

# EXHIBIT C

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8 OFFICE OF THE STATE CONTROLLER

9  
10 UNITED STATES DISTRICT COURT

11 EASTERN DISTRICT OF CALIFORNIA

12 Sacramento Division

13  
14 DAVID A. GILB, CALIFORNIA  
15 DEPARTMENT OF PERSONNEL  
16 ADMINISTRATION,

17 Petitioners/Plaintiffs,

18 vs.

19 JOHN CHIANG, sued herein in his official  
20 capacity only; OFFICE OF STATE  
21 CONTROLLER,

22 Respondents/Defendants.

23 CALIFORNIA CORRECTIONAL PEACE  
24 OFFICERS' ASSOCIATION; CALIFORNIA  
25 STATEWIDE LAW ENFORCEMENT  
26 ASSOCIATION; STATIONARY  
27 ENGINEERS LOCAL 39 INTERNATIONAL  
28 UNION OF OPERATING ENGINEERS,  
AFL-CIO; CALIFORNIA ASSOCIATION OF  
PROFESSIONAL SCIENTISTS;  
PROFESSIONAL ENGINEERS IN  
CALIFORNIA GOVERNMENT; YVONNE  
WALKER and SERVICE EMPLOYEES  
INTERNATIONAL UNION, LOCAL 1000;

Case No. 34-2008-80000026-CU-WM-GDS

DECLARATION OF SUSAN GRIFFITH  
IN OPPOSITION TO PETITIONERS EX  
PARTE APPLICATION FOR ORDER  
SHORTENING TIME

1 CALIFORNIA ATTORNEYS,  
2 ADMINISTRATIVE LAW JUDGES, AND  
3 HEARING OFFICERS IN STATE  
4 EMPLOYMENT (CASE),

Intervenor Respondents/Defendants.)

5 I, Susan Griffith, declare as follows:

6  
7 1. I am the Chief of the Bureau of Accounting ("Bureau") of the Office of the California  
8 State Controller ("Controller"). I make this declaration in support of the Response of Defendant  
9 JOHN CHIANG, Controller of the State of California to Plaintiff's Ex Parte Application for  
10 Order Shortening Time Re Motion to Remand. I have personal knowledge of the facts stated in  
11 this declaration, and if called as a witness I could and would competently testify to them.

12 2. Since 2001, I have served as the Bureau Chief. My responsibilities include the  
13 uniform and systematic control accounting of all receipts, disbursements and balances in state  
14 funds and to report the state's General Fund cash position. In that capacity, I oversee the proper  
15 recording of receipts and disbursements authorized in the state's budget, and I have acquired  
16 historical knowledge about the various appropriations contained in the budget. I am familiar  
17 with the practices and policy of this office with regard to the state accounting and cash  
18 management.

19 3. The Controller is the Chief Fiscal Officer of the State. See Section 12410. As the  
20 Chief Fiscal Officer of the State, the Controller is required to issue numerous reports concerning  
21 the financial status of the state including but not limited to: an annual report to the Governor  
22 concerning the funds of the state, its revenues, and expenditures (Section 12460); quarterly  
23 reports to the Legislature on the General Fund comparing state revenues and expenditures with  
24 the Budget Act (Section 12461.1); a detailed report to the Legislature and the Governor of the  
25 estimated cash condition of the General Fund, identifying the projected borrowable resources  
26 (Section 12467); and notification to the Governor and Pooled Money Investment Board when the  
27 General Fund is or will be exhausted (Section 16310).

28 4. In compliance with Government Code section 12461.1 and Provision 9 of Budget Act  
item 0840-001-0001, using records compiled by the bureau, the Controller Issues a Statement of

1 General Fund Cash Receipts and Disbursements report on General Fund cash receipts and  
2 disbursements by the 10<sup>th</sup> day of each month. The Controller is responsible to report on the State  
3 of California's General Fund cash position and compares actual receipts and disbursements to  
4 cash flow estimates in the Governor's May Revision prepared by the Department of Finance.

5 5. The last such statement, identified in paragraph 4 above, prepared by our office and  
6 dated September 9, 2008, reflected the State of California's General Fund cash position and  
7 compared actual receipts and disbursements for the 2008-09 fiscal year to cash flow estimates  
8 prepared by the Department of Finance for the Governor's 2008-09 May Revision. A true and  
9 correct copy of this document is attached as Exhibit A.

10 6. As indicated in the September, 2008 report, the State had \$9.6 billion remaining in  
11 unused borrowable resources (internal borrowing on a short-term basis from specific funds to the  
12 General Fund) at the end of August 2008, more than twice what was estimated in the Governor's  
13 May Revision.

14 7. The Controller primarily uses a combination of cash management tools to meet the  
15 obligations of the State. These cash management tools include internal borrowing and external  
16 borrowing in the form of either or both Revenue Anticipation Notes (or RANs) and Registered  
17 Reimbursement Warrants (commonly referred to as RAWs).

18 8. The state frequently uses internal and external borrowing to meet cash demands.  
19 External borrowing, borrowing from sources other than from state special funds, is a cash  
20 management tool used to smooth out the revenue flow. Although state disbursements are  
21 relatively constant, revenues flow in to the state at highly irregular rates. For example, over the  
22 last fiscal year, the state received \$16.2 billion in April 08, but only \$ 4.1 billion in July 07.

23 9. Revenue Anticipation Notes (RANs) are a form of short-term, external borrowing.  
24 RANs can only be issued when the Controller determines that revenues in that fiscal year are  
25 insufficient to meet the appropriations made by the Legislature and based upon the Controller's  
26 demand to the Treasurer. (Section 17300.) RANs can only be issued after a budget has been  
27 enacted and must be repaid from anticipated revenues within the same fiscal year as issued.  
28

1 10. Registered Reimbursement Warrants are another form of short-term, external cash  
2 flow borrowing that the Controller issues to meet cash flow demands. RAWs are used to meet  
3 the legal obligations of the state and are repaid from revenues which the Controller determines  
4 are anticipated or reasonably expected to be available within a short period of time.

5 11. During the month of July, the State Controller determined that the General Fund  
6 would be exhausted, and notified the Governor and The Pooled Money Investment Board. In  
7 accordance with the State Controller's determination, on July 31, 2008, the Governor ordered the  
8 Controller to borrow \$14,928,000,000 from special funds or accounts to the General Fund  
9 through October 31, 2008. The state uses temporary borrowings from special funds to keep state  
10 operations running when cash receipts are insufficient to meet legal obligations. This routine  
11 practice allows state operations to continue without interruption; without it, the state would  
12 periodically run out of cash and be unable to meet its operational needs.

13 12. Through August 31, 2008, the Controller's Office estimated approximately \$3.6  
14 billion of General Fund payments have not been paid due to not having an enacted budget. If  
15 paid, these amounts would be payable from the \$14.9 billion internal borrowable resources  
16 figure identified in paragraph 11 above.

17 13. Based on the most recent cash reports, the state will not exhaust all means of internal  
18 borrowing, so long as a budget is not passed. In part this is due to approximately \$3.6 billion in  
19 decreased monthly expenditures which cannot be made in the absence of a budget.  
20 Consequently, as long as the budget is delayed, and barring any exigent circumstances, the State  
21 is not at risk of running out of available borrowable resources and the Controller will not sell a  
22 RAW. Conversely, because of the accrual of delayed payments that the State is not currently  
23 authorized to disburse in the absence of a budget, the passage of the budget will trigger the need  
24 for a form of external borrowing, a RAW or a RAN. Reliance on short term external borrowing  
25 is routine and a common business practice of the State.

26 14. The Controller's office has been working on a cash management plan which includes  
27 the issuance of RAWs purely as a prudent contingency plan in the event that internal borrowing  
28

1 has been exhausted and only if RANs cannot be issued. As previously stated, based on current  
2 cash flow projections, a RAW in the absence of a budget will not be necessitated.

3 15. On April 22, 2008, the Controller requested authorization from the Governor to  
4 incorporate RAWs into the cash management plan. In the letter to the Governor, the Controller  
5 clearly indicated that "[o]pening the GCRF [General Cash Revolving Fund] at this time will  
6 provide cash management flexibility in the event it becomes necessary to issue [RAWs]." The  
7 Controller further indicated that "the authorization does NOT signal that the need for a RAW is  
8 inevitable. Rather it is a precautionary step intended to optimize options for the State to fully  
9 meet its payment obligations under the most difficult of circumstances." A true and correct copy  
10 of the Controller's letter to the Governor dated April 22, 2008, is attached as Exhibit B.

11 16. On April 23, 2008, the Governor responded to the Controller's request approving the  
12 process indicating, "[I] am glad that we share an interest in developing a contingency plan to  
13 ensure sufficient cash resources are available to cover state obligations in the event there is a  
14 delay in issuing [RANs] due to a late budget." A true and correct copy of the Governor's letter  
15 (with attachment) to the Controller dated April 23, 2008, is attached as Exhibit C.

16  
17 I declare under penalty of perjury of the laws of the State of California that the foregoing is true  
18 and correct.

19  
20 Executed this 12<sup>th</sup> day of September, 2008, in Sacramento, California.

21  
22  
23   
24 **SUSAN GRIFFITH**  
25 Chief, Bureau of the Accounting  
26 Office of the State Controller  
27  
28

**Exhibit A** to  
Declaration of Susan Griffith in Opposition to Petitioners' Ex Parte Application

# **STATEMENT of GENERAL FUND CASH RECEIPTS and DISBURSEMENTS**

**August 2008**



**JOHN CHIANG**  
California State Controller



**JOHN CHIANG**  
California State Controller

September 9, 2008

Users of the Statement of General Fund Cash Receipts and Disbursements:

Enclosed is the Statement of General Fund Cash Receipts and Disbursements for the period August 1, 2008, through August 31, 2008. This statement reflects the State of California's General Fund cash position and compares actual receipts and disbursements for the 2008-09 fiscal year to cash flow estimates prepared by the Department of Finance for the 2008-09 May Revision. The statement is prepared in compliance with Provision 9 of Budget Act item 0840-001-0001, using records compiled by the State Controller.

Since April 2008, a portion of the Public Schools K-12 payment, Revenue Anticipation Notes (RAN) interest and partial principal payments, and certain other General Fund payments were made by the General Cash Revolving Fund (GCRF) pursuant to Government Code section 16381. Opening the GCRF provides the State with cash management flexibility in the event it becomes necessary to issue a Registered Reimbursement Warrant (commonly referred to as a "RAW"). The establishment of the GCRF does NOT signal that the need for a RAW is inevitable. Rather, it is a precautionary step intended to optimize options for the State to fully meet its payment obligations under even the most difficult of circumstances. The GCRF amounts have been combined with the General Fund for reporting purposes because they represent General Fund type activities (see Attachment A for details).

These statements are also available on the Internet at the State Controller's website at [www.sco.ca.gov](http://www.sco.ca.gov) under the category Monthly Cash Reports.

Any questions concerning this report may be directed to Michael Carter, Chief Operating Officer, at (916) 552-8080.

Sincerely,

*Original signed by:*

**JOHN CHIANG**  
California State Controller

**STATEMENT OF GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS**  
**A Comparison of Actual to 2008-09 May Revision Estimates**  
**(Amounts in thousands)**

	July 1 through August 31				2007 Actual
	2008		Actual Over or (Under) Estimate		
	Actual	Estimate (a)	Amount	%	
<b>GENERAL FUND BEGINNING CASH BALANCE</b>	\$ -	\$ -	\$ -	-	\$ 2,462,023
<b>Add Receipts:</b>					
Revenues	11,398,498	11,958,000	(559,502)	(4.7)	11,171,427
Nonrevenues	331,153	186,868	144,285	77.2	710,424
<b>Total Receipts</b>	<b>11,729,651</b>	<b>12,144,868</b>	<b>(415,217)</b>	<b>(3.4)</b>	<b>11,881,851</b>
<b>Less Disbursements:</b>					
State Operations	4,743,543 (f)	4,665,925	77,618	1.7	4,825,324
Local Assistance	9,328,376 (f)	12,781,603	(3,453,227)	(27.0)	14,411,421
Capital Outlay	380,648 (f)	121,434	259,214	213.5	30,416
Nongovernmental	1,441,788 (f)	147,934	1,293,804	874.6	914,028
<b>Total Disbursements</b>	<b>15,894,305</b>	<b>17,716,896</b>	<b>(1,822,591)</b>	<b>(10.3)</b>	<b>20,161,189</b>
Receipts Over / (Under) Disbursements	(4,164,654)	(5,572,028)	1,407,374	-	(8,299,336)
Net Increase / (Decrease) in Temporary Loans	4,503,504	5,572,028	(1,068,524)	(19.2)	5,837,383
<b>GENERAL FUND ENDING CASH BALANCE</b>	<b>338,850</b>	<b>-</b>	<b>338,850</b>	<b>-</b>	<b>68</b>
Special Fund for Economic Uncertainties (b)	-	-	-	-	-
<b>TOTAL CASH</b>	<b>\$ 338,850</b>	<b>\$ -</b>	<b>\$ 338,850</b>	<b>-</b>	<b>\$ 68</b>
<b>BORROWABLE RESOURCES</b>					
Available Borrowable Resources	\$ 16,554,174 (g)	\$ 14,927,643	\$ 626,531	4.2	\$ 15,469,625
Outstanding Loans (c)	5,955,262 (f)(h)	10,371,469	(4,416,207)	(42.6)	5,837,383
Unused Borrowable Resources	\$ 8,598,912	\$ 4,556,174	\$ 6,042,738	110.7	\$ 9,632,242

**General Note:**

This report is based upon funded cash. Funded cash is cash reported to and recorded in the records of the State Controller's Office. Amounts reported as funded cash may differ from amounts in other reports to the extent there are timing differences in the recording of in-transit items.

**Footnotes:**

- (a) A Statement of Estimated Cash Flow for the 2008-09 fiscal year prepared by the Department of Finance for the 2008-09 May Revision. Any projections or estimates are set forth as such and not as representations of fact.
- (b) The Special Fund for Economic Uncertainties amount in the actual column does not include amounts in the Budget Stabilization Account.
- (c) Outstanding loan balance is comprised of \$5.96 billion of internal borrowing.
- (d) Negative balances are the result of repayments received that are greater than disbursements made.
- (e) Includes School Facility Aid Program that was previously displayed separately.
- (f) The General Cash Revolving Fund (GCRF) disbursements and loans have been combined with the General Fund for reporting purposes because they represent major General Fund type activities. See Attachment A for details.
- (g) Additional funds of \$492 million were identified as borrowable and are included in the actual Available Borrowable Resources.
- (h) Actual Outstanding Loans includes \$1.5 billion carry over of the cumulative loan balance from the prior year. The detail on page 4 reflects the borrowing for the current fiscal year 2008-09 only.

Statement of General Fund Cash Receipts and Disbursements

**SCHEDULE OF CASH RECEIPTS**  
(Amounts in thousands)

	Month of August		July 1 through August 31				
	2008	2007	2008		2007		
			Actual	Estimate (a)	Actual Over or (Under) Estimate Amount	%	Actual
<b>REVENUES</b>							
Alcoholic Beverage Excise Tax	\$ 26,446	\$ 26,062	\$ 64,228	\$ 60,000	\$ 4,228	7.0	\$ 63,323
Corporation Tax	208,362	161,009	417,016	421,000	(3,984)	(0.9)	453,432
Cigarette Tax	9,013	9,183	26,550	20,000	6,550	32.8	28,263
Estate, Inheritance, and Gift Tax	666	2,213	2,328	-	2,326	-	2,385
Insurance Companies Tax	89,391	101,891	114,241	400,000	(285,759)	(71.4)	124,076
Personal Income Tax	2,934,904	3,023,739	6,850,156	6,706,000	144,156	2.5	6,870,172
Retail Sales and Use Taxes	3,248,340	3,572,937	4,136,654	4,693,000	(466,346)	(10.1)	4,467,912
Pooled Money Investment Interest	26,799	70,176	58,601	50,000	8,601	17.2	70,176
Not Otherwise Classified	275,884	82,155	728,726	688,000	30,726	4.4	91,698
<b>Total Revenues</b>	<b>6,821,785</b>	<b>7,049,364</b>	<b>11,396,498</b>	<b>11,958,000</b>	<b>(559,502)</b>	<b>(4.7)</b>	<b>11,171,427</b>
<b>NONREVENUES</b>							
Transfers from Special Fund for Economic Uncertainties	97,921	12,000	245,821	-	245,821	-	12,000
Transfers from Other Funds	32,947	667,487	53,945	121,010	(67,065)	(55.4)	664,031
Miscellaneous	15,618	27,130	31,367	65,858	(34,471)	(52.3)	34,393
<b>Total Nonrevenues</b>	<b>146,384</b>	<b>696,617</b>	<b>331,153</b>	<b>186,868</b>	<b>144,285</b>	<b>77.2</b>	<b>710,424</b>
<b>Total Receipts</b>	<b>\$ 6,968,169</b>	<b>\$ 7,745,981</b>	<b>\$ 11,729,651</b>	<b>\$ 12,144,868</b>	<b>\$ (415,217)</b>	<b>(3.4)</b>	<b>\$ 11,881,851</b>

See notes on page 1.

Statement of General Fund Cash Receipts and Disbursements

John Chiang, California State Controller

**SCHEDULE OF CASH DISBURSEMENTS**  
 (Amounts in thousands)

	Month of August		July 1 through August 31				
	2008	2007	2008		2007		
			Actual	Estimate (a)	Actual Over or (Under) Estimate		Actual
				Amount	%		
<b>STATE OPERATIONS (d)</b>							
Legislative/Judicial/Executive	\$ 141,341	\$ 197,232	\$ 294,020	\$ 340,813	\$ (46,784)	(13.7)	\$ 335,898
State and Consumer Services	37,143	65,256	93,543	114,421	(20,878)	(18.2)	96,077
Business, Transportation and Housing Resources	292	3,428	2,333	6,231	(2,898)	(55.4)	7,297
Environmental Protection Agency	232,744	133,048	311,922	228,749	83,173	36.4	261,811
Health and Human Services:	5,232	2,463	8,024	8,204	(180)	(2.2)	8,279
Health Services	52,414	45,656	109,288	61,251	48,037	78.4	83,955
Mental Health	91,958	93,681	187,677	232,778	(45,101)	(19.4)	180,130
Other Health and Human Services	113,444	105,621	236,919	217,352	19,567	9.0	226,764
Education:							
University of California	261,455	230,461	564,264	577,282	(13,018)	(2.3)	583,711
State Universities and Colleges	305,350	300,923	594,100	613,938	(19,838)	(3.2)	586,967
Other Education	25,424	26,351	41,444	48,078	(6,632)	(13.8)	45,777
Dept. of Corrections and Rehabilitation	750,033	788,658	1,664,454	1,584,557	79,897	5.0	1,530,061
General Government	75,702	148,852	111,486 (f)	307,126	(195,640)	(63.7)	279,036
Public Employees Retirement System	(145,575)	(137,265)	140,462 (f)	106,771	33,691	31.6	142,082
Debt Service	456,927	441,559	383,240 (f)	219,378	163,862	74.7	457,479
Interest on Loans	-	-	358	-	358	-	-
<b>Total State Operations</b>	<b>2,403,884</b>	<b>2,433,814</b>	<b>4,743,543</b>	<b>4,665,925</b>	<b>77,618</b>	<b>1.7</b>	<b>4,625,324</b>
<b>LOCAL ASSISTANCE (d)</b>							
Public Schools - K-12	3,448,722	2,897,626	5,968,246 (f)	6,829,358	(861,112)	(10.0)	6,582,597
Community Colleges	112	657,422	221,215 (f)	949,960	(728,745)	(76.7)	861,937
Debt Service-School Building Bonds	-	-	-	-	-	-	-
Contributions to State Teachers' Retirement System	-	-	133,901 (f)	133,451	450	0.3	746,855
Other Education (e)	92,154	485,200	216,514	438,360	(221,846)	(50.6)	558,736
Dept. of Corrections and Rehabilitation	14,028	19,845	27,508	13,751	13,757	100.0	27,957
Dept. of Alcohol and Drug Program	20,601	8,747	44,890	108,712	(64,022)	(58.9)	19,275
Dept. of Health Services:							
Medical Assistance Program	382,528	1,274,925	847,551 (f)	1,717,302	(869,751)	(50.8)	1,668,087
Other Health Services	21,971	76,188	30,647	31,360	(713)	(2.3)	72,088
Dept. of Developmental Services	3,482	718,027	81,786	490,905	(409,139)	(57.0)	815,053
Dept. of Mental Health	2,028	429,701	80,122	(213,960)	294,082	-	357,518
Dept. of Social Services:							
SSI/SSP/IHSS	495,102	591,661	1,241,213 (f)	1,378,323	(136,110)	(10.0)	1,292,696
CalWORKs	88,343	469,117	73,621	25,419	48,202	189.6	673,552
Other Social Services	21,364	98,437	30,316	86	30,230	-	288,415
Tax Relief	372	167	1,719	229,544	(227,825)	(99.3)	1,197
Other Local Assistance	85,323	247,416	329,347 (f)	848,032	(518,685)	(61.2)	467,458
<b>Total Local Assistance</b>	<b>4,656,130</b>	<b>7,974,269</b>	<b>9,326,376</b>	<b>12,781,803</b>	<b>(3,453,227)</b>	<b>(27.0)</b>	<b>14,411,421</b>

See notes on page 1.

(Continued)

Statement of General Fund Cash Receipts and Disbursements

**SCHEDULE OF CASH DISBURSEMENTS (Continued)**  
 (Amounts in thousands)

	Month of August		July 1 through August 31				
	2008	2007	2008		2007		
			Actual	Estimate (a)	Actual Over or (Under) Estimate Amount	%	Actual
<b>CAPITAL OUTLAY</b>	<b>21,902</b>	<b>20,919</b>	<b>380,648</b> (f)	<b>121,434</b>	<b>259,214</b>	<b>213.5</b>	<b>30,418</b>
<b>NONGOVERNMENTAL (d)</b>							
Transfer to Special Fund for Economic Uncertainties	-	-	-	-	-	-	-
Transfer to Budget Stabilization Account	-	-	-	-	-	-	-
Transfer to Other Funds	15,868	-	471,122 (f)	444,934	26,188	5.9	423,701
Transfer to Revolving Fund Advance:	(36,581)	(3,416)	(41,513)	-	(41,513)	-	(40,434)
MediCal Provider Interim Payment	-	21	1,000,000	-	1,000,000	-	1,000,000
State-County Property Tax Administration Program	(23,004)	23,554	21,206	-	21,206	-	23,554
Social Welfare Federal Fund Tax Relief and Refund Account	-	(68,785)	(9,077)	-	(9,077)	-	(31,582)
Counties for Social Welfare	-	(461,211)	-	(297,000)	297,000	-	(461,211)
<b>Total Nongovernmental</b>	<b>(43,697)</b>	<b>(609,837)</b>	<b>1,441,736</b>	<b>147,934</b>	<b>1,293,804</b>	<b>874.6</b>	<b>914,028</b>
<b>Total Disbursements</b>	<b>\$ 7,038,219</b>	<b>\$ 9,919,165</b>	<b>\$ 16,894,305</b>	<b>\$ 17,716,896</b>	<b>\$ (1,822,591)</b>	<b>(10.3)</b>	<b>\$ 20,181,189</b>
<b>TEMPORARY LOANS</b>							
Special Fund for Economic Uncertainties	\$ (97,921)	\$ (12,000)	\$ 679,895 (f)	\$ -	\$ 679,895	-	\$ 2,081,284
Budget Stabilization Account	-	-	-	-	-	-	-
Other Internal Sources	606,821	2,185,252	3,823,609 (f)	5,672,028	(1,748,419)	(31.4)	3,766,099
Revenue Anticipation Notes	-	-	-	-	-	-	-
<b>Net Increase / (Decrease) Loans</b>	<b>\$ 408,900</b>	<b>\$ 2,173,252</b>	<b>\$ 4,503,504</b>	<b>\$ 5,672,028</b>	<b>\$ (1,068,524)</b>	<b>(19.2)</b>	<b>\$ 5,897,383</b>

See notes on page 1.

(Concluded)

**COMPARATIVE STATEMENT OF REVENUES RECEIVED**  
**All Governmental Cost Funds**  
**(Amounts in thousands)**

	July 1 through August 31			
	General Fund		Special Funds	
	2008	2007	2008	2007
<b>MAJOR TAXES, LICENSES, AND INVESTMENT INCOME:</b>				
Alcoholic Beverage Excise Taxes	\$ 64,228	\$ 63,323	\$ -	\$ -
Corporation Tax	417,016	453,432	-	-
Cigarette Tax	26,550	28,253	224,464	231,381
Estate, Inheritance, and Gift Tax	2,326	2,385	-	-
Insurance Companies Tax	114,241	124,076	-	-
Motor Vehicle Fuel Tax:				
Gasoline Tax	-	-	451,647	488,922
Diesel & Liquid Petroleum Gas	-	-	78,266	102,270
Jet Fuel Tax	-	-	546	483
Vehicle License Fees	-	-	398,857	426,731
Motor Vehicle Registration and Other Fees	-	-	538,431	526,482
Personal Income Tax	5,850,156	5,870,172	103,825	104,942
Retail Sales and Use Taxes	4,136,654	4,467,912	1,435,670	1,157,162
Pooled Money Investment Interest	58,601	70,176	310	301
<b>Total Major Taxes, Licenses, and Investment Income</b>	<b>10,669,772</b>	<b>11,079,729</b>	<b>3,232,016</b>	<b>3,038,674</b>
<b>NOT OTHERWISE CLASSIFIED:</b>				
Alcoholic Beverage License Fee	687	5,501	8,213	12,694
Electrical Energy Tax	-	-	147,625	150,010
Private Rail Car Tax	-	-	-	-
Penalties on Traffic Violations	-	-	9,490	9,597
Health Care Receipts	8,127	1,664	-	-
Revenues from State Lands	121,707	41,349	-	-
Abandoned Property	325,605	(73,599)	-	-
Trial Court Revenues	11,766	11,881	175,514	165,080
Horse Racing Fees	243	292	3,416	4,298
Miscellaneous	260,591	104,610	1,303,777	1,335,424
<b>Not Otherwise Classified</b>	<b>728,726</b>	<b>91,698</b>	<b>1,648,035</b>	<b>1,677,103</b>
<b>Total Revenues, All Governmental Cost Funds</b>	<b>\$ 11,398,498</b>	<b>\$ 11,171,427</b>	<b>\$ 4,880,051</b>	<b>\$ 4,715,777</b>

See notes on page 1.

**GENERAL CASH REVOLVING FUND  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 (Amounts in thousands)  
 Attachment A**

	<u>Prior Year and July 1 through July 31, 2008</u>	<u>Month of August 2008</u>	<u>Prior Year and July 1 through August 31, 2008</u>
<b>GENERAL CASH REVOLVING FUND BEGINNING CASH BALANCE</b>	\$ -	\$ -	\$ -
Add Receipts:			
Special Fund Loans	4,508,362	123,400	4,631,762
Pooled Money Investment Account Loans	<u>1,038,000</u>	<u>285,500</u>	<u>1,323,500</u>
<b>Total Receipts</b>	<b>5,546,362</b>	<b>408,900</b>	<b>5,955,262</b>
Less Disbursements:			
State Operations			
General Government	43,064	-	43,064
Public Employees Retirement System	430,716	-	430,716
Debt Service	-	102,967	102,967
Interest on Loans	<u>185,888</u>	-	<u>185,888</u>
<b>Total State Operations</b>	<b>659,668</b>	<b>102,967</b>	<b>762,635</b>
Local Assistance			
Public Schools K-12	3,257,512	305,933	3,563,445
Community Colleges	199,825	-	199,825
State Teachers' Retirement System	133,901	-	133,901
Dept of Health Services:			
Medical Assistance Program	133,927	-	133,927
Dept of Social Services:			
SSI/SSP/HSS	213,233	-	213,233
Other Local Assistance	<u>153,983</u>	-	<u>153,983</u>
<b>Total Local Assistance</b>	<b>4,092,481</b>	<b>305,933</b>	<b>4,398,414</b>
Capital Outlay			
Business, Transportation & Housing	206,454	-	206,454
Nongovernmental			
Transfer to Other Funds	438,388	-	438,388
Temporary Loans			
RAN Partial Principal	149,371	-	149,371
<b>Total Disbursements</b>	<b>5,546,362</b>	<b>408,900</b>	<b>5,955,262</b>
<b>GENERAL CASH REVOLVING FUND ENDING CASH BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Exhibit B** to  
Declaration of Susan Griffith in Opposition to Petitioners' Ex Parte Application



JOHN CHIANG  
California State Controller

April 22, 2008

The Honorable Arnold Schwarzenegger  
Governor of California  
State Capitol Building  
Sacramento, CA 95814

Dear Governor Schwarzenegger:

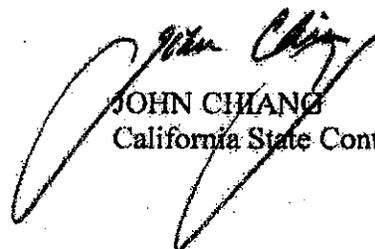
I am writing to request that you approve the authorization to transfer funds to the General Cash Revolving Fund (GCRF) as described in Government Code section 16381. This authorization is necessary to prepare for meeting the potential cash needs of the State in the event the 2008-09 Budget Act is not enacted reasonably on time.

Opening the GCRF at this time will provide cash management flexibility in the event it becomes necessary to issue a Registered Reimbursement Warrant (commonly referred to as a "RAW"). As you are aware, this authorization does NOT signal that the need for RAW is inevitable. Rather it is a precautionary step intended to optimize options for the State to fully meet its payment obligations under even the most difficult of circumstances. In the event the RAW is not needed, my office will promptly close the GCRF and restore any transferred money to its appropriate special fund or state account.

Note that any transfers made to the GCRF from special funds and other state accounts will not interfere with carrying out the objectives for which these funds and accounts were created.

I am enclosing for your signature the authorization necessary to begin the process. I would respectfully urge your approval to this request by no later than April 24, 2008. It is my intention to provide you with an update to the State's cash needs and my plan to meet those obligations on or about June 1, 2008, should the sale of a RAW be necessary.

Sincerely,

  
JOHN CHIANG  
California State Controller

Enclosure

**Exhibit C** to  
Declaration of Susan Griffith in Opposition to Petitioners' Ex Parte Application



GOVERNOR ARNOLD SCHWARZENEGGER

April 23, 2008

The Honorable John Chiang  
California State Controller  
300 Capitol Mall  
Suite 1850  
Sacramento, California 95814

Dear Mr. Chiang,

I have considered your April 22, 2008, request for authorization to transfer funds to the General Cash Revolving Fund. I am glad that we share an interest in developing a contingency plan to ensure sufficient cash resources are available to cover state obligations in the event there is a delay in issuing Revenue Anticipation Notes (RANs) due to a late budget. I agree this is a prudent measure to take, given the condition of the latest cash receipt and the uncertainty of budget enactment timing.

Pursuant to Government Code Section 16381, I authorize the transfer of funds in order to ensure the issuance of a sufficient amount of Revenue Anticipation Warrants (RAWs) to meet the state's General Fund obligations in the event the 2008-09 budget is not enacted in a reasonable timeframe. In the unlikely event that it is necessary to issue RAWs, I will modify this authorization to reflect the amount to be issued, maturity dates of RAWs and a revocation date by which all transfers must be made to the General Cash Revolving Fund based upon a review of your evaluation of the state's cash flow needs, which is expected on or about June 1, 2008. This is consistent with the procedures followed in previous years.

Sincerely,

A handwritten signature in black ink, appearing to read "Arnold Schwarzenegger".

Arnold Schwarzenegger

Attachment

**REQUEST AND AUTHORIZATION FOR TRANSFER OF MONEYS  
To the General Cash Revolving Fund  
Section 16381, Government Code**

**To: The Honorable Arnold Schwarzenegger  
Governor of the State of California**

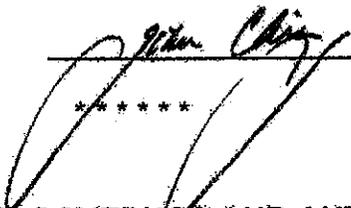
In accordance with the provisions of Section 16381 of the Government Code, this is to notify you that during the next several months there may be insufficient cash in the General Fund to meet payments authorized by law. To provide cash management flexibility in the event a Registered Reimbursement Warrant must be issued, it is necessary to transfer money from special funds and other State accounts to the General Cash Revolving Fund.

It is therefore requested that you determine there may be insufficient cash in the General Fund to meet payments authorized by law and direct me to make transfers as necessary from any special funds and other State accounts to the General Cash Revolving Fund. This direction does not authorize any transfer which will interfere with the carrying out of the objective(s) for which the special fund or other State account was established.

This determination and authorization shall remain in effect until revoked by you in writing.

JOHN CHIANG, State Controller

Dated: April 22, 2008



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**DETERMINATION BY GOVERNOR AND AUTHORIZATION  
FOR TRANSFER OF MONEYS**

Under the provisions of Section 16381, Government Code, I hereby determine that there may be insufficient cash in the General Fund to meet payments authorized by law. I hereby direct the Controller to transfer to the General Cash Revolving Fund any money as may be needed from any special funds and other State accounts containing moneys that may be lawfully transferred. Any amounts transferred shall be retransferred by the State Controller if needed to carry out the objectives for which said funds and accounts were established.

The determination and authorization shall take effect immediately and shall remain in effect until revoked by me in writing.

Dated: 4/23/08



ARNOLD SCHWARZENEGGER, Governor