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Debt Service

Repayment of Loans and Interest
 Short-Term Borrowings
 Certificates of Participation
 Issuance Costs
 Schools Modernization Fund
 Repayment of Revenue Bonds

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Repayment of Loans and Interest	\$342,683,103	\$370,777,513	\$405,113,766	9.3
Short-Term Borrowing	\$ 4,666,297	\$ 5,500,000	\$ 8,000,000	45.5
Certificates of Participation	\$ 14,904,174	\$ 15,000,000	\$ 33,224,900	121.5
Issuance Costs	\$ 4,934,646	\$ 40,000,000	\$ 30,000,000	-25.0
Schools Modernization Fund	0	\$ 12,208,000	\$ 1,650,000	-86.5
Repayment of Revenue Bonds	0	0	\$ 6,000,000	N/A
Total	\$367,188,220	\$443,485,513	\$483,988,666	9.1

The mission of the Debt Service administration is to finance the District's capital and cash flow needs as well as minimize costs associated with such financing, exercise fiscally responsible debt management practices, and make timely payment of all principal and interest.

Timely debt service payments are necessary to satisfy the District's commitments to its investors (bondholders and financial institutions) and maintain a 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.

Specifically, no long-term (general obligation) debt may be issued that would cause the highest future year debt service cost to exceed 17 percent of the projected general fund revenue of the fiscal year in which the debt is issued. No short-term (general obligation) debt may be issued in an amount that would cause total out-

standing short-term debt to exceed 20.0 percent of the projected revenue of the fiscal year in which the debt is issued. Short-term debt must be repaid by the end of the fiscal year in which it is issued.

The District's total outstanding long-term debt as of September 30, 2005, was \$3.63 billion. The District issued \$250 million of short-term debt in FY 2005, and repaid such debt by September 30, 2005 as required. The District issued \$250 million of short-term debt in FY 2006, which will be repaid by September 30, 2006. 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.

Funding by Source

Tables DS0-1, ZA0-1, CP0-1, ZB0-1, SM0-1, and DT0-1 show the sources of funding by fund type for Debt Service.

Table DS0-1

FY 2007 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Repayment of Loans and Interest

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	303,397	342,683	370,778	405,114	34,336	9.3
Total for General Fund	303,397	342,683	370,778	405,114	34,336	9.3
Gross Funds	303,397	342,683	370,778	405,114	34,336	9.3

*Percent Change is based on whole dollars.

Table ZA0-1

(dollars in thousands)

Short-Term Borrowings

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	2,570	4,666	5,500	8,000	2,500	45.5
Total for General Fund	2,570	4,666	5,500	8,000	2,500	45.5
Gross Funds	2,570	4,666	5,500	8,000	2,500	45.5

*Percent Change is based on whole dollars.

Table CP0-1

(dollars in thousands)

Certificates of Participation

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	4,752	10,904	11,000	31,225	20,225	183.9
Total for General Fund	4,752	10,904	11,000	31,225	20,225	183.9
Intra-District Funds						
Intra-District Funds	0	4,000	4,000	2,000	-2,000	-50.0
Total for Intra-District Funds	0	4,000	4,000	2,000	-2,000	-50.0
Gross Funds	4,752	14,904	15,000	33,225	18,225	121.5

*Percent Change is based on whole dollars.

Table ZB0-1
(dollars in thousands)
Debt Service - Issuance Costs

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	4,935	40,000	30,000	-10,000	-25.0
Total for General Fund	0	4,935	40,000	30,000	-10,000	-25.0
Gross Funds	0	4,935	40,000	30,000	-10,000	-25.0

*Percent Change is based on whole dollars.

Table SM0-1
(dollars in thousands)
Schools Modernization Fund

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	0	12,208	1,650	-10,558	-86.5
Total for General Fund	0	0	12,208	1,650	-10,558	-86.5
Gross Funds	0	0	12,208	1,650	-10,558	-86.5

*Percent Change is based on whole dollars.

Table DT0-1
(dollars in thousands)
Repayment of Revenue Bonds

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	0	0	6,000	6,000	N/A
Total for General Fund	0	0	0	6,000	6,000	N/A
Gross Funds	0	0	0	6,000	6,000	N/A

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Tables DS0-2, ZA0-2, CP0-2, ZB0-2, SM0-2, and DT0-2 show the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table DS0-2

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Repayment of Loans and Interest

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
80 Debt Service	303,397	342,683	370,778	405,114	34,336	9.3
Subtotal Nonpersonal Services (NPS)	303,397	342,683	370,778	405,114	34,336	9.3
Total Proposed Operating Budget	303,397	342,683	370,778	405,114	34,336	9.3

*Percent Change is based on whole dollars.

Table ZA0-2

(dollars in thousands)

Short-Term Borrowings

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
80 Debt Service	2,570	4,666	5,500	8,000	2,500	45.5
Subtotal Nonpersonal Services (NPS)	2,570	4,666	5,500	8,000	2,500	45.5
Total Proposed Operating Budget	2,570	4,666	5,500	8,000	2,500	45.5

*Percent Change is based on whole dollars.

Table CP0-2

(dollars in thousands)

Certificates of Participation

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
32 Rentals - Land and Structures	8,450	0	15,000	0	-15,000	-100.0
80 Debt Service	-3,698	14,904	0	33,225	33,225	N/A
Subtotal Nonpersonal Services (NPS)	4,752	14,904	15,000	33,225	18,225	121.5
Total Proposed Operating Budget	4,752	14,904	15,000	33,225	18,225	121.5

*Percent Change is based on whole dollars.

Table ZB0-2
(dollars in thousands)

Debt Service - Issuance Costs

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
80 Debt Service	0	4,935	40,000	30,000	-10,000	-25.0
Subtotal Nonpersonal Services (NPS)	0	4,935	40,000	30,000	-10,000	-25.0
Total Proposed Operating Budget	0	4,935	40,000	30,000	-10,000	-25.0

*Percent Change is based on whole dollars.

Table SM0-2
(dollars in thousands)

Schools Modernization Fund

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
80 Debt Service	0	0	12,208	1,650	-10,558	-86.5
Subtotal Nonpersonal Services (NPS)	0	0	12,208	1,650	-10,558	-86.5
Total Proposed Operating Budget	0	0	12,208	1,650	-10,558	-86.5

*Percent Change is based on whole dollars.

Table DT0-2
(dollars in thousands)

Repayment of Revenue Bonds

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change
80 Debt Service	0	0	0	6,000	6,000	N/A
Subtotal Nonpersonal Services (NPS)	0	0	0	6,000	6,000	N/A
Total Proposed Operating Budget	0	0	0	6,000	6,000	N/A

*Percent Change is based on whole dollars.

Expenditure by Program

Tables DS0-3, ZA0-3, CP0-3, ZB0-3, SM0-3, and DT0-3 show the FY 2007 proposed budget by program and activity.

Table DS0-3

FY 2007 Proposed Operating Budget and FTEs, by Program and Activity

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
Repayment of Loans and Interest (1000)								
Repayment of Loans and Interest (1100)	342,683	370,778	405,114	34,336	0	0	0	0
Subtotal: Repmnt of Loans and Int. (1000)	342,683	370,778	405,114	34,336	0	0	0	0
Total Proposed Operating Budget	342,683	370,778	405,114	34,336	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Table ZA0-3

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
Short-term Borrowings (1000)								
Short-term Borrowings (1100)	4,666	5,500	8,000	2,500	0	0	0	0
Subtotal: Short-term Borrowings (1000)	4,666	5,500	8,000	2,500	0	0	0	0
Total Proposed Operating Budget	4,666	5,500	8,000	2,500	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Table CP0-3

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
Certificates of Participation (1000)								
No Activity Assigned	0	4,000	0	-4,000	0	0	0	0
Certificate of Participation (1100)	14,904	11,000	33,225	22,225	0	0	0	0
Subtotal: Certificates of Participation (1000)	14,904	15,000	33,225	18,225	0	0	0	0
Total Proposed Operating Budget	14,904	15,000	33,225	18,225	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Table ZB0-3
(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
No Program Assigned								
No Activity Assigned	4,935	0	0	0	0	0	0	0
Subtotal: No Program Assigned	4,935	0	0	0	0	0	0	0
Debt Service - Issuance Costs (1000)								
Debt Service - Issuance Costs (1100)	0	40,000	30,000	-10,000	0	0	0	0
Subtotal: Debt Service - Issuance Costs (1000)	0	40,000	30,000	-10,000	0	0	0	0
Total Proposed Operating Budget	4,935	40,000	30,000	-10,000	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Table SM0-3
(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
Schools Modernization Fund (1000)								
Schools Modernization Fund (1100)	0	12,208	1,650	-10,558	0	0	0	0
Subtotal: Schools Modernization Fund (1000)	0	12,208	1,650	-10,558	0	0	0	0
Total Proposed Operating Budget	0	12,208	1,650	-10,558	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Table DT0-3
(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
Repayment of Revenue Bonds (1000)								
Repayment of Revenue Bonds (1100)	0	0	6,000	6,000	0	0	0	0
Subtotal: Repayment of Revenue Bonds (1000)	0	0	6,000	6,000	0	0	0	0
Total Proposed Operating Budget	0	0	6,000	6,000	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Gross Funds

The proposed gross funds budget is \$483,988,666, representing an increase of \$40,503,153, or 9.1 percent over the FY 2006 approved budget of \$443,485,513. There are no FTEs for these fund accounts.

General Fund

Local Funds. The proposed local funds budget for Repayment of Loans and Interest is \$405,113,766, an increase of \$34,336,253, or 9.3 percent over the FY 2006 approved budget of \$370,777,513. For Short-Term Borrowings, the proposed Local budget is \$8,000,000, an increase of \$2,500,000, or 45.5 percent over the FY 2006 approved budget of \$5,500,000. For Certificates of Participation, the proposed Local budget is \$33,224,900, an increase of \$18,224,900, or 121.5 percent over the FY 2006 approved budget of \$15,000,000. For Issuance Costs, the proposed Local budget is \$30,000,000, a decrease of \$10,000,000, or 25.0 percent from the FY 2006 approved budget of \$40,000,000. For the Schools Modernization fund, the proposed Local budget is \$1,650,000, a decrease of \$10,558,000, or 86.5 percent from the FY 2006 approved budget of \$12,208,000. For Repayment of Revenue Bonds, the proposed Local budget is \$6,000,000. This is a new agency for FY 2007.

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, such that its long-term capital assets are paid for over the course of their useful lives by current and future-year taxpayers who benefit from such assets. Debt Service for the District includes payments associated with 5 different financing methods:

- **Repayment of Loans and Interest (DS0)** represents debt service (principal and interest) and related costs on long-term general obligation bonds, which are associated with the District's borrowing to finance capital improvement projects for General Fund agencies. For FY 2007, the proposed level of debt service for Repayment of Loans and Interest totals \$405,113,766;

- **Short-Term Borrowings (ZA0)** represents interest and related costs associated with District borrowings to meet short-term seasonal cash needs. For FY 2007, the proposed debt service for financing costs for short-term borrowing totals \$8,000,000;
- **Certificates of Participation (CP0)** represents semi-annual lease (principal and interest) payments and related costs due on land for the One Judiciary Square building located at 441 4th Street, NW, the Unified Communications Center located on the East Campus of St. Elizabeths Hospital, the new mental health hospital, and the new DMV facility at 95 M Street, SW. For FY 2007, the proposed local budget for the certificates of participation totals \$33,224,900;
- **Debt Services Issuance Costs (ZB0)** represents costs associated with the issuance of new debt. This may include bond insurance, capitalized interest, underwriters' fees, other fees such as bond counsel, disclosure counsel, financial advisors, escrow and paying agents, and printing costs. For FY 2007, the proposed budget is \$30,000,000;
- **Schools Modernization Fund (SM0)** represents debt service on borrowing to be used toward the renovation of schools in the District of Columbia. For FY 2007, the proposed budget is \$1,650,000; and
- **Repayment of Revenue Bonds (DT0)** represents debt service (principal and interest) and related costs on revenue bonds, which are associated with the District's borrowings to securitize revenue from the Housing Production Trust Fund. For FY 2007, the proposed level of debt service for Repayment of Revenue Bonds is \$6,000,000.

Intra-District Fund

Intra-District Funds. The FY 2007 proposed Intra-District budget for Certificates of Participation (CPO) is \$2,000,000, a decrease of \$2,000,000, or 50.0 percent from the FY 2006 approved budget of \$4,000,000. The funds are for the Unified Communications Center /DC-Net debt service. There are no FTEs supported by these funds.

Settlements and Judgments

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$19,323,133	\$20,655,000	\$15,655,000	-24.2

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

In FY 2004, the D.C. Office of Risk Management (DCORM) began performing administrative oversight of the Settlements and Judgments fund. The D.C. Office of Risk Management strives to reduce the District's overall cost of risk by integrating individual agency programs of systematic risk identification and analysis, selecting and implementing appropriate risk control strategies, and prudently financing anticipated and incurred losses into a District government integrated risk management program.

The S&J fund was created to address increased litigation against the District government over the last 25 years. The fund was formerly managed and administered by the Office of the Attorney General (OAG). It is currently managed and administered by DCORM who makes all final decisions about the use of the fund. The fund is distinct and separate from DCORM's operating budget.

DCORM 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 OAG Counsel assigned to the case. Depending on the amount of settlement authority requested, the recommendation is reviewed and approved by several supervisors within the DC Office of the Attorney General 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.

The agency plans to fulfill its mission by achieving the following strategic result goals:

- Formalize the philosophy, policies and procedures for the prudent and professional financing of identified risks and incurred losses;
- Refine the capturing of core data electronically in order to enhance the timeliness and quality of service delivery and response to information requests; and
- Implement the DCORM core business process of Claims Management with cooperative litigation support for the Office of the Attorney General.

Gross Funds

The proposed budget is \$15,655,000, representing a decrease of \$5,000,000 or 24.2 percent from the FY 2006 approved budget of \$20,655,000. There are 0 FTEs, no change from FY 2006.

General Fund

Local Funds. The proposed budget is \$15,655,000, a decrease of \$5,000,000 or 24.2 percent from the FY 2006 approved budget of \$20,655,000. There are 0 FTEs, no change from FY 2006.

Funding by Source

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

Table ZH0-1

FY 2007 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	18,890	19,323	20,655	15,655	-5,000	-24.2
Total for General Fund	18,890	19,323	20,655	15,655	-5,000	-24.2
Gross Funds	18,890	19,323	20,655	15,655	-5,000	-24.2

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table ZH0-2 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table ZH0-2

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
40 Other Services and Charges	18,890	19,323	20,655	15,655	-5,000	-24.2
Subtotal Nonpersonal Services (NPS)	18,890	19,323	20,655	15,655	-5,000	-24.2
Total Proposed Operating Budget	18,890	19,323	20,655	15,655	-5,000	-24.2

*Percent Change is based on whole dollars.

Expenditure by Program

Table ZH0-3 shows the FY 2007 proposed budget and FTEs by program and activity for Settlements and Judgments.

Table ZH0-3

FY 2007 Proposed Operating Budget and FTEs, by Program and Activity

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
SETTLEMENTS AND JUDGMENTS (1000)								
Settlements and Judgments (1100)	19,323	20,655	15,655	-5,000	0	0	0	0
Subtotal: SETTLEMENTS AND JUDGMENTS	19,323	20,655	15,655	-5,000	0	0	0	0
Total Proposed Operating Budget	19,323	20,655	15,655	-5,000	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Programs

The D.C. Office of Risk Management anticipates approximately 1,200 new lawsuits in FY 2007, about the same number the District handled in FY 2006. DCORM anticipates 1,500 to 2,000 new claims to be filed in FY 2007, a slight decline from the previous two years.

John A. Wilson Building Fund

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$3,259,198	\$3,740,000	\$4,210,879	12.6

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 century-old historic building located at 1350 Pennsylvania Avenue, NW. Easily accessible to the public, the Wilson Building is an emblem of District pride showcased on the Pennsylvania Avenue corridor within the Federal Triangle, 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 a long-term District Council member and Chairman, the building suffered from neglect and was closed in 1996. District officials emerged with a redevelopment plan, and starting in 1996, the Wilson Building underwent a major renovation based on plans from architect Shalom Baranes. The result is a modern workplace for the District government that retains much of its historic flavor and texture.

Housed in the building are the Executive Office of the Mayor, the D.C. 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.

Gross Funds

The proposed budget is \$4,210,879, representing an increase of \$470,879, or 12.6 percent over the FY 2006 approved budget of \$3,740,000.

There are no FTEs supported by this fund, no change from FY 2006.

General Fund

Local Funds. The proposed budget is \$4,210,879, an increase of \$470,879, or 12.6 percent over the FY 2006 approved budget of \$3,740,000. There are no FTEs supported by this fund, no change from FY 2006.

Changes from the FY 2006 approved budget are:

- An increase of \$602,794 in fixed costs (energy, postage, and rent). For details on fixed costs changes by commodity for this agency, please see Appendix A in this book (Volume 2 of the FY 2007 Proposed Budget and Financial Plan); and
- A decrease of \$131,915 in fixed costs (security). For details on fixed costs changes by commodity for this agency, please see Appendix A in this book (Volume 2 of the FY 2007 Proposed Budget and Financial Plan).

Funding by Source

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

Table ZZ0-1

FY 2007 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
Appropriated Funds						
General Fund						
Local Funds	3,518	3,259	3,740	4,211	471	12.6
Total for General Fund	3,518	3,259	3,740	4,211	471	12.6
Gross Funds	3,518	3,259	3,740	4,211	471	12.6

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table ZZ0-2 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table ZZ0-2

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
30 Energy, Comm. and Bldg Rentals	391	514	487	592	105	21.6
32 Rentals - Land and Structures	1,128	1,137	1,008	1,500	492	48.8
34 Security Services	2,000	1,608	2,176	2,044	-132	-6.1
40 Other Services and Charges	0	0	69	75	6	8.0
Subtotal Nonpersonal Services (NPS)	3,518	3,259	3,740	4,211	471	12.6
Total Proposed Operating Budget	3,518	3,259	3,740	4,211	471	12.6

*Percent Change is based on whole dollars.

Expenditure by Program

Table ZZ0-3 shows the FY 2007 proposed budget and FTEs by program and activity for the John A. Wilson Building Fund.

Table ZZ0-3

FY 2007 Proposed Operating Budget and FTEs, by Program and Activity

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
WILSON BUILDING (1000)								
Wilson Building (1100)	3,259	3,740	4,211	471	0	0	0	0
Subtotal: Wilson Building (1000)	3,259	3,740	4,211	471	0	0	0	0
Total Proposed Operating Budget	3,259	3,740	4,211	471	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Workforce Investments

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$0	\$61,110,097	\$38,499,832	-37.0

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

Each year, the District budgets an amount for Workforce Investments for pay raises and reforms that are expected in the budgeted year, but are not finalized. Employees covered and the dollar amounts vary from year to year, depending on what compensation changes are finalized or are still outstanding. The Office of Budget and Planning develops estimates for the Workforce Investments budget in consultation with the D.C. Office of Personnel and the Office of Labor Relations and Collective Bargaining.

Gross Funds

The proposed budget is \$38,499,832, representing a decrease of \$22,610,265 or 37.0 percent from the FY 2006 approved budget of \$61,110,097. There are 0.0 FTEs, no change from FY 2006.

General Funds

Local Funds. The proposed budget is \$38,499,832, a decrease of \$22,610,265 or 37.0 percent from the FY 2006 approved budget of \$61,110,097. There are 0.0 FTEs no change from FY 2006.

The FY 2007 budget includes:

- \$3,970,071 for classification and compensation reform for police and firefighters.
- \$32,529,760 for the following compensation increases:

- Ongoing pay harmonization efforts for nonunion Career Service and Management Supervisory Service employees;
 - A 3.1 percent base pay increase for nonunion employees and performance based increases for Excepted Service employees, effective October 2006 (excluding nonunion uniformed employees, Legal Services, and nonunion employees in D.C. Public Schools and the University of the District of Columbia); and
 - Other anticipated labor cost changes.
- \$2,000,000 for a military pay differential to cover the costs of the District's Operation Enduring Freedom and Iraqi Freedom Military Pay Differential legislation. This ensures that the District will make up the salary difference between a government salary and a military salary of any District government employee serving in Operations Enduring Freedom or Iraqi Freedom.

Funding by Source

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

Table UP0-1

FY 2007 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	0	61,110	38,500	-22,610	-37.0
Total for General Fund	0	0	61,110	38,500	-22,610	-37.0
Gross Funds	0	0	61,110	38,500	-22,610	-37.0

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table UP0-2 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table UP0-2

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
11 Regular Pay - Cont Full Time	0	0	50,686	32,410	-18,276	-36.1
13 Additional Gross Pay	0	0	1,684	1,111	-573	-34.0
14 Fringe Benefits - Curr Personnel	0	0	6,371	4,747	-1,624	-25.5
15 Overtime Pay	0	0	2,370	232	-2,138	-90.2
Subtotal Personal Services (PS)	0	0	61,110	38,500	-22,610	-37.0
Total Proposed Operating Budget	0	0	61,110	38,500	-22,610	-37.0

*Percent Change is based on whole dollars.

Expenditure by Program

Table UP0-3 shows the FY 2007 proposed budget and FTEs by program and activity for the Workforce Investments.

Table UP0-3

FY 2007 Proposed Operating Budget and FTEs, by Program and Activity

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
Workforce Investments (1000)								
Workforce Investments (1100)	0	61,110	38,500	-22,610	0	0	0	0
Subtotal: Workforce Investments (1000)	0	61,110	38,500	-22,610	0	0	0	0
Total Proposed Operating Budget	0	61,110	38,500	-22,610	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Program Description

This fund contains money to cover labor cost increases that were anticipated but were not yet approved by the Council prior to the Mayor's submission of the FY 2007 proposed budget to the Council. These labor cost increases can include negotiated wage agreements with the District's unions, nonunion wage increases, and labor costs associated with District-wide classification and compensation reforms. The D.C. Public Schools and the University of the District of Columbia (except for employees in Compensation Units 1, 2, and 15) are not included in the cost estimates for this fund because they do not follow the Mayor's pay authority.

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 nonunion employees under the pay authority of the Mayor. Once a labor agreement between the District and a union has been reached, or a nonunion pay increase is proposed, the Mayor submits the proposals to the Council for consideration. After the Council approves a pay proposal, the appropriate funding is transferred from Workforce Investments to the affected agencies for distribution to employees.

Non-Departmental

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$0	\$37,286,146	\$45,942,118	23.2
FTEs	0.0	16.0	0.0	-100.0

Non-Departmental accounts for anticipated costs that were not allocated to specific agencies during the development of the proposed budget, to ensure that 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 2007, Non-Departmental will improve the Office of Budget and Planning's budget formulation by ensuring that certain use criteria are met by agencies before the funds are released to those agencies.

Gross Funds

The proposed budget is \$45,942,118, representing an increase of \$8,655,972 or 23.2 percent over the FY 2006 approved budget of \$37,286,146. There are no FTEs, a decrease of 16.0 FTEs from FY 2006.

General Funds

Local Funds. The proposed budget is \$22,437,039, an increase of \$8,975,045 or 66.7 percent over the FY 2006 approved budget of \$13,461,994. There are no FTEs, a decrease of 16.0 FTEs from FY 2006.

Changes from the FY 2006 approved budget are:

- An increase of \$6,172,159 in new contracts for health and food services at the Department of Corrections;

- A decrease of \$13,461,994 in funds that were included in the account for specific agencies during the development of the FY 2006 proposed budget;
- An increase of \$5,924,880 funded by an offsetting reduction to the FY 2007 District of Columbia Public Schools budget for the District of Columbia Board of Education to enter into a Memorandum of Understanding ("MOU") with the Mayor. The MOU shall specify how educational services shall be provided to committed and detained youth who are under the supervision of the Department of Youth Rehabilitation Services (DYRS) and are residing at the Oak Hill Youth Center, the Youth Services Center, and any other replacement or new secure facilities operated by, or on behalf of, DYRS for youth in DYRS custody. Additionally the MOU shall specify in detail how an appropriate educational program shall be delivered to children under the supervision of DYRS and how operating funds, allocations, and other funds that support the provision of these services will be used;

- An increase of \$7,000,000 to hire additional officers at the Metropolitan Police Department;
- An increase of \$2,800,000 for costs associated with correctional treatment facility rent at the Department of Corrections; and
- An increase of \$540,000 for costs associated with the transfer of 5 FTEs (4 Hearing Officers and 1 Supervisory Hearing Specialist) to the Office of Administrative Hearings (OAH). This amount includes \$300,000 for the hearing administration function transferred from the Department of Consumer and Regulatory Affairs (DCRA) to OAH, and \$240,000 to cover the increased personal services costs associated with reclassifying the DCRA Hearing Officers to OAH Administrative Law Judges.

Special Purpose Revenue Funds. The proposed budget is \$23,505,079, a decrease of \$319,073 or 1.3 percent from the FY 2006 approved budget of \$23,824,152. There are no FTEs, no change from FY 2006.

Changes from the FY 2006 approved budget are:

- An increase of \$23,505,079 for a contingency fund. An amount of \$23,505,079 is proposed as a contingency for potential Special Purpose Revenue expenditures that are less than the anticipated revenue receipts at the time the proposed budget was transmitted to Congress.

Funding by Source

Tables DO0-1 and DO0-2 show the sources of funding and FTEs by fund type for the Non-Departmental Fund.

Table DO0-1

FY 2006 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	0	13,462	22,437	8,975	66.7
Special Purpose Revenue Funds	0	0	23,824	23,505	-319	-1.3
Total for General Fund	0	0	37,286	45,942	8,656	23.2
Gross Funds	0	0	37,286	45,942	8,656	23.2

*Percent Change is based on whole dollars.

Table D00-2

FY 2006 Full-Time Equivalent Employment Levels

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	0	16	0	-16	-100.0
Total for General Fund	0	0	16	0	-16	-100.0
Total Proposed FTEs	0	0	16	0	-16	-100.0

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table D00-3 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table D00-3

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
11 Regular Pay - Cont Full Time	0	0	870	0	-870	-100.0
14 Fringe Benefits - Curr Personnel	0	0	130	0	-130	-100.0
Subtotal Personal Services (PS)	0	0	1,000	0	-1,000	-100.0
20 Supplies and Materials	0	0	0	0	0	N/A
32 Rentals - Land and Structures	0	0	492	0	-492	-100.0
34 Security Services	0	0	130	0	-130	-100.0
40 Other Services and Charges	0	0	0	6,172	6,172	N/A
41 Contractual Services - Other	0	0	7,720	0	-7,720	-100.0
50 Subsidies and Transfers	0	0	26,944	39,770	12,826	47.6
70 Equipment & Equipment Rental	0	0	1,000	0	-1,000	-100.0
Subtotal Nonpersonal Services (NPS)	0	0	36,286	45,942	9,656	26.6
Total Proposed Operating Budget	0	0	37,286	45,942	8,656	23.2

*Percent Change is based on whole dollars.

Expenditure by Program

Table DO0-4 shows the FY 2007 proposed budget and FTEs by control center and responsibility center for the Non-Departmental Fund.

Table DO0-4

FY 2007 Proposed Operating Budget and FTEs, by Control Center and Responsibility Center

(dollars in thousands)

Control Center/Responsibility Center	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
Non-Departmental (1000)								
Non-Departmental (1100)	0	37,286	45,942	8,656	0	16	0	-16
Subtotal: Non-Departmental (1000)	0	37,286	45,942	8,656	0	16	0	-16
Total Proposed Operating Budget	0	37,286	45,942	8,656	0	16	0	-16

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Emergency Planning and Security Fund

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$16,697,197	\$0	\$0	N/A

Note: The total FY 2005 expenditures reflected under Federal Payment authority in the System of Accounting and Reporting (SOAR) (\$16,697,197) will not tie to the approved expenditures (\$17,568,048) listed below. This discrepancy is a result of the FY 2005 4th Quarter reimbursement being received after the release of the FY 2005 Comprehensive Annual Financial Report (CAFR).

The Emergency Planning and Security Fund is designated for the federal payment to the District for emergency planning and security costs.

These costs are associated with:

- Providing public safety at events related to the presence of the nation's capital in the District; and
- Providing response support to immediate and specific terrorist threats or attacks in the District and surrounding jurisdictions.

In the past five years, the District has withstood the effects of September 11, elevated threat conditions, IMF/World Bank protests, and anti-war demonstrations. In 2005, the District also hosted the Presidential Inauguration. As the District must expend Local funds to oversee these public safety events directly related to the presence of the nation's capital in the District, the President has designated a federal payment to reimburse the District.

Federal apportionment restrictions require potentially eligible expenditures to remain under District Local funds budget authority until approved for reimbursement by the Executive Office of the President. Upon approval, expenditures are transferred to federal payment budget authority. In past fiscal years, delays in the approval process and subsequent apportion-

ments have created artificial surpluses in agency Local funds at the end of the fiscal year.

The FY 2005 activity within the federal payment for Emergency Planning and Security Costs was as follows:

Unexpended balance carried forward from FY 2004	\$4,925,179
FY 2005 Approved Budget ¹	14,880,000
Total Available in FY 2005	\$19,805,179

¹Reflects 0.80 percent federal rescission

FY 2005 approved expenditures by agency are:

2005 Inauguration	\$8,328,136
Metropolitan Police Department	6,710,609
Fire and Emergency Medical Services Department	2,042,609
Department of Public Works	259,099
District Department of Transportation	137,789
D.C. Emergency Management Agency	89,807
Total	\$17,568,048

FY 2005 approved expenditures by event are:

2005 Inauguration	\$8,328,136
IMF/World Bank Fall Board Meeting	2,900,266
Heightened alert (post London bombings)	1,990,596
Hazmat/Federal Property	1,597,580
Code Orange Alert	893,817
IMF/World Bank Spring Board Meeting	540,342
Vehicular Costs	460,497
Demonstrations/events	237,495
POTUS/VPOTUS Helicopter landings	152,160
4th of July	122,015
Foreign Dignitary Protection	107,753
State of the Union	106,975
Aerial Surveillance & Monitoring	98,149
Memorial Day	24,169
March for Life	4,621
Law Enforcement Memorial weekend	2,000
Chief Justice Rehnquist funeral	1,478
Total	\$17,568,048

FY 2005 approved expenditures by quarter are:

1st Quarter	\$2,471,588
2nd Quarter (including 2005 Inauguration)	9,037,931
3rd Quarter	1,113,606
4th Quarter	4,944,923
Total	\$17,568,048

FY 2005 disallowed costs by event are:

POTUS/VPOTUS support	\$881,442
Foreign Dignitary protection	178,108
Washington Nationals Home Opener	34,235
First Lady support	15,345
MPD Vehicular Costs (partial)	11,821
Cherry Blossom festival	7,870
Mayflower Hotel bomb scare	3,627
Former high-level federal dignitaries	539
Total	\$1,132,988

The FY 2006 status of the federal payment

for emergency planning and security costs is as follows:

Unexpended balance carried forward from FY 2005	\$2,237,131
FY 2006 Approved Budget ²	13,365,000
Total Available in FY 2006	\$15,602,131

²Reflects 1 percent federal rescission

At the request of the Mayor, the President's FY 2007 budget proposes a federal payment to the District of Columbia for emergency planning and security as follows:

"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, \$8,533,000, to remain available until expended, to reimburse the District of Columbia for the costs of providing public safety at 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: Provided, That any amount provided under this heading shall be available only after such amount has been apportioned pursuant to chapter 15 of title 31, United States Code. (District of Columbia Appropriations Act, 2006.)"

The total available authority in FY 2007 will depend on the carryover of unexpended balances from prior fiscal years. FY 2007 federal payment budget authority will be provided for eligible expenditures upon approval by the Executive Office of the President.

Gross Funds

The proposed FY 2007 budget is \$0, no change from FY 2006. FY 2007 federal payment budget authority will be provided for eligible expenditures upon approval by the Executive Office of the President. No operating FTEs are supported by this budget, no change from FY 2006 .

Funding by Source

Table EP0-1 shows the sources of funding by fund type for the Emergency Planning and Security Fund.

Table EP0-1

FY2007 Proposed Operating Budget by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	0	0	0	0	N/A
Total for General Fund	0	0	0	0	0	N/A
Federal Resources						
Federal Payments	10,289	16,697	0	0	0	N/A
Total for Federal Resources	10,289	16,697	0	0	0	N/A
Gross Funds	10,289	16,697	0	0	0	N/A

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table EP0-2 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table EP0-2

FY2007 Proposed Operating Budget by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
11 Regular Pay - Cont FullTime	2	0	0	0	0	N/A
Subtotal Personal Services (PS)	2	0	0	0	0	N/A
50 Subsidies and Transfers	10,286	16,697	0	0	0	N/A
Subtotal Nonpersonal Services (NPS)	10,286	16,697	0	0	0	N/A
Total Proposed Operating Budget	10,289	16,697	0	0	0	N/A

*Percent Change is based on whole dollars.

General Fund

Local Funds. The proposed FY 2007 Local funds budget is \$0, no change from FY 2006. No FTEs are supported by this budget.

Federal Fund

Federal Payments. The proposed FY 2007 budget is \$0, no change from FY 2006. FY 2007 federal payment budget authority will be provided for eligible expenditures upon approval by the Executive Office of the President. No FTEs are supported by this budget, no change from FY 2006.

Tax Increment Financing (TIF) Program

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$5,556,533	\$0	\$0	N/A

Tax Increment Financing is a program through which the District provides economic development grants by borrowing against future tax receipts from funded projects.

The District established a tax increment financing (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."

Gross Funds

The proposed budget is \$0, no change from the FY 2006 approved budget of \$0. There are no FTEs for the agency. This account will be kept active to provide additional funding in the event the dedicated tax stream is insufficient to cover the debt service.

General Fund

Local Funds. The proposed budget is \$0, no change from the FY 2006 approved budget of \$0. There are no FTEs for the agency.

Program Description

The Tax Increment Financing program has five major projects: (1) Gallery Place, (2) the Mandarin Oriental Hotel, (3) the International Spy Museum, (4) an Embassy Suites hotel, and (5) Capitol Hill Towers.

Pursuant to Council Resolution 14-257, the District is required to establish a reserve to be used to meet the bond obligations associated with the Tax Increment Financing of two of the projects, the Gallery Place and Mandarin projects. In the Fiscal Year 2005 budget, the District requested authority to expend up to \$9,710,000 from the District's general fund balance as needed to meet the requirement.

- Gallery Place is a mixed-use project that opened in the summer of 2004. The debt service payments associated with the Gallery Place project is estimated to be \$5,204,489 in FY 2007.
- The Mandarin Oriental hotel opened in March 2004. Its debt service payment in FY 2007 is estimated to be \$4,504,125.

Funding by Source

Table TX0-1 shows the source of funding for the Tax Increment Financing.

Table TX0-1

FY 2007 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
Local Funds	1,940	5,557	0	0	0	N/A
Total for General Fund	1,940	5,557	0	0	0	N/A
Gross Funds	1,940	5,557	0	0	0	N/A

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table TX0-2 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table TX0 -2

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
50 Subsidies and Transfers	1,940	5,557	0	0	0	N/A
Subtotal Nonpersonal Services (NPS)	1,940	5,557	0	0	0	N/A
Total Proposed Operating Budget	1,940	5,557	0	0	0	N/A

*Percent Change is based on whole dollars.

Expenditure by Program

Table TX0-3 shows the FY 2007 proposed budget by program and activity for the Tax Increment Financing.

Table TX0-3

FY 2007 Proposed Operating Budget and FTEs, by Program and Activity

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalentents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
Tax Increment Financing (TIF) Program (1000)								
Tax Increment Financing (TIF Program (1100)	5,557	0	0	0	0	0	0	0
Subtotal: Tax Incre. Fin. (TIF) Program (1000)	5,557	0	0	0	0	0	0	0
Total Proposed Operating Budget	5,557	0	0	0	0	0	0	0

*Percent Change is based on whole dollars

Cash Reserve

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$0	\$50,000,000	\$50,000,000	0.0

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

This account replaced the budgeted reserve (RD0) in FY 2004, which was phased out because of the accumulation, by the District, of a cash reserve that exceeded a federally mandated target of 7 percent of Local fund expenditures. The reserve dollars are to be expended and obligated in accordance with the directives of 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.

Gross Funds

The proposed budget is \$50,000,000, representing no change from the FY 2006 approved budget of \$50,000,000.

General Funds

Local Funds. The proposed budget is \$50,000,000, representing no change from the FY 2006 approved budget of \$50,000,000. The proposed budget reflects a required cash set-aside to provide contingent funds in the absence of the budgeted reserve.

Funding by Source

Table CS0-1 shows the source of funding by fund type for the Cash Reserve.

Table CS0-1

FY 2007 Proposed Operating Budget, by Revenue

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	0	50,000	50,000	0	0.0
Total for General Fund	0	0	50,000	50,000	0	0.0
Gross Funds	0	0	50,000	50,000	0	0.0

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table CS0-2 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table CS0-2

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
50 Subsidies and Transfers	0	0	50,000	50,000	0	0.0
Subtotal Nonpersonal Services (NPS)	0	0	50,000	50,000	0	0.0
Total Proposed Operating Budget	0	0	50,000	50,000	0	0.0

*Percent Change is based on whole dollars.

Expenditure by Program

Table CS0-3 shows the FY 2007 proposed budget by program and activity for the Cash Reserve.

Table CS0-3

FY 2007 Proposed Operating Budget, by Program and Activity

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
CASH RESERVE (1000)								
Cash Reserve (1100)	0	50,000	50,000	0	0	0	0	0
Subtotal: CASH RESERVE	0	50,000	50,000	0	0	0	0	0
Total Proposed Operating Budget	0	50,000	50,000	0	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Master Equipment Lease/Purchase Program

Equipment Lease Operating

Lease Payments	FY 2006 Approved	FY 2007 Proposed	% Change
Department of Public Works	\$12,545,044	\$11,470,000	-8.6
Fire and Emergency Medical Services Dept.	\$5,872,498	\$6,770,000	15.3
Metropolitan Police Department	\$6,404,507	\$6,380,000	-0.4
Office of the Chief Technology Officer	\$1,585,289	\$16,850,000	962.9
Dept. of Parks and Recreation	\$715,161	\$590,000	-17.5
DC Public Library	\$159,462	\$450,000	182.2
Office of the Chief Financial Officer	\$68,184	\$300,000	340.0
Department of Consumer and Regulatory Affairs	\$0	\$350,000	N/A
Department of Mental Health	\$0	\$225,000	N/A
Office of Administrative Hearings	\$28,149	\$0	-100.0
Office of Planning	\$10,228	\$0	-100.0
Department of Housing & Community Dev.	\$5,682	\$10,000	76.0
Department of Health (formerly PBC)	\$46,304	\$560,000	1,109.4
District of Columbia Public Schools	\$8,000,000	\$4,680,000	-41.5
Total	\$35,440,508	\$48,635,000	37.2

The mission of the Master Equipment Lease/Purchase Program (the program) is to provide District agencies with access to low-cost, tax-exempt financing for short-term capital equipment needs.

The program also enables the District to improve its asset/liability management by matching the useful life of the asset being financed to the amortization of the liability. Equipment financed through the program must have a useful life of at least 5 years. The repayment (amortization) will not exceed the useful life of the equipment being financed. The maximum financing term that may be requested is 10 years. The program finances equipment such as rolling stock (automobiles, trucks, public safety vehicles, and computer hardware and software).

Under the District of Columbia Home Rule

Act, the District may issue various obligations to finance its capital needs. Financing through the program involves a financing company paying for the purchase of equipment for the District's use, the District makes lease payments to the financing company for such equipment, which are in effect principal and interest payments on the amount financed, and the District gains ownership of the equipment upon completion of the payments. As of September 30, 2005, the District had financed approximately \$146.5 million of its capital equipment needs through the program.

Timely lease payments are necessary to satisfy the District's commitments to its investors and creditors, and to maintain a good credit standing in the financial markets. Appropriations for the program are budgeted from Local funds in amounts sufficient to meet the required lease payments.

Gross Funds

The proposed budget is \$48,635,000, representing an increase of \$13,194,492, or 37.2 percent over the FY 2006 approved budget of \$35,440,508. There are no FTEs.

General Funds

Local Funds. The proposed is \$43,955,000, an increase of \$16,514,492 or 60.2 percent over the FY 2006 approved budget of \$27,440,508. Equipment Lease Operating represents lease (principal and interest) payments associated with the financing of the program.

Intra-District Funds. The proposed budget is \$4,680,000. This is a decrease of \$3,320,000, or 41.5 percent, from the approved FY 2006 budget of \$8,000,000. The budget consists of an intra-agency transfer from the District of Columbia Public Schools.

Funding by Source

Table ELO-1 shows the sources of funding by fund type for the Master Equipment Lease/Purchase Program.

Table ELO-1

FY 2007 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	22,058	27,441	43,955	16,514	60.2
Total for General Fund	0	22,058	27,441	43,955	16,514	60.2
Intra-District Funds	21,279	0	8,000	4,680	-3,320	-41.5
Total for Intra-District Funds	21,279	0	8,000	4,680	-3,320	-41.5
Gross Funds	21,279	22,058	35,441	48,635	13,194	37.2

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table ELO-2 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table ELO-2

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
80 Debt Service	21,279	22,058	35,441	48,635	13,194	37.2
Subtotal Nonpersonal Services (NPS)	21,279	22,058	35,441	48,635	13,194	37.2
Total Proposed Operating Budget	21,279	22,058	35,441	48,635	13,194	37.2

*Percent Change is based on whole dollars.

Expenditure by Program

Table ELO-3 shows the FY 2007 proposed budget by program and activity for the Master Equipment Lease/Purchase Program.

Table ELO-3

FY 2007 Proposed Operating Budget and FTEs, by Program and Activity

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
Equipment Lease (1000)								
Equipment Lease (1100)	22,058	35,441	48,635	13,194	0	0	0	0
Subtotal: Equipment Lease (1000)	22,058	35,441	48,635	13,194	0	0	0	0
Total Proposed Operating Budget	22,058	35,441	48,635	13,194	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Emergency and Contingency Reserve Funds

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$0	\$0	\$0	N/A

The purpose of the Emergency and Contingency Reserve Funds is to maintain the required fund balances established under section 450A of the District of Columbia Home Rule Act (D. C. Official Code, sec. 1-204.50a) for each fiscal year. The Emergency and Contingency Reserve Funds were established to provide for nonrecurring or unforeseen needs that arise during the fiscal year.

These funds are allocated to Emergency and Contingency Cash Reserve Funds for the District of Columbia.

Gross Funds

This fund will be budgeted on an as-needed basis.

General Funds

Local Funds. There is no expenditure line item for these funds.

Programs

In FY 2005, the District requested that Congress adopt several changes to these funds. Significant changes included:

- Modifying the calculation of the emergency and contingency funds by using prior year actual expenditures from local

funds as defined in the annual Comprehensive Annual Financial Report (CAFR) and removing from the calculation of actual expenditures those expenditures related to payment of debt service;

- Changing the overall percentage requirement to 6.0 percent from 7.0 percent (Emergency Reserve Fund at 2.0 percent and Contingency Reserve Fund at 4.0 percent); and
- Changing the replenishment requirements to two years from the current one year requirement, with no less than 50 percent replenished in the first year.

Please refer to the Financial Plan and the Comprehensive Financial Management Policy chapters for additional information.

Funding by Source

Table SV0-1 shows the source of funding by fund type for Emergency and Contingency Reserve Funds.

Table SV0-1

FY 2007 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	0	0	0	0	N/A
Total for General Fund	0	0	0	0	0	N/A
Gross Funds	0	0	0	0	0	N/A

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table SV0-2 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table SV0-2

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
50 Subsidies and Transfers	0	0	0	0	0	N/A
Subtotal Nonpersonal Services (NPS)	0	0	0	0	0	N/A
Total Proposed Operating Budget	0	0	0	0	0	N/A

*Percent Change is based on whole dollars.

Inaugural Expenses

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$14,328,136	\$0	\$0	N/A

Inaugural Expenses is designated for expenditures associated with presidential inaugurations.

In prior fiscal years, Inaugural Expenses recorded the federal payment that reimbursed the District for expenditures associated with Presidential inaugurations. The *District of Columbia Appropriations Act, 2005* did not include a separate federal payment for the 2005 Inauguration. Instead, the Senate Appropriations Committee report provided the following guidance:

"In fiscal year 2001, the President requested \$6,000,000 to pay for police overtime and other security measures associated with the inaugural events. The committee notes that because this is the first inauguration since September 11, 2001, even tighter security measures and increased police staff will be necessary. Unfortunately, because of budget constraints, the committee is only providing \$15,000,000 for all events in the District that require increased security. The committee recommends that the Department of Homeland Security reimburse the District for security costs associated with the inauguration."

The District incurred the following expenditures for the 2005 Inauguration:

Metropolitan Police Department	\$10,344,017
Office of Property Management	2,497,037
Fire and Emergency Medical Services Department	428,425
District Department of Transportation	404,522

Department of Public Works	\$179,824
D.C. Emergency Management Agency	175,436
Department of Health	136,731
Department of Consumer and Regulatory Affairs	123,004
Water and Sewer Authority	15,872
Department of Mental Health	10,182
Office of Unified Communications	5,439
District of Columbia National Guard	3,742
Office of the Secretary	2,145
Alcoholic Beverage Regulation Administration	1,306
Department of Motor Vehicles	454
Total	\$14,328,136

These expenditures were reimbursed from the following sources of funding:

Federal payment for emergency planning and security costs	\$8,328,136
Department of Homeland Security Grants	6,000,000

Gross Funds

The proposed budget is \$0, no change from the FY 2006 approved budget. There are no operating FTEs, no change from FY 2006.

General Fund

Local Funds. The proposed budget is \$0, no change from the FY 2006 approved budget. There are no FTEs, no change from FY 2006.

Funding by Source

Table SB0-1 shows the sources of funds and FTEs by fund type for Inaugural Expenses.

Table SB0-1

FY2007 Proposed Operating Budget by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
Local Funds	0	0	0	0	0	N/A
Total for General Fund	0	0	0	0	0	N/A
Intra-District Funds	0	14,328	0	0	0	N/A
Total for Intra-District Funds	0	14,328	0	0	0	N/A
Gross Funds	0	14,328	0	0	0	N/A

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table SB0-2 shows the FY 2007 proposed budget for the Inaugural Expenses at the Comptroller Source Group level (Object Class level).

Table SB0-2

FY2007 Proposed Operating Budget by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
11 Regular Pay - Cont Full Time	0	1,251	0	0	0	N/A
12 Regular Pay - Other	0	2	0	0	0	N/A
13 Additional Gross Pay	0	826	0	0	0	N/A
14 Fringe Benefits - Curr Personnel	0	400	0	0	0	N/A
15 Overtime Pay	0	2,151	0	0	0	N/A
Subtotal Personal Services (PS)	0	4,630	0	0	0	N/A
20 Supplies and Materials	0	178	0	0	0	N/A
40 Other Services and Charges	0	6,757	0	0	0	N/A
41 Contractual Services - Other	0	2,143	0	0	0	N/A
50 Subsidies and Transfers	0	16	0	0	0	N/A
70 Equipment & Equipment Rental	0	605	0	0	0	N/A
Subtotal Nonpersonal Services (NPS)	0	9,698	0	0	0	N/A
Total Proposed Operating Budget	0	14,328	0	0	0	N/A

*Percent Change is based on whole dollars.

Pay-As-You-Go Capital Fund

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$20,550,000	\$262,323,000	\$87,987,000	-66.5

The mission of the Pay-As-You-Go Capital fund is to provide an additional funding source and offset general obligation borrowing for capital-related projects.

The Mayor can request the use of the funds following the determination and certification by the Chief Financial Officer (CFO) that the funds are necessary for the designated purpose.

Gross Funds

The proposed budget is \$87,987,000, representing a decrease of \$174,336,000, or 66.5 percent from the FY 2006 approved budget of \$262,323,000. There are no FTEs supported by the funds. The budget provides an additional funding source for capital expenditures and offsets general obligation borrowing for capital projects.

General Fund

Local Funds. The proposed budget is \$87,987,000, representing a decrease of \$174,336,000, or 66.5 percent from the FY 2006 approved budget of \$262,323,000. There are no FTEs supported by the fund.

Funding by Source

Table PA0-1 shows the source of funding for the Pay-As-You-Go Capital Fund.

Table PA0-1

FY 2007 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	20,550	262,323	87,987	-174,336	-66.5
Total for General Fund	0	20,550	262,323	87,987	-174,336	-66.5
Gross Funds	0	20,550	262,323	87,987	-174,336	-66.5

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table PA0-2 shows the FY 2007 proposed budget for the fund at the Comptroller Source Group level (Object Class level).

Table PA0-2

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
50 Subsidies and Transfers	0	20,550	262,323	87,987	-174,336	-66.5
Subtotal Nonpersonal Services (NPS)	0	20,550	262,323	87,987	-174,336	-66.5
Total Proposed Operating Budget	0	20,550	262,323	87,987	-174,336	-66.5

*Percent Change is based on whole dollars.

Expenditure by Program

Table PA0-3 shows the FY 2007 proposed budget by program and activity for the Pay-As-You-Go Capital Fund.

Table PA0-3

FY 2007 Proposed Operating Budget and FTEs, by Program and Activity

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
Pay-go Capital (1000)								
Pay-Go Capital (1100)	20,550	262,323	87,987	-174,336	0	0	0	0
Subtotal: Pay-Go Capital (1000)	20,550	262,323	87,987	-174,336	0	0	0	0
Total Proposed Operating Budget	20,550	262,323	87,987	-174,336	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Pay-As-You-Go Contingency Funds

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$0	\$0	\$0	N/A

The mission of the contingency account is to set aside pay-as-you-go funds in an effort to reduce the rate of spending growth in the government of the District of Columbia.

Funding by Source

Table CN0-1 shows the source of funding for Pay-As-You-Go Contingency Funds.

Table CN0-1

FY 2007 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	0	0	0	0	.0
Total for General Fund	0	0	0	0	0	0
Gross Funds	0	0	0	0	0	0

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table CN0-2 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table CN0-2

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
50 Subsidies and Transfers	0	0	0	0	0	0
Subtotal Nonpersonal Services (NPS)	0	0	0	0	0	0
Total Proposed Operating Budget	0	0	0	0	0	0

*Percent Change is based on whole dollars.

District Retiree Health Contribution

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$0	\$138,000,000	\$4,700,000	-96.6

The District Retiree Health Contribution provides a contribution toward the District's other post-employment benefits (OPEB) liabilities.

District government retirees who were first employed after September 30, 1987 ("post-87") may obtain health insurance (pursuant to D.C. Code 1-622) and life insurance (pursuant to D.C. Code 1-623) from the District. Currently, the District pays 75 percent of the cost of retirees' health insurance premiums and one-third of the cost of retirees' life insurance premiums. Other post-employment benefits for District government retirees who were first employed prior to October 1, 1987 ("pre-87") are the responsibility of the federal government.

In 1999, the District of Columbia Council approved the Annuitants' Health and Life Insurance Employer Contribution Trust Fund to pay the District's contribution for post-87 retirees' health and life insurance. The proposed budget of the District Retiree Health Contribution represents the District's current payment to retirees eligible to receive the benefit. The Government Accounting Standards Board requires the District to start recording the actuarially required OPEB contribution in its financial statements, beginning FY 2008.

The current expenditures for existing post-87 retirees are reflected in the D.C. Office of Personnel Trust Fund (see agency UV0).

Gross Funds

The proposed budget is \$4,700,000, representing a decrease of \$133,300,000, or 96.6 percent from the FY 2006 approved budget of \$138,000,000. This amount represents the District's current contribution to retirees that are eligible to receive health insurance. There are no FTEs for the agency, no change from FY 2006.

General Funds

Local Funds. The proposed budget is \$4,700,000, representing a decrease of \$133,300,000, or 96.6 percent from the FY 2006 approved budget of \$138,000,000. This amount represents the District's current contribution to retirees that are eligible to receive health insurance. There are no FTEs for the agency, no change from FY 2006.

Funding by Source

Table RH0-1 shows the source of funding by fund type for District Retiree Health Contribution.

Table RH0-1

FY 2006 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	0	0	138,000	4,700	-133,300	-96.6
Total for General Fund	0	0	138,000	4,700	-133,300	-96.6
Gross Funds	0	0	138,000	4,700	-133,300	-96.6

*Percent Change is based on whole dollars.

Expenditure by Comptroller Source Group

Table RH0-2 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table RH0-2

FY 2006 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
50 Subsidies and Transfers	0	0	138,000	4,700	-133,300	-96.6
Subtotal Nonpersonal Services (NPS)	0	0	138,000	4,700	-133,300	-96.6
Total Proposed Operating Budget	0	0	138,000	4,700	-133,300	-96.6

*Percent Change is based on whole dollars.

Expenditure by Program

Table RH0-3 shows the FY 2007 proposed budget and FTEs by program and activity for the District Retiree Health Contribution.

Table RH0-3

FY 2007 Proposed Operating Budget and FTEs, by Program and Activity

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-time Equivalents			
	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006
DISTRICT RETIREE HEALTH CONTRIBUTION (1000)								
District Retiree Health Contribution (1100)	0	138,000	4,700	-133,300	0	0	0	0
Subtotal: DRHC	0	138,000	4,700	-133,300	0	0	0	0
Total Proposed Operating Budget	0	138,000	4,700	-133,300	0	0	0	0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

