

# WASHINGTON

**Financial Operations, Biennium  
Ended June 30, 1963**

•  
**The 1963-65 Budget of State Funds**

•  
**Comparative Statements**

# YOUR STATE FINANCES

STATE OF WASHINGTON

CENTRAL BUDGET AGENCY



STATE CAPITOL



## To the People of Washington

During the 1961-63 biennium, state spending from the General Fund was held to 7.8 million dollars below actual income, establishing the second consecutive biennium that ended with a surplus, and bringing the long-standing deficit to its lowest point since 1951.

For the current biennium we are projecting another balanced budget despite the fact that the Legislature approved a budget that was out of balance by 3.1 million dollars. While the budget for 1963-65 is a tight one, it is one that will permit continuation of quality programs with no increase in our tax burden.

Tables on pages 18 and 19 show how the state's unrestricted General Fund money was applied. Here we see that education was allocated 84% of the money over which we have control. While even this large share does not represent as much money as we would like to provide for education, it does demonstrate the priority we attach to this function of state government.

The increases in other areas are related to increases in workload, best illustrated by the opening of additional facilities, such as the Cascadia Juvenile Reception Center in Tacoma and the Adult Reception Center in Shelton.

This report is another example of the constant effort of your state government to make a continuous flow of fiscal information available to you, the people of Washington. It is in fact further fulfillment of State Government's duty to account fully and openly for the way it disposes of public funds. In the pages that follow, every effort has been made to simplify the presentation without sacrificing essential accounting accuracy. I hope this information will help you understand your state government better, and will stimulate even greater interest in our financial activities.

*Aluto Rellini*  
Governor

April, 1964

## THE BUDGET PROCESS

### THE GOVERNOR

Proposes the Biennial Budget.



### THE LEGISLATURE

Reviews the Governor's Budget.  
Authorizes operating programs.  
Enacts tax laws.  
Appropriates funds.



### THE BUDGET DIRECTOR

Initiates and exercises budgetary controls over revenues and expenditures of state funds.  
Maintains central books of account reflecting the financial picture of the state as a unit.



### STATE AGENCIES

Administer applicable programs.  
Collect revenues and incur expenditures.  
Submit financial reports concerning their operation to the Budget Director.



### OTHER OFFICIALS

**STATE TREASURER** — Receives and disburses all treasury funds.  
**STATE AUDITOR** — Conducts regular audits of state agencies to insure that legislative intent has been carried out.



# 1961-63 INCOME and OUTGO TOTALS

## BUDGETED FUNDS BIENNIUM ENDED JUNE 30, 1963

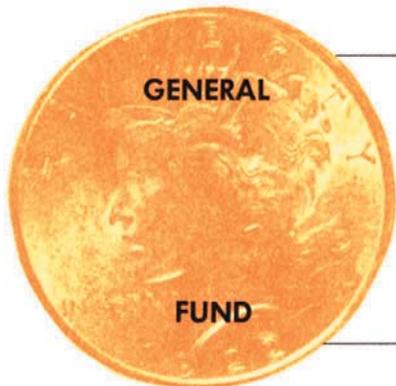
\$ Millions

	General Fund	All Funds
<b>INCOME</b>		
Taxes .....	\$761.6	\$ 982.5
Federal Grants .....	139.8	302.8
All Other .....	52.1	305.7
<b>TOTAL</b> .....	<b>\$953.5</b>	<b>\$1,591.0</b>
<b>OUTGO</b>		
State Operations .....	\$941.6	\$1,284.2
Capital Improvements .....	4.1	306.0
<b>TOTAL</b> .....	<b>\$945.7</b>	<b>\$1,590.2</b>
<b>EXCESS OF INCOME OVER OUTGO</b> .....	<b>\$ 7.8</b>	<b>\$ .8</b>

**THE BUDGET DOLLAR**  
 Biennium Ended June 30, 1963

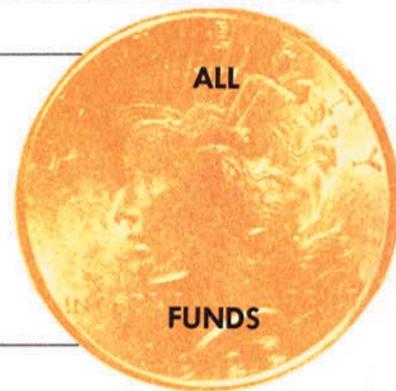
**1961-63 INCOME . . .**

**Where It Came From**



Taxes .....	80¢
Federal Grants .....	15¢
Liquor Revenue .....	3¢
All Other .....	2¢

Taxes .....	62¢
Federal Grants .....	19¢
Proceeds of Bond Issues .....	5¢
Licenses, Permits, Fees .....	5¢
All Other .....	9¢



**BUDGETED FUNDS**  
Biennium Ended June 30, 1963

**1961-63 INCOME BY SOURCE**

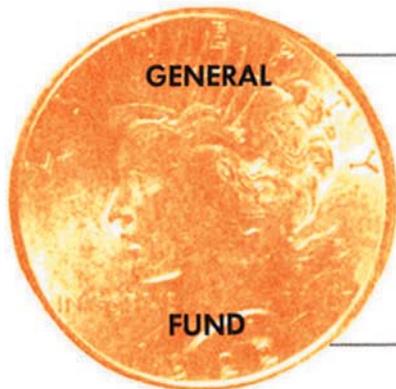
\$ Millions

TAXES

	General Fund	Percent of Total	All Funds	Percent of Total
Retail Sales and Use .....	\$427.0	44.8	\$ 446.2	28.1
Motor Vehicle Fuels .....	.....	.....	153.4	9.6
Business and Occupation .....	139.6	14.6	139.6	8.8
Property and Excise .....	59.1	6.2	75.9	4.8
Public Utility .....	36.2	3.8	36.2	2.3
Alcoholic Beverages .....	27.5	2.9	35.4	2.2
Tobacco .....	19.5	2.0	43.1	2.7
Inheritance and Gift .....	24.5	2.6	24.5	1.5
Insurance Premium .....	17.6	1.9	17.6	1.1
All Other .....	10.6	1.1	10.6	.7
<b>Total Taxes</b> .....	<b>761.6</b>	<b>79.9</b>	<b>982.5</b>	<b>61.8</b>
Federal Grants .....	139.8	14.7	302.8	19.0
Proceeds of Bond Issues .....	.....	.....	83.0	5.2
Licenses, Permits, Fees .....	5.2	.5	79.0	5.0
Liquor Revenue .....	31.6	3.3	33.4	2.1
All Other .....	15.3	1.6	110.3	6.9
<b>TOTAL</b> .....	<b>\$953.5</b>	<b>100.0</b>	<b>\$1,591.0</b>	<b>100.0</b>

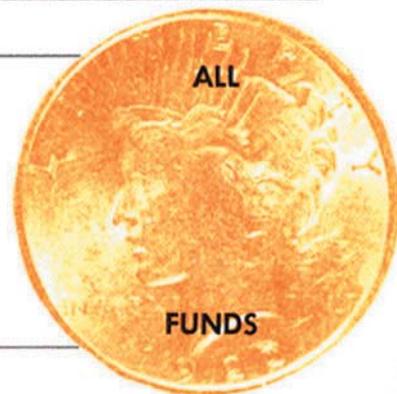
**THE BUDGET DOLLAR**  
Biennium Ended June 30, 1963

**1961-63 OUTGO . . . Where It Went**



Education . . . . .	58¢
Public Welfare . . . . .	25¢
Health and Hospitals . . . . .	6¢
Other . . . . .	11¢

Education . . . . .	44¢
Public Welfare . . . . .	15¢
Highways . . . . .	14¢
Distribution to Political Subdivisions . . . . .	6¢
Debt Service . . . . .	4¢
Other . . . . .	17¢



**BUDGETED FUNDS**  
Biennium Ended June 30, 1963

**1961-63 OUTGO BY FUNCTION**

\$ Millions

	General Fund	Percent of Total	All Funds	Percent of Total
Education				
Public Schools .....	\$428.8	45.4	\$ 476.1	30.0
Higher Education .....	103.9	11.0	213.2	13.4
All Other .....	10.7	1.1	11.5	.7
Total Education .....	543.4	57.5	700.8	44.1
Highways .....			229.3	14.4
Public Welfare .....	233.6	24.7	233.8	14.7
Revenue Distribution to Political Subdivisions .....	4.2	.5	100.0	6.3
Health and Hospitals .....	58.8	6.2	65.5	4.1
Public Safety and Regulation .....	26.6	2.8	58.9	3.7
Natural Resources and Recreation .....	19.3	2.0	44.8	2.8
Correction .....	23.9	2.5	33.8	2.1
General Government .....	19.7	2.1	25.2	1.6
Debt Service .....			68.8	4.3
Employment Security .....	13.8	1.5	16.0	1.0
Agriculture .....	2.1	.2	7.2	.5
All Other .....	.3		6.1	.4
TOTAL .....	\$945.7	100.0	\$1,590.2	100.0

**BUDGETED FUNDS**  
Biennium Ended June 30, 1963

**FUND BALANCES**

	Balance July 1, 1961 Surplus or (Deficit)	\$ Millions Net Change 1961-63	Balance June 30, 1963 Surplus or (Deficit)
<b>TREASURY FUNDS</b>			
General .....	\$( 35.0)	\$ 7.8	\$( 27.2)
General Fund Accounts—Special Revenue	20.3	2.5	22.8
General Fund Accounts—Bond Issue . . . .	31.9	(26.2)	5.7
Special Revenue Funds—Motor Vehicle . . . .	18.0	9.3	27.3
Special Revenue Funds—All Other . . . . .	8.7	2.9	11.6
Bond Issue .....	1.4	(1.1)	.3
Bond Retirement and Interest .....	34.1	7.6	41.7
Other .....	.1	.....	.1
<b>LOCAL FUNDS</b>			
Special Revenue .....	12.7	(2.2)	10.5
Bond Issue .....	12.1	.2	12.3
<b>TOTAL BUDGETED FUNDS</b> .....	<b>\$104.3</b>	<b>\$ .8</b>	<b>\$105.1</b>

**BIENNIAL HISTORY  
OF GENERAL FUND  
BALANCES**

**DEFICIT**

	\$ Millions
March 31, 1951 .....	\$44.2
March 31, 1953 .....	43.6
March 31, 1955 .....	39.0
June 30, 1955 .....	58.1
June 30, 1957 .....	29.3
June 30, 1959 .....	44.2
June 30, 1961 .....	35.0
June 30, 1963 .....	27.2

## 1963-65 BUDGET

### Outgo Authorizations

	\$ Millions
TREASURY FUNDS	
Appropriations, Regular .....	\$1,698.7
Appropriations, Balance Forward ..	8.6
Reappropriations .....	137.6
	<hr/>
TOTAL .....	1,844.9
LOCAL FUNDS .....	127.9
	<hr/>
TOTAL OUTGO AUTHORIZED .....	\$1,972.8



**BUDGETED FUNDS**  
Biennium Ending June 30, 1965

**1963-65 INCOME AND OUTGO TOTALS**

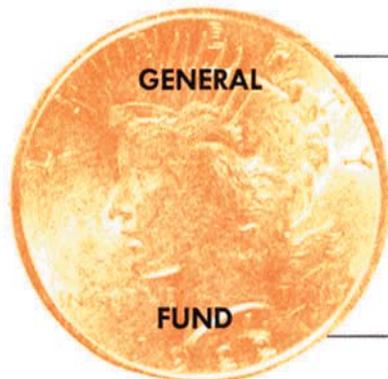
\$ Millions

	General Fund	All Funds
<b>INCOME</b>		
Taxes .....	\$ 823.2	\$1,054.7
Federal Grants .....	146.3	431.8
All Other .....	42.3	404.3
<b>TOTAL</b> .....	<b>1,011.8</b>	<b>1,890.8</b>
<b>OUTGO</b>		
State Operations .....	1,011.1	1,448.9
Capital Improvements .....	2.1	523.9
Total Budget .....	1,013.2	1,972.8
Less Required Reduction to Balance Outgo To Fund Resources (Chapter 328, Laws 1959) .....	1.4*	29.7
<b>TOTAL</b> .....	<b>\$1,011.8</b>	<b>\$1,943.1</b>
<b>EXCESS OF OUTGO OVER INCOME</b> (Financed From Fund Balances — see page 8) .....		\$ 52.3

\* Does not include an estimated \$1.1 million to be authorized in 1965 for the legislative session or \$.6 million vetoed by the Governor.

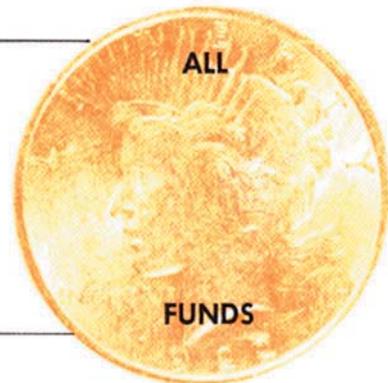
**THE BUDGET DOLLAR**  
Biennium Ending June 30, 1965

**1963-65 INCOME . . .**  
**Where It Comes From**



Taxes .....	81¢
Federal Grants .....	14¢
Liquor Revenue .....	2¢
All Other .....	3¢

Taxes .....	56¢
Federal Grants .....	23¢
Proceeds of Bond Issues .....	6¢
Licenses, Permits, Fees .....	5¢
All Other .....	10¢



**BUDGETED FUNDS**  
Biennium Ending June 30, 1965

**1963-65 INCOME BY SOURCE**

\$ Millions

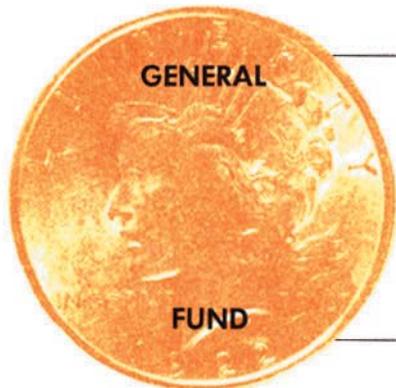
TAXES

	General Fund	Percent of Total	All Funds	Percent of Total
Retail Sales and Use .....	\$ 453.8	44.9	\$ 480.0	25.4
Motor Vehicle Fuels .....	.....	.....	159.8	8.4
Business and Occupation .....	154.9	15.3	154.9	8.2
Property and Excise .....	68.3	6.8	82.8	4.4
Public Utility .....	42.2	4.2	42.2	2.2
Alcoholic Beverages .....	28.8	2.8	37.0	2.0
Tobacco .....	21.3	2.1	44.1	2.3
Inheritance and Gift .....	25.9	2.6	25.9	1.4
Insurance Premium .....	18.5	1.8	18.5	1.0
All Other .....	9.5	.9	9.5	.5
<b>Total Taxes</b> .....	<b>823.2</b>	<b>81.4</b>	<b>1,054.7</b>	<b>55.8</b>
Federal Grants .....	146.3	14.4	431.8	22.8
Proceeds of Bond Issues .....	.....	.....	121.9*	6.4
Licenses, Permits, Fees .....	6.4	.6	84.0	4.5
Liquor Revenue .....	21.0	2.1	55.6	2.9
All Other .....	14.9	1.5	142.8	7.6
<b>TOTAL</b> .....	<b>\$1,011.8</b>	<b>100.0</b>	<b>\$1,890.8</b>	<b>100.0</b>

\* \$51.2 million subject to approval of bond issue by voters.

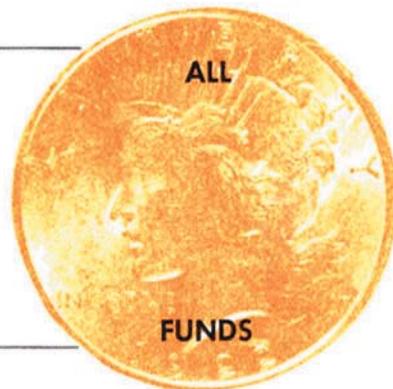
**THE BUDGET DOLLAR**  
Biennium Ending June 30, 1965

**1963-65 OUTGO . . . Where It Goes**



Education .....	59¢
Public Welfare .....	25¢
Health and Hospitals .....	6¢
Other .....	10¢

Education .....	43¢
Public Welfare .....	13¢
Highways .....	20¢
Distribution to Political Subdivisions .....	6¢
Debt Service .....	4¢
Other .....	14¢



**BUDGETED FUNDS**

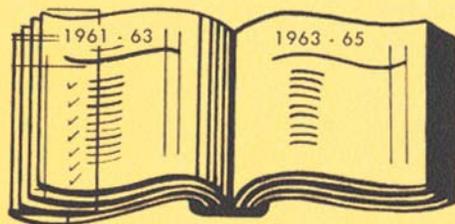
Biennium Ending June 30, 1965

**1963-65 OUTGO BY FUNCTION**

\$ Millions

	General Fund	Percent of Total	All Funds	Percent of Total
Education				
Public Schools .....	\$ 469.8	46.4	\$ 556.4*	28.6
Higher Education .....	120.9	12.0	259.5	13.4
All Other .....	10.5	1.0	11.0	.6
Total Education .....	601.2	59.4	826.9	42.6
Highways .....			381.0	19.6
Public Welfare .....	255.0	25.2	255.0	13.1
Revenue Distribution to Political Subdivisions .....	4.6	.5	124.4	6.4
Health and Hospitals .....	62.0	6.1	70.1	3.6
Public Safety and Regulation .....	16.7	1.7	67.4	3.5
Natural Resources and Recreation .....	20.4	2.0	48.2	2.5
Correction .....	28.0	2.8	37.1*	1.9
General Government .....	21.5	2.1	29.0	1.5
Debt Service .....			73.7	3.8
Employment Security .....	.1		17.8	.9
Agriculture .....	2.3	.2	8.6	.4
All Other .....			3.9	.2
TOTAL .....	\$1,011.8	100.0	\$1,943.1	100.0

\* \$46.6 million for public schools and \$4.6 million for correctional institution facilities are subject to approval of bond issue by voters.



## COMPARATIVE STATEMENTS

	Page
● 1963-65 Budget, Increase Over 1961-63 .....	17
● General Fund Outgo by Major Function, 1961-63 vs. 1963-65, State and Federal Financing .....	18
● 1963-65 General Fund Outgo, Increase Over 1961-63, State Financing Only .....	19
● Treasury Fund Bonds, 1949-63 .....	20
● Treasury Fund Bonds — Debt Service Requirements, 1955-57 to 1963-65 ..	22
● Treasury Fund Balances, June 30, 1961 and 1963 .....	23

## BUDGETED FUNDS

\$ Millions

### INCREASE IN INCOME

Where It Comes From . . .

	Amount	%
Federal Grants		
Highways . . . . .	\$ 99.8	35.2
Public Welfare . . . . .	23.5*	8.3
Education . . . . .	7.4	2.6
Other . . . . .	2.4	.9
	<hr/>	<hr/>
Total Grants . . . . .	133.1	47.0
Taxes . . . . .	72.2	25.5
Proceeds of Bond		
Sales . . . . .	38.9	13.7
Other . . . . .	39.2**	13.8
	<hr/>	<hr/>
Total . . . . .	\$283.4	100.0

\* See Note, Page 18 (\*).  
\*\* See Note, Increase in Outgo (\*\*).

## 1963-65 BUDGET

Increase Over 1961-63

\$ Millions

### INCREASE IN OUTGO

Where It Goes . . .

	Amount	%
Education		
Public Schools . . . . .	\$ 80.3	24.2
Higher Education . . . . .	46.3	13.9
All Other . . . . .	(.5)	(.2)
	<hr/>	<hr/>
Total Education . . . . .	126.1	37.9
Highways* . . . . .	151.7	45.6
Public Welfare . . . . .	21.2	6.4
Public Safety . . . . .	8.5	2.6
Other . . . . .	24.9**	7.5
	<hr/>	<hr/>
Total . . . . .	\$332.4	100.0

\* Available only for highway purposes.  
\*\* Adjusted to exclude \$20.5 million liquor revenue distribution not appropriated in 1961-63.

**GENERAL FUND**  
State and Federal Financing

**OUTGO BY MAJOR FUNCTION**  
1961-63 vs. 1963-65

\$ Millions 1961 - 63				MAJOR FUNCTION	\$ Millions 1963 - 65			
STATE		FEDERAL			STATE		FEDERAL	
Amount	%	Amount	%		Amount	%	Amount	%
\$532.0	66.5	\$ 11.4	9.4	Education	\$587.7	67.9	\$ 13.5	9.2
131.4	16.4	102.2*	83.8	Public Welfare	129.3	14.9	125.7	85.9
55.6	7.0	3.2	2.6	Health and Hospitals	58.8	6.8	3.2	2.2
80.4	10.1	5.1	4.2	Other	89.7	10.4	3.9	2.7
\$799.4	100.0	\$121.9	100.0	TOTAL	\$865.5	100.0	\$146.3	100.0
\$921.3** 1961-63				TOTAL OUTGO	\$1,011.8 1963-65			

\* Federal receipts to Public Welfare have been adjusted to exclude \$4.1 million for receipt of revenue applicable to 1959-61.

\*\* The 1961-63 amounts have been adjusted to allow comparison with 1963-65. Excluded from "Other" are Employment Security of \$13.8 million and Liquor Board of \$10.6 million. These activities are accounted for in special revenue funds in 1963-65.

**GENERAL FUND**  
State Financing Only

\$ Millions

**Increase in Outgo From  
State Sources . . .**

Per Statement, Page 18

1963-65 Budget . . . . .	\$865.5
1961-63 Budget . . . . .	799.4
Increase . . . . .	<u>\$ 66.1</u>

**1963-65 OUTGO**  
Increase Over 1961-63

\$ Millions

**Increase in Outgo From State  
Sources, Where It Goes . . .**

	Amount	%
Education . . . . .	\$55.7	84.3
Public Welfare . . . . .	(2.1)	(3.2)
Health and Hospitals . . . . .	3.2	4.8
Correction . . . . .	4.3	6.5
General Government . . . . .	1.8	2.7
Public Safety . . . . .	1.4	2.1
Natural Resources . . . . .	1.1	1.7
Other . . . . .	.7	1.1
Total . . . . .	<u>\$66.1</u>	<u>100.0</u>

## TREASURY FUNDS

## BONDS AUTHORIZED

1949 - 63

\$ Millions

AUTHORIZED		YEAR AUTHORIZED							
Amount	%	1949	1951	1953	1955	1957	1959	1961	1963
\$285.7	40.8	40.0	.....	20.0	30.0	52.0	34.0	50.7	59.0*
68.4	9.8	.....	.....	.....	.....	31.2	6.6	19.3	11.3
<u>354.1</u>	<u>50.6</u>								
167.0	23.9	.....	66.7	18.0	4.3	78.0	.....	.....	.....
78.7	11.2	20.0	.....	.....	4.3	18.9	12.4	18.5	4.6*
80.0	11.4	80.0	.....	.....	.....	.....	.....	.....	.....
10.0	1.4	.....	.....	.....	.....	.....	.....	.....	10.0*
10.5	1.5	.....	.....	.....	.....	7.5	.....	3.0	.....
<u>\$700.3</u>	<u>100.0</u>	140.0	66.7	38.0	38.6	187.6	53.0	91.5	84.9
		20.0	9.5	5.4	5.5	26.8	7.6	13.1	12.1

## TREASURY FUNDS

## BONDED INDEBTEDNESS

June 30, 1963

\$ Millions

PURPOSE	REDEEMED	NOT ISSUED	OUTSTANDING	
	1949-63	6-30-63	Amount	%
Public Schools	\$ 72.5	\$ 84.7	\$128.5	34.9
Higher Education	.7	15.1	12.4	3.4
Higher Education and Public Buildings**	9.1	10.3	63.4	17.2
Highway Construction	29.2	32.0	105.8	28.7
Public Buildings	12.4	6.6	17.1	4.6
Veterans' Bonus	44.2	2.2	33.6	9.1
Outdoor Recreation		10.0		
World Fair	2.8	.1	7.6	2.1
<b>TOTAL</b>	<b>\$170.9</b>	<b>\$161.0</b>	<b>\$368.4</b>	<b>100.0</b>
Percent of Total				

\* Bond Issue requires approval by voters, November 1964.

\*\* Page 20 shows a division of these bonds between Higher Education (48.5%) and Public Buildings (51.5%) based on appropriations.

## DEBT SERVICE REQUIREMENTS

1955-57 to 1963-65

### TREASURY TAX SUPPORTED BONDS (Excludes tuition and land grant income bonds)

\$ Millions

#### Treasury Tax Supported Bonds Outstanding . . .

1955-57	\$204.1
1957-59	294.5
1959-61	329.3
1961-63	348.4
1963-65*	390.1

#### Total Income From Taxes and License Fees . . .

\$ 649.7
779.8
924.3
1,058.7
1,135.3

#### Tax and License Fee Income Pledged for Debt Service . . .

Amount Pledged	% of Income
\$35.4	5.4
50.6	6.5
64.7	7.0
71.4	6.7
62.4*	5.5

\* Outstanding column includes \$51.2 million of bonds to be voted on in November, 1964; "Pledged" column includes \$2.0 million for these bonds.

\* Does not include an estimate of \$5.1 million (0.4%) which may be required for Highway Bonds.

## TREASURY FUNDS

## FUND BALANCES

June 30, 1961 and 1963

FUND CLASSIFICATION	\$ Millions		
	Balance July 1, 1961 Surplus or (Deficit)	Net Change 1961-63	Balance June 30, 1963 Surplus or (Deficit)
General Fund .....	\$(35.0)	\$ 7.8	\$(27.2)
General Fund Accounts—Special Revenue ..	20.3	2.5	22.8
General Fund Accounts—Bond Issue .....	31.9	(26.2)	5.7
Special Revenue Funds—Motor Vehicle .....	18.0	9.3	27.3
Special Revenue Funds—All Other .....	8.7	2.9	11.6
Bond Issue .....	1.4	(1.1)	.3
Bond Retirement and Interest .....	34.1	7.6	41.7
Working Capital .....	3.0	(.4)	2.6
Business Enterprise .....	12.0	.8	12.8
Trust and Agency .....	468.8	84.1	552.9
Clearing and Suspense .....	2.2	.3	2.5
<b>TOTAL .....</b>	<b>\$565.4</b>	<b>\$87.6</b>	<b>\$653.0*</b>

\* Balance on 6-30-63 includes investments.

## Brief Explanation of Some Terms Used in This Report

## DEFINITIONS

**FUND** — Money or other resources segregated by law for carrying on specific activities.

**TREASURY FUND** — A fund in the custody of the State Treasurer as distinguished from Local Fund.

**LOCAL FUND** — A fund in the custody of a state agency other than the State Treasurer.

**BUDGETED FUND** — A Treasury or Local Fund subject to budgetary control of expenditures.

**INCOME** — Collections which increase the resources of the fund.

**OUTGO** — Payments or charges which decrease the resources of the fund.

**FUND BALANCE** — In accounting for appropriations, records are held open for one month at the end of each biennium to record appropriation outgo relating to the preceding biennium. The Fund Balances of this report take these transactions into account.

### **CLASSIFICATION OF BUDGETED FUNDS —**

**GENERAL** — Supports the general operations of the state not supported by other funds.

**GENERAL FUND ACCOUNTS** — Special Revenue and Bond Issue Accounts established by law as separate accounts within the General Fund.

**SPECIAL REVENUE** — Used to account for revenues set aside for a specific purpose.

**BOND ISSUE** — Used to account for the proceeds of bond issues.

**BOND RETIREMENT AND INTEREST** — Used to account for the accumulation of resources for payment of Bond Retirement and Interest.

**OTHER** — That portion of certain Treasury and Local Funds subject to budgetary control not included in the above Fund Classifications.

### **OTHER FUND CLASSIFICATIONS —**

**WORKING CAPITAL** — Used to account for the financing of activities performed by one State unit for another State unit.

**BUSINESS ENTERPRISE\*** — Used to account for self-supporting, State-owned operations which render services primarily to the general public.

**TRUST AND AGENCY\*** — Used to account for resources held by the State as trustee and which are to be expended in accordance with conditions of a trust.

**CLEARING AND SUSPENSE** — Used to account for certain financial transactions until they are allocated to other funds.

\* The administrative expenses of some of these funds are subject to budgetary control.



## SOURCES OF STATE FINANCIAL INFORMATION

- **For Additional Copies of This Report**

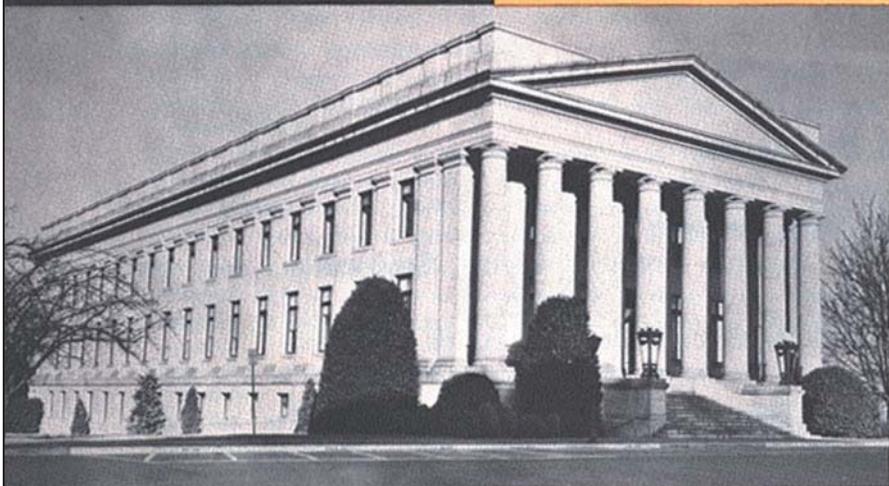
Central Budget Agency

- **For Other Information on State Finances**

**Central Budget Agency** — Monthly Financial Report, Governor's Budget Message

**State Treasurer** — Monthly Report on Treasury Funds, Biennial Report

**Tax Commission** — Periodic Reports on Tax Collections, Special Studies, Annual and Biennial Reports



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