FIRST FINANCIAL STATUS REPORT

FISCAL YEAR 2010-11

Miguel Santana
City Administrative Officer
Authorized City Staffing
FY2000-01 TO FY2010-11

Positions Not including Proprietary Departments

Fiscal Years

- All Others
- Police
Projected Departmental Deficits for FY 2010-11 (Dollars in Millions)

- EAA Reduced Furloughs: $9.1 million (14%)
- Expense Accounts: $10.3 million (16%)
- Coalition Deferred Sick Time Payouts: $1.2 million (2%)
- Sworn Overtime Salaries: $15.1 million (24%)
- ERIP Payouts: $14.2 million (22%)
- Other Salary Costs: $13.8 million (22%)

Total $63.7 Million*

*Not including additional unfunded expenditures for constant staffing in LAFD nor adjustments to revenues.
Anticipated Solutions

Total $63.7 Million*
Budget Solutions to Address Projected Deficit for FY 2010-11 (Dollars in Millions)

- Additional Department Reductions (TBD) $30.6 48%
- UB ERIP Payout Account (GF) $21.2 33%
- UB Budget Balancing Bridge $8.0 13%
- Department Surpluses (GF) $1.7 3%
- Human Resource Benefits Savings $2.2 3%

*Not including additional unfunded expenditures for constant staffing in LAFD nor adjustments to revenues.
# Projected Year-End Deficit 2010-11

<table>
<thead>
<tr>
<th></th>
<th>Annual</th>
<th>Quarterly</th>
<th>Monthly</th>
<th>Deficit as Percent of General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unresolved Deficit*</td>
<td>$30.6</td>
<td>$7.7</td>
<td>$2.6</td>
<td>0.7%</td>
</tr>
<tr>
<td>Total Deficit*</td>
<td>$63.7</td>
<td>$15.9</td>
<td>$5.3</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Dollars in Millions

*Not including additional unfunded expenditures for constant staffing in LAFD nor adjustments to revenues.
### FY 2010-11 General Fund Receipts

At September 2010

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Plan to Date</th>
<th>Actual Receipts to Date</th>
<th>Variance (Receipts Less Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>$1,408.5</td>
<td>$72.1</td>
<td>$82.7</td>
<td>$10.7</td>
</tr>
<tr>
<td>Utility Users' Tax</td>
<td>654.6</td>
<td>156.9</td>
<td>146.6</td>
<td>(10.2)</td>
</tr>
<tr>
<td>Licenses, Permits, Fees and Fines</td>
<td>778.2</td>
<td>99.9</td>
<td>110.8</td>
<td>10.9</td>
</tr>
<tr>
<td>Business Tax</td>
<td>412.0</td>
<td>13.3</td>
<td>11.1</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>289.4</td>
<td>73.5</td>
<td>71.9</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Documentary Transfer Tax</td>
<td>111.0</td>
<td>29.7</td>
<td>25.4</td>
<td>(4.2)</td>
</tr>
<tr>
<td>Transient Occupancy Tax</td>
<td>122.7</td>
<td>33.1</td>
<td>35.0</td>
<td>1.9</td>
</tr>
<tr>
<td>All Others</td>
<td>598.8</td>
<td>73.4</td>
<td>82.1</td>
<td>8.7</td>
</tr>
<tr>
<td><strong>Total General Fund Revenue</strong></td>
<td><strong>4,375.2</strong></td>
<td><strong>551.8</strong></td>
<td><strong>565.8</strong></td>
<td><strong>13.9</strong></td>
</tr>
</tbody>
</table>
Economic Climate

City 1% Sales Tax and Local Unemployment Rate

- Unemployment Rate -- Seasonally Adj.
- Sales Tax

Fiscal Year Ending

Sales tax -- $ Millions

Unemployment Rate %

4 5 6 7 8 9 10 11 12 13

Nationwide August sales are below the April level but have been rising since June 2010.
Adopted Reserve Fund Amounts
FY1999-00 TO FY2010-11

*Actual Balance July 1, 2010  ** Current Balance with amount required to achieve 5%
Four-Year Budget Outlook

Revenue
Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (millions)</th>
<th>Expenditures (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>$4,375</td>
<td>$(319)</td>
</tr>
<tr>
<td>2011-12</td>
<td>$4,373</td>
<td>$(430)</td>
</tr>
<tr>
<td>2012-13</td>
<td>$4,491</td>
<td>$(515)</td>
</tr>
<tr>
<td>2013-14</td>
<td>$4,618</td>
<td>$(551)</td>
</tr>
<tr>
<td>2014-15</td>
<td>$4,760</td>
<td>$(4,760)</td>
</tr>
</tbody>
</table>

Revenue (grey line) - Expenditures (solid line)
Projected Changes for FY 2011-12 (Dollars in Million)

- Capital Improvement Expenditure Program: $51.3, 15%
- Workers' Compensation: $10.6, 3%
- Health and Dental Benefits: $18.4, 5%
- Civilian Pension: $83.4, 24%
- Sworn Pension: $63.2, 18%
- Net of Other Additions and Deletions: ($15.3), 4%
- Employee Compensation Adjustments: $106.9, 31%

Total FY 2011-12 Deficit: $319 Million
Major Drivers of Expenditure Growth in the Four-Year Outlook

- LACERS
- Pensions
- Workers' Compensation
- Health and Dental Benefits
Civilian Health Care Costs

CIVILIAN HEALTH CARE EXPENDITURES v. ADOPTED BUDGET

($ in millions)

2001-02 $108
2002-03 $120
2003-04 $138
2004-05 $146
2005-06 $164
2006-07 $183
2007-08 $203
2008-09 $220
2009-10* $218

Cumulative % Change

0% 20% 40% 60% 80% 100% 120%

Expenditures
Adopted Budget
Change

* Adopted Budget
Estimated Future City Contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>LACERS</th>
<th>Fire and Police Pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>$422</td>
<td>$450</td>
</tr>
<tr>
<td>2012-13</td>
<td>$499</td>
<td>$515</td>
</tr>
<tr>
<td>2013-14</td>
<td>$565</td>
<td>$596</td>
</tr>
<tr>
<td>2014-15</td>
<td>$603</td>
<td>$646</td>
</tr>
<tr>
<td>2015-16</td>
<td>$597</td>
<td>$691</td>
</tr>
</tbody>
</table>