaries General (GF)		100,000.00	001070, Salaries As-Needed (GF)		100,000.00
	Subtotal	\$ 510,000.00	Subtotal	\$ 510,000.00		
<i>Overtime General Overspending</i>	<u>Fund 100/82, Bureau of Sanitation</u>			<u>Fund 100/82, Bureau of Sanitation</u>		
	001010, Salaries General (SWRRF)		\$ 1,000,000.00	001090, Overtime General (SWRRF)		\$ 1,000,000.00
	001010, Salaries General (SCMC)		100,000.00	001090, Overtime General (SCMC)		100,000.00
	001010, Salaries General (CRTF)		250,000.00	001090, Overtime General (CRTF)		250,000.00
	001010, Salaries General (MFBI)		300,000.00	001090, Overtime General (MFBI)		300,000.00
	001010, Salaries General (MWLRF)		300,000.00	001090, Overtime General (MWLRF)		300,000.00
	001010, Salaries General (GF)		1,000,000.00	001090, Overtime General (GF)		1,000,000.00
		Subtotal	\$ 2,950,000.00	Subtotal	\$ 2,950,000.00	

**ATTACHMENT 4**

**FY 2024-25 BUDGET ADJUSTMENTS  
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
<b>Transportation</b>				
<i>Salaries As-Needed Overspending</i>	<u>Fund 100/94, Transportation (Fund 385/94)</u> 001010, Salaries General	\$ 89,575.00	<u>Fund 100/94, Transportation (Fund 385/94)</u> 001070, Salaries As-Needed	\$ 89,575.00
<i>Salaries As-Needed Overspending</i>	<u>Fund 100/94, Transportation (Fund 49C/94)</u> 001010, Salaries General	\$ 61,056.00	<u>Fund 100/94, Transportation (Fund 49C/94)</u> 001070, Salaries As-Needed	\$ 61,056.00
<i>Transit Bus Fleet's Technology Services</i>	<u>Fund 385/94, Prop A Local Transit</u> 94AA08, Commuter Express - Fleet Replacement	\$ 2,821,431.00	<u>Fund 385/94, Prop A Local Transit</u> 94AA03, Smart Technology for DASH & Commuter Express Bus	\$ 2,821,431.00
<b>Zoo</b>				
<i>Infrastructure Repairs and Maintenance</i>	<u>Fund 100/87, Zoo (Fund 40E/87, 87A187)</u> 001070, Salaries As-Needed	\$ 200,000.00	<u>Fund 100/87, Zoo (Fund 40E/87, 87A187)</u> 001100, Hiring Hall Salaries 001120, Benefits Hiring Hall	\$ 125,000.00 75,000.00
			Subtotal	\$ 200,000.00
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 23,967,117.49</b>		<b>\$ 23,967,117.49</b>

**ATTACHMENT 5**

**FY 2024-25 BUDGET ADJUSTMENTS  
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO		
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT	
<b>Community Investment for Families</b> <i>California ScholarShare Grant</i>	<u>Fund 65G/21, CIFD Miscellaneous Grants and Awards</u>		<u>Fund 100/21, Community Investment for Families (65G/21, 21A121)</u>		
	21Y343, CIFD Costs - Reserve	\$ 467,380.00	002120, Printing and Binding	\$ 179,571.90	
			003040, Contractual Services	10,455.00	
			006010, Office and Administrative	277,353.10	
		Subtotal	\$ 467,380.00		
<b>Council</b> <i>Council District 3 Staffing</i>	<u>Fund 53P/28, State AB 1290 City Fund</u>		<u>Fund 100/28, Council</u>		
	281203, CD 3 Redevelopment Fund	\$ 250,000.00	001070, Salaries As-Needed	\$ 250,000.00	
<i>Council District 7 Staffing</i>	<u>Fund 100/56, General City Purposes</u>		<u>Fund 100/28, Council</u>		
	000621, Additional Homeless Services - CD 7	\$ 190,000.00	001070, Salaries As-Needed	\$ 190,000.00	
<b>Economic and Workforce Development</b> <i>LA County Youth Jobs Program WIOA Consolidation</i>	<u>Fund 62H/22, LA County Systems Involved Youth Fund</u>		<u>Fund 56E/22, LA County Youth Job Program</u>		
	22A796, LA County Systems Involved Youth (SIY)	\$ 1,673,611.00	TBD, LA County Youth at Work Consolidated OUY/Foster/SIY	\$ 1,673,611.00	
	<u>Fund 64N/22, ARPA Business Assistance Programs Fund</u>		<u>Fund 62L/22, Economic Development Trust Fund</u>		
	22V166, Personnel	\$ 4,712.00	22A299, Reimbursement of General Fund Cost	\$ 161,229.00	
<i>American Rescue Plan Act (ARPA) Business Assistance</i>	22V835, Legacy Business Recovery Program	2,500,361.00	TBD, Reserved for Oversight	708,307.20	
<i>Legacy Business Recovery Program and Administrative</i>	22Y122, Economic and Workforce Development	453,776.20	TBD, Legacy Business Recovery Program	2,500,361.00	
<i>Support Re-Appropriation</i>	22Y299, Reimbursement of General Fund Cost	161,229.00			
	22Y769, Reserved for Oversight	249,819.00	Subtotal	\$ 3,369,897.20	
	Subtotal	\$ 3,369,897.20			
<b>General Services</b> <i>Hand Sanitizer Disposal</i>	<u>Fund 392/34, Emergency Operations Fund</u>		<u>Fund 100/40, General Services (392/34A140)</u>		
	343040, Contractual Services (FY 2023)	\$ 6,917.94	006010, Office and Administrative	\$ 138,487.50	
	347300, Furniture, Office & Technical Equipment (FY 2023)	39,613.00			
	347350, Other Operating Equipment (FY 2023)	91,956.56			
	Subtotal	\$ 138,487.50			
<b>Information Technology Agency</b> <i>CSRs and Internet Services</i>	<u>Fund 100/32, Information Technology Agency</u>		<u>Fund 100/32, Information Technology Agency</u>		
	RSC 4600, Service to LACERS	\$ 22,650.45	009350, Communication Services	\$ 26,307.94	
	RSC 5369, Charge Back - El Pueblo	3,657.49			
	Subtotal	\$ 26,307.94			
<i>HRP Project Support Services</i>	<u>Fund 100/32, Information Technology Agency</u>		<u>Fund 100/32, Information Technology Agency</u>		
	RSC 4595, Service to Airports	\$ 340,000.00	003040, Contractual Services	\$ 340,000.00	
<b>Library</b> <i>Alterations and Improvements</i>	<u>Fund 300/44, Library Fund</u>		<u>Fund 100/40, General Services</u>		
	003040, Contractual Services	\$ 555,620.99	001014, Salaries, Construction Projects	\$ 413,837.80	
			003180, Construction Materials	141,783.19	
	Subtotal	\$ 555,620.99			
<b>Mayor</b> <i>2020 Justice Assistance Grant</i>	<u>Fund 64V/46, FY20 Justice Assistance Grant Fund</u>		<u>Fund 100/46, Mayor (64V/46 46A146)</u>		
	46W146, Mayor	\$ 938.74	001010, Salaries General	\$ 938.74	
	46Y112, City Attorney	88,953.47			
	46Y299, Reimbursement of General Fund Costs	99,332.59	<u>Fund 100/12, City Attorney (64V/46, 46A112)</u>		
		Subtotal	\$ 189,224.80	001010, Salaries General	88,953.47
				<u>Fund 100/46, Mayor (64V/46, 46A299)</u>	
				RSC 5346, Related Costs Reimbursement from Grants	56,952.59
				<u>Fund 100/12, City Attorney (64V/46, 46A299)</u>	
				RSC 5346, Related Costs Reimbursement from Grants	42,380.00
		Subtotal	\$ 189,224.80		
<i>2022 Public Safety Grant</i>	<u>Fund 67E/46, FY2022 Improving Criminal Justice Responses</u>		<u>Fund 100/46, Mayor (67E/46, 46A299)</u>		
	46Y299, Reimbursement of General Fund	\$ 15,763.53	RSC 5346, Related Costs Reimbursement from Grants	\$ 15,763.53	
<i>Regional Catastrophic Preparedness Grant</i>	<u>Fund 100/46, Mayor (64W/46A146)</u>		<u>Fund 64W/46, FY2021 Regional Catastrophic Preparedness Grant</u>		
	001010, Salaries General	\$ 8,089.63	46A946, Grant Management and Administration	\$ 8,089.63	
	<u>Fund 64W/46, FY2021 Regional Catastrophic Preparedness Grant</u>		<u>Fund 100/46, Mayor (64W/46, 46A299)</u>		
	46Y299, Reimbursement of General Fund Costs	\$ 6,058.49	RSC 5346, Related Costs Reimbursement from Grants	\$ 6,058.49	
	Subtotal	\$ 14,148.12	Subtotal	\$ 14,148.12	

**ATTACHMENT 5**

**FY 2024-25 BUDGET ADJUSTMENTS  
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT	
<b>Mayor (continued)</b> <i>Homeland Security Grant</i>	Fund 64G/46, FY2020 Securing the Cities		Fund 100/38, Fire (64G/46, 46A138)		
	46W170, Police	\$ 913.69	001098, Overtime Variable Staffing	\$ 124,000.00	
	46W299, Reimbursement of General Fund Costs	2,589.02			
	46Y138, Fire	124,000.00	Fund 100/46, Mayor (64G/46, 46A299)		
	46Y299, Reimbursement of General Fund Costs	328,874.35	RSC 5346, Related Costs Reimbursement from Grants	\$ 331,463.37	
	Subtotal	\$ 456,377.06			
			Fund 100/70, Police (64G/46, 46A170)		
			001092, Overtime Sworn	\$ 913.69	
			Subtotal	\$ 456,377.06	
<b>Public Works - Sanitation</b> <i>PW Building Badge Readers</i>	Fund 100/82, Bureau of Sanitation (A182)		Fund 100/32, Information Technology Agency (A132)		
	003040, Contractual Services (SWRRF)	\$ 560.00	009350, Communication Services (SWRRF)	\$ 560.00	
	003040, Contractual Services (SPA)	56.00	009350, Communication Services (SPA)	56.00	
	003040, Contractual Services (SCMO)	560.00	009350, Communication Services (SCMO)	560.00	
	003040, Contractual Services (CRTF)	84.00	009350, Communication Services (CRTF)	84.00	
	003040, Contractual Services (GF)	140.00	009350, Communication Services (GF)	140.00	
Subtotal	\$ 1,400.00	Subtotal	\$ 1,400.00		
<b>Public Works - Street Lighting</b> <i>Magnolia/Tyrone Pedestrian Signal Crossing</i>	Fund 43D/50, Council Discretionary Street Furniture Fund		Fund 100/84, Bureau of Street Lighting (43D/50, 50A184)		
	50Y184, Bureau of Street Lighting	\$ 15,000.00	001090, Overtime General	\$ 15,000.00	
<b>Public Works - Street Services</b> <i>Magnolia/Tyrone Pedestrian Signal Crossing</i>	Fund 43D/50, Council Discretionary Street Furniture Fund		Fund 100/86, Bureau of Street Services (43D/50, 50A186)		
	50Y186, Bureau of Street Services	\$ 60,000.00	001010, Salaries General	\$ 40,000.00	
			Fund 100/78, Bureau of Engineering (43D/50, 50A178)		
			001010, Salaries General	\$ 20,000.00	
			Subtotal	\$ 60,000.00	
<b>Transportation</b> <i>Traffic Control Services</i> <i>Tujunga Village Speed Tables</i>  <i>CD2 Elementary School Area Speed Hump Program</i>  <i>Left turn at Olympic &amp; Normandie</i>  <i>Metro Crenshaw/LAX Transit Corridor</i>  <i>CD5 Hughes &amp; Venice Left-turn</i>  <i>CD5 Girard &amp; Midvale Left-turn</i>  <i>CD13 Hollywood Area Curb Repaint</i>  <i>LADWP Trunk Line Unit 1</i>  <i>Venice Blvd Project Planning</i>  <i>Riverside Dr. Improvements</i>  <i>La Tuna Canyon &amp; Canter Pedestrian Hybrid Beacon</i>  <i>CD3 Speed Reduction</i>	840/94, Department of Transportation Trust Fund		Fund 100/94, Transportation (840/94, 94A194)		
	94Y194, Transportation	\$ 952,744.18	001090, Overtime General	\$ 13,618.77	
			001090, Overtime General	4,033.13	
			001090, Overtime General	21,049.50	
			001090, Overtime General	214,914.51	
			001090, Overtime General	84,000.00	
			001090, Overtime General	94,000.00	
			001090, Overtime General	3,244.72	
			001090, Overtime General	496,176.87	
			001090, Overtime General	12,179.41	
			001090, Overtime General	4,983.46	
			001090, Overtime General	2,562.60	
			001090, Overtime General	1,981.21	
			Subtotal	\$ 952,744.18	
	<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 8,715,962.32</b>		<b>\$ 8,715,962.32</b>

**ATTACHMENT 6**

**FY 2024-25 BUDGET ADJUSTMENTS  
APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE**

<b>APPROPRIATE FROM:</b>	<b>APPROPRIATE TO:</b>	<b>AMOUNT</b>
<b><u>Fund, 100/58, Unappropriated Balance</u></b>		
580383, Department Payroll Reconciliation	<u>Fund 100/12, City Attorney</u> 004200, Litigation	\$ 9,690,000.00
580197, Outside Counsel including Workers' Compensation	<u>Fund 100/12, City Attorney</u> 009301, City Attorney Outside Counsel	\$ 2,050,000.00
580383, Department Payroll Reconciliation	<u>Fund 100/12, City Attorney</u> 009301, City Attorney Outside Counsel	\$ 4,335,000.00
580132, Equipment, Expenses, and Alterations & Improvement	<u>Fund 100/28, Council</u> 001070, Salaries As-Needed	\$ 2,889,568.00
580132, Equipment, Expenses, and Alterations & Improvement	<u>Fund 100/40, General Services</u> 001101, Hiring Hall Construction	\$ 67,553.00
	001121, Benefits Hiring Hall Construction	\$ 28,950.00
	003180, Construction Materials	\$ 15,990.00
	Subtotal	<u>\$ 112,493.00</u>
580304, Ground Emergency Medical Transport QAF Program	<u>Fund 100/38, Fire</u> 003040, Contractual Services	\$ 6,286,294.00
580438, Fire Positions Reserve	<u>Fund 100/38, Fire</u> 001010, Salaries General	\$ 68,671.00
580132, Equipment, Expenses, and Alterations & Improvement	<u>Fund 100/40, General Services</u> 001014, Salaries, Construction Projects	\$ 100,000.00
	001090, Overtime General	\$ 25,000.00
	003040, Contractual Services	\$ 10,000.00
	003180, Construction Materials	\$ 150,000.00
	Subtotal	<u>\$ 285,000.00</u>

**ATTACHMENT 6**

**FY 2024-25 BUDGET ADJUSTMENTS  
APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE**

<b>APPROPRIATE FROM:</b>	<b>APPROPRIATE TO:</b>	<b>AMOUNT</b>
580132, Equipment, Expenses, and Alterations & Improvement	<u>Fund 100/46, Mayor</u>	
	001010, Salaries General	\$ 800,000.00
	002130, Travel	\$ 281,432.00
	003040, Contractual Services	\$ 400,000.00
	006010, Office and Administrative	\$ 200,000.00
	Subtotal	<u>\$ 1,681,432.00</u>
580132, Equipment, Expenses, and Alterations & Improvement	<u>Fund 100/40, General Services</u>	
	001101, Hiring Hall Construction	\$ 147,974.00
	001121, Benefits Hiring Hall Construction	\$ 33,350.00
	003180, Construction Materials	\$ 18,676.00
	Subtotal	<u>\$ 200,000.00</u>
580422, Citywide Recreational Vehicle Program	<u>Fund 100/70, Police</u> 003040, Contractual Services	\$ 250,000.00
580383, Department Payroll Reconciliation	<u>Fund 100/94, Transportation</u> 001070, Salaries As-Needed	\$ 1,000,000.00
580383, Department Payroll Reconciliation	<u>Fund 100/59, Liability Claims</u> 009798, Miscellaneous Liability Payouts	\$ 20,000,000.00
<b>TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE</b>		<b><u>\$ 48,848,458.00</u></b>

**ATTACHMENT 7A  
STATUS OF UNAPPROPRIATED BALANCE  
GENERAL ACCOUNT**

<b>C.F.</b>	<b>Appropriations</b>	<b>Date</b>	<b>Amount</b>
24-0600	General		\$ 50,000
	<b>Approved Transfer</b>		
		<b>Balance Available</b>	<u>50,000.00</u>
	<b>Anticipated Appropriations</b>		
		<b>Projected Balance Available</b>	<u>\$ 50,000.00</u>

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

<b>2024-25 Budget</b>	<b>\$ 59,384,134.00</b>
<b>Interim Transfers</b>	
<b>Transfer Out:</b>	
	<b>Subtotal \$ -</b>
<b>Year-end Available</b>	<b><u>\$ 59,384,134.00</u></b>



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

**ATTACHMENT 7C  
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT**

													Attachment 7C
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
	<b>General Fund</b>												
580265	Animal Sterilization Trust Fund	Animal Services	\$ 1,500,000										\$ 1,500,000.00
580345	City Charter Reform	City Clerk	\$ 500,000										\$ 500,000.00
580422	Citywide Recreational Vehicle Program	Police	\$ -	2,250,000	(2,000,000)			(250,000)					\$ -
580420	CleanLA	PW Board	\$ 2,600,780	1,500,000									\$ 4,100,780.00
580383	Department Payroll Reconciliation	All	\$ 104,829,960					(35,025,000)					\$ 69,804,960.00
580434	Domestic Violence and Human Trafficking Shelter Operations	CIFD	\$ 2,000,000										\$ 2,000,000.00
580409	Elected Officials Transition Expenses	GSD	\$ 775,000										\$ 775,000.00
580431	Election Expenses - General Municipal Elections	City Clerk	\$ 9,000,000			(856,993)							\$ 8,143,007.00
580132	Equipment, Expense, and Alterations & Improv.	Mayor/Council	\$ 6,181,000	2,841,151	(359,621)			(5,168,493)					\$ 3,494,037.15
580438	Fire Positions Reserve	Fire	\$ 406,770					(68,671)					\$ 338,099.00
580231	Gang Injunction Settlement Agreement	EWDD	\$ -	2,500,000									\$ 2,500,000.00
580001	General (see Attachment 7A)	All	\$ 50,000										\$ 50,000.00
580304	Ground Emergency Medical Transport QAF Program	Fire	\$ 27,400,000		(6,158,101)	(6,107,240)		(6,286,294)					\$ 8,848,364.64
580381	LAHSA Homeless Engagement Teams	Housing	\$ 4,075,686	225,000	(225,000)								\$ 4,075,686.00
580433	LAHSA Homeless Outreach Navigators	Housing	\$ 629,583										\$ 629,583.00
580274	Mutual Aid Overtime	Fire	\$ 3,000,000		(3,000,000)								\$ -
580199	Neighborhood Councils	DONE	\$ 32,000										\$ 32,000.00
580168	Office of Public Accountability Studies	OPA	\$ 742,414										\$ 742,414.00
580197	Outside Counsel including Workers' Comp	City Atty	\$ 3,250,000		(750,000)		(450,000)	(2,050,000)					\$ -
580430	Quiet Zone Study	DOT	\$ -	500,000									\$ 500,000.00
580437	Rancho LPG Facility Amortization Study	PW Board	\$ 300,000										\$ 300,000.00
580384	Reserve for Allocation of FEMA Reimbursement	All	\$ 90,477,453										\$ 90,477,453.00
580232	Reserve for Extraordinary Liability	All	\$ 20,000,000		(20,000,000)								\$ -
580196	Reserve for Mid-Year Adjustments	All	\$ 59,384,134		(59,384,134)								\$ -
580425	Unarmed Crisis Response	CAO	\$ -	10,473,450									\$ 10,473,450.00
580436	Watts Cultural Crescent Planning	Planning	\$ 137,155										\$ 137,155.00
580396	Wildland Fuel Management Paid Crew	Fire	\$ 1,182,000	943,101	(1,274,222)								\$ 850,879.00
	<b>Grand Total</b>		<b>\$ 338,453,935</b>	<b>\$ 21,232,702</b>	<b>\$ (92,791,457)</b>	<b>\$ (7,323,854)</b>	<b>\$ (450,000)</b>	<b>\$ (48,848,458)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 210,272,867.79</b>

**ATTACHMENT 8  
STATUS OF LIABILITY ACCOUNTS**

Department/Bureau	Account	Budget		Paid	Available Balance after Paid Amounts	Pending Payments	Pending Approval	Pending Report	Available Balance after Committed and Pending	Percent of Available Balance to Adjusted Budget
		(A1)	(A2)	(B)	(C = A2 + B)	(D)	(E)	(F)	(G =	
		2024-25 City Budget	2024-25 Adjusted Budget	Amount	Amount	Amount	These distributions are considered CONFIDENTIAL and are still pending		Amount	
FIRE	009790	\$ -	\$ 2,136,496	\$ (3,569,066)	\$ (1,432,570)	\$ (500,000)			\$ (10,250,000)	-7%
GENERAL SERVICES	009791	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	0%
POLICE	009792	\$ -	\$ 59,668,635	\$ (96,631,317)	\$ (36,962,682)	\$ (9,673,500)			\$ (56,411,950)	-84%
PW/ENGINEERING	009793	\$ -	\$ 850,586	\$ (2,336,633)	\$ (1,486,047)	\$ -			\$ -	-1%
PW/SANITATION SOLID	009794	\$ 2,000,000	\$ 2,000,000	\$ (1,034,279)	\$ 965,721	\$ (1,068,464)			\$ (1,240,688)	-2%
PW/SANITATION SEWER	009794	\$ 5,370,072	\$ 5,370,072	\$ (1,546,403)	\$ 3,823,669	\$ (50,000)			\$ 2,222,669	-2%
PW/STREET SERVICES	009795	\$ -	\$ 6,138,530	\$ (12,962,769)	\$ (6,824,239)	\$ (9,836,572)			\$ (28,564,572)	-23%
RECREATION & PARKS	009796	\$ -	\$ 251,167	\$ (550,000)	\$ (298,833)	\$ (150,000)			\$ (1,475,000)	-1%
TRANSPORTATION	009797	\$ -	\$ 5,626,149	\$ (12,300,000)	\$ (6,673,851)	\$ (3,000,000)			\$ (9,963,000)	-12%
MISCELLANEOUS	009798	\$ 80,000,000	\$ 107,953,997	\$ (26,536,040)	\$ 81,417,957	\$ (8,532,578)			\$ (5,359,304)	-26%
<b>GENERAL FUND SUBTOTAL</b>		<b>\$ 80,000,000</b>	<b>\$ 182,625,560</b>	<b>\$ (154,885,825)</b>	<b>\$ 27,739,735</b>	<b>\$ (31,692,650)</b>	<b>\$ (55,962,302)</b>	<b>\$ (52,108,609)</b>	<b>\$ (112,023,826)</b>	<b>-162%</b>
<b>SPECIAL FUNDS SUBTOTAL</b>		<b>\$ 7,370,072</b>	<b>\$ 7,370,072</b>	<b>\$ (2,580,682)</b>	<b>\$ 4,789,390</b>	<b>\$ (1,118,464)</b>	<b>\$ (318,810)</b>	<b>\$ (2,370,135)</b>	<b>\$ 981,981</b>	<b>-87%</b>
<b>TOTAL</b>		<b>\$ 87,370,072</b>	<b>\$ 189,995,632</b>	<b>\$ (157,466,507)</b>	<b>\$ 32,529,125</b>	<b>\$ (32,811,114)</b>	<b>\$ (56,281,112)</b>	<b>\$ (54,478,744)</b>	<b>\$ (111,041,844)</b>	<b>-159%</b>