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Testimony

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House of Representatives

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FINANCIAL STATUS

District of Columbia Finances

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060441 / 153113

Mr. Chairman and Members of the Committee:

We are pleased to be here today to discuss the results of our review of the finances of the District of Columbia, the calculation of the authorized federal payment to the District of Columbia for fiscal year 1995, and our comments on H.R. 2902 amending the District of Columbia Self-Government and Government Reorganization Act (Home Rule Act). Our review of the District's finances was prompted by a request to us and the Congressional Budget Office (CBO) from you and the Chairman of the Subcommittee on the District of Columbia House Committee on Appropriations. Working cooperatively with CBO, we issued our report Financial Status: District of Columbia Finances (GAO/AIMD/GGD-94-172BR, June 22, 1994). Our review of the federal payment formula calculation is required by The District of Columbia Budgetary Efficiency Act of 1991 (Public Law 102-102) and the results of that review are included in our report (GAO/AIMD-94-139, July 11, 1994). We will highlight some of the more significant findings from these reports.

BACKGROUND

The District of Columbia is a unique entity, being the only governmental unit with responsibilities for state and county, as well as city, functions. As such, it provides a variety of services and programs for its residents and visitors, including police and fire protection, local transportation, Medicaid, hospital care, sanitation, employment assistance, education, and housing. The District currently provides these services primarily from a $3.4 billion budget that was appropriated from the District's general fund by the Congress. Approximately 80 percent of the revenue financing the annual appropriation comes from income taxes, property taxes, sales taxes, and other local sources of revenue. In addition, the District expects to receive approximately $750 million in federal grants, as well as reimbursements for services that are not included in amounts annually appropriated. The District also receives an annual federal payment intended to compensate the District for nonreimbursed services provided to the federal government and for deficiencies in the District's tax base resulting from federally imposed limitations on the District's ability to raise certain tax revenues.

The formula for calculating the amount authorized for appropriation as the annual federal payment to the District is provided in legislation.[1] The authorized federal payment for fiscal years 1993, 1994, and 1995 is 24 percent of the District

[1]District of Columbia Self-Government and Governmental Reorganization Act, as amended by District of Columbia Budgetary Efficiency Act of 1991, Public Law 102-102, August 17, 1991.

of Columbia local revenues of the second preceding fiscal year. For example, the 1995 authorized payment is 24 percent of the District's fiscal year 1993 revenues. The act defines local revenues as the independently audited revenues of the District that are derived from sources other than the federal government during the year, as reviewed by the Comptroller General under section 715(e) of Title 31, United States Code.

The District of Columbia Self-Government and Governmental Reorganization Act (Home Rule Act), Public Law 93-198, confers limited autonomy to the District and provides for congressional oversight. For example, the act requires the District to submit balanced budgets to the Congress and precludes the District from obligating or expending funds unless approved by the Congress. The District annually prepares budgets that include appropriated general fund revenues and expenditures, a capital projects plan for the next 5 years, and a long-term financial plan.

District officials note that, in recent years, the District has not only been impacted by a sluggish economy, but its financial situation has been aggravated by the migration of a significant number of middle class taxpayers to the suburbs, leaving behind a greater percentage of residents who are most in need of government assistance.

DISTRICT'S PROJECTED CASH POSITION IS TENUOUS

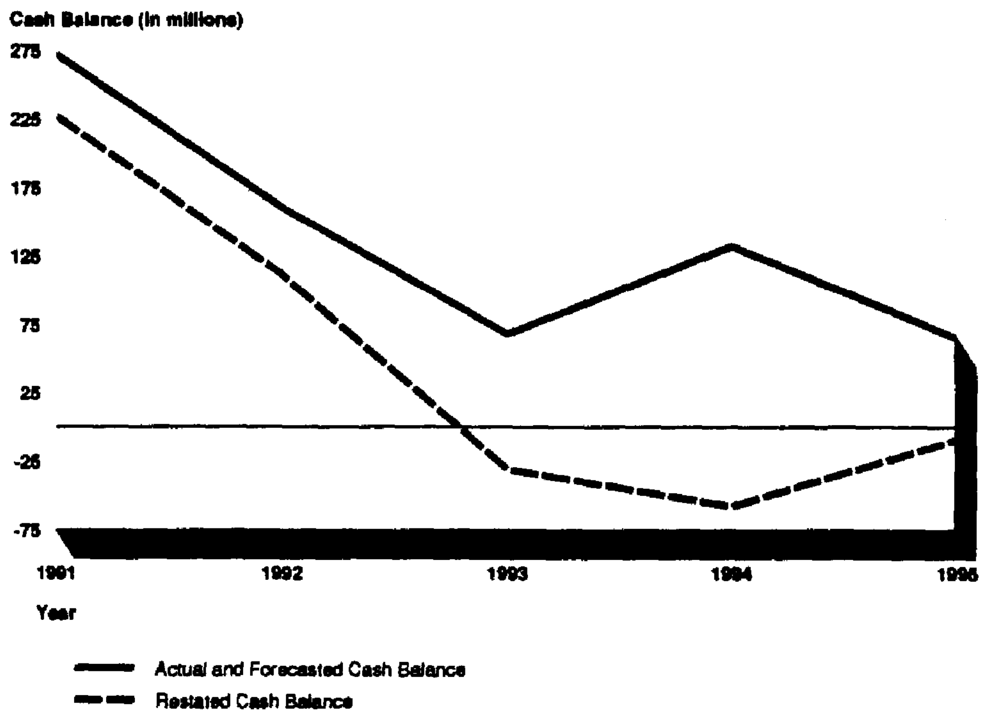
The District is faced with both unresolved long-term financial issues and continual short-term financial crises. Although the District received $331 million in proceeds from general obligation bonds in 1991 to help relieve its cash shortfall, the city's cash position has declined by nearly $200 million since then, and the District is estimating that its cash balances will continue to decline.

The District's forecasted cash balances for fiscal years 1994 and 1995 show positive cash balances through the end of fiscal year 1995. (See attachments I and II for a schedule of the District's actual or forecasted cash balances.) However, a number of factors could impact these cash balances. Specifically, the District's recent forecasts do not include payment of certain items when due (deferrals), include optimistic assumptions, and utilize growing short-term borrowing to meet expected cash shortages. As a result of all these factors, the District could be required to borrow from the U.S. Treasury by fiscal year 1995.

The District estimated its cash balance would dip to $65 million by September 30, 1995. This estimate assumed deferring a $74 million pension payment in fiscal year 1995 until fiscal year 1996. However, on June 7, 1994, the District announced an agreement with the D.C. Retirement Board to make all payments when due in fiscal year 1995 and pay certain additional costs incurred or interest foregone as a result of deferring fiscal year 1994 pension payments. However, the pension payment the District agreed to make in fiscal year 1995 exceeds the cash projected to be available at September 30, 1995, by more than $9 million, not including additional costs and interest foregone that the District has agreed to pay. As of July 12, 1994, District officials stated they had not developed action plans to produce the cash necessary to implement this agreement.

Furthermore, the District's estimated cash balance for fiscal year 1994 and its actual cash balances for fiscal years 1991 through 1993 may have been significantly lower had the District not deferred or anticipated deferring certain payments. Figure 1 illustrates actual or forecasted cash balances and restated cash balances assuming that payments were made when due and that no new cash was generated. District officials have stated that it is their policy to generally pay amounts when they are due.

Figure 1: Comparison of Actual/Forecasted Cash Balance to Year End Cash Assuming Payments Made When Due



Source: GAO analysis of District financial data.

The District prepares its forecasted cash balances using its annual budget as the basis. The budgeted revenues and expenditures are then adjusted to reflect the District's estimate of when revenues will be received in cash and checks written for expenditures. Forecasted cash balances can be overstated if budget amounts are unrealistic or the timing of receipts and disbursements does not correspond to estimates. As discussed later, past experience indicates that the District's actual revenues and expenditures often differ significantly from budgeted amounts and budgets under current congressional consideration do not reflect all expenditures.

The impact of optimistic budget estimates on the cash forecast can be illustrated by looking at Medicaid expenses. For the first 6 months of fiscal year 1994, the District budgeted for Medicaid payments of approximately $51 million per month, while actual Medicaid payments averaged approximately $55 million per month. Consequently, actual payments exceeded the original estimated payments by $23.8 million over the 6 months. District officials maintained that they would not exceed the total Medicaid budget for the fiscal year. As a result, in a revised cash forecast, Medicaid expenditures for the final 6 months of fiscal year 1994 were estimated to average only $41 million--more than $10 million less per month than the first 6 months. However, April 1994 actual Medicaid disbursements were approximately $54 million. Consequently, the District's forecasted cash balance for fiscal year 1994 may be overstated due to Medicaid expenses by as much as $30 million ($60 million less $30 million in federal reimbursements).

On June 27, 1994, the District released another update of its 1994 cash forecast which increased the District's estimated cash payments for Medicaid by approximately $10 million per month for the remaining months of 1994. This increased Medicaid expenditure was offset by reductions in miscellaneous disbursements for unspecified decreases in other budgeted expenditures. As a result, the ending cash balance did not change from the previous forecast.

In addition to deferrals and optimistic assumptions, the District's cash balances throughout the year assume the District will be able to borrow to meet short-term cash needs. These short-term borrowings generally consist of those borrowings the District expects to receive and repay within the same fiscal year. The District's forecasted cash balances for fiscal years 1994 and 1995 include $200 million and $250 million of borrowings, respectively, which are to be repaid before fiscal year end. The District's ability to borrow short-term from the securities market beyond the current fiscal year is limited to 2 percent of its appropriation, or approximately $70 million in fiscal year 1994.

DISTRICT'S BUDGETS HAVE BEEN OPTIMISTIC

Past District budgets have overestimated revenues and underestimated expenses. This trend is continuing since the budgets under current congressional consideration do not include some probable costs and do include revenues which are uncertain.

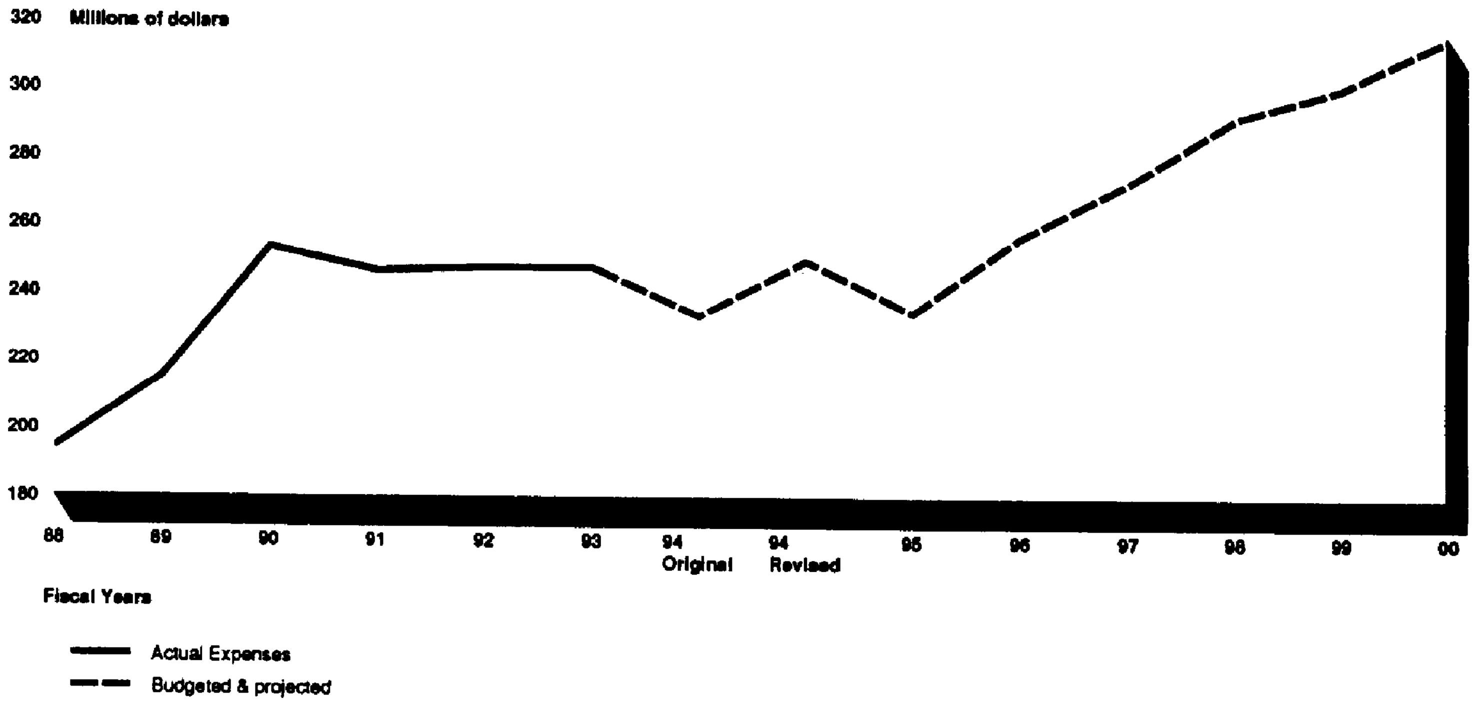
Because of revenue shortfalls and overexpenditures, the District, in recent years, has had to increase revenues from local sources, obtain an increased federal payment, or use other measures to balance its budgets. These other measures, which amounted to additional budgetary authority of $225 million, have included transferring funds from the Water and Sewer Fund, not recording a Washington Metropolitan Area Transit Authority payment when due against appropriated expenditures, and changing the real property tax year.

For instance, in fiscal year 1993 the District changed the legal definition of the property tax year. This change and related changes resulted in counting approximately $174 million of tax collected as an increase to fiscal year 1993 budget revenue. Before the change, the $174 million would have been recorded as fiscal year 1994 revenue. This tax year change did not generate any additional cash during fiscal year 1993, but budgeted revenue and spending authority were increased by this amount. (This change is depicted in a figure in Attachment III.) Also, because the federal payment to the District is based upon a percentage of District revenues from local sources from the second preceding fiscal year, the fiscal year 1995 federal payment authorization may be increased by approximately $41 million under the payment formula.

Furthermore, supplemental budgets to address insufficient funding of District services and programs have not included shortfalls of the D.C. General Hospital, which is subsidized by the general fund. As of September 30, 1993, the hospital's cumulative results of operations was a $109 million deficit. The District's fiscal year 1994 supplemental budget request estimated that the hospital's deficit would increase by $15 million during fiscal year 1994; however, no additional funds were requested for the Hospital. By not recognizing these shortfalls in its supplemental budgets, the District overstated the amount of resources available to use for other programs.

In addition, the fiscal year 1994 supplemental and fiscal year 1995 budgeted expenditures do not consistently reflect historical and projected trends. Specifically, the fiscal year 1994 and 1995 budgets for many programs are lower than past actual expenses, as well as future projections. District officials maintain that certain short-term actions will be taken to reduce the fiscal year 1994 and 1995 expenditures. However, such actions may not be achievable.

Figure 2: Department of Corrections Total Expenses



Note: Fiscal years 1994-2000 adjusted for fiscal year 1994 pay raise based on allocations by CBO.

Source: District of Columbia Budgets and Multi-Year Plan.

For example, as illustrated in figure 2 above, the fiscal year 1995 budget for the Department of Corrections projected that expenditures would decline by 6 percent. These figures were based on assumed savings from privatization of various functions, including food services, and reductions in the cost of housing prisoners in non District facilities. While the budget estimates that 310 prisoners will reside in such facilities, it does not include funds to pay for this service. The original fiscal year 1994 budget also assumed similar short-term savings, which were not achieved. Subsequently, over $9.5 million in expenses were added to the fiscal year 1994 supplemental budget.

Another concern is that the District's fiscal year 1995 budget and long-term financial plan projections may be incomplete. The District's multiyear projections show the long-term financial crisis with a growing shortfall between expected revenues and expenditures increasing to $742 million by fiscal year 2000. While these estimates appear reasonable under current spending and revenue policy, policy changes could occur, which may reduce or increase this imbalance. These multiyear projections do not include deficits from enterprise funds such as the Water and Sewer Fund and D.C. General Hospital. In addition, the multiyear projections and 1995 budget may not reflect all operating costs necessary to comply with court orders or consent decrees. For example, the documents do not include fines, imposed subsequent to the fiscal year 1995 budget submission, of over $21 million annually resulting from the District's failure to reduce overcrowding in juvenile facilities.

Finally, the District's fiscal year 1994-2000 capital budget does not include amounts for many already authorized projects or for projects that are likely to be needed. For example, the capital budget does not include most of the nearly $1 billion that will be required for improvements to water and sewer plants and D.C. Public School buildings. District officials said that all projects were not included because of statutory limitations on the total amount of District indebtedness and a self-imposed limitation on annual indebtedness that restricts financing of such projects. Moreover, in the longer term, the District must address the $4.4 billion in unfunded pension liabilities.

GAO REVIEW OF ANNUAL SCHEDULE OF LOCAL REVENUES

Public Law 102-102 amended the District of Columbia Self-Government and Governmental Reorganization Act to establish a predictable and equitable method for determining the amount of the annual federal payment to the District. However, in the first year of implementation, there was discussion over the proper application of the formula-authorized federal payment to the District. The discussion centered primarily on what amounts should be included in the base; that is, whether the base should include all local source revenues raised by the District (general, enterprise, and trust funds) or only general fund revenues, which would result in a much lower authorized payment. To resolve this matter, the former Chairman and Ranking Republican Member of this committee stated in letters to the Subcommittee on the District of Columbia, Committee on Appropriations, dated June 22, 1992, that the base amount should be the general fund revenues with certain adjustments and including certain lottery receipts. An exhibit directing the District to submit the report of local revenue in a prescribed format was included in the House and Senate reports on the District's fiscal year 1993 appropriation. Since enactment of Public Law 102-102, we have received letters annually from the Mayor that include a schedule detailing local revenues. The schedules provided by the Mayor were based on a broader interpretation of the definition of local revenues than included in the committee's directive.

We have reviewed and reported on the annual schedule of local revenues as provided to us by the Mayor of the District of Columbia for each of the fiscal years 1991, 1992, and 1993.[2] Our report on the schedule of local revenues for fiscal year 1993 to this Committee and the Subcommittee on General Services, Federalism and the District of Columbia of the Senate Committee on Governmental Affairs has recently been issued. The principal findings are discussed below.

The District of Columbia government contracted with an independent certified public accounting firm to audit its fiscal year 1993 financial statements, however, the District's financial statements for the year ended September 30, 1993, did not include a breakdown of its revenues as required. On February 23, 1994, we received a letter from the Mayor of the District of Columbia, which presented total local revenues of $2,929,117,000 for fiscal year 1993. The Mayor's letter, however, was unaudited and did not compute the amount of local revenue in accordance with the committees' directive. On May 2, 1994, we received from the District Controller an audited schedule of local revenue for fiscal year 1993, adjusting the amount in the Mayor's letter to $2,892,231,000. The audited schedule also did not conform to the committees' directive. If the directive had been followed, the amount of total local revenues would have been $2,797,801,000. This amount includes $173 million in increased revenues that are associated with the property tax year change and results in an approximately $41 million increase in the authorized federal payment as discussed earlier in our testimony.

In the auditors' opinion, the District of Columbia's Schedule of Revenues and Nonoperating Revenues for the year ended September 30, 1993, is fairly presented in accordance with generally accepted accounting principles in relation to the District's financial statements for the year ended September 30, 1993. Our review found nothing to indicate that the auditors' opinion was inappropriate or unreliable.

The major difference between the local revenue amount presented in the audited schedule and the amount determined under the committees' directive is that the audited schedule includes local nonappropriated revenues, such as food sales at district public schools, rents from district properties, and sales of correctional institution products, whereas the directive excludes all nonappropriated revenues.

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[2]GAO/AFMD-92-50, May 8, 1992; GAO/AFMD-93-88, June 14, 1993; and GAO/AIMD-94-139, July 11, 1994.

On September 9, 1993, Delegate Eleanor Holmes Norton requested that we review the District's fiscal year 1992 nonappropriated revenue categories. As noted in our January 31, 1994, letter to Delegate Norton,[3] our review of the categories indicated that the local source revenue in the nonappropriated categories is similar to other local source revenues that have been included in the computation of the authorization amount.

PROPOSAL TO AMEND THE DISTRICT OF COLUMBIA SELF-GOVERNMENT AND GOVERNMENTAL REORGANIZATION ACT

H.R. 2902 would amend the federal payment formula in several important ways, namely, it would: (1) change the applicable percentage annually by increasing it 1 percent per year over the next 5 years to a maximum amount of 30 percent annually, (2) modify the basis of revenue to an adjusted amount of General Fund revenue only, and (3) require that the amount authorized to be appropriated as the annual federal payment to the District for a fiscal year can not be less than an amount equal to the average of the annual federal payments made to the District during the preceding 3 fiscal years.

With respect to the change in the applicable annual percentage, it appears that attaining the 30 percent maximum, over a period of 5 years, would agree with the original Rivlin Commission recommendation made in 1991. This change in the applicable percentage, along with the other proposed changes in the amendment, will have the effect of increasing the authorized amount of the federal payment to an amount greater than historical trends would indicate. Assuming that local revenues do not decline, the change in the base of revenue to which the percentage would be applied will likewise increase the federal payment authorization amount since it would include certain nonappropriated revenues which have not historically been considered in the formula payment base calculation.

At a March 31, 1993 hearing,[4] we commented on a proposal to require that the authorized appropriation for the federal payment not be less than the previous fiscal year. In that testimony we note that in a letter dated June 22, 1992, to the Subcommittee on the District of Columbia of the House Committee on Appropriations, the Ranking Republican Member, House Committee on the District of Columbia stated that "throughout the legislative

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[3]Letter to Delegate Eleanor Holmes Norton (GAO/AIMD-94-71R, January 31, 1994).

[4]March 31, 1993, hearing before the Subcommittees on Judiciary and Education and on Fiscal Affairs and Health, Committee of the District of Columbia, House of Representatives.

process, city officials were warned that setting the payment on a percentage of revenue included the risk of a reduction in the federal payment if revenues declined." This statement indicates that the authorizing committee had considered the possibility that the federal payment would and could be reduced. H.R. 2902 reflects a reconsideration of this issue. At that time, we suggested that if the intent of the proposal was to minimize the impact of the reduction in the federal payment in times when local revenues are decreasing, consideration should be given to averaging local revenues over some period of time.

H.R. 2902 requires an authorization amount of the federal payment to be not less than the average of the amounts paid to the District during the preceding three fiscal years. This provision would cushion the effect of any large downward swings in local revenue that otherwise would cause large reductions in the size of the authorized federal payment. This would minimize the risk of an immediate large reduction in the authorized federal payment in times when General Fund revenues are decreasing.

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Mr. Chairman, I would be happy to answer any questions you or Members of the Committee may have at this time.

ATTACHMENT I

CONSOLIDATED CASH FLOW STATEMENT FOR FISCAL YEAR 1994

Consolidated Cash Flow Statements

Consolidated Cash Flow Statement - Fiscal Year 1994

Dollars in Millions

Receipts	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Total
Individual income tax	$41.8	$37.7	$57.7	$86.6	$35.3	$35.8	$74.9	$62.8	$60.7	$44.5	$44.4	$58.7	$640.9
Real property tax	$5.4	$6.8	$4.1	$7.1	$0.4	$153.0	$13.4	$7.5	$4.5	$3.4	$15.0	$149.3	$369.9
Special real property tax	$0.0	$0.0	$0.0	$0.0	$0.0	$45.0	$127.2	$0.0	$0.0	$0.0	$0.0	$180.7	$352.9
General sales and use tax	$37.2	$35.5	$39.7	$38.2	$24.4	$43.5	$38.2	$39.6	$39.6	$42.6	$42.7	$42.7	$463.9
Miscellaneous taxes	$28.4	$25.5	$50.7	$39.0	$29.0	$59.3	$52.2	$45.4	$54.3	$81.1	$92.4	$69.7	$627.0
Federal payment	$47.9	$600.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$648.0
Miscellaneous receipts	$117.9	$56.9	$67.5	$56.1	$56.5	$73.8	$62.5	$62.5	$62.5	$62.5	$64.5	$63.6	$806.8
Water and sewer payment	$12.1	$19.0	$9.5	$17.6	$27.6	$10.2	$19.1	$18.7	$12.3	$15.2	$19.1	$8.4	$188.8
Federal grants	$60.0	$11.3	$120.1	$82.8	$57.0	$68.8	$64.0	$64.0	$64.0	$60.1	$58.9	$48.8	$759.8
Short term notes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$200.0	$0.0	$0.0	$0.0	$0.0	$200.0
Receivable management	$0.4	$0.4	$0.4	$4.6	$1.4	$0.8	$7.8	$2.3	$2.4	$7.2	$2.4	$2.4	$32.5
Total Receipts	$351.1	$793.2	$349.7	$332.0	$231.6	$490.2	$459.3	$502.8	$300.3	$316.6	$339.4	$624.3	$5090.5
Disbursements													
Payroll	$188.4	$165.0	$159.9	$159.8	$151.9	$177.9	$189.2	$153.0	$153.0	$153.0	$169.4	$181.4	$2001.9
Miscellaneous disbursements	$92.0	$153.3	$168.0	$64.0	$105.9	$87.3	$75.1	$78.4	$78.4	$78.4	$66.8	$71.6	$1119.2
Public assistance	$10.6	$11.1	$10.5	$11.4	$10.7	$11.0	$10.2	$10.1	$10.2	$10.1	$10.2	$10.2	$126.3
Medicaid	$62.1	$49.6	$64.8	$53.2	$50.1	$52.6	$43.0	$40.8	$40.8	$40.8	$40.8	$40.8	$579.4
Pension contribution and benefits	$24.0	$173.5	$24.4	$24.3	$24.4	$24.6	$24.6	$64.7	$24.7	$24.7	$24.7	$24.7	$483.3
Transit authority contribution	$2.4	$53.8	$0.0	$33.0	$0.0	$0.0	$31.5	$0.0	$0.0	$22.9	$0.0	$0.0	$143.6
Debt service - bond payments	$0.0	$0.0	$0.0	$0.0	$0.0	$45.0	$127.2	$0.0	$0.0	$0.0	$0.0	$180.7	$352.9
Payment of notes	$17.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$202.9	$220.3
Total Disbursements	$396.9	$606.3	$427.6	$345.7	$343.0	$398.4	$500.8	$347.0	$307.1	$329.9	$311.9	$712.3	$5026.9
Receipts Less Disbursements	($45.8)	$186.9	($77.9)	($13.7)	($111.4)	$91.8	($41.5)	$155.8	($6.8)	($13.3)	$27.5	($88.0)	$63.6
Beginning Balance	$68.3	$22.5	$209.4	$131.5	$117.8	$6.4	$98.2	$56.7	$212.5	$205.7	$192.4	$219.9	$68.3
Ending Balance	$22.5	$209.4	$131.5	$117.8	$6.4	$98.2	$56.7	$212.5	$205.7	$192.4	$219.9	$131.9	$131.9

Note: Oct through Mar are actual amounts; Apr through Sept are estimated amounts
Source: District of Columbia cash forecasts

ATTACHMENT II

CONSOLIDATED CASH FLOW STATEMENT FOR FISCAL YEAR 1995

Consolidated Cash Flow Statements

Consolidated Cash Flow Statement - Fiscal Year 1995

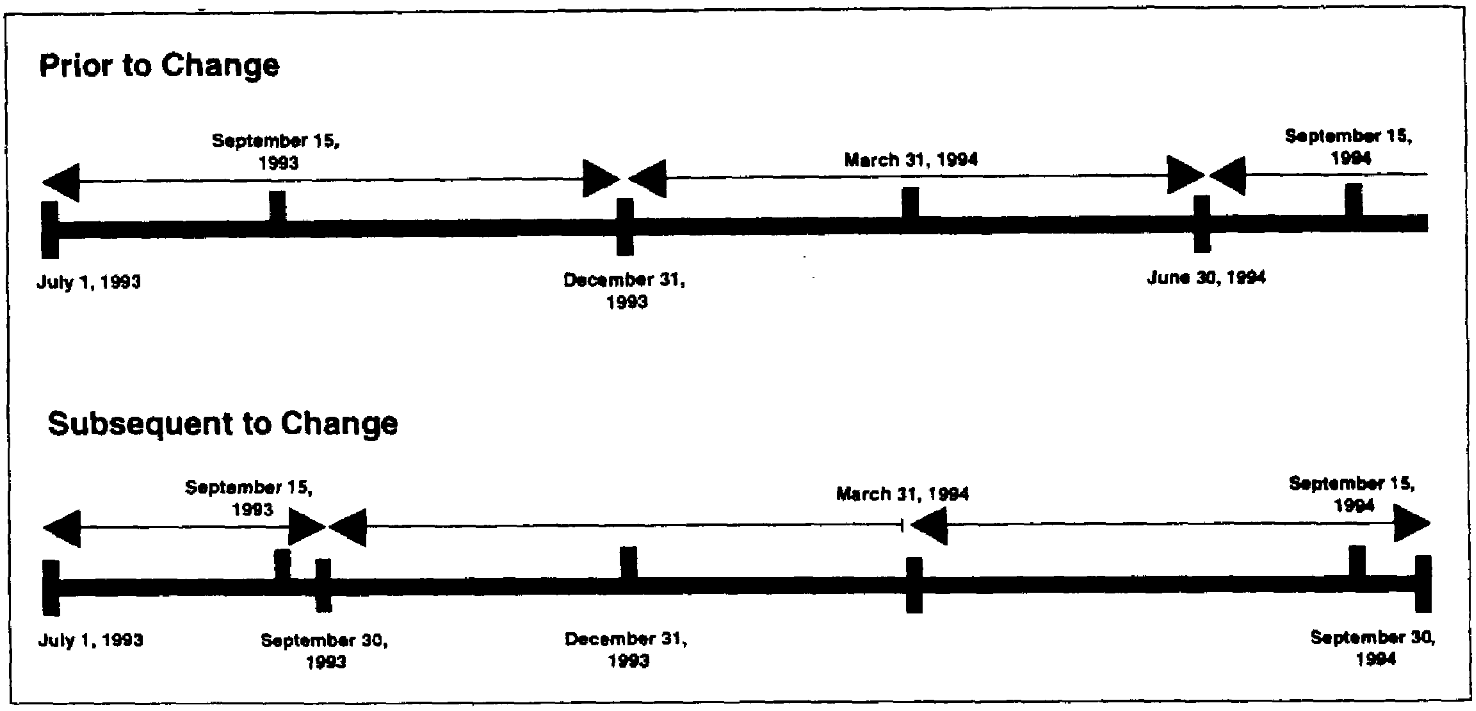
Dollars in Millions

Receipts	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Total
Individual income tax	$38.9	$43.8	$55.3	$79.4	$47.3	$35.9	$75.8	$69.9	$62.5	$48.0	$48.4	$78.1	$683.3
Real property tax	$5.0	$2.5	$4.0	$1.5	$2.2	$81.2	$65.0	$10.0	$10.0	$10.0	$10.0	$137.7	$339.1
Special real property tax	$0.0	$0.0	$0.0	$0.0	$0.0	$114.9	$66.1	$0.0	$0.0	$0.0	$0.0	$181.0	$362.0
General sales and use tax	$41.0	$38.6	$36.6	$40.6	$36.6	$37.4	$41.6	$43.6	$37.6	$38.5	$38.5	$17.5	$468.1
Miscellaneous taxes	$36.9	$33.7	$49.2	$45.9	$35.9	$55.4	$47.0	$47.9	$57.2	$60.7	$52.0	$90.9	$612.7
Federal payment	$673.6	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$673.6
Miscellaneous receipts	$72.8	$72.7	$72.7	$69.2	$69.2	$69.2	$70.8	$70.9	$70.9	$65.0	$64.9	$63.8	$832.1
Water and sewer	$9.6	$21.8	$8.4	$16.8	$20.7	$8.4	$15.7	$20.6	$8.9	$15.3	$21.9	$15.9	$184.0
Federal grants	$63.3	$63.3	$63.3	$63.3	$63.3	$63.3	$63.3	$63.3	$63.3	$63.3	$63.3	$61.2	$759.5
Recovery bonds/notes	$0.0	$0.0	$0.0	$0.0	$125.0	$0.0	$0.0	$0.0	$125.0	$0.0	$0.0	$0.0	$250.0
Receivable management	$1.5	$1.5	$1.5	$1.5	$1.5	$1.6	$1.5	$1.5	$1.5	$1.5	$1.6	$1.5	$18.2
Total Receipts	**$942.6**	**$277.9**	**$291.0**	**$318.2**	**$401.7**	**$467.3**	**$446.8**	**$327.7**	**$436.9**	**$302.3**	**$300.6**	**$669.6**	**$5182.6**
Disbursements													
Payroll	$147.8	$165.8	$183.7	$173.6	$205.0	$183.7	$147.8	$165.8	$183.7	$147.8	$184.7	$198.2	$2087.6
Miscellaneous disbursements	$77.7	$78.7	$78.7	$78.7	$78.7	$77.7	$86.7	$86.6	$85.7	$85.3	$83.8	$85.5	$983.8
Public assistance	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.9	$129.7
Medicaid	$48.4	$48.4	$48.4	$48.4	$48.4	$48.5	$48.5	$48.5	$48.5	$48.6	$48.6	$48.6	$581.8
Pension contribution and benefits	$289.0	$25.0	$25.0	$99.2	$25.0	$25.0	$99.8	$25.5	$25.5	$25.5	$25.5	$25.5	$715.5
Transit authority contribution	$29.3	$0.0	$0.0	$29.2	$0.0	$0.0	$29.3	$0.0	$0.0	$29.3	$0.0	$0.0	$117.1
Debt service	$0.0	$0.0	$0.0	$0.0	$0.0	$114.9	$66.1	$0.0	$0.0	$0.0	$0.0	$181.0	$362.0
Recovery bonds/notes	$16.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$255.4	$272.3
Total disbursements	**$619.9**	**$328.7**	**$346.6**	**$439.9**	**$367.9**	**$460.6**	**$489.0**	**$337.2**	**$354.2**	**$347.3**	**$353.4**	**$805.1**	**$5249.8**
Receipts Less Disbursements	$322.7	($50.8)	($55.6)	($121.7)	$33.8	$6.7	($42.2)	($9.5)	$82.7	($45.0)	($52.8)	($135.5)	($67.2)
Beginning Balance	$131.9	$454.6	$403.8	$348.2	$226.5	$260.3	$267.0	$224.8	$215.3	$298.0	$253.0	$200.2	$131.9
Ending Balance	**$454.6**	**$403.8**	**$348.2**	**$226.5**	**$260.3**	**$267.0**	**$224.8**	**$215.3**	**$298.0**	**$253.0**	**$200.2**	**$64.7**	**$64.7**

Source: District of Columbia cash forecasts

ATTACHMENT III

CHANGE IN THE REAL PROPERTY TAX YEAR



Note: Although the amount of tax and payment dates remain the same, the effect of the change was that the September 15, 1993 tax payment was applied to a 3 month instead of a 6 month period.

(917062)

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