

G

Financing and Other

Reserve

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$70,000,000	\$0	-100.0

The mission of the Reserve is to protect the District against unforeseen expenditure needs and revenue shortfalls.

The budgeted Reserve, mandated by Congress, was established as a fiscal safeguard for the District. The reserve funds were obligated and expended in accordance with the Chief Financial Officer of the District of Columbia as well as the laws enacted by the D.C. Council. Any amount of the reserve expended in previous fiscal years had to be replenished in the following fiscal year. The Reserve was set at \$150 million in FY 2000 and FY 2001. Pursuant to the District of Columbia Appropriations Act for FY 2002, Public Law 107-96, Congress reduced the budgeted Reserve requirement from \$150 million to \$120 million in FY 2002 and to \$70 million in FY 2003.

Gross Funds

Beginning in FY 2004, the requirement for the budgeted reserve is eliminated and replaced with a set-aside cash reserve in which the District will contribute \$50 million to provide a cushion in the absence of budgeted reserve.

The reserve requirements were phased out by Congress because of the accumulation of a cash reserve in excess of \$250 million by the District. The proposed Gross Funds budget is \$0, representing a change of -100 percent from the FY 2003 Gross Funds budget of \$70,000,000. There are no FTEs for this agency.

General Fund

Local Funds. No funds are budgeted for the Reserve due to its elimination.

Did you know...

The Reserve was established in FY 2000 to protect the District against unforeseen expenditure needs and shortfalls in revenues.

Where the Money Comes From

Table RD0-1 shows the source of funding for the Reserve.

Table RD0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	70,000	0	-70,000	-100.0
Total for General Fund	0	0	70,000	0	-70,000	-100.0
Gross Funds	0	0	70,000	0	-70,000	-100.0

How the Money is Allocated

Table RD0-2 shows the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table RD0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
50 Subsidies and Transfers	0	0	70,000	0	-70,000	-100.0
Subtotal Nonpersonal Services (NPS)	0	0	70,000	0	-70,000	-100.0
Total Proposed Operating Budget	0	0	70,000	0	-70,000	-100.0

Debt Service

Repayment of Loans and Interest
 Repayment of General Fund Deficit
 Short-Term Borrowings
 Certificates of Participation

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Repayment of Loans and Interest	\$257,951,000	\$311,504,128	20.8
Repayment of Deficit	\$39,300,000	\$0	-100.0
Short-Term Borrowing	\$1,000,000	\$3,000,000	200.0
Certificates of Participation	\$7,950,000	\$4,911,075	-38.2

The mission of Debt Service administration is to finance the District's capital program and cash flow needs, and to exercise fiscally responsible debt management practices to minimize the cost of borrowing, pay down existing debt as amortized, and maintain appropriate debt ratios.

In addition to reducing the District's outstanding debt, timely debt service payments are necessary to satisfy the District's commitments to its investors (bondholders and lending institutions) and maintain good credit standing in the financial markets.

Under the District of Columbia Home Rule Act, the District may issue debt to finance capital projects or seasonal cash needs, subject to certain limitations.

No long-term (general obligation) debt

(other than re-funding existing debt) may be issued that would cause the payment of principal and interest in any fiscal year on all long-term debt to exceed 17 percent of the projected revenue of the then-current fiscal year.

As of September 30, 2002, maximum annual debt service represented 7.8 percent of revenue, an increase from 6 percent as of September 30, 2001. The District's total outstanding long-term debt as of September 30, 2002, was \$2.67 billion.

Appropriations are budgeted from Local funds in amounts sufficient to meet the required payments for the various types of debt service. Table 1 shows the source of funding for debt service.

Did you know...	
D.C. per capita debt	\$4,816
Maximum annual debt service as a percentage of revenue	7.8
Total long term debt not including WASA debt	\$2,670,573,000

(Source: FY 2002 CAFR)

Where the Money Comes From

Appropriations are budgeted from Local funds, as shown in the tables below.

Table DS0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Repayment of Loans and Interest

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	228,364	233,251	257,951	311,504	53,553	20.8
Total for General Fund	228,364	233,251	257,951	311,504	53,553	20.8
Gross Funds	228,364	233,251	257,951	311,504	53,553	20.8

Table ZD0-1

(dollars in thousands)

Repayment of General Fund Deficit

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	38,366	38,931	39,300	0	-39,300	-100.0
Total for General Fund	38,366	38,931	39,300	0	-39,300	-100.0
Gross Funds	38,366	38,931	39,300	0	-39,300	-100.0

Table ZA0-1

(dollars in thousands)

Short-Term Borrowings

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	1,000	3,000	2,000	200.0
Total for General Fund	0	0	1,000	3,000	2,000	200.0
Gross Funds	0	0	1,000	3,000	2,000	200.0

Table CP0-1

(dollars in thousands)

Certificates of Participation

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	7,929	7,924	7,950	4,911	-3,039	-38.2
Total for General Fund	7,929	7,924	7,950	4,911	-3,039	-38.2
Gross Funds	7,929	7,924	7,950	4,911	-3,039	-38.2

How the Money is Allocated

Debt Service is funded through Local Funds as shown in the tables below.

Table DS0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Repayment of Loans and Interest

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
80 Debt Service	228,364	0	257,951	311,504	53,553	20.8
82 Debt Svc Princ Retired-GAAP	0	112,262	0	0	0	0.0
84 Debt Svc Interest-GAAP	0	116,245	0	0	0	0.0
85 Debt Svc Fisc Chrg Refund GAAP	0	4,744	0	0	0	0.0
Subtotal Nonpersonal Services (NPS)	228,364	233,251	257,951	311,504	53,553	20.8
Total Proposed Operating Budget	228,364	233,251	257,951	311,504	53,553	20.8

Table ZD0-2

(dollars in thousands)

Repayment of General Fund Deficit

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
80 Debt Service	38,366	0	39,300	0	-39,300	-100.0
84 Debt Svc Interest-GAAP	0	38,931	0	0	0	0.0
Subtotal Nonpersonal Services (NPS)	38,366	38,931	39,300	0	-39,300	-100.0
Total Proposed Operating Budget	38,366	38,931	39,300	0	-39,300	-100.0

Table ZA0-2

(dollars in thousands)

Short-Term Borrowings

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
80 Debt Service	0	0	1,000	3,000	2,000	200.0
Subtotal Nonpersonal Services (NPS)	0	0	1,000	3,000	2,000	200.0
Total Proposed Operating Budget	0	0	1,000	3,000	2,000	200.0

Table CP0-2
(dollars in thousands)
Certificates of Participation

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
80 Debt Service	7,929	7,924	7,950	4,911	-3,039	-38.2
Subtotal Nonpersonal Services (NPS)	7,929	7,924	7,950	4,911	-3,039	-38.2
Total Proposed Operating Budget	7,929	7,924	7,950	4,911	-3,039	-38.2

Gross Funds

The proposed budget is \$319,415,203, representing a change of 4.3 percent over the FY 2003 Gross Funds budget of \$306,201,000. There are no FTEs for this agency.

General Fund

Local Funds. The proposed budget for Repayment of Loans and Interest is \$311,504,128, an increase of \$53,553,128 over the FY 2003 approved budget of \$257,951,000. There is no proposed budget for Repayment of the General Fund Debt in FY 2004. For Short-Term Borrowings, the proposed budget is \$3,000,000, an increase of \$2,000,000 over FY 2003. For the Certificates of Participation, the proposed budget is \$4,911,075, a decrease of \$3,038,925 from FY 2003.

Debt Service represents principal and interest payments associated with the District's financing activities. Consistent with prudent fiscal policies, the District finances the construction or acquisition of capital assets by issuing debt. Debt Service for the District of Columbia includes four different financing methods:

- Repayment of Loans and Interest (DS0) represents debt service costs on long-term general obligation bonds, which are associated with the District's borrowings to finance capital improvement projects for general fund agencies. For FY 2004, the proposed level of debt service for repayment of loans and interest totals \$311,504,128.
- Repayment of General Fund Deficit (ZD0) represents debt service associated with financing the District's \$331.6 million general fund deficit accumulated as of the end of FY 1990.

The District made its final repayment on those deficit financing bonds in FY 2003.

- Short-Term Borrowings (ZA0) represents interest and other costs associated with District borrowings to meet short-term seasonal cash needs. For FY 2004, the proposed debt service for financing costs for short-term borrowing totals \$3,000,000. This is based on the expected issuance of Tax Revenue Anticipation Notes (TRANs) of approximately \$175,000,000 in the first quarter of FY 2004 to finance the District's FY 2004 seasonal cash needs. This borrowing will be repaid by the end of FY 2004.
- Certificates of Participation (CP0) represents semi-annual lease payments due on land for the One Judiciary Square building located at 441 4th Street, NW. For FY 2004, debt service for the certificates of participation totals \$4,911,075. As a result of refunding former certificates of participation at lower interest rates, the District realized a debt service savings of \$3,038,925 or 38 percent versus the approved FY 2003 funding level.

**Pro-Forma
Computation of Legal Debt Limitation
Projected as of the end of FY 2004
(\$000s)**

Revenues:

General Fund:	
Total Local Revenues*	\$ 3,738,074

Debt Service Expenditures (FY 2004):

General Fund:	
Principal	\$ 146,505
Interest	\$ 164,999
Total principal and interest (debt service) FY 2004	\$ 311,504

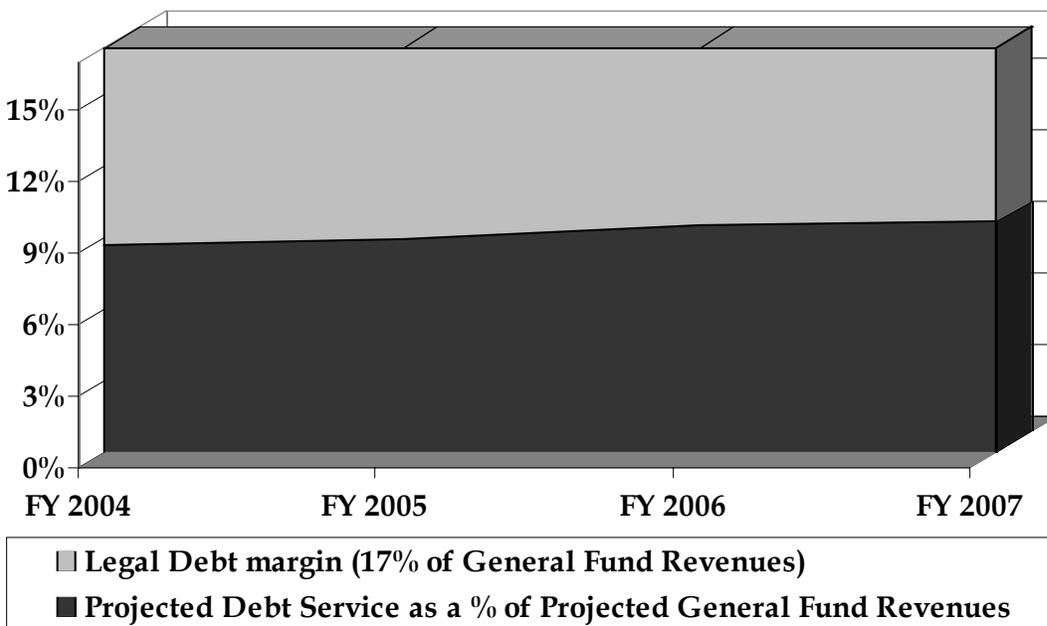
Highest future year debt service cost (current obligations)	\$ 323,249
Percentage of highest annual debt service to FY 2004 revenues**	9.17%

* Total Local revenues are based on revenue collected (tax and nontax) in FY 2004 and does not include fund balance.

** Under the District of Columbia Home Rule Act, no long-term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount that would cause the amount of principal and interest (debt service) payable in any

Chart G-1

Computation of Legal Debt Limitation



Settlements and Judgments

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$22,822,000	\$22,522,000	-1.3

The mission of the Settlements and Judgments (S&J) fund is to provide the fiscal resources to settle claims and lawsuits and pay judgments in most types of civil cases filed against the District of Columbia.

Beginning in FY 2004, the administration of the Settlements and Judgments fund will be performed by the D.C. Office of Risk Management. The D.C. Office of Risk Management (DCORM) strives to reduce the District's overall level of risk by reducing the District's legal exposure emanating from the performance of routine municipal functions. This risk management function is performed by sharing historical data with agencies regarding what conduct legally or factually gives rise to undue risk, and by aggressively defending the District's legal position.

The S&J fund was created out of a need to address increased litigation against the District government over the last 25 years. The fund has been part of the District's annual appropriation for many years, managed and administered by the Office of Corporation Counsel (OCC). Although the administration of the fund is the responsibility of the DCORM who makes all final decisions about use of the fund, the fund is distinct and separate from the DCORM's operating budget.

The DCORM generally assesses the potential exposure to the District government in cases and claims paid through the S&J fund by reviewing the facts and the applicable law pertinent to

such cases. A recommendation to settle or litigate a case originates with the Assistant Corporation Counsel assigned to the case. Depending on the amount of settlement authority requested, the recommendation is reviewed and approved by several supervisors within OCC and DCORM. The authority to settle a case is limited to \$500,000; for amounts greater than \$500,000, the settlement decision rests with the Mayor.

Settlements and Judgments plans to fulfill its mission by achieving the following strategic result goals:

- Implement a client education/outreach program that reaches 100 percent of client agencies and includes information on "legal risk management."
- Refine the capturing of core data electronically in order to enhance timeliness and quality of service delivery and response to information requests.
- Continue the Early Settlement Program implemented in FY 2000 and based in the General Litigation Division. The program identifies both claims and lawsuits appropriate for early resolution based on established criteria.

Where the Money Comes From

Table ZH0-1 shows the sources of funding for the Settlements and Judgments.

Table ZH0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	25,881	31,360	22,822	22,522	-300	-1.3
Total for General Fund	25,881	31,360	22,822	22,522	-300	-1.3
Gross Funds	25,881	31,360	22,822	22,522	-300	-1.3

How the Money is Allocated

Table ZH0-2 shows the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table ZH0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
40 Other Services and Charges	25,881	31,360	22,822	22,522	-300	-1.3
Subtotal Nonpersonal Services (NPS)	25,881	31,360	22,822	22,522	-300	-1.3
Total Proposed Operating Budget	25,881	31,360	22,822	22,522	-300	-1.3

Gross Funds

The proposed budget is \$22,522,000, a decrease of 1.3 percent from the FY 2003 approved budget of \$22,822,000. There are no FTEs for the agency, which represents no change from FY 2003.

General Fund

Local Funds. The proposed budget is \$22,522,000, a decrease of \$300,000 from the FY 2003 approved budget of \$22,822,000. No FTEs are funded by local sources.

The change from the FY 2003 approved budget is:

- A transfer of \$300,000 to the Office of the Corporation Counsel's Litigation program to increase the District's capacity to better negotiate settlements, and to contest and prevent judgments.

Programs

The D.C. Office of Risk Management anticipates approximately 1,200 new lawsuits in FY 2004, about the same number the District handled in FY 2003. Likewise, DCORM anticipates approximately 2,500 claims to be filed in FY 2004, similar to the previous two years.

John A. Wilson Building Fund

1350 Pennsylvania Avenue, NW

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$4,194,380	\$3,703,737	-11.7

The mission of the John A. Wilson Building Fund is to provide an efficient, clean and safe working environment for District employees in a modernized historic building nearly a century old.

Easily accessible to the public, the Wilson Building is an emblem of District pride showcased on the elegant Pennsylvania Avenue corridor within the Federal Triangle, just blocks from the White House.

Culminating a five-year renovation, expansion and restoration, the Wilson building reopened to acclaim in late 2001. Built in 1904 and later named after the long-term District Council member, the building had suffered from years of neglect and had to be closed in 1996. But preservation-minded District officials emerged with a re-development plan, and starting in 1996, the Wilson Building underwent renovation based on plans from architect Shalom Baranes. The result is a modern workplace for District government that retains much of its historic flavor and texture.

Housed in the building are the Executive Office of the Mayor, the District Council, the Office of the Chief Financial Officer, and a number of other District agencies. The Wilson Building will serve the District for many years, while preserving a link to the past.

Did you know...	
Constructed	1904
Renovated	1996-2001
Reopened	2001

Where the Money Comes From

Table ZZ0-1 shows the source(s) of funding for the John A. Wilson Building Fund.

Table ZZ0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	9,897	5,945	4,194	3,704	-491	-11.7
Total for General Fund	9,897	5,945	4,194	3,704	-491	-11.7
Gross Funds	9,897	5,945	4,194	3,704	-491	-11.7

How the Money is Allocated

Table ZZ0-2 shows the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table ZZ0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
30 Energy, Comm. and Bldg Rentals	0	0	0	553	553	100.0
32 Rentals - Land and Structures	3,638	3,910	2,031	1,235	-797	-39.2
34 Security Services	0	2,038	2,163	1,916	-247	-11.4
40 Other Services and Charges	4,872	61	0	0	0	0.0
70 Equipment & Equipment Rental	1,387	-64	0	0	0	0.0
Subtotal Nonpersonal Services (NPS)	9,897	5,945	4,194	3,704	-491	-11.7
Total Proposed Operating Budget	9,897	5,945	4,194	3,704	-491	-11.7

Gross Funds

The proposed budget is \$3,703,737, representing a decrease of 11.7 percent from the FY 2003 approved budget of \$4,194,380. There are no FTEs for the agency, representing no change from FY 2003.

General Fund

Local Funds. The proposed Local budget is \$3,703,737, a decrease of \$490,643 from the FY 2003 approved budget of \$4,194,380. No FTEs are funded by local sources, representing no change from FY 2003.

The change from the FY 2003 approved budget is:

- A reduction of 490,643 in nonpersonal services for fixed costs reflecting cuts to expenditure estimates provided by the Office of Financial and Resource Management (OFRM).

Workforce Investments

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$48,185,774	\$22,308,000	-53.7

The mission of Workforce Investments is to pay compensation increases for non-union and union District employees.

Each year, the District budgets an amount for Workforce Investments for pay raises in the budgeted year that are expected but not finalized. Employees covered and the dollar amounts vary from year to year, depending on which groups have finalized raises and which have raises that are still outstanding. The Office of Budget and Planning develops estimates for the Workforce Investments budget.

Did you know...

Unionized proportion of the District's payroll (excluding DCPS, UDC, and DMH)	61%
Minimum required length of union compensation agreements	3 years

Gross Funds

The proposed budget is \$22,308,000, representing a decrease of 53.7 percent from the FY 2003 approved budget of \$48,185,774. There are no FTEs for the agency, representing no change from FY 2003.

General Fund

Local Funds. The proposed budget is \$22,308,000, a decrease of \$25,877,774 from the FY 2003 approved budget of \$48,185,774. There are no FTEs funded by local sources, representing no change from FY 2003.

The change from the FY 2003 approved budget is:

- A reduction of \$25,877,774 in salaries and fringe benefits from anticipated labor cost changes.

Where the Money Comes From

Table UP0-1 shows the sources of funding for Workforce Investments.

Table UP0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	48,186	22,308	-25,878	-53.7
Total for General Fund	0	0	48,186	22,308	-25,878	-53.7
Gross Funds	0	0	48,186	22,308	-25,878	-53.7

How the Money is Allocated

Table UP0-2 shows the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table UP0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
11 Regular Pay - Cont Full Time	0	0	43,136	18,811	-24,325	-56.4
13 Additional Gross Pay	0	0	0	265	265	100.0
14 Fringe Benefits - Curr Personnel	0	0	5,049	2,614	-2,435	-48.2
15 Overtime Pay	0	0	0	618	618	100.0
Subtotal Personal Services (PS)	0	0	48,186	22,308	-25,878	-53.7
Total Proposed Operating Budget	0	0	48,186	22,308	-25,878	-53.7

Programs

This fund contains money to cover labor cost increases that were anticipated but were not yet approved by the Council prior to the congressional submission of the FY 2004 budget. These labor cost increases can include negotiated wage agreements with the District's unions, non-union wage increases, and labor costs associated with District-wide classification and compensation reforms. Additionally, only agencies under the pay authority of the Mayor are included in this fund. Thus, the D.C. Public Schools, the University of the District of Columbia (except for one union), and the Department of Mental Health are excluded from receiving budget authority from this fund.

The Office of Labor Relations and Collective Bargaining, within the Office of the City Administrator, is the lead agency in representing the District in union labor negotiations, arbitrations, and other labor matters. The D.C. Office of Personnel is the lead agency for handling pay increases for non-union employees under the pay authority of the Mayor. Once a labor agreement between the District and a union has been reached, or a non-union pay increase is proposed, the Mayor submits the proposals to the Council for consideration. After pay raises are approved by the Council, the appropriate funding is transferred from Workforce Investments to the affected agencies for distribution to employees.

Non-Departmental

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$5,799,000	\$19,636,898	238.7

Non-Departmental accounts for anticipated costs that were not allocated to specific agencies during the development of the proposed budget to ensure specific use requirements are met.

Use of a non-departmental account is a common practice to include specific costs, while providing the flexibility to project, budget, and allocate these costs.

In FY 2004, Non-Departmental will improve budget formulation by ensuring certain use criteria are met by agencies before the funds are released to those agencies.

Gross Funds

The proposed budget is \$19,636,898, representing an increase of 238.7 percent over the FY 2003 approved budget of \$5,799,000. There are no FTEs for the agency, representing no change from FY 2003.

General Fund

Local Funds. The proposed budget is \$11,455,282, an increase of \$5,656,282 over the FY 2003 approved budget of \$5,799,000. There are no FTEs funded by local sources, representing no change from FY 2003.

Changes from the FY 2003 approved budget are:

- An increase of \$11,455,282 to fund costs for implementing the No Child Left Behind Act. Funding includes \$9,546,068 for D.C. Public Schools and \$1,909,214 for Public Charter Schools.
- A decrease of \$5,799,000 in nonpersonal services, that were to be used for step increases in small agencies and increases in employee health insurance costs, but was later determined fundable within existing budget.

Special Purpose Revenue Funds. The proposed budget is \$8,183,616, an increase of \$8,183,616 over the FY 2003 approved budget of \$0. There are no FTEs funded by Special Purpose Revenue sources, representing no change from FY 2003.

The change from the FY 2003 approved budget is:

- An increase of \$8,183,616 as a contingency for potential Special Purpose Revenue expenditures whose amount is less than the anticipated revenue receipts at the time the budget was transmitted to Congress.

Where the Money Comes From

Table DO0-1 shows the sources of funding for Non-Departmental.

Table D00-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	5,799	11,455	5,656	97.5
Special Purpose Revenue Fund	0	0	0	8,184	8,184	-
Total for General Fund	0	0	5,799	19,639	13,840	238.7
Gross Funds	0	0	5,799	19,639	13,840	238.7

How the Money is Allocated

Table DO0-2 shows the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table D00-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
50 Subsidies and Transfers	0	0	5,799	19,639	13,840	238.7
Subtotal Nonpersonal Services (NPS)	0	0	5,799	19,639	13,840	238.7
Total Proposed Operating Budget	0	0	5,799	19,639	13,840	238.7

Tobacco Settlement Trust Fund

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$0	\$0	-

The mission of the Tobacco Settlement Trust Fund is to provide for the transfer of funds realized through the financing of the Master Settlement Agreement (MSA) with the tobacco industry.

In November 1998, the District, together with 46 state governments and other jurisdictions, signed an agreement that ended a four-year battle over medical treatment costs incurred for smoking-related illnesses. Under the MSA, tobacco companies are scheduled to pay \$253 billion over 25 or more years. The receiving governments may use the funds for any purpose, including issuance of revenue bonds. In FY 2001 the District securitized its settlement payments in exchange for a lump-sum payment to repay existing long-term debt and thereby generate relief from that debt service.

For both FY 2003 and FY 2004, debt service savings resulting from the securitization of the tobacco settlement funds have been dedicated to support the District's Medicaid reform efforts. See the Medicaid Reserve chapter.

Gross Funds

The proposed budget is \$0, representing no change from the FY 2003 budget. There are no FTEs for this agency.

General Fund

Local Fund. In FY 2004, no funds are available for the Tobacco Settlement Trust Fund.

Where the Money Comes From

Table TT0-1 shows the sources of funding for the Tobacco Settlement Trust fund.

Table TT0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	0	0	0	0.0
Total for General Fund	0	0	0	0	0	0.0
Gross Funds	0	0	0	0	0	0.0

How the Money is Allocated

Table TT0-2 shows the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table TT0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
50 Subsidies and Transfers	0	0	0	0	0	0.0
Subtotal Nonpersonal Services (NPS)	0	0	0	0	0	0.0
Total Proposed Operating Budget	0	0	0	0	0	0.0

One-Time Expenditures

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$0	\$11,267,280	100.0

The mission of the One-Time Expenditures fund is to serve as a budget stabilization measure to allow the District to spend money on items to improve service delivery for residents, while not expanding the base budget.

Gross Funds

The proposed FY 2004 operating budget for the One-Time Expenditure fund is \$11,267,280. This fund is new and will serve as the Pay-As-You-Go contingency account for FY 2004. There are no FTEs associated with this agency.

- \$1,097,000 to the Metropolitan Police Department to support 100 FTEs to permit the MPD to reach the level of 3,800 sworn officers once the department satisfies certain requirements.
- \$10,280 to be determined by the District's Chief Financial Officer.

General Fund

Local Funds. The proposed budget is \$11,267,280. There are no FTEs associated with this agency. For FY 2004, the One-Time Expenditures fund will serve as a contingency reserve to cover specific costs associated with the following agencies:

- \$3,000,000 to the Department of Human Services to support court-mandated services within the Youth and Adolescent program.
- \$2,660,000 to the Department of Health to support Medicaid-related programs.
- \$2,500,000 to the Children and Family Services Agency to support court-mandated services.
- \$2,000,000 to the Department of Mental Health to support court-mandated services.

Specific expenditures covered with money from this fund must be determined and certified by the District's Chief Financial Officer.

Where the Money Comes From

Table TE0-1 shows the sources of funding for One-Time Expenditures.

Table TE0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	0	11,267	11,267	N/A
Total for General Fund	0	0	0	11,267	11,267	N/A
Gross Funds	0	0	0	11,267	11,267	N/A

How the Money is Allocated

Table TE0-2 show the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table TE0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
50 Subsidies and Transfers	0	0	0	11,267	11,267	N/A
Subtotal Nonpersonal Services (NPS)	0	0	0	11,267	11,267	N/A
Total Proposed Operating Budget	0	0	0	11,267	11,267	N/A

Emergency Planning and Security Fund

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$14,902,500	\$15,000,000	0.7

The Emergency Planning and Security Fund is designated for the federal payment received for planning and security costs related to the presence of the federal government in the District of Columbia.

Serving as the primary seat of the executive, legislative, and judicial branches of the United States government, and the host city to the International Monetary Fund/World Bank, the District of Columbia has increasingly become the focus of events and demonstrations that threaten the public safety of citizens, businesses, and visitors. In the past two years, the District has experienced the effects of the September 11th terrorist acts, IMF/World Bank protests, sniper activity, and anti-war demonstrations, among many others. District government expenditures are incurred in order to contain and manage these public safety events. Following the September 11th terrorist attacks, the President proposed the designation of a emergency planning and security fund to reimburse the District for its expenses. Funds provided under this account will remain available until expended. Notice of any proposed use is to be transmitted by the President to Congress and the expenditure of funds is to be determined by the Mayor in written consultation with elected county or city officials of surrounding jurisdictions.

The FY 2003 District Appropriations Act appropriated:

“For necessary expenses, as determined by the Mayor of the District of Columbia in written consultation with the elected county or city officials of surrounding jurisdictions, \$15,000,000, to remain available until expended, to reimburse the District of Columbia for costs of public safety expenses related to security events in the District of Columbia and for the costs of providing support to respond to immediate and specific terrorist threats or attacks in the District of Columbia or surrounding jurisdictions:

Provided, that any amount provided under this heading shall be available only after notice of its proposed use has been transmitted by the President to Congress and such amount has been apportioned pursuant to Chapter 15 of Title 31, United States Code: Provided further, that the Office of Management and Budget shall, in consultation with the United States Park Police, the National Park Service, the Secret Service, the Federal Bureau of Investigations, the United States Protective Service, the Department of State, and the General Services Administration, review the National Capital Planning Commission study on 'Designing for Security in the Nation's Capital' and report to the Committees on Appropriations of the House of Representatives and Senate on the steps these

agencies will take to improve the appearance of security measures in the District of Columbia in accordance with the National Capital Planning Commission recommendations: Provided further, that the report shall be submitted no later than April 11, 2003 and shall include the recommendations of each agency.”

The President's FY 2004 budget proposes a Federal Payment of \$15,000,000 to remain available until expended, to reimburse the District of Columbia for the costs of public safety events related to the presence of the national capital in the District of Columbia, and for the costs of providing support to respond to immediate and specific terrorist threats or attacks in the District of Columbia or surrounding jurisdictions.

Similar to FY 2003, funding will be available only after notice of its proposed use has been transmitted by the President to Congress and such amount has been apportioned pursuant to Chapter 15 of Title 31, United States Code.”

Gross Funds

The proposed budget is \$15,000,000, representing a 0.7 percent increase over the FY 2003 approved budget of \$14,902,500.

Federal Funds

The proposed Federal payment is \$15,000,000, representing a 0.7 percent increase over the FY 2003 amount of \$14,902,500. There are no FTEs, representing no change from FY 2003.

Where the Money Comes From

Table EP0-1 shows the sources of funding for Emergency Planning and Security.

Table EP0-1
FY 2004 Proposed Operating Budget, by Revenue Type
(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Federal Payments	0	0	14,903	15,000	98	0.7
Total for Federal Resources	0	0	14,903	15,000	98	0.7
Gross Funds	0	0	14,903	15,000	98	0.7

How the Money is Allocated

Table EP0-2 shows the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table EP0-2
FY 2004 Proposed Operating Budget, by Comptroller Source Group
(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
50 Subsidies and Transfers	0	0	14,903	15,000	98	0.7
Subtotal Nonpersonal Services (NPS)	0	0	14,903	15,000	98	0.7
Total Proposed Operating Budget	0	0	14,903	15,000	98	0.7

Tax Increment Financing (TIF) Program

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$0	\$1,940,000	-

The District established a tax increment finance (TIF) program in 1998 and authorized the issuance of up to \$300 million in debt to support economic development projects that would not be developed "but for" public financial assistance. The initiative was reauthorized by the "Tax Increment Financing Reauthorization Act of 2002" and \$1,940,000 is funded in FY 2004 to support payment of debt service.

So far the District has issued about \$126.6 million in bonds and notes to support the International Spy Museum, the Mandarin Oriental hotel, and the Gallery Place mixed use development. These projects represent more than \$446 million in new commercial investment in the city and are expected to result in hundreds of jobs for District residents and significant additional tax revenue. The District's bonds will be repaid out of future sales and real property taxes generated by these projects.

The District anticipates that additional projects will be approved for funding in FY 2004. Proposals under current consideration include housing, hotels, and retail development outside of the central business district. This pioneering development will help to attract new residents to the city by enhancing older and emerging commercial areas and complementing residential development.

Gross Funds

The proposed budget is \$1,940,000 to cover debt service associated with the TIF bonds. There are no FTEs associated with this agency.

General Fund

Local Funds. The proposed budget is \$1,940,000. There are no FTEs associated with this fund.

Did you know...

D.C. has \$126.6 million in three TIF projects worth a combined \$446 million.

TIF packages are approved by the D.C. Council.

Where the Money Comes From

Table TX0-1 shows the source(s) of funding for Tax Increment Financing (TIF) Program.

Table TX0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	0	1,940	1,940	-
Total for General Fund	0	0	0	1,940	1,940	-
Gross Funds	0	0	0	1,940	1,940	-

How the Money is Allocated

Table TX0-2 shows the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table TX0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
50 Subsidies and Transfers	0	0	0	1,940	1,940	-
Subtotal Nonpersonal Services (NPS)	0	0	0	1,940	1,940	-
Total Proposed Operating Budget	0	0	0	1,940	1,940	-

Cash Reserve

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$0	\$50,000,000	-

The mission of the Cash Reserve is to protect the District's financial stability against unforeseen expenditure needs and revenue shortfalls.

The set-aside cash reserve fund is newly created for FY 2004. The cash reserve will replace the budgeted reserve (see RD0-Reserve), which will be phased out in FY 2004 due to the accumulation, by the District, of a cash reserve that exceeds a federally mandated target of seven percent of Local fund expenditures. The reserve monies will be expended and obligated in accordance with the Chief Financial Officer, the D.C. Council, the Mayor and Congress. Funds that are expended from the cash reserve must be replaced entirely the following fiscal year. In FY 2004, the District is required to set-aside cash of \$50,000,000 to provide a financial cushion in the absence of the budgeted reserve.

Gross Funds

The proposed budget is \$50,000,000 for FY 2004. There are no FTEs for this agency.

General Fund

Local Funds. The proposed budget is \$50,000,000, reflecting a required set-aside of cash to provide a financial cushion in the absence of the budgeted reserve.

Where the Money Comes From

Appropriations are budgeted from Local funds, as shown in the tables below.

Table CS0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	0	50,000	50,000	-
Total for General Fund	0	0	0	50,000	50,000	-
Gross Funds	0	0	0	50,000	50,000	-

How the Money is Allocated

Table CS0-2 shows the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table CS0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
50 Subsidies and Transfers	0	0	0	50,000	50,000	-
Subtotal Nonpersonal Services (NPS)	0	0	0	50,000	50,000	-
Total Proposed Operating Budget	0	0	0	50,000	50,000	-

Grant Disallowance

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$0	\$57,000,000	-

The mission of the Grant Disallowance is to reserve appropriate funding for the District's exposure to outstanding liabilities associated with Medicaid.

The Grant Disallowance was established based on the District's potential exposure relating to District of Columbia Public Schools and the Department of Mental Health.

Gross Funds

The proposed budget is \$57,000,000, funded entirely with Local funds. There are no FTEs associated with this agency.

Where the Money Comes From

Appropriations are budgeted from Local funds, as shown in the tables below.

Table GR0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	0	57,000	57,000	0.0
Total for General Fund	0	0	0	57,000	57,000	0.0
Gross Funds	0	0	0	57,000	57,000	0.0

How the Money is Allocated

Table GR0-2 shows the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table GR0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
50 Subsidies and Transfers	0	0	0	57,000	57,000	100.0
Subtotal Nonpersonal Services (NPS)	0	0	0	57,000	57,000	100.0
Total Proposed Operating Budget	0	0	0	57,000	57,000	100.0