



OFFICE OF  
CONTROLLER

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CONTROLLER

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March 1, 2008

The Honorable Antonio R. Villaraigosa, Mayor  
City of Los Angeles  
Room 303, City Hall  
Los Angeles, California 90012

Dear Mayor Villaraigosa:

**SUBJECT: MARCH 1 REPORT**

As required by City Charter Section 311(c), I am submitting an estimate of revenue for the upcoming fiscal year on or before March 1, as well as an estimate of the amount of revenue required to meet the annual debt service requirements for principal and interest for the City's General Obligation Bonds.

**Revenue Projections**

I am projecting General Fund revenues of \$4.2 billion for fiscal year 2008-09. My projection is based on a review of data from state and local economic forecasters and publications, and consultation with City officials charged with collecting and tracking City receipts posted in the General Ledger (as of January 2008).

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TABLE I  
CONTROLLER'S REVENUE ESTIMATE  
(\$ In Thousands)

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Adopted Budget FY 07-08	Controller's Estimate FY 07-08	Controller's Estimate FY 08-09
\$4,335,956	\$4,246,073	\$4,235,620

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Note: For comparative purpose, these totals exclude transfers from the Reserve and Tax Reform Funds, and revenues from new City fees or policy changes that may occur in FY 2008-09.



This estimate excludes one-time budgeted receipts such as transfers from the Reserve and Tax Reform Funds. My estimate of total 2007-08 receipts is \$89.9 million less than the City's Adopted Budget of \$4.3 billion. My estimate for 2008-09, \$4.2 billion, is \$10.5 million less than the 2007-08 estimated receipts.

### Bond Redemption and Interest

I anticipate that the City's principal and interest requirements for General Obligation Bonds issued to date for fiscal year 2008-09 will be \$164,279,912. This is a decrease of \$7,344,722 from the previous fiscal year.

TABLE II  
 GENERAL OBLIGATION BONDS  
 DEBT SERVICE REQUIREMENTS  
 FOR FISCAL YEAR 2008-09

	Principal	Interest	Total Requirement
GOB - Series 1998-A Refunding	\$ 12,925,000	\$ 4,706,494	\$ 17,631,494
GOB - Series 1999-A Refunding	13,170,000	2,024,173	15,194,173
GOB - Series 1999-B	3,000,000	225,000	3,225,000
GOB - Series 2000-A	4,650,000	540,563	5,190,563
GOB - Series 2001-A	10,065,000	4,075,825	14,140,825
GOB - Series 2002-A	13,110,000	9,029,513	22,139,513
GOB - Series 2002-B Refunding	395,000	2,841,881	3,236,881
GOB - Series 2003-A	11,665,000	8,752,000	20,417,000
GOB - Series 2003-B Refunding	9,000,000	1,120,731	10,120,731
GOB - Series 2004-A	18,025,000	13,881,250	31,906,250
GOB - Series 2005-A	6,340,000	4,929,350	11,269,350
GOB - Series 2005-B Refunding	95,000	3,408,294	3,503,294
GOB - Series 2006-A	3,510,000	2,794,838	6,304,838
<b>Total</b>	<b>\$ 105,950,000</b>	<b>\$ 58,329,912</b>	<b>\$ 164,279,912</b>

### Additional Concerns

Most of the economists I talked to do not anticipate a recession. They expect slow growth in 2008 with growth picking up in late 2008 or early 2009. They expect continued issues with housing and it's spill over into other areas. But while the unemployment rate is expected to increase, that increase will not be sufficient to drag the economy into recession.

Housing and housing related financing are problems that might impact related areas; such as construction , retail sales, and non-housing finance. International trade, tourism, hospitality are growth areas for the national and local economies. Other areas of expansion include professional, scientific and technical services, and health care and social assistance. The

contribution of the entertainment industry to the economy should improve now that the writers' strike is settled, especially if it serves as a template to prevent a potential actors' strike.

In 2007, the real estate market went down as did the City's documentary transfer tax revenues. The volume of housing sales is expected to decline in 2008 and there may be a decline in property values. Property tax revenues are expected to increase at a slow, but steady pace based upon growth already in the system. However, the effect of record increases in property prices coupled with alternative financing techniques is leading the recent increase in delinquencies and foreclosures. Such actions could impact both property tax revenues and the general economy.

There is a related concern that was expressed by two of the economists that I consulted. Increasing delinquencies and foreclosures can lead to boarded-up buildings and distressed neighborhoods. The economists recommended that the City develop a strategy for dealing with adverse circumstances related to "boarded-up" buildings. In the 1990's during the economic downturn and after the 1994 earthquake, we had significant problems and concerns about "boarded-up/abandoned" buildings leading to neighborhood deterioration. As we needed a strategy to deal with the issue then, we also need a strategy to deal with the issue now.

The City has many competing demands for its available land. There is a need for industrial space, retail space, and housing (both affordable and market rate). The City no longer has large tracts of land as does the Inland Empire and other areas. The economists that I met with indicated that the City needs a strategic plan to deal with its underutilized land and to maximize its potential for higher paying jobs (industrial development), sales tax revenue (retail sales), and living space (housing).

In prior reports, I have supported building a stronger Reserve Fund and urged caution in using one-time revenues to balance the budget. Given unpredictable issues facing the economy (the future direction of housing and energy) as well as issues facing the City directly (the Water Revenue Transfer) I strongly support bringing budget appropriations in line with revenues while minimizing the use of the Reserve Fund to balance the budget. We have relied over a number of years on one-time revenues ranging from power revenue transfers to Reserve Fund transfers to balance the budget. We need to realistically realign our expenditures to match our ongoing revenues. We cannot risk depleting the Reserve Fund, a fund that is absolutely needed to cover potential unexpected expenditures and emergency costs.

However, part of the purpose of a Reserve Fund is to assist with an orderly adjustment in difficult economic times. This year with a mid-year shortfall of \$150 million and next year with an estimated gap of \$300 to \$500 million, it may be necessary for the Mayor and Council to reduce the Reserve Fund to aid in an orderly transition to a new economic reality. That said, I believe that the Emergency Reserve should remain at least at its current level of \$122 million and the Contingency Reserve should be large enough so that needed budget adjustment can be made both for the remainder of this fiscal year as well as throughout the 2008-09 year.

In prior years, I have included an estimated amount of borrowing needed to meet City short-term cash flow requirements in the first half of the fiscal year. This year due to the financial uncertainty facing the City in 2007-08 and 2008-09 we cannot develop reasonable estimates for the key elements needed to determine cash flow requirements and availability in the period from

The Honorable Antonio R. Villaraigosa, Mayor

March 1, 2008

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July 1 to December 20. My office will work with the Mayor and CAO, as we have in prior years, to determine the amount of borrowing required and its source as better information becomes available.

Again, I sincerely thank Bruce Baltin of Pannell Kerr Forrester Consulting, Jack Kyser of the Los Angeles Economic Development Corporation, G.U. Krueger of International Housing Partners, and Jerry Nickelsburg of the UCLA Anderson School of Management, for their invaluable assistance in the preparation of this report. I also thank staff at all City departments involved with providing information on revenues for their areas of responsibility. Finally, I wish to thank the personnel in the Controller's Financial Analysis and Reporting Division for preparing this report.

Sincerely,

A handwritten signature in cursive script that reads "Laura N. Chick". The signature is written in black ink and is positioned above the printed name and title.

LAURA N. CHICK  
City Controller

Attachments

cc: Honorable Members of the Los Angeles City Council  
Gerry F. Miller, Chief Legislative Analyst  
Karen L. Sisson, City Administrative Officer

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## City Charter Requirement

Section 311(c) of the Charter for the City of Los Angeles requires that the Controller submit an estimate of the revenues to the City, along with a detailed estimate of money required for all outstanding bonded indebtedness and other lawful obligations of the City on or before March 1 of each year. This report is submitted in compliance with the City Charter requirement.

## Consumer Confidence

Consumer confidence measures how consumers feel about the nation's economy. Consumer optimism is indicative of consumer spending which creates approximately two-thirds of the economic activity in the United States. Two leading measures of consumer confidence are the Consumer Confidence Index<sup>1</sup> published by The Conference Board ("Board"), an independent economic research organization, and the Consumer Sentiment Index<sup>2</sup> published by the University of Michigan Institute for Social Research.

In January 2008, the Consumer Confidence Index decreased to 87.9 from 90.6 in December 2007. This indicates that consumers are becoming more negative about current business conditions. Consumers are slightly less negative about the job market than in December, but are more negative than a year ago. Indications of weakening consumer confidence about current economic conditions are as follows:

- Indications that conditions are "good" decreased to 20.7% from 21.2%;
- Indications that conditions are "bad" increased to 20.0% from 18.8%;

Consumers' expectations for the next six months were also more pessimistic based on the following:

- Expectations that business conditions would worsen increased to 16.0% from 14.1%, while;
- Expectations of improved business conditions declined to 11.6% from 13.8%, the attitude about the labor market was also less favorable;
- Expectations of more jobs to become available eased to 10.5% from 10.9%, while;
- Expectations of fewer jobs increased to 21.5% from 19.9%; and
- Expectations of increases in personal income fell to 17.6% from 20.2%.

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<sup>1</sup> The monthly Consumer Confidence Index is a product of the Consumer Confidence Survey that is based on a representative sample of 5,000 U.S. households and is composed of the Consumer Confidence, Present Situation and Expectations indexes. The indexes are based on 100-point scales, with 1985 considered the base year with 100 points.

<sup>2</sup> The Survey Research Center in the Institute for Social Research at the University of Michigan is a national and international leader in social science research. The Survey Research Center conducts the Surveys of Consumers that are considered to be a strong predictor of the future direction of the national economy. The Surveys of Consumers produces the Index of Consumer Expectations, which is included in the Leading Indicator Composite Index that is published by the United States Commerce Department, Bureau of Economic Analysis.

Consumer confidence declined in January 2008; the decline primarily reflects the 6.2 points drop in the Expectations Index<sup>3</sup>. Consumers' outlook about the short-term future is down-beat. A greater portion of consumers expect business conditions and employment to deteriorate in coming months. The University of Michigan (UM) Survey of Consumers indicates that consumers feel less secure because of higher food, gas, and heating costs. At the same time, a greater percent of consumers are not expecting their earnings to improve. This could negatively reflect in consumer spending.

The UM Sentiment Index<sup>4</sup> rose 2.9 points in January 2008, but consumer sentiment was significantly less than a year ago. According to the UM survey, this indicates "the risk that a recession develops remains uncomfortably high". The slight increase in consumer sentiment was not viewed as a significant indication of consumer comfort. In January the largest portion of consumers in two decades were in financial trouble. Most of those were households with incomes below \$75,000 as reported by the UM Survey of Consumers. And, that income group is more susceptible to the negative financial impact of higher food and fuel prices.

### **California Department of Finance – January 10, 2008**

The California Department of Finance's (DOF) economic outlook reported that in 2007 the national and California economies were hampered by a deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices. The same economic factors are expected to slowdown the national economy in 2008 and, to a lesser extent in 2009 with improved growth in 2010. A slight pick up in the economy is not ruled out for late 2008. The following indicators express the economists expectations:

- Real Gross Domestic Product (GDP) is projected to grow 1.9 percent in 2008, and 2.9 percent in 2009 and 2010, as compared to 2.1 percent in 2007.
- Nonfarm payroll employment is forecast to increase .8 percent in 2008, 1.2 percent in 2009, and 1.3 percent in 2010, compared to 1.3 percent in 2007.
- In 2008 the unemployment rate is expected to inch up to 5.0 percent and remain the same through 2010, compared to 4.6 percent in 2007.

The subprime mortgage problem has raised financial market volatility and caused financial institutions to tighten credit. The full impact the mortgage problems will have on financial market volatility is not known. In 2007, economic growth declined approximately one percentage point as mortgage financing, home building, home sales, and related sales all declined. Through the third quarter of 2007, the slowdown in home building alone decreased national output growth by almost 1 percentage point, on average. Declines in those areas have cooled labor markets. Job gains dropped sharply through November averaging 118,000 per month compared to an average monthly gain of 185,000 jobs a year ago. Also, national unemployment figures started to inch up from 4.5 percent in June 2007 to 4.7 percent in September through November.

The weak dollar brought some relief. U.S. exports increased as currencies (Euro, British pound, and the Canadian dollar) continued to improve against the U.S. dollar. Growth in U.S. exports was impressive, increasing 8 percent, on a year-over-year basis, through the third quarter of

<sup>3</sup> A sub-index that measures overall consumer sentiments toward the short-term (6-month) future economic situation and is used to derive (about 60% of) the Consumer Confidence Index.

<sup>4</sup> The index gives a snapshot of whether or not consumers feel like spending money.

2007. American consumers continued to spend freely, increasing their spending by 3 percent, on a year-over-year basis, through the third quarter of 2007.

In California, the economy continued to grow slowly. In 2008, and to a lesser degree in 2009, California's economy is expected to suffer from the same problems existing at the national level, including a struggling housing sector, mortgage financing issues, tight credit, volatile financial markets, and high energy prices. Significant economic projections are as follows:

- Personal income is projected to grow 4.8 percent in 2008, 5.2 percent in 2009, and 5.4 percent in 2010, as compared to 5.6 percent in 2007.
- Nonfarm payroll employment is forecast to increase 0.7 percent in 2008, 1.0 percent in 2009 and 1.6 percent in 2010, as compared to 0.8 percent in 2007.

But the housing slump and high energy prices continue to be a drag on the State's economy. Taxable sales were also significantly affected, they only grew 0.8 percent during the first three quarters of 2007. The same measure was 4 percent in 2006 and 7.4 percent in 2005. Weaker vehicle sales and local sales at national home improvement chains were considered the primary causes. New vehicle registrations decreased 7.3 percent in the first nine months of 2007 compared a 2.3 percent decline a year ago.

Slowing of home building and residential real estate markets continued in 2007. In October, the inventory of single-family homes for sale represented 16.3 months of sales at the existing sales rate. The same measure was 7.3 months of sales, a year ago. Some of the economic impact of slow residential construction was offset by growth in private-sector nonresidential building.

As in the national economic outlook, the State's monthly job gains decreased in 2007. Monthly job gains were 5,800 for the first ten months of 2007 compared to the 20,900 average for the same period in 2006. Unemployment increased to 5.6 percent in October and September, slightly higher than 4.8 percent in March 2007.

Sluggish growth is expected up to the latter part of 2008 when economic growth is projected to start picking up. Important measures of national and local economic strength are shown in the table below.

**TABLE I**  
**DEPARTMENT OF FINANCE**  
**ECONOMIC OUTLOOK**  
**JANUARY 2008**  
**(PERCENT CHANGE)**

	Estimate 2007	Forecast 2008	Forecast 2009
<b>United States Forecast</b>			
Real GDP	2.1	1.9	2.9
Personal income	6.5	4.9	5.0
Wage and salary employment (nonfarm)	1.3	0.8	1.2
Unemployment rate (percent)	4.6	5.0	5.0
Consumer price index	2.8	2.2	2.0
<b>California Forecast</b>			
Personal income	5.6	4.8	5.2
Wage and salary employment (nonfarm)	0.8	0.7	1.0
Taxable sales	0.9	3.4	4.6
Consumer price index	3.3	2.6	2.7
Unemployment rate (percent)	5.3	5.7	5.6

### California Legislative Analyst – February 2008 Forecast

According to the California Legislative Analyst's Office (LAO), the U.S. economy (including California) grew at a reduced pace in 2007 primarily due to high fuel costs and the housing sector decline. In 2008, continued economic growth is expected, but at a slower pace than 2007. The economy is expected to be weakest in the first half of 2008, after that period the economy should start to firm up. Substantial weakness in housing activity and slightly lower consumer spending and nonresidential investment activity will be the primary causes of slow growth. Real Gross Domestic Product (GDP) growth is projected to decline to 1.6 percent in 2008, then rise to 2.7 percent in 2009, and 2.9 percent in 2010. Economic strengths and weaknesses are demonstrated by the following:

- Housing-related investment is projected to decline over 20 percent in 2008 after declining by 17 percent in 2007, then increase modestly to 5.0 percent in 2009.
- Real consumer spending is expected to decline to about 1.7 percent in 2008 versus 2.9 percent in 2007, before rising to 2.4 percent in 2009.
- Business-related fixed investment growth is projected to slow to 2.6 percent in 2008, and 2.5 percent 2009, compared to 4.5 percent 2007.
- The trade deficit is projected to decline through 2009, with exports increasing significantly over growth in imports.

The slowdown in the California economy is expected to continue through 2008, primarily due to continuing softness in real estate, and slightly sluggish retail spending. Real estate-related sales and construction are expected to bottom-out by the end of 2008, starting a slow rebound in 2009 and thereafter. Specific highlights of the LAO's forecast include:

- Personal income growth is projected to slow from 5.9 percent in 2007 to 4.7 percent in 2008, before increasing to 5.1 percent in 2009 and 5.5 percent in 2010. The further erosion in 2008 reflects the projected decline in jobs, wages, and profits related to real estate activity.
- Wage and salary employment growth is forecast to slow from 0.8 percent in 2007 to 0.6 percent in 2008, before a slight rise to 0.9 percent in 2009, and further improvement to 1.3 percent in 2010. Slower job growth is the result of soft construction-related activity.
- Taxable sales are expected to grow slightly by 3.6 percent in 2008 and 3.8 percent in 2009. These rates are a product of lower sales of building-related materials, home furnishings, and light vehicles.
- Housing permits issued in California are expected to total 90,000 in 2008 and 95,000 in 2009.

Key risks for the national and state economic forecasts are the same as the last three years, housing and energy prices. More correction is expected in the housing market. Home sales, construction, and prices could fall significantly more before the markets stabilize and start to rebound. Oil and gasoline prices could increase considerably, if supply is disrupted or demand for energy grows faster than anticipated.

Table II shown below presents a more detail statistical view of the LAO's outlook for California and the nation.

	<b>2007</b>	<b>Forecast 2008</b>	<b>Forecast 2009</b>
<b>United States Forecast</b>			
Real GDP	2.2	1.6	2.7
Personal income	6.2	4.7	4.8
Wage and salary employment	1.2	0.7	1.1
Consumer price index	2.9	2.8	2.5
Unemployment rate (percent)	4.6	5.2	5.2
<b>California Forecast</b>			
Personal income	5.9	4.7	5.1
Payroll employment	0.8	0.6	0.9
Taxable sales	0.8	3.6	3.8
Consumer price index	3.3	2.5	2.8
Unemployment rate (percent)	5.3	6.1	6.0

Please note that the Department of Finance estimates were released as part of the Governors Proposed Budget on January 10, 2008. The LAO states that their estimates released in February contain more up-to-date information given the timing of the two reports.

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**UCLA Anderson Forecast – December 2007**

University of California at Los Angeles Anderson School of Management (UCLA) economists project a sluggish economy through most of 2008 without a recession. A recession is not expected in the near future because of two factors: 1) Manufacturing will not have job losses significant enough to cause a recession; and 2) The real estate slump was not caused by unemployment. Historically, a real estate slump caused by unemployment has been a good predictor of oncoming recession, but the current downturn was caused by the subprime mortgage crisis. Economists do not foresee high unemployment rates that would translate into enough job losses for a recession.

UCLA economists believe that if the economy continues for another couple of quarters without additional joblessness, the hardest part of the housing correction will be over and normal growth would return in the 4<sup>th</sup> quarter of 2008. Housing starts continue to decline until they bottom-out at around 0.9 million in the first quarter of 2008. The value of owner occupied homes would probably also decline slowly for several years.

The Federal Reserve (Fed) rate was reduced by 125 basis points (1.25%) in January 2008. UCLA economists projected that a 100 basis points reduction was necessary to avoid an outright recession. The Fed has exceeded that requirement. Lowering interest rates could further weaken the dollar. On the upside, the economy is benefiting from the rise in exports caused by the weaker dollar and the decrease in imports as they become more expensive. However, the monetary policies resulting in a weaker dollar can also result in higher inflation.

The economic outlook for California economy is the same as for the nation. The real estate downturn will continue to create sluggish economic conditions, but not enough to cause a recession. Job losses in the financial activities sector are projected to be higher than previously forecast. The combination of a weak economy and the constitutional requirements for a balanced State budget could create a significant slowdown in government employment growth in the second half of 2008. But, UCLA economists expect the weakness in real estate to mostly run its course by the time government employment declines 1 percent in 2009. The aggregate impact of all these issues is slower and longer period of sluggishness, but no recession.

Table III shown below presents a more detail statistical view of the UCLA outlook for California and the nation.

**TABLE III**  
**UCLA ANDERSON SCHOOL OF MANAGEMENT**  
**SUMMARY OF ECONOMIC FORECAST**  
**DECEMBER 2007**  
**(PERCENT CHANGE)**

	2007	Forecast 2008	Forecast 2009
<b>United States Forecast</b>			
Real GDP	2.1	1.9	2.9
Personal income	6.5	4.7	4.8
Employment (payroll survey; nonfarm)	1.3	0.8	1.2
Unemployment rate (percent)	4.6	5.0	5.0
Consumer price index	2.9	2.0	1.6
<b>California Forecast</b>			
Personal income	5.6	3.5	4.6
Employment (payroll survey, nonfarm)	1.3	0.5	0.9
Taxable sales	3.0	3.2	4.0
Consumer price index	3.2	1.7	1.8
Unemployment rate (percent)	5.3	6.0	6.1

### Los Angeles Economic Development Corp. (LAEDC) Forecast – February 2008

LAEDC economists expect sluggish economic growth for the U.S. and California economies, but no recession is expected. Some significant indicators of continuing economic weakness for Los Angeles County include:

- Housing's drag on the economy should continue through 2008 and bottom-out in 2009.
- Housing unit permits will decline 4.6 percent in 2008 improving against the 23.2 percent decline in 2007, before increasing by 0.5 percent in 2009.
- Taxable sales are expected to actually decline 0.6 percent in 2008 equaling the decline in 2007. In 2009, taxable sales are expected to rebound, increasing 1.7 percent.
- The government's intensified enforcement of immigration laws could hurt the apparel, furniture manufacturing, and food processing industries.
- LAEDC Economists estimate that the Writers Guild strike drained the Southern California economy of approximately \$2.5 billion, including lost production expenditures. The expiration of the Screen Actors Guild's contract in June 2008 could be problematic as the actors have higher expectations.
- Spending on government projects is also expected to slowdown through 2008.

On the bright side, the weak U.S. dollar and relaxed requirements for movement between China and the U.S is expected to boost tourism, a boon for the City's transient occupancy tax revenue. Overnight visitors are projected to increase 1.9 percent in 2008 and 1.5 percent in 2009,

compared to 1.6 percent in 2007. International trade is also expected to continue benefiting from the weak dollar.

In reviewing the LAEDC economic forecast and in meeting with the LAEDC Chief Economist, Mr. Jack Kyser, several suggestions were made in areas that the City should take action: 1) The City needs a strategy to deal with vacant foreclosed property, to keep foreclosures from leading to neighborhood deterioration, 2) There needs to be a strategy for land use which encompasses the need for industrial uses, housing and retail, and 3) The City needs to improve City departments' services to the business sector, including the proprietary departments.

**TABLE IV**  
**LAEDC**  
**SUMMARY OF ECONOMIC FORECAST**  
**FEBRUARY 2008**  
**(PERCENT CHANGE)**

	<u>2007</u>	<u>Forecast 2008</u>	<u>Forecast 2009</u>
<b>United States Forecast</b>			
Real GDP	2.2	1.7	2.5
Employment (nonfarm)	1.1	0.4	0.2
Consumer price index	2.8	2.9	2.0
Unemployment rate (percent)	4.6	5.3	5.9
<b>California Forecast</b>			
Personal income	5.9	4.9	5.2
Employment (nonfarm)	0.7	0.7	1.0
Taxable retail sales	(0.5)	(1.6)	1.6
Unemployment rate (percent)	5.3	5.9	5.6
<b>Los Angeles County Forecast</b>			
Personal Income	5.7	5.6	6.1
Employment (nonfarm)	0.8	0.7	1.2
Taxable retail sales	(0.6)	(0.6)	1.7
Consumer price index	3.2	3.1	2.8
Unemployment rate (percent)	5.0	5.6	5.4

**Delays in Fiscal Year Receipts**

Most of the national, state and local economic forecasts are based on a calendar year (January 1 through December 31). Certain of the City's receipts are based on a fiscal year (from July 1 through June 30). This differentiation is significant because economic activity that occurs during a calendar year may actually impact two fiscal years.

**TABLE V**  
**COMPARISON OF CALENDAR & FISCAL YEAR RECEIPTS**  
January 1, 2008

This quarter	of calendar year	Corresponds with this quarter	of fiscal year	Revenue is actually received this quarter*	of fiscal year
1st	2008	3rd	2007-08	4th	2007-08
2nd	2008	4th	2007-08	1st	2008-09
3rd	2008	1st	2008-09	2nd	2008-09
4th	2008	2nd	2008-09	3rd	2008-09
1st	2009	3rd	2008-09	4th	2008-09
2nd	2009	4th	2008-09	1st	2009-10

The preceding table demonstrates the difference between the calendar year and the City's fiscal year. Reference to economic activity in the first quarter of the calendar year actually corresponds to the third quarter of the City's fiscal year.

\* The City's sales tax receipts lag behind the actual economic quarter upon which they are based. For example, third quarter calendar year economic activity for sales taxes generates receipts to the City during the second quarter of the fiscal year.

## Estimate of 2007-08 Year End City Revenue

The complete list of estimated City receipts for fiscal year 2007-08 is presented in Exhibit I. The following table presents the City's economy-sensitive General Fund receipts for fiscal year 2006-07 and the estimates for 2007-08.

**TABLE VI**  
**GENERAL FUND ECONOMY-SENSITIVE REVENUES**  
(dollar amounts expressed in thousands)

	Actual Receipts FY 2006-07	Adopted Budget FY 2007-08	Controller's Estimated Receipts FY 2007-08	% Variance Controller/ Adopted Budget FY 2007-08
Property Tax	\$ 1,334,172	\$ 1,397,316	\$ 1,397,802	0.03%
Utility Users' Tax	605,269	627,225	618,910	-1.33%
Business Tax	464,330	477,590	477,590	0.00%
Sales Tax	333,885	348,905	333,929	-4.29%
Transient Occupancy Tax	134,557	144,000	144,000	0.00%
Documentary Transfer Tax	188,057	157,014	141,043	-10.17%
Licenses, Permits, Fees and Fines	545,931	620,719	579,920	-6.57%

- Property Tax.** For fiscal year 2007-08, property tax receipts are anticipated to be slightly higher than the budgeted amount. A slight decrease of \$4.1 million in the 1% general property tax is offset by \$4.6 million property taxes shifted to local governments in lieu of sales taxes and vehicle license fees. Our estimate is based upon receipts to date extrapolated to June 30.
- Utility Users' Tax.** The estimated utility users' tax receipts of \$618.9 million are broken down as follows: \$271.7 million telephone users, \$260.1 million electric users, and \$87.1 million gas users. Electric users' and gas users' tax receipts are estimated to be less than the original budget estimates by \$7.3 million and \$2.9 million, respectively. The telephone users' tax receipts are estimated to be \$1.9 million over budget. The decrease in electric users' tax is attributed by the Department of Water and Power (DWP) to a delay in the implementation of a proposed rate increase from July 1, 2007 to April 1, 2008.
- Business Tax.** Total receipts for the fiscal year is estimated to be at the same level as the adopted budget. This is a particularly difficult revenue to estimate since the majority of revenue is received in March. The Office of Finance believes that revenue will be down based upon the 4% business tax rate reduction and economic factors affecting taxable sales. However, while sales tax is down, business tax has a broader base which includes professional services, tourism and other economic sectors which are not performing as poorly as retail sales. This estimate should be closely watched but not changed at this time. A more complete picture will be available to decision makers by the end of March.

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- **Sales Tax.** Receipts during the first seven months of the fiscal year were lower than the original budget projections by \$10.1 million. It is anticipated that the trend continues through the end of the fiscal year such that the projected total receipts for fiscal year 2007-08 of \$333.9 million will be lower than the budgeted amount by \$15 million. This is consistent with the projection of Jack Kyser of the LAEDC that taxable sales will be down 0.6% in 2007 and 2008.
  - **Transient Occupancy Tax.** The leisure and hospitality sector continued strong in the current year. Receipts during the first half of the fiscal year were in line with the current budget estimate. It is expected that total receipts for the year will be at the budgeted amount. This trend is aligned with the projections of Bruce Baltin, of Pannell Kerr Forrester (PKF) Consulting, who indicated that hotel occupancy in the City is above the 70% range and that the average daily rate continues to grow.
  - **Documentary Transfer Tax.** It is projected that by the end of the fiscal year, receipts will total \$141.0 million, which is 10.2% below the original adopted budget and 25% below last year's receipts. This is consistent with the projections of G.U. Krueger of International Housing Partners (IHP). This reflects the unsettled nature of the housing market.
  - **Licenses, Permits, Fees and Fines.** At the end of fiscal year 2007-08 receipts are estimated to total \$579.9 million, which is \$40.8 million or 6.6% below budget but \$34 million or 6.2% higher than the prior year's receipts. Decreased General Fund billings to the Airports department for police protection services, delayed receipts of the State Mandated Program reimbursements, and the reduced revenue from the sale of fiber optic to DWP contributed to the decreased receipts.

**Estimate of Fiscal Year 2008-09 City Revenue**

The complete list of estimated City receipts for fiscal year 2008-09 is presented in Exhibit II. The following table presents the City's economy-sensitive General Fund receipts for fiscal year 2006-07 and the estimates for 2007-08 and 2008-09.

**TABLE VII**  
**GENERAL FUND ECONOMY-SENSITIVE REVENUES**  
(dollar amounts expressed in thousands)

	Actual	Adopted	Controller's Estimated		% Change		
	Receipts	Budget	Receipts		(c) / (a)	(c) / (b)	(d) / (c)
	FY 2006-07	FY 2007-08	FY 2007-08	FY 2008-09			
	(a)	(b)	(c)	(d)			
Property Tax	\$ 1,334,172	\$ 1,397,316	\$ 1,397,802	\$ 1,432,007	4.77%	0.03%	2.45%
Utility Users' Tax	605,269	627,225	618,910	636,842	2.25%	-1.33%	2.90%
Business Tax	464,330	477,590	477,590	458,486	2.86%	0.00%	-4.00%
Sales Tax	333,885	348,905	333,929	331,925	0.01%	-4.29%	-0.60%
Transient Occupancy Tax	134,557	144,000	144,000	152,640	7.02%	0.00%	6.00%
Documentary Transfer Tax	188,057	157,014	141,043	119,887	-25.00%	-10.17%	-15.00%
Licenses, Permits, Fees and Fines	545,931	620,719	579,920	546,484	6.23%	-6.57%	-5.77%

- Property Tax.** For fiscal year 2008-09, property tax receipts are projected to increase to \$1.4 billion. The increase of \$34.2 million reflects a modest net growth of \$16.4 million (1.7%) in the 1% general property tax category. A 4.8% growth is projected for the secured property tax component, however, we anticipate a 50% reduction in supplemental property tax receipts. The supplemental tax on properties sold and improved after the lien date is expected to have a downward trend. Like the documentary transfer tax, the supplemental property tax is affected by real estate sales activity.

The other two components are property tax in-lieu of sales tax and vehicle license fee (VLF) replacement. The sales tax replacement is based on taxable sales, therefore, no growth is projected. The VLF replacement is estimated to increase by 6%, same as the projected rate of increase in local property tax valuation.

- Utility Users Tax.** The utility users' tax (UUT) receipts are estimated to total \$636.8 million for fiscal year ending June 30, 2009. Because the effect of the 1% rate reduction and the broadening of the tax base due to the implementation of a clarified communications users tax ordinance cannot be estimated at this time, the telephone component of the UUT is projected at the same level as in fiscal year 2007-08. The electric users' tax is expected by DWP to increase by \$15 million due to the implementation of a rate increase. Natural gas prices are expected to continue to stabilize at their current level as will gas users' tax.

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- **Business Tax.** Receipts for fiscal year 2008-09 are estimated to decline to \$458.5 as a result of a 3.9% tax rate reduction related to the implementation of tax reform measures. This assumes that 2007-08 receipts will be at the same level anticipated in that budget.
  - **Sales Tax.** Sales tax receipts for fiscal year 2008-09 is estimated to total \$331.9 million. This estimate is consistent with LAEDC's projection that taxable sales in Los Angeles County will decline 0.6% during calendar years 2007 and 2008. The LAEDC estimates that growth will return to 1.7% in 2009, but due to the timing of receipts (See Table V on page 9), three quarters of sales tax receipts in 2008-09 will reflect calendar 2008 sales and only one quarter will reflect the transition to 1.7%
  - **Transient Occupancy Tax.** Hotel occupancy is expected to grow in fiscal year 2009. It is expected that transient occupancy tax revenues will total \$152.6 million, an increase of \$8.6 million or 6% from fiscal year 2008. Tourism will continue to strengthen. It is anticipated that visitors from China will increase because of the relaxing of certain travel requirements. Bruce Baltin of PKF Consulting assisted with this estimate.
  - **Documentary Transfer Tax.** The weakening real estate sales activity is expected to continue in fiscal year 2009. As such, documentary transfer tax receipts are expected to incur 15% decline from the prior year to \$119.9 million. G.U. Krueger of IHP assisted with this estimate.
  - **Licenses, Permits, Fees and Fines.** Based upon information from City departments, receipts are projected to total \$546.5 million in fiscal year 2009, or a 5.8% decrease from the estimated receipts of \$579.9 million in fiscal year 2008. This revenue category contains General Fund receipts for fee recovery and related cost reimbursement, both of which can be increased or decreased by budgetary decisions.

### **Water Revenue Transfer**

The Water Revenue Transfer is being held in abeyance by the City and DWP. A recent state Supreme Court decision called into question the water revenue transfer. The City believes the transfer is appropriate and has filed a validation lawsuit. Once a decision is reached, an appeal may be expected. Resolution is not expected in the current nor in the 2008-09 budget years.

## General Obligation Bond Payments

The following table lists the City's General Obligation Bonds (GOB) debt service requirements for principal and interest for fiscal year 2008-09. The total principal and interest requirements for 2008-09 are estimated at \$164,279,912. GOBs are general obligations of the City payable from ad valorem taxes levied upon all of the taxable property in 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 VIII  
GENERAL OBLIGATION BONDS  
DEBT SERVICE REQUIREMENTS  
FOR FISCAL YEAR 2008-09**

	Principal	Interest	Total Requirement
GOB - Series 1998-A Refunding	\$ 12,925,000	\$ 4,706,494	\$ 17,631,494
GOB - Series 1999-A Refunding	13,170,000	2,024,173	15,194,173
GOB - Series 1999-B	3,000,000	225,000	3,225,000
GOB - Series 2000-A	4,650,000	540,563	5,190,563
GOB - Series 2001-A	10,065,000	4,075,825	14,140,825
GOB - Series 2002-A	13,110,000	9,029,513	22,139,513
GOB - Series 2002-B Refunding	395,000	2,841,881	3,236,881
GOB - Series 2003-A	11,665,000	8,752,000	20,417,000
GOB - Series 2003-B Refunding	9,000,000	1,120,731	10,120,731
GOB - Series 2004-A	18,025,000	13,881,250	31,906,250
GOB - Series 2005-A	6,340,000	4,929,350	11,269,350
GOB - Series 2005-B Refunding	95,000	3,408,294	3,503,294
GOB - Series 2006-A	3,510,000	2,794,838	6,304,838
<b>Total</b>	<b>\$ 105,950,000</b>	<b>\$ 58,329,912</b>	<b>\$ 164,279,912</b>

**City Indebtedness**

The following table depicts the history of City debt service from fiscal year 2004-05 with estimated debt service for fiscal year 2008-09 based on the amount of current outstanding debt.

**TABLE IX**  
**DEBT SERVICE REQUIREMENTS <sup>(1)</sup>**  
**FOR FISCAL YEARS 2005-09**  
**(amounts expressed in thousands)**

	Fiscal Year 2004-05	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09
MICLA <sup>(2)</sup>	\$ 156,502	\$ 152,885	\$ 128,704	\$ 150,355	\$ 153,732
General Obligation	141,856	164,467	169,890	171,625	164,280
Judgment Obligation	8,182	7,885	7,089	6,822	4,299
Convention Center Authority	36,930	37,506	38,593	41,071	42,902
Parking System Revenue Bonds	8,607	8,610	8,605	8,605	8,606
Proposition K Lighting District 96-1	3,137	3,143	3,084	3,086	3,089
Site-Specific Tax Revenue Bonds	513	865	907	1,030	1,126
Solid Waste Resources Revenue Bonds	12,436	17,838	33,604	34,860	33,260
Wastewater System	126,916	137,746	165,852	152,891	152,621
Subtotal	495,079	530,945	556,328	570,345	563,915
Tax and Revenue Anticipation Notes <sup>(3)</sup>	27,327	23,793	33,290	39,331	<sup>(4)</sup>
Total	<u>\$ 522,406</u>	<u>\$ 554,738</u>	<u>\$ 589,618</u>	<u>\$ 609,676</u>	<u>\$ 563,915</u>

**Notes:**

- (1) Long-term debt does not include short-term commercial paper notes.
- (2) Includes debt service requirement supported by assessment on real property approved by the electorate of \$21,581,790 in fiscal year 2008-09
- (3) Represents actual interest paid on Tax and Revenue Anticipation Notes (TRANs) on:
  - 7/21/04 - \$650,500,000
  - 7/14/05 - 618,900,000
  - 7/12/06 - 767,500,000
  - 7/12/07 - 909,725,000
- (4) The amount of interest to be paid in fiscal year 2008-09 will depend upon the size of the TRANs and interest rates at the time of sale. The size of the TRANs will depend upon the amount of cash needed for cash flow and budgetary decisions on advance funding of City pensions and retirement contributions.

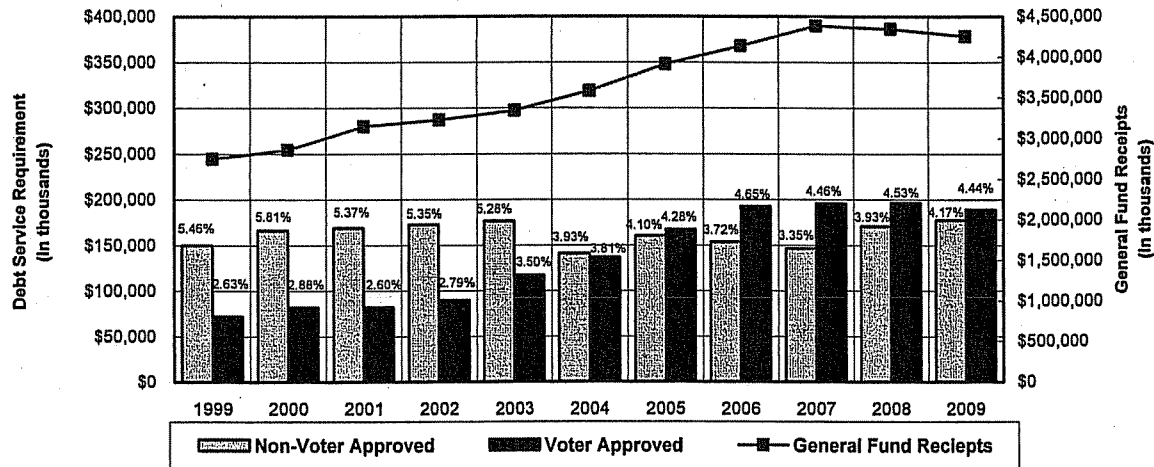
Source: Official Statements.

**City Debt Policy**

The following graph illustrates the City's General Fund debt in relation to the City's debt policy.

The City's debt policy established maximum levels for voter and non-voter approved debt. Under current policy, the City's total debt level for voter and non-voter approved debt shall not be greater than 15% of General Fund revenues. The maximum level of non-voter approved debt is not to exceed 6% of General Fund revenues (with certain exceptions); with maximum voter approved debt equal to the difference between the total maximum debt level and the actual ratio of non-voter approved debt to General Fund revenues.

**Graph I  
Debt Ratios**



Data from Table X illustrates graphically the City's capacity to issue voter and non-voter approved debt. Based on the current ratio of debt service to total projected receipts in fiscal year 2008-09, the City has the capacity to issue additional non-voter approved debt with an annual debt service requirement of no more than \$77.9 million or 1.83% of General Fund revenue. After the \$77.9 million, the City has the capacity to issue voter approved debt with annual debt service requirement of no more than \$194 million.

**Table X**  
**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)  
(dollar amounts expressed 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
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	176,441	117,085	293,526	3,342,648	5.28%	3.50%	8.78%
2003-04	141,009	136,739	277,748	3,585,317	3.93%	3.81%	7.74%
2004-05	160,337	167,281	327,618	3,912,975	4.10%	4.28%	8.38%
2005-06	153,857	192,484	346,341	4,136,531	3.72%	4.65%	8.37%
2006-07	146,792	195,720	342,512	4,386,748	3.35%	4.46%	7.81%
2007-08	170,802	196,743	367,545	4,346,356	3.93%	4.53%	8.46%
2008-09	177,651	188,951	366,602	4,255,568	4.17%	4.44%	8.61%

(a) All years have been adjusted upwards to reflect bond proceeds to pay for capitalized interest. For fiscal years 2003-04, 2004-05, 2007-08 and 2008-09, the adjustments are \$5,367,946, \$3,797,274, \$16,841,679, and \$16,082,240 respectively. Fiscal years 2003-04 through 2008-09 include revenues from Staples Center.

**Cash Flow**

Revenues and expenditures for the first six months of fiscal year 2007-08 are presented on the following table.

**TABLE XI**  
**COMPARISON BETWEEN REVENUES AND EXPENDITURES**  
**FIRST SIX MONTHS OF FISCAL YEAR 2007-08**  
(amounts expressed in thousands)

Fiscal Year 2007-08	Revenues	Cumulative Revenues	Expenditures	Cumulative Expenditures	Cumulative Net Revenue Over/(Under)
July	\$ 285,603	\$ 285,603	\$ 534,574	\$ 534,574	\$ (248,971)
August	308,401	594,004	374,612	909,186	(315,182)
September	268,513	862,517	356,451	1,265,637	(403,120)
October	236,769	1,099,286	356,562	1,622,199	(522,913)
November	264,194	1,363,480	345,600	1,967,799	(604,319)
December	666,311 (a)	2,029,791	461,204	2,429,003	(399,212)

(a) Includes first installment (\$345,291,469) of property tax received on 12/20/07.

The Controller uses various resources to compensate for differences between receipts and expenditures that include Tax and Revenue Anticipation Notes (TRANs)<sup>5</sup>, Reserve Fund and interfund borrowings, budgeted Reserve Fund transfers to the General Fund, and beginning of the year General Fund encumbrances.

As indicated in Table XII, beginning General Fund encumbrances are an important resource for cash management. As encumbrances backed by cash are liquidated over time, the cash that remains encumbered (and not yet expended) offsets the need for additional levels of current year cash. The following table illustrates cash flow borrowings and beginning General Fund encumbrances for fiscal year 1998-99 through 2007-08.

<sup>5</sup> TRANs are used to offset the difference between revenues and expenditures during the first six months of the fiscal year.

**TABLE XII**  
**GENERAL FUND CASH FLOW BORROWINGS**  
**FOR FISCAL YEARS 1998-99 THROUGH 2007-08**  
(amounts expressed in thousands)

Fiscal Year	Total Annual Cash Flow Borrowings			Beginning General Fund Encumbrances	
	Reserve Fund	Other Funds	TRANS		Total
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
2003-04	45,000	--	200,000	245,000	237,014
2004-05	--	--	325,000	325,000	264,209
2005-06	--	--	200,000	200,000	288,212
2006-07	--	--	150,000	150,000	328,441
2007-08	42,243	70,000	250,000	362,243	407,534

### Sizing the 2008-09 TRANS

Normally in our March 1 report, we provide an estimate of the amount of cash we will need from the annual TRANS for cash flow purposes. During the budget process we will work with the Mayor and CAO to refine the estimate as better information is available. However this time, we do not have enough information to make a reliable estimate.

The Mayor and Council are currently considering how to deal with an estimated \$150 million budgetary shortfall in the current fiscal year. There is major concern about a shortfall for the 2008-09 fiscal year which is estimated between \$300 and \$500 million. Efforts are being made to balance the current year by reducing Reserve Fund balances, reducing expenditures and by using savings in one area to address shortfalls in other areas. This approach will help the City balance its budget but may also reduce the Reserve Fund, reduce or eliminate the transfer to budget, and reduce General Fund encumbered balances. These are all critical areas for cash flow as well as understanding anticipated budgeted expenditures in the 2008-09 fiscal year.

Because of uncertainties in all of these areas, it is not possible at this time to arrive at a reasonable estimate of cash flow borrowing for the annual TRANS. As we have done in prior years, we will work with the Mayor and CAO to provide a realistic estimate for a TRAN as issues come into better focus.

### Reserve Fund

The City has a Reserve Fund to assist with economic uncertainties, disasters and cash flow needs. The Reserve Fund has been divided into two accounts, the Emergency Reserve and the Contingency Reserve. The Emergency Reserve is \$122 million in 2007-08 and should

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remain at that level for 2008-09. While we currently have economic challenges, we do not have an economic disaster. We need to maintain the Emergency Reserve at the current level in case there is a severe economic downturn or a major disaster

It would be positive if the City could budget the 2008-09 Contingency Reserve at the same level as the current year. However, since the actual Contingency Reserve has been significantly below the budget, it is unlikely given current circumstances, that the 2008-09 Contingency Reserve budget will be as high as the 2007-08. With all the uncertainties surrounding the local state and national economies and the budget issues, I strongly support placing as much cash in the Contingency Reserve as possible and recommend that the Mayor and Council consider the fiscal health of the Reserve Fund every bit as important as the City's public safety.

I also recognize that one goal of the Reserve Fund is to help with an orderly transition in uncertain economic times. With that in mind, it may not be possible to add as much to the Contingency Reserve as we all would like. In such circumstance, we must be doubly cautious about withdrawing funds from our critical reserves.

**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2007-2008**

	<u>Amount</u>
<b>General Fund Receipts:</b>	
Property Tax:	
Property Tax 1%	\$ 981,209,000
Property Tax - Sales Tax Replacement	119,337,000
Property Tax - VLF Replacement	<u>297,256,000</u>
Total Property Tax	1,397,802,000
Utility Users' Tax	618,910,000
Licenses, Permits, Fees and Fines	579,920,000
Business Tax	477,590,000
Sales Tax	333,929,000
Documentary Transfer Tax	141,043,000
Power Revenue Transfer	184,600,000
Transient Occupancy Tax	144,000,000
Parking Fines	123,235,000
Parking User Tax	86,355,000
Franchise Income	50,479,000
Grant Receipts	18,784,000
Interest	50,220,000
Motor Vehicle License Fees	18,535,000
Tobacco Settlement	11,872,000
Residential Development Tax	3,362,000
Transfer from Telecommunications Development Account	<u>5,437,000</u>
Subtotal	4,246,073,000
Transfer from Tax Reform Fund	15,980,000
Transfer from Reserve Fund	<u>63,597,000</u>
<b>Total General Fund Receipts</b>	<u>\$ 4,325,650,000</u>

**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2007-2008**

<b>Special Receipts:</b>	<u>Amount</u>
Sewer Construction and Maintenance Fund	\$ 725,631,000
City Levy for Bond Redemption and Interest	171,625,000
Building and Safety Enterprise Fund	120,000,000
Special Gas Tax Street Improvement Fund	66,672,000
Proposition A Local Transit Assistance Fund	110,225,000
Solid Waste Resources Revenue Fund	191,354,000
Proposition C Anti-Gridlock Transit Improvement Fund	81,584,000
Street Lighting Maintenance Assessment Fund	46,803,000
City Employees' Retirement Fund	58,542,000
Local Public Safety Fund	36,802,000
Special Parking Revenue Fund	41,645,000
Community Development Trust Fund	48,482,000
Stormwater Pollution Abatement Fund	30,145,000
Convention Center Revenue Fund	26,500,000
Special Police Communications/911 System Tax Fund	21,458,000
Code Enforcement Trust Fund	33,265,000
Zoo Enterprise Trust Fund	18,803,000
Traffic Safety Fund	13,146,000
Citywide Recycling Fund	18,670,000
Workforce Investment Act Trust Fund	13,622,000
Rent Stabilization Trust Fund	10,542,000
Arts and Cultural Facilities and Services Fund	11,339,000
Affordable Housing Trust Fund	66,808,000
Los Angeles Convention and Visitors Bureau Trust Fund	11,245,000
Neighborhood Empowerment Fund	7,862,000
Telecommunications Development Account Fund	4,931,000
HOME Investment Partnerships Program Fund	4,549,000
Supplemental Law Enforcement Services Fund	7,890,000
Efficiency and Police Hires Fund	244,000
Local Law Enforcement Block Grant Fund	603,000
Mobile Source Air Pollution Reduction Trust Fund	4,925,000
Municipal Housing Finance Fund	1,284,000
El Pueblo de Los Angeles Historical Monument Revenue Fund	3,201,000
Staples Arena Special Fund	4,080,000
Major Projects Review Trust Fund	1,851,000
City Employees Ridesharing Fund	2,983,000
Landfill Maintenance Special Fund	4,804,000
Local Transportation Fund	2,239,000
City Ethics Commission Fund	2,231,000
Community Services Administration Grant Fund	1,890,000
Household Hazardous Waste Special Fund	2,124,000
Older Americans Act Fund	1,682,000
Arts Development Fee Trust Fund	1,545,000

Continued...

**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2007-2008**

	<b>Amount</b>
<b>Special Receipts - (Continued)</b>	
Park and Recreational Sites and Facilities Fund	\$ 1,500,000
Street Damage Restoration Fee Fund	3,122,000
VLG Gap Loan Financing Proceeds Fund	1,000,000
Disaster Assistance Trust Fund	924,000
Housing Opportunities for Persons with AIDS Fund	312,000
Allocations From Other Sources:	
AB 2800 Senior Services Grant Fund	88,000
Bicycle License Fund	24,000
Bus Bench Advertising Fund	143,000
Business Improvement District Trust Fund	346,000
Capital Projects Bond Reserves Fund	7,000,000
City Planning Systems Development Fund	6,618,000
Coastal Transportation Corridor Trust Fund	294,000
Cultural Affairs Trust Fund	155,000
Curbside Recycling Trust Fund	2,099,000
Fire Hydrant Installation and Main Replacement Fund	637,000
First and Broadway Child Care Fund	196,000
General Services Trust Fund	360,000
Integrated Solid Waste Management Fund	270,000
Pershing Square Project	575,000
Street Banners Trust Fund	65,000
UDAG Miscellaneous Revenue	212,000
Used Oil Collection Fund	512,000
Ventura\Cahuenga Boulevard Corridor Specific Plan Revenue Fund	750,000
Warner Center Transportation Trust Fund	91,000
West LA Transportation Improvement and Mitigation	88,000
Tax Reform Fund	(38,000)
Procurement Reengineering Trust Fund	(6,000)
	<b>2,063,163,000</b>
<b>Total Special Receipts</b>	<b>2,063,163,000</b>
<b>Estimated Receipts for Fiscal Year 2007-2008</b>	<b>\$ 6,388,813,000</b>

**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2008-2009**

	<u>Amount</u>
<b>General Fund Receipts:</b>	
Property Tax:	
Property Tax 1%	\$ 997,578,000
Property Tax - Sales Tax Replacement	119,337,000
Property Tax - VLF Replacement	315,092,000
	<hr/>
Total Property Tax	1,432,007,000
Utility Users' Tax	636,842,000
Licenses, Permits, Fees and Fines	546,484,000
Business Tax	458,486,000
Sales Tax	331,925,000
Power Revenue Transfer	196,300,000
Transient Occupancy Tax	152,640,000
Parking Fines	125,390,000
Documentary Transfer Tax	119,887,000
Parking User Tax	91,270,000
Franchise Income	50,738,000
Grant Receipts	22,310,000
Interest	36,456,000
Motor Vehicle License Fees	18,535,000
Tobacco Settlement	11,497,000
Residential Development Tax	2,353,000
Transfer from Telecommunications Development Account	2,500,000
	<hr/>
<b>Total General Fund Receipts</b>	<b>\$ 4,235,620,000</b>

**Office of the Controller**  
**Estimated Receipts for Fiscal Year 2008-2009**

	<u>Amount</u>
<b>Special Receipts:</b>	
Sewer Construction and Maintenance Fund	\$ 594,115,000
City Levy for Bond Redemption and Interest	164,280,000
Building and Safety Enterprise Fund	115,000,000
Special Gas Tax Street Improvement Fund	110,320,000
Proposition A Local Transit Assistance Fund	109,676,000
Solid Waste Resource Revenue Fund	205,133,000
Proposition C Anti-Gridlock Transit Improvement Fund	76,900,000
Street Lighting Maintenance Assessment Fund	53,852,000
City Employees' Retirement Fund	59,566,000
Local Public Safety Fund	36,581,000
Special Parking Revenue Fund	56,597,000
Community Development Trust Fund	39,000,000
Stormwater Pollution Abatement Fund	29,399,000
Convention Center Revenue Fund	28,722,000
Special Police Communications/911 System Tax Fund	21,009,000
Code Enforcement Trust Fund	37,221,000
Zoo Enterprise Trust Fund	19,451,000
Traffic Safety Fund	12,850,000
Citywide Recycling Fund	19,000,000
Workforce Investment Act Trust Fund	11,834,000
Rent Stabilization Trust Fund	10,365,000
Arts and Cultural Facilities and Services Fund	11,206,000
Affordable Housing Trust Fund	55,767,000
Los Angeles Convention and Visitors Bureau Trust Fund	11,245,000
Neighborhood Empowerment Fund	7,527,000
Telecommunications Development Account Fund	5,079,000
HOME Investment Partnerships Program Fund	5,872,000
Supplemental Law Enforcement Services Fund	8,082,000
Efficiency and Police Hires Fund	244,000
Mobile Source Air Pollution Reduction Trust Fund	5,481,000
Municipal Housing Finance Fund	1,227,000
El Pueblo de Los Angeles Historical Monument Revenue Fund	3,039,000
Staples Arena Special Fund	3,866,000
Major Projects Review Trust Fund	1,851,000
City Employees Ridesharing Fund	3,028,000
Landfill Maintenance Special Fund	5,350,000
Local Transportation Fund	2,382,000
City Ethics Commission Fund	2,684,000
Community Services Administration Grant Fund	1,890,000
Household Hazardous Waste Special Fund	2,052,000
Older Americans Act Fund	1,682,000
Arts Development Fee Trust Fund	1,425,000

Continued...

**Office of the Controller  
Estimated Receipts for Fiscal Year 2008-2009**

	<b>Amount</b>
<b>Special Receipts - (Continued)</b>	
Park and Recreational Sites and Facilities Fund	\$ 1,200,000
Street Damage Restoration Fee Fund	2,603,000
Disaster Assistance Trust Fund	924,000
Housing Opportunities for Persons with AIDS Fund	313,000
Allocations From Other Funds:	
AB 2800 Senior Services Grant Fund	88,000
Bicycle License Fund	24,000
Bus Bench Advertising Fund	143,000
Business Improvement District Trust Fund	346,000
City Planning Systems Development Fund	6,618,000
Cultural Affairs Trust Fund	145,000
Curbside Recycling Trust Fund	2,099,000
Fire Hydrant Installation and Main Replacement Fund	637,000
First and Broadway Child Care Fund	196,000
General Services Trust Fund	360,000
Integrated Solid Waste Management Fund	88,000
Pershing Square Project	573,000
Street Banners Trust Fund	65,000
UDAG Miscellaneous Revenue	212,000
Used Oil Collection Fund	512,000
<b>Total Special Receipts</b>	<b>1,968,996,000</b>
<b>Estimated Receipts for Fiscal Year 2008-2009</b>	<b>\$ 6,204,616,000</b>

**OFFICE OF THE CONTROLLER  
GENERAL FUND RECEIPTS  
LAST TEN FISCAL YEARS AND ESTIMATES FOR FISCAL YEARS 2008 and 2009  
(amounts expressed in thousands)**

Fiscal Year	Property Tax	Utility Users' Tax	Sales Tax	Business Tax	Transient Occupancy Tax	Licenses, Permits, Fees and Fines	Other Revenues <sup>(a)</sup>	Total General Fund Receipts
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	663,440	510,339	363,787	356,041	92,652	467,577	878,182	3,332,018
2004	717,801	576,251	377,890	373,248	97,989	462,600	970,296	3,576,075
2005	1,029,161	589,858	316,561	396,794	127,751	496,598	948,582	3,905,305
2006	1,121,848	604,947	323,555	434,529	126,989	477,231	1,043,559	4,132,658
2007	1,334,172	605,270	333,885	464,330	134,557	545,931	964,734	4,382,879
2008	1,397,802	618,910	333,929	477,590	144,000	579,920	773,499	4,325,650
(Estimated) 2009	1,432,007	636,842	331,925	458,486	152,640	546,484	677,236	4,235,620

(Estimated)  
(Projected)

<sup>(a)</sup> Except for fiscal years 1999-2000 and 2008-09, Other Revenues include transfers from the Reserve Fund (\$63 million in fiscal year 2007-08).

