

# LIABILITY CLAIMS

## BASIS FOR THE PROPOSED BUDGET

The 2003-2004 Proposed Budget for Liability Claims relates to current year funding as follows:

	2002-03 Budget	2002-03 Estimated Expenditures	2003-2004 Proposed Budget
Under \$100,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000
Over \$100,000	<u>44,000,000</u>	<u>44,000,000</u>	<u>39,000,000</u>
Subtotal	<u>\$ 55,000,000</u>	<u>\$ 55,000,000</u>	<u>\$ 50,000,000</u>
Total	<u>\$ 55,000,000</u>	<u>\$ 55,000,000</u>	<u>\$ 50,000,000</u>

A total appropriation of \$50 million is proposed for Liability Claims. Funding in the amount of \$11,000,000 is provided for Liability Claims under \$100,000 and \$39,000,000 for Liability Claims over \$100,000. The Los Angeles Administrative Code authorizes the Mayor to delegate authority to the City Attorney to settle claims and pay judgments against the City in an amount not to exceed \$50,000; an additional \$50,000 (up to \$100,000) is subject to the concurrence of the Claims Board. Claims or judgments over \$100,000 must have the approval of the Mayor and Council.

After reviewing pending cases against the City, these estimates represent the current projections for Liability Claims payouts for 2003-2004. Adjustments to the fund may have to be made during the year as cases reach the trial stage and judgments or settlements are determined.

Until 1994-95, Liability Claims under \$15,000 were budgeted in the City Attorney's Budget. Liability Claims over \$15,000 were budgeted in the Unappropriated Balance. Beginning in 1995-96, this Budget was created to account for all expenditures for the City's Liability Claims.

Liability Claims Cost	1994-95 Actual	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual
Under \$100,000	\$ 10,676,914	\$ 11,391,894	\$ 9,811,809	\$ 10,457,797	\$ 13,567,023	\$ 11,660,557
Over \$100,000	<u>49,042,615</u>	<u>48,173,112</u>	<u>25,593,347</u>	<u>2,413,083</u>	<u>39,195,023</u>	<u>72,356,975</u>
TOTAL LIABILITY CLAIMS	<u>\$ 59,719,529</u>	<u>\$ 59,565,006</u>	<u>\$ 35,405,156</u>	<u>\$ 42,870,880</u>	<u>\$ 52,762,046</u>	<u>\$ 84,017,532</u>

Judgment Obligation Bonds*	--	--	--	25,000,000	--	25,000,000
Other **	n/a	n/a	n/a	n/a	4,343,677	9,726,900
TOTAL LIABILITIES	<u>\$ 59,719,529</u>	<u>\$ 59,565,006</u>	<u>\$ 35,405,156</u>	<u>\$ 67,870,880</u>	<u>\$ 57,105,723</u>	<u>\$ 118,744,432</u>

Liability Claims Cost	2000-01 Actual	2001-02 Actual	2002-03 Estimated	2003-2004 Proposed Budget	2003-2004 Change To Budget	% Change
Under \$100,000	\$ 11,419,244	\$ 10,620,408	\$ 11,000,000	\$ 11,000,000	\$ --	--
Over \$100,000	<u>51,145,900</u>	<u>51,179,504</u>	<u>44,000,000</u>	<u>39,000,000</u>	<u>-500,000</u>	<u>-11%</u>
TOTAL LIABILITY CLAIMS	<u>\$ 62,565,144</u>	<u>\$ 61,799,912</u>	<u>\$ 55,000,000</u>	<u>\$ 50,000,000</u>	<u>-500,000</u>	<u>-11%</u>

Judgment Obligation Bonds*	13,995,000	--	--	--	--	--
Other **	<u>18,487,500</u>	<u>5,241,288</u>	<u>\$ 1,200,000</u>	--	--	--
TOTAL LIABILITIES	<u>\$ 95,047,644</u>	<u>\$ 67,041,200</u>	<u>\$ 56,200,000</u>	<u>---</u>	<u>\$ ---</u>	<u>---</u>

\* Total amount of Judgment Obligation Bonds issued during fiscal year. Does not reflect interest payments.

\*\* Other funds include Sewer Construction and Maintenance Fund, Community Development Trust Fund, etc.

