

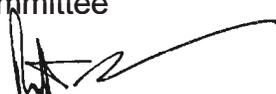
REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 2, 2021

CAO File No. 0590-00098-5215
Council File No. 21-0600
Council District: ALL

To: Eric Garcetti, Mayor
Nury Martinez, Council President
Paul Krekorian, Chair, Budget and Finance Committee

From: Matthew W. Szabo, City Administrative Officer 

Reference: 2021-22 Budget

Subject: **SECOND FINANCIAL STATUS REPORT**

SUMMARY

This Office is transmitting the Second Financial Status Report (FSR) for Fiscal Year 2021-22. With only one additional month of revenue and expenditure data since the First FSR, this report is more limited in scope than other FSR's. We highlight major changes since the First FSR, update issues of concern that were previously raised, and recommend transactions that must occur prior to the consideration of the Mid-Year FSR in March.

Based on revenue and expenditure data through October 2021, and as was the case in the First FSR, we continue to conclude that the City's fiscal challenges for 2021-22 are manageable. However, the news of the Omicron COVID-19 variant and its potential impact from a potential winter surge have not been factored in any of the revenue or expenditure analysis in this report. Should the impact of the variant cause City revenues to decline or expenditures to increase, we will provide an update on the City's fiscal position in a subsequent FSR.

In this FSR, we report that General Fund revenue through October 2021 is \$80 million above plan, below the \$97 million above plan we reported through September. While we continue to identify economically sensitive revenues outperforming expectations to date, which is a positive development, it remains too early to assess the negative impact of downside risk to property taxes.

Overspending has decreased from \$99 million to \$62 million since the First FSR, largely reduced by actions that the City Council and Mayor took approving that report. After accounting for both recommended and potential future actions to address this overspending, however, the projected year-end gap has increased from \$25 million to \$37 million. This increases the possibility that the City will have to use the Reserve Fund to address spending needs by the end of the year. We do, however, continue to project General Fund surpluses in many departments and accounts, which reduces the risk to the Reserve Fund.

The chance that the City will need to use the Reserve Fund is further complicated by a decrease to the Reserve Fund of \$46 million since the First FSR. After accounting for transactions approved

since July 1 and the recommendations in this report, the Reserve Fund balance will be approximately \$606 million. Nonetheless, this remains a very healthy level, at 8.08 percent of General Fund revenues and well above the five percent policy minimum. Including the Unappropriated Balance, Reserve for Mid-Year Adjustments and the Budget Stabilization Fund, General Fund reserves sit at 9.78 percent of General Fund revenues, just under the 10 percent policy target. Given the projected year-end gap and the uncertainty of the City's economic recovery amid a potential winter surge in COVID cases, we continue to recommend that the City refrain from using the Reserve Fund to initiate new programs, expand existing programs, or restore services.

In this FSR, we also update a variety of issues we raised in the First FSR. These include spending risks related to the delay of the Human Resources and Payroll Project, COVID vaccination mandate related testing and reporting, and outside counsel costs.

General Fund Revenue

Attachment 1 – 2021-22 Adopted General Fund Revenue

Key Findings/Recommendations

- *General Fund revenue through October 2021 is \$1.27 billion, \$80.3 million above the 2021-22 Adopted Budget plan of \$1.19 billion, with higher-than-anticipated receipts from pandemic-impacted taxes and earlier-than-anticipated department reimbursements. Receipts for these four months represent 16.9 percent of the General Fund revenue budget.*
- *October receipts-to-date are 17.6 percent above General Fund receipts of \$1.08 billion this time last year and 5.4 percent above pre-pandemic receipts of \$1.20 billion in 2019-20. While economy-sensitive receipts are higher than previous years, total receipts remain below revenue trends that preceded the pandemic.*

2021-22 Adopted Revenue

To date, revenue through October is \$1.19 billion, representing 16.9 percent of total adopted 2021-22 General Fund revenue. Excluding a shortfall in interest owed to special funds (-4.5 million), City receipts are \$84.8 million above the planned receipts. In the First FSR, we reported that General Fund receipts excluding interest owed to special funds were \$93.7 million above plan through September. These above planned receipts reflect early remittances in departmental receipts (\$52.2 million); quicker recovery in pandemic-impacted transient occupancy, sales, and parking occupancy taxes (\$18.1 million, \$3.4 million, and \$3.1 million, respectively); continuing strong growth in documentary transfer taxes (\$17.9 million); and 2021 tax period receipts for business and property taxes (\$9.2 million and \$2.4 million). Offsetting these higher receipts are shortfalls in grants, parking fines, utility users taxes, and franchise income (\$13.4 million, \$5.8 million, \$1.5 million, and \$1.1 million, respectively).

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

2021-22 General Fund Revenue and Variance through October
(Thousand dollars)

	Adopted 2021-22 Budget	Plan through October	Receipts through October	Receipts as Percent of Budget	Variance of Receipts from Plan
Property Tax	\$2,400,250	\$87,680	\$96,922	4.0%	\$9,242
Property Tax Ex-CRA Inc.	111,990	-	-	0.0%	-
Utility Users' Tax	605,050	210,840	209,363	34.6%	(1,477)
Department receipts	1,244,790	252,022	304,210	24.4%	52,188
Business Tax	716,600	72,265	74,805	10.4%	2,540
Sales Tax	606,610	221,687	225,118	37.1%	3,431
Documentary Transfer Tax	227,005	82,100	100,037	44.1%	17,937
Power Revenue Transfer	225,819	-	-	0.0%	-
Transient Occupancy Tax	183,300	55,425	73,498	40.1%	18,073
Parking Fines	123,621	41,630	35,817	29.0%	(5,813)
Parking Occupancy Tax	99,337	25,073	28,222	28.4%	3,149
Franchise Income	94,657	21,943	20,916	22.1%	(1,027)
State Motor Vehicle License Fees	2,942	-	-	0.0%	-
Grant Receipts	91,343	15,694	2,251	2.5%	(13,443)
Tobacco Settlement	11,489	-	-	0.0%	-
Residential Development Tax	4,800	1,600	1,610	33.5%	10
Special Parking Revenue Transfer	8,477	-	-	0.0%	-
American Rescue Plan Transfer	639,450	-	-	0.0%	-
Reserve Fund Transfer	85,090	85,090	85,090	100.0%	-
Interest Income	20,603	12,061	7,520	36.5%	(4,541)
Total General Fund	\$7,503,223	\$1,185,110	\$1,265,378	16.9%	\$80,268

Property taxes: Property tax receipts through October are \$9.2 million ahead of plan. This positive variance is due to lower-than-planned refunds, higher unsecured receipts, and secured receipts and redemptions from prior-year tax periods. Partially offsetting the above planned amount are lower supplemental receipts and reduced taxes on aircraft. As reported in the First FSR, the County Assessor's forecasted growth City receipts for the next tax period (beginning December 2021) is 4.0 percent compared to 5.9 percent assumed in the adopted budget. The current estimate for downside risk to City property tax receipts is between \$28 million and \$52 million.

Utility users tax: The net \$1.5 million shortfall for receipts through October is attributed to an \$8.6 million shortfall in electric users tax (EUT) offset by higher than planned receipts in

communication users tax (CUT) and gas users tax receipts (\$4.3 million and \$2.9 million, respectively).

Department receipts: Departmental receipts through October total \$304 million, \$52 million greater than anticipated. The General Fund received receipts for various related costs (\$44 million) and services to proprietary departments (\$8M) earlier than planned.

Business tax: Business tax receipts are \$2.5 million above plan. \$9.1 million in above planned receipts from non-cannabis activity has offset a \$6.6 million shortfall from cannabis activity, based on LATAX receipts. The City records approximately 85 percent of business tax revenue in the second half of the fiscal year, coinciding with the 2022 business tax renewal period. As noted in the First FSR, receipts from the annual renewal will reflect the impact of the COVID-19 pandemic restrictions that remained in place during the first quarter of the 2021 calendar year posing a potential downside risk to revenue.

Sales tax: Sales tax is \$3.4 million above planned receipts through October after adjusting for the earlier-than-anticipated receipt of deferred 2020-21 tax remittances and a quicker rebound in taxable sales activity. As reported in the First FSR, ongoing receipts are at risk due to the economic impact of global supply constraints and lagging employment growth on taxable sales. Additionally, the City's share of County pool sales tax receipts is expected to drop as a result of revised allocation methodology and changes in warehouse ownership that assigns online sales tax revenue to other jurisdictions.

Documentary transfer tax: Receipts through October are \$17.9 million above plan. Both sales activity and prices, based on the number of deeds recorded and the revenue per deed, have experienced four consecutive months of high year-over-year growth. October receipts reflect slowing in this growth for both. When these components grow or decline together, there are significant variances from plan.

Power Revenue Transfer: After the adoption of the 2021-22 budget, the Board for the Department of Water and Power revised its budget for the Power Revenue Transfer to \$226.3 million, \$0.5 million above the General Fund Budget amount. The Board will confirm the actual transfer amount once an audit of 2020-21 Power Revenue Fund financial data is completed.

Transient occupancy tax (TOT): Monthly receipts through October are \$18.1 million above plan, with \$17.9 million attributed to the quicker-than-assumed rebound in hotel activity rather than short-term rentals.

Parking fines: Current year receipts through October are \$5.8 million below plan partly attributed to the loss of traffic officers under the SIP program.

Parking occupancy tax: Receipts for parking occupancy tax through October are \$3.1 million above plan and though monthly revenue is variable, the surplus is likely attributable to improving economic activity.

Franchise income: The current \$1.0 million net shortfall in total franchise receipts through October is chiefly due to is due to the delayed ordinance that would otherwise redirect 2 percent

(\$5.8 million) in cable television franchise income back to the General Fund. Upon implementation, this revenue can be recorded. Higher receipts from natural gas, official police garage, and taxicab franchises are offsetting these shortfalls.

Grant receipts: Receipts from grant revenue through October are \$2.2 million, which are approximately \$13.4 below plan. This is mainly due to a delay in receipt of \$12.6 million from anticipated reimbursements from the Federal Emergency Management Agency (FEMA) for activities related to Hospital Surge and Great Plates projects. While the 2021-22 Adopted Budget assumes FEMA reimbursements totaling \$73.8 million by year-end, this money has yet to be obligated (confirmed) by FEMA.

Expenditures

Key Findings/Recommendations

- *This Office has identified \$62.48 million in spending above budget related to departments and non-departmental accounts (\$50.58) and special fund imbalances that may require General Fund support (\$11.90).*
- *While the overall overspending is less than the \$98.91 million we reported in the First FSR, after accounting for our recommended solutions in this FSR (\$5.10 million) and potential future actions (\$19.92 million), the unsolved overspending is \$37.46 million, higher than the \$28.59 million we projected in the First FSR.*

Based on expenditure data through the end of October, this Office projects total spending above the 2021-22 Budget to be \$62.48 million, a \$36.43 million reduction from the \$98.91¹ million we projected in the First FSR. Most of the reduction is due to balancing actions that the City Council and Mayor approved through the First FSR, offset by previously unreported overspending in various departments, most significantly in the General Services Department's Petroleum Products Account due to the unanticipated increase in fuel prices. The main drivers of the overall overspending continue to be sworn salaries in both the Fire and Police departments, the delay of the Human Resources Payroll Project, and the potential need for the General Fund to address the Zoo's pandemic-related revenue losses.

While the amount of overspending has grown, it remains manageable. As the unresolved amount has increased to \$37.46 million, however, it does appear more likely that the City may need to access the Reserve Fund at some point during the year to address it. This need continues to be mitigated by the fact that many departments and accounts continue to generate General Fund surpluses. These surpluses are largely the result of the 2021-22 Budget fully funding departments' needs combined with ongoing vacancies as departments continue to try to backfill especially positions that became vacant due to the Separation Incentive Program, but that the Budget retained.

¹ This amount is \$0.31 higher than what we reported in the First FSR to correct an error in the El Pueblo special fund revenue loss.

We detail year-end overspending in Table 2, as follows:

Table 2. Second FSR Projected Overspending/Unfunded Expenditures (in Millions)				
Departmental and Non-Departmental Overspending				
Departmental	First FSR	Change	Second FSR	Reason
Fire	\$19.12	\$(3.32)	\$15.80	Reduction due to \$3.0 million UB transfer in First FSR. Overspending primarily due to sworn salaries and variable overtime.
Police	52.82	(40.79)	12.03	Reduction due to UB transfers in First FSR. Overspending primarily due to sworn salaries.
General Services	0.00	6.00	6.00	New overspending from petroleum price increases and Contractual Services, Utilities, and Hiring Hall accounts.
Information Technology Agency	2.57	(0.29)	2.28	Reduction due to updated hiring assumptions. Overspending primarily due to the HRP delay.
Transportation	0.88	(0.88)	0.00	Reduction due to updated hiring assumptions.
City Attorney	0.40	(0.22)	0.18	The First FSR fully addressed the overspending related to FAA outside counsel costs. The current amount reflects new costs for this case.
Animal Services	0.00	0.28	0.28	New overspending is attributed to overtime, anticipated hiring, and Cat EIR close-out.
Housing	0.20	0.14	0.34	Overspending increase due to projected salary and lease costs for the Proposition HHH Program.
City Planning	0.00	1.58	1.58	New overspending from technical difficulties using prior year.
City Clerk	0.00	0.19	0.19	New overspending from unbudgeted election and salary costs.
Non- Departmental				
Human Resources and Payroll Project	8.50	0.00	8.50	Cost related to delayed implementation of the HRP Project.
COVID-19 Vaccination and Reporting	3.00	0.00	3.00	Costs to be borne by Personnel Department, Contractual Services Account.
General City Purposes	0.00	0.40	0.40	New overspending due to increased Medicare costs caused by SIP payouts.
Subtotal - Overspending	\$87.49	\$(36.91)	\$50.58	
Special Fund Imbalances Requiring Potential General Fund Subsidy				
Zoo	\$(10.41)	\$0.00	\$(10.41)	Revenue shortfall from limited operations.
Animal Sterilization Trust Fund	0	(1.00)	(1.00)	New imbalance from lower than anticipated revenues and current spending pace.
Repair and Demolition Fund	(0.38)	0.38	0.00	Reserve Fund loan approved in the First FSR addressed the imbalance.
El Pueblo	(0.63)*	0.14	(0.49)	Revenue shortfall due to unpaid merchant rents.
Subtotal – SF Imbalances	\$(11.42)	\$(0.48)	\$(11.90)	
Total Year-End Overspending	\$98.91*	\$(36.43)	\$62.48	

*These amounts are \$0.31 million higher than what appeared in the First FSR to reflect a correction.

Current Year Budget Balancing

As noted in Table 3 below, the recommendations in this report would reduce the year-end overspending by \$5.10 million from \$62.48 million to \$57.38 million. This Office has identified potential future actions totaling \$19.92 million, which could further reduce the remaining year-end overspending to \$37.46 million. To the extent possible, departments will be required to absorb or manage remaining costs within existing funds. Absent these actions, a Reserve Fund appropriation will be required.

Table 3.		
2021-22 Budget Balancing Solutions (Millions)		
Second FSR Overspending	\$ 62.48	
Second FSR Recommendations		
City Planning, Encumbrance Release and Appropriation	\$1.58	Release prior-year contract encumbrances and use to pay for prior-year contract costs.
UB – Reserve for Mid-Year Adjustments	3.00	Transfer to the Personnel Department for COVID-19 vaccination mandate testing and reporting.
UB – Reserve for Mid-Year Adjustments	0.34	Transfer to the Animal Sterilization Trust Fund to partially address the imbalance.
UB – Outside Counsel	0.18	Transfer to City Attorney for FAA case outside counsel expenses.
Subtotal	\$ 5.10	
Potential Future Actions		
UB – Zoo and El Pueblo Revenue Shortfalls	\$10.72	Transfer to the Zoo (\$10.41 million) and El Pueblo (\$.31) to address revenue shortfalls.
UB – Reserve for Mid-Year Adjustments	9.20	Transfer to partially address Citywide overspending. Amount assumes approval of Second FSR transfers.
Subtotal	\$ 19.92	
Year-End Overspending	\$ 37.46	

City Reserves

Key Findings/Recommendations

- *The City maintains budgetary reserves designed to help manage its risks and ensure sufficient resources to meet contingencies. The City’s reserves total approximately \$733.63 million or 9.78 percent of the total 2021-22 General Fund revenue.*

Table 4. Total City Reserves			
Reserves	Balance (In Millions)	%	Purpose
UB, 2021-22 Reserve for Mid-Year Adjustments Account	\$ 9.20	0.12%	Available to address shortfalls that may arise throughout the year.
Reserve Fund	605.95	8.08%	Preserved for the most critical needs and matters of urgent economic necessity and are not to be used for ongoing expenses.
Budget Stabilization Fund	118.48	1.58%	Restricted for the maintenance of service levels during years of slow growth and declining revenue.
Total Reserves	\$ 733.63	9.78%	

Unappropriated Balance, 2021-22 Reserve for Mid-Year Adjustments

This Office reported in the First FSR that the remaining balance in the UB, Reserve for Mid-Year Adjustments Account was \$14.54 million. There have been no interim transfers from this account since the First FSR.

This report includes transfers totaling \$5.34 million from this account to the Personnel Department (\$5.00 million) and the Animal Sterilization Fund (\$335,000). These actions result in a net decrease to the UB Reserve for Mid-Year Adjustments from \$14.54 million to \$9.20 million.

Reserve Fund

Attachment 2 – Current Status of Reserve Fund Recommendation Nos. 5 and 10

After accounting for transactions approved since July 1 and the recommendations in this report, the Reserve Fund balance is \$605.95 million, which consists of \$206.34 million in Emergency Reserve and \$399.61 million in Contingency Reserve. Among the transactions approved since the First FSR is a \$46 million Reserve Fund loan to pay for COVID-19 related expenses associated with testing and vaccination sites (C.F. 21-0978). We expect the Federal Emergency Management Agency to fully reimburse these expenses.

The Reserve Fund balance represents 8.08 percent of the General Fund budget, which is above the 5 percent Reserve Fund policy. As described in the First FSR, this Office is aware of proposals that are under consideration or in development with a total value of approximately \$125 million that may require the use of the Reserve Fund. Further, in this report we project that unsolved overspending has increased from \$25 million to \$37 million since the First FSR, which increases the potential that the City will have to use the Reserve Fund later this year to address spending needs. In light of these potential uses of the Reserve Fund in the coming months and the continued uncertainty of the City's economic recovery, this Office continues to recommend maintaining a cautious approach with the Reserve Fund and that the City continue to refrain from using the Reserve Fund to fund new programs, program expansions, and service restorations at this time.

We further encourage this restraint since any new programs initiated in 2021-22 using these one-time funds will exacerbate the current \$133 million of one-time revenues used for ongoing purposes in the 2021-22 Budget.

Budget Stabilization Fund

To supplement the Reserve Fund, the City established the Budget Stabilization Fund (BSF) as part of the 2008-09 Budget to prevent overspending during prosperous years and to provide resources to help maintain service levels during lean years. The current balance in the Budget Stabilization Fund is \$118.48 million.

Issues of Concern

Key Findings/Recommendations

- *Additional internal and external factors that may have an impact on the City include the use of one-time revenues for ongoing spending, the potential fiscal impact from the delayed implementation of the Human Resources and Payroll Project, COVID-19 vaccination mandate testing and reporting requirements, and outside counsel costs.*

One-Time Revenues for Ongoing Spending

As we have previously noted, the 2021-22 Adopted Budget used \$133 million in one-time revenues for ongoing spending, which will pose a challenge for the 2022-23 Budget to maintain current service levels. It will be even more difficult to maintain current service levels in 2022-23 if the City wishes to continue any portion of the \$691 million in one-time spending that is included in the 2021-22 Budget into the 2022-23 Budget. Much of this year's one-time spending is budgeted in the Unappropriated Balance for new pilot or surge programs. As departments submit reports to the City Council requesting these funds to initiate the intended programs, we recommend careful consideration of whether the funding requested is for one-time or ongoing purposes. At this time, we recommend that all new funding be used for one-time purposes and that the Mayor and City Council consider transitioning these programs into ongoing services, if they wish to do so, in the context of the 2022-23 Budget development process and with the use of ongoing revenues.

Human Resources and Payroll

The Human Resources and Payroll (HRP) project is the comprehensive replacement of the City's existing PaySR payroll system with a modern human resources and payroll system implemented by the vendor Workday, Inc. The original project timeline assumed a 21-month implementation timeline and a go-live date of January 2022. As the Information Technology Agency (ITA) has reported, the testing phases have not completed as quickly as planned. Delays are primarily due to the impacts of the COVID-19 Pandemic on the project, including the inability of testers to be co-located with the project teams to review findings and resolve issues and the substantial loss of department HR and payroll subject matter experts and project staff as a result of the City's Separation Incentive Program (SIP). After weighing many factors, such as readiness, user impacts, effort, risk, and cost, the HRP Steering Committee, comprised of the Personnel Department, Office of the City Controller, ITA, and the CAO have recommended a phased implementation approach in 2022 as the best opportunity for success. The phased approach would result in the City implementing modules at two different points in 2022: April and December.

At present, the HRP project is funded and expenditures have been within budgeted amounts, including some use of contingency funds. The HRP project received \$14.2 million for Fiscal Year 2021-2022 and another \$1 million in the Unappropriated Balance, which ITA has requested in a separate report. The estimated General Fund impact of the proposed phased implementation, however, is \$12.8 million. This impact includes increased costs for Workday, Inc., the PaySR contractors to continue maintenance of PaySR throughout 2022, and consultant services including Quality Assurance. For the \$12.8 million in additional project costs, it is currently unknown at this time how much of these funds will be required in 2021-22 and which costs will be incurred in 2022-23 as the City is still in the process of negotiating a contract amendment with Workday, Inc. to implement the phased go-live approach. ITA plans to submit an interim 2021-22 funding request and a 2022-23 budget request on behalf of the Steering Committee for these funds once the cost breakdown per Fiscal Year has been finalized. At this time, we believe that the HRP project will require at least \$4.3 million of this amount during this fiscal year, which we reflect in the ITA section of this report. Thus, the remaining spending risk is \$8.5 million.

Employee COVID-19 Vaccine Mandate Testing and Reporting

On August 24, 2021, the City Council adopted Ordinance No. 187134, which sets forth certain COVID-19 vaccination and vaccination status reporting requirements for all current and future City employees. The Ordinance also recognizes that the City will grant medical and/or religious exemptions to qualified City employees as required by applicable law and that such employees with medical or religious exemptions, who are required to regularly report to a City worksite, shall be subject to weekly COVID-19 tests. To carry out the goals of the Ordinance and to mitigate the unique health and public safety concerns posed by COVID-19, the Personnel Department contracted with a vendor to provide needed staffing and vaccine/testing software services for the City employee vaccine mandate. Human Resources staff were manually verifying vaccine cards with no centralized tracking to include exemptions and testing. The contracted vendor will provide staff to verify and record vaccine cards, a highly sensitive saliva PCR test, and health counseling services for anyone who tests positive. The vendor is also developing a HIPAA protected exemptions submission platform for employees. In addition, the vendor's software platform has a daily symptoms monitoring check for employees or the public entering City facilities.

The current contract has a \$3 million ceiling, which was not in the Personnel's approved budget for 2021-22. In this report, we recommend a transfer of \$3 million to fund the existing contract ceiling. As testing has only recently begun, the number of employees being testing fluctuates as employees are vaccinated, and the frequency of testing will decrease from twice per week to once per week for employees with approved exemptions, the anticipated on-going City costs for COVID-19 testing are difficult to determine at this early stage of the testing process. The Personnel Department is anticipating executing a contract amendment to increase the existing contract ceiling for additional testing as needed, and we therefore recommend that the City set aside an additional \$2 million as contingency for additional testing services. The City will receive reimbursement from unvaccinated employees who do not have an approved exemption, and we anticipate that these funds will return to the City as a General Fund receipt. As the City has yet to receive reimbursements, we have not included this revenue in our estimates. We will provide an updated projection regarding increased General Fund revenue for this service in a subsequent FSR.

Outside Counsel

The Outside Counsel line item in the Unappropriated Balance will be fully exhausted this fiscal year by the nearly 40 LAPD protest cases filed this year and significant LAFD employment cases. Other substantial cases handled by outside counsel include the HUD False Claims Act case and various FAA challenges. Therefore, the City Attorney's Office anticipates the need for supplemental funding this fiscal year to address the increased number of cases requiring outside counsel.

American Rescue Plan Act – State and Local Fiscal Recovery Funds

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 Treasury released the “Interim Final Rule” on May 10, 2021 that provided guidance on the eligible uses of the funding. These included responding to the negative health and economic impacts of the pandemic, providing premium pay for eligible employees, providing government services to the extent that a jurisdiction has revenue loss, and making investments in clean water and broadband infrastructure. The Treasury had not yet released the Final Rule. This Office will continue to monitor and review the Treasury’s guidance and rules as they become available and will report to the Mayor and City Council in the event that updated regulations cause us to change any recommendations related to the City’s use of these funds.

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 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 2021-22 Budget assumes that the City will receive the second tranche of funds, in the same amount as the first, in May 2022 and treats those funds as General Fund revenue. We will report on the status of this funding in future FSRs. The CAO is responsible for administering the SLFRF funds and for preparing all required reports on behalf of the City. As required, this Office submitted two reports on August 31, 2021, the 2021 Interim Report and the 2021 Recovery Plan. The purpose of the Recovery Plan was to give a broad overview of the City’s intended use of the entire award, while the Interim Report identified the City’s spending to date.

Our next report is due to the Treasury on January 31, 2022, and will cover spending through December 31, 2021. We will provide an update in future FSRs regarding the information that we present through this, and future, reports.

Budgetary Adjustments

In this report, this Office recommends budgetary adjustments totaling approximately \$25.92 million, which include:

- \$3.92 million in new appropriations.
- \$12.18 million for transfers between accounts within various departments and funds.
- \$3.94 million for transfers between various departments and funds.
- \$5.88 million in appropriations from the Unappropriated Balance.

Attachments

- 1 2021-22 General Fund Revenue
- 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 and 2)

That the Council, subject to approval of the Mayor:

1. Appropriate \$3,922,890.91 to various department and fund accounts as specified in Attachment 3;
2. Transfer \$12,175,295.10 between accounts within various departments and funds as specified in Attachment 4;
3. Transfer \$3,944,313.77 between various department and funds as specified in Attachment 5;
4. Transfer \$5,878,253.00 from the Unappropriated Balance to various departments and funds as specified in Attachment 6;

City Administrative Officer

5. Transfer \$147,505.75 from the Reserve Fund to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the Mayor's Office General Fund No. 100/46, Account No. 001010 Salaries General to reimburse for 2020-21 expenditures that were made in support of the 2020 Census and funded by Los Angeles County (CR 10 21100002961).

City Planning

6. Authorize the early reversion of uncommitted balances within City Planning’s prior year General Fund No. 100/68, Account No. 003040, Contractual Services Account in the amount of \$1,581,218.34 from the contracts and reappropriate a like amount to the Fiscal Year 2021-22 Department of City Planning Fund No. 100/68, Account No. 003040, Contractual Services:

Funding Source	BFY	Document ID	Line No.	Amount
101/62	2014-15	MSACO15124577M	2	\$103,575.50
100/68	2016-17	MSACO17124559M	1	\$45,791.47
100/68	2016-17	MSACO17124573M	1	\$565,033.90
100/68	2017-18	CO18124577M	2	\$155,139.29
100/68	2018-19	CO19124577M	1	\$420,760.00
100/68	2019-20	CO20126628M	1	\$57,352.79
100/68	2019-20	CO20126628M	2	\$80,000.00
100/68	2019-20	CO20126628M	3	\$76,720.64
52D/68	2019-20	CO20124575M	2	<u>\$76,844.75</u>
			Total	\$1,581,218.34

7. Relative to addressing the FMS technical restriction for prior year encumbrance documents within the Planning Case Processing Fund appropriations:
- a. Decrease appropriations within Fund 52D/68 Account No. 68168S, City Planning in the amount of \$76,844.75;
 - b. Increase appropriations within Fund 52D/68 Account No. 68168V, City Planning by \$76,844.75; and,
 - c. Increase appropriations within Fund 100/68 Account No. 003040, Contractual Services by \$76,844.75

Housing

8. Rescind the transaction included in Attachment 4 of the First Financial Status Report (C.F. 21-0600-S107) which reappropriated \$180,000 for Affordable Housing Information Systems from the Innovation Fund No. 105/10, Account No. 10T143 to the Housing Department Fund No. 100/43, Account No. 003040 Contractual Services, insomuch as the reappropriation is no longer necessary as the Innovation and Performance Commission acted to deobligate the Innovation Fund award for this project.

Police

9. Approve an equipment list deviation for the Police Department that will utilize the reauthorized MICLA financing from the MICLA Fiscal Year 2021-22 Adopted Budget as follows:

2021-22 MICLA EQUIPMENT LIST				
UNIT TYPE	FUEL TYPE	QUANTITY	UNIT COST	TOTAL COST
Ford Explorer DP	Hybrid	20	56,600	1,132,000
Dodge Charger DP	Gas	65	42,000	2,730,000
Ford Explorer DP K9	Gas	8	60,000	480,000
Ford Explorer DP K9	Hybrid	1	63,700	63,700
Dodge Durango DP	Gas	6	53,500	321,000
Ford F-150 DP K9	Gas	2	79,400	158,800
Honda, Toyota, and Nissan Undercover	Gas	63	40,000	2,520,000
GMC 3500 Emergency Response Truck	Gas	6	111,000	666,000
TOTAL		171		\$8,071,500
REPLACE WITH				
UNIT TYPE	FUEL TYPE	QUANTITY	UNIT COST	TOTAL COST
Ford Explorer DP	Hybrid	68	56,600	3,848,800
Ford Explorer DP K9	Gas	8	60,000	480,000
Ford Explorer DP K9	Hybrid	1	63,700	63,700
Dodge Durango DP	Gas	6	53,500	321,000
Ford F-150 DP K9	Gas	2	79,400	158,800
Honda, Toyota, Nissan, Ford, Chevrolet, Dodge Undercover	Gas	63	40,000	2,520,000
GMC 3500 Emergency Response Truck	Gas	6	111,000	666,000
TOTAL		154		\$8,058,300

Public Works, Bureau of Engineering

10. Authorize the Controller's Office to process the revision of the Fiscal Year 2020-21 Year-End Reversion Worksheet submitted by the Bureau on October 14, 2021. The Controller requires Council authority to make adjustments that have General Fund receipt impact over \$100,000. This revision is required to correct previously reported expenditures and encumbrance that needs Reserve Fund funding of \$1,360,049.79.

11. Rescind the prior Council action (C.F. 20-0841 #28.i.iii and #28.i.iv) to reappropriate \$2,585,927.00 from the Public Works Engineering Fund No. 100/78, Account No. 001010, Salaries General (\$1,885,927), Account No. 003040, Contractual Services (\$700,000).

Technical

12. Authorize the CAO to make technical corrections as necessary to those transactions included in this report to implement the intent of those transactions.

FISCAL IMPACT STATEMENT

In this report, we identify a total of \$62.08 million in spending above budget related to departments and non-departmental accounts (\$50.18) and special fund imbalances that may require General Fund support (\$11.90). We recommend transfers, appropriations, and other budgetary adjustments totaling approximately \$25.72 million using available funding sources. The recommendations in this report will trigger two Reserve Fund actions and reduce the balance by \$1.51 million.

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, 2021. 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, either in the First or Second 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:

- Building and Safety
- Cannabis
- City Employee Retirement System
- Civil, Human Rights and Equity
- Controller
- Convention and Tourism
- Cultural Affairs
- Disability
- Economic and Workforce Development
- Emergency Management
- Employee Relations Board
- Ethics
- Fire and Police Pension
- Library
- Neighborhood Empowerment
- Public Accountability
- Public Works, Bureau of Contract Administration
- Public Works, Street Services

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

Section 1. STATUS OF DEPARTMENTAL BUDGETS.....	17
Section 2. STATUS OF NON-DEPARTMENTAL FUNDS AND SPECIAL ACCOUNTS.....	34
Section 3. STATUS OF INFRASTRUCTURE BILL.....	36

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

This Office projects a year-end surplus of \$261,827 consisting of \$95,875 in General Funds and \$165,952 in special funds. This is approximately \$203,000 more than what we reported in the First FSR. This increase is due to the receipt of additional grant funding for salary expenses and a high vacancy rate within the Department.

At this time, the Department anticipates meeting its General Fund revenue budget of \$294,722. Should the Department's vacancies persist, related cost imbursement revenue may fall short of budgeted amounts.

Unappropriated Balance, Senior Meals Expansion

The 2021-22 Adopted Budget provides \$10 million in one-time funding in the Unappropriated Balance for the expansion of the Senior Meals Program. The Department, however, sought to establish an ongoing Senior Local Restaurant Meals Program with these one-time funds. In a report issued on October 15, 2021, this Office recommended that the Department use time-limited staff and consultants to implement this one-time expansion and that the proposal be evaluated as part of the 2022-23 budget process should the City Council wish to establish the expansion as an ongoing program (C.F. 21-0750). On October 20, 2021, the Personnel and Animal Welfare Committee considered this matter and instructed the Department to work with this Office to develop an expenditure plan for this program that is consistent with one-time funding. This Office is currently working with the Department to assess what elements of the program can move forward with one-time funding. This matter is pending consideration in the Budget and Finance Committee.

B. Animal Services Attachment 6 – Appropriations from the Unappropriated Balance Recommendation No. 4

While we projected small General Fund and special fund surpluses in the First FSR, we now project net overspending of \$182,686 comprised of General Fund overspending of \$281,154 offset by \$98,468 in special fund surpluses. The General Fund overspending is driven by overtime overspending due to vacancies and the need to staff shelters 24 hours a day, 7 days a week (\$224,035). Contributing to the overspending are projected costs related to the Department's aggressive hiring plan in the (\$36,582), and close-out costs related to the Cat Environmental Impact Report (\$21,000). We will continue to monitor these accounts and recommend adjustments, as necessary, in future FSRs.

Animal Sterilization Trust Fund

Since the First FSR, we are now projecting a \$1.0 million imbalance in the Animal Sterilization Trust Fund (ASTF). The 2021-22 Budget included a \$1.65 million General Fund appropriation to the ASTF, an increase of \$1.25 million over the 2020-21 appropriation. Nonetheless, due to the pandemic-related decrease in pet adoptions, and thus revenue, our evaluation of the current rate of expenditures, and the remaining balance of the General Fund appropriation we now believe that there are insufficient funds to maintain operations through the Mid-Year FSR absent a \$335,000 General Fund transfer. The Department is evaluating the free/discounted spay and neuter voucher program to mitigate the shortfall.

While the 2021-22 Budget does include a \$0.55 million Unappropriated Balance account for the Animal Sterilization Trust Fund, this funding is for the Community Cat Program. Therefore, we recommend a transfer from Unappropriated Balance, Reserve for Mid-Year Adjustments line, as follows:

- Transfer \$335,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments, to the Animal Sterilization Trust Fund in order to ensure the continued support of services from this Fund through the Mid-Year FSR.

C. City Administrative Officer Attachment 3 – New Appropriations Recommendation Nos. 1 and 5

We project that the Office of the City Administrative Officer (CAO) will complete the year within budget and will meet its General Fund revenue budget.

The CAO deposited two checks, one in 2020-21 and one in 2021-22, from the County to support work that the Mayor's Office performed in support of Census activities prior to 2021-22. These receipts were not anticipated in the 2020-21 or 2021-22 budgets and at this time we recommend transferring the \$162,234 to the Mayor's Office for reimbursement related to this work.

We recommend the following transactions:

- Appropriate \$162,233.66, including \$14,727.91 in current year receipts and \$147,505.75 from the Reserve Fund for prior year receipts, and transfer to the Mayor's Office to reimburse for expenditures made in support of the 2020 Census funded by Los Angeles County.

D. City Attorney Attachment 6 – Appropriations from the Unappropriated Balance Recommendation No. 4

This Office projects a year-end General Fund surplus of \$4.01 million, and a year-end Special Fund surplus of \$1.12 million for the City Attorney. These projections include anticipated special fund and grant-related reimbursements for direct salary costs. The surpluses are from salary savings and vacancies within the Department, which are a result of delays in planned hiring.

This Office projects that the Office of the City Attorney will be approximately \$455,805 below its General Fund revenue budget of \$42.52 million by year-end. This shortfall is due to vacancies in positions that special funds reimburse, resulting in reduced related cost reimbursements.

As reported in the First FSR, this Office is monitoring spending for Outside Counsel. The Unappropriated Balance included \$1.5 million for this purpose, of which \$989,564 has been transferred to the Department's budget.² We project that the outside counsel needs will exceed the total available in this Unappropriated Balance account, driven in part by Housing and Urban Development False Claim Act and Federal Aviation Administration (FAA) related cases. The First FSR included a transfer of \$405,000 for the FAA cases from the Unappropriated Balance – Reserve for Mid-Year Adjustments. Subsequently, the City Council instructed this Office to identify an additional \$175,253 for these cases in an FSR (C.F. 21-1057). In this report, we recommend transferring that amount from the Unappropriated Balance – Outside Counsel Account, but recognize that this transfer may mean that this Account will have insufficient funds to address the City Attorney's other outside counsel needs. We will continue to monitor this Account and make recommendations to address any need for additional funding in future FSRs.

This Office recommends the following transactions at this time:

- Transfer \$175,253 from the Unappropriated Balance, Outside Counsel Account, to the City Attorney's Outside Counsel Account for expenses related to the lawsuit filed by the City against the Federal Aviation Administration (City of Los Angeles v. FAA, Ninth Circuit Case No. 21-71170), as approved by the City Council and Mayor (C.F. 19-0633, C.F. 19-0418-S1).

E. City Clerk No Recommendation

While we did not identify any overspending in the First FSR, this Office now projects \$189,266 of overspending consisting of \$29,266 in the Salaries, General Account and \$160,000 in unbudgeted election costs. The Salaries, General overspending is the result of an unfunded Management Analyst position authorized to support the Planning and Land Use Management Committee (C.F. 21-0600-S96). The City Council instructed this Office to report on potential funding sources for this position in an FSR. This Office does not recommend a supplemental appropriation at this time, but we will continue to monitor the Department's hiring and salary account throughout the year and reassess the funding needed in future reports.

The unbudgeted elections costs of \$160,000 are due to the need to hire temporary staff to review a petition for a potential recall election for Council District 11. The Department reports that it can absorb these temporary staffing costs until the Mid-Year FSR, but that it may need an appropriation at that time. The Department expects to be able to absorb other staffing costs related to this recall election. The timing of the election and whether or not it will be a stand-alone election is unknown at this time. A stand-alone election would be the most costly election option, potentially requiring the City to pay the County \$3.5 million next fiscal year to administer the election. We will continue

² Of this, \$489,564 occurred after the Unappropriated Balance reporting period in this report, which closed on November 2, 2021.

to monitor this situation and report in the Mid-Year FSR, by which time the election schedule will be finalized.

The Department reports a revised revenue projection of \$1,080,842, which is an increase of \$132,677 since the First FSR. The additional revenue is primarily due to reimbursements from the Department of Cannabis Regulation for Related Costs for administrative support provided by the Department last fiscal year, but which it received in the current fiscal year, and from additional elections that various pension boards and departments will need this fiscal year.

F. City Planning Recommendation Nos. 6 and 7

In the First FSR, this Office projected a \$2.49 million surplus primarily in special funds, with a small General Fund surplus. While we continue to project a similar overall net surplus of \$2.19 million, it is now comprised of \$3.45 million in special fund surplus and net General Fund overspending of \$1.26 million. The change was caused by technical difficulties with the City's Financial Management System (FMS) that impacted the planned use of prior year Contractual Services funding.

Since the last FSR, the projected General Fund revenue shortfall increased from \$5.21 million to \$5.58 million from the budget of \$19.87 million. This shortfall is due to reduced related costs reimbursements resulting from special-funded vacancies, the delay in the implementation of updated case processing fees assumed in the 2021-22 Adopted Budget, and a decrease in year-to-date case processing activity compared to the same period in 2020-21.

Due to FMS restrictions related to encumbrances, the Department has not been able to use prior year encumbrances for their intended contract payments. As a result, the Department has used current-year appropriations to pay for prior year costs. As a result, we project that the Department will experience current year Contractual Services Account overspending of \$1.58 million from the General Fund and \$.08 million from the Planning Case Processing Fund. In order to address this issue, this Office recommends disencumbering prior year encumbered balances and reappropriating them to the current fiscal year, as follows:

- Authorize the early reversion of \$1,581,218.34 in uncommitted balances within the prior year Contractual Services Accounts and reappropriate up to \$1,581,218.34 to the Department of City Planning to address an FMS technical restriction that requires an update to contract expiration dates of prior year encumbrance documents.
- Transfer \$76,844.75 between accounts within the Planning Case Processing Fund No. 52D to address an FMS technical restriction that requires an update to contract expiration dates of prior year encumbrance documents.

**G. Community Investment for Families
Attachment 3 – New Appropriations
Recommendation No. 1**

Consistent with the information reported in the in the First FSR, this Office projects a \$0.4 million special fund surplus for the Department and a \$0.2 million shortfall of its \$3.86 million General Fund revenue budget.

On May 3, 2021, the Council approved the allocation of \$39,166,408 in Community Development Block Grants funding provided to the City through the CARES Act. This amount included an approximately \$2 million allocation to expand the Library's Tech2Go Hotspot Loan 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. To effectuate this allocation, this Office recommends the following:

- Transfer \$1,961,763 from the Consolidated Plan's Program Year 46 funds to the Library's Salaries General and the Office and Administrative Expense accounts to support the Tech2Go Hotspot program.

**H. Council
Attachment 4 – Transfers between Accounts within Departments and Funds
Attachment 5 – Transfers between Departments and Funds
Recommendation No. 2 and 3**

This Office recommends the following transactions:

- Transfer \$1,400,000 from the Council's Salaries General account to various accounts as follows: Salaries As-Needed (\$1.0 million) and Office and Administrative (\$400,000) accounts to align the Council's operating budget with current expenditure patterns.
- Transfer \$350,000 in AB 1290 funding (Council District 10 Redevelopment Projects - Services) to the Council's Salaries, As-Needed account to support Council District 10 expenses.

**I. El Pueblo
No Recommendation**

This Office projects a special fund surplus of \$18,800, which is a \$2,647 decrease from the \$21,447 we projected in the First FSR. The savings continue to be in the Salaries General Account, attributed to vacancies.

We previously identified a special fund shortfall from unpaid rents and pandemic impacts. Our previously projected year-end special fund shortfall has decreased by \$142,566, from \$633,201 to \$490,635 from the Department's special fund revenue budget of \$4.38 million. The shortfall is driven by unpaid rents and is partially offset by stronger than anticipated parking revenue. Our revenue projections assume approval of the motion that is pending in Council to authorize the

Department to reduce its merchant tenant rent rates by 60 percent for the period July 1, 2021 through December 31, 2021 (C.F. 20-0882-S1). The projections assume that full rent payment will resume in January 2022. The year-end shortfall will increase should this not occur. Our revenue projections further assume that El Pueblo's La Golondrina Café will pay \$27,844 in overdue rent prior to its transfer of interest, which is currently pending in the Arts, Parks, Health, Education, and Neighborhoods Committee (C.F. 21-1238). The provisions in the lease require all rent to be paid in full before the transfer is finalized.

The Unappropriated Balance, Zoo and El Pueblo Shortfalls account includes \$308,659 to offset a portion of this \$490,635 shortfall, leaving a remaining balance of \$181,970 to be addressed. This Office will continue to monitor the Department's special fund revenue and will provide an update in a future Financial Status Report.

J. Finance

Attachment 4 – Transfers between Accounts within Departments and Funds Recommendation No. 2

Similar to the First FSR, this Office projects a net year-end General Fund surplus of \$2.54 million, which is from vacancies and Contractual Services savings. The Department is carrying a 24 percent vacancy rate and is actively working to fill vacancies. Salaries General and Contractual Services account savings are offset by overspending in the Department's Salaries, As-Needed (\$150,000), and Overtime General (\$300,000), and Office and Administrative (\$200,000) accounts. The Department anticipates meeting its General Fund revenue budget of \$10.1 million by year-end.

The Salaries, As Needed and Overtime General overspending are the result of additional operational coverage needs during the approaching tax renewal season as a result of the high vacancy rates in the Customer Support, Billing and Collections, and Tax and Permit divisions. The Office and Administrative Account overspending is due to immediate technological equipment needs associated with telecommuting and safety-related office reconfigurations ahead of the Department's reconstitution. This Office recommends transferring funds from surpluses in the Salaries General Account at this time to fund essential operational needs that will occur prior to the Mid-Year FSR, as follows:

- Transfer \$150,000 from the Department's Salaries General Account to the Department's Salaries, As-Needed Account for additional operational support required during the tax renewal season.
- Transfer \$300,000 from the Department's Salaries General Account to the Department's Overtime General Account for additional operational support required during the tax renewal season.
- Transfer \$200,000 from the Department's Salaries General Account to the Department's Office and Administrative Account to purchase technological equipment needed for telecommuting and safety-related office reconfigurations ahead of the reconstitution.

K. Fire

Attachment 4 – Transfers between Accounts within Departments and Funds Recommendation No. 2

This Office projects net year-end General Fund overspending of \$15.8 million, which is lower than the \$19.1 million in overspending that we reported in the First FSR. This decrease is largely due to the \$3 million transfer from the Unappropriated Balance that the City Council and Mayor approved through the First FSR. We project that the Department will meet its \$221.1 million General Fund revenue budget.

The overspending is mainly from the Salaries Sworn (\$12.8M), Overtime Variable Staffing (\$6.1M), Operating Supplies (\$1.0 million), Overtime, General (\$0.9 million), and Sworn Overtime (\$0.6 million) accounts, offset by a surplus in the Constant Staffing Account (\$6.1 million). Expenditures above budget are a result of increased sworn overtime due to wildfire deployments, accrued labor expenses for COVID operations, and fleet maintenance demands. There is an immediate need to address the Variable Staffing Overtime overspending, largely related to COVID testing and vaccinations, in order to ensure adequate funding through the Mid-Year FSR. We will continue to monitor the remaining spending issues and recommend adjustments in future FSRs. At this time, we recommend the following transaction:

- Transfer \$2.7 million from Constant Staffing Overtime to Variable Staffing Overtime to avoid payroll shortfalls as a result of unbudgeted overtime expenditures for COVID response since July 2021.

L. General Services

Attachment 4 – Transfers between Accounts within Departments and Funds Recommendation No. 2

This Office projects a net year-end over-expenditure of \$1 million, comprised of \$6 million in General Fund over-expenditures and a \$5 million special fund surplus. This is a net decrease of the previously reported \$7.5 million surplus, comprised of a \$5.8 million General Fund surplus, and a \$1.7 million special fund surplus.

This shift from General Fund surplus to overspending is driven by overspending in five accounts that we did not identify in the First FSR: Petroleum Products (\$9.0 million), Contractual Services (\$1.7 million), Utilities (\$1.5 million), Hiring Hall (\$0.2 million), and Hiring Hall Benefits (\$0.1 million). We continue to project savings in the Salaries, General Account (\$6.4 million), which is available to offset a portion of these projected over-expenditures. The \$9.0 million in Petroleum Account overspending is the result of diesel and unleaded fuel prices increasing by 47 percent over 2020 prices as of September. Additional price increases will further increase this overspending. The \$1.7 million in overspending in the Contractual Services Account is primarily from increased custodial work at libraries and related to COVID disinfection at City facilities. The Library will reimburse the General Fund for the additional custodial services, but GSD will likely require additional funding in this account for cash flow purposes prior to the receipt of the reimbursement, which will then be recorded as a General Fund receipt. The \$1.5 million Utilities Account overspending is due to increased rates and usage at various City facilities.

At this time, this Office recommends a transfer of \$3.5 million from the Salaries General Account to the Petroleum Products Account. This amount will be sufficient to ensure that the City will be able to cover all petroleum costs through the Mid-Year FSR if gasoline and diesel prices remain constant. Given significant volatility in the fuel markets, however, this Office recommends continuing to monitor fuel prices and usage and addressing any remaining overspending in future FSRs based on that analysis and need.

The special fund surplus consists of savings of \$1.7 million in the Salaries General Account and \$3.7 million in the Petroleum Product Account. Petroleum savings are due to expenditures for alternative fuels, which power Bureau of Sanitation vehicles and not subject to the volatility of diesel and gas fuel. The Salaries General surplus is due to a high number of vacancies, which the Department is working to reduce.

The Department anticipates meeting its General Fund revenue budget of \$47.8 million by year-end.

We recommend the following transaction at this time:

- Transfer \$3.5 million from the Salaries General to the Petroleum Products account to partially offset projected over-expenditures.

M. Housing
Attachment 3 – New Appropriations
Recommendation Nos. 1 and 8

In the First FSR, this Office projected General Fund overspending of \$0.20 million. We now project General Fund overspending increased to \$0.34 million. This overspending is primarily due to projected labor charges and lease costs for the Proposition HHH Program and Disaster Service Worker Program staff costs. The projected special fund surplus decreased from \$7.6 million to \$5.5 million. This decrease is from updated hiring and salary projections. This Office will work with the Department to address the General Fund spending above plan and provide solutions in subsequent FSRs. This Office projects that the Department will meet its General Fund revenue budget of \$56.3 million by year- end.

We recommend the following transactions at this time:

- Appropriate \$1.72 million from the available cash balance within the Rent Stabilization Trust Fund (\$850,000) and Systematic Code Enforcement Fee Trust Fund (\$870,000) to the Department's Leasing Account to fund lease costs for satellite offices.
- Appropriate \$60,000 from the available cash balance within the Rent Stabilization Trust Fund (\$21,000) and Systematic Code Enforcement Fee Trust Fund (\$39,000) to the Department's Office and Administrative Account for the purchase of furniture for the Department's new Sunset Office.

- Appropriate \$91,400 from the available cash balance within the Rent Stabilization Trust Fund (\$45,700) and Systematic Code Enforcement Fee Trust Fund (\$45,700) to the Department's Contractual Services Account for photocopier and data capture contractual services.
- Appropriate \$75,000 from the available cash balance within the Systematic Code Enforcement Fee Trust Fund to the Department's Printing and Binding Account to fund Systematic Code Enforcement Program mailing costs and the printing of new logo cards, as funds in this account will be exhausted in January 2022.
- Rescind the transaction included in Attachment 4 of the First Financial Status Report (C.F. 21-0600-S107) which reappropriated \$180,000 for Affordable Housing Information Systems from the Innovation Fund to the Housing Department's Contractual Services Account, insofar as the reappropriation is no longer necessary as the Innovation and Performance Commission acted to deobligate the award for this project.

N. Information Technology Agency

Attachment 4 – Transfers between Accounts within Departments and Funds

Recommendation No. 2

This Office projects year-end overspending of \$2.28 million in the General Fund. This amount is comprised of a surplus in the Salaries, General (\$3.12 million) offset by overspending in the Salaries, As-Needed (\$50,000), Salaries, Overtime (\$380,000), Overtime Hiring Hall (\$391,000), and Contractual Services (\$4.58 million) accounts. The projected overspending is mainly attributable to various unbudgeted and miscellaneous communication services projects, increased overtime due to work associated with vaccine mandates, and delays to the Human Resources and Payroll (HRP) Project (C.F. 20-0313). The difference of approximately \$290,000 from the deficit of \$2.57 million that we reported in the First FSR is from further delays in hiring. Of the \$4.48 million overspending reported in the Contractual Services Account, \$4.3 million is attributable to the HRP Project.

This Office recommends transfers to offset the projected overspending in the Salaries, As-Needed, Salaries, Overtime, and Overtime Hiring Hall accounts. Once the actual cost for the HRP Project delay is confirmed, this Office will work with ITA to propose transactions in a future FSR in order to mitigate any shortfalls.

We recommend the following transactions:

- Transfer \$650,000 from the Salaries, General Account to the Salaries, As-Needed (\$50,000), Salaries, Overtime (\$350,000), and Hiring Hall, Overtime (\$250,000) accounts to mitigate anticipated shortfalls in these accounts associated with increased workload and project-related expenditures.

O. Mayor

Attachment 5 – Transfers between Departments and Funds Recommendation No. 3

This Office recommends the following transactions:

- Relative to the Fiscal Year 2020 Coronavirus Emergency Supplemental Fund No. 63W/46, reduce prior year appropriations from the Fire (\$9,535) and the Mayor's Related Costs Reimbursement from Grants (\$74,043) Accounts; establish new appropriation accounts for the Fire Department; and, appropriate and transfer \$83,578 to the Fire Department to pay for Fire Overtime, Variable Staffing (\$9,535) and to reimburse the General Fund for current year related costs (\$74,043).
- Transfer \$7,003 from the Mayor Account within the Fiscal Year 2018-19 California Violence Intervention and Prevention Grant Fund (FY2018-19 CALVIP Grant Fund) to the Mayor's Reimbursement of Prior Year Salary Account to reimburse the General Fund for prior year salary costs.
- Transfer \$2,286 from the Mayor Account within Fiscal Years 2018, 2019 and 2020 Title II Grant Fund (2018-2020 Title II Grant Fund) to the Mayor's Reimbursement of Prior Year Salary Account to reimburse the General Fund for prior year salary costs.

P. Personnel

Attachment 6 – Appropriations from the Unappropriated Balance Recommendation No. 4

While in the First FSR, this Office projected a \$1.05 million surplus for the Department, we now project net year-end General Fund over-expenditure of \$2.64 million. This change is the result of the implementation of a compliance and testing program associated with the recently adopted employee vaccine mandate (see "Issues of Concern," above). Specifically, the General Fund projection consists of a surplus in the Salaries General Account (\$0.36 million) offset by an over-expenditure in the Contractual Services Account (\$3.0 million). This Office projects that the Department will exceed its \$25.6 million General Fund revenue budget by \$0.5 million due to unanticipated reimbursement of related costs in the prior year.

The Salaries General Account surplus continues due to higher than anticipated vacancies and filling positions with in-lieu classifications at a lower than budgeted salary cost, offset by 21 unbudgeted substitute authority positions to support Citywide hiring. The Contractual Services Account over-expenditure, which is related to City employee COVID-19 testing and reporting services, is an estimate as the City has only recently begun testing and actual future testing costs may vary due to numerous factors detailed above. This Office recommends transfers from the Unappropriated Balance to the Departments of \$3 million to address the Contractual Services Account deficit, and

of \$2 million to set-aside additional funds for COVID-19 testing services as a contingency, as follows:

- Appropriate and transfer \$3.0 million from the Unappropriated Balance Reserve for Mid-Year Adjustments to the Department's Contractual Services Account for current obligations relating to expenses for City employee COVID-19 testing and reporting services.
- Appropriate and transfer \$2.0 million from the Unappropriated Balance Reserve for Mid-Year Adjustments to the Department's Contractual Services Account as a contingency if necessary for contracting costs associated with City employee COVID-19 testing and reporting purposes.

Q. Police Recommendation No. 9

This Office projects year-end General Fund overspending of \$12.03 million, which is lower than the \$52.82 million in overspending that we reported in the First FSR. This decrease is largely due to the \$40.97 million transfer from the Unappropriated Balance that the City Council and Mayor approved through the First FSR. We project that the Department will meet its General Fund revenue budget of \$161.3 million even though revenue is currently lower than planned. The Department expects an increase in various police permit activities and requests and reimbursements for police services as the City recovers from the COVID-19 pandemic. We will continue to monitor the department's revenue and report with an updated revenue outlook in subsequent FSRs.

The overspending is primarily in the Sworn Salaries Account due to a difference in the average sworn salaries assumed in the 2021-22 Adopted Budget compared to that at the beginning of the fiscal year. The Department is currently within the approved sworn hiring plan as part of the 2021-22 Adopted Budget. We will continue to monitor the Department's spending and recommend adjustments in future FSRs, if necessary.

The Department typically pays cash for overtime hours under the Fair Labor Standards Act and banks other non-reimbursable overtime. The banked hours are reduced when paid out through retirements and by sworn officers using banked hours to take time off. As of November 6, 2021, the Department reports an additional \$4.4 million in banked overtime in 2021-22, which partially offsets larger reductions to banked hours from previous years, reducing the overall banked sworn overtime liability to \$145.1 million from the \$151.6 million we reported in the First FSR.

This Office recommends the following transaction:

- Approve an equipment list deviation for the Police Department that will use the reauthorized MICLA financing from the MICLA Fiscal Year 2021-22 Adopted Budget to collectively increase the number of Ford Explorer DPs by 48 units, from 20 units to 68 units and remove the line item for 65 Dodge Charger DPs.

R. Public Works/Board
Attachment 5 – Transfers between Departments and Funds
Attachment 6 – Appropriations from the Unappropriated Balance
Recommendation Nos. 3 and 4

In the First FSR we projected that the Board would meet its expenditure budget, and while that remains our projection for General Fund expenditures, we now project a \$6.5 million special fund surplus. The majority of this surplus is in the Contractual Services Account (\$5.9 million) related to homelessness state grant funding for the mobile pit stop and shower programs. The Board intends to seek to reappropriate any unspent funds to 2022-23. We continue to project that the Board will meet its \$24.1 million General Fund revenue budget.

We recommend the following transactions:

- The Board has identified \$1,448 in prior-year expenses for contractual services related to the I-405 Tree Removal Mitigation and Tree Replacement Project that should be paid by a prior year Public Works Trust Fund appropriation. Therefore, we recommend reappropriating this amount for this purpose.
- In 2020-21 the CALFIRE Urban and Community Forestry Program awarded the Board's Office of Forest Management a \$1,500,000 grant for work on the Tree Inventory and the Urban Community Forestry Plan and to plant 400 trees. The Board is now prepared to initiate the program, and requests to use the Public Works Trust Fund to front fund the program to be repaid by the grant upon receipt. Therefore, this Office recommends to appropriate \$1,500,000 from the Public Works Trust Fund to the Boards Salaries General (\$245,000), Contractual Services (\$1,250,000), Office and Administrative (\$3,500), and Printing and Binding (\$1,500), to be repaid with grant reimbursements.
- The 2021-22 Budget includes \$370,000 in the Unappropriated Balance, Public Works Trust Fund Loan Repayment Account to repay the Public Works Trust Fund for a loan it issued to pay for a consultant for the Southern California Gas Company Franchise Valuation. The Board has completed this study at a cost of \$368,000 using budgeted funds, and not using the Public Works Trust Fund. This Office recommends transferring that amount from the Unappropriated Balance Account to the Board's Contractual Services Account to pay an existing invoice.

S. Public Works/Bureau of Engineering
Recommendations Nos. 10 and 11

This Office projects a year-end surplus of approximately \$5.5 million, consisting almost entirely of various special fund surpluses, which is lower than the \$8.0 million surplus we projected in the First FSR. This reduction is due to hiring and promotions in excess of what we previously assumed. The year-end surplus assumes that the Bureau will receive \$5.4 million in interim appropriations from

various off-budget sources, including reimbursements from various capital projects, to cover the cost of 20 unfunded positions working on those programs or projects.

As we reported in the First FSR, we project that the Bureau will meet its General Fund revenue budget of \$68.5 million.

At the request of the Controller's Office, this Office recommends that the City Council authorize a revision to the Bureau's 2020-21 Year-End Reversion Worksheet in order to correct previously reported expenditures of \$1.68 million. The revision is required because the Reversion Worksheet overstated eligible spending on various special funds. The required revision exceeds the \$100,000 amount that the Controller is authorized to process without City Council approval. Correcting the Reversion Worksheet, as we propose, will automatically trigger a \$1.4 million Reserve Fund loan. This Office believes that a portion of this amount can accurately be attributed to eligible spending in another special fund and we will work with the Bureau to reduce the impact on the Reserve Fund.

- Authorize the Controller's Office to process the revision of the Fiscal Year 2020-21 Year-End Reversion Worksheet submitted by the Bureau on October 14, 2021. The Controller requires Council authority to make adjustments that are over \$100,000. This revision is required to correct previously reported expenditures.
- Rescind the prior Council action (C.F. 20-0841 #28.i.iii and #28.i.iv) to reappropriate \$2,585,927.00 from the Public Works Engineering Fund No. 100/78, Account No. 001010, Salaries General (\$1,885,927), Account No. 003040, Contractual Services (\$700,000).

T. Public Works/Bureau of Sanitation

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Recommendations Nos. 2 and 3

As was the case in the First FSR, we continue to project surpluses for the Bureau, including \$1.3 million in General Fund and \$7.1 million in special funds. The net surplus is driven by high levels of salary savings due to a 20.9 percent vacancy rate (\$13.7 million), offset by Overtime General Account overspending, which is projected to increase from \$4.5 million to \$6.7 million.

This Office projects that the Bureau will meet its General Fund revenue budget of \$101.4 million. The Bureau reports that special fund revenues are down by five percent on the solid waste side, and seven percent down on the sewer side largely due to the continued moratorium on collections and service cuts. We will work with the Bureau to identify reductions within these funds or the possible use of \$10 million Unappropriated Balance funds intended to provide utility relief to address these revenue losses.

Overtime overspending is the result of the Bureau's high vacancy rate, the City's personal leave policy, impacts of the COVID-19 pandemic, and the wastewater spill at Hyperion Water Reclamation Plant on July 11, 2021. This Office recommends \$3 million in transfers for overtime

from various funds in order to ensure that the Bureau has sufficient funding in this Account through the Mid-Year FSR, and will continue to monitor overtime expenditures and hiring efforts and will report on potential impacts in subsequent FSRs.

Hyperion Spill

The Bureau had to increase overtime expenditures significantly within the Sewer Construction and Maintenance Fund (SCM) to address the wastewater spill at the Hyperion Water Reclamation Plant on July 11, 2021. The City Council and Mayor approved a \$3.5 million transfer to address this over-expenditure (C.F. 21-1114). The Bureau expects to decrease its use of overtime as the result of the wastewater spill in December, as the initial response begins to wind down. The full impact of the spill is yet to be determined and this Office will provide updates and potential impacts on SCM in subsequent FSRs.

Related Cost Prior Year Reconciliation

As stated in the First FSR, the Adopted Budget includes funding to reconcile prior year Related Costs payments by SCM for fiscal years 2015 through 2019. This Office will continue to work with the Bureau and the Office of Accounting to reconcile and propose adjustments for the current Fiscal Year.

State Utility Relief

The State has budgeted funding for utility relief to address the issue of customer arrearages as the result of the COVID-19 pandemic. Solid waste is not included in the types of utilities that will benefit. This Office will continue to monitor the status of utility debt relief programs as a potential source of funds for the SCM.

Rate Increases

The Solid Waste Resources Revenue Fund (SWRRF) and SCM are in need of a rate increase. SWRRF has not had a rate increase since 2008 and is currently subsidized by the General Fund in the amount of \$73 million. This Office projects that the subsidy will increase to more than \$100 million in 2022-23 in the absence of a rate increase. SCM's last rate increase occurred in 2020. The Bureau is reviewing the SCM rate model in preparation for a rate case in the near future.

Proposition O

The Bureau projects \$600,000 in expenditures for Proposition O activities. These activities are front funded by the Stormwater Pollution Abatement Fund and reimbursed on a yearly basis. If an appropriation is not received by year-end, this will likely result in a Reserve Fund loan.

We recommend the following transactions to address the current and urgent overtime overspending:

- Transfer \$500,000 from the Bureau's Salaries General account to the Bureau's Overtime General account within the Multi-Family Bulky Item Fund to address projected over-expenditures in this account.

- Transfer \$500,000 from the Bureau's Field Equipment Expense account to the Bureau's Overtime General account to address projected over-expenditures in this account.
- Transfer \$2,000,000 from the Sanitation Expense and Equipment account within the Solid Waste Resources Revenue Fund to the Bureau's Overtime General to address projected over-expenditures in this account.

U. Public Works/Bureau of Street Lighting

Attachment 4 – Transfers between Accounts within Departments and Funds

Recommendation No. 2

While in the First FSR this Office projected that the Bureau would end the year within budget, we now project a year-end surplus of \$1.8 million from both the General Fund (\$0.2 million) and special funds (\$1.6 million). This surplus is due to salary savings generated by vacancies for positions that do not have established eligible lists.

The materials the Bureau regularly purchases to maintain the City's street lights have increased in price between 24 to 172 percent. As a result, we now project \$1.4 million in overspending in the Street Lighting Materials and Supplies special purpose fund appropriation account in the Street Lighting Maintenance Assessment Fund. The current available funding in this Account is insufficient to ensure the maintenance of operations until consideration of the Mid-Year FSR. Therefore, this Office recommends an immediate transfer to cover costs through the Mid-Year, at which time this Office will reevaluate the condition of the Account, as follows:

- Transfer \$700,000 from the Street Lighting Maintenance Assessment Fund cash balance to the Street Lighting Materials and Supplies Account.

Copper Wire Theft Replacement Program

In the First FSR, this Office reported that the Bureau requested a transfer of \$2.1 million from the Special Gas Tax Street Improvement Fund to reimburse the Street Lighting Maintenance Assessment Fund for costs associated with the Copper Wire Theft Replacement Program. Our current year-end projection no longer assumes over-expenditures due to the Copper Wire Theft Replacement Program. Instead, we believe that the Program will remain within budget. This Office will continue to work with the Bureau to monitor the expenditures for the Copper Wire Theft program.

V. Recreation and Parks

No Recommendation

In the First FSR, this Office projected a year-end special fund surplus of approximately \$1.8 million in the Salaries General Account due to the high level of vacancies. The Department continues to work with the Personnel Department to hire in a number of priority areas, including Recreation and Aquatics, Maintenance and Construction, Public Safety, Capital Projects and Planning, Griffith Observatory and Cabrillo Aquarium, and Emergency Operations and Homeless Support. The

Department's ability to meet these hiring goals will impact this projected surplus. We will provide hiring updates and revised projections in subsequent FSRs.

W. Transportation

Attachment 4 – Transfers between Accounts within Departments and Funds Recommendation No. 2

This Office projects a year-end surplus of \$10.1 million consisting of \$0.6 million in General Fund and \$9.5 million in Special Funds. This compares to our projected \$7.1 million surplus from the First FSR, which consisted of General Fund overspending of \$0.9 million and special fund surpluses totaling \$8.0 million. The increased projected overall surplus and the elimination of the previously reported General Fund overspending are due to our assessment that Department's hiring is lagging behind what we initially assumed.

In the First FSR, we projected that General Fund revenues would fall short of the \$86.6 million Budget by \$14.8 million due to the Department's high vacancy rate in special funded positions and the corresponding reduction in related costs reimbursements. We now project that this revenue shortfall will be \$16.9 million, as hiring has not met our prior assumptions. We will continue to monitor and report on revenue as additional data becomes available in the Mid-Year FSR.

In response to the pandemic, the Department initiated the LA Al Fresco Program to assist restaurants to create outdoor dining areas in the public right of way. The Department is currently funding this program using eligible and available funding within the Open Streets Program Account in Measure M. In order increase the transparency of spending on the LA Al Fresco Program, this Office recommends establishing a new account within Measure M, as follows:

- Transfer and appropriate \$972,222 from the Department of Transportation Measure M Local Return Fun, Open Streets Program Account to a new account within the Measure M Local Return Fund for the LA Al Fresco Program for contractual services such as installing and removing traffic barricades.

X. Youth Development No Recommendation

This Office projects that the Department will end the year on budget.

Currently, the Mayor's Office is loaning the Interim Executive Director and one Mayoral Aide to the Department. The Mayor's Office will transfer these two employees to the Department now that the ordinance establishing the Executive Director's salary is effective (C.F. 21-1099). The Department will fill its remaining positions in the near future.

The Youth Department will reimburse the Mayor's Office for the time during which the positions were on loan, likely in the Mid-Year FSR.

Y. Zoo

Attachment 4 – Transfers between Accounts within Departments and Funds Recommendation No. 2

This Office projects a surplus of \$178,654, which is higher than the \$55,019 surplus we projected in First FSR. The surplus is attributed to savings in the Salaries General (\$108,654) and Salaries, As Needed (\$200,000) accounts due to anticipated vacancies, offset by costs required to initiate \$130,000 unbudgeted hydration station improvements. In this report, we recommend funding this program using Salaries, As-Needed savings. The projected net year-end surplus after this transaction is \$178,654. This surplus may be necessary later in the fiscal year to offset shortfalls in other expense accounts, particularly in light of recent inflation trends.

The Department anticipates meeting its Special Fund revenue budget of \$25.0 million by year-end. The Department has no budgeted General Fund revenues. The revenue estimate assumes the transfer of the funds in the UB, Zoo and El Pueblo Shortfalls account (\$10.4 million). In the First FSR, we reported that due to the anticipated revenue from the Zoo Lights Program this year, which was previously not assumed in the budget, and strong Zoo attendance from the 2021 summer season, there was potential that the year-end revenue outlook could exceed budgeted projections. Zoo operations and revenue, however, are sensitive to the pandemic and changes to health orders within the City. According to the Department, the City's recent adoption of the vaccine verification ordinance may impact Zoo attendance. We will continue to monitor revenues and assess any negative fiscal impacts in future FSRs.

Zoo Lights Event

The Department is managing the annual Zoo Lights event during Fall 2021. The City Council authorized the use of the Zoo Enterprise Trust Fund cash balance to front fund costs in anticipation of future revenue from this event (C.F. 21.1016). The Zoo Enterprise Fund should receive revenue from this event by late January. The 2021-22 Adopted Budget did not assume this revenue as a result of the uncertainties surrounding the pandemic. We will report on actual revenue received from this event in the Mid-Year FSR when we know more information. At this time, it is unknown whether the net proceeds from this event will reduce the amount needed from the UB, Zoo and El Pueblo Shortfalls account.

Shuttered Venue Operators Grant

The Department received a \$10 million award from the Shuttered Venue Operators Grant program due to the COVID pandemic revenue losses. On November 24, 2021, the City Council approved a motion to reimburse the Reserve Fund from these grant proceeds for funding that the General Fund provided to the Zoo during the pandemic in 2019-20 and 2020-21 (C.F. 21-1257). The City Council action is currently pending before the Mayor.

This Office recommends the following transaction at this time:

- Transfer \$130,000 from the Department's Salaries, As-Needed Account to the Maintenance Materials, Supplies and Expense Account to purchase and install equipment for the Hydration Station Initiative Program, to be reimbursed by DWP at a later date.

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 Recommendation**

Account	Account Name	Net Surplus / (Deficit)
0510	Medicare Contributions	\$ (1,177,197)
0570	Social Security Contributions	488,486
0577	Pensions Savings Plans	287,251
	Total	\$ (401,460)

While this Office previously projected a net surplus of \$358,534 in the General City Purposes (GCP) payroll accounts, this Office now projects a net over-expenditure of \$401,460 comprised of projected surpluses in the Social Security Contributions (\$488,486) and Pensions Savings Plans (\$287,251) accounts, offset by expenditures above plan in the Medicare Contributions Account (\$1,177,197). The increased over-expenditure is primarily from higher than anticipated Medicare contributions that are the result of Separation Incentive Program payouts.

Expenditures in these accounts will fluctuate throughout the year, especially as the City resumes regular hiring. As such, this Office does not recommend adjustments at this time. This Office will continue to monitor these accounts and report back in the next Financial Status Report.

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

Recommendation No. 4

The 2021-22 Adopted Budget includes \$531.5 million for the Unappropriated Balance (UB). Through November 2, 2021, the Mayor and City Council have approved a net of approximately \$269.4 million in transactions, leaving a balance of approximately \$262.1 million in the UB.

This report includes recommendations to transfer from various UB accounts totaling \$5.9 million. This leaves a remaining balance of approximately \$256.2 million.

This Office recommends the following transactions at this time:

- Transfer \$175,253 from the UB, Outside Counsel Account, to the City Attorney’s Outside Counsel Account for expenses related to the lawsuit filed by the City against the Federal

Aviation Administration (City of Los Angeles v. FAA, Ninth Circuit Case No. 21-71170), as approved by the City Council and Mayor (C.F. 19-0633, C.F. 19-0418-S1).

- Transfer \$368,000 from the UB, Public Works Trust Fund Loan Repayment Account to the Public Works/Board to pay the consultant for the Southern California Gas Company Franchise Valuation.
- Transfer \$335,000 from the UB, Reserve for Mid-Year Adjustments Account, to the Animal Sterilization Trust Fund in order to ensure the continued support of services from this Fund through the Mid-Year FSR.
- Transfer \$3.0 million from the UB, Reserve for Mid-Year Adjustments Account to the Personnel's Contractual Services Account for current obligations relating to expenses for City employee COVID-19 testing and reporting services.
- Transfer \$2.0 million from the UB, Reserve for Mid-Year Adjustments Account to the Personnel's Contractual Services Account as a contingency if necessary for contracting costs associated with City employee COVID-19 testing and reporting purposes.

C. Human Resources Benefits No Recommendation

This Office projects a year-end surplus for the Human Resources Benefits Fund (Fund) of \$5.9 million. This is a decrease of \$0.6 million compared to the First FSR due to higher projected costs for Contractual Services (\$3.8 million) and Fire Health and Welfare Program (\$0.2 million) offset by lower projected costs for Civilian Flex Program (\$2.6 million) and Police Health and Welfare Program (\$0.8 million).

This projected year-end surplus is due to lower enrollment in both civilian and sworn benefit plans compared to budget including the Civilian Flex Program (\$6.9 million), Police Health and Welfare Program (\$3.5 million), Fire Health and Welfare Program (\$14,000), and Supplemental Civilian Union Benefit (\$173,000). These surpluses are offset by overspending in Unemployment Insurance (\$800,000) and Contractual Services (\$3.8 million). The projections do not reflect the impacts resulting from the City employee COVID-19 vaccination requirement. No additional appropriations are requested at this time. This Office and the Department will monitor and report on the status of this Fund in future FSRs.

D. Liability Claims Account Attachment 8 – Status of Liability Accounts No Recommendation

The 2021-22 Adopted Budget provides \$87.37 million for Liability Payouts, allocated between Miscellaneous Liability Payouts (\$80 million) and Public Works, Sanitation Liability Payouts (\$7.37 million) accounts. The Unappropriated Balance includes supplemental funding of \$23.9 million to pay for both tort liability and tax-related cases.

As of November 15, 2021, \$24.39 million of the \$87.37 million has been expended from the Liability Claims Account. Including an additional \$17.95 million pending payment, the total committed amount is \$42.34 million. Therefore, the available balance for the remainder of the fiscal year is \$45.03 million (52 percent), of which \$5.79 million is for Bureau of Sanitation matters.

E. MICLA

Attachment 4 – Transfers between Accounts within Departments and Funds Recommendation No. 2

In FY 2020-21, the MICLA Lease Revenue Bonds, Series 2010-C (Real Property) trustee inadvertently transferred funds to the City in excess of what should have been transferred due to a miscalculation. In order to restore required funding levels, we recommend an intrafund transfer of \$461,916.94 within the Capital Finance Administration Fund to return funds to the trustee. There are savings in the MICLA 2011-A (QECB) account as a result of a loan prepayment executed in connection with those lease obligations on October 1, 2021. Therefore, this Office recommends the following transaction at this time:

- Transfer \$461,916.94 from MICLA 2011-A (QECB) account to MICLA 2010-C CP Real Property account to transfer required funds back to the bond trustee that were inadvertently sent to the City in 2020-21.

3. STATUS OF INFRASTRUCTURE BILL

No Recommendation

On November 15, 2021, President Biden signed the (Infrastructure Investment and Jobs Act, HR 3684 (IIJA) into law. The United States Senate passed the bill on August 10, 2021 and the House of Representatives passed it on November 6, 2021. The IIJA provides \$1.2 trillion in funding over five years which includes \$550 billion in new spending. Pursuant to Council instruction (C.F. 21-1015), the Offices of the City Administrative Officer and the Chief Legislative Analyst anticipate releasing a report on the IIJA the week of December 6, 2021, with a summary of the major funding categories, in addition to other relevant funding information currently available.

Jacob Wexler

Jacob W. Wexler, Finance Specialist V

APPROVED:


Ben Ceja, Assistant City Administrative Officer
MWS:BC:JWW:01220039c

Attachments

ATTACHMENT 1

2021-22 Adopted General Fund Revenue

	2021-22 Budget	Plan Through October	Receipts Through October	Receipts as Percent of Budget	Variance of Receipts from Plan	Comments
					(Thousand Dollars)	
Property Tax	\$2,400,250	\$87,680	\$96,922	4.0%	\$9,242	\$8.3 million of this surplus is attributed to secured receipts from the prior tax period. The County Assessor's forecasted growth for the next tax period beginning December 2021 is 4.0% compared to 5.9% assumed in the adopted budget.
Property Tax Ex-CRA Inc. Utility Users' Tax	111,990 605,050	- 210,840	- 209,363	0.0% 34.6%	- (1,477)	These receipts are recorded in second half of fiscal year (Jan and June). EUT shortfall has increased to \$8.6m. Estimated CUT and gas users taxes are up by \$4.3m and \$2.9m, respectively based on LATax receipts.
Department receipts (LPFF and reimbursements) Business Tax	1,244,790 716,600	252,022 72,265	304,210 74,805	24.4% 10.4%	52,188 2,540	Various related costs and other reimbursements are above plan mainly due to early remittance. In contrast to prior years, higher receipts from non-cannabis activity are offsetting a \$6.6m shortfall from cannabis activity (based on LATAX receipts). 85% of business tax revenue is recorded in the second half of the fiscal year which coincides with the 2022 renewal period.
Sales Tax	606,610	221,687	225,118	37.1%	3,431	Receipts for the first quarter reflected earlier-than-anticipated receipt of deferred tax revenue and a quicker rebound in taxable sales activity.
Documentary Transfer Tax	227,005	82,100	100,037	44.1%	17,937	Ongoing receipts are anticipated to be lower than plan due to the economic impact of global supply constraints and lagging employment growth on taxable sales, and the reduced share of County pool receipts.
Power Revenue Transfer	225,819	-	-	0.0%	-	Growth in sales activity and prices (as based on deeds and revenue per deed) appear to be slowing after four consecutive months of high year-over-year growth. When these components grow (or decline) together, there are significant variances from plan.
Transient Occupancy Tax	183,300	55,425	73,498	40.1%	18,073	DWP will confirm the actual transfer amount in December.
Parking Fines	123,621	41,630	35,817	29.0%	(5,813)	Estimated surplus (based on LATAX receipts) is almost entirely attributed to improving hotel activity. Short-term rental activity is at plan.
Parking Occupancy Tax	99,337	25,073	28,222	28.4%	3,149	Revenue from parking fine issuance has been impacted by SIP retirements.
Franchise Income	94,657	21,943	20,916	22.1%	(1,027)	Monthly receipts are variable, but are tracking above plan.
State Motor Vehicle License Fees Grant Receipts	2,942 91,343	- 15,694	- 2,251	0.0% 2.5%	- (13,443)	Estimated shortfall, after correcting for the delayed recording of the gas franchise income, is attributed to a lower-than-assumed rate for cable franchise income.
Tobacco Settlement	11,489	-	-	0.0%	-	This receipt is expected in second half of fiscal year.
Residential Development Tax	4,800	1,600	1,610	33.5%	10	\$12.6m of shortfall is attributed to delayed FEMA Grant Reimbursements of which \$73.8 million is included in the budget.
Special Parking Revenue Transfer	8,477	-	-	0.0%	-	This receipt is expected in second half of fiscal year.
American Rescue Plan Transfer	639,450	-	-	0.0%	-	Monthly receipts are variable, but are tracking near plan.
Subtotal General Fund	\$7,397,530	\$1,087,959	\$1,172,768	15.9%	\$84,809	Base transfer is \$21.5 million. Lower budgeted amount reflects lower anticipated parking revenue.
Reserve Fund Transfer	85,090	85,090	85,090	100.0%	-	This receipt is expected in the second half of fiscal year.
Interest Income	20,603	12,061	7,520	36.5%	(4,541)	Monthly receipts are variable with surplus owed to special funds.
Total General Fund	\$7,503,223	\$1,185,110	\$1,265,378	16.9%	\$80,268	

**ATTACHMENT 2
STATUS OF RESERVE FUND AS OF 11/2/2021**

Council File No.	Item Description	Amount
	Balance Available, 7/1/2021	\$ 647,040,158.51
	Less: Emergency Reserve Account	\$ 206,339,000.00
		<hr/>
	Contingency Reserve Account 7/1/2021	\$ 440,701,158.51
	General Fund Appropriation to the Reserve Fund	-
	Loan Repayment and Other Receipts	8,317,077.16
	Contingency Reserve Account	<hr/> \$ 449,018,235.67
		<hr/>
	Loans and Transfers Approved to Date	
CAO Memo	Los Angeles Tourism and Convention Board (LATCB)	(1,092,654.01)
21-0463	2019-20 California Gang Violence Intervention and Prevention (CaVIP) Grant program	(350,000.00)
18-0010-S5	Special Reward Trust Fund Program	(25,000.00)
21-0945	Hit and Run Reward Program	(50,000.00)
First FSR	Building and Safety - Repair and Demolition Fund loan	(384,699.00)
21-0978	COVID-19 testing and vaccination sites loan - to be reimbursed by FEMA	(46,000,000.00)
		<hr/>
	Loans and Transfers Approved to Date Subtotal	\$ (47,902,353.01)
		<hr/>
	Proposed Loans and Transfers	
Second FSR	Bureau of Engineering - Revision to 2020-21 Year-End Reversion Worksheet	(1,360,049.79)
Second FSR	Mayor's Office - Reimbursement for prior year expenditures in support of the 2020 Census	(147,505.75)
		<hr/>
	Proposed Loans and Transfers Subtotal	\$ (1,507,555.54)
		<hr/>
	Contingency Reserve Available Balance as of 11/2/2021	<hr/> \$ 399,608,327.12 <hr/>
		<hr/>
	Total Emergency and Contingency Reserve Fund	<hr/> \$ 605,947,327.12 <hr/>

ATTACHMENT 3
FY 2021-22 BUDGET ADJUSTMENTS
NEW APPROPRIATIONS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
City Administrative Officer Census 2020	Fund 100/10, City Administrative Officer RSC 5188, Miscellaneous Revenues	\$ 14,727.91	Fund 100/46, Mayor 001010, Salaries General	\$ 14,727.91
Community Investment for Families Covid-19 Tech2Go Hotspot	Fund 424/43, Community Development Trust Fund 43TCV4, CV19 Tech2Go Hotspot	\$ 1,961,763.00	Fund 300/44, Library (424/21, 21V300) 001010, Salaries General 006010, Office and Administrative Expense	\$ 30,727.00 \$ 1,931,036.00 Subtotal \$ 1,961,763.00
Housing Office Lease Support	Fund 440/43, Rent Stabilization Trust Fund Cash Balance	\$ 850,000.00	Fund 100/43, Housing Department (43V143) 006030, Leasing	\$ 1,720,000.00
	Fund 41M/43, Systematic Code Enforcement Fee Trust Fund Cash Balance	\$ 870,000.00		
	Subtotal	\$ 1,720,000.00		
Sunset Office Furniture	Fund 440/43, Rent Stabilization Trust Fund Cash Balance	\$ 21,000.00	Fund 100/43, Housing Department (43V143) 006010, Office and Administrative	\$ 60,000.00
	Fund 41M/43, Systematic Code Enforcement Fee Trust Fund Cash Balance	\$ 39,000.00		
	Subtotal	\$ 60,000.00		
Systematic Code Enforcement Program Mailing & New Logo Cards	Fund 41M/43, Systematic Code Enforcement Fee Trust Fund Cash Balance	\$ 75,000.00	Fund 100/43, Housing Department (43V143) 002120, Printing and Binding	\$ 75,000.00
Photocopier / Data Capture Contractual Services	Fund 440/43, Rent Stabilization Trust Fund Cash Balance	\$ 45,700.00	Fund 100/43, Housing Department (43V143) 003040, Contractual Services	\$ 91,400.00
	Fund 41M/43, Systematic Code Enforcement Fee Trust Fund Cash Balance	\$ 45,700.00		
	Subtotal	\$ 91,400.00		
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 3,922,890.91		\$ 3,922,890.91

ATTACHMENT 4

FY 2021-22 BUDGET ADJUSTMENTS

TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT	TRANSFER TO
Capital Finance Administration Fund <i>Excess Transfer Correction</i>	Fund 100/53, Capital Finance Administration Fund		Fund 100/53, Capital Finance Administration Fund		
	000340, MICLA 2011-A (QECB)	\$ 461,916.94	000336, MICLA 2010-C CP REAL PROP		\$ 461,916.94
Council <i>Temporary Staffing</i>	Fund 100/28, Council		Fund 100/28, Council		
	001010, Salaries General	\$ 1,400,000.00	001070, Salaries, As Needed	\$ 1,000,000.00	
			006010, Office and Administrative	\$ 400,000.00	
				Subtotal \$ 1,400,000.00	
Finance <i>Customer Support, Billing and Collections, and Tax and Permit Divisions</i>	Fund 100/39, Finance		Fund 100/39, Finance		
	001010, Salaries General	\$ 650,000.00	001070, Salaries, As-Needed	\$ 150,000.00	
			001090, Overtime General	\$ 300,000.00	
			006010, Office and Administrative	\$ 200,000.00	
				Subtotal \$ 650,000.00	
Fire <i>COVID Response Overtime</i>	Fund 100/38, Fire		Fund 100/38, Fire		
	001093, Overtime Constant Staffing	\$ 2,711,156.16	001098, Overtime Variable Staffing	\$ 2,711,156.16	
General Services <i>Fuel Services</i>	Fund 100/40, General Services		Fund 100/40, General Services		
	001010, Salaries General	\$ 3,500,000.00	003230, Petroleum Products	\$ 3,500,000.00	
Information Technology Agency <i>Various Projects</i>	Fund 100/32, Information Technology Agency		Fund 100/32, Information Technology Agency		
	001010, Salaries, General	\$ 650,000.00	001070, Salaries, As-Needed	\$ 50,000.00	
			001090, Salaries, Overtime	350,000.00	
			001190, Overtime, Hiring Hall	250,000.00	
				Subtotal \$ 650,000.00	
Public Works - Sanitation <i>Multi-Family Bulky Item Overtime Shortfall</i>	Fund 100/82, Bureau of Sanitation		Fund 100/82, Bureau of Sanitation		
	001010, Salaries General (MFB)	\$ 500,000.00	001090, Overtime General (MFB)	\$ 500,000.00	
CARE / CARE+ Overtime Shortfall	Fund 100/82, Bureau of Sanitation		Fund 100/82, Bureau of Sanitation		
	003090, Field Equipment Expense (GF)	\$ 500,000.00	001090, Overtime General (GF)	\$ 500,000.00	
Public Works-Street Lighting <i>St. Lighting Improvement & Supplies</i>	Fund 347/50, Street Lighting Maintenance Assessment Fund		Fund 347/50, Street Lighting Maintenance Assessment Fund		
	Cash Balance	\$ 700,000.00	50VLIS, St. Lighting Improvement & Supplies	\$ 700,000.00	
Transportation <i>LA Al Fresco Program</i>	59C/94, Measure M Local Return Fund		59C/94, Measure M Local Return Fund		
	94RD10, Open Streets	\$ 242,222.00	FY 2022, Account No. TBD, LA Al Fresco	\$ 972,222.00	
	94SD10, Open Streets	\$ 730,000.00			
		Subtotal \$ 972,222.00			
Zoo <i>Hydration Station</i>	Fund 100/87, Zoo		Fund 100/87, Zoo		
	001070, Salaries As Needed	\$ 130,000.00	003160, Maintenance Materials, Supplies and Expense	\$ 130,000.00	
TOTAL ALL DEPARTMENTS AND FUNDS				\$ 12,175,295.10	\$ 12,175,295.10

ATTACHMENT 5

**FY 2021-22 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT		TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT	AMOUNT
Council Council District 10	Fund 53P/28, AB 1290, 281210, CD10 Redevelopment Projects-Services	\$ 350,000.00	Fund 100/28, Council 001070, Salaries, As-Needed	\$ 350,000.00	
Mayor Public Safety Grant	Fund 63W/46, FY2020 Coronavirus Emergency Supplemental Fund 46T138, Fire 46T299, Reimbursement of General Fund Costs	\$ 9,535.06 \$ 74,042.58 Subtotal \$ 83,577.64	Fund 100/38, Fire (46V138) 001098, Overtime, Variable Staffing Fund 100/46, Mayor (46V299) RSC 5346, Related Cost Reimbursement from Grants	\$ 9,535.06 \$ 74,042.58 Subtotal \$ 83,577.64	
Public Safety Grant	Fund 62T/46, FY2018-19 CalVIP Grant Fund 46T146, Mayor	\$ 7,002.52	Fund 100/46, Mayor RSC 5168, Reimbursement of Prior Year Salary	\$ 7,002.52	
Public Safety Grant	Fund 63H/46, 2018-2020 Title II Grant Fund 46T146, Mayor	\$ 2,285.95	Fund 100/46, Mayor RSC 5168, Reimbursement of Prior Year Salary	\$ 2,285.95	
Public Works - Board I-405 Tree Removal Mitigation and Tree Replacement Project	Fund 834/50 Public Works Trust Fund 50174R, PW-Board Office	\$ 1,447.66	Fund 100/74, Board of Public Works 003040, Contractual Services	\$ 1,447.66	
PWTF Loan - Front Fund CalFire Grant	Fund 834/50 Public Works Trust Fund Cash Balance	\$ 1,500,000.00	Fund 100/74, Board of Public Works 003040, Contractual Services 001010, Salaries General 006010, Office & Administrative 002120, Printing and Binding	\$ 1,250,000.00 \$ 245,000.00 \$ 3,500.00 \$ 1,500.00 Subtotal \$ 1,500,000.00	
Public Works - Sanitation Solid Waste Collection Overtime Shortfall	Fund 508/50, Solid Waste Resources Revenue Fund 50VX82, Sanitation Expense and Equipment	\$ 2,000,000.00	Fund 100/82, Bureau of Sanitation (50V182) 001090, Overtime General (SWRRF)	\$ 2,000,000.00	
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 3,944,313.77		\$ 3,944,313.77	

ATTACHMENT 6

**FY 2021-22 BUDGET ADJUSTMENTS
APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE**

<u>APPROPRIATE FROM:</u>	<u>APPROPRIATE TO:</u>	<u>AMOUNT</u>
<u>Fund, 100/58, Unappropriated Balance</u>		
580197, Outside Counsel including Workers'	Fund 100/12, City Attorney 009301, City Attorney Outside Counsel	\$ 175,253.00
580196, Reserve for Mid-Year Adjustments	Fund 100/66, Personnel Department 003040, Contractual Services	\$ 5,000,000.00
	Fund 842/06, Animal Sterilization Trust Fund 06005A, Spay & Neuter Program	\$ 335,000.00
	Subtotal	\$ 5,335,000.00
580321, Public Works Trust Fund Loan Repayment	Fund 100/74, Board of Public Works 003040, Contractual Services	\$ 368,000.00
<u>TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE</u>		<u>\$ 5,878,253.00</u>

**ATTACHMENT 7A
STATUS OF UNAPPROPRIATED BALANCE
GENERAL ACCOUNT as of 11/2/21**

C.F.	Appropriations	Date	Amount
21-0600	General		\$ 50,000
	Approved Transfer		
21-1033	Academy Museum of Motion Pictures		(400.00)
		Balance Available	<u>49,600.00</u>
	Anticipated Appropriations		
		Projected Balance Available	<u>\$ 49,600.00</u>

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

2021-22 Budget **\$ 14,943,577.00**

First FSR Recommendations

Transfer Out:

Transfer to City Attorney - Outside Counsel (405,000.00)

Subtotal \$ (405,000.00)

Subtotal First FSR Recommendations (405,000.00)

Year-end Available **\$ 14,538,577.00**

Second FSR Recommendations

Transfer Out:

Transfer to Animal Sterilization Fund - Spay and Neuter Program (335,000.00)

Transfer to Personnel - City employee COVID-19 testing and reporting services (3,000,000.00)

Transfer to Personnel - Contingency for City employee COVID-19 testing and reporting services (2,000,000.00)

Subtotal \$ (5,335,000.00)

Subtotal Second FSR Recommendations (5,335,000.00)

Year-end Available **\$ 9,203,577.00**

ATTACHMENT 7C
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of 11/2/2021

Account No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reappropri.	Appropriated during year	First FSR	Appropriated during year	Second FSR	Appropriated during year	Mid-Year FSR	Appropriated during year	Year-End FSR	Available Balance
General Fund													
5800341	Abandoned Vehicle Task Force	DOT/BOS	\$ 500,000										\$ 500,000.00
5800369	Acquisition of 710 Surplus Properties	Housing	\$ 2,000,000										\$ 2,000,000.00
5800336	Amortization Study of Oil Sites	PWB	\$ 3,695,344		(195,344.00)								\$ 3,500,000.00
5800347	Angeleno Connect Program	Mayor	\$ 1,000,000										\$ 1,000,000.00
5800348	Angeleno Corps	EWDD	\$ 5,000,000		(5,000,000)								\$ -
5800285	Animal Services Sterilization Trust Fund	Animal Services	\$ 550,000										\$ 550,000.00
5800349	Basic Income Guarantee: L.A. Economic Assistance Pilot	CJF	\$ 29,000,000		(1,334,403)		(27,665,597.00)						\$ -
5800373	Business Assistance Programs	EWDD	\$ 25,000,000		(25,000,000)								\$ -
5800317	Census 2020/Redistricting Commissions	All	\$ 1,500,000	1,740,000	(1,642,707)								\$ 1,597,293.15
5800366	Child Care and Learning Centers	RAP	\$ 20,000,000				(20,000,000.00)						\$ -
5800374	Child Care Business Assistance	EWDD	\$ 10,000,000										\$ 10,000,000.00
5800339	Climate Action Plan	Planning	\$ 623,875										\$ 623,875.00
5800342	Commercial Cannabis Business Enforcement	Cannabis Police/BOSS/PWB/EWDD	\$ 2,000,000				(874,000.00)						\$ 1,126,000.00
5800335	Community Initiatives	BOS	\$ 13,649,000		(2,649,000)								\$ 11,000,000.00
5800334	Engagement(CARE&CARE+)Teams	BOS	\$ 8,500,000										\$ 8,500,000.00
5800350	COVID-19 Emergency Response	All	\$ 25,000,000				(15,000,000.00)						\$ 10,000,000.00
5800351	Digital Inclusion	BSL/EWDD	\$ 5,000,000		(1,000,000)		(4,000,000.00)						\$ -
5800132	Equipment, Expenses, and Alterations & Improv.	All	\$ 4,544,725										\$ 4,544,725.00
5800345	False Alarm Program	Fire	\$ 277,488										\$ 277,488.00
5800333	Fire Department Compensation Adjustments	Fire	\$ 13,270,000										\$ 13,270,000.00
5800352	Food Rescue in Food Insecure Communities	BOS	\$ 1,000,000										\$ 1,000,000.00
5800363	Gang Reduction and Youth Development	Mayor	\$ 7,045,000		(4,608,157)								\$ 2,436,843.00
5800001	General (see Attachment 4A)	All	\$ 50,000				(400.00)						\$ 49,600.00
5800304	Ground Emergency Medical Transport QAF Program	Fire	\$ 6,700,000	(6,700,000)									\$ -
5800338	Health and Environmental Justice Element	Planning	\$ 123,875										\$ 123,875.00
5800325	Homeless Engagement Teams	BOS	\$ 4,224,465		(1,408,155)								\$ 2,816,310.00
5800326	Homeless Engagement Teams (CARE and CARE+)	Police	\$ 1,981,359		(653,786)								\$ 1,327,573.00
5800329	Human Resources and Payroll System Contingency	ITA	\$ 1,000,000										\$ 1,000,000.00
5800337	Information Technology Agency Assessment	ITA	\$ 250,000										\$ 250,000.00
5800322	June 2022 County Election Expenses	All	\$ 8,000,000										\$ 8,000,000.00
5800354	LA REPAIR - Peace and Healing Centers	CHRED	\$ 2,000,000										\$ 2,000,000.00
5800353	LA REPAIR Innovation Fund	CHRED	\$ 10,000,000										\$ 10,000,000.00
5800364	LAPD Animal Cruelty Task Force	Police	\$ 1,006,423										\$ 1,006,423.00
5800327	Los Angeles County Metropolitan Transportation Authority	Police	\$ 36,489,432		(35,974,395.00)								\$ 515,037.00
5800365	Maintenance at Recreation and Parks Facilities	RAP	\$ 75,000,000				(75,000,000.00)						\$ -
5800328	Mental Health Services Support	Fire	\$ 2,200,000										\$ 2,200,000.00
5800274	Mutual Aid Overtime	Fire	\$ 3,000,000				(3,000,000.00)						\$ -
5800320	Office of Petroleum and Natural Gas	PWB	\$ 500,000										\$ 500,000.00
580168	Office of Public Accountability Studies	OPA	\$ 750,000										\$ 750,000.00
580160	Off-site Council and Committee Meetings	Council	\$ -	45,307									\$ 45,307.44
580197	Outside Counsel including Workers' Comp	City Atty	\$ 1,500,000		(500,000)			(175,253.00)					\$ 824,747.00

ATTACHMENT 8

STATUS OF LIABILITY CLAIMS ACCOUNTS

Department/Bureau	Account	Budget		Paid (B)	Available Balance After Paid Amounts (C=A2+B)	Pending Payments (D)	Available Balance Based After Paid and Pending Payments (E=C+D)	Percent of Available Balance to Adjusted Budget ¹
		(A1)	(A2)					
		2021-22 City Budget	2021-22 Adjusted Budget					
Fire	009790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%
General Services	009791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Police	009792	\$ -	\$ 9,090,457	\$ (9,090,457)	\$ -	\$ (14,940,000)	\$ (14,940,000)	0%
PW/Engineering	009793	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%
PW/Sanitation	009794	\$ 7,370,072	\$ 7,370,072	\$ (1,375,578)	\$ 5,994,494	\$ (199,821)	\$ 5,794,673	79%
PW/Street Services	009795	\$ -	\$ 732,500	\$ (732,500)	\$ -	\$ (845,000)	\$ (845,000)	0%
Recreation & Parks	009796	\$ -	\$ 3,000,000	\$ (3,000,000)	\$ -	\$ -	\$ -	0%
Transportation	009797	\$ -	\$ 4,400,000	\$ (4,400,000)	\$ -	\$ -	\$ -	0%
Miscellaneous	009798	\$ 80,000,000	\$ 62,777,043	\$ (5,786,777)	\$ 56,990,266	\$ (1,961,596)	\$ 55,028,670	88%
TOTALS		\$ 87,370,072	\$ 87,370,072	\$ (24,385,312)	\$ 62,984,760	\$ (17,946,417)	\$ 45,038,343	52%

Note:

¹ Applies to PW/Sanitation and Miscellaneous Liability Accounts relative to the Adjusted Budget.