

Acknowledgments

I would like to thank the District's accounting and financial management personnel who worked collaboratively with the Office of Financial Operations and Systems throughout the year. I greatly appreciate their efforts, which contribute significantly to the timely preparation of the CAFR. I want to thank my immediate staff, *Bill Slack, Diji Omisore, Tonja Lowe, Wilma Matthias, Randy David, Vanessa Jackson*, and their respective teams. I am grateful for their dedicated efforts. I would also like to thank the Office of the Inspector General, and the District's independent auditors, KPMG LLP, assisted by Bert Smith & Company, for their efforts throughout the audit engagement.

Respectfully submitted,



Bert Molina
Deputy Chief Financial Officer
Financial Operations and Systems

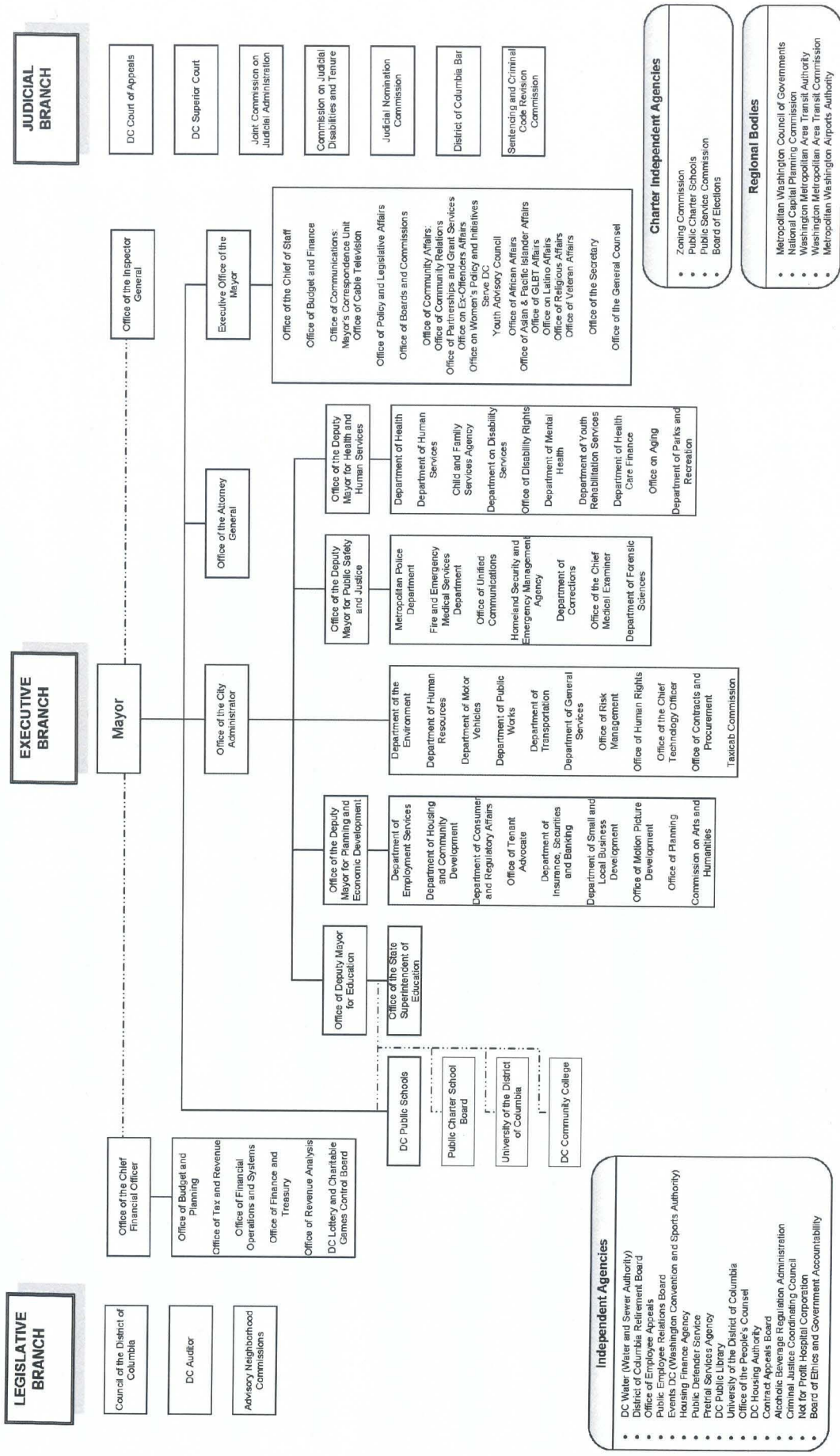
DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS
September 30, 2013

ELECTED OFFICIALS			
Name	Position	First Took Office	Term Expires
Chief Executive Officer			
Vincent C. Gray	Mayor	2011	2015
Council			
Phil Mendelson	Chairman	1999	2015
David Catania	At Large	1997	2015
Vincent Orange	At Large	2011	2017
Anita Bonds	At Large	2012	2015
David Grosso	At Large	2013	2017
Jim Graham	Ward 1	1999	2015
Jack Evans	Ward 2	1991	2017
Mary M. Cheh	Ward 3	2007	2015
Muriel Bowser	Ward 4	2007	2017
Kenyan McDuffie	Ward 5	2012	2015
Tommy Wells	Ward 6	2007	2015
Yvette M. Alexander	Ward 7	2007	2017
Marion Barry, Jr.	Ward 8	2005	2017
House of Representatives			
Eleanor Holmes Norton	Delegate	1991	2015

EXECUTIVE OFFICERS	
<u>Name</u>	<u>Position</u>
Allen Lew	City Administrator
Natwar M. Gandhi	Chief Financial Officer, June 2000 – January 2014
Jeffrey DeWitt	Chief Financial Officer, January 2014
Irvin B. Nathan	Attorney General
Christopher Murphy	Chief of Staff
Cynthia Brock-Smith	Secretary of the District of Columbia
Abigail Smith	Deputy Mayor for Education
Victor L. Hoskins	Deputy Mayor for Planning and Economic Development
Kaya Henderson	Chancellor for D.C. Public Schools
Charles J. Willoughby	Inspector General
Gordon McDonald	Deputy CFO, Budget and Planning
Bert Molina	Deputy CFO, Financial Operations and Systems
Jeffrey Barnette	Deputy CFO, Finance and Treasury
Fitzroy Lee	Deputy CFO, Revenue Analysis
Stephen Cordi	Deputy CFO, Tax and Revenue
Cyril Byron, Jr.	Associate CFO, Economic Development and Regulation
Mohamed Mohamed	Associate CFO, Governmental Operations
George Dines	Associate CFO, Government Services
Delicia Moore	Associate CFO, Human Support Services
Angelique Hayes	Associate CFO, Public Safety and Justice
Deloras A. Shepherd	Associate CFO, Education
Buddy Roogow	Executive Director, D.C. Lottery



GOVERNMENT OF THE DISTRICT OF COLUMBIA





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Government of the District
of Columbia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO



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CAFR

2013

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



VINCENT C. GRAY
MAYOR

NATWAR M. GANDHI
CHIEF FINANCIAL OFFICER
JUNE 2000–JANUARY 2014

JEFF DEWITT
CHIEF FINANCIAL OFFICER
PRESENT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

Year Ended September 30, 2013



INDEPENDENT AUDITORS' REPORT



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditor's Report

The Mayor and the Council of the Government of the District of Columbia
Inspector General of the Government of the District of Columbia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the budgetary comparison statement, each major fund, and the aggregate remaining fund information of the Government of the District of Columbia (the District), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the District of Columbia Housing Finance Agency, a discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison statement for the general and private resources funds for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

Accounting Change

As discussed in Note 1 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and early implemented GASB Statement number 65, *Items Previously Reported As Assets and Liabilities*. The District has reclassified the deferred amount on refunding previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources, respectively. As a result of this implementation, the District adjusted the 2013 opening balance for net position in order to expense bond issuance costs in the period in which they were incurred.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information presented in the financial section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The other supplementary information presented in the financial section as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

January 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2013

(Dollar amounts expressed in thousands)

The following is a discussion and analysis of the District of Columbia's (the District's) financial performance for the fiscal year ended September 30, 2013, which includes a narrative overview and analysis of the District's financial activities. This information should be read in conjunction with the transmittal letter, located in the Introductory Section of this report, and the District's basic financial statements and note disclosures, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

- As of September 30, 2013, the District's assets plus deferred outflow of resources exceeded its liabilities plus deferred inflow of resources by \$3,727,970. The District had negative unrestricted net position totaling \$628,134 at the end of fiscal year 2013. (See Table MDA-1)
- The District's total net position increased by \$313,058 primarily as a result of an increase of \$308,938 in revenues in fiscal year 2013.
- General revenues increased by approximately \$221,014 due to increases in income and franchise taxes, and property taxes totaling \$137,589 and \$67,717, respectively. Expenses increased by \$357,674 over the one-year period due mainly to increased spending for economic development, education, and human support services. Higher than expected increases in revenues from property taxes and deed and estate taxes combined with the implementation of self-imposed cost reduction plans also contributed to the increase in net position. (See Table MDA-2)
- As of September 30, 2013, the District's governmental funds reported combined ending fund balances of \$2,466,592, an increase of \$534,698 in comparison with the prior year. (See Table MDA-3)
- The District's total long-term liabilities increased by \$739,991, or 8.1%, during fiscal year 2013. This increase resulted, in large part, from the District's issuance of Income Tax Secured Revenue Bonds during the year to fund infrastructure improvements/capital projects and refund certain series of outstanding bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements

In general, the purpose of financial reporting is to provide users of financial statements with information that will help them make decisions or reach conclusions about a reporting entity. Many parties use the District's financial statements; however, they do not always use them for the same purpose. In order to address the needs of as many financial statement users as possible, the District, in accordance with generally accepted accounting principles (GAAP) presents: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements.

Government –Wide Financial Statements

The government-wide financial statements focus on the District's overall financial position and activities, and include a *statement of net position* and a *statement of activities*. These financial statements report on the

primary government and its component units. The primary government is further divided into governmental activities and business-type activities.

The purpose of the *statement of net position* is to report all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the fiscal year. The difference between the District's total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources is classified as net position. Total net position is comprised of three components: 1) *net investment in capital assets*; 2) *restricted*; and 3) *unrestricted*. In general, gauging increases or decreases in net position is one way to assess the District's financial position over time. Other factors, such as changes in population, the property tax base, infrastructure conditions, and other non-financial matters, should also be considered when assessing the District's overall financial health.

The purpose of the *statement of activities* is to present the District's revenues and expenses. The difference between revenues and expenses is reported as "change in net position". All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement also include items that will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The *statement of activities* summarizes both the gross and net cost of the governmental activities and business-type activities. Governmental activities include the District's basic functional services which are generally financed through taxes, intergovernmental revenues and other revenues. Business-type activities include enterprise operations which are primarily funded by fees for services which are expected to cover all or most of the costs of operations, including depreciation. Program or functional expenses are reduced by program-specific earned revenues, and by grants and contributions.

The District's government-wide financial statements are presented on pages 42 and 43 of this report.

Fund Financial Statements

Unlike the government-wide financial statements, the fund financial statements focus on specific District activities rather than the District as a whole. Specific funds are established to maintain managerial control over resources or to comply with legal requirements established by external parties, governmental statutes, or regulations. The District's fund financial statements are divided into three categories: (1) governmental funds; (2) proprietary funds; and (3) fiduciary funds.

Financial statements of the governmental funds consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balance. These statements are prepared using a basis of accounting which differs from that used to prepare the government-wide statements. Financial statements of the governmental funds focus primarily on the sources, uses, and balances of current financial resources and use the modified accrual basis of accounting. However, government-wide financial statements focus on all of the District's economic resources and use the full accrual basis of accounting. Financial statements of the governmental funds have a short-term emphasis, and generally measure and account for cash and other assets that can easily be converted to cash. As such, these statements present the District's financial position at the end of the fiscal year and how the governmental activities were financed during the year.

The balances and activities accounted for in governmental funds are also reported in the governmental activities column of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements and government-wide financial statements, there are often significant differences in the totals presented in these statements. Therefore, an analysis is presented at the bottom of the balance sheet of the governmental funds, that reconciles the total fund balances to the amount of net position presented in the governmental activities column of the statement of net position. In addition, there is an analysis following the statement of revenues, expenditures, and changes in fund balances that reconciles the total net change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column of the government-wide statement of activities.

The District identified its nonspendable fund balance and further classified spendable fund balance as restricted, committed, assigned, or unassigned based on the relative strength of the constraints controlling how specific amounts may be used.

The District presents funds that are significant to the District (major funds) in separate columns. All other governmental funds are aggregated and reported in a single column (nonmajor funds).

The financial statements of the District's governmental funds are presented on pages 44 through 47 of this report.

Financial statements of the proprietary funds consist of a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows. These statements are prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements. The District's proprietary funds are used to account for the activities of District entities that charge customers fees for the services provided. The financial statements of the District's proprietary funds present the changes in financial position and condition of the District's two major proprietary funds, the D.C. Lottery & Charitable Games Board and the Unemployment Compensation Fund.

The Unemployment Compensation Fund is reported as a proprietary fund similar to a public entity risk pool because the District is required by law to recover its costs.

The financial statements of the District's proprietary funds are presented on pages 48 through 50 of this report.

Financial statements of the fiduciary funds consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. These statements are

prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements. Assets held by the District (either as a trustee or as an agent) for other parties, that cannot be used to finance the District's operating programs, are reported in the fiduciary funds. The District is responsible for ensuring that the activities reported in the fiduciary funds are consistent with each fund's intended purpose.

The financial statements of the District's fiduciary funds are presented on pages 51 and 52 of this report.

Component Units

Combining financial statements, presented on pages 53 and 54 report the financial data for the District's discretely presented component units.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements, which begin on page 55, present additional information that is essential

to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress toward funding its obligation to provide pension and other postemployment benefits to District employees. Required supplementary information can be found on pages 129 through 131 of this report.

Financial statements of individual funds, combining statements (in connection with nonmajor governmental funds), and supporting schedules are presented immediately following the required supplementary information on postemployment benefits. Financial statements of individual funds and combining statements and schedules can be found in the other supplementary information section presented on pages 133 through 159 of this report.

OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND OPERATIONS

The District's overall financial position improved as a result of the year's activities. The District's financial position and operations for the past two fiscal years are summarized in **Tables MDA-1 and MDA-2**. The

information for fiscal years 2012 and 2013 is based on the government-wide financial statements presented on pages 42 and 43 of this report.

Table MDA-1 - Net Position as of September 30, 2013

	Governmental activities		Business-type activities		Totals	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
Current and other assets	\$ 4,811,391	\$ 4,045,445	\$ 323,173	\$ 324,372	\$ 5,134,564	\$ 4,369,817
Capital assets	10,899,939	10,424,959	427	480	10,900,366	10,425,439
Total assets	<u>15,711,330</u>	<u>14,470,404</u>	<u>323,600</u>	<u>324,852</u>	<u>16,034,930</u>	<u>14,795,256</u>
Deferred outflow of resources	50,275	73,597	-	-	50,275	73,597
Long-term liabilities	9,910,463	9,164,291	10,200	16,381	9,920,663	9,180,672
Other liabilities	2,369,462	2,198,815	67,110	74,454	2,436,572	2,273,269
Total liabilities	<u>12,279,925</u>	<u>11,363,106</u>	<u>77,310</u>	<u>90,835</u>	<u>12,357,235</u>	<u>11,453,941</u>
Net position:						
Net investment in capital assets	2,849,043	2,872,272	427	480	2,849,470	2,872,752
Restricted	1,264,682	1,057,582	241,952	229,930	1,506,634	1,287,512
Unrestricted	(632,045)	(748,959)	3,911	3,607	(628,134)	(745,352)
Total net position	<u>\$ 3,481,680</u>	<u>\$ 3,180,895</u>	<u>\$ 246,290</u>	<u>\$ 234,017</u>	<u>\$ 3,727,970</u>	<u>\$ 3,414,912</u>

Table MDA- 2 - Change in Net Position for the year ended September 30, 2013

	Governmental activities		Business-type activities		Totals		Variance
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated	
Revenues:							
Program revenues:							
Charges for services	\$ 531,215	\$ 537,403	\$ 242,460	\$ 249,675	\$ 773,675	\$ 787,078	\$ (13,403)
Operating grants and contributions	3,277,118	3,190,038	32,790	27,945	3,309,908	3,217,983	91,925
Capital grants and contributions	270,813	261,411	-	-	270,813	261,411	9,402
General revenues:							
Property taxes	2,012,788	1,945,071	-	-	2,012,788	1,945,071	67,717
Sales and use taxes	1,247,374	1,218,576	-	-	1,247,374	1,218,576	28,798
Income and franchise taxes	2,094,179	1,956,590	-	-	2,094,179	1,956,590	137,589
Other taxes	746,160	723,102	131,025	133,618	877,185	856,720	20,465
Non tax revenues	586,168	536,534	103,884	187,073	690,052	723,607	(33,555)
Total revenues	10,765,815	10,368,725	510,159	598,311	11,275,974	10,967,036	308,938
Expenses:							
Governmental direction and support	993,774	987,978	-	-	993,774	987,978	5,796
Economic development and regulation	460,082	353,618	-	-	460,082	353,618	106,464
Public safety and justice	1,497,016	1,490,423	-	-	1,497,016	1,490,423	6,593
Public education system	2,224,946	2,113,955	-	-	2,224,946	2,113,955	110,991
Human support services	4,086,722	3,925,613	-	-	4,086,722	3,925,613	161,109
Public works	603,423	587,002	-	-	603,423	587,002	16,421
Public transportation	284,851	221,339	-	-	284,851	221,339	63,512
Interest on long-term debt	382,530	397,216	-	-	382,530	397,216	(14,686)
Lottery and games	-	-	173,927	183,185	173,927	183,185	(9,258)
Unemployment compensation	-	-	255,645	344,913	255,645	344,913	(89,268)
Total expenses	10,533,344	10,077,144	429,572	528,098	10,962,916	10,605,242	357,674
Increase in net position before transfers	232,471	291,581	80,587	70,213	313,058	361,794	(48,736)
Transfers in (out)	68,314	66,404	(68,314)	(66,404)	-	-	-
Change in net position	300,785	357,985	12,273	3,809	313,058	361,794	(48,736)
Net position - Oct 1	3,180,895	2,822,910	234,017	230,208	3,414,912	3,053,118	361,794
Net position - Sept 30	\$ 3,481,680	\$ 3,180,895	\$ 246,290	\$ 234,017	\$ 3,727,970	\$ 3,414,912	\$ 313,058

Please refer to Note 1W – Reconciliation of Government-Wide and Fund Financial Statements, on page 76 for additional information on the differences between the two bases of accounting that the District used in this report.

Financial Analysis of the Government as a Whole

- The District's combined net position (governmental and business-type activities) increased by \$313,058 or 9.2%, from \$3,414,912 in fiscal year 2012 to \$3,727,970 in fiscal year 2013. Revenues increased by \$308,938, or 2.8%, between fiscal year 2012 and 2013. The most significant increases were in operating grants and contributions and income and franchise taxes, which grew by \$91,925 and \$137,589, respectively. Expenses also increased by \$357,674, or 3.4%. The most significant increases in expenses were in economic development and regulation, public education, and human support services, which grew by \$106,464, \$110,991, and 161,109, respectively.

Restricted net position represents assets that are subject to use constraints imposed either: (a) externally by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments; or (b) by law, through constitutional provisions or enabling legislation. Restricted net position totaled \$1,506,634 in fiscal year 2013 and \$1,287,512 in fiscal year 2012, representing an increase of \$219,122, or 17.0%.

Total net position of governmental activities was \$3,481,680 in fiscal year 2013, which was \$300,785 or 9.5%, more than total net position of governmental activities in fiscal year 2012. Governmental activities expenses increased by \$456,200 from the prior year and governmental activities revenues increased by \$397,090.

Total net position increased mainly as a result of effective management of expenditures, and increases in revenues from income and franchise taxes, and property taxes. Negative unrestricted net position improved by \$117,218 to \$628,134 in fiscal year 2013 compared to \$745,352 in fiscal year 2012. Unrestricted net position remained negative at September 30, 2013, because the District has certain long-term liabilities which are funded on a pay-as-you-go basis. Therefore, resources or assets were not accumulated in advance but were appropriated as these liabilities became due.

The Lottery and Charitable Games Control Board (the Lottery), a proprietary fund of the primary government, transfers substantially all of its net income to the District at the end of each fiscal year. In fiscal years 2013 and 2012, the Lottery transferred \$68,314 and \$66,404 to the District's General Fund, respectively.

Chart MDA-1 graphically depicts the District's sources of revenues in its governmental activities as presented in **Table MDA-2, Change in Net Position for the year ended September 30, 2013**, found on page 28.

Chart MDA-1 – Revenues by Source – Governmental Activities

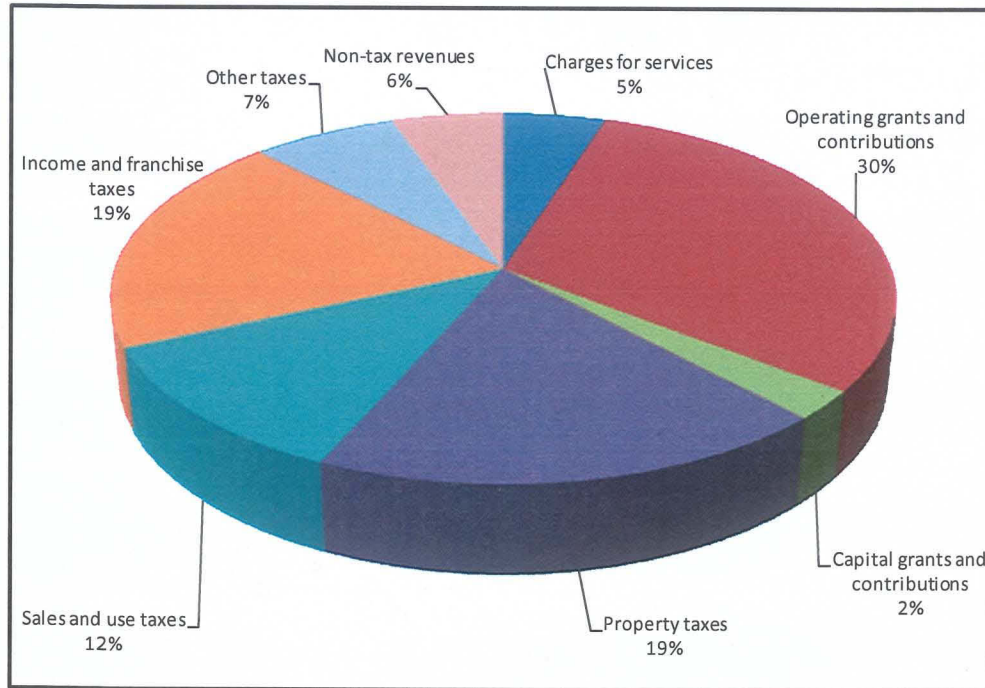
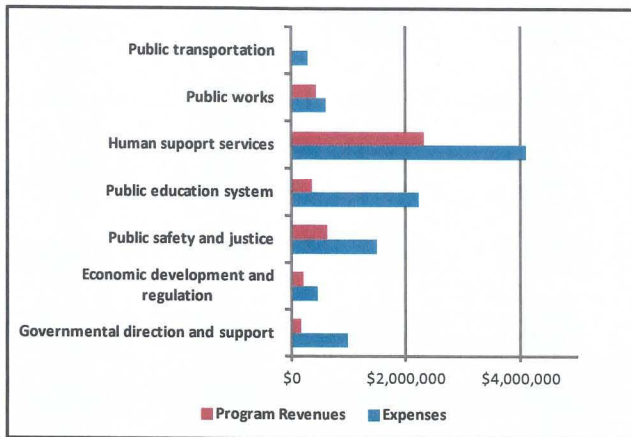


Chart MDA-2 displays both expenses and program revenues of selected governmental activities for the fiscal year. The governmental activities are: governmental direction and support, economic development and regulation, public safety and justice, public education, human support services, public works, and public transportation.

Chart MDA-2 – Governmental Activities Expenses and Program Revenues



Total net position of the business-type activities increased by \$12,273, or 5.2%, between fiscal year 2012 and 2013. Business-type activities experienced an increase in net position because expenses decreased by \$98,526, or 18.7% and revenues also decreased but at a lesser rate of 14.7%, or \$88,152. The decrease in expenses was due primarily to the decrease of \$89,268, or 25.9%, in unemployment benefit payments. This reduction in benefit payments arose as a result of the decline in the average overall unemployment rate whereby fewer individuals were paid benefits.

Reporting on the District's Most Significant Funds

Fund financial statements focus on major funds, instead of fund types. A governmental fund is classified as a major fund if the fund has revenues, expenditures/expenses, assets plus deferred outflows of resources, or liabilities (excluding extraordinary items) plus deferred inflows of resources that are at least 10% of the corresponding totals for all governmental funds and at least 5% of the aggregate amount for all governmental and proprietary funds for the same item. Major funds, as required by generally accepted accounting principles (GAAP), are presented individually with nonmajor governmental funds combined in a single column. Detailed information for individual nonmajor governmental funds can be found in Other Supplementary Information, Exhibits B-1 and B-2, presented on pages 144 and 145 of this report.

Governmental Funds

The District's governmental funds provide information that is useful when assessing the District's financing needs, such as data pertaining to near-term inflows, outflows, and balances of spendable resources. For instance, the amount of unassigned fund balance may serve as a useful measure of the government's net resources that are available for appropriation/spending as of the end of the fiscal year.

Most basic services are reported in the governmental funds, which are further classified as General, Federal and Private Resources, Housing Production Trust Fund, General Capital Improvements, and Nonmajor Governmental Funds. Please refer to Exhibits 2-a and 2-b presented on pages 44 and 45 for more detailed information about these funds.

Fund Balances: The governmental funds reported a combined fund balance of \$2,466,592 in fiscal year 2013 and \$1,931,894 in fiscal year 2012, which represents an increase of \$534,698, or 27.7%, from the prior year. The components of the combined fund balance of the governmental funds are presented in **Table MDA-3**.

Table MDA-3 – Comparison of FY 2013 and FY 2012 Fund Balance

	FY 2013 Balance	FY 2012 Balance	Dollar Variance	Percentage Variance
General	\$ 1,748,928	\$ 1,506,521	\$ 242,407	16.1%
Federal and Private Resources	170,162	180,921	(10,759)	-5.9%
Housing Production Trust	139,731	74,379	65,352	87.9%
General Capital Improvements	102,434	(116,269)	218,703	-188.1%
Nonmajor governmental funds	305,337	286,342	18,995	6.6%
Total Fund Balance	\$ 2,466,592	\$ 1,931,894	\$ 534,698	27.7%

Fund balance in the Federal and Private Resources Fund decreased by \$10,759 or 5.9% between fiscal years 2012 and 2013. This relatively moderate decrease in fund balance was due to significant increases in operating grant revenue that were offset by increased expenditures primarily in the areas of Public Safety and Justice and Human Support Services. Total revenues in the Federal and Private Resources Fund increased by \$97,041 and \$87,021 or 89.7%, of that increase was due to operating grants. Expenditures in the Federal and Private Resources Fund also increased by a larger amount over the one-year period. Total expenditures in this fund increased by \$104,226.

Fund balance in the Housing Production Trust Fund increased by \$65,352, or 87.9% between fiscal years 2012 and 2013. This increase was due primarily to transfers in from the General Fund.

The most significant changes in the total fund balance of the governmental funds were in the General Capital Improvements Fund and the General Fund, the District's primary operating fund. A more detailed discussion of the District's General Fund follows.

Revenues: General Fund revenues increased by \$270,125 in fiscal year 2013. **Table MDA-4** presents the most significant one-year variances in General Fund revenues.

Table MDA-4 – Changes in Major General Fund Revenues

Revenue Category	Fiscal Year 2013	Fiscal Year 2012	Dollar Variance	Percentage Variance
Property taxes	\$ 2,012,511	\$ 1,902,541	\$ 109,970	5.8%
Income and franchise taxes	2,094,179	1,956,590	137,589	7.0%
Total	\$ 4,106,690	\$ 3,859,131	\$ 247,559	6.4%

Property tax. Personal property tax collections increased between fiscal years 2012 and 2013 as a result of several factors. Although in fiscal year 2013 the District continued to experience some effects of the recent national economic recession, residential property values stabilized with slight increases in total residential values. Therefore, certain classes of property tax collections grew due to rising property values. Increased property tax collections also resulted from the effect of the assessment cap for many homestead properties. For such properties, the assessment cap caused the annual tax liability to increase 10% annually, although the respective home values did not increase at the same rate.

Income and franchise tax. Wages and salaries earned by District residents continued to increase in fiscal year 2013. The non-withholding component of income tax revenue, which includes declarations (estimated payments), increased in fiscal year 2013. The behavior of the declarations component is related to the performance

of the stock market which continued to gain strength in fiscal year 2013.

Dedicated Revenues

The dedicated portions of tax revenues related to the special revenue funds are recorded directly in those funds. However, dedicated taxes for the Convention Center, Healthcare Programs and Highway Trust Fund are transferred out of the local fund (the major component of the general fund). Healthcare Program activities are recorded in a segregated fund within the general fund. In fiscal year 2013, the District dedicated a total of \$331,966 in tax revenues to fund the projects shown in Table MDA-5.

Expenditures: The District's general fund expenditures, excluding debt service, increased by \$329,080 from the previous year. Variances by program or function are presented in Table MDA-6.

Table MDA-5 – Dedicated Local Tax Revenues

	General Fund				Special Revenue Funds			
	Total Dedicated Taxes	Convention Center	Healthcare Programs	Highway Trust Fund	Tax Increment Financing Program	PILOT Special Revenue	Baseball Project	Housing Production Trust Fund
Property taxes	\$ 27,986	\$ -	\$ -	\$ -	\$ 15,802	\$ 12,184	\$ -	\$ -
Sales and use taxes	157,022	104,108	-	-	37,506	-	15,408	-
Gross receipts taxes	40,120	-	-	-	-	-	40,120	-
Motor fuel taxes	22,389	-	-	22,389	-	-	-	-
Other taxes	84,449	-	37,895	-	-	-	-	46,554
Total taxes	\$ 331,966	\$ 104,108	\$ 37,895	\$ 22,389	\$ 53,308	\$ 12,184	\$ 55,528	\$ 46,554

Table MDA-6 – General Fund Expenditure Variances by Function

Program/ Functional Area	Fiscal Year 2013	Fiscal Year 2012	Dollar Variance	Percentage Variance
Governmental direction and support	\$ 748,634	\$ 694,011	\$ 54,623	7.9%
Economic development and regulation	260,700	194,458	66,242	34.1%
Public safety and justice	982,461	954,077	28,384	3.0%
Public education system	1,681,634	1,571,264	110,370	7.0%
Human support services	1,783,940	1,727,072	56,868	3.3%
Public works	261,049	311,968	(50,919)	-16.3%
Public transportation	284,851	221,339	63,512	28.7%
Total Functional Expenditures	\$ 6,003,269	\$ 5,674,189	\$ 329,080	5.8%

Explanations for significant variances in General Fund expenditures are presented below:

Economic Development and Regulation – Several factors contributed to the increased expenditures in this functional area in fiscal year 2013. The Housing Authority's subsidy increased significantly in fiscal year 2013 in support of the Local Rent Supplement Program, which provides rental assistance to low-income families throughout the District. In addition, the District's Housing Production Trust Fund's Subsidy also increased substantially over the one year period.

Public Education – Increased expenditures in Public Education were attributable to efforts made to improve operations within schools and educational facilities and comply with legal mandates.

Several factors, which contributed to increased Public Education expenditures, included but were not limited to the following:

- Increased fringe benefits as a result of the District's contribution for employee health insurance being adjusted back to 75% of the associated premiums from the rate of 72% applied in recent years;
- Increased enrollment in the District of Columbia Public Schools (DCPS) and the creation of several new initiatives, such as an intensive algebra program for DCPS students and a journalism mentoring program for DCPS high school students;
- Increased enrollment in the District of Columbia Public Charter Schools;
- Increase in the Uniform Per Student Funding Formula;
- Increased costs associated with conducting: (a) an annual enrollment audit of DCPS; (b) grants management and compliance activities associated with the Common Core movement, child care eligibility and the development and maintenance of a child care data management system; and
- Increased number of term employees and overtime pay to align branch positions within the DC Public Library (DCPL) system to DCPL's staffing patterns.

Public Transportation - Subsidy payments made to the Washington Metropolitan Area Transit Authority increased in fiscal year 2013 as a result of increased operating costs of the Metro system.

Public Works – Decreased expenditures in Public Works resulted primarily from cost saving initiatives implemented by the Department of Public Works (DPW). One such initiative was the DPW Waste Collection

Division's adoption of the Gainsharing Program in fiscal year 2013. In addition, the elimination of stimulus funding and the loss of the Centers for Disease Control and Prevention grant at the District Department of the Environment also contributed to the reduced spending in fiscal year 2013.

Capital Expenditures and Financing

The District's investments in capital improvements are based on need rather than available current year revenues. It is the District's financial policy to issue bonds to support the expenditures associated with its Capital Improvements Program. In order to minimize the cost of carrying debt, the District has instituted the practice of issuing bonds based on actual expenditures, in some cases, as well as on the annual amount budgeted. However, agencies are authorized to spend their annual appropriated capital budget in advance of financing. The General Fund advances the amount of the funding, and is repaid with the proceeds from the bonds when issued. This allows the District to determine when it will enter the market to issue bonds, based upon cash flow needs, favorable market rates, and the total amount of municipal debt financing and the types of credits that are available. This flexibility helps to minimize borrowing costs and maximize the pool of potential investors for the District's debt issuances.

The District spent \$1,181,289 on general capital improvements which exceeded the general capital improvements revenues of \$280,258 by \$901,031, which is reported as a deficiency in the capital projects fund. This deficiency was subsequently financed with a total of \$1,119,734 from bond proceeds and other financing sources. The net change in the fund balance was an increase of \$218,703.

Proprietary Funds

The District currently has two major Proprietary Funds: the D.C. Lottery & Charitable Games Board (Lottery), and the Unemployment Compensation Fund (Unemployment).

The total assets for the Lottery decreased by \$5,046 or 16.2%, over the prior year, due to scheduled payments to long-term prize winners.

Total assets for Unemployment increased by \$5,133, or 1.6%, due primarily to an increase in the amount due from the federal government for extended benefits. District residents who have exhausted regular District benefits may also participate in the federally funded Emergency Unemployment Compensation (EUC) Program. Pursuant to the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, the EUC program was extended until March 6, 2012 and

subsequently extended by Congress until January 1, 2014. Between 2012 and 2013, there was a \$9,760 increase in the amount owed to Unemployment by the federal government for extended benefits.

Overall total net position of the District's proprietary funds increased by \$12,273, or 5.2%, over the prior year. Exhibits 3-a, 3-b, and 3-c on pages 48 through 50 present the financial statements of the proprietary funds.

Charts MDA-3 and MDA-4 graphically present comparisons of the revenues and expenses of the District's proprietary funds, based on information contained in the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds, shown on page 49 of this report.

Chart MDA-3 – Operating Revenues and Expenses – Business-type Activities

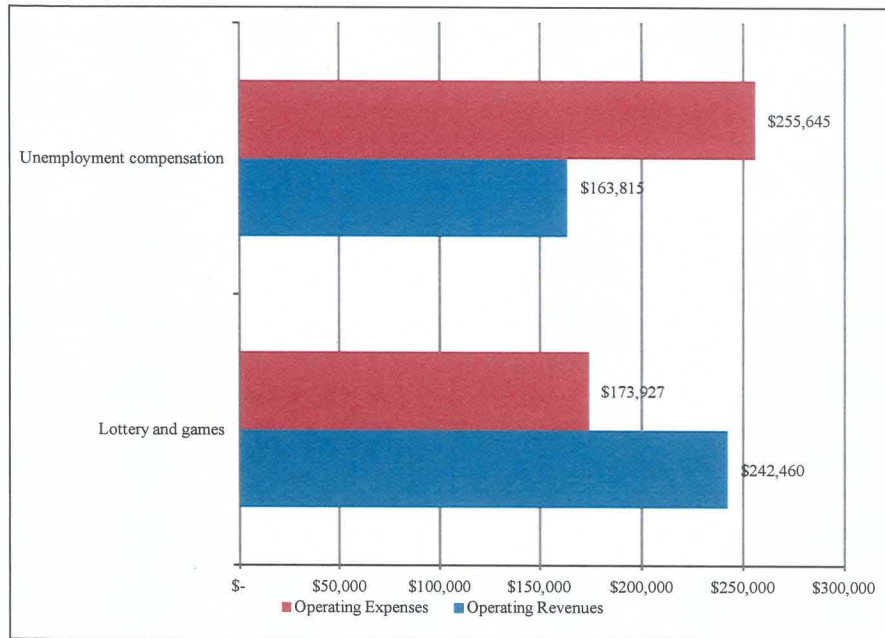
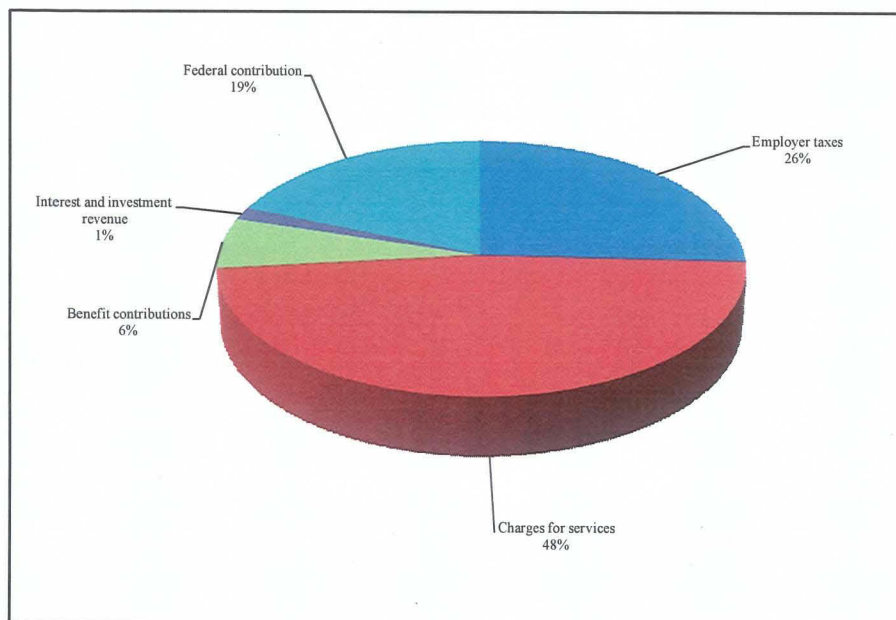


Chart MDA-4 – Revenues by Source – Business-type Activities



Fiduciary Funds

The *Trust and Agency Funds* are used to account for assets held by the District as trustee for individuals, private organizations, or other governments. The District is the *trustee or fiduciary* for its employees' pension plans and other postemployment benefits (OPEB). All fiduciary activities are reported in Exhibit 4-a, *Statement of Fiduciary Net Position* and Exhibit 4-b, *Statement of*

Changes in Fiduciary Net Position on pages 51 and 52 respectively. Exhibits C-1, C-2, and C-3, presented on pages 148, 149, and 150 respectively, provide additional information. These activities are excluded from the District's governmental and business-type activities because resources of fiduciary funds are restricted and are not available to support the District's operations. The changes in the net position of the Pension Trust Funds and OPEB Trust Fund are presented in **Table MDA-7**.

Table MDA-7 - Variances in Net Position of Pension and OPEB Trust Funds

Trust Fund	Fiscal Year 2013	Fiscal Year 2012	Dollar Variance	Percentage Variance
Police and Firefighters Pension	\$ 4,168,457	\$ 3,681,854	\$ 486,603	13.2%
Teachers Pension	1,622,375	1,503,486	118,889	7.9%
Other Postemployment Benefits	897,815	693,344	204,471	29.5%
Total Net Position	\$ 6,688,647	\$ 5,878,684	\$ 809,963	13.8%

Net position of the fiduciary funds increased due to increases in the value of equity investments.

Private-purpose trust funds are used to report any trust arrangement not reported in the pension or OPEB trust funds under which principal and income benefit specific individuals, private organizations, or other governments. The District's 529 College Savings Investment Plan, which is designed to help families' save for the higher education expenses of designated beneficiaries, comprises the Private-Purpose Trust Fund.

Component Units

Discretely presented component units are legally separate organizations that meet the following criteria: (a) the District appoints a voting majority of the entity's governing board and (b) there is a financial benefit/burden relationship between the District and the entity or the District is able to impose its will on the entity. Consistent with these criteria, the District reports five discretely presented component units: (1) Health Benefit Exchange Authority; (2) Washington Convention and Sports Authority; (3) Not-For-Profit Hospital Corporation (d/b/a United Medical Center); (4) Housing Finance Agency; and (5) University of the District of Columbia. In prior fiscal years, the Water and Sewer Authority (WASA) was also reported as a discretely presented component unit of the District because the District was responsible for debt service on certain general obligation bonds issued by the District on behalf of WASA. These bonds matured in fiscal year 2012 and no further debt service payments were owed by WASA. Accordingly, WASA no longer meets the financial benefit/burden criterion for inclusion as a discretely presented component unit.

Other component units have operations that are so intertwined with those of the primary government that they function, for all practical purposes, as an integral part of the primary government. These are reported as blended component units. A component unit should be blended when the primary government and the component unit share a common governing body and (a) there is a financial benefit or burden relationship between the District and the entity, or (b) the District has operational responsibility for the entity. In addition, blending is required when the component unit either: (a) provides service entirely or almost entirely to the primary government; or otherwise exclusively or almost exclusively benefits the primary government, although it does not provide services directly to it; or (b) the entity's total debt outstanding is expected to be repaid entirely or almost entirely with District resources.

The District reports one blended component unit, the Tobacco Settlement Financing Corporation (Tobacco Corporation). The Tobacco Corporation is a blended component unit because: (a) the District appoints the Tobacco Corporation's board; (b) the District is legally entitled to and can otherwise access the Tobacco Corporation's resources which constitutes a benefit/burden relationship; and (c) the District has the ability to modify or approve the Tobacco Corporation's budget, which gives the District the ability to impose its will on the Tobacco Corporation. In addition, the Tobacco Corporation provides services entirely to the District.

Each of the component units prepares its own independently audited financial statements, which are accompanied by their respective Management's Discussion and Analysis. Exhibits 5-a and 5-b on pages

53 and 54, respectively, present more detailed financial information on the District's component units.

Short-Term Debt

The District issues short-term debt primarily to finance seasonal cash flow needs. This need occurs due to time lags between the receipt of taxes, grants and other revenues, and the outflow of funds for governmental operations and required disbursements. The District issued \$675,000 in Tax Revenue Anticipation Notes (TRANS) on October 23, 2012, at an interest rate of 2.00%. The District is required by law to repay any short-term debt in its entirety by September 30 of the fiscal year in which the debt was incurred. Accordingly, by September 30, 2013, the District had repaid these outstanding TRANS.

Long-Term Debt

The District is empowered by law (Section 461 of the District of Columbia Home Rule Act, as amended) to issue general obligation bonds to refund indebtedness of the District and to provide for the payment of the costs of acquiring capital assets or undertaking various capital

projects. The District also issues income tax secured revenue bonds pursuant to the Bond Authorization Act of 2008 (D.C. Code §§ 47-340.26 to 47-340.36). The payment of principal and interest on these bonds comes solely from the associated trust estate and the available pledged tax revenues. The income tax secured revenue bonds are without recourse to the District, and are not a pledge of, and do not involve the full faith and credit or the taxing power of the District.

The District also issues, on a less frequent basis, other types of long term debt, including Tax Increment Financing (TIF) Bonds, Tobacco Bonds, Housing Production Trust Bonds (HPTF), Qualified Zone Academy Bonds, and other revenue bonds.

At September 30, 2013, the District had \$9,920,663 in long term debt outstanding, of which \$8,288,265, or 83.5%, was in the form of bonds. Of the outstanding bonds, \$2,245,185, or 27.1%, were general obligation bonds, and \$4,457,675, or 53.8%, were income tax secured revenue bonds. **Table MDA-8** presents the District's outstanding bonds as of September 30, 2013.

Table MDA-8 – Outstanding Bonds at September 30, 2013 and 2012

Outstanding Bond Debt				
Type of Bonds	2013	2012	Dollar Variance	Percentage Variance
General Obligation Bonds	\$ 2,245,185	\$ 2,295,225	\$ (50,040)	-2.2%
Income Tax Secured Revenue Bonds	4,457,675	3,799,645	658,030	17.3%
Other Bonds:				
Qualified Zone Academy Bonds	6,682	7,628	(946)	-12.4%
Tobacco Bonds	647,459	677,219	(29,760)	-4.4%
TIF Bonds	108,782	112,985	(4,203)	-3.7%
Ballpark Bonds	502,255	507,935	(5,680)	-1.1%
GARVEE Revenue Bonds	117,570	78,775	38,795	49.2%
HPTF Bonds	120,450	82,805	37,645	45.5%
A W C PILOT Revenue Bonds	77,210	84,085	(6,875)	-8.2%
NCRC Revenue Bonds	4,997	14,839	(9,842)	-66.3%
Total	\$ 8,288,265	\$ 7,661,141	\$ 627,124	8.2%

The \$658,030 increase in Income Tax Secured Revenue Bonds is due to the following bond issuances made in fiscal year 2013:

- Issued in November 2012, \$750,765 in Income Tax Secured Revenue Bonds, Series 2012C and \$25,005 in Income Tax Secured Revenue Refunding Bonds, Series 2012D, which were used to pay for the costs of capital projects and the costs of issuing and delivering the bonds. These bonds were also used to refund the 4.00% PILOT Revenue Bond Anticipation

Notes (Arthur Capper/Carrollburg Public Improvement Issue), Series 2010.

The total debt per capita as of September 30, 2013, was \$13,158 (not in thousands). This represents a decrease of \$620 (not in thousands), or 4.9%, over the prior year. This decrease is due to an increase in the District's population between fiscal years 2012 and 2013. Exhibit S-3C, on page 180 presents ratios of total outstanding debt for the last ten fiscal years.

For more detailed information on the District's long-term debt activity, refer to Note 8, Long-Term Liabilities, found on pages 101 through 115.

Capital Assets

The General Capital Improvements Fund is used to account for the purchase or construction of capital assets financed by transfers, capital grants, and debt. Capital assets include, but are not limited to: land, buildings, police and fire equipment, office equipment, park facilities, roads, and bridges. In fiscal year 2013, total net capital assets (capital assets less depreciation) increased by \$474,927, or 4.6%, over the prior year. Total overall capital assets has continued to increase because the District has been investing resources in the construction of new assets and the rehabilitation of existing infrastructure, such as roads, streets, and bridges.

At September 30, 2013, total net capital assets (capital assets less depreciation) was \$10,900,366. Net capital assets of the governmental activities totaled \$10,899,939 and the net capital assets of the business-type activities totaled \$427. The governmental activities depreciation charges for fiscal year 2013 totaled \$389,885 compared to the prior year's amount of \$385,230. **Table MDA-9** presents more detailed information on the District's net capital assets.

Table MDA-9 – Net Capital Assets as of September 30, 2013

Asset Category	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
	Land	\$ 928,318	\$ 936,234	\$ -	\$ -	\$ 928,318
Buildings	5,641,749	5,125,146	-	-	5,641,749	5,125,146
Infrastructure	2,925,863	2,731,450	-	-	2,925,863	2,731,450
Equipment	379,243	422,756	427	480	379,670	423,236
Construction in progress	1,024,766	1,209,373	-	-	1,024,766	1,209,373
Total net capital assets	\$ 10,899,939	\$ 10,424,959	\$ 427	\$ 480	\$ 10,900,366	\$ 10,425,439

Note: For more detailed information on the District's capital asset activity, refer to Note 5, Capital Assets, found on pages 93 through 97.

REPORTING THE DISTRICT'S BUDGET

Overview in Brief

D.C. Code § 47-392.01(c) (1) (A) requires the District to prepare a balanced budget each year. Consistent with D.C. Code §47-392.02, the Mayor is required to submit the budget to Council for review, approval, and submission to Congress. The District's budget is subject to revision and approval by Congress and the President of the United States. As the budget moves through the budgetary process, there may be changes in both amounts and purposes.

The Chief Financial Officer is responsible for forecasting revenue for the District government. Each February, the Chief Financial Officer issues the official revenue estimate that is used to develop the District's budget for the next fiscal year. This estimate is revised as the new fiscal year begins and is periodically reviewed and

adjusted at regular intervals throughout the fiscal year to reflect current economic trends and outlook, new legislative mandates, and other similar factors. As the revenue estimates are revised, the District's expenditure budget is also revised to be consistent with the updated revenue estimates.

General Fund Budgetary Highlights

The General Fund is the chief budgetary operating fund of the primary government. **Table MDA-10** presents a Schedule of Budgetary Basis Revenues and Expenditures for the General Fund for the fiscal year ended September 30, 2013.

Table MDA-10 – Schedule of General Fund Budgetary Basis Revenues and Expenditures

	Original Budget	Revised Budget	Actual	Variance (Actual to Revised)
Revenues and Other Sources:				
Taxes	\$ 5,605,495	\$ 5,954,300	\$ 5,920,692	\$ (33,608)
Licenses and permits	77,940	69,029	78,857	9,828
Fines and forfeits	178,522	165,122	145,509	(19,613)
Charges for services	63,223	68,026	75,416	7,390
Miscellaneous	115,900	106,070	166,268	60,198
Other sources	455,488	433,273	469,143	35,870
Bond proceeds	6,000	6,000	4,079	(1,921)
Fund balance released from restrictions	51,468	132,587	18,442	(114,145)
Interfund transfer from lottery and games	63,175	63,175	68,314	5,139
Interfund transfer - others	35,326	46,026	46,168	142
Total revenues and other sources	6,652,537	7,043,608	6,992,888	(50,720)
Expenditures and Other Uses:				
Governmental direction and support	602,430	587,627	570,726	16,901
Economic development and regulation	291,790	329,801	299,942	29,859
Public safety and justice	995,574	992,170	981,755	10,415
Public education	1,620,002	1,682,971	1,664,513	18,458
Human support services	1,643,872	1,698,469	1,675,504	22,965
Public works	569,939	576,926	550,524	26,402
Repay bonds and interest	467,424	463,279	459,628	3,651
Other expenditures and uses	457,201	493,322	469,403	23,919
Total expenditures and other uses	6,648,232	6,824,565	6,671,995	152,570
Excess of Revenues and Other Sources Over Expenditures and Other Uses - Budgetary Basis	\$ 4,305	\$ 219,043	\$ 320,893	\$ 101,850

Revenues and Other Sources

Actual General Fund revenues and other sources were \$50,720 less than the revised budget. As presented in **Table MDA-10**, this variance was primarily due to the use of excess revenues instead of fund balance to finance certain activities; and a shortfall in taxes.

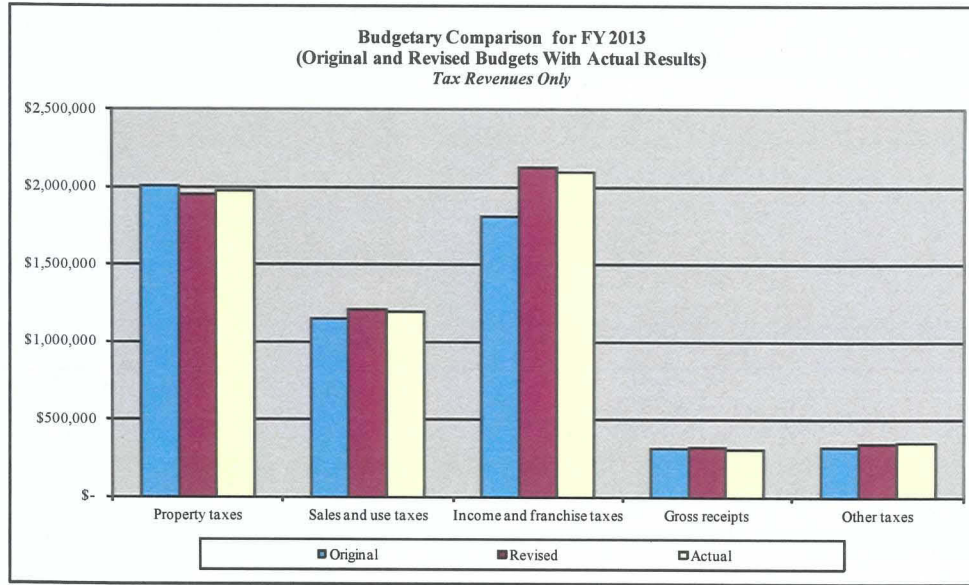
Fund Balance Released from Restrictions - Fund balance released from restrictions represents the portion of assets that were restricted for either a period of time or for a particular purpose for which the imposed conditions have been met, allowing the assets to become available for use. In other words, this amount of fund balance was used to finance current year's operations. As shown in **Table MDA-10**, actual fund balance released from restrictions was \$114,145 less than anticipated for fiscal year 2013.

Taxes – The shortfalls in taxes when compared to the revised budget were primarily in Income and Franchise Taxes and Sales and Use Taxes. Income and Franchise Taxes were \$35,190 less than the revised budget due to actual withholding collections being less than anticipated for fiscal year 2013. Sales and Use Taxes were \$12,915 less than the revised budget. Corporate franchise taxes declined as businesses began to be impacted by cutbacks in federal spending. In addition, businesses were adjusting to several tax law changes first introduced in 2011 (e.g., requirement for combined reporting and adjustments to minimum tax rates) which also contributed to declines in business franchise taxes. Shortfalls in the above-noted tax categories were partially offset by overages in property taxes, deed taxes and inheritance and estate taxes.

These shortfalls in revenues were offset by significant overages in miscellaneous revenues and other sources, which exceeded the revised budget by \$60,198 and \$35,870, respectively.

As presented in **Table MDA-10**, approximately 85% of the General Fund's revenues is derived from taxes. **Chart MDA-5** graphically presents differences between the General Fund's original budget, final revised budget and actual revenues (by type of tax) for fiscal year 2013.

Chart MDA-5 – Budgetary Comparison – FY 2013 Tax Revenues

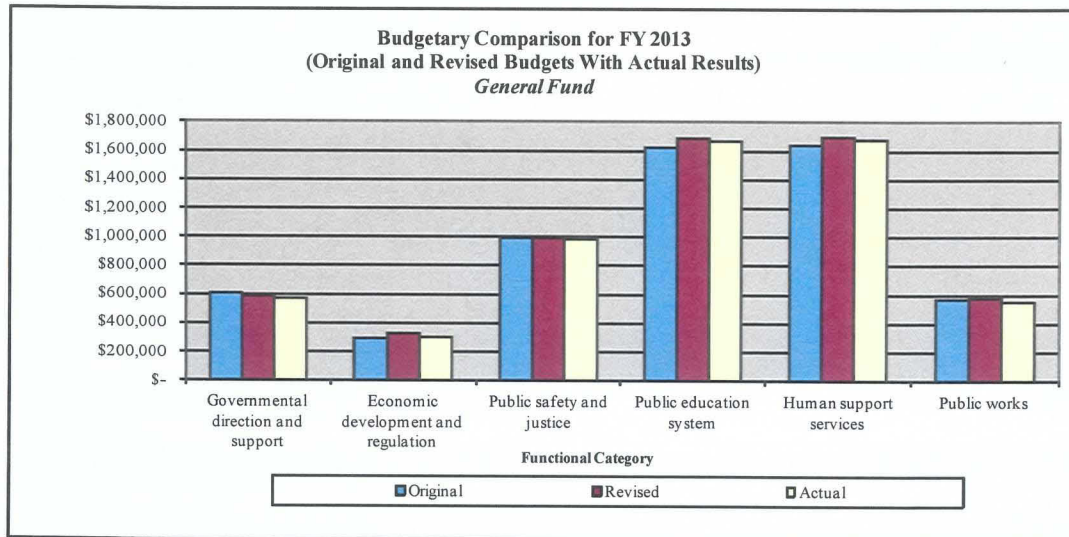


Expenditures and Other Uses

Actual General Fund expenditures and other uses were \$152,570 less than the revised budget. As presented in **Table MDA-10**, this variance was primarily due to underspending in the areas of Economic Development and Regulation, Human Support Services, and Public Works.

More than 64.8% of the General Fund's expenditures were in the areas of Human Support Services, Public Education, and Public Safety and Justice combined. **Chart MDA-6** graphically presents differences between the General Fund's original budget, revised budget, and actual expenditures (by functional category) for fiscal year 2013.

Chart MDA-6 – General Fund Expenditures (by Function)



For more detailed information, refer to the budgetary schedules for the General Fund, Exhibits A-4 to A-6 which are presented on pages 139 through 141.