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*REPORT TO THE SUBCOMMITTEE ON  
INTERGOVERNMENTAL RELATIONS  
COMMITTEE ON  
GOVERNMENT OPERATIONS  
UNITED STATES SENATE*

Case Studies Of Revenue Sharing  
In 26 Local Governments  
**ENCLOSURE P**

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## SUMMARY

g At the request of the Chairman, Subcommittee on Inter-governmental Relations, Senate Committee on Government Operations, GAO conducted case studies on general revenue sharing at 26 selected local governments throughout the country, including Los Angeles, California. S. 1502

For the period January 1, 1972, through June 30, 1974, revenue sharing allocations to Los Angeles totaled \$85,179,741, or \$30.29 per capita. Of the amount allocated, \$76,190,181 was received by June 30, 1974, and \$8,989,560 was received in July 1974. Revenue sharing payments were equivalent to about 9.7 percent of Los Angeles' own tax collections.

The Chairman's letter listed seven areas on which the Subcommittee wanted information. Following is a brief description of the selected information GAO obtained in each area during its review of Los Angeles.

1. The specific operating and capital programs funded in part or in whole by general revenue sharing in each jurisdiction. Los Angeles had expended \$67.7 million through June 30, 1974, with \$62.9 million being designated as used for public safety activities, \$2.7 million for environmental protection, \$0.3 million for public transportation, \$0.7 million for recreation, \$0.3 million for libraries, and \$0.8 million for general public buildings. The city's accounting records showed that within these use designations, \$66.9 million was for operations and maintenance expenses, and \$0.8 million was for additional construction needed to complete a new city administration building.

2. The fiscal condition of each jurisdiction, including its surplus or debt status. All city funds are maintained on a cash basis. An analysis of the cash balances at the end of the city's 1970-74 fiscal years revealed an increasing trend, from \$263.3 million in 1970 to \$354.8 million in 1974. A significant indicator of the city's financial condition is the balance in the reserve fund, which generally represents the cumulative surplus of the city's operating fund. The balance as of June 30, 1974, had increased by approximately \$25.1 million since June 30, 1969. This was partly due to the availability of revenue sharing for the first time in fiscal year 1973. The city's general obligation bonded debt decreased from \$192.5 million at the end of fiscal year 1970 to \$185.5 million at the end of fiscal year 1974.

As of June 30, 1974, the unfunded liability for the city employees' retirement fund and the fire and police pension fund was \$145.2 million and \$1,161.2 million, respectively.

3. The impact of revenue sharing on local tax rates and any changes in local tax laws, and an analysis of local tax rates vis-a-vis per capita income. This property tax is the primary source of revenue for city operations. The tax rate increased from \$2.3597 per \$100 of assessed valuation in fiscal year 1970 to \$2.7648 in fiscal year 1974. The city also imposes a 1 percent sales tax on gross receipts, a \$1 to \$5 tax per \$1,000 of business gross receipts, a utility users tax of 5 percent for residents and 10 percent for businesses, and a 6 percent transient occupancy tax. City officials said the major impact of revenue sharing has been to delay the initiation of any new tax measures. The city has exhausted all major revenue sources permitted under State law.

The percentage of a family's income paid to the city of Los Angeles, other local governments--including county, school district, and special district governments--and to the State government increases as family income increases. The tax burden for a family of four increased from 8.1 percent of family income to 9.3 percent and 10.4 percent as family income increased from \$7,500 to \$12,500 and \$17,500, respectively.

4. The percentage of the total local budget represented by general revenue sharing. About 1.3 percent of Los Angeles' budget for fiscal year 1973, and 4.2 percent of its 1974 budget, consisted of revenue sharing funds.

5. The impact of Federal cutbacks in three or four specific categorical programs and the degree, if any, that revenue sharing has been used to replace those cutbacks. In fiscal years 1972 and 1973, the city received about \$102 and \$100.8 million, respectively, in Federal categorical aid. Federal aid for fiscal years 1974 and 1975 was estimated at \$109.6 and \$121.1 million, respectively. Most Federal funds were for community development, employment opportunities, airports, public safety, and sewerage and sanitation.

6. The record of each jurisdiction in complying with the civil rights, Davis-Bacon, and other provisions of the law. Since January 1972, numerous complaints have been filed against city agencies alleging discrimination in employment because of race, sex, religious belief, and national origin. Ten cases had been closed at the time of GAO's review because the charges were not substantiated. The U.S. Equal Employment Opportunity Commission had not been able to investigate any of the 35 complaints filed with it because of staffing shortages.

Two civil rights suits were filed, one against the fire department and one against the police department. The U.S. District Court found that hiring practices in the fire department were discriminatory and decreed that the city retitle the position of fireman to firefighter so that it be open to all applicants who are qualified, regardless of sex. It also ordered that one-half of all appointments to firefighter positions be made from among black, Mexican-American, and Asian-American applicants until such time as their representation approximates the respective percentages of such groups in the civilian labor force in Los Angeles. A suit against the police department alleging sex discrimination is still pending.

According to the 1970 census, the civilian labor force in the city consisted of 1,237,598 persons, which included 40.5 percent females, 15.8 percent blacks, and 16.3 percent Spanish surname. As of June 30, 1974, the city government had a total of 41,299 employees, of which 17 percent were females, 22.1 percent blacks, and 9.6 percent Spanish surname.

The city has instituted an affirmative action program designed to facilitate greater employment opportunities and better representation of women and minorities in the city work force.

Regarding the Davis-Bacon provision, the city did not include required provisions in three contracts funded with revenue sharing, and no contractor wage statements or payrolls were obtained.

The city charter and its civil service regulations assure that city employees will be paid like wages for like work regardless of the source of funds used for payment of wages.

7. Public participation in the local budgetary process, and the impact of revenue sharing on that process. Although the city published the planned and actual use reports required by the Revenue Sharing Act, and the city's budgetary process provides for public hearings before the city council, GAO did not find extensive participation by individuals or special interest groups regarding the possible uses of revenue sharing funds. However, GAO did find instances of inquiries and requests by several special interest groups for allocations of revenue sharing funds.

## CHAPTER 1

### INTRODUCTION

The State and Local Fiscal Assistance Act of 1972 (Public Law 92-512), commonly known as the Revenue Sharing Act, provides for distributing about \$30.2 billion to State and local governments for a 5-year program period beginning January 1, 1972. The funds provided under the act are a new and different kind of aid because the State and local governments are given wide discretion in deciding how to use the funds. Other Federal aid to State and local governments, although substantial, has been primarily categorical aid which generally must be used for defined purposes. The Congress concluded that aid made available under the act should give recipient governments sufficient flexibility to use the funds for their most vital needs.

On July 8, 1974, the Chairman, Subcommittee on Intergovernmental Relations, Senate Committee on Government Operations, requested us to conduct case studies on general revenue sharing at 26 selected local governments throughout the country. The request was part of the Subcommittee's continuing evaluation of the impact of general revenue sharing on State and local governments. The Chairman requested information on

- the specific operating and capital programs funded by general revenue sharing in each jurisdiction;
- the fiscal condition of each jurisdiction;
- the impact of revenue sharing on local tax rates and tax laws, including an analysis of tax burden on residents of each jurisdiction;
- the percentage of the total budget of each jurisdiction represented by general revenue sharing;
- the impact of Federal cutbacks in several categorical programs and the degree, if any, that revenue sharing has been used to replace those cutbacks;
- the record of each jurisdiction in complying with the civil rights, Davis-Bacon, and other provisions of the law; and
- public participation in local budgetary process and the impact of revenue sharing on that process.

Los Angeles, California is one of the 26 selected local governments, which include large, medium, and small municipalities and counties as well as a midwestern township.

#### BACKGROUND INFORMATION ON LOS ANGELES

Los Angeles, with a population of 2,809,813 (1970 census), is the largest city in the State and third largest in the United States. Its area is approximately 465 square miles. In 1970 the median family income for city residents was \$10,534.

The Los Angeles area is the leading industrial center west of the Mississippi River, surpassed among U.S. cities only by New York and Chicago. Over one-half of the manufacturing activities in California are carried on in this region. The Los Angeles harbor leads the Pacific coast in the number of ships serviced and in tonnage shipped. Los Angeles has operated under its present charter since 1925. The city is governed by a 15-member city council and a mayor who is independent of the council. Both the mayor and council members are elected on a nonpartisan basis for 4-year terms. The comptroller and city attorney are also elected officials.

Los Angeles does not have a city manager, although the city administrative officer, the chief financial and administrative official, does fill that role to some extent. He reports to both the mayor and the council.

The structure of the city government includes about 43 separate departments, offices, and bureaus. The mayor, subject to confirmation by the council, appoints and may remove the city administrative officer, treasurer, city clerk, and members of the various boards of commissioners and the general managers who head the various departments.

While the council maintains financial control of most departments, some are authorized by the city charter to almost entirely manage their own affairs by controlling their revenues and funds, fixing employee salaries, and adopting budgets. Departments included in this group are: city employees' retirement system, police and fire pension, library, recreation and parks, airports, harbor, and water and power. This group of independent departments is broken down further into what we classified as exempt or semiexempt, to indicate the type of control exercised over these departments by the council. The exempt departments, also known as proprietary departments, included airports, harbor, and water and power. Budgets of the semiexempt departments, such as library and recreation and

parks, are subject to council review, while those of the exempt departments generally are not.

The exempt departments operate entirely out of their own revenues and issue their own revenue bonds. In addition, the department of water and power, the city's largest department, has its own retirement plan.

The responsibility for providing governmental services to residents of the city is fragmented among the city, State, county, special districts--including independent school districts--and private sources.

The city provides fire and police protection, sanitation and sewerage, library, parks and recreation, and street maintenance. Services such as water and power, harbor, and airport are provided by self-supporting city departments.

The State and county share responsibility for air pollution control in Los Angeles. However, the city has an environmental quality department which is charged with developing, studying, and enforcing these goals, policies, and programs affecting the city's environmental quality.

The county provides public assistance and social welfare services to city residents, with costs being shared by the county, State, and Federal governments. Also, the county operates nine hospitals and two rehabilitation centers and is responsible for providing public health services, including communicable disease control, sanitation, child and maternal health, public health education, and vital records.

Special districts service some or all city residents. For example, a county special district, partially governed by the city, provides sewerage services to only a portion of the city residents. Conversely, an independent special district, the Southern California Rapid Transit District, provides public bus transportation throughout the city. Primary and secondary education is provided by nine independent school districts, of which the Los Angeles Unified School District is the largest. An elected board of education governs each school district and levies its own property tax.

#### REVENUE SHARING ALLOCATION

Revenue sharing funds are allocated according to a formula in the Revenue Sharing Act. The amount available for distribution within a State is divided into portions--one-third for the State government and two-thirds for all eligible local governments within the State.

The local government share is allocated first to the State's county areas (these are geographic areas, not county governments) using a formula which takes into account each county area's population, general tax effort, and relative income. Each individual county area amount is then allocated to the local governments within the county area.

The act places constraints on allocations to local governments. The per capita amount allocated to any county area or local government unit (other than a county government) cannot be less than 20 percent, nor more than 145 percent, of the per capita amount available for distribution to local governments throughout the State. The act also limits the allocation of each unit of local government (including county governments) to not more than 50 percent of the sum of the government's adjusted taxes and intergovernmental transfers. Finally, a government cannot receive funds unless its allocation is at least \$200 a year.

To satisfy the minimum and maximum constraints, the Office of Revenue Sharing uses funds made available when local governments exceed the 145 percent maximum to raise the allocations of the State's localities that are below the 20 percent minimum. To the extent these two amounts (amount above 145 percent and amount needed to bring all governments up to 20 percent) are not equal, the amounts allocated to the State's remaining unconstrained governments (including county governments) are proportionally increased or decreased.

Los Angeles' allocation was not raised to the 20 percent minimum constraint or lowered to the 145 percent maximum constraint in any of the first four entitlement periods (Jan. 1, 1972, through June 30, 1974), but constraints applied to other governments in the State resulted in an increase in Los Angeles' allocation. Our calculations showed that, if the allocation formula were applied in California without all the act's constraints, Los Angeles' allocation for the period January 1, 1972, through June 30, 1974, would have been \$84,371,213, compared to its final allocation of \$85,232,615. Initial allocations and payments to Los Angeles for the same period were \$85,179,741, including \$8,989,560 received in July 1974. The payment for the next entitlement period is to be increased by \$52,874, the difference between initial and final allocations.

The following schedule shows revenue sharing per capita and revenue sharing as a percentage of adjusted taxes for Los Angeles and the next two largest cities in California, San Francisco and San Diego, with populations of 715,674 and 697,027, respectively.

<u>City</u>	Revenue sharing funds received for the period January 1, 1972, through June 30, 1974		
	<u>Received</u> (note a)	<u>Per capita</u> <u>share</u>	<u>As a percent of</u> <u>taxes (note b)</u>
Los Angeles	\$85,179,741	\$30.29	9.7
San Francisco (note c)	47,294,983	66.08	8.4
San Diego	16,737,889	24.01	12.4

a/Includes payment received in July 1974 for quarter ended June 30, 1974.

b/Fiscal year 1971 and 1972 taxes, as defined by the Bureau of the Census, were used and adjusted to correspond to the 2-1/2-year period covered by the revenue sharing payments.

c/San Francisco is a consolidated city-county and therefore has no overlaying county government. For this reason, its per capita share is more than that received by Los Angeles or San Diego.

For California, the 145 percent maximum constraint for local governments for the period covered was \$73.88 per capita. The 20 percent minimum constraint was \$10.18 per capita.

## CHAPTER 2

### BUDGETING AND PUBLIC PARTICIPATION

#### IN THE BUDGETARY PROCESS

The controller has responsibility to account for the funds of all city offices and departments, including those departments described as having independent status, and for various other governmental agencies, such as the coliseum and sports arena. He supervises over 100 individual funds, which are grouped in five major categories--(1) operating, (2) reserve, (3) capital, (4) special and trust, and (5) bond redemption and interest.

1. Operating funds include those funds necessary for the general operation of the budgetary and independent departments. The major funds in this category are the general budget fund and the several revenue funds of the independent departments.

The general budget fund's primary sources of revenue include city taxes, certain apportioned State taxes, and departmental licenses and fees. It finances general operations of the city and partially supports the independent library and the parks and recreation departments. It does not support the other independent departments. The independent departments generally receive revenues from concessions and fees charged to users of services provided (i.e., sale of water and electricity, airport landing fees, wharfage, book fines, recreation fees, etc.).

2. The reserve fund consists of only that fund. It generally accumulates the annual unobligated balance of the general budget fund. This fund helps balance the budget, finances contingent expenses, and supports the city budget prior to receipt of property taxes.

3. Capital funds are for both the city's general obligation and the independent departments' revenue bonds. These funds account for the moneys expended from the proceeds of bond sales. General obligation bonds finance general city capital projects specifically approved by the voters, whereas revenue bonds issued by the independent departments finance their own capital projects.

4. Special and trust funds include the revenue sharing, local improvement, special assessment, pension and retirement, and miscellaneous special and trust funds. Each fund generally receives its revenue from specific sources and the use of such revenue is usually restricted. For example, one

of the local improvement funds is the special gas tax street improvement fund, which receives its revenue from apportioned State gasoline taxes and several Federal grants. The fund is used primarily for street improvements.

5. Bond redemption and interest funds include funds available for payment of principal and interest for both the city's general obligation bonds and revenue bonds issued by the independent departments. The source of financing to repay general obligation bonds is primarily from property taxes levied for this purpose, while the revenue bonds are repaid from the operating income of the independent departments.

RELATIONSHIP OF REVENUE  
SHARING TO TOTAL BUDGET

During the 2-year period ended June 30, 1974, the city received revenue sharing payments totaling \$76.2 million. The following table shows Los Angeles' budget for fiscal year 1972, the year preceding receipt of revenue sharing. It also shows revenue sharing funds received and budgeted for fiscal years 1973 and 1974 and their relationship to Los Angeles' budget for these years.

<u>Budget</u>	<u>Fiscal year ended June 30</u>		
	<u>1972</u>	<u>1973</u>	<u>1974</u>
	<u>(millions)</u>		
Los Angeles	\$1,138.8	\$1,249.2	\$1,437.5
Los Angeles Unified School District (note a)	<u>663.4</u>	<u>770.8</u>	<u>823.9</u>
Total	<u>\$1,802.2</u>	<u>\$2,020.0</u>	<u>\$2,261.4</u>
Revenue sharing payments received	-	\$40.1	\$36.1
Revenue sharing funds budgeted	-	\$16.2	\$59.7
Cumulative revenue sharing payments received but not budgeted	-	\$23.9	\$ 0.3
Percentage of city budget represented by revenue sharing	-	1.3	4.2
Percentage of city and school district budgets represented by revenue sharing	-	0.8	2.6

a/Primary and secondary education is provided by nine independent school districts. The Los Angeles Unified School District is the largest.

School district budget data is included in the foregoing table to make the budgets comparable with those of local governments whose responsibilities include operating local school systems. Although independent school districts do not receive revenue sharing funds directly from the Federal Government, the financing of public schools is a major responsibility at the local government level and represents a significant part of the local tax burden.

#### PUBLIC INVOLVEMENT IN BUDGETARY PROCESS

Generally, between January and June of each year the city formalizes its budget for the next fiscal year. Department heads submit their budget requests to the mayor. They send copies to the city administrative officer, who, with his staff, reviews these requests and makes recommendations to the mayor. The mayor meets with each department to resolve any differences between the recommendations of the department and the city administrative officer. The mayor's proposed budget is then finalized and submitted to the city council before the end of April.

Upon receiving the budget, the council must fix a time and place for holding public hearings and give public notice of such hearings. During these hearings, anyone may address the council on the proposed budget. In subsequent open meetings, the council considers and votes on the budget and any new issues. At these meetings, individuals may speak with the consent of a majority of the council.

The budget must be approved by a majority vote of the council before the first of June, and any council modifications are subject to the mayor's approval or veto for each item changed. A two-thirds vote of the council is required to override each of the vetoes.

The city does not have a separate capital budget, but capital improvement projects for permanent facilities are separately identified in the city budget. Capital projects may be suggested by departments, councilmen, the mayor, or citizens. Projects are selected and assigned priority by the public works priority committee; however, the mayor may overrule the committee and substitute projects he believes more worthy of financing.

The capital improvement expenditure program is reviewed and approved by the council as part of the budget. Project financing is derived from several sources, including the special gas tax street improvement fund, general fund, permanent improvement fund, and revenue sharing fund. Capital

projects financed by general obligation bonds have their own expenditure plan and are not part of the capital improvement expenditure program.

As required by the Revenue Sharing Act, the city had published reports on the planned and actual use of revenue sharing funds in a city newspaper. It also advised the news media, in advance, of the publication of these reports by an explanatory press release from the mayor. City officials said there are no separate budget hearings involving the planned or actual use of revenue sharing funds. The funds are part of the city budget, which is discussed in public hearings.

Minutes of the council's budget hearings for fiscal year 1974, held during the period April 30-May 10, 1973, showed that several individuals and groups participated in the discussions. In two instances, revenue sharing was discussed. The council's budget hearings held during the period May 2-10, 1974, for fiscal year 1975, again showed public participation and one instance of revenue sharing discussion.

We discussed public involvement in planning the use of revenue sharing funds with representatives of five special interest groups. Generally, they stated that the city had not solicited their active participation concerning the use of these funds. Three representatives said they had received less information on revenue sharing than on other city funds; four said information on revenue sharing was not adequate.

During the period December 1972 to August 1973, requests regarding revenue sharing funds were made by such special interest groups as: the Asian American Social Workers, Japanese Community/Pioneer Center, Korean Committee on Aging of Southern California, Watts Health Center, Watts Writers Workshops, Mexican American Opportunity Foundation, and Community Health Foundation of Los Angeles. However, no revenue sharing funds had been allocated to nongovernmental organizations as of June 30, 1974.

In May 1974 the city administrative officer advised the finance committee of the city council that it would be preferable not to allocate revenue sharing to private organizations because the accounting for the funds was subject to rigorous Federal audit and any irregularities could jeopardize receipt of the funds.

## CHAPTER 3

### PROGRAMS FUNDED WITH REVENUE SHARING

Los Angeles was allocated about \$85.2 million in revenue sharing funds for the period January 1, 1972, through June 30, 1974. Of the amount allocated, \$76.2 million was received by June 30, 1974, and \$9 million was received in July 1974. Interest earnings on the funds amounted to \$2.8 million, giving the city a total of about \$88 million in revenue sharing funds.

Of the funds allocated to the city for the period ended June 30, 1974, and interest earned thereon, \$67.7 million had been spent, \$8.2 million obligated, and \$12.1 million was unobligated.

### USES OF REVENUE SHARING

The uses of revenue sharing funds described in this chapter are those reflected by Los Angeles' financial records. As we have pointed out in earlier reports on the revenue sharing program ("Revenue Sharing: Its Use by and Impact on State Governments," B-146285, Aug. 2, 1973, and "Revenue Sharing: Its Use by and Impact on Local Governments," B-146285, Apr. 25, 1974), fund "uses" reflected by the financial records of a recipient government are accounting designations of uses. Such designations may have little or no relation to the actual impact of revenue sharing on the recipient government.

For example, in its accounting records, a government might designate its revenue sharing funds for use in financing environmental protection activities. The actual impact of revenue sharing on the government, however, might be to reduce the amount of local funds which would otherwise be used for environmental protection, thereby permitting the "freed" local funds to be used to reduce tax rates, to increase expenditures in other program areas, to avoid a tax increase or postpone borrowing, to increase yearend fund balances, and so forth.

Throughout this case study, when we describe the purposes for which revenue sharing funds were used, we are referring to use designations as reflected by city financial records.

### Functional uses

The following schedule shows, by functional categories, revenue sharing expenditures for fiscal years 1973 and 1974.

<u>Functional categories</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>Total</u>
	<u>(millions)</u>		
Operations and maintenance:			
Public safety:			
Police	\$ 6.6	\$24.3	\$30.9
Fire	7.0	25.0	32.0
Environmental protection:			
Sanitation/sewerage	1.3	1.3	2.6
Environmental quality	-	.1	.1
Public transportation:			
Public transit	.1	.2	.3
Recreation	-	.7	.7
Libraries	-	.3	.3
	<u>15.0</u>	<u>51.9</u>	<u>66.9</u>
Capital improvements:			
General public building	<u>.8</u>	<u>-</u>	<u>.8</u>
Total	<u>\$15.8</u>	<u>\$51.9</u>	<u>\$67.7</u>

As of June 30, 1974, the city had obligated about \$0.6 million for operations and maintenance purposes in the public transportation function and \$7.5 million for capital projects in the following functional areas:

	<u>FY 1973</u>	<u>FY 1974</u>	<u>Total</u>
	<u>(millions)</u>		
Public safety	\$ -	\$(a)	\$(a)
Highways and streets	-	2.3	2.3
Recreation	-	.4	.4
Environmental protection	-	2.6	2.6
Library	-	.3	.3
General public buildings	(a)	1.8	1.8

a/Obligated amounts are less than \$0.1 million.

#### Specific uses

About \$66.6 million of the revenue sharing funds designated as used for operations and maintenance expenses consisted of lump sum appropriations to various city departments. We were unable to determine the specific uses of these funds because they lost their identity after being

commingled with funds from other sources. We were also unable to determine the specific use of an additional \$0.3 million designated as having been used to subsidize a central city minibus transit system. City financial records show a \$0.6 million obligation, as of June 30, 1974, also designated for use as a subsidy for the minibus transit system.

Of the revenue sharing funds expended or obligated for capital expenditures as of June 30, 1974, the city used \$0.8 million for additional construction needed to complete a new city administration building. The city also has authorized \$2.3 million for new facility construction and renovations and/or modifications at several street maintenance yards; \$2.6 million for renovation and construction of facilities at several refuse collection yards; \$1.8 million for construction of several vehicle repair facilities; \$0.3 million for renovation of a library warehouse; and \$0.4 million for the construction of a tennis center in a new area recreational project. (This project was in abeyance as of December 1974 and will possibly be canceled.)

#### Plans for unobligated funds

The \$12.1 million in unobligated revenue sharing funds was included in the city's fiscal year 1975 budget. About \$2.1 million was budgeted for capital projects and the balance was for operations and maintenance expenses of several departments.

#### ACCOUNTING FOR REVENUE SHARING FUNDS

The city has established a separate trust fund to account for all receipts and expenditures of revenue sharing funds. The controller, as the payee, receives all revenue sharing funds. He deposits the funds within 24 hours of receipt with the city treasurer, who signs a deposit certificate to show the transfer of the funds to the city treasury. The deposit certificate shows that the funds are to be credited to the local assistance trust fund account.

The treasurer is responsible for investing city funds, including revenue sharing moneys, which are normally invested in U.S. Treasury bills on a 2-week basis, with interest earnings credited weekly to the revenue sharing trust fund.

Revenue sharing funds authorized for operations and maintenance expenses are normally transferred by voucher to the general budget fund for final disbursement. Funds for capital projects are paid directly from the revenue sharing trust fund. All expenditures and transfers from that fund

must be approved by the controller and expended in accordance with approved budget appropriations.

#### AUDITS OF REVENUE SHARING

The financial records of the city are audited annually by certified public accountants. The scope of the audit for fiscal year 1974 was expanded to include a financial and compliance audit of revenue sharing funds. The audit report stated that the examination disclosed no conditions indicating noncompliance, but it included a brief summary of the suit brought against the city regarding the fire department's hiring practices. The report indicated that the various fund statements presented fairly the revenue, expenditures, encumbrances, available funds and obligations incurred for the year ended June 30, 1974. The city estimated that the cost for auditing revenue sharing funds would be about \$4,000.

## CHAPTER 4

### COMPLIANCE PROVISIONS

#### OF THE REVENUE SHARING ACT

The act provides that, among other requirements, each recipient shall

- create a trust fund in which funds received and interest earned will be deposited. Funds will be spent in accordance with laws and procedures applicable to expenditure of the recipient's own revenues;
- use fiscal, accounting, and audit procedures which conform to guidelines established by the Secretary of the Treasury;
- not use funds in ways which discriminate because of race, color, national origin, or sex;
- under certain circumstances, not use funds either directly or indirectly to match Federal funds under programs which make Federal aid contingent upon the recipient's contribution;
- observe requirements of the Davis-Bacon provision on certain construction projects in which the costs are paid out of the revenue sharing trust fund;
- under certain circumstances, pay employees who are paid out of the trust fund not less than prevailing rates of pay; and
- periodically report to the Secretary of the Treasury on how it used its revenue sharing funds and how it plans to use future funds. The reports shall also be published in the newspaper, and the recipient shall advise the news media of the publication of such report.

Further, local governments may spend funds only within a specified list of priority areas.

For purposes of this review, we gathered selected information relating to the nondiscrimination, Davis-Bacon, and prevailing wage provisions.

## NONDISCRIMINATION PROVISION

The act provides that no person in the United States shall, on the ground of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with general revenue sharing funds.

The mayor, by executive directive dated October 29, 1973, declared that it was the city's policy that the recruitment, employment, promotion, assignment, compensation, benefits, training, and layoff of all employees be conducted without regard to their race, religion, national origin, or sex. Further, the city would engage in an affirmative action program to insure continued equal employment opportunities and encourage better representation of all qualified members of the community in city service.

The city civil service commission adopted an affirmative action plan on June 8, 1973, in order to expand its equal employment opportunities program. In accordance with this plan and the mayor's executive directive, an affirmative action program, dated August 9, 1974, was designed to facilitate greater employment opportunities and better representation of qualified women and minorities at all levels of the city work force. The long-range objective of the program is to achieve parity with the city's population mix, and the goals set for the increased representation of women and minorities reflect what can be reasonably accomplished under the merit system in a 5-year period. The program includes each department's quantitative and qualitative goals for increasing the representation of women and minorities.

California has created a State Commission on Fair Employment Practices designed to prevent and eliminate discrimination in employment and otherwise against persons because of race, religious creed, color, national origin, ancestry, or sex. The commission consists of seven members appointed by the Governor with the advice and consent of the State Senate.

The commission investigates complaints of discriminatory employment practices. If it finds any discriminatory employment practice, it requires the respondents to cease and desist from such practice and to take action, including hiring, reinstating, or upgrading employees, with or without backpay, or restoration to membership in any respondent labor organization, as, in the judgment of the commission,

will effectuate the purposes of the State's Fair Employment Practices Act. The respondent is further required to report the manner of compliance. Final orders or decisions of the commission are subject to judicial review. Whenever the commission believes, on the basis of evidence, that anyone is violating or is about to violate any final order or decision issued by it, the commission may bring an action in superior court against such person to enjoin him from continuing the violation.

Comparison of local government  
work force and civilian labor force

According to the 1970 census, the city civilian labor force consisted of 1,237,598 persons. As of June 30, 1974, the city government had 41,299 full-time employees. The following table compares the racial and sexual mix of the city government work force with the civilian labor force.

Comparison of City Government Work Force With  
Civilian Labor Force

	Male		Female		Total	
	<u>Number</u>	<u>Per- cent</u>	<u>Number</u>	<u>Per- cent</u>	<u>Number</u>	<u>Per- cent</u>
Civilian labor force:						
Total	<u>736,299</u>	<u>59.5</u>	<u>501,299</u>	<u>40.5</u>	<u>1,237,598</u>	<u>100.0</u>
Black	106,852	8.6	89,101	7.2	195,953	15.8
Spanish surname	123,975	10.0	77,394	6.3	201,369	16.3
City government work force:						
White	22,397	54.2	3,738	9.1	26,135	63.3
Black	7,359	17.8	1,786	4.3	9,145	22.1
Spanish surname	3,144	7.6	798	2.0	3,942	9.6
Other	<u>1,417</u>	<u>3.4</u>	<u>660</u>	<u>1.6</u>	<u>2,077</u>	<u>5.0</u>
Total	<u>34,317</u>	<u>83.0</u>	<u>6,982</u>	<u>17.0</u>	<u>41,299</u>	<u>100.0</u>

The percentage of females in the city government work force (17 percent) was considerably below the percentage in the civilian labor force (40.5 percent). The percentage of Spanish-surnamed persons in the city government work force (9.6 percent) was less than their percentage in the civilian labor force (16.3 percent). However, blacks accounted for 22.1 percent of the city government work force compared with 15.8 percent of the civilian labor force. A detailed breakdown of the city government work force by function and job category is presented in appendix I.

Our analysis of four functional categories as of June 30, 1974, which comprised about 75 percent of the city government work force (see app. I), showed the following percentages of minorities and females.

<u>Function</u>	<u>Black</u>	<u>Spanish surname</u>	<u>Female</u>
Utilities and transportation	20.0%	8.7%	16.0%
Police protection	12.1	9.5	15.7
Streets and highways	37.4	12.4	8.2
Fire protection	2.6	3.7	2.5

Compared to the civilian labor force percentages of 15.8 percent blacks, 16.3 percent Spanish surname, and 40.5 percent females, disproportions existed in the work force in these four functions, except for black representation in the street and highways and utility and transportation functions. The differences for the minorities and females were the greatest in the fire protection function and less in the police protection function. Class action suits have been filed against the city alleging discriminatory practices against minorities and females by the fire department and against females by the police department. (Complaints and suits are discussed later in this chapter.)

The city government's black and Spanish-surnamed employees were generally concentrated in service/maintenance, paraprofessional, and office/clerical job categories, while female employees were primarily in the office/clerical and paraprofessional job categories.

During the year ended June 30, 1974, the city government hired 3,496 persons (see app. II), broken down as follows by race, color, and sex:

	Male		Female		Total	
	Number	Per- cent	Number	Per- cent	Number	Per- cent
White	1,705	48.8	451	12.9	2,156	61.7
Black	437	12.5	273	7.8	710	20.3
Spanish surname	288	8.2	132	3.8	420	12.0
Other	<u>111</u>	<u>3.1</u>	<u>99</u>	<u>2.9</u>	<u>210</u>	<u>6.0</u>
Total	<u>2,541</u>	<u>72.6</u>	<u>955</u>	<u>27.4</u>	<u>3,496</u>	<u>100.0</u>

Promotions of city government employees by job category during the fiscal year ended June 30, 1974, were as follows:

	Total number	Black		Spanish surname		Female	
		Number	Per- cent	Number	Per- cent	Number	Per- cent
Officials/ adminis- trators	31	-	-	1	3.2	2	6.5
Professionals	570	49	8.6	22	3.9	70	12.3
Technicians	445	34	7.6	16	3.6	25	5.6
Protective service	66	35	53.0	8	12.1	6	9.0
Paraprofes- sionals	1	-	-	-	-	1	100.0
Office/ clerical	639	157	24.6	106	16.6	481	75.3
Skilled craft	1,072	249	23.2	118	11.0	4	.4
Service/ maintenance	<u>244</u>	<u>103</u>	<u>42.2</u>	<u>37</u>	<u>15.2</u>	<u>3</u>	<u>1.2</u>
	<u>3,068</u>	<u>627</u>		<u>308</u>		<u>592</u>	

We discussed the above employment statistics with a representative of the city's personnel department and received the following comments:

- Disproportions in the female work force have resulted from the high concentration of full-time jobs in the skilled crafts, protective service, and service/maintenance occupational categories. Traditionally, females have not been employed in these types of jobs.
- Disproportions among the blacks, Spanish surnames, and females in the higher occupational categories are due to several factors. One is that the city charter provides that vacancies be filled by promotion when practicable. This policy affects several occupational categories, particularly the officials/administrators categories. In the future, however, with the city's affirmative action program, the policy should result in promotions of females and minorities into higher level positions. Another factor has been the lack of qualified minority and female applicants for such jobs as engineers and accountants/auditors, which account for a large portion of the professional jobs and traditionally have not attracted minorities or females. The city has undertaken a comprehensive transitional class program (upward mobility) which will enable current employees to be promoted from clerical and subprofessional categories into technical administrative and professional categories.
- The high representation of blacks in the city work force is primarily due to the high incidence of black males in the unskilled and lower paying job categories. This has resulted from the lack of applicants of other ethnic groups (including whites) and probably will continue.
- The disproportion in the city's Spanish-surnamed work force should change as a result of the city advertising job openings in Spanish community newspapers and eliminating the citizenship requirement.

The goal of the city's affirmative action program is a city government work force in July 1978 which includes 24.9 percent blacks, 15.2 percent Spanish surname, and 20.9 percent female. The anticipated composition of the work force by job category in July 1978 as compared to the composition at June 30, 1974 (expressed in percentages), is summarized on the following page.

Job category	Black		Spanish surname		Female	
	June 30, 1974	July 1978	June 30, 1974	July 1978	June 30, 1974	July 1978
All categories	22.1%	24.9%	9.6%	15.2%	17.0%	20.9%
Officials/administrators	.8	8.7	1.6	7.4	4.1	7.0
Professionals	5.5	9.9	4.5	9.5	13.0	20.4
Technicians	7.6	11.0	6.7	11.8	9.9	13.7
Protective service	10.2	16.2	8.3	14.0	3.2	7.1
Paraprofessionals	28.0	36.8	19.6	30.2	33.3	61.2
Office/clerical	25.9	26.8	12.9	18.9	70.4	70.0
Skilled craft	24.0	24.5	9.4	16.5	.1	2.2
Service/maintenance	58.1	58.0	14.3	17.7	3.3	12.9

#### Complaints and civil rights suits

The California Fair Employment Practices Commission has closed 10 individual complaints filed against the city since January 1972. All the complaints, none of which were sustained, alleged discrimination because of ethnic background--six involved discharge, two hiring, and two promotion. One complainant subsequently filed a complaint with the U.S. Equal Employment Opportunity Commission. Ten additional individual complaints involving alleged discrimination in discharge, hiring, and promotion because of ethnic background are pending.

The Federal Government filed a complaint in U.S. District Court on August 7, 1972, alleging that the city had continued to pursue policies and practices that discriminate against black, Mexican American, and Oriental applicants for employment in the fire department. The complaint was amended to include discrimination against women by failing or refusing to recruit and hire women for uniformed jobs in the fire department. The court decreed that, commencing July 1, 1974, the city shall make one-half of all appointments to firefighter from among black, Mexican American, and Asian American applicants until such time as these groups' representations approximate the respective percentages of such groups in the civilian labor force of the city. Further, the court decree provided that the city shall retitle the class of fireman to firefighter, and that the position shall be open to all qualified applicants, regardless of sex.

A complaint was filed on August 30, 1974, in the U.S. District Court by an individual against the city, city council, fire department, file commission, and city civil service commission. The plaintiff noted that he was a

Negro and that (1) on October 5, 1971, he was unlawfully discharged as an ambulance driver for the city fire department solely because of his race and color, and (2) after being reemployed on June 18, 1973, as a rescue ambulance driver, was discharged on June 27, 1973, solely because of his race and color. In the second claim, the plaintiff contended that the defendant utilized culturally biased written examinations, tests, and standards in its paramedical training classes. As of December 1974, the matter had not been adjudicated.

A class action suit, contending sex discrimination in the hiring of police officers, was filed on August 20, 1973, in the U.S. District Court against the city, the Los Angeles board of civil service commission, and chief of police. As of December 1974, the suit had not been adjudicated.

A black Los Angeles police officer, on February 19, 1974, filed a protest with the board of civil service commission, alleging that the interview portion of the police sergeant's examination was administered in a discriminatory manner. At hearings the board denied the protest. Subsequently, an application for writ of mandate was filed in the Los Angeles County superior court, requesting that the board be ordered to set aside its decision. The petitioner contended that the protest procedure afforded him violated his constitutional right to due process of law. The court announced its decision to dismiss the petition on January 30, 1975, finding no evidence of discrimination or violation of due process.

The California Fair Employment Practices Commission completed an investigation in June 1974 to determine how the employment practices of the police department affected the opportunities of minorities and what revisions were needed to improve the employment patterns. Recommendations were made for improvements in recruitment, selection devices, police academy, transfers and promotions, and affirmative action programs.

Officials from the Los Angeles district office, Equal Employment Opportunity Commission, stated that 35 complaints had been filed with that office against city departments alleging discrimination because of sex and ethnic background. Four of the complainants had also filed complaints with the California Fair Employment Practice Commission. The departments include the police, personnel, fire, recreation and

parks, public works, and the board of civil service commission. Officials said that the district office has not been able to investigate any of the complaints because of a staff shortage.

We contacted 12 local special interest organizations, including women's groups, for their views regarding discriminatory employment practices. Only one organization alleged that discriminatory practices existed, but it did not identify any specific instances.

The city had distributed revenue sharing funds to its fire department in budgets prior to fiscal year 1975. However, the mayor directed that, during fiscal year 1975, revenue sharing funds would not be used for the fire department because of the lawsuit then pending against it relative to employment procedures. An official from the city administrative office stated that he did not know of any other instance where revenue sharing funds were not used in order to avoid a potential discrimination problem.

#### Services and capital projects

On any program or activity funded in whole or in part with revenue sharing, the regulations prohibit recipients from (1) providing any service or other benefit which is different, or is provided in a different form, from that provided to others under the program or activity and (2) making selections of sites or locations of facilities which have the effect of discriminating against individuals on the ground of race, color, national origin, or sex.

None of the 12 special interest organizations we contacted indicated that the city was discriminating in the services or capital projects financed with revenue sharing funds. A city administrative official said no complaints or suits had been filed against the city alleging discriminatory practices in the services provided or the facilities being constructed with revenue sharing funds.

#### DAVIS-BACON PROVISION

The Revenue Sharing Act provides that all laborers and mechanics, employed by contractors and subcontractors to work on any construction project of which 25 percent or more of the cost is paid out of the revenue sharing trust fund, shall be paid wage rates which are not less than rates

prevailing for similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended.

Office of Revenue Sharing regulations implementing this provision require that contracts exceeding \$2,000 shall contain a provision stating the minimum wages to be paid various classes of laborers and mechanics as determined by the Secretary of Labor. Further, the contract shall stipulate that the contractor shall pay wage rates not less than those stated in the specifications, regardless of any contractual relationships alleged to exist between the contractor and such laborers and mechanics. A further contract stipulation is that there may be withheld from the contractor so much of accrued payments as considered necessary by the contracting officer to pay to laborers and employees the difference between wage rates required by the contract and rates actually received.

Revenue sharing funds had been expended after June 30, 1974, for three construction contracts. None of the three contracts contained all the contract provisions required by Office of Revenue Sharing regulations. Also, the city's contract compliance office did not have a record of any wage statements or payrolls submitted by the contractors for the three contracts. City officials said they were having some difficulty in obtaining firm and clear guidelines needed to satisfy the procedural requirements associated with the Davis-Bacon provision.

Department of public works officials stated, however, that the provision would not affect wages of contractor employees because all the city's construction projects are performed by union labor at union rates. They said contract costs might be higher because of the paperwork required by the act. An official from the city administrative office stated that the Davis-Bacon provision had not affected the city's decision to use revenue sharing funds to finance the cost of capital projects, and that these funds would be used for this purpose to the extent available.

#### PREVAILING WAGE PROVISION

The Revenue Sharing Act provides that certain recipient employees whose wages are paid in whole or in part out of the revenue sharing trust fund shall be paid at rates which are no lower than the prevailing rates for persons employed in similar public occupations by the recipient government. The individuals covered by this provision are those in any category where 25 percent or more of the wages of all employees in the category are paid from the trust fund.

As provided by the city charter, the Los Angeles board of civil service examiners, with certain exceptions, establishes classes for all offices and places of employment which constitute the classified civil service of the city. The charter further provides for a salary standardization committee, which grades the salaries of all classes of employees in the classified civil service to assure that like salaries are paid for like duties.

Our review of the salaries for city employees and of memorandums of understanding with applicable local unions and our discussions with city officials showed that, regardless of the source of funds used for the payment of salaries, employees would not receive less than other employees in the same class or category.

## CHAPTER 5

### FINANCIAL STATUS

#### TREND OF FUND BALANCES

The controller's balance of all funds in the city treasury at the end of fiscal year 1974, including cash on hand, deposits in local banks, and short-term U.S. Treasury notes, was about \$354.8 million. A summary of the individual fund balances included in the yearend balance for 1974 and for the 4 preceding fiscal years follows.

<u>Fund</u>	<u>Cash balances at June 30</u>				
	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
	<u>(millions)</u>				
Operating:					
General budget	\$ 43.6	\$ 44.9	\$ 39.3	\$ 45.2	\$ 53.4
Revolving	.5	.8	.8	.9	.9
Revenue	5.9	6.3	.2	.1	-
Independent de- partments	21.0	23.7	20.2	18.7	23.9
Reserve	54.2	39.3	25.0	32.9	82.1
Capital:					
General obligation	38.5	32.9	81.5	69.9	56.4
Revenue	1.8	18.7	.9	2.9	.9
Special and trust:					
Trust (note a)	12.5	11.8	10.4	37.8	26.3
Local improvement	60.9	46.9	54.6	53.6	46.7
Special	5.7	7.3	16.4	21.4	27.6
Pension and retirement	2.3	2.1	2.6	4.7	6.4
Bond redemption and interest:					
General obligation	10.8	9.9	11.8	12.2	14.8
Revenue	<u>5.6</u>	<u>8.0</u>	<u>7.2</u>	<u>11.0</u>	<u>15.4</u>
Total	<u>\$263.3</u>	<u>\$252.6</u>	<u>\$270.9</u>	<u>\$311.3</u>	<u>\$354.8</u>

a/Includes the revenue sharing fund.

In most cases, the fund balances, with the exception of the reserve fund and several trust funds, represent yearend unexpended appropriations and/or revenues received in excess of budget estimates, and will be included in the following year appropriations.

All funds are maintained on a cash basis, and as pointed out in the controller's annual report, are not a complete measure of the relative financial strength of the city, since the balances do not reflect revenue due the various funds, the outstanding current liabilities, or the final settlement of interfund charges.

The reserve fund is a significant measure of the city's financial condition. It generally represents the cumulative surplus of the general budget fund and plays a critical role in the budget process. The reserve fund is used in several ways in relation to the budget. It is a source of funds to help balance the budget; it provides working capital to help finance the budget through slack revenue periods until property taxes, sales taxes and other revenues are received; it provides funds for unforeseen interim appropriation requirements; and it provides a hedge against revenue estimates made some 15 months before the close of the fiscal year.

The reserve fund reversed its downward trend during fiscal year 1973 partly because of the availability of revenue sharing. The significant increase at the end of fiscal year 1974 was also due in part to the availability of revenue sharing funds (especially the one-time windfall of \$23.9 million carried forward from fiscal year 1973) and the increase in sales tax revenues. As a result, for the first time since 1969 the city did not have a budget deficit at the start of the budget year.

City officials told us that the city was financially sound as of June 30, 1974, as evidenced by the condition of the reserve fund and its bonded indebtedness (discussed later in this chapter). However, this situation could change in subsequent years because of several factors. Several lawsuits have been filed against the city for police and fire salary increases, and related pension costs, covering the period 1971-72 to 1974-75. The 1971-72 lawsuit has already been decided against the city. If the city loses all the lawsuits, the reserve fund may be substantially depleted, depending upon the timing of the required payments.

Further, even in normal years the city suffers from a chronic revenue gap. The natural growth of city revenues lags behind the growth rate of expenditures. A charter limitation on the property tax rate and the State preemption of certain tax sources (e.g., income tax, sales tax, and tax on liquor sales) severely limit the city's options to increase its revenues.

This chronic difficulty is compounded by the inflationary spiral and the rise in unemployment. City officials said although the city might have a large surplus at any time, it does not mean that outside funding such as revenue sharing is not needed. If revenue sharing or any other funds were not available, the city would generally have to cut back its operations.

The city has two pension funds, the city employees' retirement fund and the fire and police pension fund. While an annual actuarial valuation shows that both of the pension funds are actuarially sound, neither is fully funded. The amounts available for payment of benefits, and the unfunded liability at the end of fiscal years 1970-74 for the retirement and pension funds follow.

	Balances as of June 30				
	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
	(millions)				
City employees' retirement:					
Available for payment of benefits	\$264.5	\$292.8	\$ 327.8	\$ 361.4	\$ 395.9
Unfunded liability	45.2	45.0	41.2	112.1	145.2
Fire and police pensions:					
Available for payment of benefits	126.6	166.4	212.0	265.5	329.0
Unfunded liability	803.8	888.2	1,072.6	1,069.0	1,161.2

The unfunded liability for the city employees' retirement fund generally resulted from new and/or increased benefits granted for past services, and as of June 30, 1973, it was to be amortized over a 30-year period. The unfunded liability for the fire and police pension fund resulted primarily from the pension plan's having been converted in 1959 from a pay-as-you-go basis to an actuarial basis. As of June 30, 1973, the unfunded liability was to be amortized over a 64-year period.

The city levies a property tax sufficient to cover its annual contribution to the retirement and pension systems, as determined by the annual actuarial valuation. The city's contributions for the two funds for fiscal year 1975 were estimated at \$32 million for the city employees' retirement system and \$90 million for the fire and police pension system.

### INDEBTEDNESS

As of June 30, 1974, Los Angeles had a bonded indebtedness of about \$1,966.7 million, of which only about \$185.5 million represented general obligation bonds and \$1.781.2 million were revenue bonds issued by the independent departments.

Following is a summary of the city's and the independent departments' bonded indebtedness for fiscal years 1970-74.

<u>FY</u>	<u>General obligation</u>	<u>Revenue</u>	<u>Total</u>
	<u>(millions)</u>		
1970	\$192.5	\$1,073.7	\$1,266.2
1971	177.0	1,272.0	1,449.0
1972	221.7	1,410.9	1,632.6
1973	203.4	1,547.3	1,750.7
1974	185.5	1,781.2	1.966.7

### Borrowing procedures

All general obligation bond issues and the authority to issue revenue bonds must be approved by the voters. General obligation bonds are guaranteed by the city and repaid through a property tax levy. While only the mayor or the council can place a general obligation bond issue on the ballot, the bond issue must be approved by two-thirds of the voters. Revenue bonds are not guaranteed by the city and are repaid from money earned by the facility or enterprise for which they were issued. Once the voters approve the principle of revenue bond financing for a particular agency, no further vote approval is required for that agency to issue revenue bonds. However, each bond issue must be approved by the council.

The city's general obligation bonds, as reported by Moody's Investor's Service, Inc., have been rated Aa (of high quality) over the past 10 years. This rating is being upgraded to Aaa as a result of Moody's 1974 review of the city's financial status.

During the past 10 fiscal years (1965-74), voters rejected seven of the nine general obligation bond issues placed on the ballot.

#### Borrowing restrictions

The city charter specifies that bonded indebtedness cannot exceed 15 percent of the assessed value of all taxable real and personal property within the city. The revenue bonds issued by the independent departments do not constitute city indebtedness and consequently are not included in the city's borrowing capacity.

At June 30, 1974, the city had a debt limit for general obligation bonds of about \$1.3 billion. Debt subject to the limit was \$185.5 million, or 14.5 percent of the debt limit (compared to 28 percent as of June 30, 1965).

According to city officials, general obligation bonds can be issued only for capital purposes and must be used for the specific purposes for which the voters approved the bond issue.

#### TAXATION

##### Major taxes levied

###### Los Angeles

The property tax has been and continues to be the primary revenue source for municipal operations. Because of the limitation placed on the property tax rate by the city charter, the city has imposed other types of taxes to meet municipal requirements.

The following table shows the major city taxes and the total receipts for each tax during fiscal years 1970-74.

<u>Type of tax</u>	<u>Fiscal year</u>				
	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
	<u>(millions)</u>				
Property	\$166.3	\$178.5	\$190.8	\$211.8	\$210.8
Sales and use	68.6	65.9	71.8	80.0	90.9
Business	30.5	48.1	50.3	54.4	58.5
Utility users	20.6	26.1	34.9	42.2	47.4
Transient occupancy	3.3	3.5	4.0	4.6	5.2
Other taxes	<u>.9</u>	<u>.9</u>	<u>1.2</u>	<u>3.5</u>	<u>3.0</u>
Total	<u>\$290.2</u>	<u>\$323.0</u>	<u>\$353.0</u>	<u>\$396.5</u>	<u>\$415.8</u>

The property tax rate is made up of several elements. It includes a levy for general government, employees' retirement, fire and police pensions, and bond redemption and interest. All taxable property (land, improvements, personal property and/or business inventory) is assessed at 25 percent of full market value, and the tax rates are based on each \$100 of assessed valuation.

During fiscal years 1970-74, the State made the following changes to the property tax base:

- 1970: 1. Complete exemption of household furnishings and personal effects.
- 2. Homeowners exemption of \$750.
- 3. Fifteen percent business inventories exemption.
- 1971: 1. Business inventories exemption increased from 15 to 30 percent.
- 1974: 1. Homeowners exemption increased from \$750 to \$1,750.
- 2. Business inventories exemption increased from 30 to 45 percent for 1974 and 50 percent thereafter.

The State allowed the city to increase its maximum property tax rate to offset the complete exemption of household furnishings and personal effects. The State also reimburses the city for exempted property tax revenues.

The total property tax rate has increased by about 17 percent since fiscal year 1970. As shown in the following schedule, this increase resulted primarily from increased levies for pension and retirement purposes.

<u>Purpose</u>	<u>City property tax rate per \$100 of assessed evaluation</u>				
	<u>FY 1970</u>	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>
General government	\$1.2500	\$1.2750	\$1.2750	\$1.2750	\$1.2650
Fire and police					
pensions	.6959	.8080	.8198	.9684	1.0429
City employees re-					
tirement	.1780	.2142	.2326	.2066	.2210
Bond redemption					
and interest	.2358	.2185	.2469	.2796	.2359
Total tax rate	<u>\$2.3597</u>	<u>\$1.5157</u>	<u>\$2.5743</u>	<u>\$2.7296</u>	<u>\$2.7648</u>

The sales tax is the city's second largest revenue source. It provides for a 1 percent tax on the gross receipts of all tangible personal property sold within or for use in the city. The major exemptions are public utility services, goods purchased for resale, consumer services, and most food products. The most significant change to the sales tax since fiscal year 1970 was extending the tax to gasoline sales, effective July 1972.

A business tax is imposed on classes of profit-seeking enterprises operating within the city. It is applied to each \$1,000 of gross receipts. While this tax consists of about 48 separate rate schedules, each suited to a particular type of business, the following three types of businesses account for most of the revenue.

<u>Major category</u>	<u>Rate per \$1,000 of gross receipts</u>	
	<u>FY 1970</u>	<u>Change effective January 1, 1971</u>
Wholesale	\$0.80	\$1.00
Retail	1.00	1.25
Professional/ occupational	2.00	5.00

A utility users tax is imposed on the use of various utilities. As of June 30, 1974, the tax rate was 5 percent of cost for use of electricity, telephones, and natural gas, except that commercial and industrial users of electricity were taxed at a rate of 10 percent. The utility users tax rate was changed from 4 to 5 percent in August 1970 and revised in October 1971 to increase to 10 percent the rate paid by commercial and industrial users of electricity.

The city has a transient occupancy tax on hotel/motel rentals. The rate in effect at June 30, 1974, was 6 percent of the amount of rent. The 6 percent rate has been in effect since February 1, 1971; prior to that date it was 5 percent.

According to city officials, the major impact of revenue sharing on local taxes was to delay initiation of any new tax measures. The \$23.9 million in revenue sharing funds carried forward from fiscal year 1973 to fiscal year 1974 obviated the need for new taxes to support the city budget (exclusive of pensions, retirement, and bond redemption and interest). The future impact of revenue sharing is uncertain because of increasing costs. However, revenue sharing should help delay initiation of any additional tax measures or the cutback in services to city residents.

#### Independent school districts

With the exception of endowments and grant funds, the property tax is the sole source of local revenue for school districts. It is the only tax an independent school district may levy.

The tax receipts and rates allocable to Los Angeles residents for fiscal years 1970-74 follows.

<u>Fiscal year</u>	Property tax <u>receipts</u>  (millions)	Property tax rate per \$100 of assessed <u>valuation</u>
1970	\$321.6	\$4.7958
1971	333.9	4.7790
1972	368.9	5.0079
1973	381.8	3.9598
1974	376.8	4.9746

#### Taxing limitations

The city charter sets a maximum property tax rate of \$1.25 per \$100 of assessed valuation for general government purposes. There is no limit on the tax levy required for bond redemption and interest and for the pension and retirement systems. However, beginning with fiscal year 1970, the State, after exempting household furnishings and personal effects from property taxes, enabled cities (including Los Angeles) to increase their tax rates by 2 percent to recover

the lost revenue. Therefore, Los Angeles was able to increase its maximum rate from the \$1.25 charter limitation to \$1.275 on each \$100 of assessed valuation. In addition, beginning with fiscal year 1974, the State permitted each city to levy either its normal maximum property rate (\$1.275 for Los Angeles) or an optional maximum property tax rate computed by using the annual changes in the rates for population, the consumer price index, and the assessed valuation. For fiscal year 1974, the city's optional rate was \$1.2845.

The city tax rate for general government purposes was \$1.265 for fiscal year 1974 and \$1.251 for fiscal year 1975, as compared to the normal maximum tax rate of \$1.275 and the optional maximum tax rate of \$1.2835.

We were told that Los Angeles had virtually exhausted all major taxes permitted under State law. City officials said a potential major source of revenue would be a local income tax, but State law prohibits such a tax.

#### Family tax burden

To illustrate the amount of State and local taxes that a family residing in Los Angeles might pay, and the relationship of such taxes to the family's income, we used our own assumptions for three different hypothetical families.

<u>Assumptions</u>	<u>Family</u>		
	<u>A</u>	<u>B</u>	<u>C</u>
Annual income	\$ 7,500	\$12,500	\$17,500
Value of house (2-1/2 times income)	18,750	31,250	43,750
Value of personal property (20 percent of income)	1,500	2,500	3,500
Market value of car	1,700	1,800	<u>a/2,300</u>
Annual gas consumption (gallons)	1,000	1,000	1,500

a/Two cars.

Each of the above the families consisted of a husband, a wife, and two children. For purposes of this analysis, the family income consisted of wages only and the family had no assets other than the house, personal property, and automobile(s) as shown above.

The following table shows the estimated 1973 State and local tax burden using these assumptions.

<u>Tax</u>	<u>Family</u>		
	<u>A</u>	<u>B</u>	<u>C</u>
<b>City:</b>			
Real property	\$ 81	\$ 168	\$ 254
Sales	<u>24</u>	<u>34</u>	<u>43</u>
Total	<u>105</u>	<u>202</u>	<u>297</u>
<b>County:</b>			
Real property	114	234	355
<b>Special districts (note a):</b>			
Real property	191	386	582
Sales	<u>6</u>	<u>8</u>	<u>11</u>
Total	<u>197</u>	<u>394</u>	<u>593</u>
<b>State:</b>			
Income	-	94	258
Sales	88	128	163
Gas	70	70	105
Motor vehicle	<u>34</u>	<u>36</u>	<u>46</u>
Total	<u>192</u>	<u>328</u>	<u>572</u>
<b><u>Tax Summary</u></b>			
Real Property	\$386	\$ 788	\$1,191
Sales	118	170	217
Income	-	94	258
Gas	70	70	105
Motor vehicle	<u>34</u>	<u>36</u>	<u>46</u>
Total	<u>\$608</u>	<u>\$1,158</u>	<u>\$1,817</u>
<b>Total as percentage of income</b>			
	<u>8.1</u>	<u>9.3</u>	<u>10.4</u>

a/Includes property taxes levied by the independent school district, community college district, water district, county school services, and county flood control. The sales tax represents the amount allocated to a special transportation fund controlled by an independent agency.

In addition, a resident of Los Angeles could expect to pay several other types of taxes, including (1) a tax on certain utility charges as discussed previously and (2) a State cigarette tax, with the city sharing in the revenue.

## CHAPTER 6

### OTHER FEDERAL AID

Federal funds flowing directly to the city, excluding revenue sharing received in fiscal years 1972 and 1973 and estimated to be received in fiscal years 1974 and 1975, are summarized below by function.

<u>Function</u>	<u>1972</u>	<u>1973</u>	<u>1974</u> <u>(est.)</u>	<u>1975</u> <u>(est.)</u>
Public safety:				
Civil	\$ 281,930	\$ 638,014	\$ 184,020	\$ 501,606
Fire protection	14,572	63,288	71,178	141,070
Police protection	<u>1,884,736</u>	<u>3,253,744</u>	<u>4,600,434</u>	<u>4,776,276</u>
Total	2,181,238	3,955,046	4,855,632	5,418,952
Public transportation	1,027,082	1,096,234	2,279,330	7,768,819
Recreation and park	245,834	481,742	1,744,038	2,304,463
Library and education	242,593	289,365	446,374	904,456
Employment opportunities	17,217,712	31,720,361	20,523,579	11,506,410
Community development	77,949,538	59,700,693	66,171,222	61,378,741
Sewage and sanitation	-	2,084,400	4,547,070	21,719,365
Social services	-	-	533,000	789,600
Administration	-	-	-	112,500
Airports	2,324,095	1,433,795	8,295,891	8,981,110
Harbor	350,000	-	-	-
Water and power	<u>458,680</u>	<u>-</u>	<u>141,374</u>	<u>217,795</u>
Total	<u>\$101,996,772</u>	<u>\$100,761,636</u>	<u>\$109,537,510</u>	<u>\$121,102,211</u>

Our review of the projects for each of the above functions showed that Federal funds were generally matched by the city in varying ratios. Federal receipts varied from year to year depending on the status of the projects, some of which may have been either started or completed during a given year.

Funds for employment opportunities showed a decline because certain sections of the Emergency Employment Act of 1971 terminated on March 31, 1975. As shown by the preceding table, in preparing its 1975 budget, the city estimated that Federal funding for employment opportunities would total \$11,506,410. However, subsequent to approval of the budget, the city received its fiscal year 1974 and 1975 allocations under the Comprehensive Employment Training Act, giving it an additional \$20,513,646.

Funds for community development purposes reached a peak in 1972. According to city officials, in that year the Department of Housing and Urban Affairs approved almost all the eligible grants because it had excess funds. There was

a drop in the number and size of grants in subsequent years after the agency resumed its normal fund-granting procedures.

City officials do not expect the termination of the Model Cities program to have an effect on its community development programs. These and other programs will be continued with funds received under the Housing and Community Development Act.

## CHAPTER 7

### SCOPE OF REVIEW

We made our review at Los Angeles, California. Our work was limited to gathering selected data relating to areas identified by the Subcommittee Chairman and included:

- An examination of the city's fund structure, budget process, public hearings, and financial status, with emphasis on trend of fund balances and indebtedness.
- An analysis and comparison of the race, ethnic, and sex composition of the city government work force with the overall city civilian labor force.
- Examination of contractual documents, contract wages paid, salaries of city employees, ethnic and sex discrimination complaints, and adjudicated and pending employment discrimination suits.
- Discussions with officials of the city, California Fair Employment Practice Commission, U.S. Equal Employment Opportunity Commission, civil rights groups, and private organizations.

Officials of Los Angeles reviewed this case study, and we considered their comments in finalizing it.

## APPENDIX I

## APPENDIX I

## CITY GOVERNMENT WORK FORCE

## LOS ANGELES, CALIFORNIA

JUNE 30, 1974

Function/job category	Male					Female					Total				
	White	Black	Spanish surname	Other	Total	White	Black	Spanish surname	Other	Total	White	Black	Spanish surname	Other	Total
All functions:															
Officials/administrators	226	1	2	3	232	6	1	2	1	10	232	2	4	4	242
Professionals	4,234	231	238	484	5,187	554	98	32	94	778	4,788	329	270	578	5,965
Technicians	3,084	267	273	271	3,895	324	63	17	25	429	3,408	330	290	296	4,324
Protective service	5,947	724	625	99	7,395	165	53	12	16	246	6,112	777	637	115	7,641
Paraprofessionals	69	36	36	9	150	32	27	8	8	75	101	63	44	17	225
Office/clerical	1,309	527	244	123	2,203	2,637	1,400	716	482	5,235	3,946	1,927	960	605	7,438
Skilled craft	6,085	2,306	902	295	9,588	2	2	1	8	13	6,087	2,308	903	303	9,601
Service/maintenance	1,443	3,267	826	133	5,667	18	142	10	26	196	1,461	3,409	834	159	5,863
Total	22,397	7,359	3,144	1,417	34,317	3,738	1,786	798	660	6,982	26,135	9,145	3,942	2,077	41,299
Percent	54.2	17.8	7.6	3.4	83.1	9.1	4.3	2.0	1.6	17.0	63.3	22.1	9.6	5.0	100.0
Utilities and transportation:															
Officials/administrators	38	1	-	2	41	-	-	-	-	-	38	1	-	2	41
Professionals	1,131	31	49	161	1,372	29	2	-	11	42	1,160	33	49	172	1,414
Technicians	457	50	63	122	692	57	15	2	12	86	514	65	65	134	778
Protective service	175	129	20	1	325	5	3	-	3	11	180	132	20	4	336
Paraprofessionals	24	2	1	-	27	1	1	-	-	2	25	3	1	-	29
Office/clerical	1,032	320	142	74	1,568	1,113	433	166	184	1,896	2,145	753	308	258	3,464
Skilled craft	4,133	703	498	146	5,480	1	-	-	1	2	4,134	703	498	147	5,482
Service/maintenance	414	884	196	32	1,526	6	54	-	2	62	420	938	196	34	1,588
Total	7,404	2,120	969	538	11,031	1,212	508	168	213	2,101	8,616	2,628	1,137	751	13,132
Percent	56.4	16.1	7.4	4.1	84.0	9.2	3.9	1.3	1.6	16.0	65.6	20.0	8.7	5.7	100.0
Police protection:															
Officials/administrators	38	-	-	-	38	-	-	-	-	-	38	-	-	-	38
Professionals	409	13	12	13	447	32	1	1	4	38	441	14	13	17	485
Technicians	1,797	92	118	22	2,029	204	33	7	4	248	2,001	125	125	26	2,277
Protective service	4,261	482	539	62	5,344	160	50	12	11	233	4,421	532	551	73	5,577
Paraprofessionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office/clerical	37	28	24	10	99	500	302	172	74	1,048	537	330	196	84	1,147
Skilled craft	108	51	30	21	210	-	1	-	-	1	108	52	30	21	211
Service/maintenance	76	153	38	8	275	-	7	1	1	9	76	160	39	9	284
Total	6,726	819	761	136	8,442	896	394	193	94	1,577	7,622	1,213	954	230	10,019
Percent	67.1	8.2	7.6	1.4	84.3	9.0	3.9	1.9	.9	15.7	76.1	12.1	9.5	2.3	100.0
Streets and highways:															
Officials/administrators	16	-	-	-	16	-	-	-	-	-	16	-	-	-	16
Professionals	504	24	44	137	709	7	-	1	5	13	511	24	45	142	722
Technicians	403	68	60	80	611	23	2	1	4	30	426	70	61	84	641
Protective service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paraprofessionals	4	7	12	5	28	4	6	1	3	14	8	13	13	8	42
Office/clerical	39	46	16	2	103	137	81	44	27	289	176	127	60	29	392
Skilled craft	548	678	158	24	1,408	-	-	-	1	1	548	678	158	25	1,409
Service/maintenance	194	712	201	14	1,121	1	2	-	5	8	195	714	201	19	1,129
Total	1,708	1,535	491	262	3,996	172	91	47	45	355	1,880	1,626	538	307	4,351
Percent	39.2	35.3	11.3	6.0	91.8	4.0	2.1	1.1	1.0	8.2	43.2	37.4	12.4	7.0	100.0
Fire protection:															
Officials/administrators	19	-	-	-	19	-	-	-	-	-	19	-	-	-	19
Professionals	1,122	16	27	23	1,188	2	-	-	-	2	1,124	16	27	23	1,190
Technicians	161	4	5	6	176	1	-	-	-	1	162	4	5	6	177
Protective service	1,479	28	49	36	1,592	-	-	-	2	2	1,479	28	49	38	1,594
Paraprofessionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office/clerical	10	4	4	1	19	42	7	19	8	76	52	11	23	9	95
Skilled craft	54	7	8	9	78	-	-	-	-	-	54	7	8	9	78
Service/maintenance	172	20	14	8	214	-	-	-	2	2	172	20	14	10	216
Total	3,017	79	107	83	3,286	45	7	19	12	83	3,062	86	126	95	3,369
Percent	89.5	2.3	3.2	2.5	97.5	1.3	.2	.6	.4	2.5	90.9	2.6	3.7	2.8	100.0
All other:															
Officials/administrators	115	-	2	1	118	6	1	2	1	10	121	1	4	2	128
Professionals	1,068	147	106	150	1,471	484	95	30	74	683	1,552	242	136	224	2,154
Technicians	266	53	27	41	387	39	13	7	5	64	305	66	34	46	451
Protective service	32	85	17	-	134	-	-	-	-	-	32	85	17	-	134
Paraprofessionals	41	27	23	4	95	27	20	7	5	59	68	47	30	9	154
Office/clerical	191	129	58	36	414	845	577	315	189	1,926	1,036	706	373	225	2,340
Skilled craft	1,242	867	208	95	2,412	1	1	1	6	9	1,243	868	209	101	2,421
Service/maintenance	587	1,498	375	71	2,531	11	79	9	16	115	598	1,577	384	87	2,646
Total	3,542	2,806	816	398	7,562	1,413	786	371	296	2,866	4,955	3,592	1,187	694	10,428
Percent	34.0	26.9	7.8	3.8	72.5	13.6	7.5	3.6	2.8	27.5	47.5	34.5	11.4	6.6	100.0

GAO note: The jobs in this appendix were categorized by the city using Federal Equal Employment Opportunity Commission definitions.

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## APPENDIX II

## APPENDIX II

## CITY GOVERNMENT NEW HIRES

## LOS ANGELES, CALIFORNIA

YEAR ENDED JUNE 30, 1974

Function/job category	Male					Female					Total				
	White	Black	Spanish surname	Other	Total	White	Black	Spanish surname	Other	Total	White	Black	Spanish surname	Other	Total
All functions:															
Officials/administrators	7	-	-	-	7	1	1	-	-	2	8	1	-	-	9
Professionals	178	16	17	28	239	59	11	10	9	89	237	27	27	37	328
Technicians	62	11	9	15	97	20	8	2	2	32	82	19	11	17	129
Protective service	698	91	93	14	896	28	8	3	6	45	726	99	96	20	941
Paraprofessionals	40	15	18	6	79	10	9	4	5	28	50	24	22	11	107
Office/clerical	182	59	42	20	303	329	217	107	68	721	511	276	149	88	1,024
Skilled craft	406	58	43	22	529	2	2	1	3	8	408	60	44	25	537
Service/maintenance	132	187	66	6	391	2	17	5	6	30	134	204	71	12	421
Total	1,705	437	288	111	2,541	451	273	132	99	955	2,156	710	420	210	3,496
Percent	48.8	12.5	8.2	3.2	72.7	12.9	7.8	3.8	2.8	27.3	61.7	20.3	12.0	6.0	100.0
Utilities and transportation:															
Officials/administrators	1	-	-	-	1	-	-	-	-	-	1	-	-	-	1
Professionals	46	2	1	9	58	6	-	-	2	8	52	2	1	11	66
Technicians	16	3	2	8	29	2	1	-	-	3	18	4	2	8	32
Protective service	5	9	3	-	17	-	-	-	2	2	5	9	3	2	19
Paraprofessionals	24	2	1	-	27	1	1	-	-	2	25	3	1	-	29
Office/clerical	154	35	25	11	225	116	62	21	20	219	270	97	46	31	444
Skilled craft	321	32	24	16	393	1	-	-	-	1	322	32	24	16	394
Service/maintenance	27	51	14	1	93	-	1	-	-	1	27	52	14	1	94
Total	594	134	70	45	843	126	65	21	24	236	720	199	91	69	1,079
Percent	55.0	12.4	6.5	4.2	78.1	11.7	6.0	2.0	2.2	21.9	66.7	18.4	8.4	6.5	100.0
Police protection:															
Officials/administrators	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professionals	4	-	-	1	5	4	-	1	-	5	8	-	1	1	10
Technicians	14	1	5	2	22	16	4	1	1	22	30	5	6	3	44
Protective service	459	73	83	11	626	28	8	3	4	43	487	81	86	15	669
Paraprofessionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office/clerical	7	7	3	2	19	83	70	34	18	205	90	77	37	20	224
Skilled craft	4	2	5	-	11	-	-	-	-	-	4	2	5	-	11
Service/maintenance	10	17	6	1	34	-	2	-	-	2	10	19	6	1	36
Total	498	100	102	17	717	131	84	39	23	277	629	184	141	40	994
Percent	50.1	10.1	10.3	1.7	72.1	13.2	8.5	3.9	2.3	27.9	63.3	18.5	14.2	4.0	100.0
Streets and highways:															
Officials/administrators	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professionals	5	-	-	3	8	-	-	1	-	1	5	-	1	3	9
Technicians	3	1	1	-	5	-	-	-	-	-	3	1	1	-	5
Protective service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paraprofessionals	3	7	12	5	27	4	5	1	2	12	7	12	13	7	39
Office/clerical	-	3	4	1	8	11	7	4	4	26	11	10	8	5	34
Skilled craft	14	8	4	-	26	-	-	-	-	-	14	8	4	-	26
Service/maintenance	4	23	9	-	36	-	2	-	-	2	4	23	9	-	38
Total	29	42	30	9	110	15	14	6	6	41	44	56	36	15	151
Percent	19.2	27.8	19.8	6.0	72.8	9.9	9.3	4.0	4.0	27.2	29.1	37.1	23.8	10.0	100.0
Fire protection:															
Officials/administrators	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professionals	15	-	1	1	17	-	-	-	-	-	15	-	1	1	17
Technicians	2	-	-	-	2	-	-	-	-	-	2	-	-	-	2
Protective service	231	7	5	3	246	-	-	-	-	-	231	7	5	3	246
Paraprofessionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office/clerical	1	-	-	-	1	5	-	2	-	7	6	-	2	-	8
Skilled craft	1	-	-	-	1	-	-	-	-	-	1	-	-	-	1
Service/maintenance	26	2	1	2	31	-	-	-	2	2	26	2	1	4	33
Total	276	9	7	6	298	5	-	2	2	9	281	9	9	8	307
Percent	89.9	2.9	2.2	2.0	97.0	1.6	-	.7	.7	3.0	91.5	2.9	2.9	2.7	100.0
All other:															
Officials/administrators	6	-	-	-	6	1	1	-	-	2	7	1	-	-	8
Professionals	108	14	15	14	151	49	11	8	7	75	157	25	23	21	226
Technicians	27	6	1	5	39	2	3	1	1	7	29	9	2	6	46
Protective service	3	2	2	-	7	-	-	-	-	-	3	2	2	-	7
Paraprofessionals	13	6	5	1	25	5	3	3	3	14	18	9	8	4	39
Office/clerical	20	14	10	6	50	114	78	46	26	264	134	92	56	32	314
Skilled craft	66	16	10	6	98	1	2	1	3	7	67	18	11	9	105
Service/maintenance	65	94	36	2	197	2	12	5	4	23	67	106	41	6	220
Total	308	152	79	34	573	174	110	64	44	392	482	262	143	78	965
Percent	31.9	15.8	8.2	3.5	59.4	18.0	11.4	6.6	4.6	40.6	49.9	27.2	14.8	8.1	100.0

GAO note: The jobs in this appendix were categorized by the city using Federal Equal Employment Opportunity Commission definitions.

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