

**Executive Officer Hollywood Fiscal Viability Computations (1)**

(Amounts in thousands of FY 2000-01 dollars)

|                                           | Scenario A--Without Loan     |          |           | Scenario B--With Transition Service Loan |           |           |
|-------------------------------------------|------------------------------|----------|-----------|------------------------------------------|-----------|-----------|
|                                           | FY03-04                      | FY04-05  | FY05-06   | FY03-04                                  | FY04-05   | FY05-06   |
|                                           | Hollywood Projected Revenues | 187,060  | 187,060   | 187,060                                  | 187,060   | 187,060   |
| Total Current Revenues                    | 187,077                      | 187,077  | 187,077   | 187,077                                  | 187,077   | 1,154,048 |
| General Fund                              | 154,040                      | 154,040  | 154,040   | 154,040                                  | 154,040   | 154,040   |
| Special Funds                             | 33,036                       | 33,036   | 33,036    | 33,036                                   | 33,036    | 33,036    |
| Net revenue increase                      | (17)                         | (17)     | (17)      | (17)                                     | (17)      | (17)      |
| Net documentary transfer tax revenue loss | (3,649)                      | (3,649)  | (3,649)   | (3,649)                                  | (3,649)   | (3,649)   |
| Motor vehicle license fee revenue gains   | 2,446                        | 2,446    | 2,446     | 2,446                                    | 2,446     | 2,446     |
| Gas tax revenue gains                     | 1,186                        | 1,186    | 1,186     | 1,186                                    | 1,186     | 1,186     |
| Hollywood Expenditures                    | 184,823                      | 182,941  | 180,914   | 184,823                                  | 182,941   | 180,914   |
| Payments to City of Los Angeles           | 182,852                      | 180,970  | 178,943   | 182,852                                  | 180,970   | 178,943   |
| Purchased Services (2)                    | 143,666                      | 143,666  | 143,666   | 143,666                                  | 143,666   | 143,666   |
| Debt Payments (3)                         | 15,618                       | 15,618   | 15,618    | 15,618                                   | 15,618    | 15,618    |
| Administrative Costs                      | 1,415                        | 1,415    | 1,415     | 1,415                                    | 1,415     | 1,415     |
| Transition Costs                          | 815                          |          |           | 815                                      |           |           |
| Redistricting                             | 500                          |          |           | 500                                      |           |           |
| Bond Validation, Revenue Collection       | 115                          |          |           | 115                                      |           |           |
| Special Reorganization Election Costs     | 200                          |          |           | 200                                      |           |           |
| Fiscal Mitigation Payment (4)             | 21,337                       | 20,271   | 18,244    | 21,337                                   | 20,271    | 18,244    |
| Hollywood Personnel                       | 1,277                        | 1,277    | 1,277     | 1,277                                    | 1,277     | 1,277     |
| Hollywood Non-Departmental Costs          | 444                          | 444      | 444       | 444                                      | 444       | 444       |
| Hollywood Fiscal Agent                    | 250                          | 250      | 250       | 250                                      | 250       | 250       |
| Liquid Assets                             |                              |          |           |                                          |           |           |
| Reserve Fund Balance Transferred (5)      | 2,942                        |          |           | 2,942                                    |           |           |
| Start-up Loan                             |                              |          |           | 5,500                                    |           |           |
| Loan Repayment                            |                              |          |           |                                          | (1,306)   | (1,306)   |
| Surplus (Deficit)                         | 2,237                        | 4,118    | 6,146     | 7,737                                    | 2,813     | 4,840     |
| Available Balance                         |                              |          |           |                                          |           |           |
| Beginning of year                         | \$ 2,942                     | \$ 5,179 | \$ 9,297  | \$ 2,942                                 | 10,679    | 13,492    |
| As % of general fund revenues             | 1.93%                        | 3.39%    | 6.08%     | 1.93%                                    | 6.99%     | 8.83%     |
| End of year                               | \$ 5,179                     | \$ 9,297 | \$ 15,443 | \$ 10,679                                | \$ 13,492 | \$ 18,331 |
| As % of general fund revenues             | 3.39%                        | 6.08%    | 10.10%    | 6.99%                                    | 8.83%     | 11.99%    |

Notes:

- (1) Executive Officer estimates based on territory recommended for special reorganization (SC4).
- (2) Payment to City of Los Angeles for purchased services includes all current expenditures except budget surplus and debt payments.
- (3) Convention Center, Capital Finance Administration Fund, judgment obligation bonds, workers compensation, and tort liability under debt payments. Sanitation and parking revenue bonded debt payments included under services purchased from City of Los Angeles.
- (4) The Government Code requires the fiscal mitigation to consider revenues that accrue to the new city. It is within the Commission's discretion to include Hollywood's lost documentary transfer tax revenue. The recommended fiscal mitigation payment is \$21 million, and the minimum required fiscal mitigation payment is \$17.7 million.
- (5) Transferred reserve fund balance is expected to be approximately \$5 million, including a share of the \$60 million emergency reserve fund and the \$45 million contingency reserve fund. The reserve fund allocations in this chart are conservative and assume that only the emergency reserve fund balance will be available for apportionment.