

News Release



Controller of the State of California - Kathleen Connell

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For Immediate Release

STATE CONTROLLER KATHLEEN CONNELL RELEASES RESULTS OF HER THIRD INDEPENDENT REVIEW OF A LAFCO COMPREHENSIVE FISCAL ANALYSIS

Los Angeles, May 9, 2002 – State Controller Kathleen Connell today released the results of her independent review of the issues raised by the City of Los Angeles regarding the Comprehensive Fiscal Analysis prepared for the proposed special reorganization for the Hollywood area.

The City of Los Angeles asked the Controller to review four elements of the Hollywood study.

“In reviewing the concerns they raised, we did identify some potential problems,” explained Connell. “First, the projected general fund reserves for the proposed city are negative 6.24% to negative 17.52%. The lack of positive reserves raises a serious concern about the fiscal viability of the new Hollywood City. In addition, several cost items in the Hollywood study were understated, particularly for bond debt, and this could increase the negative general fund reserves.”

Before the voters are provided with a proposal to vote on, the Local Agency Formation Commission must develop a Comprehensive Financial Analysis to assess the financial viability of each of the proposed new cities. The process also provides that any interested party may raise issues to be reviewed by the Controller.

“I am aware that expectations for my review are high,” Connell said. “I hope the results will assist voters in making an informed choice on this very important matter.”

The reports are available online at www.sco.ca.gov under “publications,” then “special reports.”

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