Honorable Chairman and Members of the Committee:

Mindful that the CAO Report is merely an estimate and not an actuality:

It is time to assess the Report regarding its estimate's reliability.

Each Report, beginning with the publication of the 2009-10 Budget, has overestimated income excessively, and underestimated expenses excessively, in light of foreseeable economic conditions.

The 2009-10 Budget estimated having about 195.7 million in the reserve fund at June 30, 2010.

The 2009-10 Budget estimated having about 30.1 million in the UB for use in reserve.

The Second Financial estimate Report estimated a shortfall of only 98.1 million.

The Midyear Financial estimate Report estimated a shortfall of 208.5 million.

The Fourth Financial estimate Report estimates the shortfall at 222 million.

The Fourth Report includes questionable adjustments based on the City's accounting system, which system enabled the CAO to postpone liabilities to payment in a succeeding year.

So the Report masks an even higher deficit for 2009-10 and increases the City's woes for 2010-11 and thereafter.

Also, zeros in columns for income already authorized by the Council means the Mayor has not put the items into practice.

I believe the CAO can do better with its estimates, and must be more cautious regarding income and outgo.

I continue to believe that a substantial amount of income may be obtained by the City through appropriate litigation; enough income to dwarf the budgetary shortfall.

And, I believe the Fourth estimate will not be validated by June 30, 2010 accounts.

Respectfully submitted,

J. H. McQuiston

c: Interested parties