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ITEM 1 B&F Cmte 4/12/10

L. Braithwaite

STATEMENT of J.H. McQUISTON on
FOURTH FINANCIAL ESTIMATE REPORT

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