
FY 2015 JLBC Baseline

Full Version

January 17, 2014

JLBC

3-Year Budget Outlook

- ❑ The Baseline compares the 4-sector consensus revenue forecast with cost of current funding formulas through '17
- ❑ Under the Baseline scenario, the cash balance is \$327 M in '15, near \$0 in '16, and a \$(593) M shortfall in '17
- ❑ After adjusting the Baseline for the \$238 million HURF proposal, there are projected shortfalls of \$(256) M in '16 and \$(593) M in '17
- ❑ The cash balance estimates exclude the \$460 M available in the Budget Stabilization Fund

The Caveats

- ❑ The revenue forecast is based on moderate revenue growth – but assumes that a portion of ‘13 capital gain windfall was one-time
- ❑ Over 3 years, small percent changes in growth assumptions can have a substantial impact
 - Eliminating the 4-sector slow growth scenario, for example, could increase available revenues by \$468 M through ‘17
- ❑ Pending “budget” lawsuits could be significant. Retroactive K-12 inflation payments have a maximum exposure of \$1.26 B
- ❑ Baseline includes \$210 M to buy back debt in ‘17 under 2010 debt financing terms – but Executive could revise these terms

Legislative Considerations

- ❑ While there is a cash balance at least through '15, ongoing spending exceeds ongoing revenue in each year (a structural shortfall)
 - Through '17, the annual structural shortfall ranges from \$(328) M to \$(383) M
 - The \$900 M '13 carryforward keeps the cash budget balanced in the short term
- ❑ The state still annually suspends over \$300 M of funding formulas and rolls over \$1.2 B in spending (both primarily K-12)
- ❑ Among states, Arizona is tied for the 3rd lowest credit rating – but outlook has turned positive

Rating Agency Perspectives on Arizona – Revised from Stable to Positive Outlook

– Aa3 Moodys/AA- Standard and Poors

☐ Strengths

- Improving economy in terms of job and housing growth
- \$1.3 B budget balance and Rainy Day Fund at the end of '13
- Below average debt and pension liabilities

☐ Weaknesses

- Structural shortfall with expiration of 1 cent sales tax
- Constitutional restrictions on flexibility – Propositions 105 and 108
- Lack of financial best practices – statutory consensus forecasting and Executive mid-year budget reduction authority

JLBC Staff Suggested Process Improvements

- 1) Require independent contracted 3rd party oversight of significant information technology (IT) projects
- 2) Enhance and improve timeliness of income tax credit reporting through Department of Revenue IT improvements
- 3) Increase budget transparency
 - a) Line out Arizona State Hospital funding in DHS budget
 - b) Line out resources allocated for CPS in-home preventive services
- 4) Confirm school district charter conversion policy

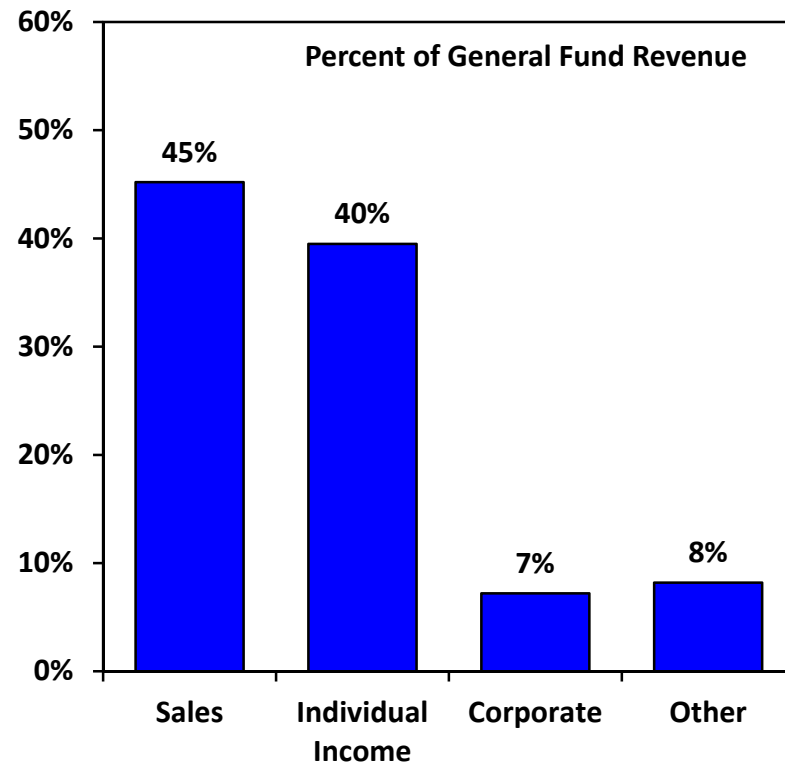
Revenue Overview

JLBC

FY 2015 General Fund Revenue

- 92% Generated by 3 Taxes

<u>Source</u>	<u>(Millions)</u>
Sales and Use Tax	\$ 4,207.6
Individual Income Tax	3,675.8
Corporate Income Tax	667.0
Other	<u>766.7</u>
TOTAL REVENUE	\$ 9,317.1^{1/}



^{1/} Excludes beginning balance, urban revenue sharing, and one-time revenue adjustments, but includes all on-going legislative revenue changes.

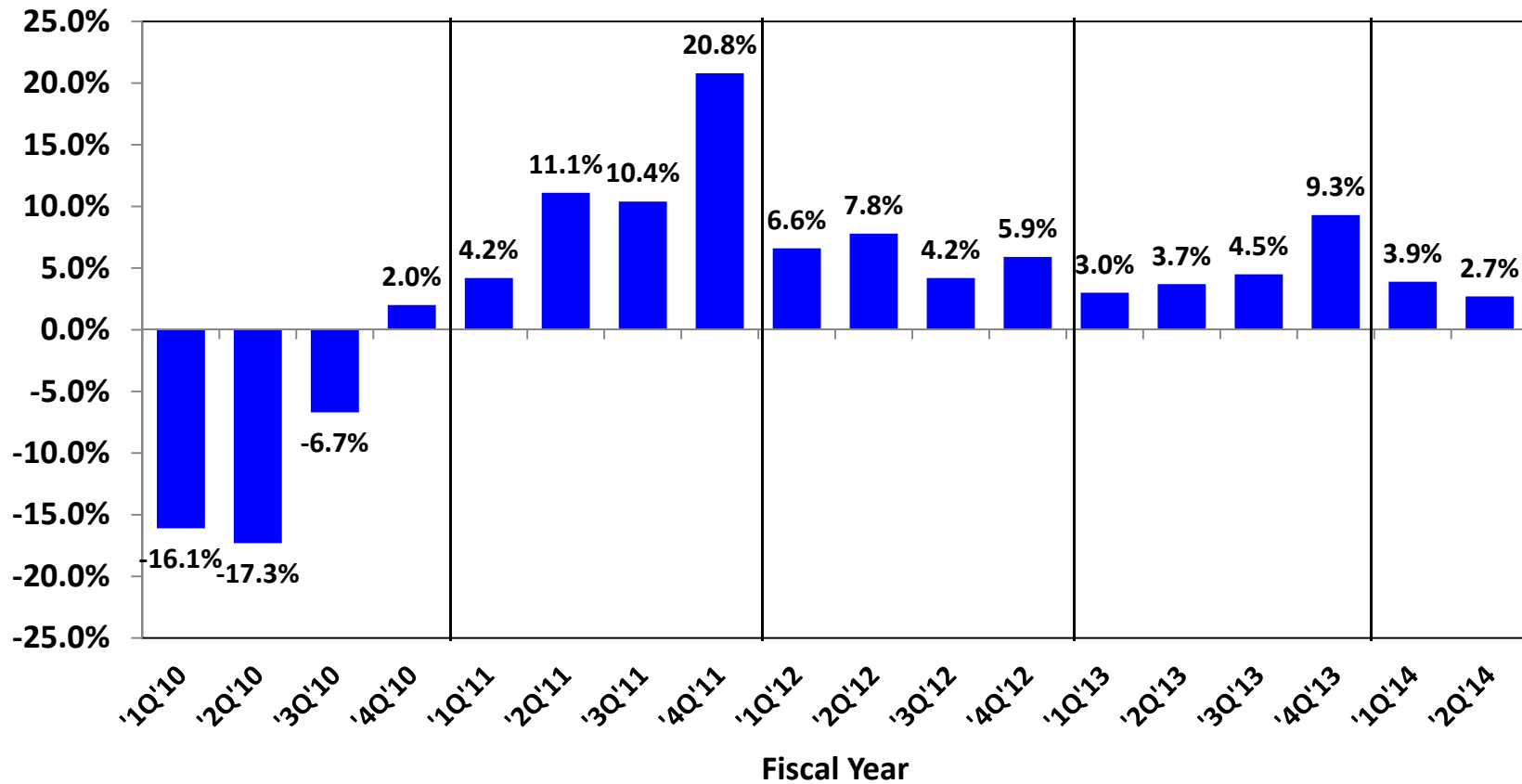
1st Half FY '14 Growth Rate 3.3%

- After Technical Adjustments, More Likely to be 4.0%
- \$12 M Above Original Budget Forecast

	Preliminary % Change over Prior Year
Sales Tax	6.7%
Individual Income Tax	3.4%
Corporate Income Tax	(14.8)%

- Strong sales tax growth led by retail and contracting
- Income tax withholding has increased by only 1.7%
- Increased use of tax credits may account for corporate decline

After Strong 4th Quarter of FY '13, Growth Has Slowed



Key Economic Measures

- Current Arizona Status Compared to Last Year

	December '12	December '13
Annual Jobs Added 10-yr Average = 73,700	50,900	47,500
Pending Maricopa Foreclosures Pre Recession Normal = 3,000	12,000	6,100
Arizona Annual Single Family Permits Pre Recession Normal = 40,000	15,900	17,700
Arizona Underwater Mortgages	39%	22%

Arizona Forecasters Are Optimistic Compared to Many Other Western States

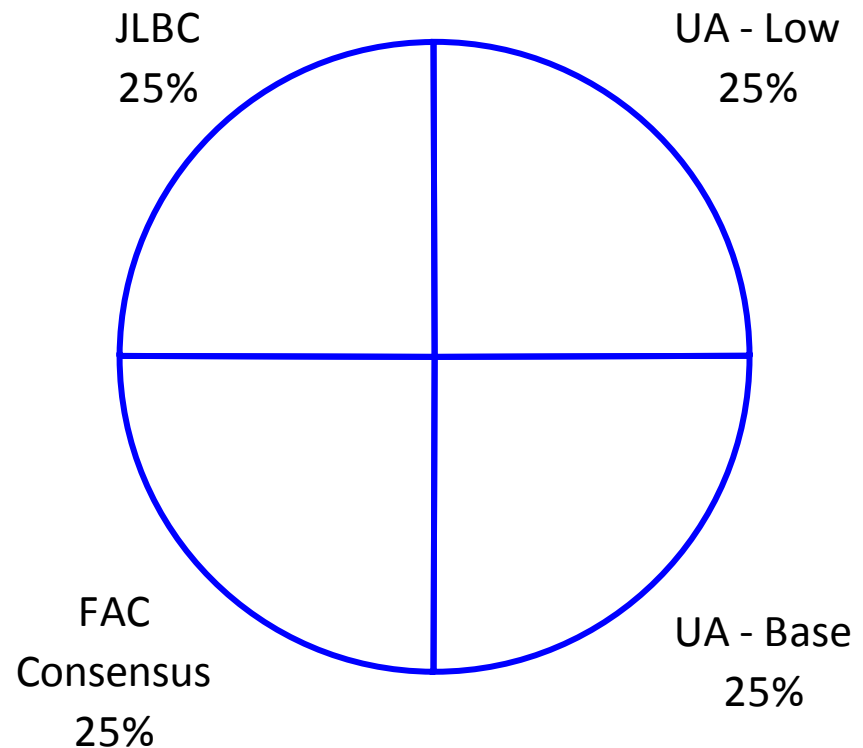
Blue Chip Forecast CY '14 % Personal Income Growth

Texas	5.8%
Washington	5.6%
Utah	5.5%
Arizona	5.2%
California	5.1%
Colorado	5.1%
Oregon	5.0%
Wyoming	4.5%
Montana	4.5%
Idaho	4.2%
New Mexico	4.2%
Nevada	3.2%

Where Are We Headed Over the Next Few Years?

- Four-Sector Consensus Forecast Incorporates Different Economic Views, Including the FAC

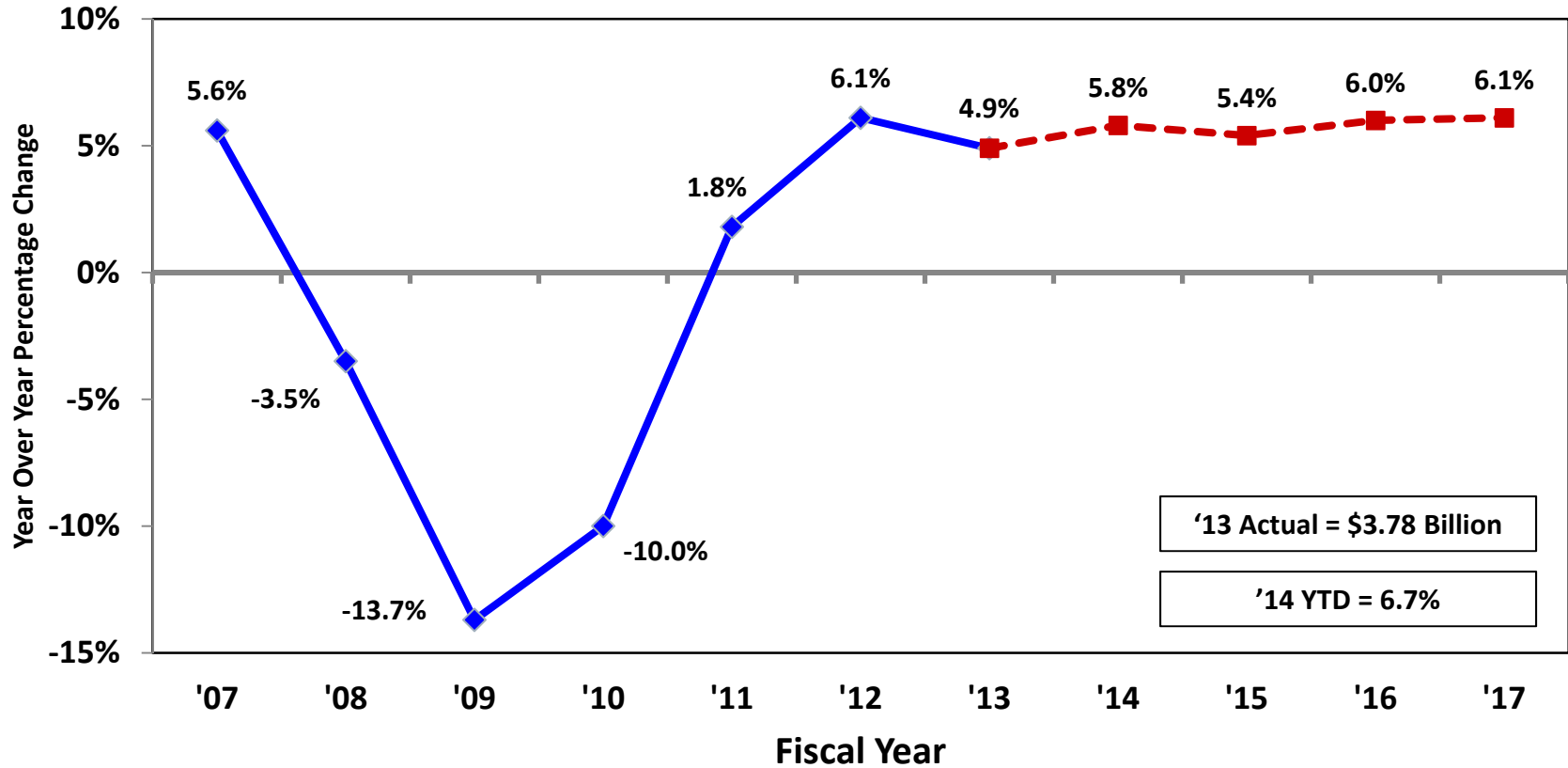
- ❑ 4-sector forecast equally weights:
 - FAC average
 - UofA model – base
 - UofA model – low
 - JLBC Staff forecast
- ❑ Small categories (8%) are Staff forecast
- ❑ Probability of exceeding forecast is 65%



* Includes Big 3 categories of sales tax, individual income and corporate income taxes

Sales Tax

- Projected Growth of 5.8% in FY '14 and 5.4% in FY '15



'13 Actual = \$3.78 Billion
'14 YTD = 6.7%

◆ Historical ■ 4-Sector Forecast

Percent Change in Base Revenue Excluding Tax Law Changes and 1-Cent Sales Tax

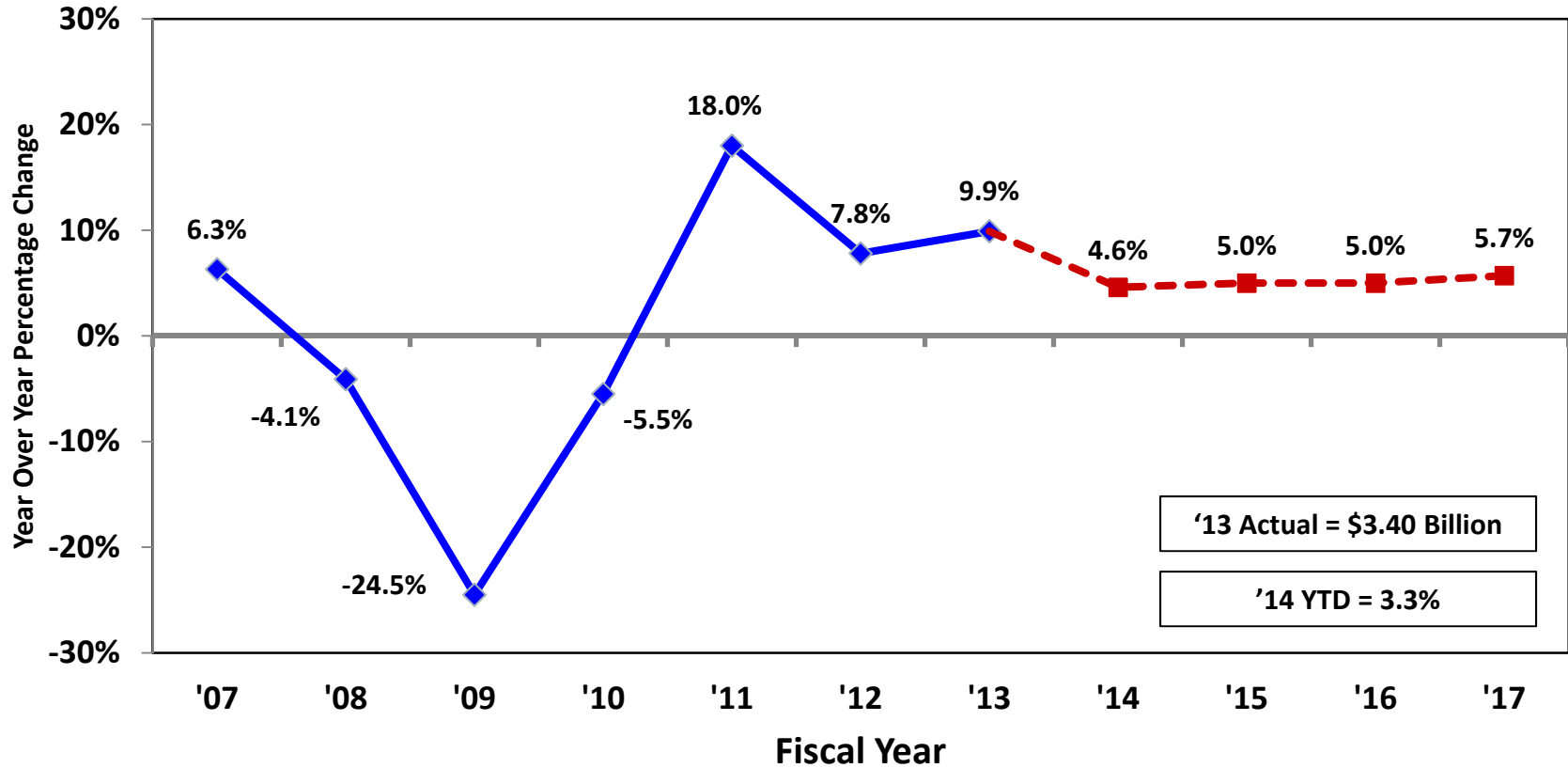


Impact of Taxing Internet Sales Remains Uncertain

- ❑ Arizona, along with 18 other states, already collects sales tax on Amazon purchases
- ❑ Beyond Amazon, impact of an affiliate nexus (“click-through”) tax may generate \$10 M to \$25 M
- ❑ Federal Marketplace Fairness Act would broaden internet sales tax even more
 - NCSL \$700 M estimate includes business to business
 - Likely gain: \$100 M or less

Individual Income Tax

- Projected Growth of 4.6% in FY '14 and 5.0% in FY '15



'13 Actual = \$3.40 Billion

'14 YTD = 3.3%

◆ Historical -■- 4-Sector Forecast

Percent Change in Base Revenue Excluding Tax Law Changes and One-Time Changes



Components of Individual Income Tax Growth

- FY '13 and First Half of FY 14

	<u>FY '13</u>	1 st Half Prelim <u>Actual</u>
Withholding	3.5%	1.7%
Payments	16.3%	15.4%
Refunds	<u>(2.5)%</u>	<u>6.6%</u>
Net	10.1%	3.3%

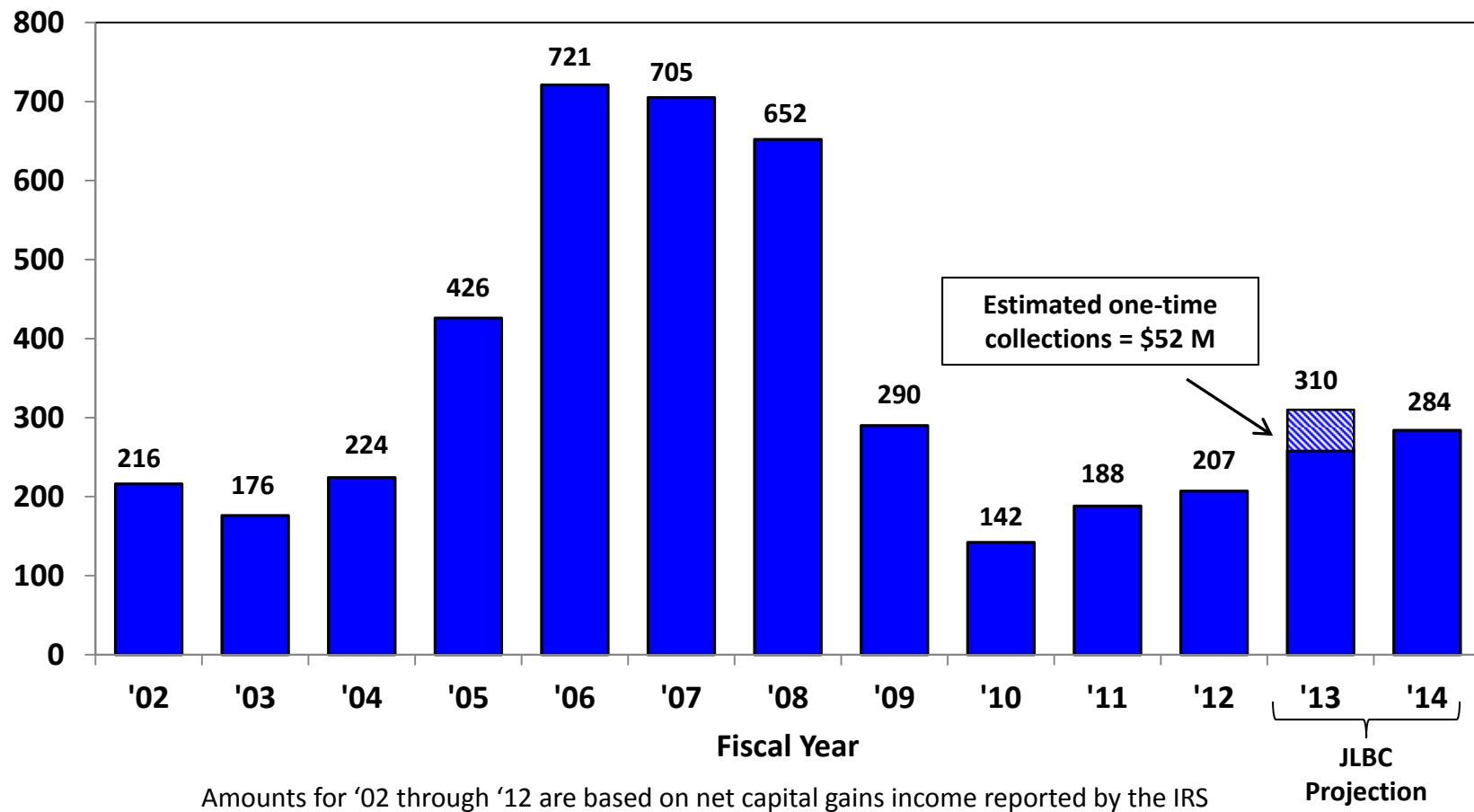
- ❑ Withholding growth below job and wage growth for 1½ years
- ❑ '13 payment increase partly due to accelerated capital gains
- ❑ '14 payment gain may reflect correction of '13 under payment
- ❑ Will reevaluate '14 growth with more data

FY '13 Tax Acceleration Likely One-Time

- ❑ Possible and actual federal policy changes incentivized companies to issue dividends and stockholders to take capital gains in December 2012
- ❑ Collections were accelerated into FY '13, likely reducing collections in future years
- ❑ JLBC projections include a \$52 M acceleration of collections into '13 and corresponding reductions of \$(26) M in '15, \$(13) M in '15, and \$(13) M in '16
- ❑ Strong TY '13 stock market performance projected to increase capital gains collections by 20% in FY '14

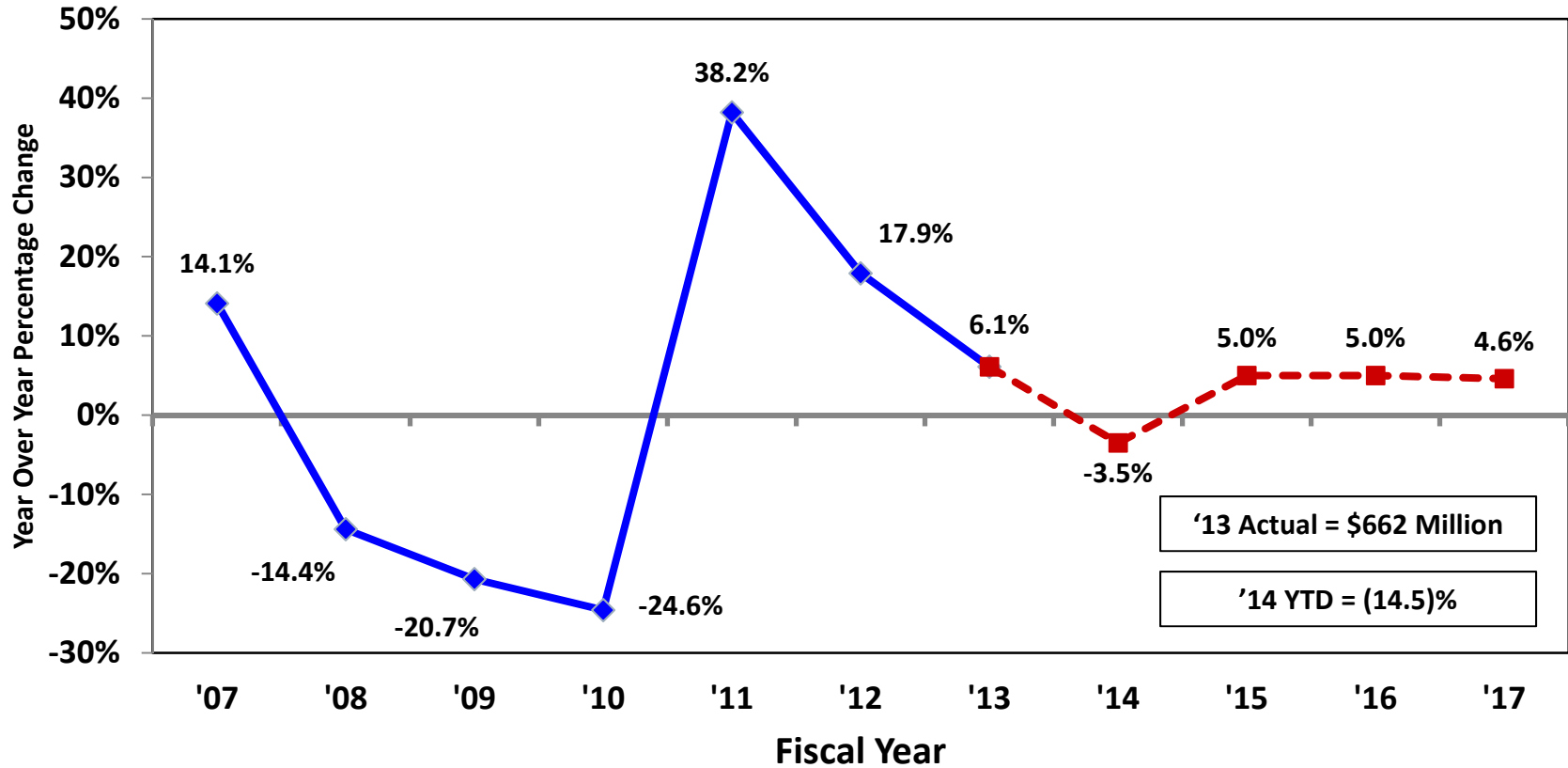
Estimated Collections from Capital Gains

- Historically Volatile Component of Revenue



Corporate Income Tax

- Projected Change of (3.5)% in FY '14 and 5.0% in FY '15



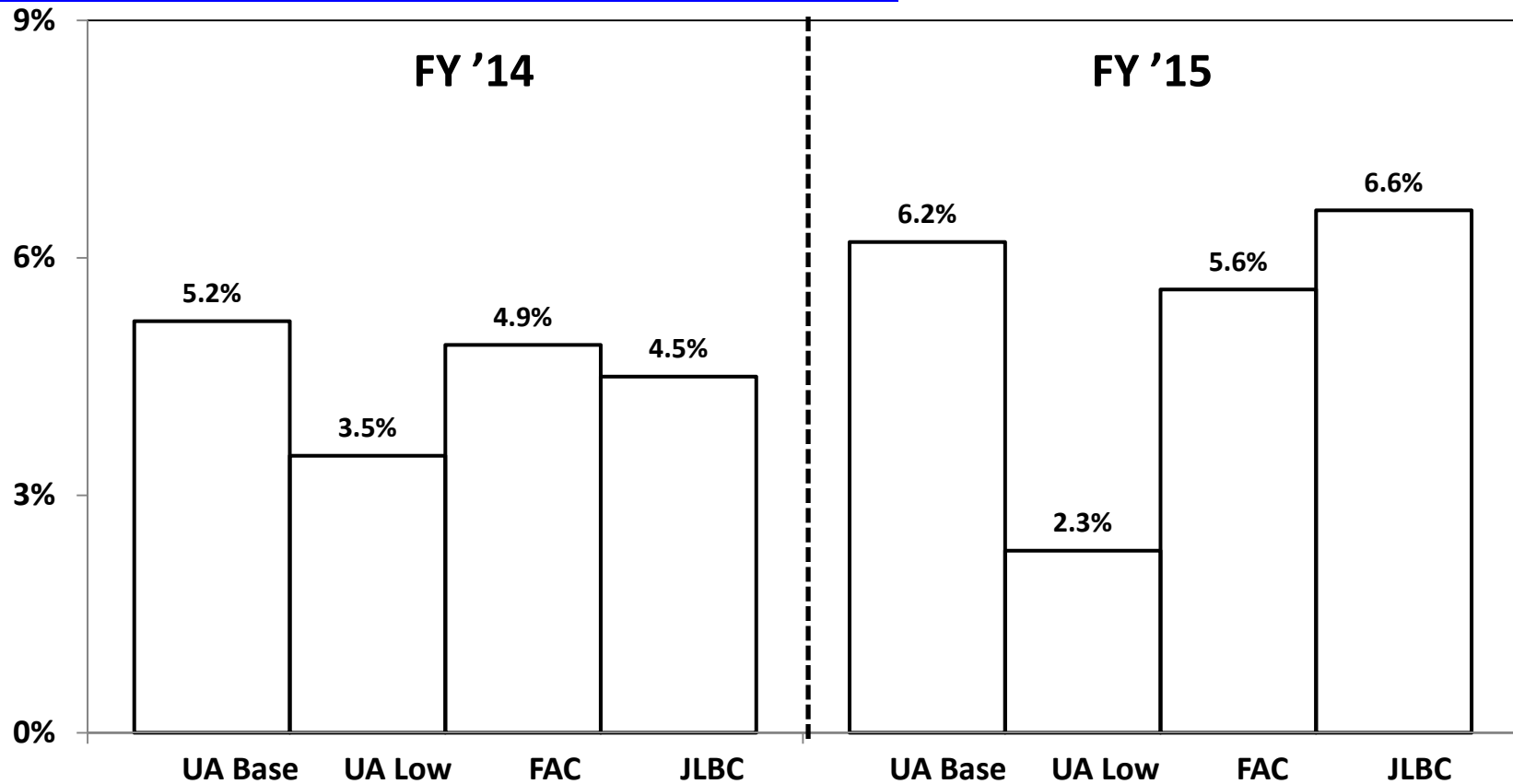
'13 Actual = \$662 Million
'14 YTD = (14.5)%

◆ Historical -■- 4-Sector Forecast

Percent Change in Base Revenue Excluding Tax Law Changes and One-Time Changes



Consensus Predicts Base Growth Rate of 4.3% in FY '14 and 5.3% in FY '15*



Details in Appendix A

* After adjusting for small tax categories, the base growth rate is 4.3% in FY '14 and 5.3% in FY '15



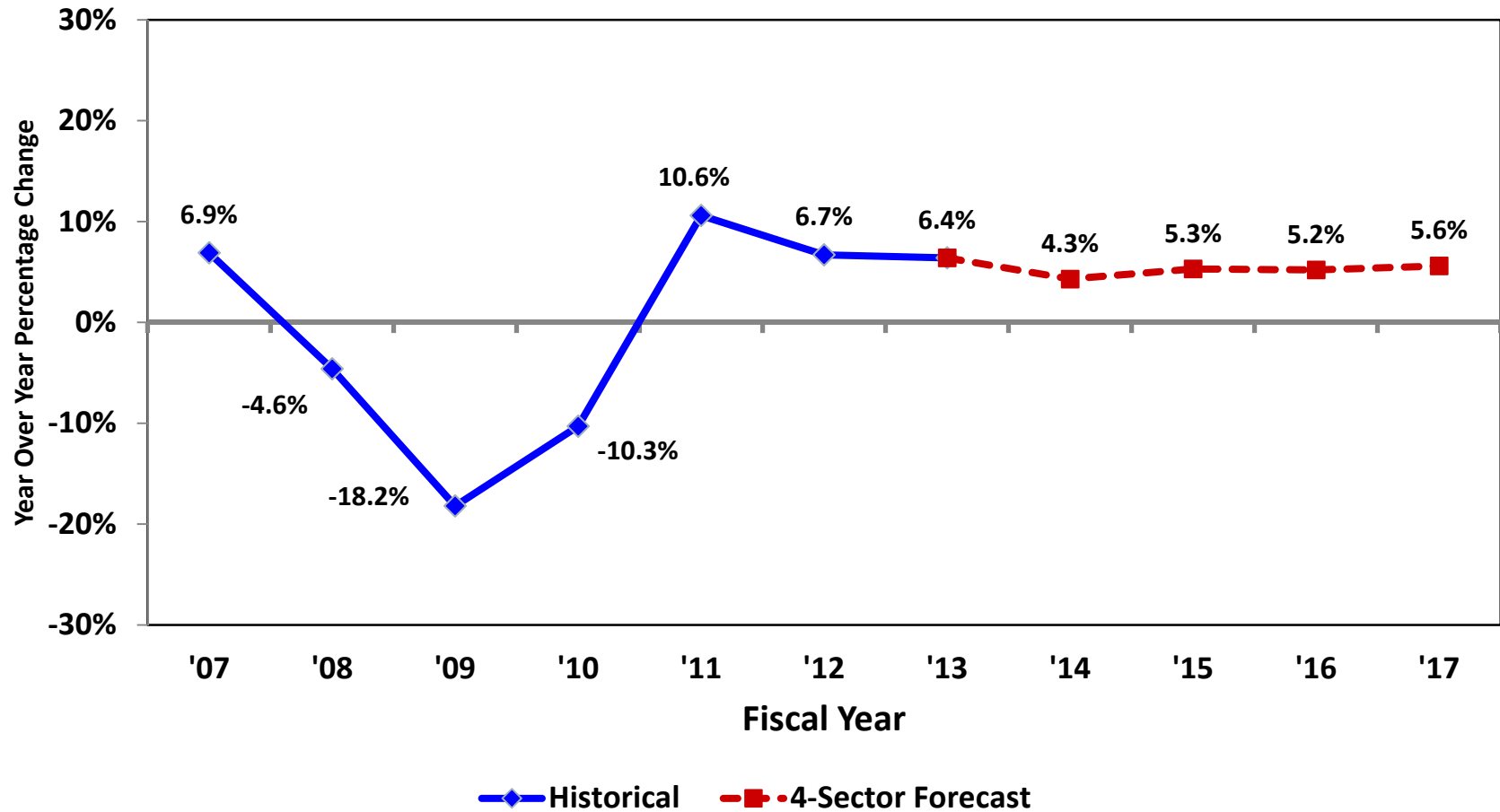
Is 4.3% FY '14 Growth Reasonable?

- ❑ Adjusted year-to-date increase is 4.0%
- ❑ Without the adjustment for accelerated capital gains, projected growth would be 5.3%
- ❑ Without 3.5% UofA Low growth scenario, adjusted revenue gain would only be slightly higher – 4.6%
- ❑ But Global Insight places odds of “stalled recovery” at 20% - UofA Low not significantly overweighted

What Are Risks in Forecast?

- ❑ Standard caveats like unknown events and international economics
- ❑ Will Federal Reserve Board successfully “taper” its purchase of bonds without economic disruption?
- ❑ With 2-year budget agreement, federal fiscal policy poses less risk – but 2 caveats
 - Annual federal tax reduction “extender” bill in limbo
 - Prior defense sequester cuts not yet fully implemented
- ❑ 1% change in annual growth over 3 years has a \$575 M impact on balance sheet

Consensus Forecasts Continuing Moderate Growth Rates Through FY '17



Percent Change in Base revenues excluding balance forward, tax law changes, one-time revenues, and urban revenue sharing

Major Tax Provisions

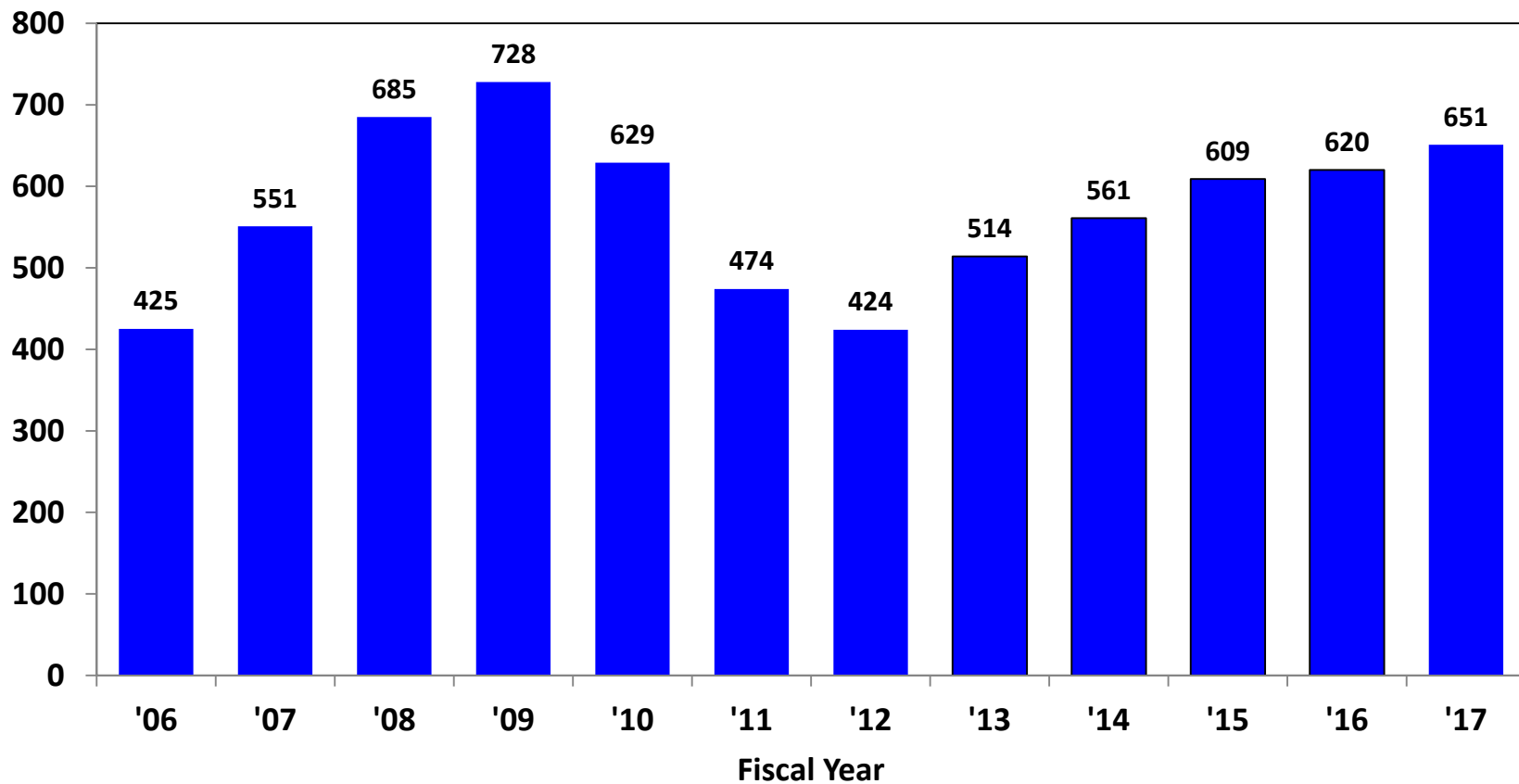
- Enacted, but Delayed Effective Date

Provisions	(\$ in Millions)		
	FY '15	FY '16	FY '17
Corporate Rate Phase Down (FY '15 – FY '18)	50	61	62
Corporate Sales Factor Phase In (FY '15 – FY '18)	39	38	32
Capital Gains Reduction	16	12	7
All Other	24	5	8
Total	129	116	109

All impacts relative to prior year

State Shared Income Tax Will Increase by \$48 M in FY '15

– City Share Linked to Income Tax 2 Years Prior



Based on January forecast, '17 estimate is \$631 M

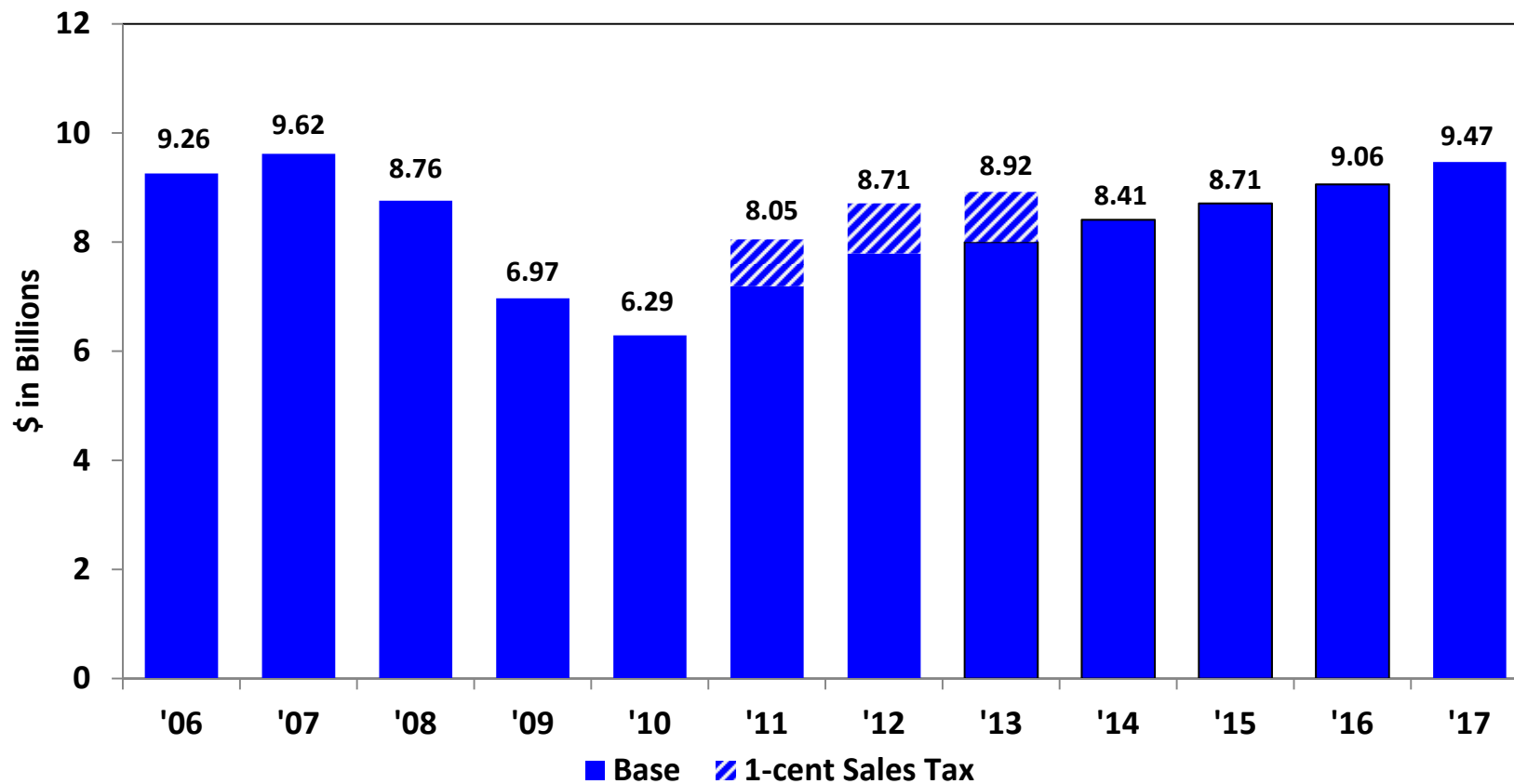
Detail of FY '15 – FY '17 Revenue Changes

- Excludes Change in Beginning Balance

\$ in Millions

	<u>FY '15 Above FY '14</u>	<u>FY '16 Above FY '15</u>	<u>FY '17 Above FY '16</u>
Base Revenue Growth (5.3%/5.2%/5.6%)	477	480	544
Elimination of Fund Transfers	(154)	--	--
Previously Enacted Tax Legislation	(129)	(116)	(109)
Urban Revenue Sharing	<u>(48)</u>	<u>(11)</u>	<u>(31)</u>
Total	146	353	404

Consensus Forecasts Remain Below FY '07 High



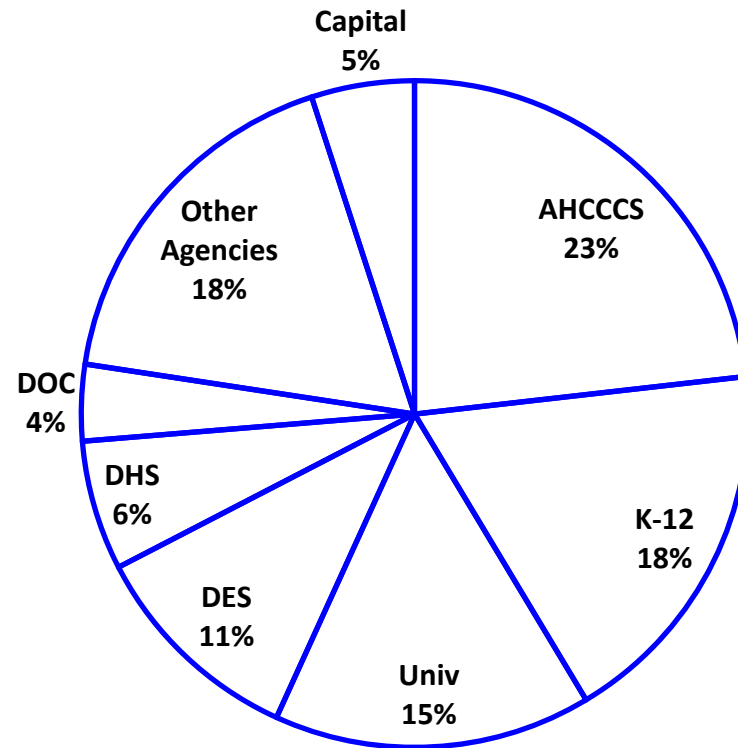
Excludes balance forward and other one-time revenues. Includes tax law changes and Urban Revenue Sharing.

Spending Overview

FY 2014 Total Spending is \$29 Billion

- General and Non-General Fund

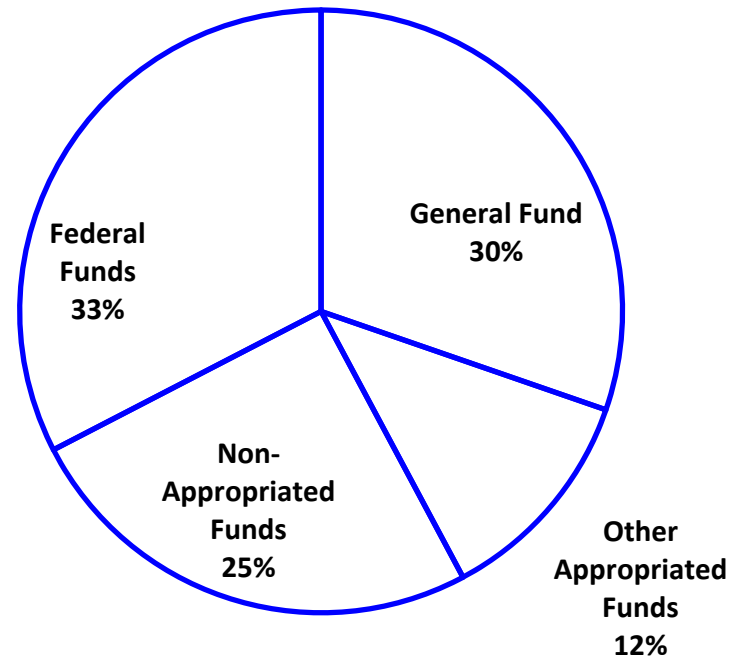
<u>Budget Unit</u>	<u>(Millions)</u>
AHCCCS	\$ 6,782.1
Education (K-12)	5,308.1
Universities	4,511.3
Economic Security	3,094.4
Health Services	1,853.9
Corrections	1,080.9
Other Agencies	5,133.4
Capital	<u>1,453.5</u>
TOTAL	\$ 29,217.7



The \$8.8 B General Fund Share is 30% of Total Funds

- GF Share Down from 43% in FY '02

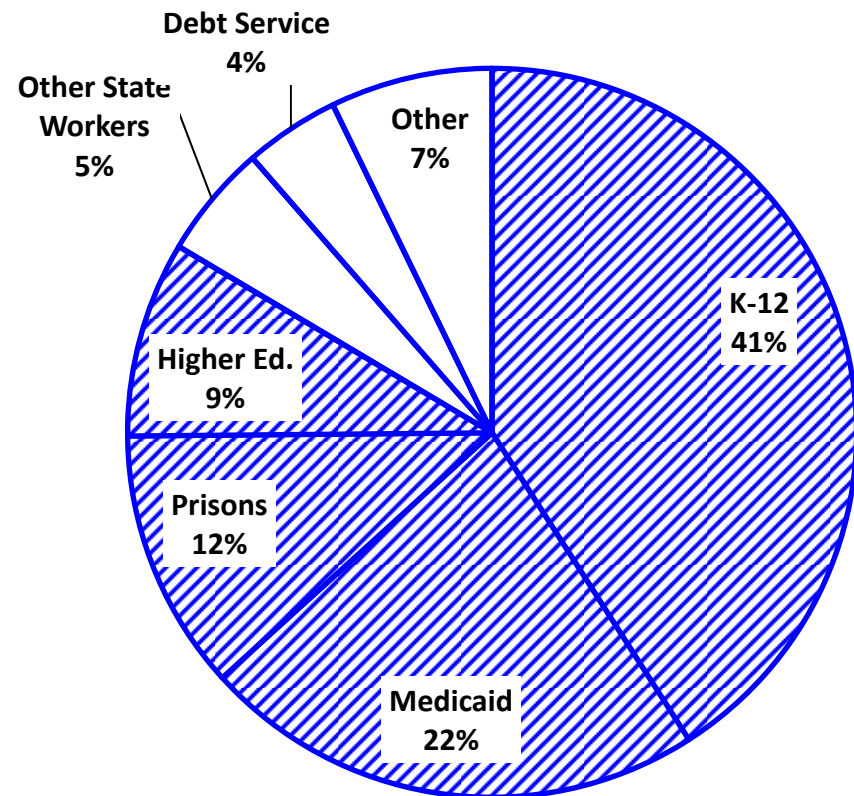
<u>FY '14 Fund Source</u>	<u>(Millions)</u>
General Fund	\$ 8,847.5
Other Appropriated Funds	3,487.8
Non-Appropriated Funds	7,356.4
Federal Funds	<u>9,526.0</u>
TOTAL	\$ 29,217.7



The 3 Main Drivers of FY '14 General Fund Spending Are Education, Health, and Prisons

- Represents 84% of On-Going General Fund Budget

	(FY '14 \$ in Millions)
Education (K-12)	\$ 3,620.8
Medicaid	1,976.8
Prisons	1,025.7 ^{1/}
Higher Education	767.7
Other State Workers	446.9
Debt Service	373.3
Other	<u>636.3</u>
TOTAL	\$ 8,847.5



^{1/} Includes \$30 M of capital spending.

Baseline Spending Methodology

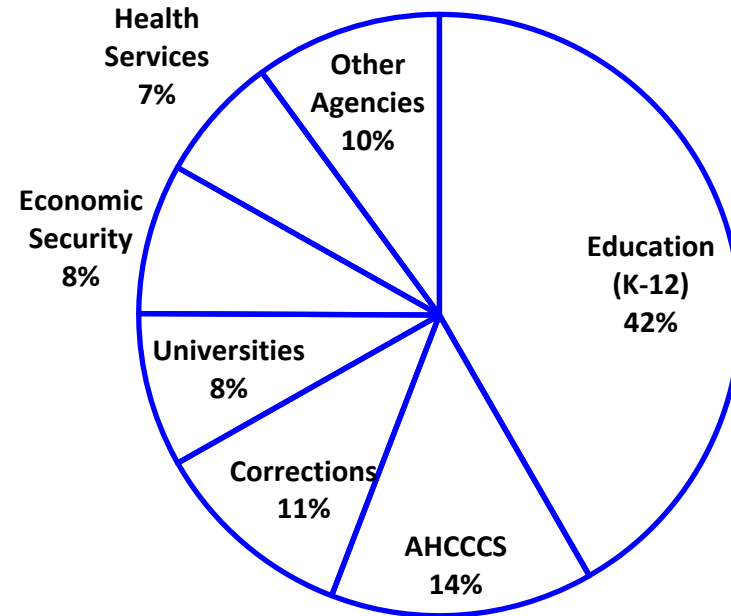
- ❑ Enacted budget figures have been updated to reflect latest estimated changes to currently active statutory and other funding formulas
- ❑ Spending estimates assume the continued annual suspension of \$300 M of inactive formulas – mostly ADE funding (see Appendix B)
- ❑ Assumes continuation of \$1.2 B in “rollover” payments

FY '15 – FY '17 Projected Spending Changes

	General Fund - \$ in Millions		
	<u>FY '15</u> <u>Above '14</u>	<u>FY '16</u> <u>Above '15</u>	<u>FY '17</u> <u>Above '16</u>
K-12 Formula	167	230	303
Medicaid Formula (AHCCCS/DHS)	15	83	93
DES Caseload/Backfill	45	27	29
University Parity	15	15	15
ADC Operating	25	11	3
Comm. Colleges Formula	(4)	2	2
Other	21	2	(3)
Additional Ongoing Spending	284	370	442
One-time Prison Capital	(50)	0	0
Debt Buyback	0	0	210
Total Spending	\$9,036 M	\$9,406 M	\$10,058 M

FY '15 General Fund Baseline by Agency

<u>Budget Unit</u>	<u>(\$ in Millions)</u>
Education (K-12)	\$ 3,787.5
AHCCCS	1,285.0
Corrections	996.5
Universities	750.8
Economic Security	735.2
Health Services	615.6
Other Agencies	913.8
Total Operating Budget	\$ 9,084.4



Department of Education K-12 Spending Estimates

- Excludes Any Retroactive Inflation Payments

	\$ in M		
	FY '15 <u>Above '14</u>	FY '16 <u>Above '15</u>	FY '17 <u>Above '16</u>
Student Growth (1.1%, 1.2% & 1.3%)	62	68	74
Higher Average Cost Per Pupil	22	22	22
Charter Conversions *	33	61	122
Full Inflation	74	107	109
Property Taxes from New Construction	(42)	(54)	(66)
Homeowners Rebate Change (Assessment Ratio)	22	26	42
Career Ladder Phase Out	(5)	(1)	--
Total	167	230	303

* Assumes district sponsored charter conversions will continue to double each year.

What Will Courts Decide Concerning Any Retroactive K-12 Inflation?

- Maximum Exposure = \$1.26 B

Annual Foregone Inflation

<u>Fiscal Year</u>	<u>\$ in Millions</u>
2009	\$ 119
2010	120
2011	180
2012	221
2013	310
2014 *	313
Total	<u>\$ 1,263</u>

* FY'14 base level was \$3,327 per pupil. This amount includes full inflation above FY '13. If full inflation had been applied every year, base level would be \$3,560 for a cost of \$313 M.

University Parity Funding

- Increase ASU and NAU to UA per student level

- ❑ Based on FY '11 calculations, originally intended to cost \$75 M over 5 years
- ❑ \$30 M already appropriated – Baseline includes remaining \$45 M through FY '17 (\$15 M annually)
- ❑ Difficult to calculate actual parity as yearly student growth rates affect per student funding
- ❑ Based on current average, remaining \$45 M may be insufficient – but calculation could easily change

AHCCCS/DHS/DES Spending

	General Fund \$ in M		
	<u>FY '15</u> <u>Above '14</u>	<u>FY '16</u> <u>Above '15</u>	<u>FY '17</u> <u>Above '16</u>
AHCCCS	(50)	65	72
DHS	65	18	21
DES	45	27	29
Total	60	110	123

- ❑ AHCCCS '15 estimates incorporate the savings from the new hospital assessment, which were not included in the '14 budget
- ❑ DHS '15 estimates are higher than normal since none of the hospital assessment is being used to offset DHS higher costs under ACA
- ❑ DES '15 estimate includes DD Medicaid Formula growth plus \$35 M for the backfill of one-time monies from the Long Term Care System Fund

AHCCCS Caseloads

-Enrollment Increasing to 1.6 M in FY '15

Year Ending Enrollment (millions)		
<u>FY '14</u>	<u>FY '15</u>	<u>FY '16</u>
1.394	1.621	1.643

- ❑ Federal requirements: 170,000 enrollees by June 2015
 - 35,000 children from 100-133% FPL
 - 135,000 individuals currently eligible but unenrolled
- ❑ Medicaid expansion: 250,000 enrollees by June 2015
 - 60,000 adults from 100-133% FPL
 - 190,000 childless adults from 0-100% FPL

Department of Corrections

	General Fund \$ in M		
	FY '15 <u>Above '14</u>	FY '16 <u>Above '15</u>	FY '17 <u>Above '16</u>
500 + 500 Medium Security Beds	12.0	7.3	(0.1)
500 Maximum Security Beds	9.8	0.2	0.0
Health Care Contract	2.6	1.9	2.9
Marginal Population Growth	0.3	1.4	(0.2)
Total	<u>24.7</u>	<u>10.8</u>	<u>2.7</u>

- Annualizes 500 private beds opened in '14, and opens another 500 in '15
- Funds 500 maximum security public beds to open in '15
- Population growth projected at 800 a year driving marginal and health care growth

ADC Bed Surplus/Shortfall

- Possible Shortfall in Male Medium Beds

January 2015 Total Male Bed (Shortfall)/Surplus		
<u>Classification Level</u>	<u>Permanent</u>	<u>Total</u>
Minimum	(890)	482
Medium	(3,664)	(343)
Close	424	454
Maximum	101	570
Total	(4,029)	1,163

- ❑ In January 2015, ADC is projected to have a permanent bed shortfall of (4,029) even after adding 1,500 new beds
- ❑ With 5,192 temporary beds, however, the shortfall converts into a total bed surplus of 1,163

Automation Projects

- General Fund Support

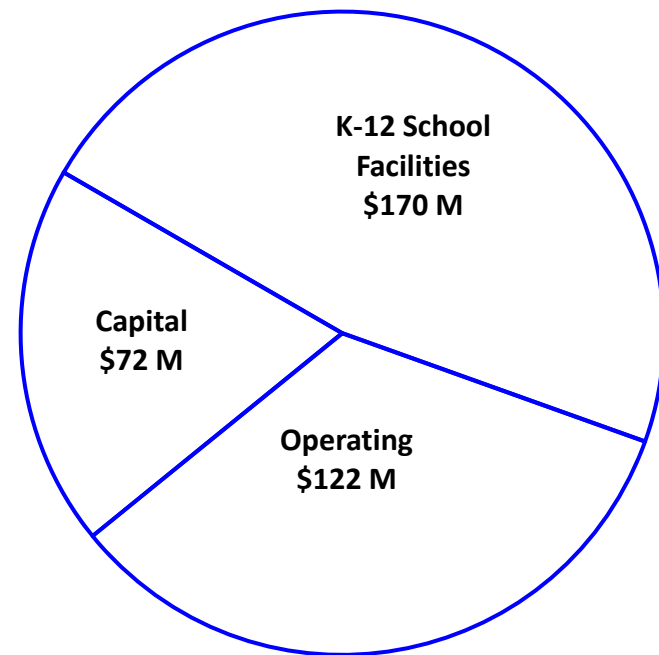
	(\$ in Millions)					
	<u>FY '12</u>	<u>FY '13</u>	<u>FY '14</u>	<u>FY '15</u>	<u>FY '16</u>	<u>FY '17</u>
ADOA – AFIS Replacement	0	16.8	18.4	18.4	9.2	0
DOR – IT Projects	0	3.4	1.7	1.7	1.7	1.7
ADE – Student Information System	5.0	5.0	5.4	5.4	5.4	5.4
General Fund Total	5.0	25.2	25.5	25.5	16.3	7.1

- The '15 Baseline includes the previously enacted funding to replace AFIS, the state's accounting system
- In '15, the DOR IT projects will support automation efforts to improve the timeliness and accuracy of income tax credit and capital gains reporting
- The Baseline provides ongoing funding for ADE's Student Information System
- The Baseline also continues non-GF support of Department of Corrections and Department of Environmental Quality projects

General Fund Debt Service Will Cost \$364 M In FY '15

- Equivalent to 7th Largest Budget Unit

- ❑ State has \$7.7 B in outstanding debt and lease-purchases
- ❑ General Fund share is \$3.0 B
- ❑ Prepayment penalties are currently in effect for most existing debt



FY '14 GF Debt Service = \$364 M

\$1.5 B 2010 Debt Financing Had Debt Buyback Provisions

- ❑ 2010 financing requires early buyback of debt if state generates large reserves – primarily the cash balance and Rainy Day Fund
- ❑ The projected '15 reserves requires the buyback of \$210 M – but would not occur until '17
- ❑ The Executive has the option of eliminating the buyback provision if it agrees to limit the investment yield on part of its portfolio to 4% - no legislative action required

State Employee Retirement Impacts

- ❑ ASRS employee and employer contribution rate will each increase by 0.06%: from 11.54% in '14 to 11.60% in '15
 - ASRS actuarial report projects these rates to gradually increase to 12.14% in FY 2018, then decline over time
- ❑ In other systems, aggregate '15 employee rates will increase by up to 0.70% and employer rates will increase by up to 2.10%
- ❑ Baseline does not fund the added rate changes – estimated to have a \$5 M General Fund cost
- ❑ Total annual state cost of all retirement systems:
 - General Fund – \$156 M
 - All appropriated sources (including GF) – \$310 M

Legislative Proposal

– 2-Year DPS/HURF Proposal

- ❑ Under permanent law, up to \$10 M of Highway User Revenue Fund can be used for DPS Highway Patrol expenses
- ❑ In 10 of the last 12 years, Legislature reduced DPS General Fund costs by using more than \$10 M of HURF
- ❑ The current Legislative proposal would entirely eliminate the HURF shift in '15 and '16 at a cost of \$238 M
- ❑ The proposal would increase local HURF by \$119 M over 2 years and increase statewide highway construction by a like amount

Projected Ending Balance Estimates

JLBC

Updated FY '14 – '17 Budget Projections

Baseline

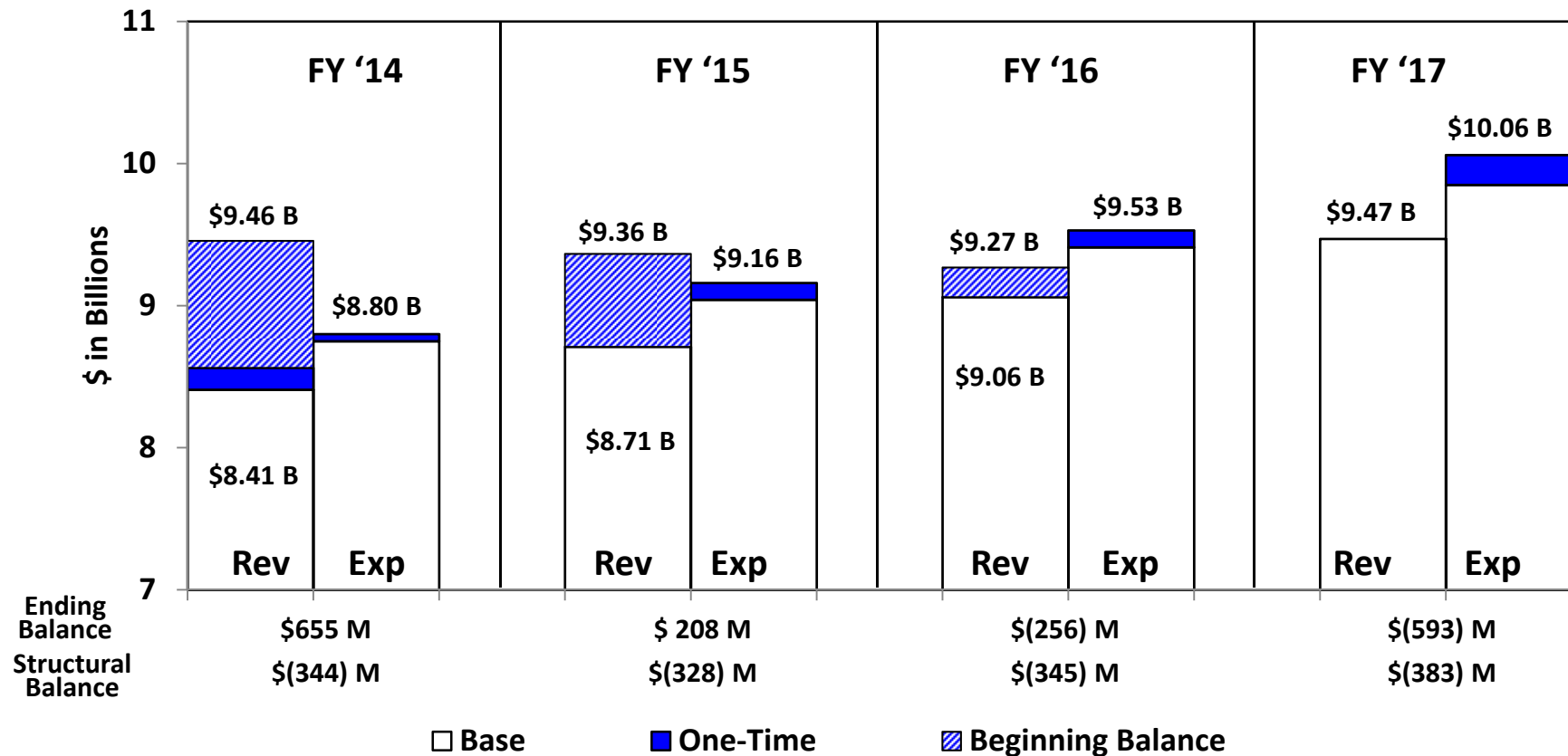
	<u>FY '14</u>	<u>FY '15</u>	<u>FY '16</u>	<u>FY '17</u>	
Balance Forward	\$895 M	\$655 M	\$327 M	\$0	\$(17) M
Baseline Revenues	\$8.56 B	\$8.71 B	\$9.06 B	\$9.47 B	
Baseline Spending	\$8.80 B	\$9.04 B	\$9.41 B	\$10.06 B	
Baseline Balance	\$655 M	\$327 M	\$(17) M	\$(593) M	\$(610) M

Baseline with HURF Proposal

Balance Forward	\$895 M	\$655 M	\$208 M	\$0	\$(256) M
Baseline Revenues	\$8.56 B	\$8.71 B	\$9.06 B	\$9.47 B	
Baseline Spending	\$8.80 B	\$9.04 B	\$9.41 B	\$10.06 B	
HURF Proposal	\$0	\$119 M	\$119 M	\$0	
Adjusted Balance	\$655 M	\$208 M	\$(256) M	\$(593) M	\$(849) M

FY'14 – '17 Revenues Compared to Expenditures

- Baseline Adjusted for HURF Proposal



**STAFF OF THE
JOINT LEGISLATIVE BUDGET COMMITTEE**

- Director Richard Stavneak
- Office Manager Linda Monsanto
- Deputy Directors Steve Schimpp
..... Stefan Shepherd
- Principal Economist Tim Everill
- Chief Economist..... Hans Olofsson
- Principal Fiscal Analysts..... Eric Billings
..... Jack Brown
..... Bob Hull
..... Art Smith
- Senior Fiscal Analysts..... Ben Beutler
..... Steve Grunig
..... Jon Stall
- Fiscal Analysts Henry Furtick
..... Matthew Gress
..... Ben Henderson
..... Micaela Larkin
..... Krista MacGahan
..... Tom Ritland
- Administrative Assistant/JLBC Clerk..... Kristy Paddack
- Administrative Assistant/JCCR Clerk..... Tera Scherer

Appendix A: January 2014 4-Sector Forecast

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Sales Tax				
JLBC Forecast	6.5%	6.0%	6.1%	6.2%
UA – Low	4.4%	2.7%	4.7%	5.6%
UA – Base	6.2%	6.6%	7.2%	7.1%
FAC	6.2%	6.1%	5.8%	5.5%
Average:	5.8%	5.4%	6.0%	6.1%
Individual Income Tax				
JLBC Forecast	4.5%	6.3%	5.9%	6.2%
UA – Low	3.0%	2.3%	3.0%	5.2%
UA – Base	4.7%	5.3%	5.4%	5.9%
FAC	6.3%	6.0%	5.5%	5.4%
Average:	4.6%	5.0%	5.0%	5.7%
Corporate Income Tax				
JLBC Forecast	(7.0)%	11.9%	4.1%	5.5%
UA – Low	0.9%	0.2%	1.9%	2.4%
UA – Base	1.9%	8.4%	8.1%	4.7%
FAC	(9.7)%	(0.4)%	5.6%	5.8%
Average:	(3.5)%	5.0%	5.0%	4.6%
JLBC Weighted Average	4.5%	6.6%	5.9%	6.2%
UA Low Weighted Average	3.5%	2.3%	3.8%	5.3%
UA Base Weighted Average	5.2%	6.2%	6.5%	6.4%
FAC Consensus Weighted Average	4.9%	5.6%	5.6%	5.5%
“Big-3” Weighted Average	4.5%	5.2%	5.5%	5.8%
Consensus Weighted Average*	4.3%	5.3%	5.2%	5.6%
Adjusted Consensus Weighted Average**	3.6%	3.9%	3.9%	4.5%
* Adjusted for small revenue categories				
** Adjusted for tax law changes				



Appendix B: Funding Formula Suspensions

Statutory Funding Formula Suspensions

<u>Agency</u>	<u>Formula</u>	<u>FY 2015 Cost If Funded</u>
Community College	STEM/Workforce Program Suspension	\$ 21,930,500
Department of Education	Soft-Capital Formula	238,985,500
	Charter School Additional Assistance	15,656,000
	Fund JTEDs at 91%	4,162,000
Department of Environmental Quality	WQARF	8,000,000
Department of Health Services	Restoration to Competency	1,200,000
	SVP	3,130,000
Universities	Financial Aid Trust	<u>21,363,000</u>
Total/No HURF Shift in FY'15/'16		\$ 314,427,000
Department of Public Safety	Highway User Revenue Fund	<u>109,247,100</u>
Total/Continue DPS HURF Shift		\$ 423,674,100
Non-Statutory Formula Suspensions		
Department of Administration	Building Renewal	28,033,200
Universities	Building Renewal	<u>107,480,500</u>
Subtotal		\$ 135,513,700