Financial Management of the City

Managing the City's finances involves both a strategic and operational component. Strategically, the finances must be managed to accommodate fluctuations in the economy and the resulting changes in costs and revenues. Operationally, the City must put in place clear financial goals, policies, and tools to implement its strategic plan.

The Mayor ultimately directs all of Boston's financial operations. The Mayor is the chief executive officer of the City and has general supervision of and control over the City's boards, commissions, officers, and departments.

Mayor Menino established a cabinet form of government to recognize the major functional responsibilities of city government and to facilitate improvements in conducting the executive and administrative business of the City.

The following departments are included in the Administration and Finance Cabinet and have major roles in the financial management of the City.

- The Treasury Department collects revenues due to the City and pays all amounts due for payrolls and outside vendors. The Treasury Department also manages the investment of City funds and supervises City borrowings.
- The Auditing Department prepares the City's annual financial statements, implements fiscal controls over departmental spending, provides technical assistance to departments and agencies, and reviews and processes all financial transactions for accuracy, completeness and compliance.
- The Assessing Department is responsible for the valuation and assessment of all real and personal property in the City for the purpose of taxation.
- The Office of Budget Management coordinates the analysis and presentation of the Mayor's operating budget and capital plan, assembles, analyzes, and presents data with respect to revenue and debt management and evaluates programs to establish and use performance measures.
- The Purchasing Department procures all supplies, materials, and equipment, selects vendors through public bidding and processes purchase orders and contracts.
- The Retirement Board administers the State-Boston Retirement System, which provides pension benefits to retired City employees under a state contributory retirement statute.

STRATEGIC FINANCIAL MANAGEMENT

Maintaining a healthy financial base that fully supports City services according to mayoral priorities requires constant vigilance. This work is reflected in restructuring and reshaping City services, implementing new financial management systems, securing sound recurring revenues, and making responsible spending adjustments in light of revenue growth limitations in order to achieve a balanced budget.

A balanced budget is required by Massachusetts General Laws Chapter 59, Section 23. As part of the State Department of Revenue's tax rate certification process, municipalities must balance all appropriations, fixed costs and prior year deficits with the approved property tax levy, estimated local revenues, and available prior year surpluses in order to obtain authorization to issue property tax bills.

The overall success of the City's adhering to its financial policies and building its image in the capital markets has contributed to steady bond rating upgrades. In March 2010, Moody's Investors Service, Inc., and Standard & Poor's Rating Services reaffirmed Boston's credit ratings of Aa1, and AA+ respectively. These are the highest ratings in Boston's history, a clear recognition by the credit markets of the City's strong proactive management.

Investors are willing to invest in bonds with higher credit quality, thereby lowering the interest rate the City must pay to service its debt. Solid credit ratings have allowed the City to borrow money more affordably. The City has also refinanced $667.4 million of existing debt since 2001, saving $37.2 million on a present value basis.

In March 2010, the City sold $105 million of general obligation bonds at the lowest interest rates available in 30 years, assisted by its strong bond ratings and the use of federal stimulus bond programs. Of the $105 million of general obligation bonds sold, $65 million was issued under the provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA") and as defined in Section 54F of the Internal Revenue Code of 1986, as amended. Various capital projects of the City were funded by "Build America Bonds" totaling $30.9 million, "Recovery Zone Economic Development Bonds" totaling $16.7 million and "Qualified School Construction Bonds" totaling $17.4 million.

Maximizing Return on Investment

The City works to improve service delivery by constantly reassessing the management, organization, and distribution of financial and human resources toward those priority goals that maximize return and improve efficiency. The Office of Budget Management (OBM) supports departments in their work by providing analysis and technical assistance.

Ongoing investment in the city's resources - people, property, and systems - is critical to guaranteeing solid service delivery for the future. Capital investments weigh changing service needs with the need for adequate building maintenance and upgrades. Human resource training has included specialized management training and a performance appraisal system.

The FY11 budget continues funding for a 24-hour constituent engagement call center and emphasizes Mayor Menino's commitment to proactively assisting residents. Data-driven management is improving service delivery, while a restructured call center also provides a consolidated one-stop approach for constituent concerns.

The City's technology resources and personnel are repositioned in the FY11 budget to better align with the goal of transforming city services for city residents. Management & Information Services (MIS) has been re-designated as the Department of Innovation & Technology, with a new mission of supporting citywide service improvement efforts. DoIT will work closely with the Mayor's Office of New Urban Mechanics to support municipal innovation made possible by emerging technology and data sharing. Creating a unified vision for technology across departments, the offices will tap into local sources of innovation, including residents, employees, communities, and institutions.

To meet the demands of a modern workforce, the City is also leveraging technology throughout its human resource strategies, including implementation of an employee web portal to enhance internal communication, and a fully integrated online Career Center enabling web-based job posting, recruiting, candidate selection and seamless transition to existing HR data systems.

Protecting, Diversifying and Growing the Revenue Base

Nearly 80% of total general fund revenue comes from just two sources, the property tax and state aid from the Commonwealth. The City continues to support the dual goals of diversifying its revenue base while more closely matching revenues with its economic strengths.

Recent trends in the property tax and state aid highlight the dangers of the City relying too heavily on so few sources of revenue.

The net property tax levy as a percentage of total recurring revenues has increased from 52% in FY02 to 62% in the FY11 budget increasing by $565 million over the period. Property tax revenues now account for a larger share of recurring revenues that prior to the passage of Proposition 2 ½. During the same period state aid to the City has fallen $97 million or from 28% to 17% of total recurring revenue. Net state aid has been reduced by $187 million or 44% between FY02 and the FY11 budget. This staggering decline in the City's second largest single source of revenue has been a continual source of concern in the City's budget since the 2001 recession.

Recognizing the threat to fiscal stability represented by these trends in property tax and state aid the Mayor has repeatedly filed legislation to diversify City's revenue structure and to secure and grow its tax base.

Specifically, the Mayor has proposed establishing local option taxes on restaurant meals and parking. These small but broad-based taxes would match the City's economic activity and related cost increases and export tax burden to non-residents who use City services. Subsequent to the passage of the City's FY10 budget the State approved, and the City adopted effective October 1, 2009, local a new local option tax of .75% on meals and a 2% tax increase for hotel occupancy.

As a matter or course, the City regularly reviews its fee and fine structure for any necessary increases to cover the cost of providing services or deterring undesired behavior. Several increases have been proposed along with the submission of this budget. In addition, efforts continue to maximize current revenue sources and to develop new sources of recurring revenue at the local level.

INTERNAL MANAGEMENT CONTROLS

Pursuant to state law mandates and policy initiatives, the City has established a system of internal management controls to manage its financial operations effectively. These controls are designed to maximize revenue collections, monitor operating and capital spending, evaluate infrastructure needs, and enhance the City's internal control of business procedures. The major components of the City's system of financial management controls are discussed below.

Expenditure Controls

The City operates under several statutory financial control systems. Certain controls established in the 1982 Funding Loan Act and its 1986 amendments set limits on flexibility in financial administration. For example, under the 1982 Funding Loan Act, until April 15 of each year, the Mayor is authorized to reallocate no more than $3 million.

Several other financial controls were enacted by state law and implemented during the 1980s. An expenditure allotment system prevents departmental overspending of personnel appropriations. Additional state law provisions are directed at the control of School Department spending. These controls, teamed with conservative and cautious estimates of annual revenue, have aided the City in avoiding operating budget deficits every year since FY85, and have aided the School Department in avoiding operating budget deficits every year since FY90.

Capital Planning

The Office of Budget Management's Capital Budgeting Program is responsible for managing the capital budget of the City. It evaluates the condition of the City's infrastructure, forecasts the timing and financial requirements of new construction and rehabilitation, and makes recommendations on the allocation of current and future resources. The Capital Budgeting Program plays an ongoing supervisory role during the project implementation phase by reviewing and approving all capital contracts and monitoring project costs and schedules to ensure the adequacy of available funding sources.

The capital planning process is synchronized with the annual operating budget cycle, allowing for the regular reassessment of capital needs and projections, as well as the update of a rolling five-year capital plan.

The City funds its capital plan primarily through the issuance of general obligation bonds. The size of the City's bond issues is consistent with the City's financial management policies regarding its level of debt and debt service.

Contracting Procedures

The Uniform Procurement Act, Massachusetts General Laws Chapter 30B, enacted by the Commonwealth in 1990 (the UPA), creates uniform procedures for the contracting of services and supplies by all municipalities in the Commonwealth. The City has implemented internal processes to conform its contracting procedures to the requirements of the UPA.

Tax Collections

The City's aggressive enforcement program works to reduce the number of tax accounts that are delinquent and to discourage new delinquencies. The City achieved a property tax collection rate of 98.8% of the FY09 gross levy as of June 30, 2009.

The City's program includes a variety of collection remedies authorized by state statute.

The Taxpayer Referral and Assistance Center provides "one-stop" service to Boston taxpayers on tax-related matters. An on-line bill payment option is offered for taxpayer convenience. Parcel-specific information as well as payment history is also available on-line.

Performance Management and Program Evaluation

Boston About Results (BAR) is the City's performance management and evaluation program. BAR aims to create a sustainable and reliable performance management system which captures the core functions of City departments and tracks progress on citywide strategic goals. BAR provides information that assists in the decision making process, identifies areas of improvement, and communicates performance results to a broad range of stakeholders.

Using performance management as its foundation, BAR encourages organizational changes and operational improvements that increase the effectiveness and productivity of City departments.

The Office of Budget Management (OBM) plays a central role in the collection and analysis of performance data, by ensuring proper documentation of results, and assisting departments in pursuing opportunities for improvements. All financial commitments by departments are first reviewed by OBM for conformance with service priorities and funding availability.

Energy Management

The Mayor's Energy Management Board is charged with making decisions regarding the City's procurement, use, and conservation of energy as well as the minimization of the impact of fossil fuel consumption on public health. The Energy Management Board is comprised of the City's Director of Administration and Finance and Collector-Treasurer, Chief of Environmental and Energy Services, Chief of Public Property, and Chief of Public Health.

The Energy Management Board commissioned an Integrated Energy Management Plan that is intended to assure progress toward the fulfillment of its mission. The Integrated Energy Management Plan was finalized in fiscal 2006.

Two significant projects identified in the Integrated Energy Management Plan are underway. Energy efficient lighting controls were installed in Boston City Hall and a similar project at the main branch of the Boston Public Library is in the design development stage.

Since March 2005, the City has independently contracted with third party electricity suppliers to meet all of the City's electricity supply requirements. To date, the supply costs the City has paid to its third party electricity supplier have been less than the default supply costs offered by the City's local electricity distribution company, NSTAR - Boston Edison (BECo).

Debt Management

The Treasury Department manages all City borrowings. The City's cash flow is carefully managed and anchored by quarterly billing of the property tax and quarterly receipt of state aid distributions, eliminating the need for short-term borrowings. Guidelines established by the Treasury set forth the City's management policies toward rapidity of debt repayment, debt affordability, the limitation on the level of variable rate debt the City will issue, and the target savings amount on debt to be refinanced.

Two mainstays of the City's positive debt service position have been the relative stability of the annual debt cost to remain below 7% of total general fund expenditures and the adherence to rapid debt retirement, ensuring that at least 40 percent of outstanding principal be retired in five years, and 70 percent in ten years.

The City also utilizes lease-purchase financing of equipment with a three to seven year useful life. Annual lease-purchase financing totaled $22.3 million in FY08 and was reduced to $14 million in FY09 reduced further to $8.1 million in FY10 and the planned borrowing for FY11 is approximately $6 million. The City will need to evaluate its long-term equipment replacement needs as part of the FY12 budget process when a two-year authorization order will be submitted to City Council. Lease-purchase financing is used to replace front line equipment such as vehicles and upgrade technology and telecommunications equipment.

Pension Management

The State-Boston Retirement System (SBRS), of which the City is the largest member, performs a full valuation every two years to determine the total system liability and assets, and the annual funding requirement for future years. As of January 1, 2009, the SBRS pension liability was 59.3% funded. The valuation as of January 1, 2010 has not been completed. The SBRS hires an investment manager who oversees the various fund managers of the SBRS pension assets. Through the last reporting period with final results available, calendar 2009, the long-term investment performance of the SBRS has exceeded the long-term investment assumption of 8% upon which the funding schedule is partly based. The average annualized return from January 1, 1985 through December 31, 2009 was 9.1%. Its intermediate five-year (ending December 31, 2009) average annualized return was 4.6% and short-term (2009 only) return was 19.65%. In 2009 the composite short-term rate of return for all Massachusetts' public pension funds was 18.2%. Results for calendar 2009 reflect the SBRS's best rate of return since 2003, and partly offset the very large loss in calendar 2008. Over the years, the City has worked with the SBRS to maintain a conservative and responsible pension-funding schedule. This has included maintaining a conservative investment rate of return assumption and a funding schedule that fully funds the system several years earlier than the statute requires.

Improving the Financing of Boston Teacher's Pensions

A legislative change affecting FY10 forward has occurred with regard to the funding of Teachers' Pensions. This change eliminates a special circumstance for Boston and thereby eliminates the confusion often associated with this pension liability and the revenue received as reimbursement. The City no longer pays for or is reimbursed for the cost of teacher's pensions. The funding of this liability has moved to the Commonwealth where it resides for all other teachers in Massachusetts. The following is a more detailed description of the change and the reasons for it.

Overview

All local teacher pensions in Massachusetts are funded by the Commonwealth. The funding mechanism for Boston teachers' pensions was outdated and a change was needed. The 1987 Pension Reform Act was the primary vehicle for changing the financing of the Massachusetts public pension system from "pay-as-you-go" to a funding approach that factors in future anticipated cost. Boston teachers' pensions, up until the passage in May 2010 of a set of amendments to existing law affecting the financing of Boston teachers' pensions, was still funded under a "pay-as-you-go" funding approach. These amendments eliminated this one remaining vestige of the old "pay-as-you-go" system. The legislation consists of two main updates to the current system:

- The legislation confirms the Commonwealth's relationship to the Boston teachers' pension liability by giving the state the same funding mechanism as exists with teachers employed by all other municipalities.
- Consistent with other municipal teachers' pension assets, Boston teachers' pension assets will be managed within the state's Pension Reserves Investment Trust Fund ("PRIT fund").

A detailed implementation plan to be exercised upon passage of the legislation was developed over the last few years by all principal agencies involved in pension funding in the Commonwealth and the City including: the state Secretary of Administration and Finance, the State Comptroller, the City's Administration and Finance Director, the City Auditor, the Public Employee Retirement Administration Commission ("PERAC"), and by the board of the State-Boston Retirement System ("SBRS"). The state Teachers Retirement System ("TRS") was a key participant in the task force that drafted the legislation.

What Changes, What Does Not Change

- For the City of Boston, the transition in the funding mechanism targets budget neutrality (similarly scaled revenue and expenditure reductions).

- For the Commonwealth, its financial support for Boston teachers pensions moves from a “pay-as-you-go” basis to the funded basis now utilized by all Massachusetts public pension systems.
- Management of related assets moves to the state's PRIT Fund.
- For Boston SBRS members who, as active employees are in defined teaching jobs, or who, as retirees were in defined teacher jobs, there is no change in benefits. They remain members of SBRS. Retiree and employee retirement services are unchanged.
- Passage of this legislation eliminates the risk of Boston becoming the only municipality in the state solely responsible for financing its teachers' pension liability.

Other Post Employment Benefits (OPEB)

While the City is required by law to make an annual contribution toward reducing its unfunded pension liability, there is no such requirement for retiree health and life insurance benefits. The City pays for retiree health benefits as the actual expense is paid out (pay-as-you-go basis), which greatly understates the full obligation. Similar to pensions, employees earn these other post employment benefits (OPEB) over their years of service, but do not actually receive them until retirement. In fact, this liability is greater than the City's pension liability. An independent actuarial valuation estimates the City's total OPEB obligation at June 30, 2009 at $5.8 billion.

In FY08, the City was required by the Governmental Accounting Standards Board (GASB) to implement new standards that required the City to identify and disclose this future estimate on non-pension benefits earned but not yet funded yet obligated to be paid on behalf of current and future retirees. In the fiscal 2008 budget the City appropriated an acknowledgement payment of $20 million, a first step in addressing this unfunded promise. In the absence of legal authority to establish a trust fund for the purpose of prefunding OPEB liabilities, the City also established an OPEB Stabilization Fund that year. An additional $25 million appropriation was made to this Stabilization Fund in FY09. In June 2009, the City accepted Chapter 32B, section 20, as added by Chapter 479 of the Acts of 2008, authorizing the establishment of an irrevocable Other Post Employment Benefits Liability Trust Fund and appropriated $20 million to this Trust Fund in the FY10 budget.

The City will allocate $35 million in FY11 toward reducing this liability. Again, this appropriation is a mere fraction of the $373 million required to fund this obligation for the year. A fully funded annual required contribution (ARC) would set aside enough assets to pay the liability that current employees are incurring, as well as a portion of any liability due to benefits earned and never accounted for. The City's OPEB financing plan balances the duty to deliver valuable public services while acknowledging the cost of providing health benefits for our employees, both now, and when they retire.

Risk Management

Risk related costs include legal liability claims, property losses, workplace injuries, employee healthcare, and unemployment compensation. These costs are managed by central departments, such as Law and Human Resources, in addition to individual operating departments. The Office of Budget Management works to maximize the effectiveness of these intradepartmental efforts by reviewing cost trends, assisting in improvements, and implementing the City's risk financing strategy.

The City's risk financing strategy is a planned self-insurance program which protects both individual departments' budgets and the citywide budget through central accounts, reserves and catastrophic commercial insurance.

The City budgets and funds for predictable risk related costs through the general fund, except for self-insured healthcare costs, which are managed by Blue Cross Blue Shield, and financed through an employee/employer trust fund established in compliance with Section 3A of Chapter 32B of the General Laws.

For unexpected large losses, the City continues to build a catastrophic risk reserve, the available balance of which will reach almost $13 million at the end of fiscal 2009. Commercial insurance is purchased strategically for certain exposures. A catastrophic property insurance policy provides $100 million all risk protection after a $10 million deductible; boiler and machinery losses are insured up to $10 million; and, 75% of the City's healthcare costs are insured.

Reserve Fund

As required by law since 1986, the City has maintained a reserve fund equal to 2 1/2% of the preceding year's appropriations for all City departments except the School Department. The fund may be applied to extraordinary and unforeseen expenditures after June 1 in any fiscal year with the approval of the Mayor and the City Council. To date, this budgetary reserve has not been utilized. As of June 30, 2009, the reserve fund had a balance of $27.5 million.

Accounting System

Financial management is supported through the City's PeopleSoft System. This integrated financial and human resources management system is designed to track and control daily activities and report the financial position of the City. This system supports the rigorous monitoring and reporting requirements enforced by the City.

Management Letters

Following the completion of the financial statements, the City's independent auditors deliver a management letter containing comments and recommendations on internal financial controls. The current management letter indicated no material weaknesses in the City's management.

General Fund Equity

The City's management of its finances has resulted in a continuing upward trend in general fund equity. This trend was interrupted by the merger of the City's two public hospitals with a private hospital to form a new private entity in 1996. This improved the City's future financial outlook by shielding the City from the likely growth in hospital subsidies that would have been required without the merger.

General Fund equities from FY02 forward appear artificially high as compared to prior years due to the required implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB No. 34 fundamentally changed the treatment of liabilities and receivables in the General Fund.

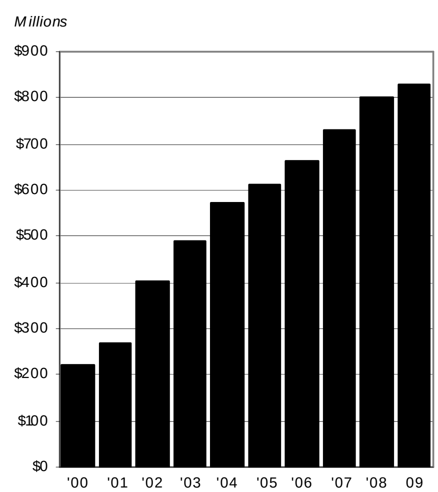
It is expected that the actual results at the close of FY10 will not add to the upward trend in general fund equity that the City has experienced since FY96. The City expects to preserve its policy of maintaining a GAAP Undesignated Fund Balance in the General Fund that is 10% or higher than the current fiscal year's GAAP General Fund Operating Expenditures, while maintaining a Budgetary Undesignated Fund Balance between 5% and 10% of Budgetary Operating Expenses (Figure 1).

Auditing and Budgeting Practices

The City prepares its comprehensive financial reports in accordance with generally accepted accounting principles (GAAP). However, accounting practices established by the Commonwealth's Department of Revenue, the so-called budgetary basis method of accounting, are used in the annual general fund budget and property tax certification process. Budgetary basis departs from GAAP in the following ways:

(a) Real and personal property taxes are recorded as revenue when levied (budgetary), as opposed to when susceptible to accrual (GAAP).

(b) Encumbrances and continuing appropriations are recorded as the equivalent of expenditures



General Fund Equity (GAAP Basis)
FY00- FY09

Figure 1

(budgetary), as opposed to a reservation of fund balance (GAAP).

(c) Certain activities and transactions are presented as components of the general fund (budgetary), rather than as separate funds (GAAP).

(d) Prior years' deficits and utilized available funds from prior years' surpluses are recorded as expenditure and revenue items (budgetary), but have no effect on GAAP expenditures and revenues.

In addition, there are certain differences in classifications between revenues, expenditures and transfers. The reconciliation in Figure 2 summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 2009.

Financial statements for the fiscal year ended June 30, 2010 are expected to be available in late fall.

Fund Structure and Use

The accounts of the City are organized on a fund basis. Each fund is considered to be a separate accounting entity and complies with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

The City has four governmental funds. The General Fund, the Special Revenue Fund, the Capital Projects Fund and all non-major governmental funds in an "Other" category.

The General Fund is the only fund for which a budget is legally adopted and is used to account for all revenues, expenditures and other financial resources except those required to be accounted for in other funds.

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes. This fund accounts for a number of federal and state grants that provide additional support to department programs. It also accounts for money that has been set aside by state statute and can also be used to support the City's general fund operations.

The Capital Projects Fund accounts for financial resources, primarily from the issuance of bonds, used for the acquisition or construction of major capital facilities.

Proprietary Funds are used to show activities that operate more like those of commercial enterprises (Enterprise Funds). Both the Convention Center Fund and the Hospital Bond Fund were established for activities related to bonds for which revenue streams have been pledged as security repayment.

Fiduciary Funds are used to account for resources held for the benefit of parties outside City government and are not available to support the City's own programs. The City's fiduciary funds are the Employee Retirement Funds and Private Purpose Trust Funds.

The City's operating budget is also supported by available governmental funds transferred and appropriated from three available funds. The City appropriates yearly parking meter revenues (Special Revenue Fund) to support the Transportation Department, cemetery trust monies (Other Governmental Funds) to support the City's maintenance of its public cemeteries, and surplus property disposition proceeds (Capital Projects Fund) to fund a risk retention reserve and the City's "Leading the Way" affordable housing initiative. Figure 5 provides a history, as well as projected changes in fund balances for the available funds used to support the City's operating budget.

Additional discussion of these revenue sources used to support the operating budget can be found in the Summary Budget section.

Budgetary Support

Budgetary Fund Balance can be appropriated for use during the fiscal year. Budgetary Fund Balance, is more commonly referred to as "Free Cash" when used this way. This item is most simply described as the portion of available reserves, generated to a considerable degree by annual operating surpluses, which the City can responsibly appropriate for spending.

The law governing the calculation and availability of budgetary fund balance for cities and towns is Chapter 59, section 23 of Massachusetts General Law, and is administered by the Massachusetts

Department of Revenue. This calculation and the amount produced from it must be certified annually for funds to be appropriated. Prior year certifications and the amount used from each certification are in Figure 3.

Budgetary Fund Balance		
Date Certified	Annual Amount Certified	Amount Appropriated from Certification
Jan. 2005	56.3	6.7
Mar. 2006	54.4	7.5
Jan. 2007	63.1	20.0
Apr. 2008	110.2	35.0
Mar. 2009	121.2	45.0
Mar. 2010	139.0	45.0

Notes: ($millions)

Figure 3

The FY10 Budget employs the use of a $45.0 million appropriation from a certification of $121.2 million. In March 2010, the Director of Accounts certified that the amount of funds available for appropriation ("free cash"), as of July 1, 2009, was $139.0 million. The FY11 Budget assumes the use of $45 million in Budgetary Fund Balance, $35 million of which will be used to fund Other Postemployment Benefits (OPEB).

Adjustments Between Budgetary Basis and GAAP Basis of Accounting for FY09

(in thousands)

	Revenue	Expenditures	Other Financing Sources (Uses), Net	Excess (Deficiency) o Revenue and Other Financin Sources
As reported on a budgetary basis	2,402,595	2,398,461	-	4,134
Adjustments:				
Revenues to modified accrual basis	(11,893)	-	-	(11,893)
Expenditures, encumbrances and accruals, net	-	(34,397)	-	34,397
Reclassifications:				
State-funded teachers' retirement costs	(118,841)	(118,841)	-	-
Convention Center Fund Revenue	(27,000)	-	27,000	-
Transfers	(14,189)	-	14,189	-
As reported on a GAAP basis	2,230,672	2,245,223	41,189	26,638

Figure 2

Statement of Revenues, Expenditures, and Changes in Fund Balances -
General Fund
Years ended June 30 2009 and 2008
(in Thousands)

	2009	2008
Revenues:		
Real and personal property taxes	$ 1,393,371	$ 1,316,734
Excises	115,454	115,809
Payments in lieu of taxes	56,686	56,667
Fines	69,711	67,940
Investment income	18,289	37,822
Licenses and permits	40,822	45,989
Departmental and other	82,087	79,030
Intergovernmenatal	454,252	493,227
Total revenues	2,230,672	2,213,218
Expenditures:		
Current:		
General government	69,524	66,927
Human services	29,722	29,093
Public safety	521,898	509,293
Public works	112,168	108,831
Property and development	28,959	29,876
Parks and recreation	17,571	17,418
Library	31,268	27,089
Schools	818,338	782,500
Public health programs	69,985	67,694
Judgements and claims	9,946	1,967
Retirement costs	82,332	95,193
Other employee benefits	191,597	190,167
State and district assessments	142,055	132,792
Capital outlays	566	9,417
Debt Service	119,294	115,771
Total expenditures	2,245,223	2,184,028
Excess(deficiency) of revenues over expenditures	(14,551)	29,190
Other financing sources (uses):		
Operating transfers in (out)	41,189	40,810
Payments to escrow agent to refund debt		-
Transfers from component units		-
Transfers to component units		-
Total other financing sources	41,189	40,810
Net change in fund balance	26,638	70,000
Fund balance - beginning	802,049	732,049
Fund balance - ending	$ 828,687	$ 802,049

Figure 4

Parking Meter Fund

Fiscal Year	Beginning Year Balance	Funds Out	Funds In	Ending Year Balance
FY04	25.764	(1.000)	12.227	36.991
FY05	36.991	(3.500)	9.314	42.805
FY06	42.805	(1.000)	10.390	52.194
FY07	52.194	(1.000)	11.342	62.536
FY08	62.536	(10.000)	8.960	61.496
FY09	61.496	(12.000)	11.204	60.700
*FY10	60.700	(15.000)	13.000	58.700
*FY11	58.700	(15.000)	13.000	56.700

Notes: ($millions), *projected

Cemetery Trust Fund

Fiscal Year	Beginning Year Balance	Funds Out	Funds In**	Ending Year Balance
FY04	10.476	(1.932)	2.728	11.271
FY05	11.271	(2.029)	1.139	10.381
FY06	10.381	(2.110)	2.478	10.749
FY07	10.749	(2.221)	2.754	11.283
FY08	11.283	(2.141)	1.035	10.177
FY09	10.177	(2.189)	(0.375)	7.613
*FY10	7.613	(2.079)	1.000	6.534
*FY11	6.534	(2.109)	1.500	5.925

Notes: ($millions), *projected, **Includes appreciation

Surplus Property Disposition Fund

Fiscal Year	Beginning Year Balance	Funds Out	Funds In	Ending Year Balance
FY04	42.874	0.000	7.500	50.374
FY05	50.374	(6.618)	0.000	43.756
FY06	43.756	0.000	0.000	43.756
FY07	43.756	(8.000)	0.000	35.756
FY08	35.756	(5.669)	0.000	30.087
FY09	30.087	0.000	0.000	30.087
*FY10	30.087	(5.979)	0.000	24.108
*FY11	24.108	(6.000)	0.000	18.108

Notes: ($millions), *projected

Figure 5