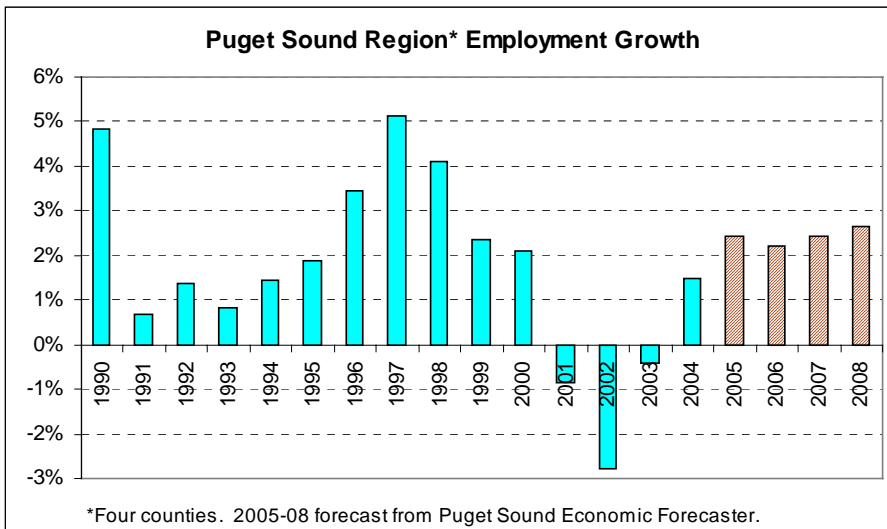


2004 Unreserved General Fund Balance

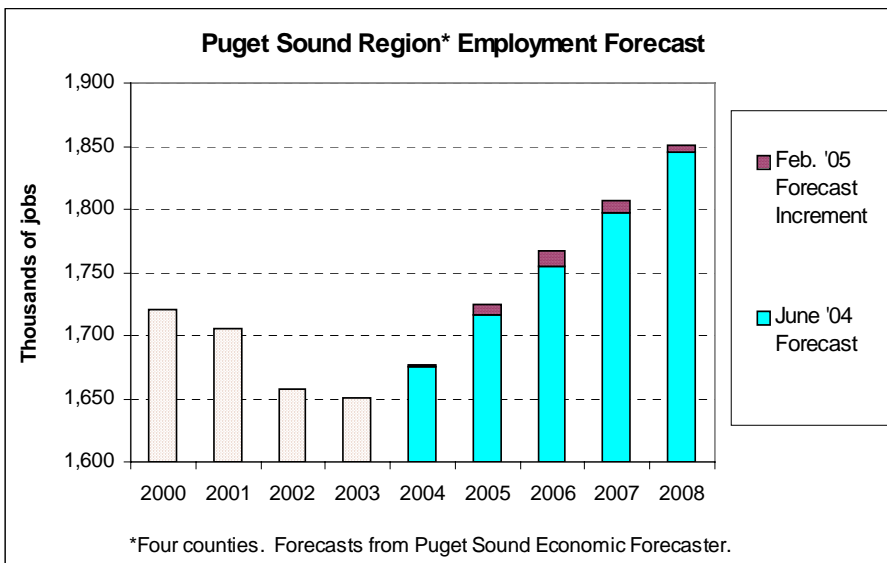
Expected Unreserved Fund Balance (as of November)	\$3,208,994
Revenues Above November Estimate	4,247,340
Transfer to Revenue Stabilization Account	(3,550,769)
Expenditure Savings Below Revised Budget	1,952,122
Carryforward Ordinance Expenditures	(1,218,747)
Actual Unreserved Fund Balance	\$4,638,940

Economic Forecast: Base Scenario

- Moderate growth
- No recession through 2008
- Continued low inflation, but rising from 2003-04 levels
- Interest rates will rise gradually

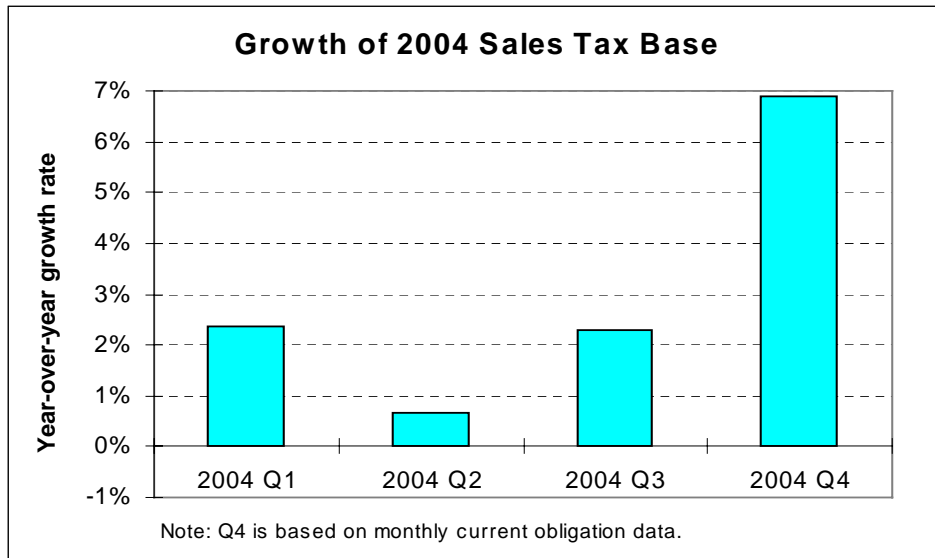


- Economic forecast is a bit stronger

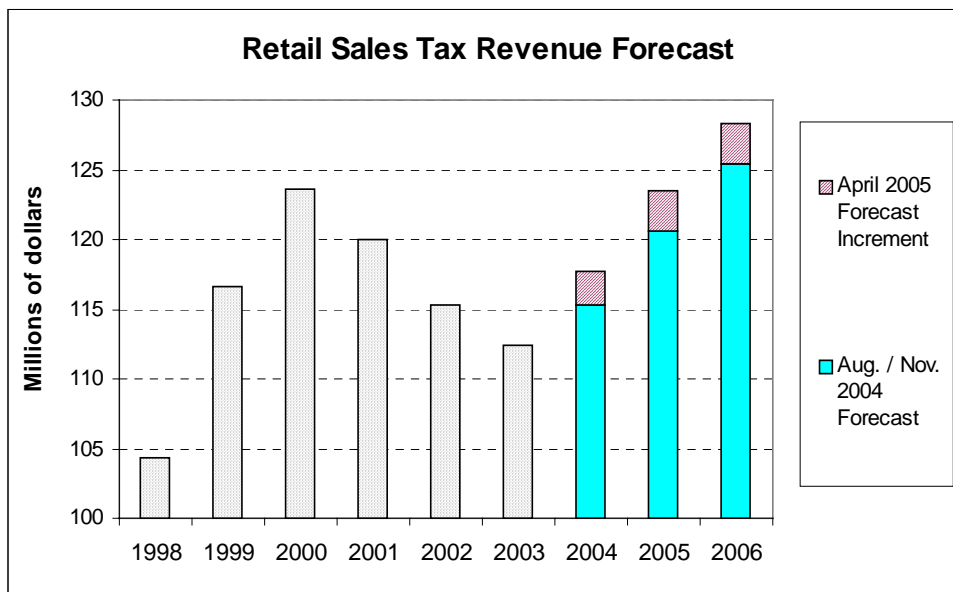


Retail Sales Tax: Base Scenario

- 2004 revenue exceeded forecast by \$2.5 mil. (2.1%)
 - \$1 million refund expected in Q4 was delayed to 2006
 - Growth accelerated in 2nd half of year
 - Construction has turned around

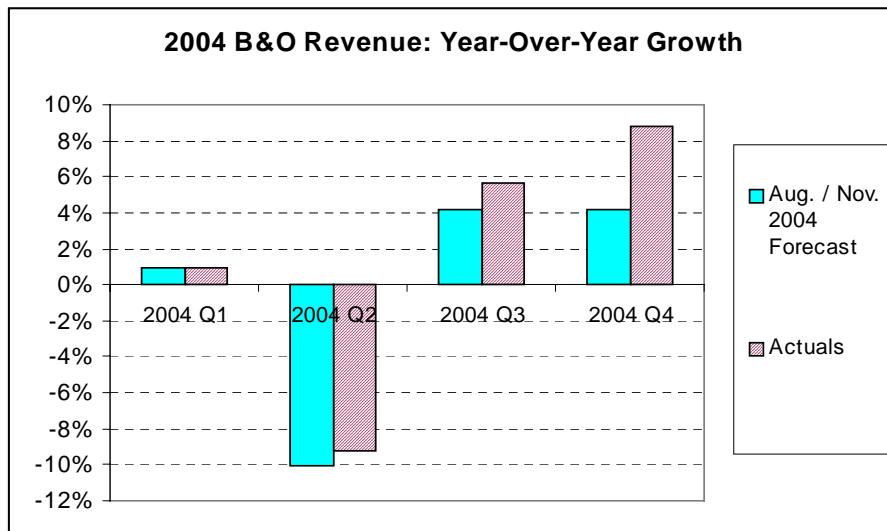


- 2005-06 boosted by stronger economic forecast

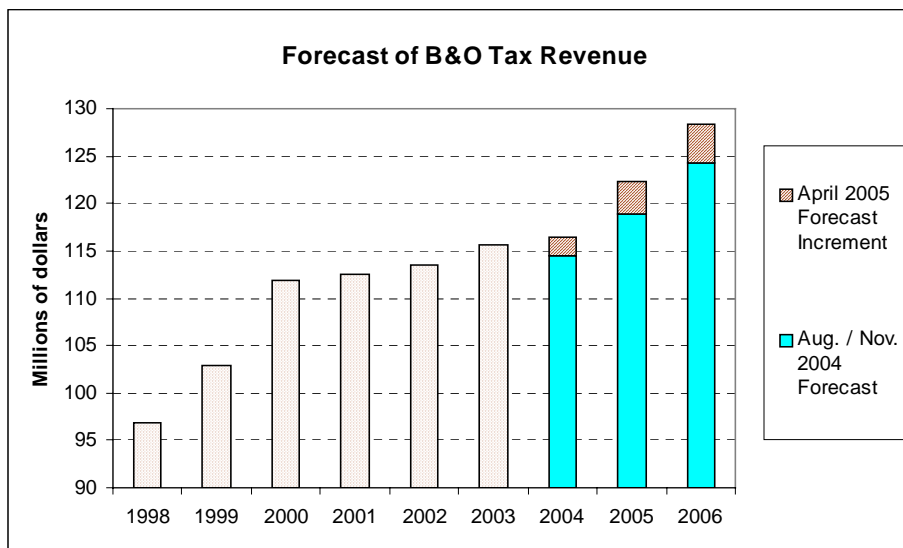


B&O Tax

- 2004 Revenue exceeded forecast by \$2.0 mil. (1.8%)
 - Growth picked up in 2nd half of year
 - Construction has turned around

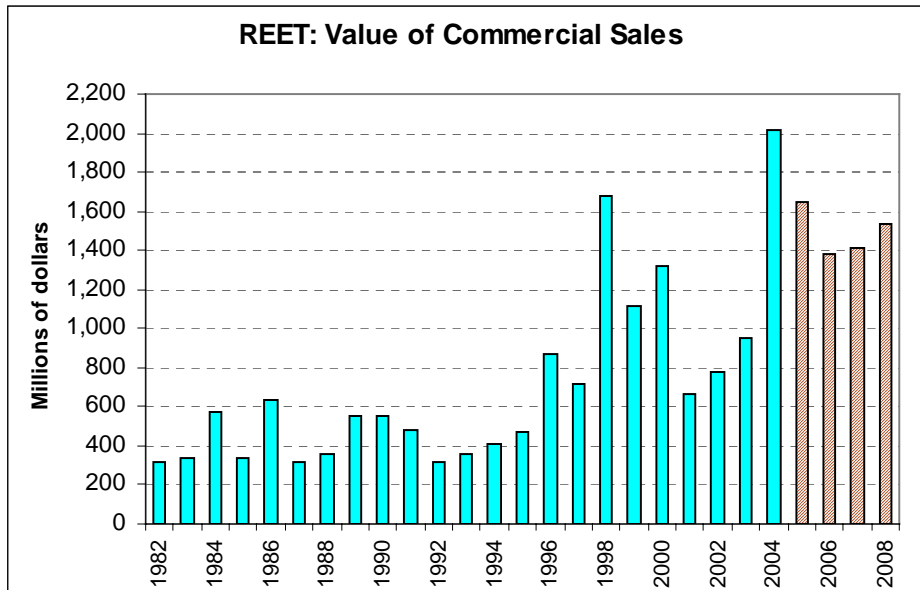
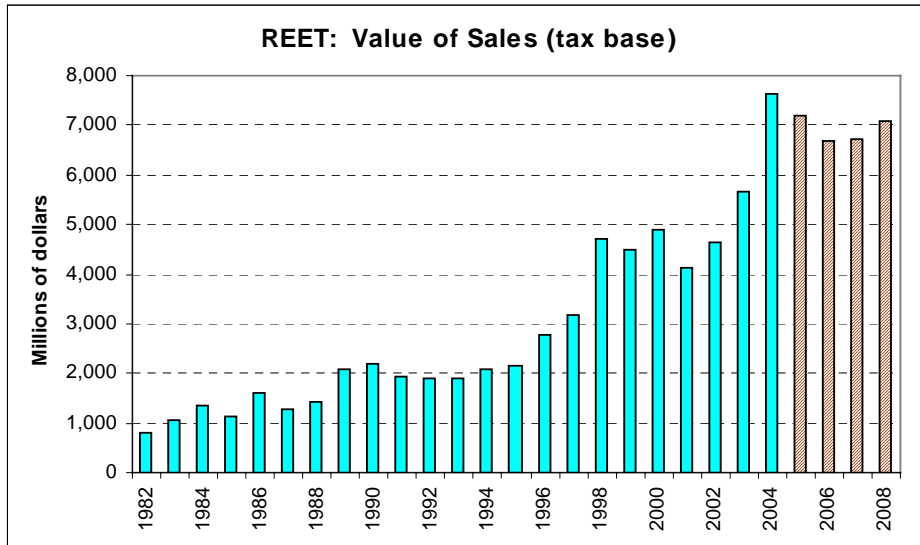


- 2005-06 boosted by stronger economic forecast



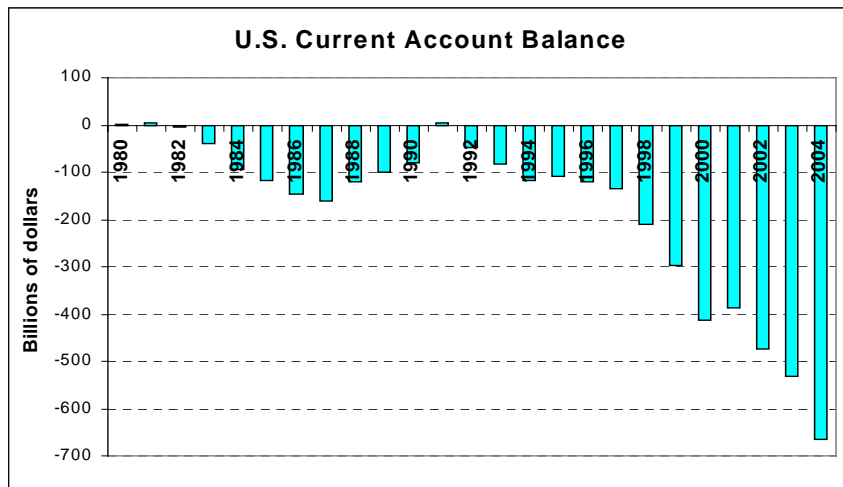
Real Estate Excise Tax (REET)

- Forecast assumptions:
 - Moderate economic growth
 - No recession through 2008
 - Gradually rising interest rates

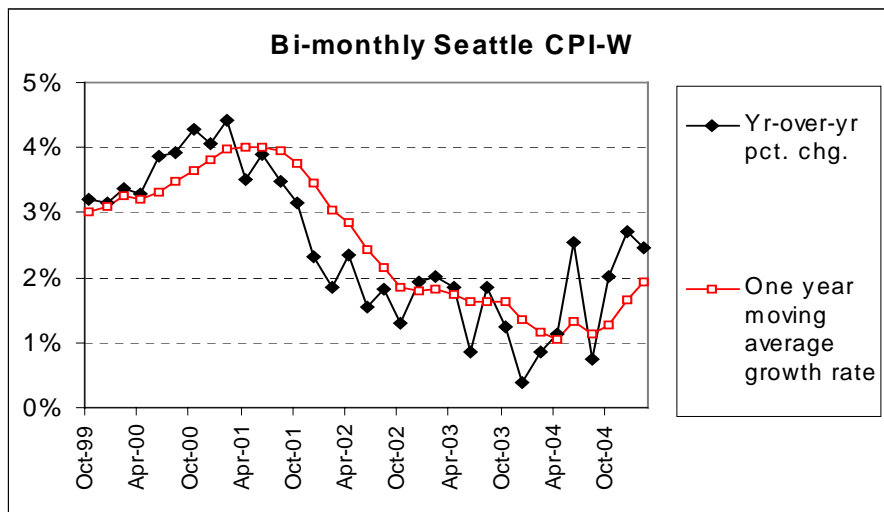


Economic Risks

- Global Financial Imbalances
 - U.S. current account deficit is more than 6% of GDP
 - Deficit is financed by borrowing from abroad
 - Current trends are unsustainable
 - Will correction be orderly or not?



- Rising inflation could slow economy
 - Prices are rising for oil and other commodities
 - Falling dollar is pushing up import prices
 - If inflation accelerates, Fed could accelerate rate hikes



General Fund - Revenues, Expenses 2005-2008

Base Scenario		2005	2006	2007	2008
		Projected	Projected	Projected	Projected
	Estimated Revenue	695,283,712	706,379,417	727,061,974	735,744,687
	Projected Expenses	(690,630,900)	(702,826,562)	(723,736,303)	(736,511,950)
	Annual Budget Surplus/(Deficit)	4,652,812	3,552,855	3,325,671	(767,263)

High-Inflation Scenario		2005	2006	2007	2008
		Projected	Projected	Projected	Projected
	<i>Base Inflation: 1.9% ('05), 2.3% ('06), 2.4% ('07), 2.4% ('08)</i>				
	<i>High Inflation: 3.0% ('05), 4.0% ('06), 5.0% ('07), 5.0% ('08)</i>				
	Estimated Revenue	698,920,819	716,293,893	747,199,046	766,270,546
	Projected Expenses	(690,630,900)	(710,736,316)	(744,829,889)	(773,348,492)
	Annual Budget Surplus/(Deficit)	8,289,919	5,557,577	2,369,157	(7,077,946)

Mild Recession Scenario		2005	2006	2007	2008
		Projected	Projected	Projected	Projected
	<i>Assumes modest recession based on 1991-93 experience</i>				
	Estimated Revenue	695,283,712	692,371,384	701,172,950	697,973,829
	Projected Expenses	(690,630,900)	(702,826,562)	(723,736,303)	(736,511,950)
	Annual Budget Surplus/(Deficit)	4,652,812	(10,455,178)	(22,563,354)	(38,538,121)

Long range revenue forecast: Base Scenario

(in millions of dollars)

Revenue	2004 Actuals	2004 fcast	Dollar Difference	Percent Difference	2005 fcast	2006 fcast	2007 fcast	2008 fcast
General Property Tax	178.7	178.6	0.0	0.0%	183.8	187.6	191.3	195.1
Property Tax - EMS Levy	19.6	19.8	-0.2	-0.8%	20.1	20.5	21.0	21.4
Retail Sales Tax	117.7	115.3	2.5	2.1%	123.5	128.4	134.3	140.2
Retail Sales Tax - Criminal Justice Levy	11.4	11.2	0.2	2.2%	12.0	12.5	13.1	13.7
B&O Tax (90%)	116.5	114.4	2.0	1.8%	122.4	128.3	135.3	128.0
Utilities Business Tax - Telephone (90%)	27.9	28.2	-0.2	-0.8%	27.0	26.0	25.0	25.0
Utilities Business Tax - City Light (90%)	31.0	31.0	0.1	0.2%	30.8	31.1	31.9	32.6
Utilities Business Tax - SWU & garbage (90%)	7.6	7.6	0.0	-0.1%	8.6	8.9	9.1	9.4
Utilities Business Tax - City Water (90%)	8.8	9.0	-0.2	-2.2%	12.9	13.1	13.4	13.7
Utilities Business Tax - DWU (90%)	14.2	14.0	0.2	1.8%	18.5	19.1	19.5	20.0
Utilities Business Tax - Natural Gas (90%)	9.8	9.8	0.0	0.4%	10.6	10.4	10.6	10.9
Utilities Business Tax - Other Private (90%)	9.2	10.1	-0.8	-8.4%	11.4	11.4	11.9	12.4
Admission Tax	6.7	6.5	0.2	2.6%	5.8	5.7	5.8	5.9
Other Tax	5.1	5.0	0.1	1.3%	5.3	5.4	5.5	5.6
Licenses and Permits	11.1	11.5	-0.4	-3.8%	13.8	13.2	13.5	13.9
Parking Meters/Meter Hoods	12.1	12.5	-0.4	-3.2%	15.6	17.2	17.6	18.0
Court Fines	17.7	18.0	-0.4	-2.2%	16.5	16.5	16.9	17.3
Interest Income	2.0	1.6	0.4	23.2%	1.3	1.6	1.6	1.7
Revenue from Other Public Entities	10.0	9.3	0.7	7.8%	10.2	10.1	10.3	10.5
Service Charges & Reimbursements	37.8	37.5	0.3	0.8%	40.0	37.7	38.6	39.5
All Else	0.7	1.1	-0.4	-38.5%	0.9	0.9	1.0	1.0
Interfund Transfers	14.6	13.9	0.6	4.4%	4.4	0.9	0.0	0.0
Total	670.2	665.9	4.2	0.6%	695.3	706.4	727.1	735.7
Growth Rate					3.7%	1.6%	2.9%	1.2%
Real Estate Excise Tax (REET)	38.3	33.2	5.1	15.4%	36.2	33.7	33.7	35.6