

REVENUE MONTHLY STATUS REPORT
REDEMPTIONS

(Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE	REVISED	PLAN
JULY								
AUGUST	(114)	793	2,330	1,859	2,849	990	2,849	2,850
SEPTEMBER								
OCTOBER								
NOVEMBER	7,909	6,725	7,010	5,593	7,553	1,960	7,553	7,550
DECEMBER								
JANUARY								
FEBRUARY	6,233	4,259	4,961	3,958	5,420	1,462	5,420	5,400
MARCH								
APRIL		578						
MAY	4,522	4,158	3,738	3,590			4,178	4,200
JUNE								
TOTAL	<u>\$18,550</u>	<u>\$16,513</u>	<u>\$18,039</u>	<u>\$15,000</u>			<u>\$20,000</u>	<u>\$20,000</u>
% CHANGE	-17.4%	-11.0%	9.2%	-16.8%			10.9%	0%

CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	ACTUAL	VARIANCE	REVISED	PLAN
JULY								
AUGUST	(114)	793	2,330	1,859	2,849	990	2,849	2,850
SEPTEMBER	(114)	793	2,330	1,859	2,849	990	2,849	2,850
OCTOBER	(114)	793	2,330	1,859	2,849	990	2,849	2,850
NOVEMBER	7,795	7,518	9,340	7,452	10,402	2,950	10,402	10,400
DECEMBER	7,795	7,518	9,340	7,452	10,402	2,950	10,402	10,400
JANUARY	7,795	7,518	9,340	7,452	10,402	2,950	10,402	10,400
FEBRUARY	14,028	11,777	14,301	11,410	15,822	4,412	15,822	15,800
MARCH	14,028	11,777	14,301	11,410	15,822	4,412	15,822	15,800
APRIL	14,028	12,355	14,301	11,410			15,822	15,800
MAY	18,550	16,513	18,039	15,000			20,000	20,000
JUNE	18,550	16,513	18,039	15,000			20,000	20,000

Unpaid property taxes, both secured and unsecured, are known as delinquencies. Delinquent taxes accumulate interest and penalties. Properties with taxes unpaid for five years are sold through auction by the state to recover unpaid taxes. The taxpayer may settle the delinquency by redemption. The City's share of principal, penalties and interest are distributed by the county.

The county has no fixed schedule for distribution of these funds. Redemptions and penalties, although economy driven do not provide a steady stream of revenue. In times of economic growth, delinquent property owners redeem their properties more often than in times of economic adversity. When collection rates are at an historically high level for several years, there is less property to redeem.

Since the redemptions have been historically high for a few years, the \$20 million estimate for 2003-04 assumes no changes to current rate of redemption.

REVENUE MONTHLY STATUS REPORT

SUPPLEMENTAL

(Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE	REVISED	PLAN
JULY	\$2,159	\$1,374	\$1,435	\$1,000	\$1,395	\$395	\$1,395	\$1,400
AUGUST	(27)	63	810	1,000	794	(206)	794	800
SEPTEMBER	970	58	8	1,000	239	(761)	239	250
OCTOBER	282	1,115	(19)	1,000	(30)	(1,030)	(30)	
NOVEMBER	220	827	2,246	1,000	2,594	1,594	2,594	2,600
DECEMBER	320	337	530	1,000	15	(985)	15	
JANUARY	759	862	895	1,000	2,065	1,065	2,065	2,000
FEBRUARY	1,564	478	2,827	1,000	3,282	2,282	3,282	1,950
MARCH	560	1,521	1,344	1,000	1,474	474	1,474	2,000
APRIL	696	1,406	1,370	1,000			1,725	2,000
MAY	1,713	2,333	1,042	1,000			1,725	2,000
JUNE	1,718	1,312	3,236	1,000			1,722	2,000
TOTAL	\$10,934	\$11,686	\$15,724	\$12,000			\$17,000	\$17,000
% CHANGE	42.4%	6.9%	34.6%	-23.7%			8.1%	0%

CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	ACTUAL	VARIANCE	REVISED	PLAN
JULY	\$2,159	\$1,374	\$1,435	\$1,000	\$1,395	\$395	\$1,395	\$1,400
AUGUST	2,132	1,437	2,245	2,000	2,189	189	2,189	2,200
SEPTEMBER	3,102	1,495	2,253	3,000	2,428	(572)	2,428	2,450
OCTOBER	3,384	2,610	2,234	4,000	2,398	(1,602)	2,398	2,450
NOVEMBER	3,604	3,437	4,480	5,000	4,992	(8)	4,992	5,050
DECEMBER	3,924	3,774	5,010	6,000	5,007	(993)	5,007	5,050
JANUARY	4,683	4,636	5,905	7,000	7,072	72	7,072	7,050
FEBRUARY	6,247	5,114	8,732	8,000	10,354	2,354	10,354	9,000
MARCH	6,807	6,635	10,076	9,000	11,828	2,828	11,828	11,000
APRIL	7,503	8,041	11,446	10,000			13,553	13,000
MAY	9,216	10,374	12,488	11,000			15,278	15,000
JUNE	10,934	11,686	15,724	12,000			17,000	17,000

Levy of property taxes is based on the lien date of January 1. Properties assessed after the lien date as a result of real estate sales are counted as supplemental taxes. These taxes are distributed by the county to the various taxing jurisdictions about six months following receipt by the county. The double-digit annual percentage price increases in the real estate market created an environment for a relatively high level of supplemental adjustments. We revised the 2002-03 estimate to recognize current market conditions and, based on recommendations from local real estate expert, we use the same level for 2003-04.

**REVENUE MONTHLY STATUS REPORT
COUNTY CHARGES**

(Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>REVISED</u>	<u>PLAN</u>
JULY								
AUGUST								
SEPTEMBER								
OCTOBER								
NOVEMBER								
DECEMBER	(10,224)	(11,328)	(11,817)	(11,850)	(12,600)	(750)	(12,600)	(13,000)
JANUARY								
FEBRUARY								
MARCH								
APRIL								
MAY								
JUNE								
TOTAL	<u>(\$10,224)</u>	<u>(\$11,328)</u>	<u>(\$11,817)</u>	<u>(\$11,850)</u>			<u>(\$12,600)</u>	<u>(\$13,000)</u>
% CHANGE	-0.9%	10.8%	4.3%	0.3%			6.6%	3.2%
CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>REVISED</u>	<u>PLAN</u>
JULY								
AUGUST								
SEPTEMBER								
OCTOBER								
NOVEMBER								
DECEMBER	(10,224)	(11,328)	(11,817)	(11,850)	(12,600)	(750)	(12,600)	(13,000)
JANUARY	(10,224)	(11,328)	(11,817)	(11,850)	(12,600)	(750)	(12,600)	(13,000)
FEBRUARY	(10,224)	(11,328)	(11,817)	(11,850)	(12,600)	(750)	(12,600)	(13,000)
MARCH	(10,224)	(11,328)	(11,817)	(11,850)	(12,600)	(750)	(12,600)	(13,000)
APRIL	(10,224)	(11,328)	(11,817)				(12,600)	(13,000)
MAY	(10,224)	(11,328)	(11,817)				(12,600)	(13,000)
JUNE	(10,224)	(11,328)	(11,817)				(12,600)	(13,000)

The property tax administrative cost is recovered from each jurisdiction that shares in the distribution of the one percent property tax revenue. The County Auditor-Controller determines each local jurisdiction's proportionate share of the property tax administrative costs by multiplying the total property tax administration costs by the ratio of property tax revenue received by each jurisdiction. The average growth rate was used to estimate the 2003-04 charge amount.

REVENUE MONTHLY STATUS REPORT

REFUNDS

(Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE	REVISED	PLAN
JULY	(\$287)	(\$219)	(\$282)	(\$250)		\$250		(\$500)
AUGUST	(251)	(149)	(2)	(250)	(1,486)	(1,236)	(1,486)	(500)
SEPTEMBER	(97)	(146)	(63)	(250)	(96)	154	(96)	(500)
OCTOBER	(173)	(258)	(123)	(250)	(846)	(596)	(846)	(500)
NOVEMBER	(99)	(41)	(77)	(250)	(715)	(465)	(715)	(500)
DECEMBER	(1,440)	(119)	(193)	(250)	(3,831)	(3,581)	(3,831)	(500)
JANUARY	(1,439)	(1,289)	(487)	(250)	(456)	(206)	(456)	(500)
FEBRUARY	(593)	(545)	244	(250)	(332)	(82)	(332)	(500)
MARCH	(539)	(240)	(84)	(250)	75	325	75	(500)
APRIL	(335)	(211)		(250)			(438)	(500)
MAY	(400)	(60)	(263)	(250)			(438)	(500)
JUNE	(57)	(277)		(250)			(437)	(500)
TOTAL	(\$5,710)	(\$3,554)	(\$1,330)	(\$3,000)			(\$9,000)	(\$6,000)
% CHANGE	0.9%	-37.8%	-62.6%	125.6%			576.7%	-33.3%

CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	ACTUAL	VARIANCE	REVISED	PLAN
JULY	(\$287)	(\$219)	(\$282)	(\$250)		\$250		
AUGUST	(538)	(368)	(284)	(500)	(1,486)	(986)	(1,486)	(1,000)
SEPTEMBER	(635)	(514)	(347)	(750)	(1,582)	(832)	(1,582)	(1,500)
OCTOBER	(808)	(772)	(470)	(1,000)	(2,428)	(1,428)	(2,428)	(2,000)
NOVEMBER	(907)	(813)	(547)	(1,250)	(3,143)	(1,893)	(3,143)	(2,500)
DECEMBER	(2,347)	(932)	(740)	(1,500)	(6,974)	(5,474)	(6,974)	(3,000)
JANUARY	(3,786)	(2,221)	(1,227)	(1,750)	(7,430)	(5,680)	(7,430)	(3,500)
FEBRUARY	(4,379)	(2,766)	(983)	(2,000)	(7,762)	(5,762)	(7,762)	(4,000)
MARCH	(4,918)	(3,006)	(1,067)	(2,250)	(7,687)	(5,437)	(7,687)	(4,500)
APRIL	(5,253)	(3,217)	(1,067)	(2,500)			(8,125)	(5,000)
MAY	(5,653)	(3,277)	(1,330)	(2,750)			(8,563)	(5,500)
JUNE	(5,710)	(3,554)	(1,330)	(3,000)			(9,000)	(6,000)

Assessed valuations of property are revised downwards when an appeal of the valuation is successful. There are two types of appeals. The base year appeal revises the assessed value downwards and the revision of value continues for the tenure that the property does not change hands. A proposition 8 appeal is an economic hardship relief afforded to a property owner for the specific period of one year.

The successful appeal process requires a refund of the excess taxes already paid by the property owner and distributed to the City. The refund follows the reverse path of collection and distribution. Revenue from this source is volatile, depending on the number of appeals, processing time and the amounts being appealed. Refunds in 2001-02 were unusually low, and the year-to-date for 2002-03 is unusually high. For 2003-04, we set the number closer to the historical experience.

REVENUE MONTHLY STATUS REPORT

ADJUSTMENTS

(Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>REVISED</u>	<u>PLAN</u>
JULY		(\$147)						
AUGUST	9	1,971	(100)		(702)	(702)	(702)	
SEPTEMBER			(104)		1,142	1,142	1,142	
OCTOBER	585	(555)	264		183	183	183	
NOVEMBER		(15)	(23)		(25)	(25)	(25)	
DECEMBER			20					
JANUARY		(22)	161		230	230	230	
FEBRUARY	(51)		(1,081)		(48)	(48)	(48)	
MARCH	(236)	238			5	5	5	
APRIL		7						
MAY	1	(284)	(730)					
JUNE	(9)	340	(262)					
TOTAL	<u>\$299</u>	<u>\$1,533</u>	<u>(\$1,855)</u>				<u>\$786</u>	
% CHANGE	-64.0%	412.7%	-221.0%				-142.3%	

CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>REVISED</u>	<u>PLAN</u>
JULY		(\$147)						
AUGUST	9	1,824	(100)		(702)	(702)	(702)	
SEPTEMBER	9	1,824	(204)		440	440	440	
OCTOBER	594	1,269	60		623	623	623	
NOVEMBER	594	1,254	37		599	599	599	
DECEMBER	594	1,254	57		599	599	599	
JANUARY	594	1,232	218		829	829	829	
FEBRUARY	543	1,232	(863)		781	781	781	
MARCH	307	1,470	(863)		786	786	786	
APRIL	307	1,477	(863)				786	
MAY	308	1,193	(1,593)				786	
JUNE	299	1,533	(1,855)				786	

This category includes what is usually a relatively small amount for adjustments to property taxes due to assessment appeal reduction, mistakes, misassessments or corrections to assessment payments collected by the Treasurer/Tax Collector. Adjustments can be either positive or negative. For 2002-03 we use actual adjustments to date; for 2003-04 we use zero.

REVENUE MONTHLY STATUS REPORT

CRA

(Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>REVISED</u>	<u>PLAN</u>
JULY		\$702	\$65	\$65	\$173	\$108	\$173	\$170
AUGUST			809	809	439	(370)	439	430
SEPTEMBER	1	93						
OCTOBER	270		(931)	(931)				
NOVEMBER		56	1,374	1,374	1,077	(297)	1,077	1,100
DECEMBER	405	6,179	6,146	6,146	6,314	168	6,314	6,300
JANUARY		788	832	832	883	51	883	900
FEBRUARY		1,598	1,374	1,374	2,081	707	2,081	2,000
MARCH	82	(160)	477		427	427	427	450
APRIL	1,145	5,005	3,857	4,000			4,000	4,000
MAY		3,185	3,745	1,225			1,300	1,350
JUNE	207	1,057	135	1,306			1,306	1,300
TOTAL	\$2,110	\$18,503	\$17,883	\$16,200			\$18,000	\$18,000
% CHANGE	60.3%	776.9%	-3.4%	-9.4%			0.7%	0%

CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>REVISED</u>	<u>PLAN</u>
JULY		\$702	\$65	\$65	\$173	\$108	\$173	\$170
AUGUST		702	874	874	612	(262)	612	600
SEPTEMBER	1	795	874	874	612	(262)	612	600
OCTOBER	271	795	(57)	(57)	612	(262)	612	600
NOVEMBER	271	851	1,317	1,317	1,689	(559)	1,689	1,700
DECEMBER	676	7,030	7,463	7,463	8,003	(391)	8,003	8,000
JANUARY	676	7,818	8,295	8,295	8,886	(340)	8,886	8,900
FEBRUARY	676	9,416	9,669	9,669	10,967	367	10,967	10,900
MARCH	758	9,256	10,146	9,669	11,394	794	11,394	11,350
APRIL	1,903	14,261	14,003	13,669			15,394	15,350
MAY	1,903	17,446	17,748	14,894			16,694	16,700
JUNE	2,110	18,503	17,883	16,200			18,000	18,000

The Central Business District (CBD) Community Redevelopment Agency (CRA) received its last special increment of property tax late in fiscal year 1999-00. Monies previously dedicated to the CRA are now available to the original taxing jurisdictions. Receipts have been stable at about \$18 million. Eventually this CRA increment will be folded back into the net City roll and will be recorded with all other secured and unsecured receipts.

REVENUE MONTHLY STATUS REPORT BY ACCOUNT

Utility Users Tax

(Thousand Dollars)

MONTHLY	1999 - 2000	2000 - 2001	2001 - 2002	2002 - 2003			2003 - 2004	
	ACTUAL	ACTUAL	ACTUAL	BUDGET PLAN	ACTUAL	VARIANCE	REVISED PLAN	PLAN
JULY	\$ 39,664	\$ 42,070	\$ 41,529	\$ 42,067	\$ 40,607	\$ -1,460	\$ 40,607 A	\$ 42,314
AUGUST	38,064	43,760	48,594	43,693	41,793	-1,900	41,793 A	42,332
SEPTEMBER	39,654	42,794	36,215	41,316	40,887	-429	40,887 A	42,448
OCTOBER	40,234	45,373	42,483	43,943	39,696	-4,247	39,696 A	43,028
NOVEMBER	40,281	40,456	40,271	40,980	41,334	354	41,334 A	40,756
DECEMBER	39,757	44,802	38,972	41,891	38,721	-3,170	38,721 A	42,189
JANUARY	41,722	45,590	41,923	42,654	42,846	192	42,846 A	44,332
FEBRUARY	42,827	53,764	39,877	44,456	44,279	-177	44,279 A	44,633
MARCH	39,568	59,450	41,860	45,575	41,838	-3,737	41,838 A	50,809
APRIL	43,879	46,348	38,336	43,491			43,522 E	42,669
MAY	42,671	49,354	40,909	45,941			48,031 E	42,202
JUNE	39,117	43,639	37,809	41,360			48,993 E	42,414
TOTAL	\$ 487,438	\$ 557,400	\$ 488,778	\$ 517,367			\$ 512,547	\$ 520,126
% CHANGE	-1.2	14.4	-12.3	5.8			4.9	1.5

CUMULATIVE	1999 - 2000	2000 - 2001	2001 - 2002	2002 - 2003			2003 - 2004	
	ACTUAL	ACTUAL	ACTUAL	BUDGET PLAN	ACTUAL	VARIANCE	REVISED PLAN	PLAN
JULY	\$ 39,664	\$ 42,070	\$ 41,529	\$ 42,067	\$ 40,607	\$ -1,460	\$ 40,607	\$ 42,314
AUGUST	77,728	85,830	90,123	85,760	82,400	-3,360	82,400	84,646
SEPTEMBER	117,382	128,624	126,338	127,076	123,287	-3,789	123,287	127,094
OCTOBER	157,616	173,997	168,821	171,019	162,983	-8,036	162,983	170,122
NOVEMBER	197,897	214,453	209,092	211,999	204,317	-7,682	204,317	210,878
DECEMBER	237,654	259,255	248,064	253,890	243,038	-10,852	243,038	253,067
JANUARY	279,376	304,845	289,987	296,544	285,884	-10,660	285,884	297,399
FEBRUARY	322,203	358,609	329,864	341,000	330,163	-10,837	330,163	342,032
MARCH	361,771	418,059	371,724	386,575	372,001	-14,574	372,001	392,841
APRIL	405,650	464,407	410,060	430,066			415,523	435,510
MAY	448,321	513,761	450,969	476,007			463,554	477,712
JUNE	487,438	557,400	488,778	517,367			512,547	520,126

The utility users' tax is the City's second-largest General Fund revenue. The revised plan for 2002-03 is \$5 million below budget, caused by declining telephone users' tax receipts. Electric users' taxes are close to plan and, because of rising natural gas prices, gas user's taxes are estimated to significantly exceed plan. The City's experience with the gas users' tax in fiscal 2000-01 and 2001-02 suggests the volatility of this revenue when commodity prices fluctuate. Telephone users' taxes are below plan in almost all categories, except cellular. Compliance with the requirements of the telecommunications sourcing act should add to cellular revenue in both 2002-03 and 2003-04. A settlement of a back-tax payment from a major telecommunications provider is anticipated to increase revenue in 2003-04. Additional information is provided on the following pages.

UTILITY USERS' TAX

\$ Millions

	1998-99	1999-00	2000-01	2001-02	2002-03		2003-04
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>REVISED</u>	<u>ESTIMATE</u>
ELECTRIC USERS' TAX	\$216.475	\$215.920	\$237.525	\$222.270	\$227.580	\$225.250	\$232.986
GAS USERS' TAX	54.158	51.527	82.622	44.455	52.800	72.000	62.000
TELEPHONE USERS' TAX	213.284	221.988	225.443	222.053	236.987	215.297	225.140
REFUNDS AND ADJUSTMENTS	9.614	(1.997)	11.810	-	-	-	-
TOTAL	<u><u>\$493.531</u></u>	<u><u>\$487.438</u></u>	<u><u>\$557.400</u></u>	<u><u>\$488.778</u></u>	<u><u>\$517.367</u></u>	<u><u>\$512.547</u></u>	<u><u>\$520.126</u></u>

Budget is based on 2% increase in kWh sales and 4% increase in total electric revenue. The gas users' tax estimate reflects higher natural gas prices beginning in winter/spring 2003. Local and long distance telephone providers report declining taxable revenue. The growth in telephone tax receipts is related to cellular service. Additional revenue is also anticipated from settlement of a claim for back taxes from a major telecommunications provider. Additional information is provided on the following pages.

REVENUE MONTHLY STATUS REPORT BY ACCOUNT

ELECTRIC USERS' TAX

(Thousand Dollars)

MONTHLY	1999 - 2000	2000 - 2001	2001 - 2002	2002 - 2003			2003 - 2004	
	ACTUAL	ACTUAL	ACTUAL	BUDGET PLAN	ACTUAL	VARIANCE	REVISED PLAN	PLAN
JULY	\$ 19,137	\$ 19,788	\$ 17,769	\$ 18,668	\$ 18,375	\$ -293	18,375 A	\$ 20,031
AUGUST	17,343	20,683	25,287	20,745	19,994	-751	19,994 A	20,379
SEPTEMBER	19,427	21,474	14,118	18,686	20,456	1,770	20,456 A	20,539
OCTOBER	19,064	22,570	21,729	21,774	19,459	-2,315	19,459 A	21,082
NOVEMBER	18,403	16,103	18,998	17,954	20,266	2,312	20,266 A	18,694
DECEMBER	17,073	18,616	17,551	17,961	17,172	-789	17,172 A	18,920
JANUARY	15,824	18,249	17,433	17,523	18,682	1,159	18,682 A	19,350
FEBRUARY	19,322	20,668	16,899	18,949	18,755	-194	18,755 A	19,168
MARCH	15,764	21,185	19,929	19,268	17,953	-1,315	17,953 A	18,895
APRIL	18,714	16,612	18,565	17,661			17,537 E	17,940
MAY	20,001	22,483	19,743	21,130			17,752 E	18,424
JUNE	15,848	19,094	14,272	17,261			18,849 E	19,564
TOTAL	\$ 215,920	\$ 237,525	\$ 222,293	\$ 227,580			\$ 225,250	\$ 232,986
% CHANGE	-0.3	10.0	-6.4	2.4			1.3	3.4

CUMULATIVE	1999 - 2000	2000 - 2001	2001 - 2002	2002 - 2003			2003 - 2004	
	ACTUAL	ACTUAL	ACTUAL	BUDGET PLAN	ACTUAL	VARIANCE	REVISED PLAN	PLAN
JULY	\$ 19,137	\$ 19,788	\$ 17,769	\$ 18,668	\$ 18,375	\$ -293	18,375	\$ 20,031
AUGUST	36,480	40,471	43,056	39,413	38,369	-1,044	38,369	40,410
SEPTEMBER	55,907	61,945	57,174	58,099	58,825	726	58,825	60,949
OCTOBER	74,971	84,515	78,903	79,873	78,284	-1,589	78,284	82,031
NOVEMBER	93,374	100,618	97,901	97,827	98,550	723	98,550	100,725
DECEMBER	110,447	119,234	115,452	115,788	115,722	-66	115,722	119,645
JANUARY	126,271	137,483	132,885	133,311	134,404	1,093	134,404	138,995
FEBRUARY	145,593	158,151	149,784	152,260	153,159	899	153,159	158,163
MARCH	161,357	179,336	169,713	171,528	171,112	-416	171,112	177,058
APRIL	180,071	195,948	188,278	189,189			188,649	194,998
MAY	200,072	218,431	208,021	210,319			206,401	213,422
JUNE	215,920	237,525	222,293	227,580			225,250	232,986

The electric users' tax is based on power sales within the City. Tax revenue normally parallels power sales in the City.

ELECTRIC USERS' TAX

Millions

	1999-00 ACTUAL	2000-01 ACTUAL	2001-02 ACTUAL	2002-03		2003-04 BUDGET
				BUDGET	REVISED	
KWH SALES	22,241	22,876	22,091	23,000	22,419	22,955
<i>% change from year ago</i>	1.4%	2.9%	-3.4%	4.1%	1.5%	2.4%
times AVERAGE PRICE PER KWH (in \$)	\$0.095	\$0.095	\$0.096	\$0.096	\$0.097	\$0.099
equals POWER SALES	\$2,121.97	\$2,183.00	\$2,116.10	\$2,204.43	\$2,179.45	\$2,262.00
<i>% change from year ago</i>	1.2%	2.9%	-3.1%	4.2%	3.0%	3.8%
times CITY EFFECTIVE TAX RATE	10.2%	10.9%	10.5%	10.3%	10.3%	10.3%
equals CITY RECEIPTS	\$215.92	\$237.53	\$222.27	\$227.58	\$225.25	\$232.99
<i>% change from year ago</i>	-0.3%	10.0%	-6.4%	2.4%	1.3%	3.4%

The City electric users' tax is based on electric sales in the City to ultimate customers. The numbers in the table do not include wholesale power sales to other utilities, which vary significantly from year to year. Wholesale activity is not part of the electric users' tax base.

The projected growth in electric sales factors in increases in residential and commercial/industrial consumption.

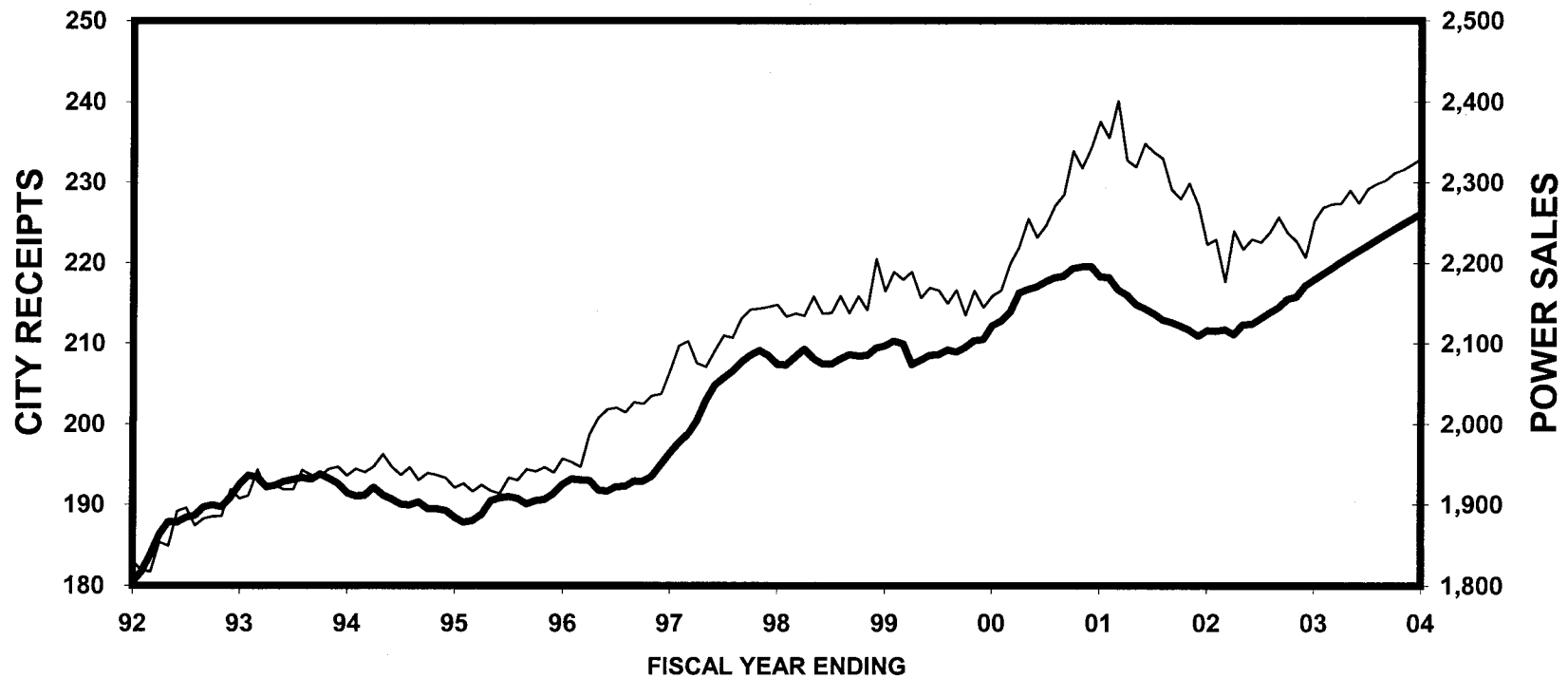
Material on following pages provides additional background.

ELECTRIC USERS' TAX AND POWER SALES

12-MONTH MOVING SUM

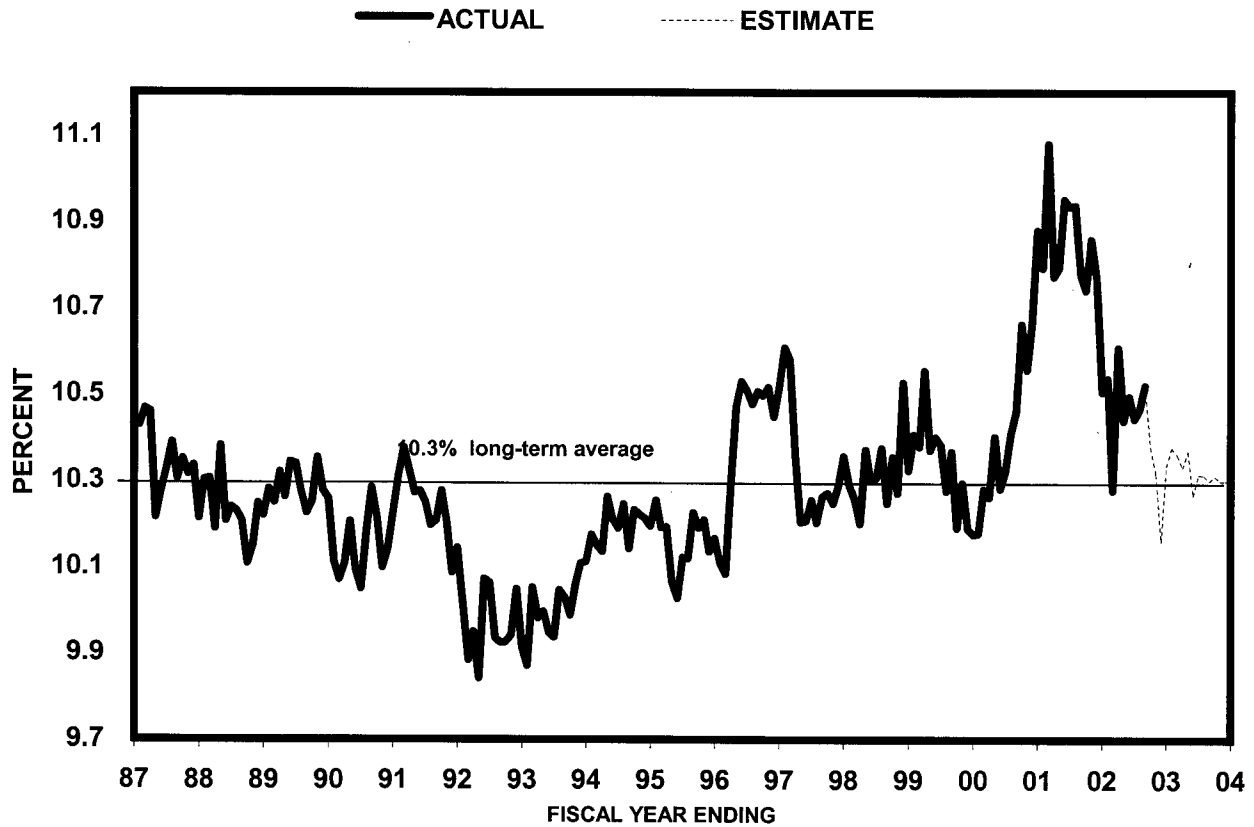
\$ MILLIONS

— CITY RECEIPTS — POWER SALES



The darker line represents power sales (right scale); the lighter line indicates tax receipts (left scale). Since the right scale is 10 times greater than the left scale, and the normal effective tax rate is 10.3%, the light line is typically a little above the dark line. 2000-01 was very unusual in that tax receipts grew by 10% while power sales grew at a 3% rate. Tax receipts returned to the normal level of 10.3% of power sales during 2002-03.

EFFECTIVE CITY ELECTRIC USERS' TAX RATE



The effective tax rate is defined as actual electric users' tax collections for a 12-month period divided by power sales for that same period. Tax receipts are based on DWP cash collections, but power sales are based on electric consumption -- before billings or collection. The City's electric users' tax rate is 12.5% on commercial / industrial use and 10% on residential use. There are exemptions for low-income seniors and certain governmental and educational institutions. After application of the tax to power sales as provided by ordinance, the effective tax rate will vary from year to year to reflect the mix of power consumption and the timing of collections by the DWP. The low effective tax rate in the early 1990s reflected the depressed Southern California economy following the aerospace downturn. The mix between commercial / industrial and residential consumption shifted as higher-taxed businesses reduced consumption. Also, collections lag sales to a greater extent during a recession. The spike in 1996-97 reflects collection of back taxes on certain non-exempt governmental agencies. Following that one-time adjustment, the rate returned to the historical 10.3% level. The 10.2% effective tax rate in 1999-00 appears to be an anomaly. The effective tax rate is expected to return to its historical 10.3%-level.

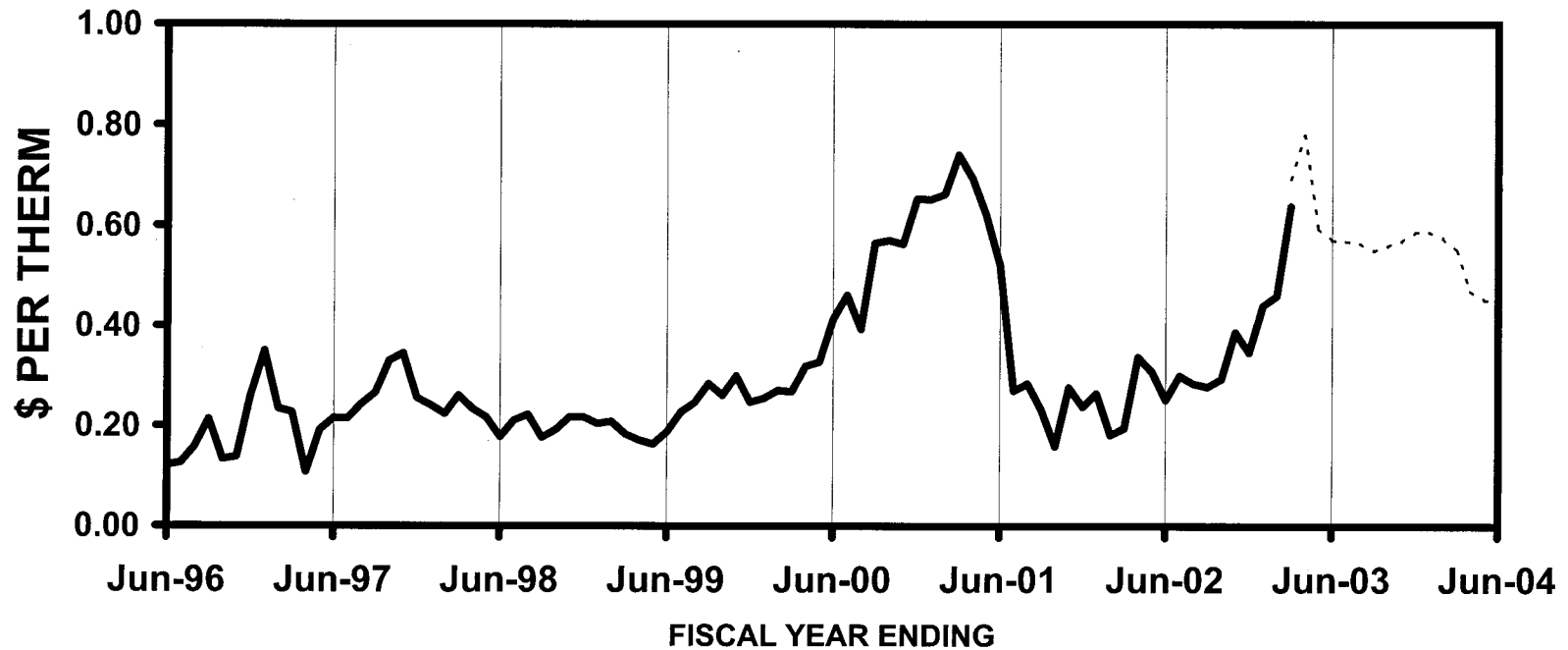
REVENUE MONTHLY STATUS REPORT
Gas Users' Tax
(Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED PLAN	ACTUAL
JULY	\$3,217	\$4,101	\$5,308	\$3,799	\$3,941	\$142	\$3,941	\$4,083
AUGUST	3,206	4,139	4,035	3,348	3,298	(50)	3,298	3,753
SEPTEMBER	3,106	3,549	3,139	2,980	3,136	156	3,136	3,659
OCTOBER	3,071	3,757	1,082	2,519	2,713	194	2,713	3,696
NOVEMBER	3,487	4,878	2,718	3,286	3,451	165	3,451	3,762
DECEMBER	4,420	6,603	3,044	4,180	4,583	403	4,583	4,969
JANUARY	4,636	8,713	3,843	5,381	5,784	403	5,784	6,742
FEBRUARY	4,605	10,202	4,525	5,757	7,550	1,793	7,550	7,225
MARCH	6,139	11,576	4,383	6,507	6,675	168	6,675	7,624
APRIL	6,482	10,528	3,215	5,933			7,800	6,439
MAY	4,838	8,068	4,590	4,911			12,069	5,488
JUNE	4,320	6,509	4,501	4,199			11,000	4,561
TOTAL	\$51,527	\$82,623	\$44,383	\$52,800			\$72,000	\$62,000
% CHANGE	-4.9%	60.3%	-46.3%	19.0%			36.4%	-13.9%

CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED PLAN	ACTUAL
JULY	\$3,217	\$4,101	\$5,308	\$3,799	\$3,941	\$142	\$3,941	\$4,083
AUGUST	6,423	8,240	9,343	7,147	7,239	92	7,239	7,836
SEPTEMBER	9,529	11,789	12,482	10,127	10,375	248	10,375	11,495
OCTOBER	12,600	15,546	13,564	12,646	13,088	442	13,088	15,191
NOVEMBER	16,087	20,424	16,282	15,932	16,539	607	16,539	18,954
DECEMBER	20,507	27,027	19,326	20,112	21,122	1,010	21,122	23,922
JANUARY	25,143	35,740	23,169	25,493	26,906	1,413	26,906	30,664
FEBRUARY	29,748	45,942	27,694	31,250	34,456	3,206	34,456	37,889
MARCH	35,887	57,518	32,077	37,757	41,131	3,374	41,131	45,512
APRIL	42,369	68,046	35,292	43,690			48,931	51,951
MAY	47,207	76,114	39,882	48,601			61,000	57,439
JUNE	51,527	82,623	44,383	52,800			72,000	62,000

Revenue from the gas users' tax has been stable in the \$50 million to \$55 million band for many years. Turmoil in the energy market during fiscal 2000-01 resulted in revenue more than 60% higher than normal. In 2001-02 prices returned to the normal band but City revenue declined below the normal revenue range as a result of residential rate relief. Natural gas prices spiked again in early 2003 which will result in higher-than-budgeted revenue in 2002-03. The estimate for 2002-03 was based on market conditions at the time the budget was prepared; the estimate for 2003-04 is based on the Gas Company's forecast and is consistent with current natural gas futures prices.

GAS COMPANY COST OF GAS

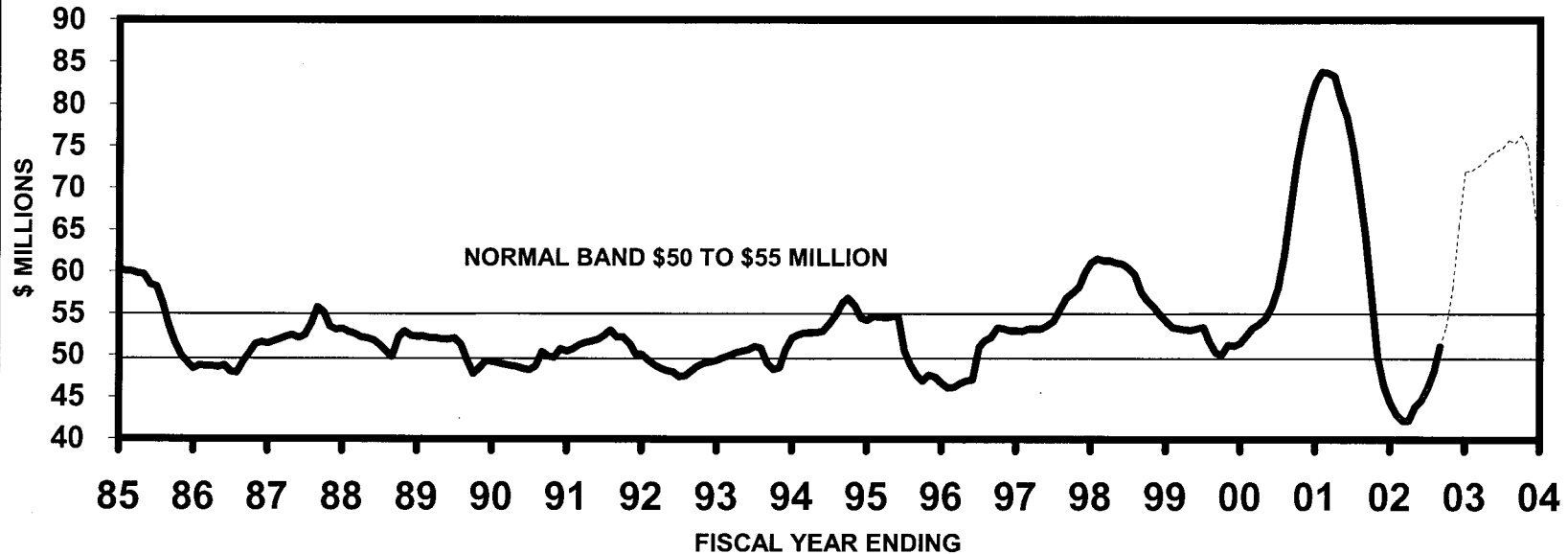


The price of natural gas, which had been reasonably stable for many years, more than tripled in the 2000-01 fiscal year. It then abruptly returned to its historical level during 2001-02. The 2002-03 budget was based on expectation that price of natural gas would remain in the normal range, but the price has been rising in recent months. The futures market indicates the cost of natural gas will remain above the high end of the normal band in 2003-04. But forward prices reflect market conditions at the time the budget is prepared; prices could be different when the Gas Company actually purchases gas. The budget estimate for the gas users' tax reflects actual gas prices for the first nine months of 2002-03 and market conditions at the time the budget was prepared. For 2003-04, the estimate is based on the current Gas Co. estimate.

GAS USERS' TAX

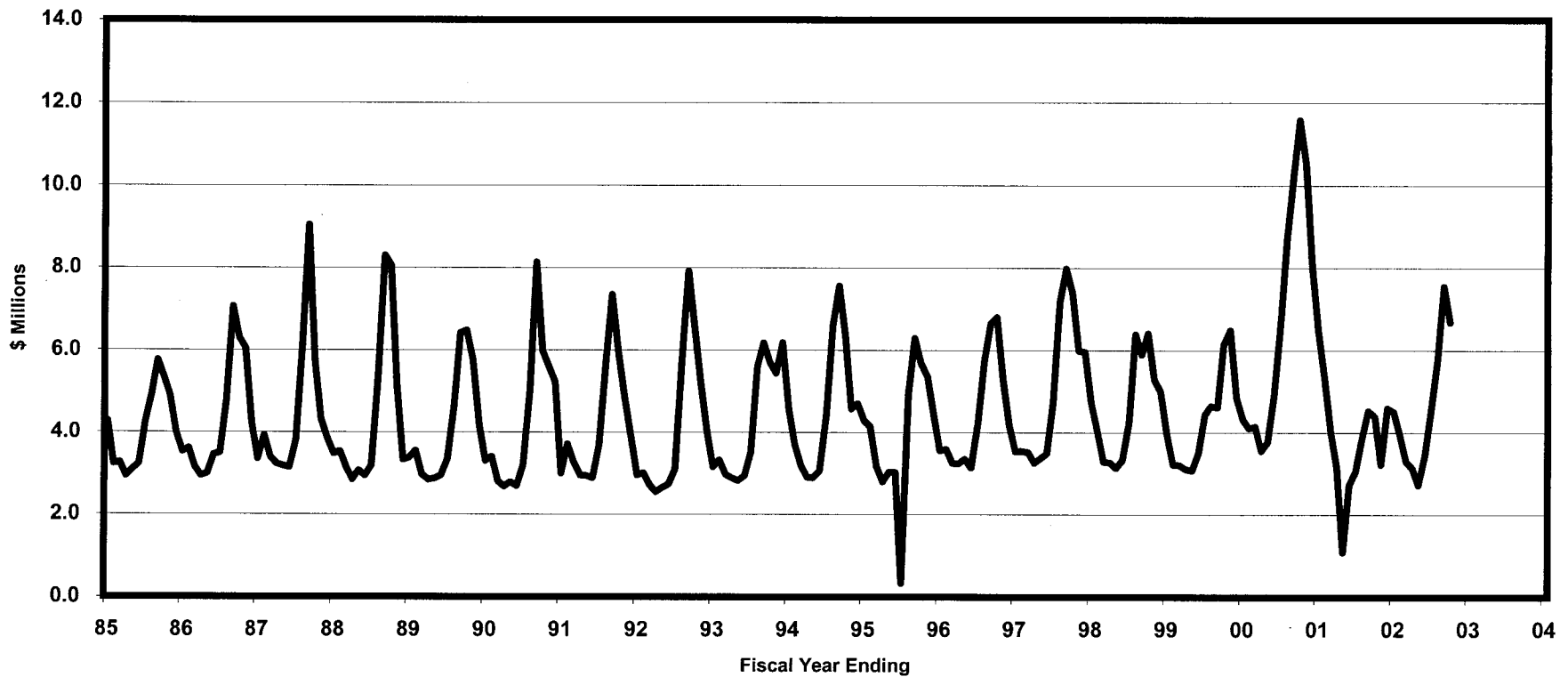
12-MONTH MOVING SUM

— ACTUAL BUDGET



Until mid-2000, gas users' tax receipts were mostly determined by winter weather conditions. The year ending June 1998 was affected by an increase in natural gas prices and by a colder-than-usual winter. The dips in 1995-96 and 1999-00 were PUC-ordered refunds. During the 14-year period 1985-86 through 1999-00, there were also some revenue fluctuations caused by changes to the tax code affecting industrial co-generators and by declines in commercial use in the early 1990s caused by the severe local economic downturn. Through the mid and late 1990s, after adjusting for the tax law changes and PUC action, a slight upturn in revenue can be seen. But revenue has generally stayed in the \$50 million to \$55 million band. The big spike in the 2000-01 fiscal year was the result of the very volatile natural gas market. The steep decline in 2001-02 was caused by a drop in natural gas prices to below normal levels and by one-time residential rate relief. Revenue has been rising in recent months, consistent with the rise in natural gas prices and should finish the 2002-03 fiscal year outside of the normal revenue range. Based upon forward market prices, gas users' tax receipts should stabilize in 2003-04 at a level 10% above the normal revenue band. The natural gas market is very volatile and there is risk to the forecast.

Long-Term perspective Gas Users' Tax Monthly Receipts

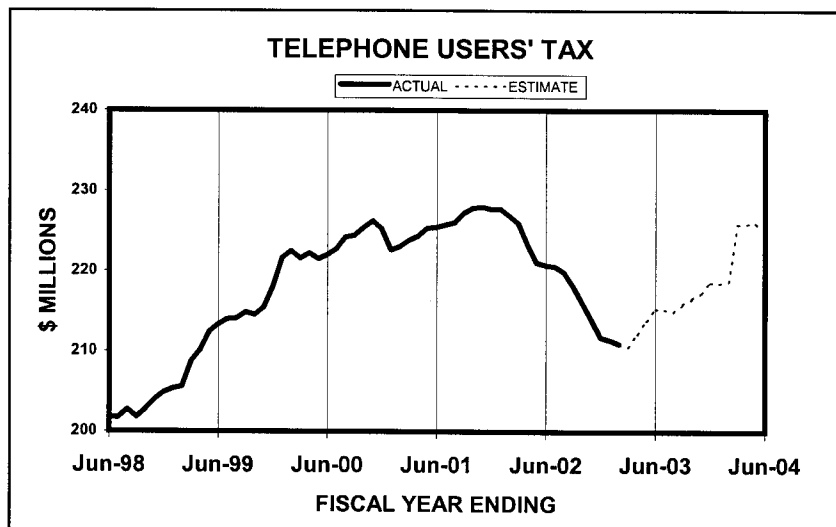


The gas users' tax is a surprisingly stable revenue source. Because a major use of natural gas is for heating purposes, the revenue shows strong seasonality; 45% of annual revenue is typically collected between January and April. The negligible collection in December 1995 was a PUC-ordered refund. The huge spike in spring 2001 coincides with turmoil in the energy market that year. The drop in the winter months of 2001-02 results from one-time residential rate relief. With those exceptions, revenue has remained within its normal seasonal band, which has consistently resulted in \$50 to 55 million in annual receipts. The small annual variations in revenue typically resulted from winter weather conditions. The spike in the current year is, again, the result of price instability in the energy market.

REVENUE MONTHLY STATUS REPORT
TELEPHONE USERS' TAX
(Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED PLAN	PLAN
JULY	\$17,391	\$18,151	\$18,452	\$19,600	\$18,291	(\$1,309)	\$18,291	\$18,200
AUGUST	17,515	18,974	19,272	19,600	18,501	(1,099)	18,501	18,200
SEPTEMBER	17,546	17,765	18,958	19,650	17,295	(2,355)	17,295	18,250
OCTOBER	18,099	19,046	19,672	19,650	17,524	(2,126)	17,524	18,250
NOVEMBER	18,618	19,475	19,615	19,740	17,617	(2,123)	17,617	18,300
DECEMBER	20,599	19,584	19,268	19,750	16,966	(2,784)	16,966	18,300
JANUARY	21,262	18,628	18,696	19,750	18,380	(1,370)	18,380	18,240
FEBRUARY	18,900	19,337	18,453	19,750	17,974	(1,776)	17,974	18,240
MARCH	17,665	18,485	17,548	19,800	17,210	(2,590)	17,210	24,290
APRIL	18,682	19,208	16,556	19,897			18,185	18,290
MAY	17,832	18,803	16,576	19,900			18,210	18,290
JUNE	17,879	17,987	17,657	19,900			19,144	18,290
TOTAL	\$221,988	\$225,443	\$220,723	\$236,987			\$215,297	\$225,140
% CHANGE	4.1%	1.6%	-2.1%	7.4%			-9.2%	4.6%

CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED PLAN	PLAN
JULY	\$17,391	\$18,151	\$18,452	\$19,600	\$18,291	(\$1,309)	\$18,291	\$18,200
AUGUST	34,906	37,125	37,724	39,200	36,792	(2,408)	36,792	36,400
SEPTEMBER	52,452	54,890	56,682	58,850	54,086	(4,764)	54,086	54,650
OCTOBER	70,551	73,936	76,354	78,500	71,610	(6,890)	71,610	72,900
NOVEMBER	89,169	93,411	95,969	98,240	89,228	(9,012)	89,228	91,200
DECEMBER	109,768	112,995	115,237	117,990	106,193	(11,797)	106,193	109,500
JANUARY	131,030	131,623	133,933	137,740	124,573	(13,167)	124,573	127,740
FEBRUARY	149,930	150,960	152,386	157,490	142,547	(14,943)	142,547	145,980
MARCH	167,595	169,445	169,934	177,290	159,758	(17,532)	159,758	170,270
APRIL	186,277	188,653	186,490	197,187			177,943	188,560
MAY	204,109	207,456	203,066	217,087			196,153	206,850
JUNE	221,988	225,443	220,723	236,987			215,297	225,140



Remittances from almost all local and long distance providers are declining. The significant exception is cellular companies. Budget estimates are based on analysis of each major provider. Since City is prohibited by law from publicly releasing data that reflects on individual companies, information provided here is on an aggregate basis. Growth anticipated in 2003-04 is related to anticipated revenue from telecommunications sourcing act and a one-time collection of a back-tax obligation from a major telecommunications provider (shown in March 2004 projection).

REVENUE MONTHLY STATUS REPORT

Business Tax

(Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED PLAN	PLAN
JULY	\$2,253	\$4,033	\$7,108	\$5,858	\$3,649	(\$2,209)	\$3,649	\$4,887
AUGUST	2,799	3,932	2,321	3,529	2,565	(964)	2,565	3,303
SEPTEMBER	2,733	2,727	2,388	2,902	3,313	411	3,313	2,864
OCTOBER	2,183	3,110	3,217	2,871	3,003	132	3,003	3,105
NOVEMBER	1,761	3,358	3,071	2,605	1,815	(790)	1,815	2,988
DECEMBER	2,526	2,043	6,045	2,456	140	(2,316)	140	3,873
JANUARY	14,371	13,956	18,987	14,686	5,407	(9,279)	5,407	17,264
FEBRUARY	54,960	47,337	25,983	57,184	52,957	(4,227)	52,957	46,807
MARCH	198,441	235,394	230,553	240,000	235,859 *	(4,141)	235,859	242,425
APRIL	21,084	13,560	45,220	12,033			33,692	29,141
MAY	7,877	8,848	7,861	9,220			10,000	8,971
JUNE	6,351	6,306	7,582	7,056			8,000	7,385
TOTAL	\$317,339	\$344,604	\$360,336	\$360,400			\$360,400	\$373,014
% CHANGE	3.0%	8.6%	4.6%	0.0%			0.0%	3.5%

CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED PLAN	PLAN
JULY	\$2,253	\$4,033	\$7,108	\$5,858	\$3,649	(\$2,209)	\$3,649	\$4,887
AUGUST	5,052	7,965	9,429	9,387	6,214	(3,173)	6,214	8,190
SEPTEMBER	7,785	10,692	11,817	12,289	9,527	(2,762)	9,527	11,054
OCTOBER	9,968	13,802	15,034	15,160	12,530	(2,630)	12,530	14,159
NOVEMBER	11,729	17,160	18,105	17,765	14,345	(3,420)	14,345	17,147
DECEMBER	14,255	19,203	24,150	20,221	14,485	(5,736)	14,485	21,020
JANUARY	28,626	33,159	43,137	34,907	19,892	(15,015)	19,892	38,284
FEBRUARY	83,586	80,496	69,120	92,091	72,849	(19,242)	72,849	85,092
MARCH	282,027	315,890	299,673	332,091	308,708 *	(23,383)	308,708	327,517
APRIL	303,111	329,450	344,893	344,124			342,400	356,658
MAY	310,988	338,298	352,754	353,344			352,400	365,629
JUNE	317,339	344,604	360,336	360,400			360,400	373,014

* This amount includes only March collections (\$309 million year-to-date collections) as recorded in City Controller records. An additional \$17 million in actual collections not yet posted into the Controller's business tax receipts accounts is reported in Office of Finance records.

The business tax amnesty program added \$17 million in additional revenue to the 2001-02 fiscal year. Partially offsetting this are net tax reductions of \$7 million. Economic growth in the business tax often closely tracks that in the sales tax.

We anticipate 3.5% economic growth in business tax receipts in both 2002-03 and 2003-04 -- about the same as the sales tax. Looking only at the total estimates shown above, estimated receipts in 2002-03 appear to show no growth. This is because most of the 2001-02 business tax amnesty is one-time and must be removed before an economic-growth estimate for 2002-03 is calculated. Assumptions for both the 2002-03 and 2003-04 business tax estimates are outlined on the next page. Following that, a cross-check on the 2002-03 estimate is presented.

2002-03 BUSINESS TAX ESTIMATE

	\$ THOUSANDS
2001-02 ESTIMATE	\$360,336
REMOVE AMNESTY	(17,210)
TAX AMNESTY ONGOING REVENUE	2,626
AB 63 INFO EXCHANGE WITH FRANCHISE TAX BOARD	2,000
ADJUSTMENTS TO BASE	<u>(\$12,584)</u>
ECONOMIC GROWTH (+ 3.6%)	<u>12,648</u>
2002-03 ESTIMATE	<u><u>\$360,400</u></u>

2003-04 BUSINESS TAX ESTIMATE

FISCAL 2002-03 REVISED ESTIMATE	\$360,400
ECONOMIC GROWTH (+ 3.5%)	<u>\$12,614</u>
2003-04 ESTIMATE	<u><u>\$373,014</u></u>

Economic growth includes continuation of the "AB 63" information exchange program with the Franchise Tax Board as modified during 2002-03. Because of uncertainties surrounding this program, no specific estimate is provided for the impact of second-year collections. The second-year benefit from this program is included in the economic-growth estimate.

This estimate does not include an adjustment for revenue losses associated with any pending tax reform initiative.

CROSS-CHECK OF 2002-03 BUSINESS TAX ESTIMATE

\$ THOUSANDS

	1998-99	1999-00	2000-01	2001-02	2002-03 REVISED ESTIMATE
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>
JULY - MARCH	\$283,965	\$286,616	\$320,455	\$335,289	\$325,827
APRIL - JUNE	24,047	30,723	24,149	25,047	34,573
TOTAL FISCAL YEAR	<u><u>\$308,012</u></u>	<u><u>\$317,339</u></u>	<u><u>\$344,604</u></u>	<u><u>\$360,336</u></u>	<u><u>\$360,400</u></u>

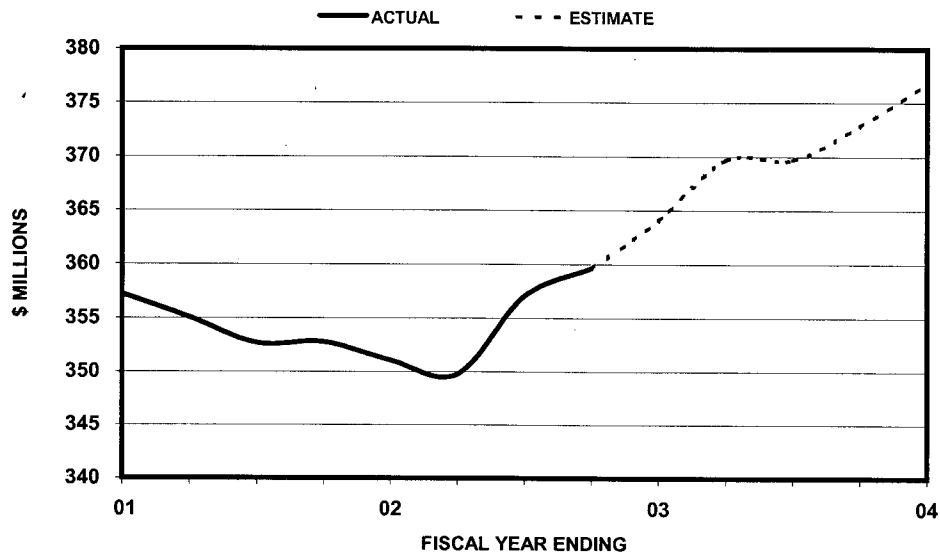
Business tax renewals are delinquent if not received by March 1. Most non-delinquent renewals are processed by the last day of March and receipts through March are usually a good predictor of end-of-year receipts. Receipts during April, May and June typically come from collection activity following City issuance of "Notice of Hearing," and from collections as a result of audits. For the past 15 years, receipts in the April - June period have typically been in the \$20 million to \$30 million range. The April-June requirement to hit the budget target is outside of the normal range. Uncertainty surrounding the "AB" 63 program may have delayed collections normally received by April; if these collections are recovered as a result of delinquency notices, the budget estimate can be achieved. While subject to more than the usual risk, experience suggests staying with the budget estimate.

REVENUE MONTHLY STATUS REPORT SALES TAX (Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED	PLAN
JULY	\$21,627	\$22,844	\$25,098	\$25,274	\$24,436	(\$838)	\$24,436	\$26,024
AUGUST	28,797	30,543	33,503	33,698	29,590	(4,108)	29,590	31,513
SEPTEMBER	31,132	36,011	28,639	29,140	31,909	2,769	31,909	33,983
OCTOBER	22,269	22,700	23,877	24,044	24,581	537	24,581	24,581
NOVEMBER	29,319	30,323	32,008	32,059	32,647	588	32,647	32,647
DECEMBER	28,552	38,266	32,999	34,559	38,929	4,370	38,929	38,929
JANUARY	22,179	25,123	25,026	25,201	26,285	1,084	26,285	27,179
FEBRUARY	29,774	33,531	29,959	33,602	34,942	1,340	34,942	36,130
MARCH	33,989	31,934	35,698	34,771	32,062	(2,709)	32,062	33,152
APRIL	21,174	23,203	21,095	21,701			22,211	23,188
MAY	28,342	30,907	30,135	28,936			31,729	33,125
JUNE	34,557	31,839	33,025	39,376			34,771	36,301
TOTAL	\$331,711	\$357,224	\$351,062	\$362,361			\$364,091	\$376,752
% CHANGE	8.3%	7.7%	-1.7%	3.2%			3.7%	3.5%

CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED	PLAN
JULY	\$21,627	\$22,844	\$25,098	\$25,274	\$24,436	(\$838)	\$24,436	\$26,024
AUGUST	50,424	53,387	58,601	58,972	54,026	(4,946)	54,026	57,538
SEPTEMBER	81,556	89,398	87,240	88,112	85,935	(2,177)	85,935	91,521
OCTOBER	103,825	112,098	111,117	112,156	110,516	(1,640)	110,516	116,102
NOVEMBER	133,144	142,421	143,125	144,215	143,163	(1,052)	143,163	148,749
DECEMBER	161,696	180,687	176,124	178,774	182,092	3,318	182,092	187,678
JANUARY	183,875	205,810	201,150	203,975	208,377	4,402	208,377	214,856
FEBRUARY	213,649	239,341	231,109	237,577	243,319	5,742	243,319	250,986
MARCH	247,638	271,275	266,807	272,348	275,381	3,033	275,381	284,139
APRIL	268,812	294,478	287,902	294,049			297,592	307,326
MAY	297,154	325,385	318,037	322,985			329,320	340,451
JUNE	331,711	357,224	351,062	362,361			364,091	376,752

CITY SALES TAX CASH RECEIPTS 4 Quarter Moving Sum



CURRENT FORECASTS FOR 2003 SALES TAX

California Forecasts (Taxable Sales)

Governor's Budget	3.4%
State Legislative Analyst	3.9%
Chapman University	3.3%
Wells Fargo & Co.	4.0%
LAEDC* (Los Angeles County)	3.4%
UCLA**	3.8%
Average	3.6%
City of Los Angeles Sales Tax Estimate	3.5%

A return to normal growth of 3-4% is expected for 2003. Typical growth following a recession is in the 5-6% range. The most recent recession was atypical as it was caused by a downturn in business investment and not a drop in consumer spending. Consumer spending limited the effect and duration of the last recession and has led to modest growth.

* Los Angeles Economic Development Corporation

** UCLA Anderson School Forecast

SALES TAX

Quarterly City Cash Receipts in Thousands

NOTE: City tax receipts lag taxable sales by one calendar quarter. Thus, tax receipts in the July to September period generally reflect taxable sales in the April to June quarter and City cash receipts during its July-June fiscal year generally reflect taxable sales between April of one year and March of the following year.

CITY RECEIPTS QUARTER YEAR		QUARTERLY RECEIPTS		FISCAL YEAR TOTALS		
		CASH RECEIPTS	% CHANGE *	FISCAL YEAR	CASH RECEIPTS	% CHANGE *
<u>Actuals</u>						
JUL - SEP	2000	\$89,398	9.6%			
OCT - DEC	2000	91,289	13.9%			
JAN - MAR	2001	90,588	5.4%			
APR - JUN	2001	85,949	2.2%	2000-01	\$357,224	7.7%
JUL - SEP	2001	87,240	-2.4%			
OCT - DEC	2001	88,884	-2.6%			
JAN - MAR	2002	90,683	0.1%			
APR - JUN	2002	84,255	-2.0%	2001-02	\$351,062	-1.7%
JUL - SEP	2002	85,935	-1.5%			
OCT - DEC	2002	96,157	8.2%			
JAN - MAR	2003	93,289	2.9%			
<u>Estimates</u>						
APR - JUN	2003	88,261	4.8%	2002-03	\$364,091	3.7%
JUL - SEP	2003	91,521	6.5%			
OCT - DEC	2003	96,157	0.0%			
JAN - MAR	2004	96,461	3.4%			
APR - JUN	2004	92,613	4.4%	2003-04	\$376,752	3.5%

* % change from same period prior year.

The Proposed Budget for FY 2003-04 projects a 3.5% increase in sales tax receipts. Combined with 2002-03 growth, the two year cumulative growth is 7.3% above FY 2001-02. The increase is in line with the consensus forecast and about the same as the state is expecting. While growth in city taxable sales is usually slower than that of the state, 2003-04 sales tax revenue is expected to perform at the same level of the state. The projected increase is in line with what most economists are forecasting.

SALES TAX 1% OF TAXABLE SALES -- \$ THOUSANDS

(FIRST FULL YEAR OF STATE COLLECTION OF THIS LOCAL REVENUE WAS 1956-57)

FISCAL YEAR	COLLECTION	% CHANGE	
1956-57	\$39,313		
1957-58	39,565	0.6%	
1958-59	40,196	1.6%	
1959-60	43,335	7.8%	
1960-61	43,360	0.1%	
1961-62	44,433	2.5%	}
1962-63	47,500	6.9%	}
1963-64	50,001	5.3%	}
1964-65	52,541	5.1%	}
1965-66	54,355	3.5%	}
1966-67	57,107	5.1%	}
1967-68	62,279	9.1%	}
1968-69	64,320	3.3%	}
1969-70	68,120	5.9%	}
1970-71	66,025	-3.1%	
1971-72	71,828	8.8%	}
1972-73	80,009	11.4%	}
1973-74	90,925	13.6%	}
1974-75	96,088	5.7%	}
1975-76	105,902	10.2%	}
1976-77	115,127	8.7%	}
1977-78	132,029	14.7%	}
1978-79	148,849	12.7%	}
1979-80	171,062	14.9%	}
1980-81	183,178	7.1%	}
1981-82	194,928	6.4%	}
1982-83	189,751	-2.7%	
1983-84	208,758	10.0%	}
1984-85	227,503	9.0%	}
1985-86	240,418	5.7%	}
1986-87	246,930	2.7%	}
1987-88	266,073	7.8%	}
1988-89	278,235	4.6%	}
1989-90	297,209	6.8%	}
1990-91	292,592	-1.6%	
1991-92	270,383	-7.6%	
1992-93	267,238	-1.2%	
1993-94	257,687	-3.6%	
1994-95	268,873	4.3%	}
1995-96	277,469	3.2%	}
1996-97	283,482	2.2%	}
1997-98	296,874	4.7%	}
1998-99	306,358	3.2%	}
1999-00	331,711	8.3%	}
2000-01	357,224	7.7%	}
2001-02	351,062	-1.7%	
2002-03	364,091	*	3.7%
2003-04	376,752	**	3.5%

This table presents actual City receipts from the sales tax. Each year is affected to some extent by such events as audits, tax increases known as "base broadeners," new tax exemptions, law changes, major refunds and other adjustments. Many factors besides the economy influence City sales tax receipts.

For most years, the effects of these adjustments, some positive and some negative, offset one another. Thus, the percent change in sales tax receipts from year to year is a good indication of the local economy. Highlighted are periods of revenue decline, which are generally coincident with national recessions.

The duration and depth of the Southern California-recession of the early 1990s was unprecedented. While the U.S. experienced a moderate recession, the Southern California economy more resembled a depression. In other recessions, periods of declining receipts did not exceed one year and the revenue level prior to the recession was exceeded in the first year of recovery. But sales tax revenue declined four years in a row in the early 1990s and did not exceed the previous peak until nine years after the downturn began.

During the expansion of the last six years, the rate of growth averaged nearly 5%. Following the 1982-83 downturn, the rate of growth averaged nearly 7%. After the 1970-71 decline, the average growth rate was more than 10%.

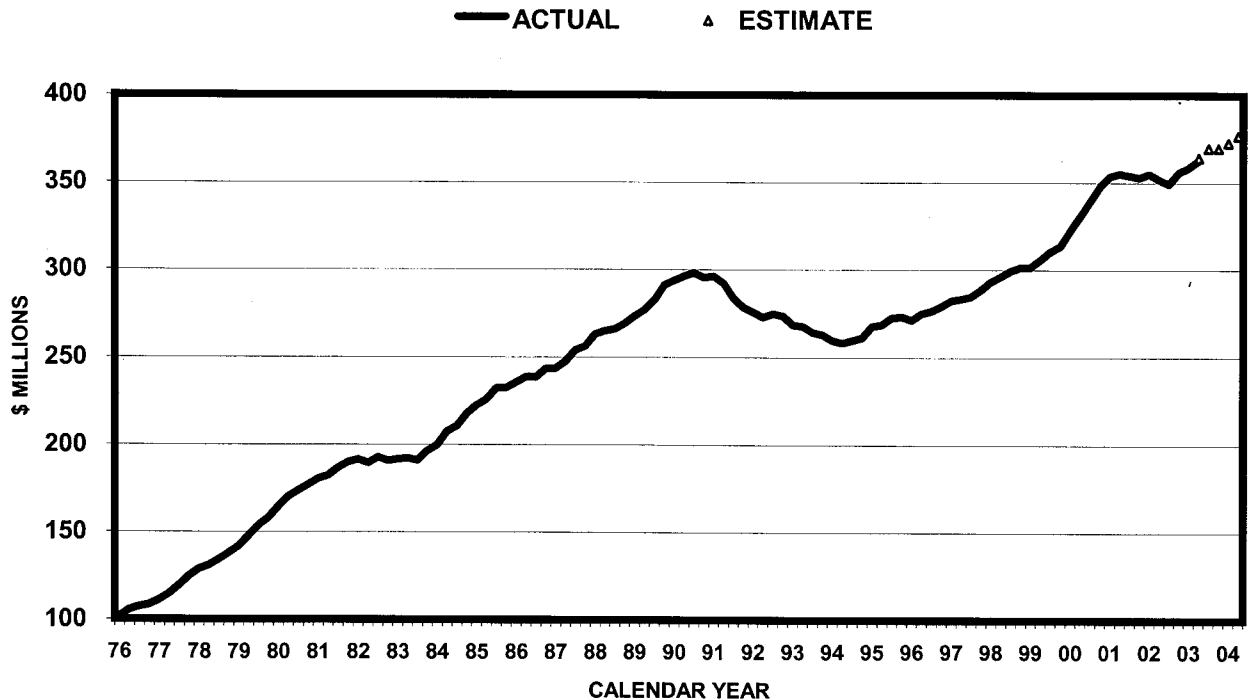
As measured by duration, the recession of 2001 appears to more resemble earlier ones than the Southern California contraction of the early 1990s. As measured by the projected rate of growth in the first year of recovery, the 2001 recession is like 1994-95 with close to 4% growth. Some economists have labeled this as a return to normal growth.

This growth is expected to continue for 2003-04, with the consensus of most economists expecting around 3.5%.

* Revised based on three quarter of actual receipts.

** Budget estimate based on consensus of local economists and statewide forecasts.

CITY SALES TAX ALLOCATIONS



Sales tax receipts did not surpass the 1989 level until 1998 and the rate of growth was at the 5% level for most of 1999. Beginning in October 1999, the City experienced double-digit growth for four consecutive quarters. This extraordinary period ended when cash receipts between January and March 2001 returned to more normal 5% growth (these receipts included the 2000 Christmas quarter sales activity). Slower growth continued when April-June 2001 cash receipts (January to March taxable sales) were only 2% above the same period of the prior year.

The recent recession became apparent with cash receipts during the last six months of 2001 (taxable sales between April and September); sales tax receipts were 2.5% below prior year receipts. Cash receipts in the January-March 2002 quarter (representing 2001 Christmas quarter sales) were essentially flat. Fiscal year 2001-02 finished 1.7% below 2000-01.

In the "double-dip" recession of the early 1980s, receipts just stopped growing. In the recession of the early 1990's, City sales tax allocations declined for an extended period. The recent recession's effects were less severe than the previous recession and less prolonged than either of the two prior recessions. We have now recovered and expect continued modest growth in the 3-4% range. The 2002-03 estimate is revised upwards to \$364 million -- 3.7% higher than the 2001-02 level.

For fiscal year 2003-04, sales tax growth is expected to be 3.5% with estimated receipts of \$378 million. This is consistent with local economists' estimates of moderate growth. Inflation, as measured by the local consumer price index, is estimated by the Los Angeles County Economic Development Corporation to be in the 3.3% to 3.4% range during 2003 and 2004. So, this very economy-sensitive revenue is just barely keeping up with inflation.

TAXABLE SALES CATEGORIES BY CALENDAR YEAR

CITY OF LOS ANGELES

(Thousands)

	1996	1997	1998	1999	2000	2001
Apparel stores	\$1,409,904	\$1,387,618	\$1,391,090	\$1,151,319	\$1,213,763	\$1,237,498
General merchandise stores	2,277,198	2,468,054	2,566,803	2,904,725	3,068,289	3,121,521
Food stores	1,336,969	1,393,969	1,408,767	1,480,721	1,566,768	1,562,989
Eating and drinking establishments	2,837,548	2,974,703	3,174,278	3,415,261	3,691,864	3,832,553
Home furnishings and appliances	994,734	923,572	970,030	1,086,801	1,156,586	1,114,428
Building materials and farm implements	1,050,092	1,118,187	1,256,954	1,404,596	1,584,737	1,747,025
Auto dealers and auto supplies	2,119,459	2,251,959	2,481,523	2,883,414	3,275,664	3,506,186
Service stations	2,085,145	2,010,774	1,694,695	2,092,152	2,676,542	2,563,082
Other retail stores	3,459,096	3,557,996	3,706,948	4,043,963	4,408,228	4,324,943
Retail Stores Total	\$17,570,145	\$18,086,832	\$18,651,088	\$20,462,952	\$22,642,441	\$23,010,225
All other outlets	7,336,694	7,745,644	7,992,748	8,198,482	8,649,196	8,631,925
Total All Outlets	\$24,906,839	\$25,832,476	\$26,643,836	\$28,661,434	\$31,291,637	\$31,642,150
% change from prior year	3.9%	3.7%	3.1%	7.6%	9.2%	1.1%
L.A. County Taxable Sales	\$82,620,919	\$86,397,850	\$90,205,600	\$97,316,828	\$106,673,534	\$107,426,692
% change from prior year	4.5%	4.6%	4.4%	7.9%	9.6%	0.7%
State Taxable Sales	\$321,076,250	\$341,091,634	\$358,858,378	\$394,736,245	\$441,854,412	\$441,517,560
% change from prior year	6.7%	6.2%	5.2%	10.0%	11.9%	-0.1%
City as % of County	30.1%	29.9%	29.5%	29.5%	29.3%	\$0
City as % of State	7.8%	7.6%	7.4%	7.3%	7.1%	7.2%

NOTES:

- (1) Annual taxable sales data for 2002 are not available from the State Board of Equalization.
- (2) The City's tax rate is 1% of taxable sales. The taxable sales values in this table do not directly correspond with City sales tax receipts. For example, one percent of City taxable sales in 2000 is \$313 million, but City sales tax receipts in 2000-01 were 14% more -- \$357 million. The difference is partially related to the timing between calendar taxable sales activity and fiscal year remittances of cash to the City. Also, the state cannot identify all taxable sales activity by point of sale; in such cases it distributes unidentified monies proportionately among taxing jurisdictions. Finally, the amounts of City sales tax receipts are adjusted due to audits, late remittances by retailers and other accounting corrections.
- (3) During the most recent five-year period, statewide taxable sales growth averaged 6.7%; county growth averaged 5.4% and City growth averaged 4.9%. The 1.8% difference between the state and City average rates of growth is consistent with the long-term experience, but the difference has been falling.

Sales Tax Components Los Angeles County 2003

State Rate

General Fund Portion	5.0% *	This rate was temporarily lowered to 4.75% in calendar year 2001, but returned to 5% on January 1, 2002.
Local Revenue Fund	0.5%	To support health program costs.
Local Public Safety	<u>0.5%</u>	For the Local Public Safety Fund, approved by the voters in 1993 to support local criminal justice activities. The City gets a small share of this, almost \$30 million.
Total State Rate	6.00% *	

Uniform Local Tax Rate

		This rate is leveled by all counties, of which .25 % is for county transportation funding. The remaining 1% is allocated to point of sale jurisdiction.
County Transportation	0.25%	The county allocates a small portion of this to the City.
Local Point of Sale	<u>1.00%</u>	This is the City sales tax.
Total Uniform Local Rate	1.25%	

Optional Local Rates

		State law permits optional voter approval of local tax rates. These rates are levied in .25% and .5% increments.
Proposition A	0.5%	Voter approved measures to improve public transit and reduce traffic congestion.
Proposition C	<u>0.5%</u>	
Total Optional Local Rate	<u>1.00%</u>	
Total Sales Tax Rate in Los Angeles County	<u>8.25% *</u>	This ranges within the state from 7.25% to 8.5%. No county imposes the maximum allowable rate of 8.75%.

* The sales tax rate in Los Angeles County was temporarily reduced to 8% in calendar year 2001 as the state General Fund portion was reduced from 5% to 4.75%. This did not affect the City's share.

REVENUE MONTHLY STATUS REPORT
State Motor Vehicle License Fees (VLF)
(Thousand Dollars)

MONTHLY	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	BUDGET PLAN	ACTUAL	VARIANCE	REVISED PLAN	PLAN
JULY	\$17,975	\$15,945	\$16,635	\$17,328	\$19,463	\$2,135	\$19,463	\$19,820
AUGUST	14,193	16,443	17,758	18,498	20,061	1,563	20,061	18,800
SEPTEMBER	14,743	18,026	21,482	22,377	20,456	(1,921)	20,456	21,000
OCTOBER	14,732	15,383	11,137	11,601	17,773	6,172	17,773	16,200
NOVEMBER	14,009	15,201	20,116	20,954	14,152	(6,802)	14,152	19,200
DECEMBER	10,887	14,085	14,529	15,134	14,911	(223)	14,911	15,100
JANUARY	15,181	15,227	16,060	16,729	21,325	4,596	21,325	18,100
FEBRUARY	19,456	22,299	21,086	21,965	23,205	1,240	23,205	24,500
MARCH	14,518	15,016	17,379	18,103	14,423	(3,680)	14,423	18,300
APRIL	17,092	18,797	18,008	21,585			19,100	21,000
MAY	14,903	15,871	15,061	19,402			16,190	17,900
JUNE	17,117	18,801	20,432	19,324			21,940	22,000
TOTAL	\$184,807	\$201,094	\$209,682	\$223,000			\$223,000	\$231,920
% CHANGE	12.8%	8.8%	4.3%	6.4%			6.4%	4.0%

CUMULATIVE	1999-00	2000-01	2001-02	2002-03			2003-04	
	ACTUAL	ACTUAL	ACTUAL	BUDGET PLAN	ACTUAL	VARIANCE	REVISED PLAN	PLAN
JULY	\$17,975	\$15,945	\$16,635	\$17,328	\$19,463	\$2,135	\$19,463	\$19,820
AUGUST	32,168	32,388	34,393	35,826	39,524	3,698	39,524	38,620
SEPTEMBER	46,911	50,414	55,875	58,203	59,980	1,777	59,980	59,620
OCTOBER	61,643	65,797	67,012	69,804	77,753	7,949	77,753	75,820
NOVEMBER	75,652	80,998	87,128	90,758	91,905	1,147	91,905	95,020
DECEMBER	86,539	95,083	101,657	105,892	106,816	924	106,816	110,120
JANUARY	101,720	110,310	117,717	122,621	128,141	5,520	128,141	128,220
FEBRUARY	121,176	132,609	138,803	144,586	151,346	6,760	151,346	152,720
MARCH	135,694	147,625	156,181	162,689	165,769	3,080	165,769	171,020
APRIL	152,786	166,422	174,189	184,274			184,869	192,020
MAY	167,689	182,293	189,250	203,676			201,059	209,920
JUNE	184,807	201,094	209,682	223,000			223,000	231,920

Current receipts are close to budget plan. Because new vehicle sales are declining, the rate of growth in this account will slow. Outlined in the following pages are factors that affect the vehicle license fee along with some historical context. The major risk to this revenue is the Governor's proposal to eliminate the State backfill in both the current year and the 2003-04 budget year. Several scenarios are possible. The worst case scenario would be no VLF fee increase and state not funding VLF backfill – the City's VLF revenue could decline by approximately two-thirds or \$150 million.

STATE MOTOR VEHICLE LICENSE FEES FOR CITY OF LOS ANGELES

(Million Dollars)

	1999-00	2000-01	2001-02	2002-03		2003-04
	ACTUAL	ACTUAL	ACTUAL	BUDGET	REVISED	PLAN
State Revenue Collections with Backfill for VLF Offset	3,520.2	3,891.5	4,144.4	4,391.7	4,435.0	4,636.0 (1)
<i>% Change</i>	12.0%	10.5%	6.5%	6.0%	7.0%	4.5%
less						
Permanent Offset for Property Tax Collection	50.0	55.0	55.5	55.5	56.2	57.0 (2)
DMV Administrative Cost	227.8	255.1	281.2	271.0	311.0	345.0 (2)
Other Charges	10.1	7.3	3.6	11.0	8.0	8.0 (2)
TOTAL CHARGES	287.9	317.3	340.3	337.5	375.2	410.0 (2)
<i>% Change</i>	0.6%	10.2%	7.2%	-0.8%	10.3%	9.3%
Amount Available for Local Distribution	3,232.4	3,574.2	3,804.1	4,054.2	4,059.8	4,226.0 (2)
Less distribution to No/Low Property Tax Cities	606.1	670.1	713.3	760.2	759.0	792.4 (3)
Equals Cities and Counties' Share	2,626.3	2,904.0	3,090.8	3,294.0	3,300.8	3,433.6
Less Counties' Share	1,313.1	1,452.0	1,545.4	1,647.0	1,650.4	1,716.8 (3)
Equals Cities' Share	1,313.1	1,452.0	1,545.4	1,647.0	1,650.4	1,716.8 (3)
LA Share of Cities Population	13.7%	13.5%	13.3%	13.2%	13.2%	13.2% (4)
CITY REVENUE FROM VLF	179.4	196.2	204.8	218.0	217.2	225.9 (4)
<i>% Change</i>	12.8%	9.4%	4.4%	6.4%	6.0%	4.0%
Plus Property Tax Charges Returned & Additional Revenue Distributed	5.5	4.9	4.9	5.0	5.9	6.0 (5)
TOTAL CITY RECEIPTS	184.9	201.1	209.7	223.0	223.0	231.9
<i>% Change</i>	12.8%	8.8%	4.3%	6.3%	6.4%	4.0%

Notes are on next page.

NOTES TO VEHICLE LICENSE FEE ESTIMATE

- (1) This line represents 100% of the fee. A change in state law grants car owners a fee reduction known as an "offset." To make up for lost local revenue, the State General Fund "backfills" an amount equal to revenue lost due to the "offset." About 75% of the total revenue from the vehicle license fee, including both the amount paid by the public (about 35% of the fee) and the amount paid by the state General Fund (about 65% of the fee), is distributed to local government.

Governor's Vehicle License Fee (VLF) Backfill Reduction Proposal

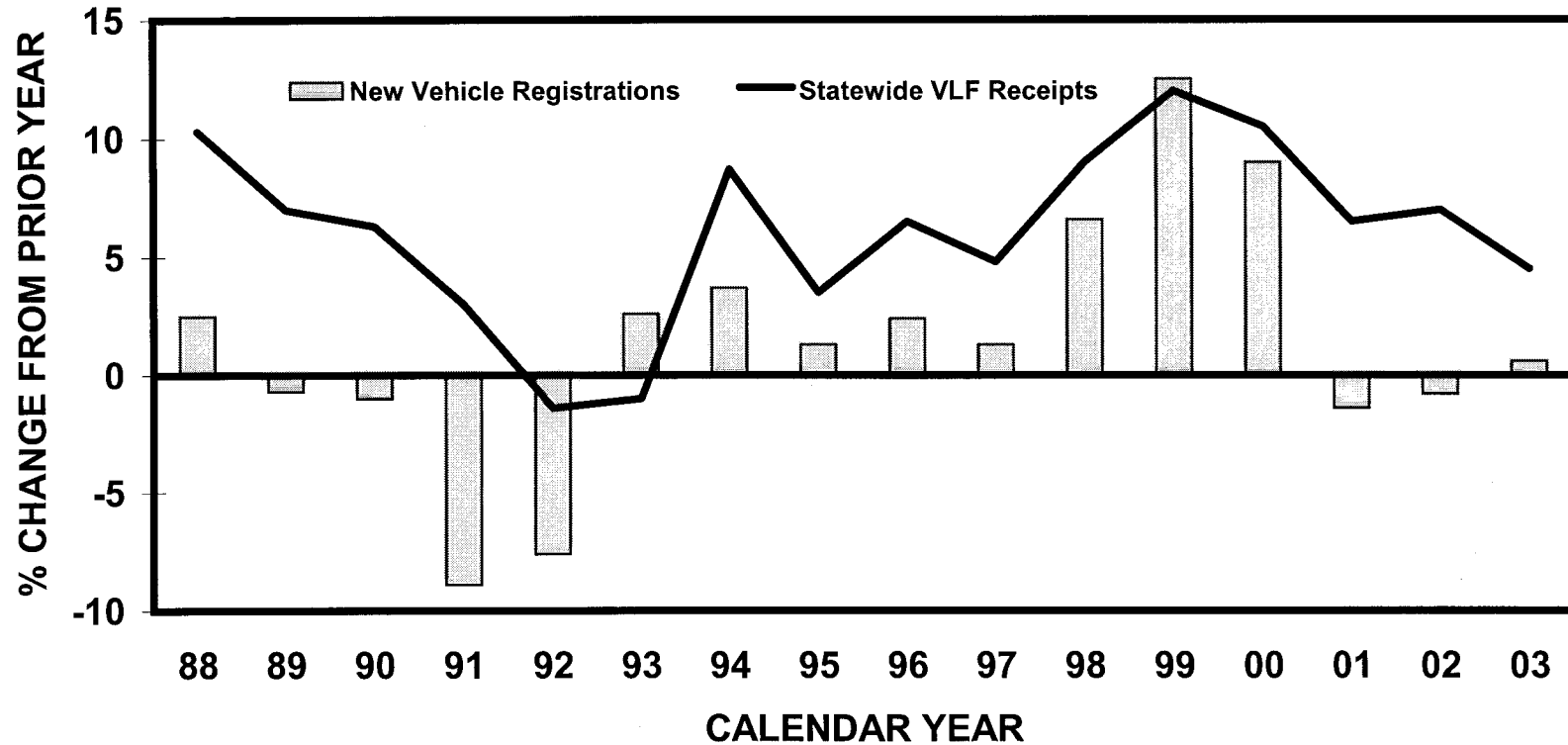
The Governor has submitted a proposal to eliminate the backfill associated with the base VLF in both the current year and the FY 2003-04 budget year. The elimination of the base VLF backfill would not result in an increase in the VLF paid by vehicle owners, but would simply eliminate the amount paid by the state to localities. The State legislature is currently considering the Governor's proposal.

Department of Finance Action

In March 2003, State Department of Finance released a legal opinion that interpreted existing law to allow an increase to vehicle license fee without a vote of the legislature. Legal challenge to such an increase is possible from tax-payer organizations. The risk to the City from these actions is unknown, and several scenarios are possible regarding the fee increase and continuation of state funding for VLF backfill. The worst case scenario would be no fee increase and state not funding VLF backfill – the City's VLF revenue could decline by approximately two-thirds or \$150 million.

- (2) Before the distribution to local government, certain deductions are made. These include: a fixed amount to recover some of the costs of local property tax collection, DMV administration costs and other state charges as provided by statute. The balance is distributed to local government.
- (3) Of the total amount available for distribution, 18.75% is distributed to low/no property tax cities (cities incorporated after 1978 or cities that did not have a significant property tax prior to passage of Proposition 13). The balance, 81.25%, is further subdivided into two portions: 50% to counties and 50% to cities.
- (4) The population of Los Angeles is 13.2% of the population of all California cities, so L.A. gets that percentage of the California cities' share. The Los Angeles City share has been declining over time because newer incorporated cities are growing faster. The Los Angeles share was 16.2% in 1980, 14.8% in 1990, and 13.6% just before the 2000 census. As a result of the 2000 census, the L.A. City share has been reduced to 13.2%. Each 0.1% decline in share reduces annual City revenue by about \$1.65 million.
- (5) A portion of property tax collection costs (see note 2 above) are refunded to local governments along with a portion of the DMV collections of past due fines. For the City of Los Angeles, this amounts to about \$5 million to \$6 million annually.

COMPARISON: CHANGE IN STATEWIDE VLF RECEIPTS AND NEW VEHICLE REGISTRATIONS



The Governor's Budget anticipates an 0.6% increase in California new vehicle registrations. New vehicle registrations help determine vehicle license fee revenue, but prior-year registrations are weighted more heavily. The slight increase in new registrations is expected to slow the rate of growth in receipts, but revenue will continue to grow. It takes more than one year of falling new vehicle registrations to result in a revenue decline. This chart shows new registrations declined each year from 1989 through 1992. Yet, receipts continued to grow through 1991, although at a slower rate each year. The City VLF estimate for 2003-04 is consistent with the economists' forecasts of car sales. The proposed 2003-04 budget projects a 4.0% rate of growth in VLF receipts, down from 6.4% in 2002-03.