

**HEARING
ON
THE DISTRICT OF COLUMBIA'S FY 2007
PROPOSED BUDGET AND FINANCIAL PLAN**

Before the

**Subcommittee on the District of Columbia
Committee on Appropriations
U.S. Senate**

The Honorable Sam Brownback, Chairman

**June 22, 2006, 10:30 a.m.
Room 138, Dirksen Senate Office Building**



**Testimony of
Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Brownback and members of the subcommittee. I am Natwar M. Gandhi, Chief Financial Officer for the District of Columbia, and I am here to offer brief remarks about the fiscal year (FY) 2007 proposed budget and financial plan for the District.

First, I will summarize the fiscal recovery over the past decade and discuss some of the highlights of the FY 2007 budget request and the five-year plan. I will also address our capital spending needs and the continuing structural imbalance – that is, the mismatch between capital spending needs and the ability to raise local revenues sufficient to fund those needs. Finally, I will address our on-going commitment to remain fiscally balanced in the future.

Fiscal Recovery 1996 – 2005

The chart that appears as Attachment A to my testimony and that appears here before you is a history of the remarkable fiscal comeback achieved by the District over the past decade. Our fiscal low point occurred in FY 1996, when the general fund balance hit a negative \$518 million. Through the efforts of Mayor Williams, the District Council and the congressionally-mandated control board, we were able repeatedly to balance the District's fiscal operations, and the control board was deactivated in 2001. Between FY 1996 and the end of FY 2001, there was a \$1.1 billion increase in the fund balance, to a positive \$562 million by the end of FY 2001. The real test for the District was the challenge of sustaining fiscal stability in the post-control period. As you can see, at the end of FY 2005, the general fund balance had risen another \$1 billion, to \$1.6 billion total. Of the

\$2.1 billion increase in the general fund balance between FY 1996 and FY 2005, the amount of gain since the control period ended was about equal to the gain during the control period, demonstrating the commitment of the District’s leadership to ongoing fiscal restraint.

The measure of this success is reflected in the District’s bond ratings. All three rating agencies – Fitch Ratings, Moody’s Investors Service, and Standard & Poor’s – recognized the improved creditworthiness of our bonds by raising the District’s bond ratings from “junk bond” status during the control period to “A” category ratings – the highest level ever achieved by this jurisdiction. It is notable that compared to other major cities that experienced periods of financial stress, including New York, Philadelphia, Cleveland and Detroit, this turnaround is the fastest in terms of both the time it took to return to investment grade, and the time to achieve their highest ratings (helped in part by our strong local economy, which added tax revenues that were used to provide essential services to our population).

A great deal of the increase in fund balance was driven by the growth in local revenues, specifically by real estate, income and sales taxes resulting from the strong regional economy. Table 1 below shows a comparison of tax revenues, General Fund balance and reserve funds in FY 1996 compared to FY 2005 that reflects the revenue growth and prudent financial management that contributed to the increased General Fund balance.

	FY 1996	FY 2005
Tax Revenues	\$ 2,402,521	\$ 4,052,087
Operating Surplus/(Deficit)	(\$33,688)	\$369,668
General Fund Balance	(\$518,249)	\$1,584,683
Reserves Available for Operations**	(\$332,357)	\$428,900
Operating Reserves as % of Expenditures	--	8.5%

**Includes congressionally-mandated emergency and contingency reserves plus unreserved undesignated general fund balance.

Revenue Outlook

The current economic outlook for the District, similar to that projected for the nation as a whole, is that of steady growth in employment, wages, and income. Continued high levels of federal spending and contracting benefit the District because so many of these dollars are spent here. Retail activity will continue to improve, as the number of retail outlets in the District continues to grow and as shoppers increase their spending.

In FY 2007, District general fund resources are forecasted to be \$5.565 billion, an increase of \$167 million, or 3.1% above the FY 2006 approved budget. These amounts include local fund revenue, special purpose fund revenue, as well as proposed revenue enhancements and appropriated fund balance.

The direction of the market for real property is a key question for the District in FY 2006 and on into FY 2007. Rising real estate assessments and transactions were major sources of revenue gains in fiscal years 2003 through 2005. The fundamentals affecting the District's real estate markets remain strong; the District's economy is growing, individuals and businesses both continue to demonstrate a desire to locate in the District, and the supply of housing and land for commercial development cannot increase very rapidly. Accordingly, the contributions of the real estate sector are expected to be significant in FY 2006 and FY 2007, as well, but the greater strength will be in the real property tax that is based on property valuation with a two-year lag. Deed recordation and transfer taxes are expected to drop a bit, in keeping with the moderation in the volume of current year transactions in real property.

Highlights of FY 2007 Proposed Budget and FY 2007-FY 2010 Financial Plan

The FY 2007- 2010 financial plan appears as Attachment B. Each of the four years is balanced. Tax revenues are projected to increase an average 5.8 percent per year and total local fund recurring revenues an average 5.4 percent. Total local fund resources are projected to increase an average 4.2 percent per year and total local fund expenditures an average 4.0 percent per year. Incorporated in the plan is the final phase of “tax parity” that the Mayor and Council initiated in 1999 to lower income tax rates and achieve better balance between D.C. and its neighbors. The plan also accommodates a major new expenditure starting in FY 2008, namely, the required actuarial payment for post employment retirement benefits, thereby complying with the GASB requirement. It should be noted that the District was at the forefront of municipalities recognizing and providing for this liability. It put aside approximately \$140 million in 2006, about two years earlier than required.

The District’s FY 2007 proposed budget includes \$5.022 billion in local-funds spending supported by \$5.020 billion of local revenues, with an operating margin of \$1.8 million. (See Attachment C.)

The Council’s approved total local fund operating expenditures for FY 2007, not including paygo capital, enterprise funds or transfers to OPEB, is \$4,927.8 million, an increase of \$377.2 million or 8.3% over FY 2006 approved expenditures of \$4,550.6 million.

Gross Funds Budget

The proposed FY 2007 gross funds operating budget is \$7.608 billion, an increase of \$255.7 million, or 3.5 percent, over the approved FY 2006 gross funds budget of

\$7.352 billion. The FY 2007 appropriation is primarily due to higher funding levels for federal grants (\$98.9 million) including Medicaid, and in programs supported by user fees, fines, the dedicated portion of deed recordation and transfer taxes transferred to its own separate fund (for housing production), and other special purpose revenues (\$29.5 million). The local and non-local funding components of the proposed FY 2007 gross funds budget and the changes from FY 2006 are summarized in Table 2 below.

Table 2: FY 2007 Gross Funds Budget By Fund Type (\$ in millions)

Fund Type	FY 2006	FY 2007	Change	% Change
Local	\$ 4,949.5	\$ 5,086.2	\$136.7	2.8%
Federal	1,939.1	2,038.0	98.9	5.1%
Private Grants	16.2	6.8	(9.4)	(58.0)%
Special Purpose	447.1	476.6	29.5	6.5%
Total Gross Funds	\$ 7,351.8	\$ 7,607.6	\$ 255.7	3.5%

General Fund Balance Use

It is the function of government to provide badly needed services. With this in mind, the FY 2006 budget included provisions for spending a portion of the funds that had accumulated over the years as a result of unprecedented growth in local revenues. This drawdown of fund balance was largely driven by one-time spending on capital needs and programs. As approved, the FY 2006 budget uses \$467 million of local fund balance, and we currently estimate a net reduction by September 30, 2006, of roughly \$544 million in the general fund balance. It should be noted that despite this reduction in cumulative fund balance, the District will still retain about \$350 million in operating reserve every year throughout the five-year budget and financial plan. (See Attachment G.)

The FY 2007 proposed local funds operating budget includes a proposal to use another \$176 million of fund balance. The use of these monies is for non-recurring expenditures:

- \$46.5 million for school modernization in FY 2007;
- \$88.0 million for paygo capital to fund various capital projects; and
- \$41.9 million for various one-time operating program enhancements.

Capital Spending

The District continues to face a wide variety of infrastructure needs, placing great demands on its Capital Improvements Plan (CIP). The total proposed expenditures in the FY 2007-2012 CIP is \$3.193 billion (excluding the Highway Trust Fund, Local Streets Fund, and special financings). This six-year plan includes a net increase in budget authority of \$2.341 billion from all sources.

The FY 2007 capital program includes \$662.5 million in planned capital expenditures financed by \$399.7 million in newly issued general obligation bonds, \$188.0 million of pay-as-you-go (paygo) transfers from the general fund balance, and \$74.8 million of Master Equipment Lease financing.

Despite this effort to fund the District's considerable capital needs, I must again point out to the committee that this government continues to struggle to function under a structural imbalance. This means that D.C.'s revenue capacity, under national norms, falls far short of the cost of delivering services assuming average efficiency, again as measured by national norms. The reasons lie in high regional costs for labor, land, and other resources; a large population in need; and accumulated infrastructure deficiencies. D.C.'s fiscal stress was confirmed by the GAO in its 2003 study of the District's finances. This study is an extensive

analysis comparing D.C.'s revenue and expenditure bases to those of state and local jurisdictions all across the United States. From every perspective of structural imbalance examined by GAO, the District is at or near the top of the most burdened jurisdictions in the nation.

Although the District has made great strides in fiscal management and in providing better services, two difficult consequences of the structural imbalance between the District's revenue base and its spending requirements remain. These are: (1) a high per capita tax burden with some of the highest tax burdens in the region and the country; and (2) the highest per capita borrowing. D.C.'s tax burden on households ranks in the upper-one third when compared to the largest cities in the U.S. (for total state and local burden of sales, income, property, and automobile taxes) according to a highly-regarded annual study, prepared by my office, comparing tax burdens in D.C. to those of the largest city in each state.¹

The burden is greater on businesses. The District's tax rate on net business income is 9.975 percent (compared to 7.0% in Maryland, 6.0% in Virginia, and exceeded by only two states, Alaska and Iowa); the gross receipts tax on public utilities used by businesses is 11 percent (compared to 2% in Maryland and 1% in Virginia); and the real property tax on commercial property is \$1.85 per \$100 of value as compared to a range of \$0.92 to \$1.16 in neighboring suburbs.

The GAO ranks the District's tax burden among the very highest in the country:

¹Government of the District of Columbia, Office of the Chief Financial Officer, Tax Rates and Tax Burdens in the District of Columbia, A Nationwide Comparison, various years. This annual study is the basis for many public uses, such as an annual analysis by Money Magazine, and has been cited in the New York Times, Wall Street Journal, CNN, and many other places.

“The District’s tax burden (actual revenue collected from local resources relative to their own-source revenue capacity) is among the highest of all fiscal systems The District’s actual tax burden exceeded that of the average state fiscal system by 33 percent, based on our lower estimate of its own-source revenue capacity, and by 18 percent, based on our higher estimate of that capacity.”²

There is no way for the District to tax its way out of structural imbalance – indeed, higher taxes simply make the problem worse.

The District’s very high per capita borrowing reflects the city’s effort to sustain infrastructure generally provided by multiple jurisdictions. The District’s per capita tax-supported debt burden exceeds \$8,000, the highest of any major city in the nation. Clearly, we cannot borrow our way out of the structural imbalance.

Challenges may arise, adding to D.C.’s structural imbalance in coming years. First, all state and local revenue systems are stressed by the changing nature of the economy, as it evolves more into a service-oriented economy. Because state and local tax systems were developed around the manufacturing and sale of goods, the old ways of gathering tax revenue are increasingly inadequate to the newer economy. The revenue challenge is made even greater in the District by federal prohibitions against taxing incomes earned by non-residents workers and incomes earned by certain professional services. Additionally, a recent court finding challenges the District’s capacity to tax any unincorporated business income generated in the District, except as reported on the individual returns of residents.

² GAO-03-666, District of Columbia, Structural Imbalance and Management Issues, May 2003, page 41.

Already, the partnership income of residents that is earned elsewhere is exempt from taxation here.

Second, the District has a large urban population that needs help. Census data for 2004 estimate the D.C. poverty rate at about 19 percent, the fourth highest in the nation when compared to states, after Mississippi, Louisiana, and New Mexico. Of D.C.'s 248,563 households, 18 percent have income of less than \$15,000.³ Median household income is about \$46,600 – in a metropolitan area with median household income of about \$70,400.⁴ Only about a third of D.C.'s households are at or above the metropolitan median. Like other cities, D.C. is accountable for greater efforts to help the less advantaged in the city's population. Unlike other cities, however, the District does not have a state or suburbs that share in its overwhelming costs. The proposed FY 2007 budget works hard to manage the expenditure needs and fiscal requirements of the District's lower income population.

Conclusion

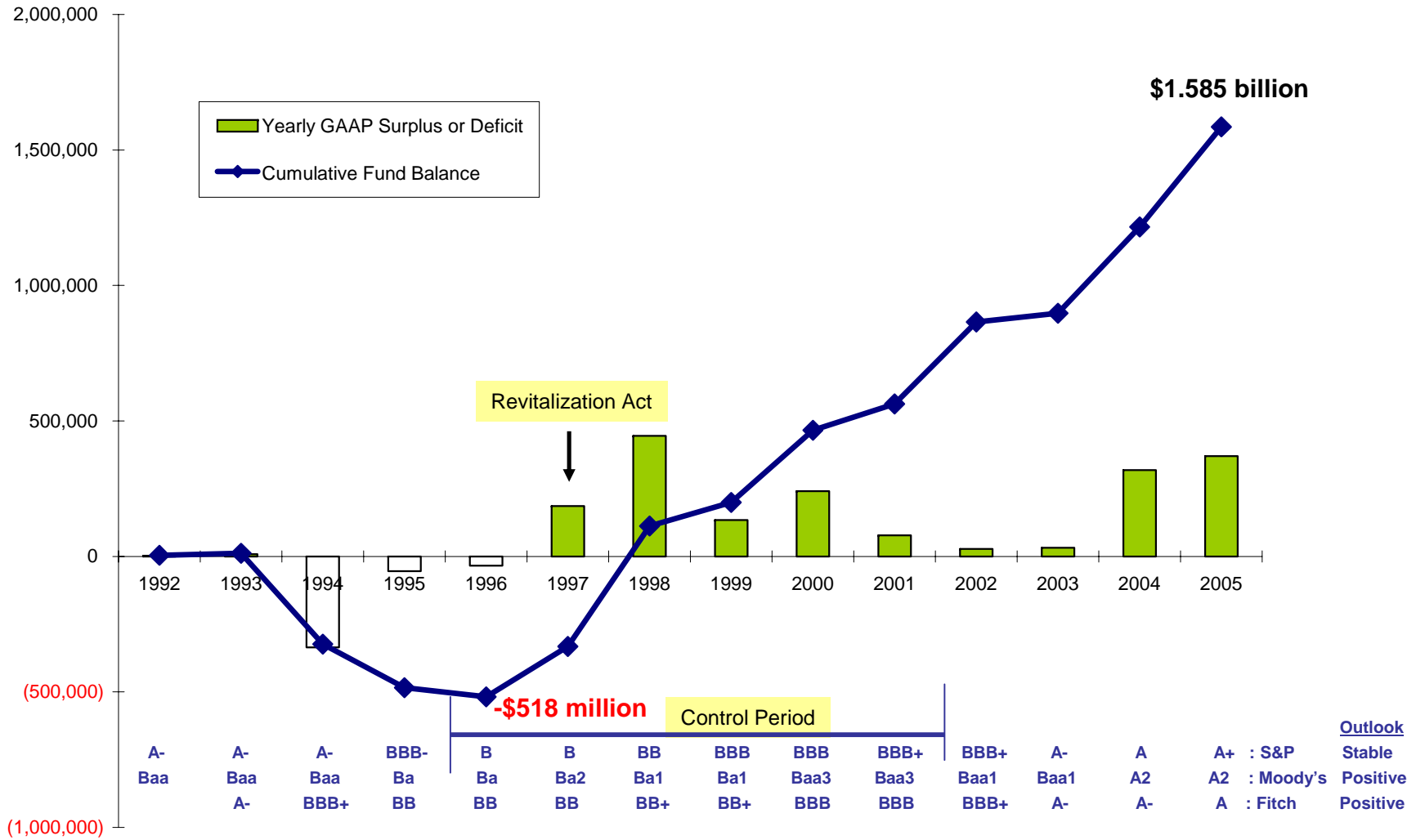
The leadership provided by the Mayor and the Council, along with the hard work of the Office of the Chief Financial Officer, allowed us to produce this balanced budget for FY 2007. As a result, we are certifying that the FY 2007 budget and financial plan, as proposed, is balanced for FY 2007 and beyond. I would like to thank this committee for its diligent and continuous oversight work on the District's finances during this sustained recovery period. We look forward to continuing to work with you and the subcommittee during the forthcoming budget deliberations.

³ American Community Survey, 2004.

⁴ American Community Survey, 2004 and Economy.com, 2004.



Surplus and Bond Rating History



ATTACHMENT B

FY 2007 - 2010 Proposed Budget and Financial Plan: GENERAL FUND

(\$ thousands)

	FY 2005 Actual	FY 2006 Approved	FY 2006 Adjusted	FY 2007 Proposed	FY 2008 Projected	FY 2009 Projected	FY 2010 Projected
1 Revenues							
2 Taxes	4,052,087	4,101,533	4,157,782	4,412,599	4,676,088	4,949,484	5,224,222
3 General Purpose Non-Tax Revenues	352,427	340,522	315,226	317,277	317,138	325,336	325,095
4 Dedicated Taxes - Housing Production Trust Fund	0	0	0	50,587	53,255	58,103	64,005
5 Special Purpose (O-type) Revenues	311,789	264,254	354,667	368,657	364,748	361,830	373,639
6 Transfer from Lottery	71,450	73,100	72,000	72,100	72,100	72,100	72,100
7 General Fund Revenues	4,787,753	4,779,409	4,899,675	5,221,220	5,483,329	5,766,853	6,059,061
8 Effect of Tax Changes			(908)	(276)	(307)	(346)	(388)
9 Gross Sales Tax Dedicated for School Modernization	0	0	0	(100,000)	(106,000)	(112,360)	(119,102)
10 Adjusted General Fund Revenues	4,787,753	4,779,409	4,898,767	5,120,944	5,377,022	5,654,147	5,939,571
11 Bond Proceeds for Issuance Costs	4,935	40,000	40,000	30,000	30,000	20,000	20,000
12 Payment-in-Lieu-of-Taxes from WASA	0	1,576	1,576	1,551	0	0	0
13 Transfer from Federal and Private Resources	0	6,502	6,502	6,502	6,646	6,807	6,979
14 Transfer from HPTF Special Revenue Fund for Debt Service	0	0	0	6,000	12,000	12,000	12,000
15 Transfer from Capital Funds (Bus Shelter Revenue) for Debt Svc	0	0	0	2,091	17,526	18,097	18,465
16 Fund Balance Use	80,781	591,642	605,662	284,287	65,385	8,399	0
18 Transfer to Capital	0	(30,000)	0	0	0	0	0
19 Revenue Proposals	0	8,729	0	113,268	137,307	139,470	145,228
20 Total General Fund Resources	4,873,469	5,397,858	5,552,507	5,564,643	5,645,886	5,858,920	6,142,243
22 Expenditures (by Appropriation Title)							
23 Governmental Direction and Support	294,778	340,858	344,033	384,759	378,512	388,375	400,497
24 Economic Development and Regulation	193,456	328,156	347,356	288,974	254,273	256,226	263,870
25 Public Safety and Justice	805,471	827,037	838,654	943,295	961,120	990,839	1,023,552
26 Public Education System	1,082,177	1,189,302	1,189,051	1,223,971	1,245,784	1,277,734	1,311,343
27 Human Support Services	1,258,537	1,307,530	1,357,342	1,423,138	1,475,718	1,545,283	1,621,441
28 Public Works	328,997	366,101	366,100	405,318	412,268	426,723	443,714
29 Financing and Other	421,070	561,276	552,287	586,296	670,135	710,075	758,932
30 Cash Reserve (Budgeted Contingency)	0	50,000	48,400	50,000	50,000	50,000	50,000
31 Lease Purchase Costs	22,058	27,441	27,441	43,955	46,320	49,320	51,320
32 Subtotal, Operating Expenditures	4,406,544	4,997,701	5,070,664	5,349,706	5,494,131	5,694,574	5,924,669
33 Paygo Capital	20,550	207,083	208,523	87,987	0	0	0
34 Transfer to Trust Fund for Post-Employment Benefits	0	138,000	138,000	4,700	81,000	86,200	91,800
35 General Fund Contribution to Capital Fund Balance	0	53,800	53,800	0	0	0	0
36 Transfer to HPTF Special Revenue Fund	0	0	0	120,418	69,255	75,644	83,424
37 Total General Fund Expenditures	4,427,094	5,396,584	5,470,987	5,562,811	5,644,386	5,856,418	6,099,893
38 Operating Margin, Budget Basis	446,375	1,274	81,520	1,832	1,500	2,501	42,349
40 Beginning General Fund Balance	1,215,015	1,584,683	1,584,683	1,040,541	738,086	654,201	628,304
41 Operating Margin, Budget Basis	446,375	1,274	81,520	1,832	1,500	2,501	42,349
42 Projected GAAP Adjustments (Net)	4,074	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
43 Deposits into Reserve Funds (From Fund Balance)					(34,524)	0	0
44 Deposits into Reserve Funds (To Cash Reserves)					34,524	0	0
45 Fund Balance Use	(80,781)	(591,642)	(605,662)	(284,287)	(65,385)	(8,399)	0
46 Ending General Fund Balance	1,584,683	974,315	1,040,541	738,086	654,201	628,304	650,653
48 Composition of Fund Balance							
49 Emergency Cash Reserve Balance (2%, formerly 4%)	70,532	84,622	70,532	73,001	102,004	103,154	103,452
50 Contingency Cash Reserve Balance (4%, formerly 3%)	182,905	169,244	182,905	189,307	204,008	206,308	206,904
51 Fund Balance not in Emergency & Contingency Reserves	1,331,246	720,449	787,104	475,779	348,189	318,842	340,297
52 Ending General Fund Balance (Line 47)	1,584,683	974,315	1,040,541	738,086	654,201	628,304	650,653
54 Total cash reserves - operating, emergency & contingency	N/A	N/A	301,837	312,307	356,013	359,462	360,355

ATTACHMENT C

Local Funds Component of the General Fund Financial Plan (\$ thousands)

	FY 2005	FY 2006	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
	Actual	Approved	Adjusted	Proposed	Projected	Projected	Projected
1 Revenues							
2 Taxes	4,052,087	4,101,533	4,157,782	4,412,599	4,676,088	4,949,484	5,224,222
3 General Purpose Non-Tax Revenues	352,427	340,522	315,226	317,277	317,138	325,336	325,095
6 Transfer from Lottery	71,450	73,100	72,000	72,100	72,100	72,100	72,100
7 Local Fund Revenues	4,475,964	4,515,155	4,545,008	4,801,976	5,065,326	5,346,920	5,621,417
8 Effect of Tax Changes	0	0	-908	-276	-307	-346	-388
9 Gross Sales Tax Dedicated for School Mode	0	0	0	-100,000	-106,000	-112,360	-119,102
10 Adjusted Local Fund Revenues	4,475,964	4,515,155	4,544,100	4,701,700	4,959,019	5,234,214	5,501,927
11 Bond proceeds for Issuance Costs	4,935	40,000	40,000	30,000	30,000	20,000	20,000
12 Payment-in-Lieu-of-Taxes from WASA	0	1,576	1,576	1,551	0	0	0
13 Transfer from Federal and Private Resource	0	6,502	6,502	6,502	6,646	6,807	6,979
14 Transfer from Enterprise Fund (HPTF) for D	0	0	0	6,000	12,000	12,000	12,000
15 Transfer from Capital Funds (Bus Shelter R	0	0	0	2,091	17,526	18,097	18,465
16a Fund Balance Use: To Replace Dedicated C	0	0	0	46,477	65,385	8,399	0
16b Fund Balance Use: Transfers to Capital and	0	390,700	390,700	87,987	0	0	0
16c Fund Balance Use: One-time Expenditures	67,325	76,230	79,542	41,866	0	0	0
17 Transfer to Special Purpose Revenues	0	-54,395	0	0	0	0	0
18 Transfer to Capital	0	-30,000	0	0	0	0	0
19a Revenue Proposals- Tax Compliance Initiati	0	0	0	49,000	70,000	66,000	64,250
19b Revenue Proposals - Council actions incl. de	0	0	0	49,117	51,307	55,928	61,558
19c Revenue Proposals/One-time Revenue	0	4,976	0	0	0	0	0
20 Total Local Fund Resources	4,548,224	4,950,744	5,062,420	5,022,291	5,211,883	5,421,445	5,685,179
21							
22 Expenditures (by Appropriation Title)							
23 Governmental Direction and Support	272,404	296,632	299,807	330,101	331,262	341,504	352,096
24 Economic Development and Regulation	84,178	101,629	120,829	128,468	115,521	118,584	121,736
25 Public Safety and Justice	782,797	769,785	781,402	888,003	913,322	943,423	974,589
26 Public Education System	1,074,120	1,177,599	1,177,348	1,203,492	1,228,081	1,260,172	1,293,208
27 Human Support Services	1,229,443	1,273,676	1,323,488	1,369,566	1,429,407	1,499,342	1,574,001
28 Public Works	317,426	316,374	316,373	351,396	365,654	380,482	395,964
29 Financing and Other	421,070	537,452	528,463	562,791	649,816	689,918	738,117
30 Cash Reserve (Budgeted Contingency)	0	50,000	48,400	50,000	50,000	50,000	50,000
31 Lease Purchase Costs	22,058	27,441	27,441	43,955	46,320	49,320	51,320
32 Subtotal, Operating Expenditures	4,203,496	4,550,588	4,623,551	4,927,772	5,129,383	5,332,745	5,551,031
33 Paygo Capital	20,550	207,083	208,523	87,987	0	0	0
34 Transfer to Trust Fund for Post-Employment	0	138,000	138,000	4,700	81,000	86,200	91,800
35 Local Fund Contribution to Capital Fund Bal	0	53,800	53,800	0	0	0	0
37 Total Local Fund Expenditures	4,224,046	4,949,471	5,023,874	5,020,459	5,210,383	5,418,945	5,642,831
38 Operating Margin, Budget Basis	324,178	1,273	38,546	1,832	1,500	2,500	42,348

ATTACHMENT D

**Housing Production Trust Fund: Dedicated Taxes Component of the General Fund Financial Plan
(\$ thousands)**

	FY 2005 Actual	FY 2006 Approved	FY 2006 Adjusted	FY 2007 Proposed	FY 2008 Projected	FY 2009 Projected	FY 2010 Projected
1 Revenues							
4 Dedicated Taxes - HPTF	0	0	0	50,587	53,255	58,103	64,005
7 Sub Total Dedicated Taxes - HPTF	0	0	0	50,587	53,255	58,103	64,005
19 Revenue Policy Proposals	0	0	0	15,151	16,000	17,542	19,420
20 Total Dedicated Taxes - HPTF	0	0	0	65,738	69,255	75,644	83,424
21							
22 Expenditures (by Appropriation Title)							
23 Governmental Direction and Support	0	0	0	0	0	0	0
24 Economic Development and Regulation	0	0	0	0	0	0	0
25 Public Safety and Justice	0	0	0	0	0	0	0
26 Public Education System	0	0	0	0	0	0	0
27 Human Support Services	0	0	0	0	0	0	0
28 Public Works	0	0	0	0	0	0	0
29 Financing and Other	0	0	0	0	0	0	0
32 Subtotal, Operating Expenditures	0	0	0	0	0	0	0
36 Transfer to HPTF Special Revenue Fund	0	0		65,738	69,255	75,644	83,424
37 Total Dedicated Taxes - HPTF Expenditures	0	0	0	65,738	69,255	75,644	83,424
38 Operating Margin, Budget Basis	0	0	0	0	0	0	0

ATTACHMENT E

**Special Purpose Revenue Component of the General Fund Financial Plan
(\$ thousands)**

	FY 2005	FY 2006	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
	Actual	Approved	Adjusted	Proposed	Projected	Projected	Projected
1 Revenues							
5 Special Purpose (O-type) Revenues	311,789	264,254	354,667	368,657	364,748	361,830	373,639
7 General Fund Revenues	311,789	264,254	354,667	368,657	364,748	361,830	373,639
16 Fund Balance Use	13,456	124,712	135,420	109,875	0	0	0
16a Fund Balance Certified but not used	0	0	0	-1,918	0	0	0
17 Transfer from Local Revenues	0	54,395	0	0	0	0	0
19 Revenue Proposals/One-time Revenue	0	3,753	0	0	0	0	0
20 Total General Fund Resources	325,245	447,114	490,087	476,614	364,748	361,829	373,638
21							
22 Expenditures (by Appropriation Title)							
23 Governmental Direction and Support	22,374	44,226	44,226	54,658	47,250	46,871	48,401
24 Economic Development and Regulation	109,278	226,527	226,527	160,506	138,752	137,642	142,134
25 Public Safety and Justice	22,674	57,252	57,252	55,292	47,798	47,416	48,963
26 Public Education System	8,057	11,703	11,703	20,479	17,703	17,562	18,135
27 Human Support Services	29,094	33,854	33,854	53,572	46,311	45,941	47,440
28 Public Works	11,571	49,727	49,727	53,922	46,614	46,241	47,750
29 Financing and Other	0	23,824	23,824	23,505	20,319	20,157	20,815
32 Subtotal, Operating Expenditures	203,048	447,114	447,113	421,934	364,748	361,829	373,638
36 Transfer to HPTF Special Revenue Fund	0	0	0	54,680	0	0	0
37 Total General Fund Expenditures	203,048	447,114	447,113	476,614	364,748	361,829	373,638
38 Operating Margin, Budget Basis	122,197	0	42,974	0	0	0	0

ATTACHMENT F

**Federal and Private Resources Financial Plan
(\$ thousands)**

Revenues	Actual	FY 2005	FY 2006	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
		Approved	Adjusted	Proposed	Projected	Projected	Projected	
F1	Federal Grants	1,633,406	1,911,042	1,911,041	2,008,024	2,131,370	2,263,395	2,405,741
F2	Federal Payment/Contribution	89,166	34,500	62,617	36,400	37,258	38,099	38,960
F3	Private Grants	5,677	16,213	16,213	6,850	7,070	7,292	7,521
F4	Federal & Private Resources	1,728,249	1,961,755	1,989,871	2,051,274	2,175,698	2,308,786	2,452,222
F5	Fund Balance Use	43,420	0	0	0	0	0	0
F6	Transfer to General Fund	0	-6,502	-6,502	-6,502	-6,646	-6,807	-6,979
F7	Total Federal & Private Resources	1,771,669	1,955,253	1,983,369	2,044,772	2,169,052	2,301,979	2,445,243
F8								
F9	Expenditures (by Appropriation Title)							
F10	Governmental Direction and Support	120,489	171,976	171,976	157,746	161,608	165,408	169,301
F11	Economic Development and Regulation	91,671	118,312	118,312	133,742	137,261	140,745	144,325
F12	Public Safety and Justice	9,724	10,577	10,564	7,398	7,629	7,860	8,099
F13	Public Education System	200,469	240,194	265,601	226,462	232,468	238,417	244,529
F14	Human Support Services	1,300,169	1,405,819	1,407,551	1,500,033	1,610,111	1,728,991	1,857,830
F15	Public Works	13,728	8,375	9,365	19,391	19,975	20,558	21,159
F16	Financing and Other	16,697	0	0	0	0	0	0
F17	Total Federal & Private Expenditures	1,752,947	1,955,253	1,983,369	2,044,772	2,169,052	2,301,979	2,445,243
F18	Operating Margin, Budget Basis	18,722	0	0	0	0	0	0
F19								
F20	Beginning Federal & Private Fund Balance	139,607	117,947	117,947	117,947	117,947	117,947	117,947
F21	Operating Margin, Budget Basis	18,722	0	0	0	0	0	0
F22	Projected GAAP Adjustments (Net)	3,038	0	0	0	0	0	0
F23	Fund Balance Use	-43,420	0	0	0	0	0	0
F24	Ending Federal & Private Fund Balance	117,947	117,947	117,947	117,947	117,947	117,947	117,947

Projected Fund Balance vs. Total Working Capital

(\$ in thousands)

