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# Financial Plan

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The Financial Plan projects the District's results of operation for three fiscal years beyond the proposed operating budgets of the General Fund (comprised of Local funds, Dedicated Taxes and Special Purpose Revenue funds) and the Federal and Private Resources Funds (comprised of Federal Grants, Federal Payments, and Private Grants and Donations) for the next fiscal year. The actual results for the prior fiscal year and the approved and revised budgets for the current fiscal year are also included as context for FY 2013 through FY 2016 of the financial plan.

The District uses the multi-year financial plan as a working tool throughout the fiscal year to monitor the impact of legislative proposals, programmatic initiatives, and economic changes on the District's near-term fiscal outlook. This financial plan focuses on the Proposed FY 2013 Budget and its impact on FY 2014 through FY 2016.

Below are line-item descriptions of the financial plan elements. For explanatory purposes, the plan is broken into four sections:

- Revenues;
- Expenditures;
- Composition of Cash Reserves; and
- Composition of Fund Balance.

The numbering scheme noted below refers to the line numbers on Tables 3-1, 3-2, 3-3 and 3-4. The amounts in the FY 2011 Actual column are as certified in the District's Comprehensive Annual Financial Report (CAFR) for FY 2011.

## Revenues

2. **Taxes.** This category includes property, sales, income, and other taxes, which are projected by the Office of Revenue Analysis. See the Revenue chapter for details.

3. **Dedicated Taxes.** This includes tax revenues that are dedicated by law to a particular agency for a particular purpose. The dedicated portion of tax revenues is transferred out of the local fund and is not available for general budgeting. See the Revenue chapter for details. In Table 3-3, these fourteen dedicated taxes are shown as follows:

3a. **Dedicated Taxes for the Neighborhood Investment Trust.** In FY 2011, \$3.1 million of personal property tax revenue was diverted to the Neighborhood Investment Fund (NIF), a fund established to pay for a variety of community revitalization projects. Future transfers, including in FY 2012, have been suspended.

3b. **Dedicated Taxes for the Housing Production Trust Fund.** Dedicated Taxes for the Housing Production Trust Fund. The Housing Production Trust Fund (HPTF) Second Amendment Act of 2002 requires that 15 percent of the District's Deed Recordation and Transfer Tax Revenue be transferred to the HPTF annually. The HPTF provides funds for the acquisition, construction and rehabilitation of affordable multifamily housing projects. Due to a new GASB (Government Accounting Standard Board) guidance, these revenues will be recorded directly in the Special Revenue fund outside of the General Fund from FY 2013. The remaining Deed Recordation and Transfer Tax Revenue in this line, from FY 2013 to FY 2016, funds debt service on Revenue Bonds.

3c. **Dedicated Taxes for the Nursing Facility Quality of Care Fund.** The Healthcare Provider Tax imposes a 6 percent tax on the District's nursing homes. The legislation was passed during 2004. All of the funds raised are designated to go to the Nursing Facility Quality of Care Fund.

3d. **Dedicated Taxes for the Ballpark Fund.** The "Ballpark Omnibus Financing and Revenue Act of 2004" (the "Ballpark Act") provides for the creation of a Ballpark Revenue Fund, into which the Chief Financial Officer of the District (the "CFO") is required to deposit "all receipts from those fees and taxes specifically identified by any provision of District of Columbia law to be paid into the fund and any rent paid pursuant to a lease of the ballpark." Those fees and taxes include the Ballpark Fee, utility taxes, stadium revenue and rent. The Ballpark Revenue Fund pays for the debt service on the District's baseball stadium revenue bonds. See the Revenue chapter for details. Due to a new GASB (Government Accounting Standard Board) guidance, these revenues will be recorded directly in the Special Revenue fund outside of the General Fund from FY 2013.

3e. **Dedicated Taxes for the Healthy D.C. Fund.** The "Fiscal Year 2007 Budget Support Act of 2006", Section 15b, established the Healthy DC Fund and Program. This act states that all tax revenue derived from hospital and medical services corporations, except for taxes upon real estate and fees and charges provided for by insurance laws of the District, shall be deposited into the fund and used to finance health care and medical services for qualifying individuals in the District of Columbia. Approximately half is used to fund the indigent population covered by the Alliance program. This fund is administered by the Department of Health Care Finance within the District of Columbia.

3f. **Dedicated Taxes for the Stevie Sellows Fund.** Each institution providing care to the developmentally disabled in the District of Columbia shall pay an assessment of 5.5 percent of gross revenue in quarterly installments. All assessments shall be transferred to the Stevie Sellows Quality Improvement Fund. The fund was established to fund quality of care improvements in qualified ICF-MR facilities.

3g. **Dedicated Taxes for the Hospital Assessment Fund.** The hospital bed tax is a \$3,788 per licensed bed assessment on hospitals operating in the District. Revenues from the assessment are dedicated to the Hospital

Assessment Fund, a non-lapsing fund that is used to fund District state Medicaid services. The fee sunsets from FY 2015.

3h. **Dedicated Taxes for DDOT – parking taxes.** Prior to FY 2012, portions of the revenue from the parking sales tax were dedicated to the DDOT Unified Fund and to the Highway Trust Fund. As part of legislation in 2010 that repealed the DDOT Unified Fund, in FY 2012 all parking sales tax revenue will be used to help meet the District's funding responsibility for the Washington Metropolitan Area Transit Authority.

3i. **Dedicated Taxes for the Tax Increment Financing (TIF) Fund and Community Benefit Fund (CBF).** The TIF fund records the transfer of certain sales and property tax revenues from the District's General Fund to the special revenue funds that pay debt service on TIF transactions. The TIF method is used to assist in financing economic development projects. The CBF fund is a non-lapsing special revenue fund into which incremental property tax revenues and sales tax revenues of the D.C. Ballpark TIF Area are deposited. Due to a new GASB guidance, these revenues will be recorded directly in the Special Revenue fund outside of the General Fund starting FY 2013.

3j. **Dedicated Taxes for the Convention Center Fund.** This fund records the transfer of certain sales tax revenues from the District's General Fund to the Walter E. Washington Convention Center Authority. This makes visible the flow of dedicated revenues through the General Fund.

3k. **Dedicated Taxes for the Highway Trust Fund.** This fund records the transfer of motor fuel tax revenues from the District's General Fund to the Highway Trust Fund. This makes visible the flow of dedicated revenues through the General Fund.

3l. **Dedicated Taxes for ABRA (Alcohol Beverage Regulation Administration).** Effective in FY 2012, the sales tax rate on alcoholic beverages for off-premise consumption was increased to 10 percent. The projected revenue raised will annually go to fund the Reimbursable Detail Subsidy Program in ABRA.

3m. **Dedicated Taxes for Healthy Schools Fund.** Effective in FY 2012, soft-drinks (non-alcoholic beverages not containing milk, or milk substitutes, non-carbonated fruit or vegetable juice, coffee, cocoa or tea) are no longer exempt from sales tax. The amount raised annually from taxing soft drinks goes to the Healthy Schools Fund.

3n. **Dedicated Taxes for DDOT (District Department of Transportation) from advertising on bike sharing stations.** From FY 2013, DDOT will sell advertising on bike sharing stations through an agreement with Capital Bikeshare, the operators of the bike sharing program in the District. All proceeds from the advertising agreement would be paid in to the DDOT Enterprise Fund for Transportation initiatives.

4. **General Purpose Non-Tax Revenues.** This line includes revenue from licenses and permits, fines, charges for services, and other revenue sources that are not dedicated to particular purposes. See the Revenue chapter for details.

5. **Special Purpose (O-Type) Revenues.** Special purpose non-tax revenues, or O-Type or Other revenues, are funds generated from fees, fines, assessments, or reimbursements that are designated for use by the District agency that collects the revenues to cover the cost of performing the function. The designation of the revenue for the use of the collecting agency is what distinguishes this revenue from the general-purpose non-tax revenues.

6. **Transfer from Lottery.** This line reflects the portion of D.C. Lottery and Charitable Games Control Board revenue that is transferred to the District's General Fund.

7. **Interfund Transfers.** This line includes transfers from Enterprise Fund and other non-General Fund agencies. In Tables 3-1 and 3-2, this line represents transfers in to the Local Fund from various Enterprise Fund agencies. The FY 2012 Approved column shows the transfer of \$10.6 million from the Baseball Special Revenue Fund. The FY 2012 Revised column includes additional transfers of \$5 million from the Washington Convention and Sports Authority (WCSA) and \$5.1 million from the Community Health Care Financing Fund. The FY 2013 Proposed and the FY 2014 Projected columns include \$16.8 million and \$17.9 million respectively from the Baseball Special Revenue Fund plus \$2 million each year from the WCSA. The funds from the WCSA each year is in exchange for the rights to the Carnegie Library.

8. **Subtotal General Fund Revenues.** This line reflects the sum of lines 1 through 7.

9. **Bond Proceeds for Issuance Cost.** This is the portion of the bond proceeds that will be used to cover the cost of issuing General Obligation (or Income Tax Revenue) bonds. The related expenditure is on line 26.

10. **Revenues set-aside for subsequent years' expenditures.** This reflects the reservation of projected fund balance in (a) Fiscal Year 2012 for use in Fiscal Year 2013 including savings of \$6.0 million achieved from refunding of Gallery Place TIF Bonds, \$5.3 million from Center for Medicare and Medicaid Services (CMS) for Medicaid rebasing of nursing home assessments, use of \$4.3 million of FY 2012 revenue for FY 2013 PAYGO, \$1.1 million from the delay in implementation of the Municipal Bond tax and \$1.6 million of FY 2012 funds carryover for Council, Office of the State Superintendent of Education, and the Office of the Chief Financial Officer; and (b) Fiscal Year 2015 for use in Fiscal Year 2016.

11. **Impact of Social E-Commerce Job Creation Tax Incentive Act of 2012.** Local revenue from real property and corporate franchise tax collections in fiscal year 2016 is reduced by \$2.95 million to incorporate the fiscal effect of the Social E-Commerce Job Creation Tax Incentive Act of 2012: \$1.44 million from income tax and \$1.51 million from property tax.

12. **Interfund transfers between Local and O-type Special Purpose funds.** In Tables 3 – 2 and 3 –4, this line shows the movement of funds between Local Fund and O-type Funds within the General Fund.

13. **Transfer from Federal and Private Resources.** This line reflects the movement of Indirect Cost Recovery (IDCR) funds from Federal Grant Funds, designated by the grantor, into Local funds, to cover administrative costs.

14. **Transfer from Enterprise Fund and Other Funds.** In Table 3-1, this line shows transfer of funds from Enterprise and other Special Revenue Funds as itemized below and in Table 3-2.

14a. **Transfer from Baseball Special Revenue Fund.** In Table 3-2, this line shows the amount transferred from the Ballpark Special Revenue fund balance to the General Fund to assist in gap-closing operations FY 2011.

14b. **Transfer from Other.** In Table 3-2, the amount in FY 2011 includes a transfer in from the Housing Production Trust Fund for debt service payments, and other transfers and adjustments.

14c. **Transfer of Community Health Care Financing Fund to Local.** In Table 3-2, \$34.1 million of funds in the Community Health Care Financing Fund transferred to Local Funds in FY 2011.

14d. **Transfer from Capital Fund Paygo.** In Table 3-2, \$26.5 million transferred from Capital Paygo fund to Local fund in FY 2011 to cover general operating costs, including \$13.0 million for Washington Metropolitan Area Transit Authority (WMATA) operating costs. Also, \$5.2 million and \$5.5 million of Capital Paygo fund will be transferred to local funds in FY 2012 and FY 2013, respectively, to cover general operating costs.

15. **Fund Balance Use.** This represents unexpended funds that fell to the “bottom line,” or fund balance, in prior years that the District is proposing to use in the current year. The General Fund Balance includes Local funds (including Dedicated Taxes) that finance transfers to other District funds, certain one-time expenditures, and Special Purpose Revenues that some agencies plan to spend from accumulated fund balances.

15a. **Local Fund - Fund Balance Use.** In Table 3-2, FY 2011 reflects \$35.6 million of Contingency Reserve Funds used to cover \$34.7 million of spending pressures in the District of Columbia Public Schools (DCPS) and \$0.6 million of earthquake related repair and maintenance costs; \$4.2 million of budgeted reserves for various specific uses. FY 2012 Approved column reflects the amount, \$30.9 million that was reserved in fund balance in FY 2011 for subsequent years’ expenditures. Of the \$42.8 million added in the FY 2012 Revised column amount, \$17.1 million is from prior year budgeted reserves set aside for specific programs, \$3.36 million in authority for use of prior year funds in the Supplemental Budget Request Act (BRA), and \$22.3 million of Contingency Reserves funds used to cover \$6 million incurred by DGS for earthquake related repairs and maintenance costs, \$1.3 million for the ticket collection contract in the Department of Motor Vehicles (DMV), \$7.0 million for DC Charter Schools and \$8 million for the Unemployment Compensation Fund in advance of the Supplemental BRA.

15b-g. **Dedicated Taxes - Fund Balance Use.** In Table 3-3, these lines show \$22.4 million of fund balance use in FY 2011 as certified in the FY 2011 CAFR and \$20 million of Dedicated Taxes undesignated. This consists of \$5.4 million of Neighborhood Investment Trust Fund, \$4.9 million of Nursing Home Quality of Care Fund, \$10.9 million of Healthy DC Fund, and \$1.2 million of taxes dedicated for the Convention Center. In FY 2012 Approved and Revised columns, \$1.0 million of Healthy DC Fund is being used to cover current related program expenditures. In FY 2012 Revised, \$5.3 million of Healthy Schools Fund balance will be used for program-related expenditures. In FY 2013, \$157,000 of Stevie Sellows funds will be used to cover current program related expenditures.

15h. **Fund Balance Use.** In Table 3-4, this line shows total amount of fund balance use certified by the Office of Revenue Analysis in the relevant fiscal year for particular Special Purpose Revenue funds in agencies.

15i. **Certified Resources not used.** In Table 3-4, this line shows the total amount of certified resources not used by agencies in their particular funds and returned to their relevant fund balances.

16. **Revenue Proposals.** This line reflects proposed revenue changes that are detailed in the Revenue chapter of this volume.

17. **Total General Fund Resources.** This line shows the sum of the individual revenue and fund balance items presented in lines 8 through 16 above.

18. **Line intentionally left blank.**

## Expenditures (by Appropriation Title)

Lines 20-25. These lines reflect agency expenditures by appropriation title.

26. **Financing and Other.** This line includes Repayment of Debt, Short-Term Borrowings, Certificate of Participation, and other items in this appropriation title that are not specifically shown in lines 27 to 33.

27. **Bond Issuance Costs.** This line reflects the cost of issuing General Obligation (or Income Tax Revenue) bonds. The related funding source is on line 9.

28. **Subtotal, Operating Expenditures.** This line shows the sum of lines 20 through 27.

29. **Paygo Capital.** Table 3-2 reflects 25 percent of increase in revenues set aside for Paygo Capital use starting in FY 2016 using FY 2015 revenues as the base year. Table 3-4 reflects use of O-type Special Revenue funds to cover local transportation projects in this line.

30. **Transfer to Trust Fund for Post-Employment Benefits.** This line reflects a transfer to reduce the District's accumulated liability for health insurance costs for retirees. These costs must be recognized beginning in FY 2008 in accordance with the Governmental Accounting Standards Board (GASB) ruling on the treatment of such costs.

31. **Repay Contingency Reserve Fund.** This line in Table 3-2 reflects the amount planned to replenish the Contingency Reserve Fund for \$3.0 million in FY 2012, the remaining amount of a \$26.0 million loan to United Medical Center. FY 2013 and FY 2014 reflects \$1.5 million to be replenished by Local Funds for the earthquake related costs with the remaining \$4.5 million (of the \$6 million total costs incurred) to be replenished by Federal funds.

32. **Transfer to Enterprise Funds.** In Table 3-3 and 3-4, this shows the transfer of General Funds to Enterprise and Other Funds as reflected in the following lines.

32a. **Transfer to HPTF Special Revenue Fund (Enterprise Fund).** This line in Table 3-3 reflects transfers of Dedicated Tax revenues to the Housing Production Trust Fund (HPTF) Special Revenue Funds outside of the General Fund. Starting in FY 2013, \$20 million of these funds will be used to cover housing related costs in the Housing Authority Subsidy. This is reflected in line 20 in the Economic Development and Regulation appropriation title. The rest will be used to cover the cost of Repayment of Revenue Bonds. This is reflected in line 25 in the Financing and Other appropriation title. Due to new GASB guidance, the portion that is transferred to the HPTF is shown directly in the HPTF without going through the General Fund.

32b. **Transfer to Baseball Revenue Fund (Enterprise Fund).** This line in Table 3-3 reflects transfers of dedicated tax revenues to the Baseball Revenue Fund Special Revenue Funds outside of the General Fund. Due to new GASB guidance, from FY 2013 the collection and disbursement of these funds will be shown in the Baseball Revenue Fund Special Revenue Funds without going through the General Fund.

32c. **Transfer to TIF/CBF (Enterprise Fund).** This line in Table 3-3 reflects transfers of dedicated property and sales tax revenues to the TIF/CBF (Tax Increment Financing, Community Benefit Fund and PILOT – Payment in Lieu of Taxes funds) Enterprise Fund. Due to new GASB guidance, from FY 2013, the collection and disbursement of these funds will be shown in the TIF/CBF Enterprise Fund without going through the General Fund.

32d. **Transfer to Convention Center (Enterprise Fund).** This line in Table 3-3 reflects transfers of dedicated sales tax revenues to the Convention Center Enterprise Fund.

32e. **Transfer to Highway Trust Fund (Enterprise Fund).** This line in Table 3-3 reflects transfers of dedicated motor fuel tax to the Highway Trust Fund outside of the General Fund.

32f. **Transfer to WMATA (Washington Metro Area Transit Authority).** This line in Table 3-3 reflects transfers of parking sales and use tax revenues to WMATA to support the operations of the agency.

32g. **Transfer to Highway Trust Fund.** This line in Table 3-4 reflects transfers of rights-of-way revenue to the Highway Trust Fund.

33. **Operating Impact of CIP.** This line in Tables 3-1 and 3-2 reflects the estimated cost of operating and maintaining newly completed capital projects. See Volume 6 – FY 2012 – FY 2017 Capital Improvements Plan for details.

34. **Total Expenditures and Transfers.** This is the sum of lines 28 to 33.

35. **Operating Margin before allocation to reserves.** This line is the difference between lines 17 and 34 showing the surplus or deficit after subtracting total expenditures and transfers from total resources.

36. **Reserved for subsequent years' expenditures.** This reflects the same amount as in line 10, in the prior years' operating margin.

37. **Cash Flow Reserve Account.** This Account was established by section 47-392.02(j-2) of the District of Columbia Official Code. The Fiscal Year 2011 Budget Request Act of 2010 authorizes 50 percent of the undesignated end of year fund balance to be deposited in this account. In FY 2012, under the section heading "Revised Revenue Estimate Contingency Priority," this same act authorizes the first \$21.6 million of additional revenues for the purpose of shifting the funding source for employees in the capital budget to the operating budget. 50 percent of the remaining additional revenue, \$27.8 million, will be used as directed in the section "Subtitle Q. Contingency for Additional Revenue." The remaining \$27.8 million plus 50 percent of the operating margin, \$676 thousand, will be recorded in the Cash Flow Reserve Account. FY 2013 to FY 2016 reflects 50 percent of the Operating Margin in this account.

38. **Fiscal Stabilization Reserve Account.** This Account was established by section 47-392.02(j-1) of the District of Columbia Official Code. The Fiscal Year 2011 Budget Request Act of 2010 authorizes 50 percent of the undesignated end of year fund balance to be deposited in this account. FY 2012 to FY 2016 reflects 50 percent of the Operating Margin in this account.

39. **Operating Margin, Budget Basis.** This is the difference between Total General Fund Resources (line 17) and the total of Expenditures (line 34), reserved for subsequent years' expenditures (line 36), the Cash Flow Reserve Account (line 37) and the Fiscal Stabilization Reserve Account (line 38). In Tables 3-1 and 3-2, FY 2015 reflects \$19 million proposed to be set aside for subsequent years expenditures. In Table 3-3 this line reflects unbudgeted revenues from dedicated taxes.

40. **Line intentionally left blank.**

## Composition of Cash Reserves

42. **Emergency Cash Reserve Balance (2 percent).** The District was required to establish an Emergency Reserve, by the end of FY 2004, equal to 4 percent of the District's Local expenditures. The requirement was satisfied in FY 2002. In FY 2005, the requirement was changed to 2 percent, and the base for the calculation was also changed.

43. **Contingency Cash Reserve Balance (4 percent).** The District was required to establish a Contingency Reserve, by the end of FY 2007, equal to 3 percent of the District's Local expenditures. The requirement was satisfied in FY 2002. In FY 2005, the requirement was changed to 4 percent, and the base for the calculation was also changed.

44. **Total cash reserves, emergency and contingency.** This line reflects the cash reserves available during a given fiscal year.

45. Line intentionally left blank.

## **Composition of Fund Balance**

47. **Beginning General Fund Balance.** Shows the accumulated fund balance at the beginning of the fiscal year, which is identical to the end of year fund balance for the previous fiscal year.

48. **Operating Margin before allocation to reserve.** This is the same on line 35.

49. **Projected GAAP Adjustments (Net).** GAAP adjustments are year-end adjustments necessary to properly report the ending fund balance on an accounting basis by converting budgeted activity to resources earned and used in the current fiscal year. This includes items such as fund balance released from restrictions, current year purchases used to build up ending inventory levels, and the current year net consumption of inventories purchased in prior years.

50. **Fund Balance Use.** The amount of prior-year fund balance that is used in the current year (line 15) must be subtracted when calculating the current year-end fund balance.

51. **Ending General Fund Balance.** This line shows the sum of the beginning fund balance, the operating margin before allocation to reserves, and GAAP and other adjustments (lines 47 through 50).

Table 3-1

**FY 2013 - 2016 Proposed Budget and Financial Plan: GENERAL FUND**

(\$ thousands)

	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Proposed</b>	<b>FY 2014 Projected</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Projected</b>
<b>1 Revenues</b>							
2 Taxes	4,871,069	5,005,795	5,218,812	5,307,745	5,411,806	5,583,707	5,740,984
3 Dedicated Taxes	332,099	370,206	397,369	257,618	268,889	264,193	276,868
4 General Purpose Non-Tax Revenues	421,563	344,745	402,964	373,316	372,101	360,220	360,576
5 Special Purpose (O-type) Revenues	476,584	460,435	423,588	447,719	443,595	465,723	448,520
6 Transfer from Lottery	62,175	69,415	62,375	63,175	63,175	63,175	63,175
7 Inter fund transfer	0	10,636	20,762	18,797	19,934	0	0
<b>8 Subtotal, General Fund Revenues</b>	<b>6,163,490</b>	<b>6,261,232</b>	<b>6,525,870</b>	<b>6,468,370</b>	<b>6,579,500</b>	<b>6,737,018</b>	<b>6,890,123</b>
9 Bond Proceeds for Issuance Costs	6,320	6,000	6,000	6,000	6,000	6,000	6,000
10 Funds set aside from prior year	0	0	0	18,231	0	0	19,000
11 Impact of Social E-Commerce Job Creation Tax Incentive Act of 2012	0	0	0	0	0	0	(2,950)
13 Transfer from Federal and Private Resources	1,349	3,497	3,497	3,497	3,497	3,497	3,497
14 Transfer from Enterprise and Other Funds	79,242	5,196	7,696	6,632	0	0	0
15 Fund Balance Use	55,805	22,745	60,878	31,246	0	0	0
16 Revenue Proposals	0	169,000	18,797	115,202	103,183	101,905	99,743
<b>17 Total General Fund Resources</b>	<b>6,306,206</b>	<b>6,467,670</b>	<b>6,622,739</b>	<b>6,649,179</b>	<b>6,692,180</b>	<b>6,848,419</b>	<b>7,015,413</b>
18							
<b>19 Expenditures (by Appropriation Title)</b>							
20 Governmental Direction and Support	440,426	536,103	551,835	602,430	595,640	602,853	603,355
21 Economic Development and Regulation	221,380	225,754	237,696	291,790	277,808	274,014	281,075
22 Public Safety and Justice	993,789	973,835	973,868	995,575	990,637	999,056	1,007,735
23 Public Education System	1,497,639	1,557,727	1,602,828	1,620,000	1,618,318	1,633,489	1,647,549
24 Human Support Services	1,466,639	1,577,144	1,613,546	1,643,871	1,647,810	1,657,652	1,684,417
25 Public Works	538,839	471,873	479,379	512,737	512,367	518,163	523,154
26 Financing and Other	526,538	596,203	607,402	634,071	672,563	743,173	810,704
27 Bond Issuance Costs	5,884	6,000	6,000	6,000	6,000	6,000	6,000
<b>28 Subtotal, Operating Expenditures</b>	<b>5,691,133</b>	<b>5,944,638</b>	<b>6,072,554</b>	<b>6,306,475</b>	<b>6,321,143</b>	<b>6,434,399</b>	<b>6,563,988</b>
29 Paygo Capital	31,726	37,448	43,039	35,803	33,283	35,033	77,387
30 Transfer to Trust Fund for Post-Employment Benefits	94,200	109,800	109,800	107,800	114,500	121,600	129,100
31 Repay Contingency Reserve Fund	0	3,000	3,000	750	750	0	0
32 Transfer to Enterprise Funds	249,453	342,775	342,775	197,403	203,341	208,954	218,706
33 Operating impact of CIP	0	0	0	0	18,141	28,620	25,707
<b>34 Total Expenditures and Transfers</b>	<b>6,066,511</b>	<b>6,437,661</b>	<b>6,571,167</b>	<b>6,648,231</b>	<b>6,691,157</b>	<b>6,828,606</b>	<b>7,014,888</b>
<b>35 Operating Margin before allocation to reserves</b>	<b>239,695</b>	<b>30,009</b>	<b>51,572</b>	<b>948</b>	<b>1,023</b>	<b>19,813</b>	<b>525</b>
<b>36 Reserved for subsequent years' expenditures</b>	<b>0</b>	<b>0</b>	<b>18,231</b>	<b>0</b>	<b>0</b>	<b>19,000</b>	<b>0</b>
<b>37 Cash Flow Reserve Account</b>	<b>0</b>	<b>28,702</b>	<b>30,326</b>	<b>193</b>	<b>511</b>	<b>406</b>	<b>262</b>
<b>38 Fiscal Stabilization Reserve Account</b>	<b>0</b>	<b>451</b>	<b>2,075</b>	<b>193</b>	<b>511</b>	<b>406</b>	<b>262</b>
<b>39 Operating Margin, Budget Basis</b>	<b>239,695</b>	<b>856</b>	<b>941</b>	<b>563</b>	<b>0</b>	<b>0</b>	<b>0</b>
40							
<b>41 Composition of Cash Reserves</b>							
42 Emergency Cash Reserve Balance (2%)	109,853	109,986	109,986	110,135	110,748	113,359	113,682
43 Contingency Cash Reserve Balance (4%)	228,730	223,050	223,050	226,386	229,727	230,073	230,419
<b>44 Total cash reserves - Emergency and Contingency</b>	<b>338,583</b>	<b>333,036</b>	<b>333,036</b>	<b>336,521</b>	<b>340,475</b>	<b>343,432</b>	<b>344,101</b>
45							

(Continued on next page)

Table 3-1 (Continued)

**FY 2013 - 2016 Proposed Budget and Financial Plan: GENERAL FUND**

(\$ thousands)

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Proposed	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
<b>46 Composition of Fund Balance</b>							
<b>47 Beginning General Fund Balance</b>	<b>930,769</b>	<b>1,104,894</b>	<b>1,104,894</b>	<b>1,085,587</b>	<b>1,027,058</b>	<b>1,018,081</b>	<b>1,027,894</b>
48 Operating Margin before allocation to reserves	239,695	30,009	51,572	948	1,023	19,813	525
49 Projected GAAP Adjustments (Net)	(9,765)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
50 Fund Balance Use (see line 10 and 15 above)	(55,805)	(22,745)	(60,878)	(49,477)	0	0	(19,000)
<b>51 Ending General Fund Balance</b>	<b>1,104,894</b>	<b>1,102,157</b>	<b>1,085,587</b>	<b>1,027,058</b>	<b>1,018,081</b>	<b>1,027,894</b>	<b>999,419</b>

Table 3-2

**FY2013 - FY 2016 General Fund - Local Funds Component**

(\$ thousands)

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Proposed	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
<b>1 Revenues</b>							
2 Taxes	4,871,069	5,005,795	5,218,812	5,307,745	5,411,806	5,583,707	5,740,984
4 General Purpose Non-Tax Revenues	421,563	344,745	402,964	373,316	372,101	360,220	360,576
6 Transfer from Lottery	62,175	69,415	62,375	63,175	63,175	63,175	63,175
7 Interfund transfer	0	10,636	20,762	18,797	19,934	0	0
<b>8 Subtotal, Local Fund Revenues</b>	<b>5,354,807</b>	<b>5,430,591</b>	<b>5,704,913</b>	<b>5,763,033</b>	<b>5,867,016</b>	<b>6,007,102</b>	<b>6,164,735</b>
9 Bond proceeds for Issuance Costs	6,320	6,000	6,000	6,000	6,000	6,000	6,000
10 Funds set aside from prior year	0	0	0	18,231	0	0	19,000
11 Impact of Social E-Commerce Job Creation Tax Incentive Act of 2012	0	0	0	0	0	0	(2,950)
12 Interfund transfers from O-type Special Revenue fund	0	(26,037)	(26,037)	0	0	0	0
13 Transfer from Federal and Private Resources	1,349	3,497	3,497	3,497	3,497	3,497	3,497
14a Transfer from Baseball Special Revenue Fund	14,289	0	0	0	0	0	0
14b Transfer from Other	4,330	0	2,500	0	0	0	0
14c Transfer of Community Health Care Financing Fund to Local	34,080	0	0	0	0	0	0
14d Transfer from Capital Fund Paygo	26,543	5,196	5,196	6,632	0	0	0
15a Fund Balance Use	39,829	30,910	73,679	12,872	0	0	0
16 Revenue Proposals	0	197,316	18,797	102,087	89,988	88,074	85,856
<b>17 Total Local Fund Resources</b>	<b>5,481,548</b>	<b>5,647,473</b>	<b>5,788,546</b>	<b>5,912,353</b>	<b>5,966,501</b>	<b>6,104,673</b>	<b>6,276,138</b>
18							
<b>19 Expenditures (by Appropriation Title)</b>							
20 Governmental Direction and Support	393,977	492,108	507,840	552,261	544,816	550,690	549,730
21 Economic Development and Regulation	103,383	97,221	105,113	147,413	124,546	125,991	127,468
22 Public Safety and Justice	922,835	926,655	926,688	944,599	943,551	951,970	960,649
23 Public Education System	1,492,286	1,529,972	1,569,805	1,595,178	1,598,695	1,613,572	1,627,299

(Continued on next page)

Table 3-2

**FY2013 - FY 2016 General Fund - Local Funds Component (cont.)**

(\$ thousands)

	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Proposed</b>	<b>FY 2014 Projected</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Projected</b>
24 Human Support Services	1,387,284	1,495,722	1,531,121	1,549,920	1,550,808	1,575,083	1,599,861
25 Public Works	388,413	393,053	399,058	407,637	406,715	411,604	416,596
26 Financing and Other	512,752	564,789	579,489	596,141	656,956	699,729	789,600
27 Bond Issuance Costs	5,884	6,000	6,000	6,000	6,000	6,000	6,000
<b>28 Subtotal, Operating Expenditures</b>	<b>5,206,813</b>	<b>5,505,520</b>	<b>5,625,114</b>	<b>5,799,148</b>	<b>5,832,087</b>	<b>5,934,640</b>	<b>6,077,203</b>
29 Paygo Capital	18,683	0	0	4,270	0	0	43,604
30 Transfer to Trust Fund for Post-Employment Benefits	94,200	109,800	109,800	107,800	114,500	121,600	129,100
31 Repay Contingency Reserve Fund	0	3,000	3,000	750	750	0	0
33 Operating impact of CIP	0	0	0	0	18,141	28,620	25,707
<b>34 Total Local Fund Expenditures and Transfers</b>	<b>5,319,697</b>	<b>5,618,320</b>	<b>5,737,914</b>	<b>5,911,968</b>	<b>5,965,478</b>	<b>6,084,860</b>	<b>6,275,614</b>
<b>35 Operating Margin before allocation to reserves</b>	<b>161,851</b>	<b>29,153</b>	<b>50,631</b>	<b>385</b>	<b>1,023</b>	<b>19,813</b>	<b>525</b>
<b>36 Reserved for subsequent years' expenditures</b>	<b>0</b>	<b>0</b>	<b>18,231</b>	<b>0</b>	<b>0</b>	<b>19,000</b>	<b>0</b>
<b>37 Cash Flow Reserve Account</b>	<b>0</b>	<b>28,702</b>	<b>30,326</b>	<b>193</b>	<b>511</b>	<b>406</b>	<b>262</b>
<b>38 Fiscal Stabilization Reserve Account</b>	<b>0</b>	<b>451</b>	<b>2,075</b>	<b>193</b>	<b>511</b>	<b>406</b>	<b>262</b>
<b>39 Operating Margin, Budget Basis</b>	<b>161,851</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 3-3

**FY 2013 - FY 2016 General Fund - Dedicated Taxes Component**

(\$ thousands)

	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Revenues</b>	<b>Actual</b>	<b>Approved</b>	<b>Revised</b>	<b>Proposed</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
3a Dedicated Taxes for the Neighborhood Investment Trust	3,100	3,190	0	0	0	0	0
3b Dedicated Taxes for the Housing Production Trust Fund	38,801	41,801	42,911	8,222	10,878	13,526	15,990
3c Dedicated Taxes for the Nursing Facility Quality of Care Fund	13,448	12,000	12,000	12,000	12,000	12,000	12,000
3d Dedicated Taxes for the Ballpark Fund	30,336	45,545	46,622	0	0	0	0
3e Dedicated Taxes for the Healthy DC Fund	30,101	30,053	30,161	30,427	30,854	31,709	33,418
3f Dedicated Taxes for the Stevie Sellows Fund	1,254	2,000	2,000	2,000	2,000	2,000	2,000
3g Dedicated Taxes for the Hospital Assessment Fund	9,008	8,390	15,562	15,562	15,562	0	0
3h Dedicated Taxes for DDOT - Parking Taxes	19,800	40,403	55,254	57,202	59,864	62,428	65,102
3i Dedicated Taxes for Tax Increment Financing (TIF) and Community Benefit Fund (CBF)	58,254	65,466	63,385	0	0	0	0
3j Dedicated Taxes for Convention Center	97,996	100,718	100,748	103,729	109,005	114,054	120,132
3k Dedicated Taxes for Highway Trust Fund	30,001	20,640	24,000	23,750	23,500	23,250	23,000
3l Dedicated Taxes for ABRA	0	0	460	460	460	460	460
3m Dedicated Taxes for Healthy Schools Fund	0	0	4,266	4,266	4,266	4,266	4,266
3n Dedicated Taxes for DDOT from advertizing on bike sharing stations	0	0	0	0	500	500	500
<b>8 Subtotal, Dedicated Taxes</b>	<b>332,099</b>	<b>370,206</b>	<b>397,369</b>	<b>257,618</b>	<b>268,889</b>	<b>264,193</b>	<b>276,868</b>
15b Fund Balance: Transfer to Local	(19,958)	0	0	0	0	0	0
15c Fund Balance Use: Neighborhood Investment Trust	5,426	0	0	0	0	0	0
15d Fund Balance Use: Nursing Facility Quality of Care Fund	4,866	0	0	0	0	0	0
15e Fund Balance Use: Healthy DC	10,915	1,036	1,036	0	0	0	0
15f Fund Balance Use: Stevie Sellows Fund	0	0	0	157	0	0	0
15g Fund Balance Use: Convention Center	1,152	0	0	0	0	0	0
15h Fund Balance Use: Healthy Schools Fund	0	0	5,269	0	0	0	0
16 Revenue Proposals	0	27,079	0	3,357	4,100	4,100	4,100
17 Total Dedicated Taxes	334,499	398,321	403,674	261,132	272,989	268,293	280,968
18							
19 Expenditures (by Appropriation Title)							
20 Governmental Direction and Support	0	0	0	0	0	0	0
21 Economic Development and Regulation	5,500	460	460	460	460	460	460
22 Public Safety and Justice	0	0	0	0	0	0	0
23 Public Education System	0	4,266	9,535	4,266	4,266	4,266	4,266
24 Human Support Services	50,579	57,427	57,427	62,940	64,516	49,809	51,518
25 Public Works	15,000	500	500	0	500	500	500
26 Financing and Other	9,582	8,691	8,691	8,222	10,878	13,526	15,990
<b>28 Subtotal, Operating Expenditures</b>	<b>80,662</b>	<b>71,344</b>	<b>76,613</b>	<b>75,888</b>	<b>80,620</b>	<b>68,561</b>	<b>72,734</b>

(Continued on next page)

Table 3-3 (Continued)

**FY 2013 - FY 2016 General Fund - Dedicated Taxes Component**

(\$ thousands)

<b>Revenues</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Proposed</b>	<b>FY 2014 Projected</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Projected</b>
32a Transfer to HPTF Special Revenue Fund (Enterprise Fund)	34,018	35,109	35,109	0	0	0	0
32b Transfer to Baseball Revenue Fund (Enterprise Fund)	30,336	45,545	45,545	0	0	0	0
32c Transfer to TIF/CBF	58,254	65,466	65,466	0	0	0	0
32d Transfer to Convention Center	96,844	100,718	100,718	103,729	109,005	114,054	120,132
32e Transfer to Highway Trust Fund	30,001	20,640	20,640	23,750	23,500	23,250	23,000
32f Transfer to WMATA	0	58,642	58,642	57,202	59,864	62,428	65,102
<b>33 Total Dedicated Taxes Expenditures and Transfers</b>	<b>330,115</b>	<b>397,464</b>	<b>402,733</b>	<b>260,569</b>	<b>272,989</b>	<b>268,293</b>	<b>280,968</b>
<b>39 Operating Margin, Budget Basis</b>	<b>4,384</b>	<b>857</b>	<b>941</b>	<b>562</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 3-4

**FY 2013 - FY 2016 General Fund - Special Purpose Revenue Component**

(\$ thousands)

	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Proposed</b>	<b>FY 2014 Projected</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Projected</b>
<b>1 Revenues</b>							
5 Special Purpose (O-type) Revenues	476,584	460,435	423,588	447,719	443,595	465,723	448,520
<b>8 Subtotal, Special Purpose Revenue Funds</b>	<b>476,584</b>	<b>460,435</b>	<b>423,588</b>	<b>447,719</b>	<b>443,595</b>	<b>465,723</b>	<b>448,520</b>
12 Interfund transfers to and from Local Fund	0	26,037	26,037	0	0	0	0
15h Fund Balance Use	13,576	39,692	18,261	20,208	0	0	0
15i Certified Resources not used	0	(48,893)	(37,367)	(1,991)	0	0	0
16 Revenue Proposals	0	(55,395)	0	9,757	9,095	9,730	9,786
<b>17 Total Special Purpose Revenue Funds</b>	<b>490,160</b>	<b>421,876</b>	<b>430,519</b>	<b>475,694</b>	<b>452,690</b>	<b>475,453</b>	<b>458,306</b>
18							
<b>19 Expenditures (by Appropriation Title)</b>							
20 Governmental Direction and Support	46,449	43,995	43,995	50,169	50,824	52,163	53,624
21 Economic Development and Regulation	112,497	128,073	132,123	143,918	152,802	147,563	153,147
22 Public Safety and Justice	70,954	47,180	47,180	50,976	47,086	47,086	47,086
23 Public Education System	5,352	23,488	23,488	20,557	15,358	15,651	15,984
24 Human Support Services	28,777	23,995	24,998	31,011	32,486	32,759	33,038
25 Public Works	135,426	78,320	79,820	105,100	105,152	106,058	106,058
26 Financing and Other	4,204	22,723	19,222	29,708	4,728	29,918	5,114
<b>28 Subtotal, Operating Expenditures</b>	<b>403,659</b>	<b>367,774</b>	<b>370,826</b>	<b>431,439</b>	<b>408,435</b>	<b>431,198</b>	<b>414,051</b>
29 Paygo Capital	13,043	37,448	43,039	31,533	33,283	35,033	33,783
32g Transfer to Highway Trust Fund	0	16,654	16,654	12,722	10,972	9,222	10,472
<b>34 Total Special Purpose Revenue Funds Component of General Funds</b>	<b>416,702</b>	<b>421,876</b>	<b>430,520</b>	<b>475,693</b>	<b>452,690</b>	<b>475,453</b>	<b>458,306</b>
<b>39 Operating Margin, Budget Basis</b>	<b>73,458</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Federal and Private Resources Fund**

- Federal Grants are grants the District receives from federal agencies, including block grants, formula grants, certain entitlements, and competitive grants.
- Federal Payments are direct appropriations from the Congress to the District, usually to a particular District agency for a particular purpose.
- Federal Medicaid Payments are the federal share of the District's Medicaid costs. Generally, the federal government pays 70 percent of the cost of Medicaid while the District pays 30 percent, although the proportions differ in certain circumstances.
- Private Grants are grants the District receives from non-Federal sources. This category includes private donations.

Table 3-5 displays a summary financial plan for the Federal and Private Resources Fund. The line items are as follows:

F1. **Federal Grants.** Federal grant awards received by District agencies.

F2. **Federal Payment/Contribution.** Funding contributed by the federal government for specific projects. These funds are restricted in use by the federal government.

F3. **Private Grants.** Revenues received from private grants.

F4. **Subtotal, Federal and Private Resources.** This line is the sum of lines F1 through F3.

F5. **Fund Balance Use.** In Table 3-5, this line shows \$22.2 million of fund balance use in FY 2011 as certified in the District's Comprehensive Annual Financial Report (CAFR).

F6. **Transfer to General Fund.** This line represents funds used to pay for indirect costs, as shown on line 13 in Table 3-1, the General Fund financial plan.

F7. **Total Federal and Private Resources.** This is the sum of lines F4 through F6.

F8. **Line intentionally left blank.**

F9.–F16. **Expenditures by Appropriation Title.** These items reflect agency expenditures by appropriation title. The growth of expenditures in the out-years is based on growth assumptions that are discussed in the Operating Expenditures chapter.

F17. **Total Federal and Private Resources Fund Expenditures.**

F18. **Operating Margin, Budget Basis.** This line provides the difference between Total Federal and Private Resources and Total Federal and Private Expenditures.

F19. **Line intentionally left blank.**

F20. - F24. **Fund Balance Calculations.**

Table 3-5

**FY 2013 - FY 2016 Federal and Private Resources Financial Plan**

(\$ thousands)

	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Revenues</b>	<b>Actual</b>	<b>Approved</b>	<b>Revised</b>	<b>Proposed</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
F1 Federal Grants	2,490,231	2,484,699	2,879,438	2,622,870	2,779,056	2,944,104	3,120,486
F2 Federal Payment/Contribution	126,155	90,075	90,075	141,900	141,900	141,900	141,900
F3 Private Grants	24,327	23,269	23,269	6,305	6,476	6,652	6,816
<b>F4 Subtotal, Federal and Private Resources</b>	<b>2,640,713</b>	<b>2,598,043</b>	<b>2,992,782</b>	<b>2,771,075</b>	<b>2,927,432</b>	<b>3,092,657</b>	<b>3,269,202</b>
F5 Fund Balance Use	22,192	0	0	0	0	0	0
F6 Transfer to General Fund	(1,349)	(3,497)	(3,497)	(3,497)	(3,497)	(3,497)	(3,497)
<b>F7 Total Federal and Private Resources</b>	<b>2,661,556</b>	<b>2,594,546</b>	<b>2,989,285</b>	<b>2,767,578</b>	<b>2,923,935</b>	<b>3,089,160</b>	<b>3,265,705</b>
F8							
<b>F9 Expenditures (by Appropriation Title)</b>							
F10 Governmental Direction and Support	28,980	29,798	38,501	29,556	30,372	31,215	32,000
F11 Economic Development and Regulation	100,102	139,130	152,867	101,748	104,032	106,385	108,546
F12 Public Safety and Justice	135,227	160,072	235,211	117,129	119,966	122,879	125,515
F13 Public Education System	334,044	303,859	404,275	336,868	342,802	348,888	354,378
F14 Human Support Services	1,998,422	1,908,352	2,087,158	2,123,510	2,267,133	2,421,526	2,586,176
F15 Public Works	38,967	38,435	54,910	31,818	32,679	33,567	34,391
F16 Financing and Other	13,507	14,900	16,363	26,950	26,950	24,700	24,700
<b>F17 Total Federal and Private Expenditures</b>	<b>2,649,251</b>	<b>2,594,546</b>	<b>2,989,285</b>	<b>2,767,578</b>	<b>2,923,935</b>	<b>3,089,160</b>	<b>3,265,705</b>
<b>F18 Operating Margin, Budget Basis</b>	<b>12,305</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
F19							
<b>F20 Beginning Federal and Private Fund Balance</b>	<b>191,023</b>	<b>183,610</b>	<b>183,610</b>	<b>183,610</b>	<b>183,610</b>	<b>183,610</b>	<b>183,610</b>
F21 Operating Margin, Budget Basis	12,305	0	0	0	0	0	0
F22 Projected GAAP Adjustments (Net)	2,474	0	0	0	0	0	0
F23 Fund Balance Use	(22,192)	0	0	0	0	0	0
<b>F24 Ending Federal and Private Fund Balance</b>	<b>183,610</b>						

## **General Fund**

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the District uses to keep track of specific sources of funding and spending for a particular purpose. An appropriated fund is a collection of appropriated revenues and expenditures set up by Congressional authority.

The General Fund, referenced above, is the principal operating fund of the District, which is used to account for all financial resources except those required to be accounted for in another fund. The General Fund consists of three appropriated funds, Local, Dedicated Taxes and Special Purpose Revenue (O-type or Other) funds.

The Local Fund is funded by tax and non-tax revenues that are not earmarked for a particular purpose and are allocated to fund District programs during the annual budget process. The Dedicated Tax fund is funded by tax revenues dedicated by law to a particular agency for a particular purpose. The Special Purpose Revenue fund is used to account for proceeds for specific revenue sources (other than expendable trusts, special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

An Intra-District Fund is an accounting mechanism set up to track payments for services provided by one District Agency to another District agency, similar to an internal service fund. Intra-District budgets represent agreements between two agencies whereby one agency purchases services from the other. The buying agency spends its own budget (Local, Special Purpose Revenue, Federal, or Private). The selling agency receives this expenditure as intra-District revenue, establishes Intra-District budget authority, and spends against that authority to provide the service.

