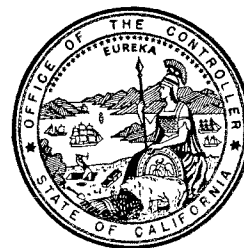


**ANNUAL REPORT OF
FINANCIAL TRANSACTIONS**

Concerning

Cities of California

Fiscal Year 1972-73



HOUSTON I. FLOURNOY
State Controller

NOTE

The information listed herein has been extracted from reports prepared by city fiscal officers; such reports, in most instances, are not subject to audit by the State Controller.

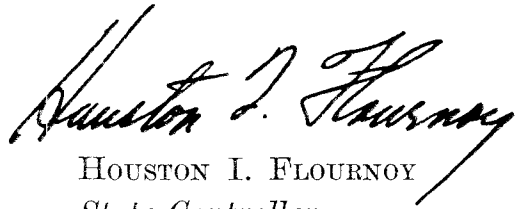
A comprehensive analysis of revenues and expenditures as to comparability of cities is of questionable validity without due consideration to the existence of variations in accounting methods and practices as well as qualitative and quantitative differences in services rendered. In an analysis of that type, it is advisable that referral be made to the cities involved for determination if such factors might have a bearing on the material under consideration.

In cooperation with the League of California Cities, the California Society of Certified Public Accountants and many city fiscal officers, this issue as well as the ones for a number of preceding fiscal years represents a major revision in the annual reporting of city financial transactions. Due to the revision this report is not comparable in many aspects to reports pertaining to periods prior to Fiscal Year 1958-59.

The classifications and titles follow the basic pattern of the "Chart of Accounts for California Cities" prepared by the California Committee on Municipal Accounting. Where applicable the definitions of accounts are as defined by the National Committee on Governmental Accounting.

FOREWORD

This 63rd publication of financial transactions concerning Cities of California includes "Federal Revenue Sharing" for the first time. The cooperation of all cities has made the publication of this report possible and we thank everyone for their contribution.



HOUSTON I. FLOURNOY
State Controller

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INTRODUCTION

At the close of the fiscal year ended June 30, 1973 California cities numbered 408. The cities, exclusive of city-owned enterprises and bond funds, received revenue of \$3,277,941,785 and expended \$3,029,036,838 for cost of government.

During the same period, city-owned enterprises consisting of such services as water, electricity, gas, sewers, airports, bus systems, harbors, cemeteries, hospitals, parking districts and housing received income of \$1,096,712,327 and incurred expenses of \$911,279,756; in addition, these enterprises also expended \$175,-869,595 for capital outlays.

Also for the same period the aggregate expenditures from bond funds of cities and city-owned enterprises amounted to \$322,814,540.

General city revenue of \$3,277,941,785 represented an increase of \$478,027,704 or 17 percent over that of the previous year.

GENERAL CITY—REVENUE

	1971-72	1972-73	<i>Increase or (Decrease)</i>
Taxes			
General Property Taxes -----	\$796,919,963	\$860,297,749	\$64,277,786
Sales and Use Taxes -----	412,215,080	477,872,067	65,656,987
Transient Lodging Taxes -----	24,810,222	29,377,177	4,566,955
Franchise Taxes -----	27,355,727	30,122,825	2,767,098
Business License Taxes -----	117,136,870	121,533,953	4,397,083
Property Transfer Taxes -----	7,759,885	11,303,823	3,543,938
Other Non-Property Taxes -----	103,955,905	128,873,916	25,818,011
Licenses and Permits -----	57,160,486	59,043,507	1,883,021
Fines and Penalties -----	73,206,070	76,649,232	3,443,162
Use of Money and Property -----	98,867,091	97,982,429	(884,662)
From Other Agencies -----	675,470,844	933,217,339	257,746,495
Current Service Charges -----	258,345,975	289,907,601	31,261,626
Other Revenue			
Sale of Property -----	10,329,365	10,908,594	579,229
From City-Owned Enterprises -----	97,144,903	97,785,890	640,987
From Non-Governmental Sources -----	5,781,848	9,506,820	3,724,972
Other -----	34,953,847	43,558,863	8,605,016
Total -----	\$2,799,914,081	\$3,277,941,785	\$478,027,704

GENERAL CITY REVENUE—AS A PERCENT OF THE TOTAL

	1971-72	1972-73
Taxes		
General Property Taxes -----	28.43	26.25
Sales and Use Taxes -----	14.72	14.58
Transient Lodging Taxes -----	.89	.90
Franchise Taxes -----	.98	.92
Business License Taxes -----	4.18	3.71
Property Transfer Taxes -----	.28	.34
Other Non-Property Taxes -----	3.68	3.93
Licenses and Permits -----	2.04	1.80
Fines and Penalties -----	2.61	2.34
Use of Money and Property -----	3.53	2.99
From Other Agencies -----	24.12	28.47
Current Service Charges -----	9.24	8.84
Other Revenue		
Sale of Property -----	.37	.33
From City-Owned Enterprises -----	3.47	2.98
From Non-Governmental Sources -----	.21	.29
Other -----	1.25	1.33
Total -----	100.00	100.00

General city revenue from locally imposed taxes amounted to \$1,659,381,510 or nearly 51 percent of the total. The second largest source of funds was from federal, state and county governments which aggregated \$933,217,339 or 28 percent of the total.

As the major segment of revenue, general property taxes for city purposes in the Fiscal Year 1972-73 amounted to \$860,297,749 an increase of \$64,277,786 or 8 percent.

GENERAL PROPERTY TAXES

	Amount	Percentage Increase Over Prior Year	As a Percent of Total Revenue
1963-64	\$466,200,258	4.39	35.63
1964-65	487,547,813	4.58	34.02
1965-66	526,381,421	7.97	33.88
1966-67	573,753,156	9.00	34.34
1967-68	609,608,121	6.25	32.46
1968-69	666,612,089	9.35	32.00
1969-70	700,408,147	5.07	30.83
1970-71	755,102,564	7.81	29.91
1971-72	796,019,963	5.42	28.43
1972-73	860,317,749	8.08	26.25

Historically, the majority of grants received from other governmental agencies have been restricted as to purpose for which they may be expended. These controls have been removed in the case of motor vehicle in lieu taxes, trailer coach fees and cigarette taxes which may now be spent for any local purpose. Gasoline tax grants may be expended only for the construction and maintenance of streets, roads, highways and the acquisition of rights-of-way. For the most part federal and county grants are reserved exclusively for specific purposes. As the City of San Francisco also performs the function of a county government the revenue structure for that city includes some 111 million dollars from state and federal sources for county purposes.

Alcoholic beverage license fees per Section 25761 of the Business and Professions Code are apportioned in the proportion that the amount of fees collected in each city and county bears to the total amount collected throughout the state.

Cigarette taxes per Section 30462 of the Revenue and Taxation Code to be apportioned are divided between cities and counties in the proportion that local sales tax distributed to each city and each county bears to the total of such local sales tax distributed in the previous calendar quarter. Fifty percent of the city's share is allocated in the proportion that the local sales tax revenue of each city bears to the total sales tax revenue of all the cities and the remaining fifty percent is allocated in the proportion that the population of each city bears to the total population of all the cities.

Motor vehicle license fees per Section 11003 of the Revenue and Taxation Code to be apportioned are divided equally between cities and counties. The allocation to cities is in the proportion that the population of each bears to the population of all cities.

Trailer coach fees per Section 11003.1 of the Revenue and Taxation Code are apportioned as follows: If the trailer coach is located in a city and any school district the allocation is one-third to the city, one-third to the school district, and one-third to the county. If located outside a city the allocation is one-half to the school district and one-half to the county.

Homeowners and business inventories property tax relief funds are a reimbursement from the state to all local agencies for the loss of property tax revenues by reason of homeowners and business inventories exemptions.

During the year under review, the revenue received for the newly enacted federal revenue sharing amounted to \$172,204,936. City governments may use this revenue for expenditures that are ordinary and necessary. Capital expenditures are limited to those which are authorized by state and local laws. Operating and maintenance expenditures must be made within the following major categories; public safety, environmental protection, public transportation, health, recreation, social services for the poor and aged, financial administration and libraries.

REVENUE FROM OTHER GOVERNMENTAL AGENCIES

	1971-72	1972-73
Trailer Coach Licenses	\$2,659,931	\$3,207,815
Alcoholic Beverage Fees	10,501,306	10,406,731
Vehicle In Lieu Taxes	120,152,201	130,831,561
Gasoline Taxes	146,856,915	147,042,174
Cigarette Taxes	63,291,045	64,158,054
Homeowners—State	28,111,063	29,154,225
Business Inventories—State	15,274,917	15,596,605
Other State Grants	88,609,489	95,893,178
County Grants	29,265,800	31,123,642
Federal Revenue Sharing	---	172,204,936
Federal Grants	168,750,783	231,158,113
Other In Lieu Taxes	1,997,394	2,440,305
Total	\$675,470,844	\$933,217,339

Another segment of city revenue which is restrictive in use pertains to money received from fines and forfeitures as a result of violations of the State Vehicle Code. Specifically, such money may be used only for "traffic signs, signals and other traffic control devices, the maintenance thereof, equipment and supplies for traffic law enforcement and traffic accident prevention, and for the maintenance, improvement or construction of public streets, bridges and culverts within such city, but such fund shall not be used to pay the compensation of traffic or other police officers."

FINES AND PENALTIES

	1971-72	1972-73
Vehicle Code Fines	\$54,047,945	\$56,152,359
Other Fines	18,992,760	20,326,217
Other Penalties	165,365	170,656
Total	\$73,206,070	\$76,649,232

Many city-owned enterprises have been financed for acquisition and improvement purposes through the issuance of bonds, a number of such bonds being purely revenue, i.e., the debt service to the bondholder is dependent (insofar as the bond agreements are concerned) solely on the sufficiency of revenue generated by the enterprise.

Another large segment of bonds for enterprise purposes are also self-liquidating from enterprise revenue; however, such bonds which are also secured by an unlimited property tax authorization are considered as general obligation bonds of the city. In the case of the latter, the debt service amounts provided by the enterprise for such bonds are considered as a revenue contribution from the enterprise and a subsequent general city expenditure for debt service. Of the total revenue received by the city as contributions from enterprises it is estimated that approximately one-half is considered as being within this category.

During the year under review, revenue was derived from a tax on users of utility services which is levied as a percentage of the billing charge. A survey indicates that in most of the cities which levy this tax, it applies to gas, electricity and telephone services and in some instances to cable television. The rates vary but in most instances are 5 percent.

Many cities levy a tax on the occupancy of a room in any lodging. This tax more commonly known as a hotel-motel bed tax does not apply if the period of occupancy is for more than 30 days. Another source of revenue was derived from a tax on the sales of real property; the rate being \$0.55 per \$500 of sale value. If the situs of the sale is in an unincorporated area or within a city which has not enacted such a tax, all of the proceeds accrues to the county. Where the situs of the sale is within a city which has also enacted the tax, the proceeds are shared equally by the city and the county.

OTHER NON-PROPERTY TAXES

	1971-72	1972-73
Utility Users Tax	\$93,182,652	\$103,934,386
Construction Tax	974,160	6,024,672
Parking Tax (special)	5,499,426	2,728,087
Other Taxes	3,399,667	16,186,771
Total	\$103,055,905	\$128,873,916

UTILITY USERS TAX

Alameda -----	\$473,072	Pomona -----	1,239,921
Albany -----	117,079	Porterville -----	166,771
Arcadia -----	554,992	Redondo Beach -----	709,685
Bakersfield -----	1,148,131	Riverside -----	1,608,114
Burbank -----	1,829,695	Roseville -----	176,457
Chico -----	273,621	Sacramento -----	2,627,675
Chula Vista -----	588,120	Salinas -----	723,920
Compton -----	760,352	San Bernardino -----	1,413,822
Culver City -----	638,714	San Buenaventura -----	662,510
Downey -----	1,138,308	San Francisco -----	9,077,230
Fresno -----	1,987,407	San Jose -----	5,376,208
Gilroy -----	188,995	San Leandro -----	844,939
Glendale -----	1,574,018	San Luis Obispo -----	142,876
Hayward -----	1,057,257	Santa Barbara -----	614,978
Huntington Beach -----	1,530,159	Santa Monica -----	1,310,911
Inglewood -----	1,755,906	Santa Rosa -----	759,175
Long Beach -----	4,720,415	Seal Beach -----	7,277
Los Angeles -----	42,160,502	Stockton -----	1,361,804
Modesto -----	776,209	Sunnyvale -----	258,474
Monterey -----	345,181	Torrance -----	1,684,833
Mountain View -----	509,328	Tulare -----	207,000
Oakland -----	4,436,301	Vallejo -----	566,903
Oroville -----	130,464	Whittier -----	989,422
Pacific Grove -----	157,128		
Pasadena -----	2,285,484		
Piacentia -----	266,643	Total -----	\$103,934,386

During the year under review all cities had a local sales tax ordinance in effect. The \$477,872,067 reported by cities from this source constituted nearly 15 percent of total revenue. Dollarwise, as well as from the standpoint of being unrestrictive as to expenditure purpose, it is second only to property taxes in importance. For a number of years, the relationship of sales tax revenue to property revenue has remained fairly constant; for the year under review sales taxes amounted to nearly 36 percent of the total of both sales and property taxes, representing a property tax equivalent of \$1.12 on \$100 assessed valuation.

REVENUE FROM LOCAL TAXES

	<i>Sales Taxes as a Percent of Total Sales and Property Taxes</i>	<i>Sales Taxes Percentage Increase Over Prior Year</i>	<i>Sales Taxes as a Property Tax Equivalent on \$100 of Assessed Valuation</i>
1962-63 -----	33.3	9.2	\$0.94
1963-64 -----	34.1	8.2	.96
1964-65 -----	34.7	7.1	.99
1965-66 -----	34.3	6.4	.97
1966-67 -----	33.7	6.1	.96
1967-68 -----	34.6	10.5	.98
1968-69 -----	33.9	5.9	.99
1969-70 -----	34.6	8.2	1.04
1970-71 -----	32.9	.4	.98
1971-72 -----	34.1	10.9	1.03
1972-73 -----	35.7	15.9	1.12

Not all revenue from locally imposed sales taxes accrues to the city of sales situs. The Uniform Sales and Use Tax Law permitting county governments to levy a one cent sales tax has the effect of necessitating agreements between cities and counties as to the division of sales tax revenue collected within cities. These agreements vary and are subject to periodic adjustments. In addition to the agreements listed below which are formalized by local ordinances of cities and counties and by contract with the State Board of Equalization acting as collection agent, several counties have supplemental agreements with their cities in which a percentage of collections is returned to the city of sales situs.

PERCENTAGE OF LOCAL SALES TAX REVENUE COLLECTED WITHIN CITIES
ALLOCATED TO COUNTIES—FIRST RATE APPLIES TO ALL
CITIES EXCEPT WHERE INDICATED †

Alameda.....	5	Riverside.....	7; Corona and
Alpine.....	*		Norco 8; Indian
Amador.....	None		Wells and Palm
Butte.....	None		Springs 3½
Calaveras.....	5	Sacramento.....	None
Colusa.....	5	San Benito.....	5; None from
Contra Costa.....	2½		San Juan
Del Norte.....	None		Bautista
El Dorado.....	None	San Bernardino.....	5; None from
Fresno.....	6; Fresno City 9		Needles
Glenn.....	None	San Diego.....	None
Humboldt.....	None	San Francisco.....	**
Imperial.....	10; Calexico 5	San Joaquin.....	5; None from
Inyo.....	None		Stockton and
Kern.....	None; Bakersfield 4½/10;		Tracy
	Delano 1¾/10;	San Luis Obispo.....	None
	Shafter 1; Taft	San Mateo.....	5
	and Wasco 5	Santa Barbara.....	2
Kings.....	2; Hanford 7	Santa Clara.....	9
Lake.....	None	Santa Cruz.....	None
Lassen.....	5	Shasta.....	None
Los Angeles.....	None	Sierra.....	5
Madera.....	15	Siskiyou.....	None; Dunsmuir,
Marin.....	None		Mt. Shasta
Mariposa.....	*		and Tulalake 5
Mendocino.....	None; Fort Bragg 7½/2	Solano.....	None
Merced.....	12½; Atwater 7½/2;	Sonoma.....	5
	Gustine and	Stanislaus.....	7½; None from
	Livingston 2½/2		Ceres and
Modoc.....	10		Riverbank
Mono.....	*	Sutter.....	10
Monterey.....	None	Tehama.....	10; None from
Napa.....	14½/2		Tehama City
Nevada.....	5; None from	Trinity.....	*
	Nevada City	Tulare.....	5
Orange.....	None	Tuolumne.....	12
Placer.....	None	Ventura.....	3¾/10
Plumas.....	5	Yolo.....	None
		Yuba.....	None

* No incorporated cities

** Consolidated city and county government

† As of July 1, 1973

General city expenditures during Fiscal Year 1972-73 amounted to \$3,029,036,838 an increase of \$265,535,978 or nearly 10 percent over that of the prior year. Of the total expenditures, \$2,574,293,562 or 85 percent was for Current Expenses, \$314,800,765 or 10 percent was for Fixed Assets (Capital Outlays) and \$139,942,511 or nearly 5 percent for Debt Service.

In recent years the traditional paths to the financing of capital expenditures have undergone a number of changes. One of these has been the use of lease-purchase plans. While this method has been used to obtain expensive equipment, its special significance has been in the acquisition of real property. In one of its simplest forms it may consist of a nonprofit corporation organized for the sole purpose of building a structure on land owned by a governmental agency. The corporation may arrange for conventional financing which in turn is secured by a long-term lease with the agency which will use the facility. The terms of the lease are sufficient to retire the debt and at its expiration, title to the facility passes to the governmental agency. In a continuing survey it was reported that the money value of leases now in effect, and if continued to their termination, amounted to 590 million dollars.

GENERAL CITY—EXPENDITURES

	1971-72	1972-73	<i>Increase or (Decrease)</i>
General Government	\$469,833,197	\$510,681,565	\$40,848,368
Departmental			
Non-Departmental	47,625,708	50,180,798	2,555,090
Debt Service—Interest	84,418,900	89,761,713	5,342,813
Debt Service—Principal	219,134,879	237,537,630	18,402,751
Retirement	139,901,018	165,263,281	25,362,263
Other			
Public Safety	480,145,922	534,372,961	54,227,039
Police Protection	287,382,375	308,894,077	21,511,702
Fire Protection	45,193,898	48,649,475	3,455,577
Other Protection			
Public Works	81,679,656	82,782,209	1,102,553
Engineering and Administration	343,795,906	376,633,595	32,837,689
Streets, Storm Drains and Street Lighting	69,675,889	82,145,538	12,469,649
* Sewers and Sewage Disposal	76,023,487	82,405,017	6,381,530
Waste Collection and Disposal	23,518,136	26,377,336	2,859,200
Other	60,540,615	62,049,876	1,509,261
Health	66,973,972	71,236,269	4,262,297
Libraries	240,972,609	259,530,244	18,557,635
Parks and Recreation			
Aid to Other Governmental Funds and Units	25,383,308	39,281,264	13,897,956
City-Owned Enterprises	1,301,385	1,253,990	(47,395)
Other			
Total	\$2,763,500,860	\$3,029,036,838	\$265,535,978

* See Table 15b for sewer enterprise expenditures.

GENERAL CITY EXPENDITURES—AS A PERCENT OF THE TOTAL

	1971-72	1972-73
General Government	17.00	16.86
Departmental		
Non-Departmental	1.73	1.66
Debt Service—Interest	3.05	2.96
Debt Service—Principal	7.93	7.84
Retirement	5.06	5.46
Other		
Public Safety	17.37	17.64
Police Protection	10.40	10.20
Fire Protection	1.64	1.61
Other Protection		
Public Works	2.96	2.73
Engineering and Administration	12.44	12.43
Streets, Storm Drains and Street Lighting	2.52	2.71
Sewers and Sewage Disposal	2.75	2.72
Waste Collection and Disposal	.85	.87
Other	2.19	2.05
Health	2.42	2.35
Libraries	8.72	8.57
Parks and Recreation		
Aid to Other Governmental Funds and Units	.92	1.30
City-Owned Enterprises	.05	.04
Other		
Total	100.00	100.00

GENERAL CITY EXPENDITURES

	Amount	Percentage Increase Over Prior Year	Per Capita
1963-64	\$1,257,147,125	8.05	\$95.52
1964-65	1,372,286,281	9.16	100.42
1965-66	1,504,696,564	9.65	106.43
1966-67	1,643,045,673	9.19	114.24
1967-68	1,792,368,628	9.09	121.21
1968-69	2,003,631,293	11.79	132.28
1969-70	2,258,931,458	12.74	146.23
1970-71	2,516,217,497	11.39	164.91
1971-72	2,763,500,860	9.83	176.08
1972-73	3,029,036,838	9.61	190.23

The bonded indebtedness of cities as of June 30, 1973 was \$3,522,896,242 of which \$1,183,023,700 was General Obligation bonds representing 3 percent of the assessed valuation of the cities. Revenue bonds amounted to \$2,260,389,000, Improvement District bonds \$69,547,542 and Limited Obligation bonds \$9,936,000.

BONDED INDEBTEDNESS

1944-45	\$436,187,000
1949-50	609,249,000
1954-55	790,725,000
1959-60	1,351,667,000
1964-65	1,803,615,040
1969-70	2,644,431,173
1970-71	2,932,523,422
1971-72	3,162,033,200
1972-73	3,522,896,242

Although chartered cities may establish their own limitations on bonded indebtedness, the large majority of them are the same as general law cities which are limited by the provisions of Section 43605 of the Government Code which states:

“A city shall not incur an indebtedness for public improvements which exceeds in the aggregate 15 percent of the assessed value of all real and personal property of the city. Within the meaning of this section ‘indebtedness’ means bonded indebtedness of the city payable from the proceeds of taxes levied upon taxable property in the city.”

For reporting purposes a general obligation bond is one which is secured by the taxing powers of the city. In general practice many such bonds are redeemed through revenue not directly derived from property taxes, i.e., revenue from other sources such as sales taxes or generated through enterprise activities is used in lieu of a direct property tax for debt service. The impact of this procedure, however, has the same effect as a direct property tax as the net result is the reduction of available revenue which would otherwise apply against property tax needs for other purposes. For the year under review the debt service requirement was equivalent to a \$0.31 property tax rate.

One of the seemingly inevitable results of the development of land use is the appearance of the assessment bond. Unlike its counterpart, the general obligation bond of the city, the assessment bond represents an unpaid assessment for public works, the cost of which is assessed against benefited property. Under the more widely used type of assessment bond the city has no obligation to the bondholder except to pass to him any money paid by the property owner. Under a lesser used type of assessment bond the city has a contingent liability in the case of delinquency to either advance the amount of the delinquency or levy a limited tax rate on the affected area. In the event of an advance, the funds are eventually returned to the city. At the end of the year under review, unmatured assessment bonds issued through city procedures amounted to some 231 million dollars.

City-owned enterprise income of \$1,096,712,327 represented an increase of \$113,416,938 or nearly 12 percent, over that of the prior year. Expenses of \$911,279,756 were \$98,535,407 or 12 percent higher than the previous period. Expenditures for fixed assets (capital outlays) amounted to \$175,869,595, an increase of \$41,873,283 from the prior year.

CITY-OWNED ENTERPRISES

	<i>Water</i>	<i>Electric</i>	<i>Gas</i>
Operating Revenue	\$295,893,364	\$485,504,492	\$24,224,418
Operating Expense	228,443,979	363,346,086	20,630,470
Non-Operating Income	13,788,866	21,780,810	257,514
Non-Operating Expense	20,232,831	46,099,620	67,436
Net Income	61,005,420	97,839,596	3,784,026
Contribution from General City	3,243,692	--	48,061
Contribution to General City	29,375,564	38,129,271	2,975,871
Current Year Capital Outlays*	52,749,878	88,077,198	514,397
Revenue Bonds Redeemed as Matured	14,788,000	32,304,000	--
Other Payments	7,896,858	--	--

	<i>Airports</i>	<i>Bus Systems</i>	<i>Sewers</i>
Operating Revenue -----	\$77,615,683	\$33,172,950	\$36,347,125
Operating Expense -----	50,651,843	65,101,342	25,071,706
Non-Operating Income -----	11,374,322	3,829,157	4,692,952
Non-Operating Expense -----	13,039,933	166,704	4,804,268
Net Income -----	25,298,229	(28,265,939)	11,164,103
Contribution from General City -----	452,761	29,333,362	5,566,952
Contribution to General City -----	17,764,987	329,863	4,384,416
Current Year Capital Outlays * -----	15,611,764	449,363	9,889,036
Revenue Bonds Redeemed or Matured -----	4,649,215	--	2,121,000
G. O. Bonds of Districts Redeemed -----	--	--	179,000

	<i>Harbors</i>	<i>Parking</i>
Operating Revenue -----	\$55,439,772	\$7,848,990
Operating Expense -----	34,703,332	4,626,462
Non-Operating Income -----	5,682,296	3,584,903
Non-Operating Expense -----	15,285,106	3,930,702
Net Income -----	11,133,630	2,876,729
Contribution from General City -----	3,362	440,981
Contribution to General City -----	3,973,438	690,354
Current Year Capital Outlays * -----	6,993,176	767,723
Revenue Bonds Redeemed or Matured -----	3,358,975	1,774,000
G. O. Bonds of Districts Redeemed -----	--	477,534

	<i>Cemeteries</i>	<i>Hospitals</i>	<i>Housing</i>
Income -----	\$1,096,405	\$14,567,214	\$11,094
Expense -----	1,083,630	13,982,368	11,938
Net Income -----	12,775	584,846	(844)
Contribution from General City -----	136,146	55,897	--
Contribution to General City -----	28,858	133,268	--
Current Year Capital Outlays * -----	139,252	677,778	--

* Exclusive of expenditures from bond proceeds.

The net valuation of city assessment rolls for property tax purposes applicable to Fiscal Year 1973-74 amounted to \$42,707,752,726 a decrease of \$39,808,137 under the prior year. Homeowners and Business Inventories exemptions amounted to \$5,817,375,777. These exemptions are completely reimbursable by the state to the city for the resulting loss of property tax revenue. Taxes levied against the net valuation amounted to \$863,874,997, an increase of \$5,022,251 or nearly 1 percent.

CITY ASSESSED VALUATION, TAX LEVIES AND AVERAGE TAX RATE

<i>Fiscal Year</i>	<i>Percentage Increase or Decrease Over Prior Year</i>		<i>Rate Per \$100 Valuation</i>
	<i>Valuation</i>	<i>Levies</i>	
1964-65 -----	4.37	4.63	\$1.85
1965-66 -----	7.97	7.78	1.85
1966-67 -----	7.31	8.70	1.87
1967-68 -----	7.85	5.88	1.84
1968-69 -----	5.73	9.88	1.91
1969-70 -----	2.52	5.04	1.96
1970-71 -----	6.70	8.66	2.00
1971-72 -----	4.97	10.31	2.10
1972-73 -----	7.31	2.71	2.01
1973-74 -----	(0.01)	.58	2.02

The assessment of city taxes for Fiscal Year 1972-73 was accomplished on the tax rolls of the county for all except 5 cities. Instead of preparing separate assessment and tax bills and maintaining the detail records inherent in tax accounting, the vast majority of cities merely indicated to the counties the tax rate to be applicable for their assessment purposes; such taxes being assessed and collected in the same manner and with the same force and effect as county and school taxes. The five remaining cities (all chartered) that maintain their own assessment and collection function are:

<i>City</i>	<i>County Location</i>	<i>City</i>	<i>County Location</i>
Alameda	Alameda	Watsonville	Santa Cruz
Piedmont	Alameda	Marysville	Yuba
Pasadena	Los Angeles		

Any compensation paid to counties for such service is in accordance with Sections 51514 and 51561 of the Government Code, which provides that such compensation shall be fixed by agreement between the board of supervisors and the city legislative body. These sections also provide that for general law cities the charges so fixed shall not exceed one percent for collecting the first twenty-five thousand dollars (\$25,000) and not more than one-fourth of one percent for all sums over that amount. In the case of chartered cities the compensation shall not exceed one-half of one percent of all money collected. Further a county having a population of 4,000,000 or more shall perform the assessment and collection services without compensation from the cities as provided by Section 51520 and 51562 of the Government Code if all of the cities in the county agree to use the county assessment roll and agree to permit the county to perform the assessment and collection functions.

Aside from the existing 408 cities whose financial transactions are detailed in this report, three new incorporations are noted as of date of record.

<i>City</i>	<i>Incorporation Date</i>	<i>County Location</i>	<i>Estimated Population</i>
Rancho Mirage	July 19, 1973	Riverside	5,400
Rancho Palos Verdes	Sept. 4, 1973	Los Angeles	36,000
Palm Desert	Nov. 16, 1973	Riverside	10,750

Explanation of asterisks in the accompanying tables will be found at the end of this publication.