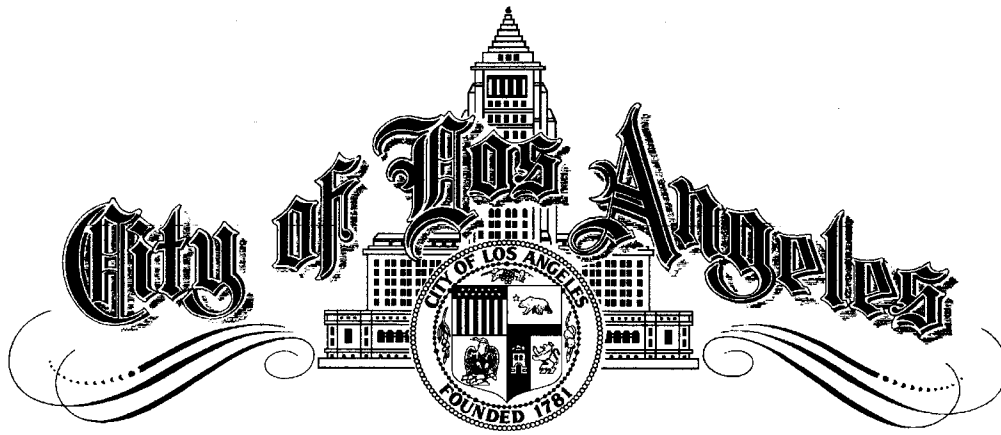




---

2003-04

**Revenue Estimates, Spending Limitation  
and Grants**



OFFICE OF  
CONTROLLER

LAURA N. CHICK  
CONTROLLER

March 1, 2003

200 N. MAIN STREET  
ROOM 300  
LOS ANGELES 90012  
(213) 978-7200

Honorable James K. Hahn  
Mayor  
City of Los Angeles  
Room 303, City Hall  
Los Angeles, CA 90012

Dear Mayor Hahn:

Under City Charter Section 311(c), I am required to submit an estimate of revenue for the upcoming fiscal year on or before March 1 of each year, and provide an estimate of the amount of revenue required to meet the City's annual General Obligation Bond redemption and interest payments.

### Revenue Projections

Based on a review of data gathered from state and local economic forecasters, and publications, through consultations with City officials charged with collecting and tracking City receipts, and by reviewing the City's actual receipts posted in the General Ledger (as of February 20, 2003), I am projecting General Fund revenues for fiscal year (FY) 2003-04 of \$3,216,636,000.


Table I

**Controller's Revenue Estimate  
(In Thousands)**

Adopted Budget FY 02-03	Controller's Estimate FY 02-03	Controller's Estimate FY 03-04
\$ 3,198,024	\$ 3,184,349	\$ 3,216,636

For sake of comparison, these totals exclude state budget relief, transfers from the Reserve Fund, and revenues from new City fees or policy changes.

**AN EQUAL EMPLOYMENT OPPORTUNITY – AFFIRMATIVE ACTION EMPLOYER**

Recyclable and made from recycled waste. 

This estimate excludes one-time or budgeted receipts, such as: (1) state budget relief; (2) transfers from the capital finance administration fund; (3) repayment of Reserve Fund loans; and, (4) transfers from the Reserve Fund. My estimate also excludes any impact from reductions to the Vehicle License Fee (VLF) backfill or other reductions in state revenues to the City. My estimate of 2002-03 year-end receipts is approximately \$13.7 million below the City's Adopted Budget of \$3,198,024,000 and approximately \$4.1 million below the City's Revised Budget of \$3,188,492,000.

### Bond Redemption and Interest

In addition, I expect the City's General Obligation Bond principal and interest payments for FY2003-04 to be approximately \$110 million. This represents a \$15.1 million increase over FY2002-03.

**Table II**  
**General Obligation Bonds**  
**Debt Service Requirements**  
**For Fiscal Year 2003-04**

<u>Issues</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
GOB - Series 1993-A	\$ 7,350,000	\$ 950,906	\$ 8,300,906
GOB - Series 1993-B	300,000	1,504,063	1,804,063
GOB - Series 1993-C	8,185,000	2,055,157	10,240,157
GOB - Series 1994-A	5,535,000	453,870	5,988,870
GOB - Series 1995-A	11,500,000	287,500	11,787,500
GOB - Series 1998-A	75,000	5,294,110	5,369,110
GOB - Series 1999-A	2,250,000	3,886,507	6,136,507
GOB - Series 1999-B	3,000,000	1,778,250	4,778,250
GOB - Series 2000-A	4,650,000	2,972,625	7,622,625
GOB - Series 2000-B	145,000	2,076,650	2,221,650
GOB - Series 2001-A	10,065,000	7,950,850	18,015,850
GOB - Series 2002-A	13,110,000	11,028,787	24,138,787
GOB - Series 2002-B	565,000	3,037,388	3,602,388
<b>Total</b>	<b>\$ 66,730,000</b>	<b>\$ 43,276,663</b>	<b>\$ 110,006,663</b>

### **Additional Concerns**

In preparing this report, I met with several business economists and listened to their perspectives on the California and Los Angeles County economies. Generally they were cautiously optimistic over the next year, especially for Southern California. However, they each had two concerns. The future of the state budget is a major concern. How the state handles the budget can encourage firms to locate and expand in California or locate out of state.

The second major concern is the uncertainty of a war with Iraq. A long war or a protracted stabilization process at the conclusion of a war could adversely impact the ability of the national and local economies to continue to move forward in recovery from the last recession.

An ongoing bright spot for the City has been the real estate market with the resulting property taxes and documentary transfer tax revenue to the City. That market is continuing to grow this year and it is expected to grow next year, but not necessarily at the same pace. A word of caution is in order. As the City found out in the late 1980s and early 1990s, it is difficult to predict when a market reaches a period of growth that is not sustainable.

Last year I wrote: "The economists with whom I met while preparing this report expressed concern that Los Angeles must begin to take a more organized approach to economic development if it is to live up to its potential. For example, we must do more to promote the vision of Los Angeles a destination for all tourists – not just the Convention visitors that are the current focus." That concern is repeated again this year. Los Angeles is an attractive destination, which is central to Southern California. To capitalize upon our location we need to do a better job reaching out to tourists either through the Los Angeles Visitors and Convention Bureau or through another agency, which will market the City as a whole. Convention travel to the City is important, but so is regular tourist travel. We must improve our outreach to all aspects of the tourist market.

Los Angeles has continued developing segments of the City. The Staples Center, Disney Concert Hall, downtown housing in the Old Bank District and in other areas, are all pushing the growth of the central city. Redevelopment in Hollywood with the Kodak Theater and other activities including the Red Line are leading development in that area. However, we still lack a comprehensive approach to economic development, real estate development, and housing within Los Angeles. If we are to reach our economic potential we must begin approaching these as interrelated parts of a whole City as opposed to developing individual projects, important as they may be.

In preparing this report I was surprised at how resilient the Los Angeles economy has been in recent years and how positive the future looks. However, since that economy may not generate all the revenue needed for the City, hard choices remain. Workers'

Honorable James K. Hahn  
Mayor  
March 1, 2003  
Page 4

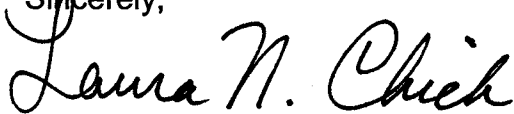
compensation costs continue to climb, pension and retirement contributions by the City appear to have hit their lowest point, and as a result of falling financial markets we can expect the funding costs of the systems to rise. In addition, civilian salary costs will increase as a result of bargaining agreements in place while police officers and firefighters will be negotiating new agreements.

The City has taken reasonable steps to help increase revenue. In my report last year I raised the issue of accounts receivable collection. I am pleased to see that the City has contracted with three firms for accounts receivable collection services. I encourage all departments to work actively with the collection services so that they will collect as much as possible of the funds due the City for services provided. I am also pleased to see the proposed relocation of the City Attorney collection function to the Office of Finance to both streamline and improve the collection function.

Even with this and other efforts there may not be enough funds to support City functions at the level budgeted in the current year. In such circumstances, there may be a desire to reduce the Reserve Fund below the current level of 2% of General Fund revenues as required by the City Reserve Fund Policy. While I support the 2% level, I also believe that it would be fiscally prudent to raise the Reserve Fund above such a percentage. Circumstances beyond the control of the City (the events of 9/11, the 1994 Northridge Earthquake, potential war, state budget ) can result in the immediate need for a substantial cash reserve. I encourage the Mayor and Council as part of the budget process to ensure that the City has a well-funded Reserve.

In preparing this report I met with leading local economists. I wish to thank Jack Kyser of Los Angeles Economic Development Corporation, Bruce Baltin of Pannell Kerr Forrester Consulting, G. U. Krueger of International Housing Partners, and Chris Thornberg of the UCLA Forecasting Project, for their time and assistance in providing me and my Office with information. I also want to thank all City departments for providing information on revenues for their areas of responsibility. Finally, I wish to thank the personnel in the Controller's Financial Reporting Division for preparing this report.

Sincerely,



LAURA N. CHICK  
City Controller

#### Attachments

Copy: Honorable Members of the Los Angeles City Council  
William T Fujioka, City Administrative Officer  
Ronald F. Deaton, Chief Legislative Analyst

## City Charter Requirement

City Charter Section 311(c) requires the City Controller to submit, on or before March 1 of each year, a report that estimates incoming revenue and revenue required to meet the City's annual General Obligation Bond redemption and interest payments. This report provides such information.

## National Economy

As reported in last year's March 1 revenue report, the National Bureau of Economic Research's (NBER) Business Cycle Dating Committee (Committee) determined that a peak in business activity occurred in the United States' economy in March 2001. The March peak marked the beginning of an economic recession, generally defined by the NBER as a significant decline in activity spread across the economy, lasting more than a few months, and visible in industrial production, employment, real income, and wholesale-retail sales.

A recession begins just after the economy reaches a peak of economic activity, begins falling, and ends as the economy reaches its trough. Between trough and peak, the economy is in an expansion, which is the normal state of the economy. Most recessions are brief and have been rare in recent decades. Table I illustrates United States Business Cycle Contractions for past decades.

Table I

### US Business Cycle Contractions

Trough from Previous Peak	Number of Months
August 1957 - April 1958	8
April 1960 - February 1961	10
December 1969 - November 1970	11
November 1973 - March 1975	16
January 1980 - July 1980	6
July 1981 - November 1982	16
July 1990 - March 1991	8
March 2001 - To Date	To Be Determined

Sources: National Bureau of Economic Research and the U.S. Department of Commerce, Survey of Current Business.

In February 2003, the NBER reported that, according to the most recent data, the United States' economy continues to experience growth in output and income. However, the Committee has not yet determined that the United States' recession is

over. After two months of decline, employment also grew in the most recent month, but because such growth has been meager, the economy's movement during last and this year cannot be interpreted with certainty. The Committee will determine the date of a trough in activity when it concludes that a hypothetical subsequent downturn would be a separate recession and not a continuation of the recession that began in March 2001. The trough date will mark the end of the recession. Typically the Committee waits for many months after an apparent trough to make its decision because of data revisions and the possibility that the contraction would resume. For example, the Committee waited until December 1992 to announce that a trough had occurred in March 1991.

### **Consumer Confidence**

Consumer spending is a driving force in the United States' economy, by some accounts representing two-thirds of the nation's economic activity. As such, consumer optimism can be used as a key component in gauging the nation's future economic performance. The Conference Board (Board) is a non-profit, independent membership organization that conducts research, convenes conferences, makes forecasts, assesses trends, and publishes information and analyses in the public interest. The Conference Board's monthly Consumer Confidence Index is based on a representative sample of 5,000 United States households.

The Board reports that overall consumer confidence regarding the nation's economy is down. The Consumer Confidence Index dipped nearly two points at the end of January 2003 to 79 (down from 80.7 in December 2002). In late January 2003, the Board indicated that the decline could be due in part to the looming threat of war, which has made consumers grow increasingly cautious about the short-term outlook of the nation's economy.

Moreover, consumers' expectations for the next six months are less optimistic than at the end of last year. Consumers expecting:

- Business conditions to decline rose from 11% in December 2002 to 14% in January 2003.
- An economic improvement fell from 21.1% to 17.7%.
- Fewer jobs in the near future rose from 20.2% to 20.9%.
- More jobs fell from 15.4% to 14.3%.
- An income increase fell from 19.6% to 18.4%.

Consumers' assessment of current conditions has improved but still remains soft. Ratings for current business conditions as "good" rose slightly from 14.5% to 15.0%, but consumers who hold the opposing viewpoint also rose from 25.9% to 26.5%. Consumers reporting difficulty finding employment fell from 29.7% to 28.8%; commensurately, those who claim that jobs are plentiful rose from 12.3% to 14.5%.

## California Department of Finance

Governor Davis released his FY2003-04 budget on January 10, 2003. The Governor's budget proposes total state spending of \$89.2 billion (excluding expenditures for federal funds and selected bond funds) and purports to address a two-year budget shortfall of \$34.6 billion. Total state spending in the proposed budget represents a 5.7% decrease from the previous budget. The state's general fund spending is projected to fall from \$75.5 billion in the current year to \$62.8 billion in the budget year, while special funds spending will rise from \$19.2 billion in FY2002-03 to \$26.5 billion in FY2003-04. These totals reflect a proposed \$8.2 billion realignment program and elimination of the current Vehicle License Fee (VLF) backfill to localities.

According to the Governor's Budget Highlights FY2003-04 Overview, a significant downward state revision in revenues is due to a slower than expected recovery period for the national and California state economies and a significant value loss in the stock market. As such, the state's general fund revenues from major tax sources are expected to fall to \$65.8 billion in FY2003-04—far below the level of income the state expected to receive in the budget year as noted in the FY2002-03 May State Budget Revision. This decline is by far the most dramatic loss of revenues the state has experienced since World War II, all of which contributed to the shortfall of \$34.6 billion.

In the February 2003 edition of its monthly *Finance Bulletin*, the California Department of Finance reported that California's labor market faltered in December 2002, and that the preliminary general fund agency cash for January 2003 was \$203 million below the FY2003-04 Governor's budgeted forecast of \$9.7 billion. The variance between January and year-to-date cash is a result of differences between actual and estimated December 2002 revenues. Despite the fact that revenues from insurance, estate, alcoholic beverage, and tobacco taxes were \$14 million above the forecast \$108 million:

- Personal income tax revenues were \$150 million below the forecasted \$5 billion.
- Sales and use tax receipts were \$43 million below the forecasted \$1.8 billion.
- Corporation tax revenues were \$8 million below the forecasted \$10 million.



Table II is summary information from the Department of Finance on the Governor's FY2003-04 Proposed Budget.

**Table II**

**Department of Finance**  
**Summary of California Budget**  
**January 2003**

**(Percent Changes)**

	<u>Forecast</u>		
	2002	2003	2004
<b>United States Forecast</b>			
Real GDP	2.3	2.5	3.5
Personal Income	3.0	4.1	5.4
Wage and Salary Jobs	-0.8	0.9	2.1
Consumer Price Index	1.6	2.5	2.4
Unemployment Rate (Percent)	5.8	6.0	5.5
<b>California Forecast</b>			
Personal Income	0.9	3.3	5.3
Employment (Non-Farm)	-0.7	0.7	2.1
Taxable Sales	-2.2	3.4	5.6
Consumer Price Index	2.5	2.8	3.2
Unemployment Rate (Percent)	6.4	6.5	6.2

### California Legislative Analyst's Office

On January 15, 2003, California's Legislative Analyst's Office (LAO) released its overview of the Governor's FY2003-04 Budget. The report contends that the Governor's proposed budget provides a comprehensive strategy for dealing with the state's near-term general fund budget shortfall and the long-term structural budgetary imbalance. This is accomplished through major tax increases—used to finance the realignment of various health and social services program responsibilities mandated for local governments—and deep spending cuts in most program areas, major reductions in local government subventions, and a variety of other loans, funding shifts, and borrowing. The LAO disagrees with the Governor about the size of the state's budgetary problem and the level of required solutions, and argues that the Governor has set forth an ambitious plan for dealing with the state's enormous fiscal problems. Table III provides contrasting information presented in Table II, illustrating the differences in assumptions made by the Governor's budget and the LAO.

Table III

**California Legislative Analyst  
Summary of Economic Forecast  
February 2003**

(Percent Changes)

	Forecast		
	2002	2003	2004
<b>United States Forecast</b>			
Real GDP	2.4	2.6	3.8
Personal Income	3.0	4.8	6.3
Wage and Salary Jobs	-1.0	0.5	2.3
Consumer Price Index	1.6	2.3	2.4
Unemployment Rate (Percent)	5.8	6.2	5.3
<b>California Forecast</b>			
Personal Income	1.0	3.6	6.5
Employment (Non-Farm)	-0.6	0.8	2.5
Taxable Sales	-1.5	3.6	6.5
Consumer Price Index	2.4	2.5	2.7
Unemployment Rate (Percent)	6.5	6.6	5.7

In November 2002, the LAO projected that the 2003-04 cumulative budget shortfall facing the state would be \$21.1 billion absent corrective actions, a figure which is \$13.5 billion less than the Governor's FY2003-04 budget estimate of \$34.6 billion. According to the LAO, the disparity between the two estimates is due principally to differences in forecasting and definitions.

- About 60% (\$8 billion) of the difference is due to forecasting differences, of which 48% (\$6.5 billion) relates to the Governor's lower revenue forecast for the period FY2001-02 through FY2003-04. The remaining 12% (\$1.5 billion) relates to the Governor's higher estimate of current-year and budget-year caseload-related costs regarding such areas as education, Medi-Cal, CalWORKs, criminal justice, and fire suppression.
- About 40% (\$5.5 billion) of the difference is due to definitional differences and is more contentious than the forecasting issues. The LAO asserts that, "In many cases, this involves things that the administration would *like* to fund but reflect neither current law nor current practice." Such issues include:
  - The Governor's proposed \$1 billion to fund a reserve, as opposed to the LAO's November 2002 estimate that accounted for only the budget deficit that the state would face absent corrective action.
  - Different assumptions (amounting to approximately \$1.2 billion) about the speed with which prior-year money paid to localities for state mandates

would be paid to school districts and other local governments. The Governor's definition assumes that *all* of the past claims would be paid in FY2003-04, but the LAO assumes that past claims will be paid over a multi-year period (as has been done in the past).

- Different treatment of the 5% reduction in state operations as required by Control Section 3.90 of the FY2002-03 Budget Act. The LAO credits the saving of \$250 million in FY2002-03 and \$500 million in FY2003-04 on the grounds that the reduction is part of current law. Conversely, the Governor assumes no savings have accrued and credits any savings from state operations towards his solution to the FY2003-04 problem.
- The remaining \$2.5 billion relates mainly to the administration's inclusion of various funding priorities and other factors in its spending baseline that exceed current law requirements. Examples include: increased spending for Proposition 98 (which guarantees minimum state funding for K-14 education); increased spending on higher education; and added costs for issue areas such as wage costs, caseloads, and interest expenses.

Fundamentally, the LAO differs in its analysis of the state's budget problem by only about \$2.5 billion in revenues and roughly \$500 million in expenditures. If the LAO's projections are accurate, then the scope of budget solutions required to address the shortfall would be \$3 billion less than the Governor's proposed \$34.6 billion.

Aside from the realignment proposal (which balances new expenditure responsibilities with new resources), the Governor's budget shifts \$5.1 billion in resources away from local governments to produce general fund savings. Key components include:

- Elimination of the VLF backfill, beginning February 2003. As part of the 1998 VLF tax cut legislation, the state supplemented VLF revenues to eliminate any adverse local fiscal impact from the tax cut. The Governor's proposed budget eliminates the backfill funding, reducing city and county revenues by \$1.3 billion in the current year and \$3 billion in FY2003-04. The loss of this backfill funding would affect local governments differently, affecting general fund revenue reductions in FY2003-04 from 5 to 25%.
- Deferred reimbursements to counties, cities, and special districts for state mandates (for the second year). Under current law, local agencies must execute state-mandated requirements regardless of delays in state reimbursements. By the end of the budget year, the LAO estimates the state will owe local agencies over \$1.2 billion in mandate reimbursements.
- A shift of \$250 million of redevelopment property taxes to the Education Revenue Augmentation Fund (ERAF). In December 2002, the Governor proposed a one-time FY2002-03 shift of \$500 million of redevelopment housing funds to the ERAF. The Governor's budget proposes to annually increase this \$250 million tax shift over time until it equals the amount of property taxes diverted from

schools under redevelopment law (estimated to be about \$1.3 billion in the current year).

- Elimination of: (1) the annual \$38.2 million reimbursement to cities and special districts for jail booking fees; and (2) the \$39 million reimbursement to counties for property tax losses under the Williamson Act.

### **Los Angeles Economic Development Corporation**

The Los Angeles Economic Development Corporation (LAEDC) is a private, non-profit organization with a mission of attracting, retaining, and contributing to the growth of businesses and jobs in the Los Angeles region. The LAEDC also identifies trends and changes in the local economy. Consequently, the LAEDC is a key resource for current and forecasted data for Southern California's economy.

The LAEDC posits that Los Angeles County's economy is slowly recovering as 2003 unfolds with accelerated economic activity likely in the second half of the calendar year. After experiencing a modest recession in FY2001-02, the outlook for Los Angeles County is positive, primarily due to:

- An upswing in aerospace/defense activity.
- Side effects from a promising increase in international trade.
- Resolved port labor issues.
- A rebounding motion picture/television production industry.
- Momentum in new homebuilding.
- A stabilizing local apparel/textiles design and manufacturing industry.
- Expected modest growth in the County's tourist sector.
- Expected construction of major projects, including port expansions and replacements for County/USC Medical Center and UCLA Medical Center.
- Completion of the Gold Line light rail (extending from Los Angeles' Union Station to Pasadena) and the completion of the Disney Concert Hall.
- Passage of local school bond issues (in November 2002) in which money will be spent on new construction.

Despite these positive forces, LAEDC cautions that negative forces may be looming, including:

- Non-defense technology continuing to struggle in the first half of 2003.
- Bleak prospects for the commercial airline industry in 2003 and 2004.
- Direct effects of the state's budget crisis on local governments.

- Potential military actions in Iraq and its effect on tourism.
- Continued weak demand for commercial office space in the County during 2003.

Based on the positive and negative forces at work in the Los Angeles County economy, the LAEDC has made the following predictions for 2003.

- Even after losing 26,600 non-farm jobs in 2002, Los Angeles County should record an increase of 1% (or 39,500) jobs, a stronger performance than the state as a whole.
- The local unemployment rate should decline from 6.7% to 6.6%.
- Growth in total personal income should increase by 3.9%.
- The Consumer Price Index for the five-county area should accelerate to 3.4% as a reflection of energy and housing pressures.
- Retail sales should advance by 5.2%, but the retail environment will be difficult as Kohl's, a strong Midwestern discounter, is scheduled to open seven stores in Los Angeles County, with more locations rumored.
- New homebuilding should increase by 6.9% to 20,600 units permitted.
- The median price of a resale home should increase by 15.5% to \$325,630, and the probability of a house price "bubble" is low with the possibility of "bubblettes" for homes valued over \$500,000 and for 100% refinancings.
- The number of overnight visitors to Los Angeles County should increase by 1.7% (after declining by 3.8% in 2002) to 23.3 million, which will be helped by new attractions at Universal Studios Hollywood and the Disneyland Resort. Despite estimated growth, issues for the local tourist industry remain a lack of a "headquarters" hotel next to the Los Angeles Convention Center and a failing airline industry.

## Delays in Fiscal Year Receipts

The consensus among economists we surveyed seems to be that the California economy will begin to show signs of an upturn in the latter portion of FY2003-04. However, it is important to note that most of the economic forecasts described in the previous section are for calendar years (January through December), and the City's receipts are for fiscal years (July through June).

Table IV

Comparison of Calendar  
Fiscal Year Receipts  
January 1, 2003

Calendar Year		Fiscal Year		Actual Receipt	
CY 03	Q1	FY 02-03	Q3	FY 02-03	Q4
	Q2		Q4	FY 03-04	Q1
	Q3	FY 03-04	Q1		Q2
	Q4		Q2		Q3
CY 04	Q1	FY 03-04	Q3	FY03-04	Q4
	Q2		Q4	FY04-05	Q1

Table IV illustrates the difference between calendar and the City's fiscal years. On a calendar basis, the year begins on January 1 (i.e., first quarter). This corresponds to the third quarter of the fiscal year. Moreover, because the City's receipts lag behind the actual economic quarters upon which they are based, (e.g., sales tax, transient occupancy tax, utility users tax, etc.), third quarter economic activity in the fiscal year will generate receipts during the fourth quarter of the fiscal year.

This is an important distinction to highlight. Even if economists are correct and the state and local economies begin to show signs of an upturn during the third or fourth quarters of the calendar year, such activity equates to the first or second quarter of the fiscal year, respectively, which means that the City will not receive any revenue from such activity until the second or third quarter of the fiscal year.

## Estimate of 2002-03 Year-End City Revenue

Exhibit I contains a full listing of our estimates for City receipts for the remainder of 2002-03. Table V depicts the City's economically sensitive General Fund receipts for FY2000-01 and FY2001-02 and estimated receipts for FY2002-03.

**Table V**  
**Economically Sensitive Revenue**  
**Fiscal Year 2002-03**  
**(In Thousands)**

	Actual Receipts		% Change FY 02 / 01	Estimated Receipts	
	FY2000-01	FY2001-02		FY 2002-03	FY 03 / 02
Property Tax	\$588,307	\$622,393	5.79%	\$654,218	5.11%
Utility Users' Tax	557,401	488,778	-12.31%	494,050	1.08%
Business Tax	344,605	360,336	4.56%	351,355	-2.49%
Sales Tax	357,222	351,062	-1.72%	363,162	3.45%
Vehicle License Fee	201,094	209,683	4.27%	223,000	6.35%
Transient Occupancy Tax	108,538	93,901	-13.49%	94,200	0.32%
Documentary Transfer Fee	85,640	99,797	16.53%	120,000	20.24%
Licenses, Permits, Fees and Fines	431,628	473,162	9.62%	419,024	-11.44%

- **Property Tax** receipts will increase 5% by \$32 million over FY2001-02 actual receipts of \$622 million. The increase may be due in large part to a continual large volume of home sales and the appreciation in home resale value in the Los Angeles area.
- **Utility Users' Tax** receipts will increase by 1.08% over FY2001-02 revenue of \$489 million. Utility Users' Tax (UUT) receipts include revenue from telephone, electricity, and natural gas usage and consumption. According to the Office of Finance, the telephone industry is forecast to yield a zero growth rate due to an increased use of electronic mail, calling cards used with pay telephones, the use of cellular telephones, and increased competition in rate setting among telephone companies. Further reason for the decline is a worldwide recession and decrease in the volume of international telephone calls stemming from the decrease in international travel. The UUT for electricity increased by 1.3% over FY2001-02 revenues. Regarding UUT for natural gas, a 4% Gas Relief Tax in FY2001-02 from January to April decreased receipts in FY2001-02. The regular 10% tax will be reinstated in FY2002-03.
- **Business Tax** receipts will decrease by 2.5% from FY2001-02 revenues of \$360 million, as estimated by the Office of Finance, due to a one-year Business Tax Amnesty Program.

- **Sales Tax** receipts will increase by 3.5% to \$363 million. During the first six months of FY2002-03, the City collected \$181 million in sales tax receipts, which, at the mid-year, represents about half of total receipts collected in previous years. The Office of Finance projects lower receipts equaling only 0.7% over FY2001-02 revenues of \$351 million. The Office of Finance bases its projection on consensus projections by economic forecasters and MBIA MuniServices Company.
- **Vehicle License Fees** are projected to remain at the same level for which they were budgeted, \$223 million. Although the Governor has proposed eliminating the VLF backfill, there is strong indication that the backfill will continue. See the previous section in this report on the California Legislative Analyst's Office for more information.
- **Transient Occupancy Tax** will increase slightly by 0.3% over FY2001-02 revenues of \$93.9 million, according to Bruce Balkin of Pannell Kerr Forrester Consulting, due to slow economic growth.
- **Documentary Transfer Tax** receipts are expected to increase by 20% to \$120 million, up from \$99.8 million in FY2001-02. Our estimate is based on higher than normal receipts for the first half of FY2002-03 and on analysis from forecasters, such as G.U. Krueger of Institutional Housing Partners, who project strong sale of homes in the spring of 2003. Using trends from the past five years, the actual receipts from the first eight months of FY2002-03 support this higher than usual increase.
- **Licenses, Permits, Fees, and Fines** are expected to decrease by 11.4%, from \$473 million to \$419 million.



## Estimate of 2003-04 City Revenue

Exhibit II contains a full listing of the City's estimated receipts for FY2003-04. Table VI depicts the City's economically sensitive General Fund receipts for FY2000-01 and FY2001-02 and estimated receipts for FY2002-03 and FY2003-04.

Table VI  
Economically Sensitive Revenue  
(In Thousands)

	Actual Receipts		Estimated Receipts		Percent Change		
	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 02 / 01	FY 03 / 02	FY 04 / 03
Property Tax	\$588,307	\$622,393	\$654,218	\$686,948	5.79%	5.11%	5.00%
Utility Users' Tax	557,401	488,778	494,050	512,300	-12.31%	1.08%	3.69%
Business Tax	344,605	360,336	351,355	362,382	4.56%	-2.49%	3.14%
Sales Tax	357,222	351,062	363,162	374,057	-1.72%	3.45%	3.00%
Vehicle License Fee	201,094	209,683	223,000	229,690	4.27%	6.35%	3.00%
Transient Occupancy Tax	108,538	93,901	94,200	97,026	-13.49%	0.32%	3.00%
Documentary Transfer Fee	85,640	99,797	120,000	120,000	16.53%	20.24%	0.00%
Licenses, Permits, Fees and Fines	431,628	473,162	419,024	374,437	9.62%	-11.44%	-10.64%

- **Property Tax** receipts are expected to continue to increase, by 5% above \$654 million estimated for FY2002-03. This estimate is based on analysis provided by real estate market experts who consulted with the Controller's Office.
- **Utility Users Tax** receipts are expected to increase by 3.7% over FY2002-03 estimated receipts of \$494 million. Regarding UUT telephone tax receipts, a modest economic recovery is expected, which will mean more business opportunities (and the need for more telephone and facsimile lines) and an increase in international travel. For UUT electricity tax receipts, the Department of Water and Power estimates a 5% increase over FY2002-03 estimated receipts of \$225 million. As for UUT gas tax receipts, an increase of 6% over the FY2002-03 \$52 million is estimated.
- **Business Tax** receipts are expected to increase by 3.1% over FY2002-03 estimated receipts of \$351 million. Our FY2002-03 estimate is based on calendar 2003 projected changes in retail taxable sales and personal income for Los Angeles County and estimates by the Office of Finance.
- **Sales Tax** receipts are expected to increase by 3% over FY2002-03 projected revenue of \$363 million. This is consistent with the projected increase in taxable sales and personal income and with the Office of Finance.

- **Vehicle License Fees** are expected to increase by 3% over the FY2002-03 projections, assuming that the California legislature does not adopt proposed reductions to local governments as presented in the Governor's FY2003-04 budget.
- **Transient Occupancy Tax** receipts are expected to increase by 3% over the \$94.2 million estimated for FY2002-03 due to an expectation of improved economic conditions in mid FY2003-04.
- **Documentary Transfer Tax** receipts are expected to remain flat from FY2002-03 to FY2003-04. Our FY2003-04 estimate is cautious because of the order of magnitude of increase in this receipt over the past five-year period. Based on our current-year revenue estimate, receipts will have increased by 70% over the last 5 years, 40% over the last 2 years, and 20% in the last year. Additionally, the possibility of an increase in inflation and the possibility of the United States' involvement in a war with Iraq also contribute to the probability of stabilizing home sales.
- **Licenses, Permits, Fees, and Fines** are expected to decrease by 11% to \$374 million. The primary reason for this projection is the loss of the Los Angeles County Metropolitan Transportation Authority contract with the Los Angeles Police Department for policing services (amounting to \$28 million).

### **Total General Fund Receipts**

As shown in Exhibit III, we estimate the City's General Fund receipts for FY2003-04 will be \$3,216,636,000. During the past decade, the General Fund's year-over-year changes have ranged from a low of -1.2% in 1996 to a high of 10.2% in 2001. We expect 2004 economically sensitive revenues to increase by 1% as compared to 2003.

## General Obligation Bond Payments

Table VII contains a listing of all of the City's General Obligation Bond (GOB) debt service requirements, both principal and interest, for FY2003-04. As shown in Table VII, the total principal and interest requirements for FY2003-04 is \$110 million. GOB are general obligations of the City, payable as to principal and interest from *ad valorem* taxes to be levied upon all of the taxable property in the City and constitute a full faith and credit obligation of the City. The City issues GOB debt for capital improvement projects, including the acquisition of property and the construction of new facilities and improvements to existing facilities.

**Table VII**  
**General Obligation Bonds**  
**Debt Service Requirements**  
**For Fiscal Year 2003-04**

Issues	Principal	Interest	Total Requirements
GOB - Series 1993-A	\$ 7,350,000	\$ 950,906	\$ 8,300,906
GOB - Series 1993-B	300,000	1,504,063	1,804,063
GOB - Series 1993-C	8,185,000	2,055,157	10,240,157
GOB - Series 1994-A	5,535,000	453,870	5,988,870
GOB - Series 1995-A	11,500,000	287,500	11,787,500
GOB - Series 1998-A	75,000	5,294,110	5,369,110
GOB - Series 1999-A	2,250,000	3,886,507	6,136,507
GOB - Series 1999-B	3,000,000	1,778,250	4,778,250
GOB - Series 2000-A	4,650,000	2,972,625	7,622,625
GOB - Series 2000-B	145,000	2,076,650	2,221,650
GOB - Series 2001-A	10,065,000	7,950,850	18,015,850
GOB - Series 2002-A	13,110,000	11,028,787	24,138,787
GOB - Series 2002-B	565,000	3,037,388	3,602,388
<b>Total</b>	<b>\$ 66,730,000</b>	<b>\$ 43,276,663</b>	<b>\$ 110,006,663</b>

**City Indebtedness**

Table VIII depicts City debt service history dating to FY1999-2000 and projects debt service for FY2003-04 based on the amount of current outstanding debt.

**Table VIII**  
**Debt Service Requirements**  
**For Fiscal Years 2000-2004**  
**(In Thousands)**

<b>Bonds</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
MICLA <sup>(1)</sup>	\$ 133,881	\$ 124,784	\$ 126,297	\$ 136,134	\$ 138,993
General Obligation	61,275	64,987	72,238	94,864	110,007
Judgment Obligation	30,480	34,375	36,366	36,150	8,478
Convention Center Authority	44,708	45,409	45,375	46,049	48,121
Parking System Revenue Bonds	4,111	3,936	5,396	5,764	8,606
Proposition K Lighting District 96-1	--	2,193	2,992	4,223	4,507
Sanitation Equipment Charge Revenue Bonds	--	--	1,537	4,069	4,669
Wastewater System	137,912	139,545	124,546	138,999	139,095
Sub total	412,367	415,229	414,747	466,252	462,476
Tax and Revenue Anticipation Notes <sup>(2)</sup>	7,661	13,545	10,486	9,923	--
<b>Totals</b>	<b>\$ 420,028</b>	<b>\$ 428,774</b>	<b>\$ 425,233</b>	<b>\$ 476,175</b>	<b>\$ 462,476</b>

## Notes:

- (1) The Municipal Improvement Corporation of Los Angeles includes debt service requirements supported by assessment on real property approved by the electorate of \$14,742,432 in fiscal year 2002-03.
- (2) Represents actual interest paid on Tax and Revenue Anticipation Notes (TRAN) issued on: 7/1/99 - \$190,500,000; 7/1/00 - \$328,700,000, 7/3/01 - \$297,100,000 and 7/2/02 - \$332,600,000.

Source: Official Statements

### City Debt Policy

Graph I depicts the growth in the City's General Fund debt in relation to the City's debt policy from FY1993-94 to the present.

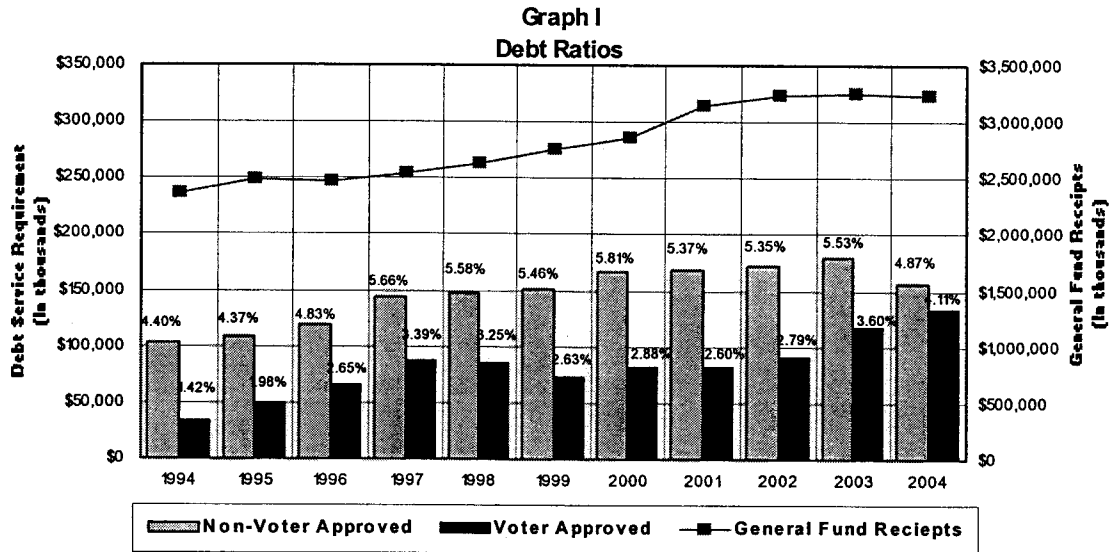


Table IX provides data to support Graph I. Both Graph I and Table IX show that the City has the capacity to issue additional voter and non-voter approved debt. Under its debt policy, the City's debt cannot exceed 6% of General Fund revenue for non-voter approved debt and 15% for combined voter and non-voter approved debt. Given the ratio of debt service to total receipts in FY2003-04, the City has the capacity to issue 1.13% of General Fund receipts for non-voter approved debt and 6.02% for combined voter and non-voter approved debt.

**Table IX**  
**City Debt Policy**  
**(Shall not exceed 6% of General Fund Revenue for Non-Voter approved debt and**  
**15% for Voter approved and Non-Voter approved combined)**  
**(In Thousands)**

Fiscal Year	Debt Service Requirement			General Fund Receipts <sup>(a)</sup>	Ratio of Debt Service to Total Receipts		
	Non-Voter Approved	Voter Approved	Total		Non-Voter Approved	Voter Approved	Total
1993-94	\$ 103,757	\$ 33,383	\$ 137,140	\$ 2,357,324	4.40%	1.42%	5.82%
1994-95	109,129	49,521	158,650	2,494,762	4.37%	1.98%	5.82%
1995-96	119,165	65,360	184,525	2,467,340	4.83%	2.65%	6.35%
1996-97	144,240	86,250	230,490	2,547,662	5.66%	3.39%	9.05%
1997-98	147,214	85,745	232,959	2,637,449	5.58%	3.25%	8.83%
1998-99	150,298	72,352	222,650	2,751,247	5.46%	2.63%	8.09%
1999-00	166,311	82,242	248,553	2,860,424	5.81%	2.88%	8.69%
2000-01	169,203	82,014	251,217	3,150,529	5.37%	2.60%	7.97%
2001-02	172,708	89,973	262,681	3,227,338	5.35%	2.79%	8.14%
2002-03	179,748	117,085	296,833	3,252,941	5.53%	3.60%	9.13%
2003-04	157,094	132,425	289,519	3,225,878	4.87%	4.11%	8.98%

<sup>(a)</sup> All years have been adjusted upwards to reflect bond proceeds to pay for capitalized interest. For fiscal years 2001-02, 2002-03 & 2003-04 the amount of adjustment is \$1,869,781, \$6,753,021 and \$5,367,946 respectively. Fiscal years 2001-02, 2002-03 and 2003-04 also includes revenue from the Staples Center of \$3,880,268 \$3,876,319 and \$3,873,956, respectively.

**Cash Flow**

Table X depicts the difference between revenues and expenditures for the first six months of FY2001-02.

**Table X**  
**Comparison of Revenue and Expenditures**  
**First Six Months of Fiscal Year 2001-02**  
**(In Thousands)**

Fiscal Year 2001-02	Revenue	Cumulative Revenue Total	Expenditures	Cumulative Expenditures Total	Cumulative Total Over/(Under)
July	\$ 184,777	\$ 184,777	\$ 354,068	\$ 354,068	\$ (169,291)
August	271,338	456,115	271,804	625,872	(169,757)
September	168,857	624,972	260,102	885,974	(261,002)
October	249,346	874,318	381,661	1,267,635	(393,317)
November	321,738	1,196,056	285,280	1,552,915	(356,859)
December	381,112 (a)	1,577,168	298,041	1,850,956	(273,788)

(a) Includes first installment (\$216,431,701) of property tax receipts on 12/20/01.

Each year, the City Controller uses several sources, including the Tax and Revenue Anticipation Notes (TRANS), Reserve Fund, and inter-fund borrowings, to compensate for differences between expenditures and revenues. As depicted in Table XI, beginning General Fund encumbrances are an important resource for cash management. Because the encumbrances are backed by cash and are liquidated over time, they offset the need for additional levels of cash. Table XI shows cash flow borrowings and beginning General Fund encumbrances from FY1993-94 to the present.

**Table XI**  
**General Fund Cash Flow Borrowings**  
**For Ten Fiscal Years 1993-94 Through 2002-03**  
**(In Thousands)**

	<u>Total Annual Cash Flow Borrowings</u>				<u>Beginning General Fund Encumbrances</u>
	<u>Reserve Fund</u>	<u>Other Funds</u>	<u>TRAN</u>	<u>Total</u>	
1993-94	\$ 25,600	\$ 56,000	\$ --	\$ 81,600	\$ 215,572
1994-95	--	50,000	--	50,000	242,280
1995-96	--	10,000	--	10,000	263,427
1996-97	--	76,900	--	76,900	235,112
1997-98	--	70,000	--	70,000	156,623
1998-99	50,000	95,000	--	145,000	159,429
1999-00	56,000	145,000	--	201,000	180,416
2000-01	32,000	--	200,000	232,000	202,981
2001-02	10,000	--	200,000	210,000	258,235
2002-03	--	--	250,000	250,000	254,660

Non-TRANS borrowing was reduced because the City has cash available in anticipation of various employee salary increases (retroactive to July 1, 2001) and special payments.

### **Sizing the 2003-04 TRANS**

Between 1993-94 and 1999-2000, borrowing consisted of inter-fund and Reserve Fund borrowing. In 1999-2000, the City borrowed \$145 million from other funds and \$56 million from the Reserve Fund, leaving the Reserve Fund with a limited cash balance during part of the year.

Beginning in FY2000-01 and continuing with FY2002-03, the Controller met the City's cash flow needs by borrowing in the financial markets with TRANS. We borrowed \$200 million in FY2000-01 and FY2001-02 and \$250 million in FY2002-03. This reduced the need to deplete the Reserve Fund of available cash and also reduced the need to search for large sources of inter-fund borrowing, as these cash balances have been reduced over time.



However, estimating cash flow needs in a shrinking budget is more difficult than in an expanding budget. The following uncertainties are considered in sizing the TRANS for FY2003-04.

- The City is still struggling to determine revenues and expenditures in the current fiscal year. Revenue estimates and appropriations have been reduced, and prior year encumbrances have been reduced to help balance the current budget. Given uncertainties surrounding the economy and City expenditures, it is possible that year-end balances, including cash, will not be as large as expected.
- Typically, the City's beginning-of-year cash position is bolstered by end-of-year encumbrances, as those encumbrances are cancelled throughout the year, and that cash helps support City cash flow in the following six months. The Mayor and City Council have already reduced old-year encumbrances and current-year appropriations, which will force departments to be more efficient with current year expenditures and will likely reduce year-end encumbrances and the supporting cash, below levels seen in recent years.
- Salary increases and their timing have been negotiated for most but not all employees. The timing of any increase and any retroactive application will reduce available cash by an undetermined amount. Should retroactive payments occur in the first six months of the new fiscal year, the need for cash will be increased when the City's cash balances are at their low ebb. However, if the City sets aside cash, as it did this year, then the need for borrowing would be reduced.
- We expect a continued increase in workers' compensation costs along with increases in pension and retirement contributions offset by reductions in services, supplies, and equipment.

Given these uncertainties, at this time we recommend a \$200 million cash flow TRANS for FY2003-04 budgetary assumptions. This will be less than the \$250 million borrowed in FY2002-03 but the same as the \$200 million borrowed in prior years. We will work with the Mayor and City Administrative Officer to refine this number as budget estimates are finalized and their impact on cash flows are determined. We also recognize that the \$200 million estimate may be low, so we will request stand-by authority for inter-fund borrowing in accordance with Charter Section 340 (b). If necessary, we will also borrow from the Reserve Fund in accordance with Charter Section 261 (i).

**Reserve Fund**

In light of the state's budget shortfall and slow national and local economic activity, we support maintaining a \$61 million Emergency Reserve for FY2002-03. This course of action is warranted and financially prudent, especially given the fact that the City may experience a year-end budgetary shortfall. The City also needs a contingency reserve to be able to fund important items which do not meet the definition of emergency.

The Reserve Fund provides needed cash to make minor budget adjustments during the year as priorities change, and provides emergency "rainy day" money for severe economic downturns or disasters. The Reserve Fund also provides needed cash during the year or at year's end to balance the timing of City expenditure needs. For these reasons, we feel it necessary to maintain a healthy Reserve Fund balance and caution wise and prudent use of Reserve Fund monies.

**Exhibit I**  
**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2002-03**

	<u>Amount</u>
<b>General Receipts:</b>	
Property Tax 1%	\$ 654,218,000
Utility Users' Tax	494,050,000
Licenses, Permits, Fees and Fines	419,024,000
Business Tax	351,355,000
Sales Tax	363,162,000
State Motor Vehicle License Fees	223,000,000
Power Revenue Transfer	156,358,000
Transient Occupancy Tax	94,200,000
Municipal Court Fines	107,678,000
Documentary Transfer Tax	120,000,000
Parking User Tax	59,000,000
Franchise Income	33,528,000
Grant Receipts	38,036,000
Interest	24,914,000
Water Revenue Transfer	27,523,000
Tobacco Settlement	11,136,000
Civic Center Parking Income	1,575,000
Transfer from Telecommunications Development Act	1,250,000
Transit Shelter Income	1,500,000
Residential Development Tax	2,300,000
Los Angeles Mall Rental Income	542,000
Transfer from Reserve Fund	57,963,000
	<u>57,963,000</u>
<b>Total General Fund Receipts</b>	<u><b>\$3,242,312,000</b></u>

**Exhibit I**  
**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2002-03**

<b>Special Receipts:</b>	<u><b>Amount</b></u>
Sewer Construction & Maintenance Fund	\$ 661,000,000
Special Gas Tax Fund:	
State Gas Tax - Section 2105	24,300,000
State Gas Tax - Section 2106	14,600,000
State Gas Tax - Section 2107	32,200,000
Surface Transportation Program	7,010,000
Interest on Inactive Gas Tax Funds	927,000
Traffic Congestion Relief AB 2928	5,075,000
Sale of Excess Gas Tax Property and Other Income	64,000
Reimbursement from Other Funds	251,000
City Levy for Bond Redemption and Interest	94,864,000
Proposition A Local Transit Assistance Fund	72,353,000
Proposition C Anti-Gridlock Transit Improvement Fund	50,566,000
Sanitation Equipment Charge Special Revenue Fund	46,378,000
Street Lighting Maintenance Assessment Fund	45,285,000
Stormwater Pollution Abatement Fund	32,345,000
Community Development Trust Fund	53,267,000
Local Public Safety Fund	28,961,000
Convention Center Revenue Fund	21,166,000
Special Parking Revenue Fund	31,511,000
Los Angeles Convention and Visitors Bureau Trust Fund	15,330,000
Traffic Safety Fund	16,100,000
Zoo Enterprise Trust Fund	16,884,000
Special Police Communications/911 System Tax Fund	16,317,000
Workforce Investment Act	19,822,000
Business Tax Reform Fund	2,250,000
Affordable Housing Trust Fund	15,000,000
Rent Stabilization Trust Fund	8,441,000
Arts and Cultural Facilities and Services Fund	7,735,000
Code Enforcement Block Grant Fund	13,343,000
Supplemental Law Enforcement Services	7,727,000
Local Law Enforcement Block Grant Fund	6,127,000
City Employees Retirement Fund	9,568,000
Telecommunications Development Account	8,106,000
HOME Investment Partnerships Program Fund	4,402,000
Mobile Source Air Pollution Reduction Trust Fund	4,810,000
Building and Safety Systems Development Fund	4,288,000
Neighborhood Empowerment Fund	3,816,000
City Planning Systems Development Fund	1,694,000
City Employees Ridesharing Fund	2,465,000
El Pueblo de Los Angeles Historical Monument Revenue Fund	2,499,000
Staples Arena Special Fund	4,050,000

**Exhibit I**  
**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2002-03**

	<u>Amount</u>
<b>Special Receipts (continued):</b>	
City Ethics Commission Fund	1,263,000
Household Hazardous Waste Special Fund	1,751,000
Local Transportation Fund	1,806,000
Landfill Maintenance Special Fund	2,170,000
Arts Development Fee Trust Fund	2,282,000
Community Services Administration Grant Fund	1,234,000
Park and Recreational Sites and Facilities Fund	1,806,000
Urban Development Action Grant Miscellaneous Revenue	1,300,000
Older Americans Act Fund	1,424,000
Municipal Housing Finance Fund	1,825,000
Street Damage Restoration Fee Fund	1,359,000
Major Projects Review Trust Fund	862,000
Pershing Square Project	598,000
Fire Hydrant Installation and Main Replacement Fund	1,460,000
Proposition K	468,000
General Services Trust	541,000
Housing Opportunities for Persons with AIDS Fund	309,000
Used Oil Collection Fund	497,000
Business Improvement District Trust Fund	262,000
Environmental Trust Fund	169,000
Street Banners Trust Fund	51,000
Welfare to Work	550,000
AB 2800 Senior Services Grant	85,000
Bicycle License Fund	4,000
First and Broadway Child Care Fund	67,000
Disaster Assistance Trust Fund	(11,236,000)
Bus Bench Advertising	79,000
Fire Safety/Paramedic Communication Equipment	206,000
Citywide Recycling Fund	7,574,000
Public Work Trust Fund	4,100,000
Youth Opportunity Movement	5,926,000
<b>Total Special Receipts</b>	<u>1,443,689,000</u>
<b>Total Estimated Receipts for Fiscal Year 2002-2003</b>	<u><u>\$4,686,001,000</u></u>

**Exhibit II**  
**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2003-04**

	<u>Amount</u>
<b>General Receipts:</b>	
Property Tax 1%	\$ 686,948,000
Utility Users' Tax	512,300,000
Licenses, Permits, Fees and Fines	374,437,000
Business Tax	362,382,000
Sales Tax	374,057,000
State Motor Vehicle License Fees	229,690,000
Power Revenue Transfer	152,500,000
Transient Occupancy Tax	97,026,000
Municipal Court Fines	107,678,000
Documentary Transfer Tax	120,000,000
Parking User Tax	59,000,000
Franchise Income	35,481,000
Grant Receipts	39,297,000
Interest	20,229,000
Water Revenue Transfer	28,800,000
Tobacco Settlement	9,641,000
Civic Center Parking Income	1,575,000
Transfer from Telecommunications Development Account	1,250,000
Transit Shelter Income	1,500,000
Residential Development Tax	2,300,000
Los Angeles Mall Rental Income	545,000
<b>Total General Fund Receipts</b>	<u><b>\$3,216,636,000</b></u>

**Exhibit II**  
**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2003-04**

<b>Special Receipts:</b>	<u>Amount</u>
Sewer Construction & Maintenance Fund	\$ 662,483,000
Special Gas Tax Fund:	
State Gas Tax - Section 2105	24,300,000
State Gas Tax - Section 2106	14,600,000
State Gas Tax - Section 2107	32,200,000
Surface Transportation Program	4,898,000
Interest on Inactive Gas Tax Funds	900,000
City Levy for Bond Redemption and Interest	110,007,000
Proposition A Local Transit Assistance Fund	77,501,000
Proposition C Anti-Gridlock Transit Improvement Fund	51,802,000
Sanitation Equipment Charge Special Revenue Fund	46,384,000
Street Lighting Maintenance Assessment Fund	45,486,000
Stormwater Pollution Abatement Fund	31,189,000
Community Development Trust Fund	49,409,000
Local Public Safety Fund	29,085,000
Convention Center Revenue Fund	17,540,000
Special Parking Revenue Fund	34,741,000
Traffic Safety Fund	16,100,000
Zoo Enterprise Trust Fund	15,109,000
Special Police Communications/911 System Tax Fund	16,316,000
Workforce Investment Act	12,304,000
Los Angeles Convention and Visitors Bureau Trust Fund	15,680,000
Rent Stabilization Trust Fund	8,476,000
Arts and Cultural Facilities and Services Fund	7,552,000
Code Enforcement Block Grant Fund	16,896,000
Supplemental Law Enforcement Services	7,671,000
Local Law Enforcement Block Grant Fund	6,108,000
City Employees Retirement Fund	21,188,000
Telecommunications Development Account	9,200,000
HOME Investment Partnerships Program Fund	5,003,000
Mobile Source Air Pollution Reduction Trust Fund	4,765,000
Building and Safety Systems Development Fund	4,271,000
Neighborhood Empowerment Fund	3,816,000
City Planning Systems Development Fund	1,495,000
City Employees Ridesharing Fund	2,901,000
El Pueblo de Los Angeles Historical Monument Revenue Fund	2,512,000
Staples Arena Special Fund	3,750,000
City Ethics Commission Fund	1,344,000
Household Hazardous Waste Special Fund	1,900,000
Local Transportation Fund	1,810,000
Landfill Maintenance Special Fund	1,807,000
Arts Development Fee Trust Fund	2,203,000

**Exhibit II**  
**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2003-04**

	<u>Amount</u>
<b>Special Receipts (continued):</b>	
Community Services Administration Grant Fund	1,597,000
Park and Recreational Sites and Facilities Fund	1,200,000
Urban Development Action Grant Miscellaneous Revenue	1,300,000
Older Americans Act Fund	1,424,000
Municipal Housing Finance Fund	1,344,000
Street Damage Restoration Fee	1,195,000
Pershing Square Project	577,000
Fire Hydrant Installation and Main Replacement Fund	1,924,000
Proposition K	468,000
General Services Trust	360,000
Housing Opportunities for Persons with AIDS Fund	299,000
Business Improvement District Trust Fund	262,000
First and Broadway Child Care Fund	117,000
Environmental Affairs Trust Fund	65,000
Street Banners Trust Fund	100,000
Welfare to Work	152,000
Bus Bench Advertising Trust Fund	135,000
AB 2800 Senior Services Grant	83,000
Bicycle License Fund	3,000
Fire Safety/Paramedic Communication Equipment	114,000
Citywide Recycling Fund	12,000,000
Public Work Trust Fund	4,100,000
Youth Opportunity Movement	<u>360,000</u>
<b>Total Special Receipts</b>	<u>1,451,881,000</u>
<b>Total Estimated Receipts for Fiscal Year 2003-2004</b>	<u>\$4,668,517,000</u>



**Exhibit III**  
**OFFICE OF THE CONTROLLER**  
**GENERAL FUND RECEIPTS**  
**LAST TEN FISCAL YEARS AND ESTIMATES FOR FISCAL YEARS 2003 and 2004**  
**(In Thousands)**

Fiscal Year	Property Tax	Utility Users' Tax	Sales Tax	Business Tax	Transient Occupancy Tax	Licenses, Permits, Fees and Fines	Other Revenues	Total General Fund Receipts
1993	557,256	415,069	267,238	273,305	55,597	315,591	498,015	2,382,071
1994	483,897	433,533	257,686	267,721	59,387	322,317	530,981	2,355,522
1995	502,401	426,479	268,871	268,475	66,950	377,572	581,124	2,491,872
1996	466,974	428,167	277,468	283,200	68,425	342,518	595,702	2,462,454
1997	465,326	466,204	283,481	282,806	79,728	366,786	597,924	2,542,255
1998	505,788	478,725	296,874	289,320	85,476	367,337	609,094	2,632,614
1999	501,292	493,531	306,360	308,013	92,149	394,323	648,578	2,744,246
2000	527,810	487,439	331,710	317,340	98,306	420,475	667,521	2,850,601
2001	588,307	557,401	357,222	344,605	108,538	431,628	753,640	3,141,341
2002	622,393	488,778	351,062	360,336	93,901	473,162	831,956	3,221,588
2003 (Estimated)	654,218	494,050	363,162	351,355	94,200	419,024	866,303	3,242,312
2004 (Estimated)	686,948	512,300	374,057	362,382	97,026	374,436	809,487	3,216,636

\* General Fund receipts include budgeted transfers from Other Funds

