

CAFR

2018

COMPREHENSIVE
ANNUAL FINANCIAL
REPORT



MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

YEAR ENDED SEPTEMBER 30, 2018



MURIEL BOWSER
MAYOR

January 28, 2019

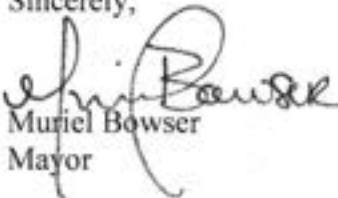
Dear Washingtonians:

As Mayor of Washington, DC, I am pleased to present the District of Columbia's (District's) Fiscal Year 2018 Comprehensive Annual Financial Report (CAFR). For the twenty-second consecutive year, the audit opinion is unqualified (unmodified). For the fourth year in a row, the auditor found no significant deficiencies or material weaknesses, which demonstrates our continued financial discipline and sound financial management practices. The District's finances continue to be among the strongest of any jurisdiction in the nation, and this has allowed us in Fiscal Year 2018 to continue providing a fair shot to DC residents by increasing funding to public education, homeless services, affordable housing, and public safety. We have made these strategic investments while continuing to ensure the city's long-term financial stability and viability.

The District also continues to make significant investments in our neighborhoods and development projects that enhance the overall quality of life of our residents and those that do business within our borders. Our population continues to grow. Washington, DC remains a great place to live, work, and visit, and my administration works every day to ensure that our growing prosperity provides opportunities to succeed for all residents in all neighborhoods.

With your support, we will continue working to lift communities in all eight wards to build a more prosperous, equitable, and sustainable Washington, DC.

Sincerely,


Muriel Bowser
Mayor

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Jeffrey S. DeWitt
Chief Financial Officer

January 24, 2019

The Honorable Muriel Bowser
Mayor of the District of Columbia
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Mayor Bowser:

It is my pleasure to present the District of Columbia's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2018. The FY 2018 financial statements included in the CAFR were audited by SB & Company, LLC, a team of independent public accountants. Based on the results of the audit procedures performed, SB & Company, LLC issued an unmodified (clean) opinion on the District's FY 2018 financial statements. This is the 22nd consecutive year in which the District has received such an opinion on its financial statements. An unmodified opinion indicates that in all material respects, the financial statements fairly and accurately present the District's financial position. This opinion should provide assurance to District residents, government officials, and other stakeholders that the financial information presented is accurate, reliable, and in compliance with required standards.

As the FY 2018 CAFR indicates, the District's financial and economic standing continued to be strong during 2018. The District's population continued to grow, reaching 702,455 as of July 2018 and the job market continued to improve. There were 7,100 new jobs created during the fiscal year, with an unemployment rate of 5.7%.

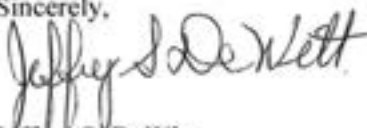
Another indicator of the District's strong financial standing is the level of its reserves at the end of FY 2018. As of September 30, 2018, the District's liquidity funds (federally and locally mandated reserves) totaled \$ 1.336 billion. This level of reserves equates to 58 days of operating cash that can be used to meet the District's obligations and continue operations in the event of an unforeseen emergency or crisis. As during the prior year, due to the availability of reserves in FY 2018, the District once again did not need to issue Tax Revenue Anticipation Notes (TRANS) to meet operating cash needs.

The District's bond ratings are another indicator of strong financial health. In FY 2018, the city's bond ratings were upgraded and were as follows: *General Obligation (GO) Bonds*: Fitch Ratings, AA+; Moody's Investors Service, Aaa; and S & P Global Ratings, AA+ and *Income Tax Secured (ITS) Revenue Bonds*: Fitch Ratings, AA+; Moody's Investors Service, Aa1; and S & P Global Ratings, AAA. Having received such high ratings from the credit rating agencies, the District was able to access the markets and issue bonds at very low interest rates. During FY 2018, the District issued \$1.237 billion in general obligation bonds and general obligation refunding bonds, the proceeds of which were used to finance economic development initiatives, infrastructure improvements, other capital projects, and reduce debt service costs.

As we move forward, in order to sustain the District's financial strength and stability, we must continue to use sound and proven accounting, financial management, and reporting practices. The OCFO remains committed to preserving and enhancing the District's ability to access quality credit markets and achieve balanced budgets and unmodified audit opinions each year.

As the District's Chief Financial Officer, I would like to acknowledge the efforts of the District's elected officials and their respective staffs. Without their leadership, dedication and commitment, the District could not be successful in its efforts to maintain a strong financial position. I am also extremely grateful to all financial and program staff across the city, as well as other partners who worked with us in managing and accounting for the District's financial resources during the past year. Working together, we were able to operate within budgetary constraints and issue the FY 2018 CAFR on time with an unmodified (clean) audit opinion. I am so proud of all that the District has been able to accomplish. Congratulations on this significant achievement!

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey S. DeWitt". The signature is fluid and cursive, with the first name "Jeffrey" and last name "DeWitt" clearly distinguishable.

Jeffrey S. DeWitt
Chief Financial Officer

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2018**

Muriel Bowser
Mayor

Jeffrey S. DeWitt
Chief Financial Officer

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**DISTRICT OF COLUMBIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CAFR

INTRODUCTORY SECTION

INTRODUCTORY SECTION



MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

YEAR ENDED SEPTEMBER 30, 2018

Government of the District of Columbia



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January 24, 2019

Mr. Jeffrey S. DeWitt
Chief Financial Officer

The Comprehensive Annual Financial Report (CAFR) of the Government of the District of Columbia (District) for the fiscal year ended September 30, 2018, is herewith submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District's management. To the best of my knowledge and belief, the enclosed financial statements and schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the District.

This report has been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for state and local governments as promulgated by the Governmental Accounting Standards Board (GASB) and includes all disclosures necessary for readers to gain an understanding of the District's financial activities.

The ability to produce a timely and accurate CAFR depends upon the adequacy of the District's internal controls. Internal control is defined as a process, effected by an entity's governing board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) efficiency and effectiveness of operations; (b) reliability of financial reporting; and (c) compliance with applicable laws and regulations. Reasonable assurance is defined as a high, but not absolute, level of assurance about whether the financial statements are free of material misstatement. The District's management is responsible for establishing and maintaining adequate internal controls. The greatest challenge in establishing and maintaining adequate internal controls is ensuring that the control framework developed by management is comprehensive—that is, broad enough to achieve its intended purpose.

Due to certain inherent limitations, such as prohibitive costs, errors in judgment, or potential for management

override and collusion, internal control can only provide reasonable assurance that management's objectives will be achieved. However, routine periodic audits help management assess, on an ongoing basis, the adequacy of the District's internal controls.

In accordance with D.C. Code § 47-119, independent public accountants audited the District's financial statements for the year ended September 30, 2018. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In addition to issuing an opinion on the District's financial statements, the independent public accountants, SB & Company, LLC, issued a report (commonly referred to as the Yellow Book Report) in conjunction with the CAFR. This report discussed the independent public accountants' consideration of the District's internal control over financial reporting and the outcome of the auditors' tests of the District's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other related requirements.

Moreover, an audit of compliance with the United States Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also performed annually and a separate report, often referred to as the Single Audit Report, is issued by independent public accountants. The District's fiscal year 2018 Single Audit Report will be issued at a later date.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A), and therefore, does not discuss the District's financial operations and results, which are fully discussed in the MD&A. For that reason, this letter should be read in conjunction with the MD&A in order to gain a better understanding of the District's financial condition.

PROFILE OF THE GOVERNMENT

Overview: Historical Background of the District

President George Washington established Washington, D.C. (hereinafter referred to as D.C., the District of Columbia, or the District) in 1791 from territory ceded by the State of Maryland and the Commonwealth of Virginia. The United States Congress assumed jurisdiction over the District of Columbia, but citizens residing in the District of Columbia did not have voting representation in Congress.

Significant dates in the history of the District of Columbia are presented in the timeline shown in **Table T1**.

Table T1
Timeline: Key Dates in the History of the District of Columbia

1801	Congress enacted the Organic Act of 1801, thereby dividing the capital district into Washington County (former Maryland area) and Alexandria County (former Virginia area).
1846	Congress passed a law allowing the City of Alexandria and Alexandria County to be returned to the Commonwealth of Virginia.
1871	Congress consolidated Georgetown, Washington City, and Washington County into one territorial government. The President appointed a territorial governor and council and an elected House of Delegates was established. A non-voting delegate to Congress was also established.
1874	The territorial government of the District of Columbia was abolished and the provision for a non-voting delegate to Congress was eliminated.
1878	The power to elect a territorial governor and council was eliminated. Congress established a three-member Board of Commissioners to govern the District of Columbia.
1961	The 23rd Amendment to the U.S. Constitution was ratified. Citizens of the District of Columbia were granted the right to vote in a presidential election.
1967	President Lyndon B. Johnson appointed Walter E. Washington Mayor of the District of Columbia.
1970	Congress passed the District of Columbia Delegate Act.
1971	Walter Fauntroy became the first Congressional Delegate to represent the District of Columbia.
1973	Congress passed the District of Columbia Home Rule Act, which provides for a popularly elected mayor and a 12-member Council.

Although Congress passed the Home Rule Act in 1973, Congress retained and continues to retain the right to review and overturn the legislative acts of the Council of the District of Columbia (the Council) if both houses of Congress vote within 30 legislative days to do so. In addition, the Local Budget Act is forwarded by the Chairman of the Council to Congress. Congress can: (1) take no action on the Budget Act, in which case it becomes law after 30 Congressional days in the

same manner as other District legislation; (2) reject the Budget Act; (3) affirmatively approve the Budget Act with or without Congressional amendments; or (4) adopt an appropriation for the District in the federal appropriations bill, in a continuing resolution, or as a stand-alone piece of legislation, in which case, that action controls.

The Home Rule Act prohibits the taxing of federal property and the income of non-District residents who work in the District.

In 1983, it was determined that the District could legally issue its own debt. On October 15, 1984, the District issued municipal debt for the first time, in the form of Tax Revenue Anticipation Notes (TRANs), which totaled \$150 million.

Although progress has been made on many fronts throughout the city's history, District of Columbia residents still do not have voting representation in Congress. However, in accordance with the District of Columbia Delegate Act of 1970, U.S. Public Law 91-405, the citizens of the District of Columbia are represented in the House of Representatives by a Delegate, who is elected by the voters of the District of Columbia. Consistent with the Act:

The Delegate shall have a seat in the House of Representatives, with the right of debate, but not of voting, shall have all the privileges granted a Representative by § 6 of Article I of the Constitution, and shall be subject to the same restrictions and regulations as are imposed by law or rules on Representatives. The Delegate shall be elected to serve during each Congress.

The current D.C. Delegate, Congresswoman Eleanor Holmes Norton, has no voting power. However, despite her voting limitations, she has been able to accomplish much on behalf of the District of Columbia. Some of her recent accomplishments include the following:

- Introduced the McIntire-Stennis Act District of Columbia Equality Act. This bill would amend the McIntire-Stennis Cooperative Forestry Act (Act), which provides U.S. states and territories with formula funds to support state-designated institutions' cooperative forestry research programs, to make the District of Columbia eligible for funding. Under federal programs, the District is generally treated as a state but was excluded from the original drafting of this Act. This omission has rendered the University of the District of Columbia ineligible for these formula grant funds. The McIntire-Stennis Act District of Columbia Equality Act would rectify the exception in the Act, ensuring equitable treatment for the District and allowing the District to benefit from the important funding opportunities available under the Act, which will benefit students and researchers in the District.
- Negotiated to maintain the full \$40 million for the District of Columbia Tuition Assistance Grant Program (DCTAG), overcoming the \$30 million

funding level proposed by the House, Senate and White House in the fiscal year 2018 omnibus appropriations bill. The DCTAG was created by Congress in 1999 by the District of Columbia College Access Act; PL 106-98 and amended by D.C. College Access Improvement Act 2002 and D.C. College Access Improvement Act 2007 for the purpose of expanding higher education choices for college-bound residents of the District. Subsequently, Congresswoman Norton protected \$30 million in funding for DCTAG in the House's draft fiscal year 2019 District of Columbia Appropriations bill by getting House appropriators to recognize DCTAG's tremendous success and how important it is to District families and students.

- Introduced the District of Columbia Special Elections Home Rule Act, which would amend the District of Columbia Home Rule Act, giving the District complete authority to establish the timing of special elections for local office in the District of Columbia. The Home Rule Act originally required the Board to hold special elections on the first Tuesday, 114 days from when the vacancy occurred, and allowed the Board to schedule special elections on the same day as the next general election, if that election occurred 60 days from when a special election would otherwise have been held. This inflexibility sometimes led to special elections being held on religious holidays or forced the District to hold a special election separate from an upcoming general election, costing the District hundreds of thousands of dollars in extra election costs. In 2012, Congresswoman Norton sponsored a bill, which was subsequently enacted into law, that gave the District more flexibility to set the date of special elections for local offices to maximize voter participation. However, the District was not granted complete authority over the scheduling of special elections. This most recent bill introduced in September 2018, would give the District the authority to set the date of special elections for local offices as it sees fit.

For more information on the initiatives, activities and accomplishments of the D.C. Delegate, visit Congresswoman Eleanor Holmes Norton's website at www.norton.house.gov.

Financial Reporting Entity

For financial reporting purposes, the District's reporting entity consists of: (1) the primary government; (2) four discretely presented component units: Health Benefit Exchange Authority, Housing Finance Agency, University of the District of Columbia, and Washington Convention and Sports Authority (t/a Events DC) and; (3) two blended component units: the Tobacco Settlement Financing Corporation and Not-for-Profit Hospital Corporation (d/b/a United Medical Center). The District of Columbia Housing Authority and the District of Columbia Water and Sewer Authority are

considered related organizations because the District is not financially accountable for their operations. The funds and accounts of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or the component units have been included in the reporting entity. Further information on the reporting entity can be found in Note 1 section B, on page 62 of the Notes to the Basic Financial Statements.

The District and its component units provide a wide range of services to residents, including elementary, secondary, and postsecondary education; human support and welfare services; public safety and protection; fire and emergency medical services; and other general government services.

Budgetary Information

During the first quarter of each fiscal year, agencies begin the budget formulation process for the upcoming fiscal year. On or about March 30th of each year, consistent with Section 442 of the Home Rule Act, the Mayor submits a balanced operating budget and a multi-year capital improvements plan by project for the upcoming fiscal year to the Council for review and approval. The Council holds public hearings and adopts the operating budget and capital improvements plan through passage of a Local Budget Act and a Federal Portion Budget Request Act. The Mayor may not submit and the Council may not adopt any budget which presents expenditures and other financing uses that exceed revenues and other financing sources. After the Mayor approves the adopted budget, the Federal Portion Budget Request Act is forwarded to the President of the United States (the President) and then to Congress for approval. The Local Budget Act is forwarded by the Chairman of the Council to Congress. Congress enacts the federal portion of the District's budget through passage of an appropriations bill, which is signed into law by the President. The Local Budget Act becomes law upon expiration of a 30-day Congressional review period.

The legally adopted budget is the Federal Portion Budget Request that is approved as part of the annual Appropriations Act passed by Congress and signed by the President, and the Local Budget Act that has been passively approved by Congress. The Local Budget Act authorizes expenditures at the agency level and by appropriation title (function), such as Public Safety and Justice; Human Support Services; or Public Education System. To revise planned expenditures of local funds for any function, the Council must enact the appropriate legislation. However, the District may reallocate budgeted amounts using the District's reprogramming process or other appropriation processes, in accordance with applicable legal requirements.

Budgetary Controls

In April 2013, the Local Budget Autonomy Amendment Act of 2012 was approved by District voters. As

approved, this Act would grant the District the right to enact and appropriate its local funds budget without the need for active approval by the United States Congress. The legal validity of this Act was subsequently challenged in the U.S. District Court for the District of Columbia (District Court), which concluded that this Act was unlawful and therefore, prohibited its enforcement. Upon appeal, the U.S. Court of Appeals for the District of Columbia legally voided the decision of the District Court and sent the case to the District of Columbia Superior Court, where the legality of the Local Budget Autonomy Amendment Act was ratified.

The District utilizes budgetary controls designed to monitor compliance with expenditure limitations contained in the adopted budget. The District's automated and manual transaction level controls and sound governance provide strong budgetary controls. The annual budget is assigned specific accounting attributes and is uploaded into the District's accounting system of record, thereby establishing the budget authority for each entity within the District government. The budget authority established in the system of record is then reconciled to the levels of funding authorized by the adopted budget. In addition, on an annual basis, independent public accountants audit the budgetary comparison statement to ensure compliance with approved amounts and to determine whether budget adjustments are properly documented and approved.

The District Anti-Deficiency Act of 2002, which became effective on April 4, 2003, introduced additional budgetary control requirements. This Act requires agency heads and Agency Fiscal Officers to jointly submit a monthly spending plan for the fiscal year to the District's Chief Financial Officer (CFO) by October 1st of each fiscal year. District managers keep the spending plan updated throughout the year by developing spending projections, by source of funds, on a monthly basis, which show year-to-date spending, approved budget, year-end projected spending, explanations of variances greater than 5.00% or \$1 million, and planned corrective actions for instances of overspending. Spending projections are required to be submitted to the agency head and the Agency Fiscal Officer. Summarized spending projections must be submitted to the District's CFO no later than 30 days after the end of each month. In addition, pursuant to D.C. Code § 47-355.05, the District's CFO is to submit quarterly reports to the Council and the Mayor that present each agency's actual expenditures, encumbrances, and commitments, each by source of funds, compared to each agency's approved spending plan. This report is required to be accompanied by the District CFO's observations regarding spending patterns and steps being taken to ensure that spending remains within the approved budget. These reports are used by the Board of Review for Anti-Deficiency Violations to assess cases of overspending.

In addition, the District uses encumbrance accounting as a means of strengthening budgetary controls and financial reporting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system of record in order to reserve the portion of the related appropriation that will be needed for the expenditure. Therefore, the recording of encumbrances is a valuable tool used by the District to ensure that expenditures are within budgeted amounts. Generally, encumbered amounts lapse at year-end in the General Fund but not in the Capital Projects Funds or the Special Revenue Funds.

Fund Balance Reserves

Mandated by Congress

Through Congressional mandate established by Section 450A of the Home Rule Act, the District is required to maintain cash reserves totaling 6.00% of the previous fiscal year's General Fund local expenditures less debt service cost. The 6.00% is comprised of a contingency cash reserve of 4.00% and an emergency cash reserve of 2.00%. The contingency cash reserve may be used to provide for nonrecurring or unforeseen needs (e.g., severe weather or other natural disasters, and unexpected obligations created by federal law) that arise during the fiscal year or to cover revenue shortfalls experienced by the District for three consecutive months that are 5.00% or more below the budget forecast. The emergency cash reserve may be used to provide for unanticipated and nonrecurring extraordinary needs of an emergency nature (e.g., natural disaster or calamity) and may be used in the event that the Mayor declares a State of Emergency in the District.

Mandated by the District

Fiscal Stabilization Reserve

The fiscal stabilization reserve may be used by the Mayor for the same purposes for which the contingency cash reserve was established. Pursuant to D.C. Code § 47-392.02(j-1), as amended, the fiscal stabilization reserve account may be used by the CFO to cover cash flow needs, provided that the reserve account shall be replenished in the same fiscal year in which amounts were used. At full funding, for any given fiscal year, the fiscal stabilization reserve must equal 2.34% of the District's General Fund operating expenditures for that year.

Cash Flow Reserve

The cash flow reserve may be used by the District's CFO as needed to manage the District's cash flow. When a portion of the reserve is used to meet cash flow needs, it must be replenished in the same fiscal year the amounts were used. At full funding, for any given fiscal year, the cash flow reserve must equal 8.33% of the District's General Fund operating budget for that fiscal year.

District Accounting and Financial System

Accounting System

The District's accounting system is organized and maintained on a fund basis. A fund is a separate, distinct accounting entity that has its own assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses. The District uses U.S. generally accepted accounting principles (GAAP) when determining the types of funds to be established and is guided by the "minimum number of funds principle" and sound financial management practices when determining the number of funds within each fund type.

Measurement Focus and Basis of Accounting

The District's financial statements are prepared in accordance with GAAP. Accordingly, the measurement focus and basis of accounting applied in the preparation of government-wide financial statements and fund financial statements are as follows:

- The government - wide financial statements focus on all of the District's economic resources and are prepared using the full accrual basis of accounting.
- The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources and are prepared using the modified accrual basis of accounting.
- Proprietary funds, pension and Other Postemployment Benefits (OPEB) trust funds are accounted for in the same manner as business enterprises, which use the full accrual basis of accounting.
- The budgetary basis of accounting is used to prepare the Budgetary Comparison Statement presented in Exhibit 2-d found on page 51. This basis of accounting differs from the GAAP basis as described below:
 - Basis Differences – Differences that arise when the basis of budgeting differs from the basis of accounting prescribed by GAAP. The District uses the purchase method for budgetary purposes and the consumption method for GAAP basis accounting for inventories. Under the purchase method, purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Under the consumption method, an expenditure is recognized only when the inventory items are used rather than purchased.
 - Entity Differences – Differences between the basis of budgeting and GAAP arise because: (1) the appropriated budget includes organizations, programs, activities, or functions that are not within the financial reporting entity as defined by GAAP or (2) the appropriated budget excludes organizations, programs, activities or functions that are part of the financial reporting entity. The District does not have any significant entity differences.
 - Perspective Differences – Perspective differences exist when the structure of financial information for budgetary purposes differs from the fund structure that is used to construct the basic financial statements. The District does not have any significant budgetary perspective differences.
 - Timing Differences – Timing differences can exist when there are significant variances between budgetary practices and GAAP, which may include continuing appropriations, project appropriations, automatic re-appropriations, and biennial budgeting. The District has no significant timing differences between its budgetary practices and its GAAP presentation of its financial statements.

Transparency in Government Operations and Financial Reporting

The District government has taken measures to make financial and non-financial information available to the general public. For instance, the Office of Open Government (OOG) has been established as an independent office under the Board of Ethics and Government Accountability, to ensure that the District's operations are transparent, open to the public and promote civic engagement. The OOG seeks to ensure city-wide compliance with the Open Meetings Act, which requires public bodies to take all official action during public meetings and to provide proper notice and detailed records of meetings. The OOG advises public bodies on matters regarding compliance with the Open Meetings Act, and conducts training and outreach on its requirements. This office also advocates for fair and efficient Freedom of Information Act (FOIA) processing and advises agencies seeking guidance on FOIA. Similarly, in June 2016, the Mayor established the Open Government Advisory Group which: (1) evaluates the District's progress towards making the District government more open, transparent, participatory, and collaborative; and (2) makes specific recommendations for improving the openness and transparency of the District government's operations and the participatory and collaborative nature of its decision-making.

In addition to these measures, the Office of the Chief Financial Officer (the OCFO) continues to promote openness in government and transparency in financial reporting. Over the last decade, the District has opened its books to the public by posting online the annual operating budget and capital plan, the Comprehensive Annual Financial Report, and the Popular Annual Financial Report. In addition, the OCFO's website provides information that allows taxpayers to review and assess the District's financial status, programs, activities and services, and determine how their tax

dollars are being used. This information includes: operating financial status reports; capital financial status reports; quarterly revenue estimates; monthly cash reports; monthly/annual economic indicators and other reports; Featured News (including press releases and Council Hearing written testimonies); and links to other useful information, such as the Taxpayer Service Center, the D.C. College Savings Plan, and Unclaimed Property Division. The investor information portion of the OCFO website (www.dcbonds.com) consolidates much of the information listed above, as well as other financial information pertinent to investors in the District's bonds and members of the public.

ECONOMIC CONDITION AND OUTLOOK

In fiscal year 2018, employment within the District continued to increase with almost all of the net additional jobs being in the private sector. Resident employment also increased. Population growth continues to be a major factor in increasing the District's income, property, and sales tax bases, and is one of the driving forces behind rising home values. In the last five years (between 2013 and 2018), the District's population has grown by almost 52,024, an increase that has averaged about 867 residents per month over that period of time. The District's private sector has grown along with sustained growth in the national economy.

Federal civilian employment accounts for 24.50% of all wage and salary jobs located in the District and 31.00% of the amount of wages and salaries that are generated in the city. Approximately 12.90% of employed District residents work for the federal government. Furthermore, federal contracting accounts for additional jobs and income in the area, which also contribute to the District's tax base. With such a dominant federal presence, significant changes in federal spending can have a major impact on the District's economy and revenues.

For fiscal year 2018 Congress waived some of the limits in approving appropriation bills that otherwise would have been subject to reduction, known as sequestration, from the previously expected level of federal spending. These sequestration limits are scheduled to return in fiscal year 2020 and continue through fiscal year 2023, unless Congress once again lifts these limits. Spending policies related to reducing federal deficits remain an unresolved issue.

Highlights: The District's Economy

Highlights of recent trends in the District's economy, including rising job growth, increases in population and a strong housing market, are presented below:

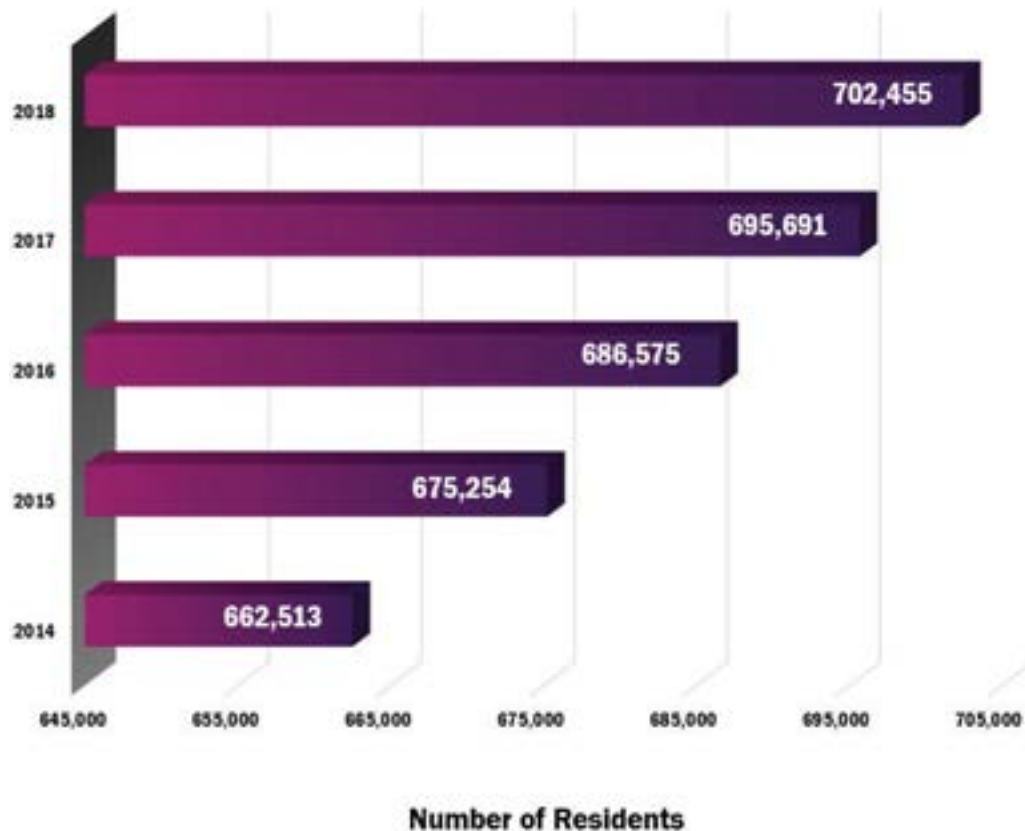
- In the three months ended September 2018, there were 6,533 (0.80%) more wage and salary jobs located in the District than a year earlier. Of particular note, there were 3,333 (1.70%) fewer federal government jobs in September than there were a year earlier, while the private sector jobs increased by 9,467 (1.70%).
- District resident employment in the three months ended September 2018 was 3,870 (1.00%) more than a year earlier.
- The September unemployment rate was 5.70% (seasonally adjusted), a decrease from 6.00% a year ago.
- Wages earned in the District of Columbia grew 2.20% in the quarter ended September 30, 2018, compared to the same quarter a year ago. Personal income in the District was 3.50% higher on September 30, 2018, compared to the same time one year ago.
- Single family home sales for the three-month period ended September 2018 were down 3.50% from a year ago; however, the average selling price was up by 3.30%. Condominium sales were up 3.20%, and the average selling price was 2.20% higher. The value of all home sale settled contracts for the three-month period ended September 2018 was 1.70% more than a year ago.
- Commercial office effective rents edged up over the past year. Leased space in September 2018 was up by 1.90% from a year ago, while the vacancy rate (including sublets) fell over the past year from the revised 10.90% to 10.50%.
- Hotel room-days sold for the three months ended September 2018 were up 2.00% from the prior year, while hotel room revenues were down by 2.30%.

Key Factors in the District's Economy

Population

The U.S. Census Bureau estimated that there were 702,455 residents in the District of Columbia, as of July 1, 2018. This represents an increase of 6,764 or 0.97%, from the revised July 1, 2017 estimate of 695,691. Annual census estimates are based on birth and death records, changes in tax return filings, and estimates of the number of immigrants who move in and out of the District each year. On an annual basis, the U.S. Census Bureau releases revised population estimates. **Chart T1** presents the District's population trends for calendar years 2014 through 2018, using annually revised census data.

Chart T1
Population Trends - Number of Residents
District of Columbia Population as of July 1 of each Year (2014 - 2018)



Source: U.S. Census Bureau
 Adjusted annual estimates

Income Trends

Income has grown considerably in the District in recent years. From the third quarter of calendar year 2013 to the third quarter of 2018, personal income grew approximately 30.00% in the District as compared to 23.90% nationally.

The distribution of income in the District differs from that of the nation as a whole, with larger portions of District residents being in the higher and lower income brackets and a significantly smaller portion being within the middle income levels. Median household income data is not yet available for 2018; however, for 2017, the District's median household income of \$77,649 was 34.70% above the U.S. average. The Census Bureau estimates that 16.60% of the District's

population was below the poverty line in 2017 as compared to 12.30% for all of the U.S.

Employment Trends

Total wage and salary employment in the Washington metropolitan area increased to approximately 3,342,300 at the end of fiscal year 2018 from the revised 3,275,400 for fiscal year 2017, representing a 2.04% increase. These numbers exclude the self-employed, domestic workers, military and foreign government personnel, which represent a significant portion of the total workforce of the region. Some of the references to the 2017 employment numbers may differ from those presented in the fiscal year 2017 CAFR because of updates and revisions.

Table T2 presents 2018 labor market data for the District and the surrounding metropolitan region.

Table T2
Labor Market Data for the District and Surrounding Metropolitan Area - FY 2018 (Amounts in 000s)

	District of Columbia			Metropolitan Area		
	Level	1 yr. change (number)	1 yr. change (%)	Level	1 yr. change (number)	1 yr. change (%)
Employed residents	376.2	1.3	0.3	3,284.0	11.1	0.3
Labor force	400.0	0.1	-	3,395.3	(0.8)	-
Total wage and salary employment	799.8	7.1	0.9	3,342.3	66.9	2.0
Federal government	195.1	(3.5)	(1.8)	360.3	(6.3)	(1.7)
Local government	41.7	1.1	2.7	341.7	8.3	2.5
Leisure and hospitality	79.9	2.6	3.4	341.6	12.2	3.7
Trade	28.0	(0.3)	(1.1)	342.5	5.4	1.6
Education and health	138.4	1.0	0.7	444.4	4.5	1.0
Professional, business, and other services	242.5	2.4	1.0	979.5	25.9	2.7
Other private	74.2	3.8	5.4	532.3	16.9	3.3
Unemployed	23.8	(1.3)	(5.0)	111.3	(11.9)	(9.7)
New Unemployment Claims	1.6	0.3	23.1	(a)	(a)	(a)

Sources: U.S. Bureau of Labor Statistics (BLS) & D.C. Dept. of Employment Services (DOES)

Notes:

All data are monthly averages for the fiscal year and are preliminary, not seasonally adjusted.

(a) Unemployment claims for metropolitan area not available

In September 2018, total wage and salary employment within the District was 23.93% of the metropolitan area's total wage and salary employment. The seasonally adjusted September 2018 unemployment rate in the District was 5.70%, compared to the September 2017 revised seasonally adjusted rate of 6.00%.

Total employment within the District increased to 799,800 as of September 2018 from the revised 792,700 as of September 2017. As the nation's capital, Washington, D.C. is the seat of the federal government and headquarters for most federal departments and agencies. The total September 2018 federal workforce in the Washington metropolitan area was 360,300; with approximately 195,100 federal employees located in Washington, D.C. and 165,200 additional federal employees who worked elsewhere in the Washington metropolitan area.

Minimum Wage Rate

Historically, District law has required that the minimum wage rate for District employees be at least \$1.00 per hour more than the Federal minimum wage. Beginning on July 24, 2009, the Federal minimum wage rate was increased to \$7.25 per hour. Therefore, effective July 24, 2009, the District's minimum wage rate increased to \$8.25 per hour and remained at that level for several years.

In December 2013, the Council approved a measure to raise the District's minimum wage to \$11.50 per hour over three years as follows: \$9.50 per hour, effective July 1, 2014; \$10.50 per hour, effective July 1, 2015; and \$11.50 per hour, effective July 1, 2016. In January 2014, the Mayor signed the associated bill into law.

In June 2016, the Mayor signed the Fair Shot Minimum Wage Amendment Act of 2016. This legislation will progressively increase the hourly minimum wage to \$15.00 for District workers by 2020. Consequently, the District's minimum wage rate increased to \$12.50 per hour effective July 1, 2017, and to \$13.25 per hour, effective July 1, 2018.

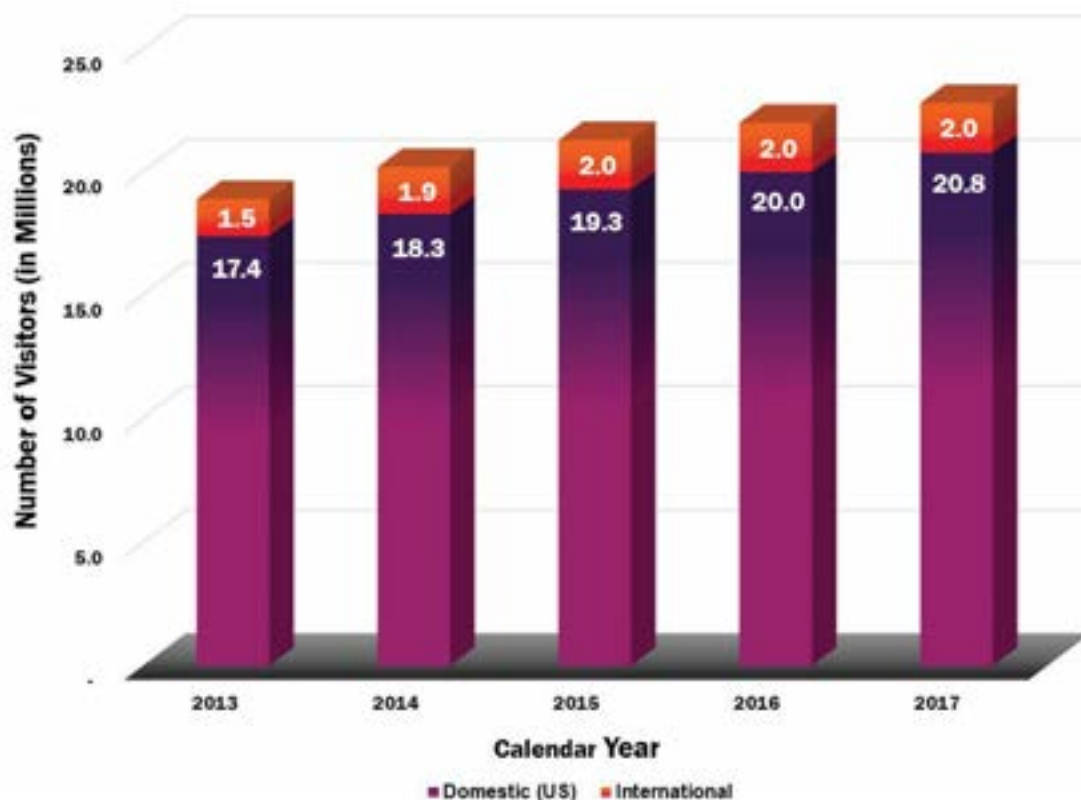
Living Wage Rate

Pursuant to D.C. Law 16 -118, the Living Wage Act of 2006 became effective June 9, 2006. This Act provides that District of Columbia government contractors and recipients of government assistance (grants, loans, tax increment financing) in the amount of \$100,000 or more shall pay affiliated employees no less than the current living wage rate. Effective January 1, 2018, the District living wage rate is \$14.20 per hour. This rate increases annually in proportion to the annual average increase in the Consumer Price Index for all Urban Consumers in the Washington Metropolitan Statistical Area for the preceding 12 months.

Tourism and Hospitality

Millions of U.S. citizens and international tourists visit the District's more than 400 museums and other historical landmarks each year. Popular attractions include sites along the National Mall, numerous monuments to U.S. presidents, war memorials, and other museums. The presence of a large number of foreign embassies, recognized diplomatic missions, and other international organizations in the District helps to boost tourism. In calendar year 2017, approximately 20.8 million domestic visitors and 2.0 million international visitors traveled to the District. **Chart T2** presents the trends in tourism for calendar years 2013 through 2017. Tourism data for calendar year 2018 is not yet available.

Chart T2
Trends in District Tourism
Total Visitation to the District (2013 - 2017)



Source: Destination DC (formerly the Washington DC Convention and Tourism Corporation)

Visitor spending, which totaled approximately \$7.53 billion in 2017, generated additional business activity in related industries (e.g., hotel, restaurant, entertainment and retail) and continues to help sustain the local and regional economies. The distribution of visitor spending in 2017 (by category) was as follows: \$2.67 billion for lodging; \$2.18 billion for food and beverage; \$1.20 billion for entertainment; \$864 million for shopping/retail; and \$612 million for transportation. Total visitor spending increased by \$211 million, or 2.88%, over the prior year. Travel and tourism supported 75,048 jobs in the District, generating approximately \$4.18 billion in wages. Hotel occupancy was approximately 76.20% as of September 30, 2018.

Construction – Commercial Real Estate

Construction of commercial real estate slowed down during calendar year 2018. As of September 30,

2018, commercial space under construction in the District totaled 4.62 million square feet as compared to 6.47 million square feet at the end of September 2017. Over the one-year period between 2017 and 2018, however, occupied Class A commercial office space increased from 80 million square feet to 83.67 million square feet and the vacancy rate within the District decreased from 12.70% in September 2017 to 11.60% in September 2018.

Construction – Housing Units

For the 12-month period ended September 30, 2018, 4,640 housing unit building permits were issued. This represents a 15.25% increase over the prior 12-month period.

In calendar year 2018, there were 188,626 apartment units including condominiums in the District. In September 2018, 12,680 apartment units and condominiums were under construction.

Table T3 presents the number of apartment units located in the District in 2014 through 2018.

Table T3
District Apartment Units (2014 - 2018)

	2014	2015	2016	2017	2018
Inventory	171,919	175,066	179,664	184,404	188,626
Occupied Units	162,269	166,849	170,185	174,917	Not available

Source: CoStar (Unadjusted prior years' data)

Housing Production Trust Fund

The Department of Housing and Community Development (DHCD) administers the Housing Production Trust Fund (HPTF), a special revenue fund which was established in 1988 to produce and preserve affordable housing in the District by providing various forms of assistance in support of housing production for targeted populations.

In fiscal year 2018, HPTF financed 25 projects that produced or preserved 1,641 housing units in the District. The total amount of HPTF funding obligated in fiscal year 2018 was approximately \$167.6 million. The projects financed included eight new construction projects, eight substantial rehabilitation projects, seven Tenant Opportunity to Purchase Act (TOPA) acquisitions and critical repairs, and two acquisitions.

At the end of fiscal year 2018, DHCD approved 23 housing projects which will produce or preserve 1,467 housing units, when completed. The total amount of HPTF funding to be expended for these projects is approximately \$192.9 million. The 23 projects include 12 new construction projects, 10 substantial rehabilitation projects, and one TOPA acquisition and critical repairs.

The District's Bond Ratings

Rating agencies assess the credit quality of municipal issuers and assign credit ratings to issuers based on the outcome of their assessments. Consequently, rating agencies provide vital information to investors regarding the relative risks associated with rated bond issues. Attaining an acceptable credit rating is important to an issuer because it allows the issuer to more easily access the market and reduce borrowing cost.

The three primary agencies that rate municipal debt are: (1) Fitch Ratings; (2) Moody's Investors Service; and (3) Standard & Poor's Rating Service. In July 2018, Moody's Investors Service upgraded the District's General Obligation Bonds' ratings from Aa1 to Aaa. In addition, Fitch Ratings and Standard & Poor's Rating Service raised the District's General Obligation Bonds' ratings from AA to AA+, effective July 2018. Moreover, the District's ratings for its Income Tax Secured Revenue Bonds have remained high over the last several years. Additional information about the District's Bond ratings may be obtained from: www.dcbonds.com.

Table T4 presents the District's ratings for the past five years for its General Obligation Bonds and Income Tax Secured Revenue Bonds.

Table T4
Bond Rating History (2014 - 2018)

General Obligation Bonds					
	2014	2015	2016	2017	2018
Fitch Ratings	AA	AA	AA	AA	AA+
Moody's Investors Service	Aa2	Aa1	Aa1	Aa1	Aaa
Standard & Poor's Rating Service	AA	AA	AA	AA	AA+
Income Tax Secured Revenue Bonds					
	2014	2015	2016	2017	2018
Fitch Ratings	AA+	AA+	AA+	AA+	AA+
Moody's Investors Service	Aa1	Aa1	Aa1	Aa1	Aa1
Standard & Poor's Rating Service	AAA	AAA	AAA	AAA	AAA

Long-Term Financial Planning

As a result of improved financial management practices over the years, the District has been able to develop and operate within more disciplined budgets and address issues faced during the most challenging economic times. Accordingly, District officials have developed and implemented a plan for maintaining a strong, stable financial environment, which includes: developing a five-year operating financial plan and a six-year capital improvements plan; monitoring and analyzing the District's quarterly revenue estimates and making spending adjustments throughout the year, as necessary; identifying sound measures to enhance revenue streams; and developing and implementing plans to minimize costs without sacrificing essential programs or services.

Enhancements to Capital Planning Process

In October 2017, the District's Office of the Chief Financial Officer (OCFO) developed an enhanced long-range financial planning process that incorporates capital asset replacement needs that span beyond the normal six-year capital planning period. This multi-year approach was developed to assist the Mayor, Council, other policymakers and the general public in understanding the size of the District's capital infrastructure funding gap, and how the gap may be reduced over time using new long-range financial planning tools. A significant element of the enhanced long-range financial planning process for capital assets is the comprehensive review of agencies' capital and asset maintenance needs.

The District's infrastructure needs are substantial because the District serves as a city, state, county, and school district. In order to develop a better understanding of the costs for the District to maintain its assets in a state of good repair, a comprehensive asset management planning system was developed for all of the District's assets. The Capital Asset Replacement Scheduling System, or CARSS, is an asset management planning solution that delivers

a comprehensive view of the District's capital asset health and provides information on each project or asset. CARSS was designed to answer four fundamental questions:

1. What assets does the District own?
2. What is the condition of those assets?
3. How should the District prioritize its capital needs?
4. How much funding is available to address those needs?

To determine the District's total capital needs, a comprehensive review of all governmental agencies' capital and asset maintenance requirements was completed utilizing CARSS, with each project scored and ranked to ensure that the highest priority projects were funded first. Since the first Long-Range Capital Financial Plan Report was published in 2016, the percentage of assets inventoried in CARSS has increased from 14% to 100% of all District assets. In addition, facility condition assessments have been either completed, or are in progress, on all assets captured in CARSS.

In conjunction with the development of CARSS, the District also developed a separate long-range financial forecasting model, which can determine the optimal capital funding mix, within certain financial constraints, including debt capacity, pay-as-you-go (paygo) or cash funding, as well as federal or other grant funding. Capital projects were also analyzed to determine where the private sector may assist in addressing future infrastructure challenges through public-private partnerships, or P3s. Separate but similar modeling tools were developed to determine the long-term capital funding needs of the Washington Metropolitan Area Transit Authority (WMATA), which was crucial in developing a regional consensus to provide additional, dedicated funding to WMATA that was subsequently approved by all of the compact jurisdictions in 2018. The full plan can be found at www.cfo.dc.gov.

Major Initiatives

Many initiatives and projects, which will help sustain the District's economy and produce strong financial results have been completed, are in progress, or have been planned. Several of the District's major initiatives and projects are presented in **Tables T5** and **T6**.

Table T5
Projects Completed (by Economic Sector)

Project	Location	Square Footage/ Units	Estimated Value (\$000s)	Delivery Date (Calendar Year Basis)
Retail:				
The Wharf (Phase I)	Southwest Waterfront	190,000	\$ 1,326,000	4th Qtr 2017
700 Penn	700 Pennsylvania Avenue, S.E.	60,000	227,000	4th Qtr 2017
Midtown Center	1150 15th Street, N.W.	44,000	350,000	2nd Qtr 2018
Office:				
The Wharf (Phase I)	Southwest Waterfront	500,000	1,326,000	4th Qtr 2017
700 Penn	700 Pennsylvania Avenue, S.E.	150,000	227,000	4th Qtr 2017
2112 Pennsylvania Avenue	2112 Pennsylvania Avenue, N.W.	230,000	126,000	2nd Qtr 2018
99 M Street	1st Street & M Street, S.E.	220,000	116,000	2nd Qtr 2018
200 Massachusetts Avenue	200 Massachusetts Avenue, N.W.	381,746	200,000	2nd Qtr 2018
Midtown Center	1150 15th Street, N.W.	821,000	350,000	2nd Qtr 2018
Alexander Court	2001 K Street, N.W.	780,000	Not available	2nd Qtr 2018
Residential:				
The Wharf (Phase I)	Southwest Waterfront	870 units	1,326,000	4th Qtr 2017
The Belgard	33 N Street, N.E.	346 units	150,000	2nd Qtr 2018
1221 Van	1211 Van Street, S.E.	291 units	100,000	1st Qtr 2018
The Lydian	400 K Street, N.W.	324 units	138,000	2nd Qtr 2018
Plaza West	1035 4th Street, N.W.	233 units	90,000	2nd Qtr 2018
Hospitality:				
The Wharf (Phase I)	Southwest Waterfront	630,000	1,326,000	4th Qtr 2017
Eaton by DC	1201 K Street, N.W.	172,000	Not available	3rd Qtr 2018
D.C. United Stadium	100 Potomac Avenue, S.W.	421,000	400,000	3rd Qtr 2018
Education/Quality of Life:				
Corcoran Gallery of Art	500 17th Street, N.W.	100,000	80,000	3rd Qtr 2018
Murch Elementary School	4810 36th Street, N.W.	112,700	83,000	3rd Qtr 2018
Bancroft Elementary School	1755 Newton Street, N.W.	146,000	76,000	3rd Qtr 2018

Source: Washington, DC Development Report 2018/2019 Edition

Table T6
Projects Under Construction (by Economic Sector)

Project	Location	Square Footage/ Units	Estimated Value (\$000s)	Estimated Delivery Date (Calendar Year Basis)
Retail:				
655 New York Avenue	655 New York Avenue, N.W.	80,551	\$ 185,000	4th Qtr 2018
250 Massachusetts Avenue	250 Massachusetts Avenue, N.W.	58,372	275,000	3rd Qtr 2019
AVEC	901 H Street, N.E.	53,469	200,000	3rd Qtr 2019
Riverpoint	2100 2nd Street, S.W.	70,441	220,000	2nd Qtr 2020
Skyland Town Center (Phase I - Block 2)	Alabama Avenue & Naylor Road, S.E.	117,000	175,000	3rd Qtr 2020
The Wharf (Phase II)	Southwest Waterfront	119,559	1,200,000	2022
Office:				
655 New York Avenue	655 New York Avenue, N.W.	653,474	185,000	4th Qtr 2018
One Freedom Plaza	1301 Pennsylvania Avenue, N.W.	270,040	Not available	1st Qtr 2019
Center Building (DHS HQ)	St. Elizabeths West Campus	284,000	155,000	1st Qtr 2019
Four Constitution Square	150 M Street, N.E.	505,000	250,000	2nd Qtr 2019
250 Massachusetts Avenue	250 Massachusetts Avenue, N.W.	507,764	275,000	3rd Qtr 2019
Sentinel Square (Phase III)	45 L Street, N.E.	545,000	250,000	1st Qtr 2020
The Wharf (Phase II)	Southwest Waterfront	547,504	1,200,000	2022
Residential:				
AVEC	901 H Street, N.E.	419 units	200,000	3rd Qtr 2019
1331	1331 Maryland Avenue, S.W.	373 units	220,000	3rd Qtr 2019
Shapiro Residences	1270 4th Street, N.E.	432 units	150,000	1st Qtr 2019
1250	1250 Half Street, S.E.	439 units	265,000	4th Qtr 2019
Square 696 (Phase I)	88 K Street, S.E.	400 units	Not available	1st Qtr 2020
Riverpoint	2100 2nd Street, S.W.	485 units	220,000	2nd Qtr 2020
Hospitality:				
Columbia Place	901 L Street, N.W.	350,000	225,000	4th Qtr 2018
CityCenterDC (Conrad Hotel)	950 New York Avenue, N.W.	358,000	270,000	1st Qtr 2019
International Spy Museum	900 L'Enfant Plaza, S.W.	140,000	162,000	1st Qtr 2019
The Reach	2700 F Street, N.W.	72,000	175,000	3rd Qtr 2019
Thompson D.C. Hotel	227 Tingey Street, S.E.	114,800	Not available	4th Qtr 2020
Education and Medical/Quality of Life:				
The Conway Center	4430 Benning Road, N.E.	37,700	90,000	4th Qtr 2018
Whittle School & Studios	4000 Connecticut Avenue, N.W.	620,000	185,000	3rd Qtr 2019
Kimball Elementary School	3375 Minnesota Ave., SE	83,400	51,000	3rd Qtr 2019
Calvin Coolidge Senior High School	6315 5th Street, N.W.	286,300	163,000	3rd Qtr 2019
Martin Luther King Jr. Library	9th & G Streets, N.W.	400,000	208,000	2020
McMillan Sand Filtration Site	North Capitol Street & Michigan Avenue, N.W.	1,017,500	720,000	Not available

Source: Washington, DC Development Report 2018/2019 Edition

Office, Residential, Medical and Hospitality Projects

Capitol Crossing

The \$1.3 billion Capitol Crossing project is one of the District's largest private multi-phase development projects featuring a 2.2 million square-foot complex of five mixed-use buildings. The project will create three new city blocks by transforming seven acres of land above I-395 into a platform that will bridge the East End of downtown with Capitol Hill.

The Capitol Crossing project will be comprised of 1.9 million square feet of office space; retail and residential spaces; and a new Jewish Historical Society Synagogue. Phase I of the project features a north block containing two office buildings totaling 996,000 square feet and up to 83,000 square feet of retail space. One of the buildings located at 200 Massachusetts Avenue was completed and delivered in 2018. The 566,000 square-foot building located

at 250 Massachusetts Avenue is expected to be completed in 2019.

The project is supporting approximately 4,000 construction jobs, and once completed, there will be an estimated 8,000 employees and residents in the five buildings. Investments and upgrades include more than \$200 million of private investment in infrastructure, utility upgrades, new and improved roads, and revitalization of surrounding neighborhoods. The entire project is expected to be completed in 2022 and generate about \$40 million in property tax revenue every year, when complete.

The Wharf – Washington, D.C. Waterfront

The Wharf is one of the region's largest redevelopment opportunities which is transforming the underutilized Southwest Waterfront into an urban destination

centrally located on the Potomac River, along the historic Washington Channel, a short distance from the National Mall, the White House, the Capitol and Smithsonian Museums.

The estimated \$2 billion world-class, mixed-use project is comprised of 24 acres of land and more than 50 acres of water. The 3.2 million square-foot site features a unique blend of restaurants, shops, condominiums, hotels, high-quality entertainment venues, marinas, a waterfront park, and an expanded riverfront promenade with public access to the water and a commercial anchor for the community and those who visit the nation's capital's monuments and museums.

Phase I consists of a building area of more than 2 million square feet, and includes: 870 residential units; 190,000 square feet of retail; 500,000 square feet of office space; 690 hotel rooms; 140,000 square feet of cultural and entertainment space; and 1,475 underground parking spaces.

The Wharf is now open and planning is ongoing for its next and final phase. When complete, Phase II will feature 1.15 million square feet of additional mixed-use development, including office, residential, marina, and retail space, as well as parks and public spaces, across an approximate half mile of waterfront. Groundbreaking of Phase II is scheduled for early 2019 and is expected to be completed in 2022.

Parks at Walter Reed

The Parks at Walter Reed, a Walter Reed Army Medical Center redevelopment project, was created by the Walter Reed Development Omnibus Act of 2016. This Act authorized the District to acquire 66 acres of the former Walter Reed campus from the Army and begin development of a vibrant new mixed-use community.

The master development plan of the site, which is undertaken through a ground lease agreement by a joint venture consisting of Hines, Urban Atlantic and Triden, is expected to transform the 3.1 million square-foot site over the years. The project features over 2,000 distinctive condos, townhomes and apartments serving a diverse mix of incomes, ages and households, 20% of which will be affordable housing; 325,000 square feet of office and medical space; 190,000 square feet of retail; and 20,000 square feet of space will be dedicated to creative and cultural uses, including a hotel and conference center.

The redevelopment project is set to balance the homeless assistance needs with the economic redevelopment needs of the community by including the participation of State and Local Homeless Assistance Providers and Public Benefit Conveyance, collectively referred to as Notices of Interest (NOI) organizations. The project will also feature an Innovation Core that consists of forward-thinking companies in university medical research, bioscience and pharmaceutical spaces, as well as economic development and sustainability programs. At over

\$1 billion in direct investment, the Parks at Walter Reed will serve as a major economic engine for the Washington, D.C. region, generating thousands of jobs and tens of millions in annual revenues.

Phase I of the 66-acre Parks at Walter Reed project involves infrastructure improvements across the historic campus and demolishing the main 2.7 million square-foot 1970s-era hospital building, which will prepare the site for the development of the new town center. Construction on the former site of the main hospital building will include 310 apartments and 60,000 square feet of retail, and is expected to begin in 2019. In addition, the first two market-rate buildings called The Brooks and The Vale, which are expected to deliver in 2020, will bring 390 multifamily units and 18,000 square feet of retail to the corner of Georgia Avenue and Aspen Street.

Transportation and Other Projects

South Capitol Street Corridor Project

The South Capitol Street Corridor Project involves replacing the Frederick Douglass Memorial Bridge and transforming related sections of urban freeway into a beautiful scenic boulevard that increases pedestrian and vehicular safety and community accessibility, while improving multi-modal transportation options and supporting economic development on both sides of the Anacostia River. Key project elements are presented below.

- Building a new six-lane Frederick Douglass Memorial Bridge
- Creating a new traffic oval west of the river that connects South Capitol Street, Potomac Avenue and Q Street, S.W.
- Reconstructing South Capitol Street as a six-lane boulevard with an improved streetscape from the traffic oval to D Street, S.E./S.W. and an at-grade intersection at M Street, S.E.
- Creating a new at-grade traffic oval east of the river that connects South Capitol Street, Suitland Parkway and Howard Road, S.E.
- Reconstructing the Suitland Parkway/Interstate 295 interchange
- Constructing a new diamond interchange on Suitland Parkway at Martin Luther King, Jr. Avenue, S.E.
- Improving related portions of New Jersey Avenue, Howard Road, Firth Sterling Avenue, and Sheridan Road, S.E.
- Increasing bicycle and pedestrian facilities
- Improving drainage and storm water management throughout the corridor

Preliminary engineering and Right-of-Way land acquisition for the project have been underway since January 2012. The Frederick Douglass Memorial Bridge is projected to open in 2021.

DC Green Bank

Green Banks are institutions that states and countries are using to finance projects that will create green jobs, expand solar power, lower energy costs, reduce greenhouse gas emissions, and meet sustainability goals. In July 2018, Mayor Bowser signed the District of Columbia Green Finance Authority Establishment Act of 2018 (the Act), which established the District of Columbia Green Finance Authority (DC Green Bank), an independent instrumentality of the District government, making the District of Columbia the first city in the United States to establish a Green Bank. The DC Green Bank will be governed by an 11-member board of directors, seven of which will be voting members appointed by the Mayor.

The Act authorizes the DC Green Bank to issue loans, either directly or through lenders, for the purpose of assisting in developing, constructing, rehabilitating, or improving any sustainable project or program under this act; provided that no transaction may create an obligation of the DC Green Bank, that will be subject to the limitation on the annual aggregate limit on debt of the District under section 603(b) of the Home Rule Act. Sustainable projects and programs include clean energy, clean infrastructure, clean transportation, stormwater management, energy efficiency, water efficiency, and green infrastructure projects and programs. Consistent with the Act, the District will subsidize the DC Green Bank by transferring up to \$7 million annually to the Green Finance Authority through fiscal year 2022, to support sustainable projects and programs that include support for the creation of new solar energy sources in the District, including associated administrative costs, if such transfer is included in an approved District budget. The DC Green Bank is an innovative policy tool that will use public purpose funding to attract private investment.

In addition, the DC Green Bank will take over the administration of the DC Property Assessed Clean Energy (PACE) program that provides financing to commercial entities for energy efficiency improvements.

Additional information about these and other initiatives within the District may be obtained from the following:

Office of the Deputy Mayor for Planning & Economic Development

John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 317
Washington, DC 20004
Telephone: (202) 727-6365
Website: <https://dmped.dc.gov>

Office of Planning

1100 Fourth Street, S.W., Suite E650
Washington, DC 20024
Telephone: (202) 442-7600
Website: <https://planning.dc.gov>

Office of Tax and Revenue

1101 Fourth Street, S.W., Suite 270 West
Washington, DC 20024
Telephone: (202) 727-4829
Website: <https://otr.cfo.dc.gov>

Department of General Services

2000 14th Street, N.W., 8th Floor
Washington, DC 20009
Telephone: (202) 727-2800
Website: <https://dgs.dc.gov>

Department of Housing and Community Development

1800 Martin Luther King Avenue, S.E.
Washington, DC 20020
Telephone: (202) 442-7200
Website: <https://dhcd.dc.gov>

Department of Parks and Recreation

1250 U Street, N.W. 2nd Floor
Washington, DC 20009
Telephone: (202) 673-7647
Website: <https://dpr.dc.gov>

District Department of Transportation

55 M Street, S.E., Suite 400
Washington, DC 20003
Telephone: (202) 673-6813
Website: <https://ddot.dc.gov>

AWARDS AND ACKNOWLEDGMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District of Columbia for its CAFR for the fiscal year ended September 30, 2017. The District has received this award for 34 of the last 36 years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the fiscal year 2018 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also earned an award from the GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended September 30, 2017, for the fifteenth consecutive year. The PAFR presents the District's financial results in a format and language that allows information to be more easily understood by the general public. The PAFR is not required to present the same level of detail as the CAFR. It contains very few financial statements, less technical language, and more graphics and photographs.

Like the Certificate of Achievement, the Award for Popular Annual Financial Reporting is valid for one year only. The District expects that the fiscal year 2018 PAFR, which will be issued within 30 days after the CAFR is completed, will conform to the Award for Popular Annual Financial Reporting Program requirements. It will also be submitted to the GFOA to determine its eligibility for another award.

Acknowledgments

I would like to thank the District's accounting/finance staff who worked diligently to account for and report on the District's business activities and maintain the city's official "books" of accounting records. I greatly appreciate their efforts, which contributed significantly to the timely preparation of the CAFR. I want to thank my immediate staff, *Diji Omisore, Cassandra Alexander, Tong Yu, David Pivec, Wilma Matthias, Chris LaCour, Cassandra Butler, Vanessa Jackson*, and their respective teams. I am grateful for their dedicated efforts. I would also like to thank the Office of the Inspector General, and the District's independent public accountants, SB & Company, LLC, assisted by Regis & Associates P.C. and GKA P.C., for their efforts throughout the audit engagement.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Bill Slack", with a large, sweeping loop at the end.

Bill Slack
Deputy Chief Financial Officer and Controller
Office of Financial Operations and Systems



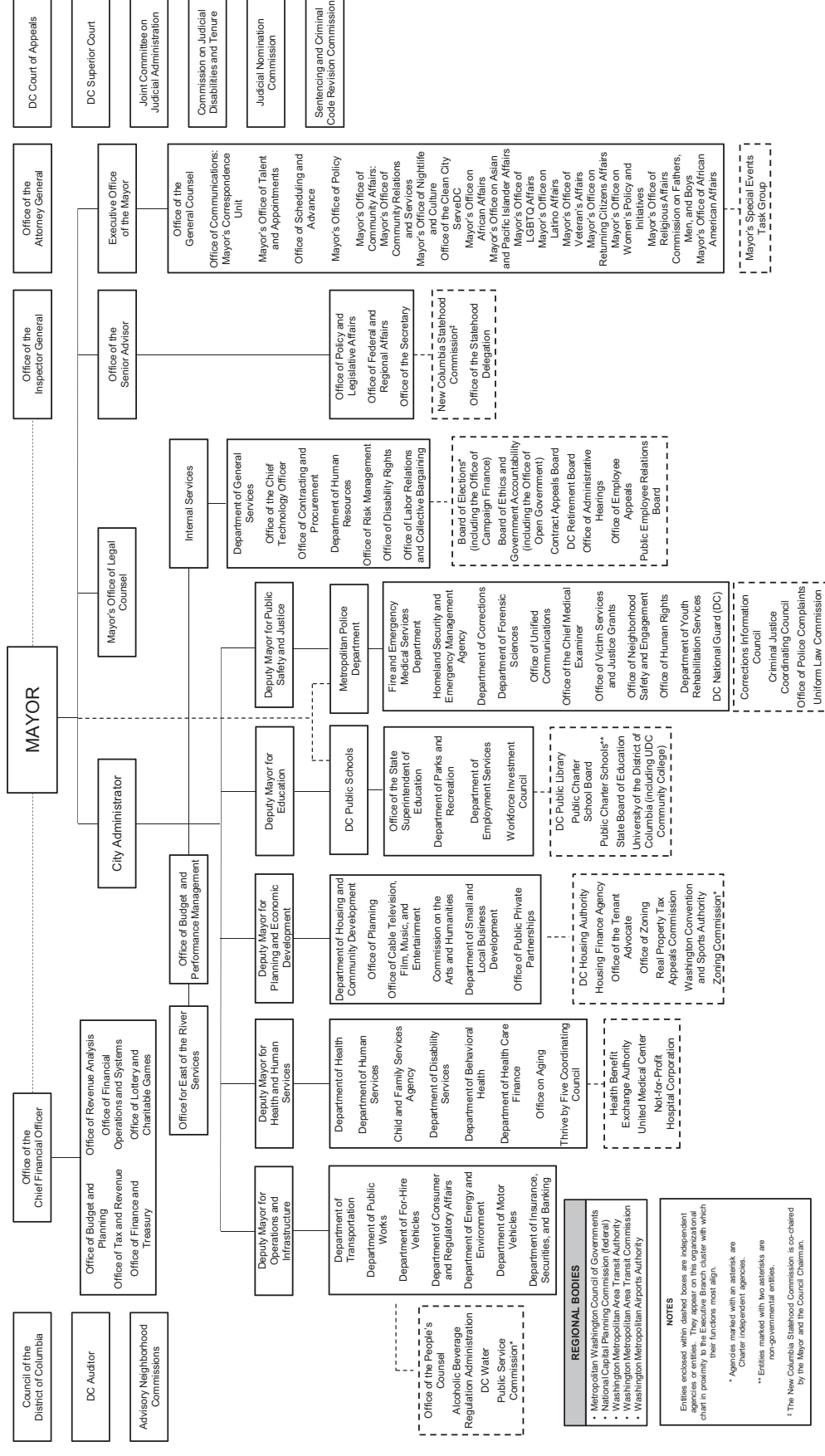
GOVERNMENT OF THE DISTRICT OF COLUMBIA

RESIDENTS

LEGISLATIVE BRANCH

EXECUTIVE BRANCH

JUDICIAL BRANCH



DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS

September 30, 2018

ELECTED OFFICIALS

	Name	Position	First Took Office	Term Expires
Executive Office of the Mayor	Muriel Bowser	Mayor	2015	2023
Office of the Attorney General	Karl A. Racine	Attorney General	2015	2023
Council	Phil Mendelson	Chairman	1999	2023
	Anita Bonds	At Large	2012	2023
	David Grosso	At Large	2013	2021
	Elissa Silverman	At Large	2015	2023
	Robert C. White, Jr.	At Large	2016	2021
	Brianne Nadeau	Ward 1	2015	2023
	Jack Evans	Ward 2	1991	2021
	Mary M. Cheh	Ward 3	2007	2023
	Brandon T. Todd	Ward 4	2015	2021
	Kenyan McDuffie	Ward 5	2012	2023
	Charles Allen	Ward 6	2015	2023
	Vincent C. Gray	Ward 7	2005	2021
	Trayon White, Sr.	Ward 8	2017	2021
House of Representatives	Eleanor Holmes Norton	Delegate	1991	2023

EXECUTIVE OFFICERS

Name	Position
Daniel W. Lucas	Inspector General
Rashad M. Young	City Administrator
Dr. Amanda Alexander	Interim Chancellor for D.C. Public Schools
Lauren C. Vaughan	Secretary of the District of Columbia
Paul Kihn	Acting Deputy Mayor for Education
Brian T. Kenner	Deputy Mayor for Planning and Economic Development
Brenda Donald	Interim Deputy Mayor for Greater Economic Opportunity
Kevin Donahue	Deputy City Administrator/Deputy Mayor for Public Safety and Justice
Wayne Turnage	Interim Deputy Mayor for Health and Human Services
Jeffrey S. DeWitt	Chief Financial Officer
Angell Jacobs	Deputy CFO/Chief of Staff
Gordon McDonald	Deputy CFO, Budget and Planning
Bill Slack	Deputy CFO, Financial Operations and Systems
Bruno Fernandes	Deputy CFO, Finance and Treasury
Fitzroy Lee	Deputy CFO, Revenue Analysis
Keith Richardson	Deputy CFO, Tax and Revenue
Cyril Byron, Jr.	Associate CFO, Economic Development and Regulation
Angelique Hayes Rice	Associate CFO, Governmental Operations
George Dines	Associate CFO, Government Services
Delicia V. Moore	Associate CFO, Human Support Services
David Garner	Associate CFO, Public Safety and Justice
Deloras A. Shepherd	Associate CFO, Education
Beth A. Bresnahan	Executive Director, Lottery and Charitable Games



Government Finance Officers Association

Certificate of
Achievement
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Reporting

Presented to

**Government of the District
of Columbia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



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CAFR

FINANCIAL SECTION

FINANCIAL SECTION



MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

YEAR ENDED SEPTEMBER 30, 2018

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Mayor and the Council of the Government of the District of Columbia,
Inspector General of the Government of the District of Columbia:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the budgetary comparison statement, each major fund, and the aggregate remaining fund information of the Government of the District of Columbia (the District), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

1299 Pennsylvania Avenue NW • Suite 1120 • Washington • District of Columbia 20004 • P 202.803.2335 • F 202.756.1301

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison statement for the general, and Federal and private resources funds for the year then ended in accordance with generally accepted accounting principles in the United States of America.

Other Matters***Emphasis of Matter***

As discussed in Note 1Y to the financial statements, during the year ended September 30, 2018, the District adopted new accounting guidance from Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of this implementation, the beginning net position of the primary government increased by \$141,682,000. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of employer contributions and schedules of changes in net pension liability (asset) and related ratios for the Teachers' Retirement Fund and the Police Officers' and Firefighters' Retirement Fund, and schedules of employer contributions and changes in net OPEB liability (asset) and related ratios for the Other Post-Employment Benefits Program, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinion(s) on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information presented in the financial section and introductory and statistical sections, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

The other supplementary information in the financial section (Exhibits A-1 through A-6, B-1 and B-2, C-1 through C-3, and D-1 through D-3) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information in the financial section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

We have previously audited the District's 2017 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the budgetary comparison statement, each major fund, and the aggregate remaining fund information in our report dated January 24, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2019, on our consideration of the District's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal controls over financial reporting and compliance.

Washington, DC
January 23, 2019

SB & Company, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2018

(Dollar amounts expressed in thousands)

The following is a discussion and analysis of the District of Columbia's (the District's) financial performance for the fiscal year ended September 30, 2018, which includes a narrative overview and analysis of the District's financial activities. This information should be read in conjunction with the letter of transmittal, located in the Introductory Section of this report, and the District's basic financial statements and notes to the basic financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

- As of September 30, 2018, the District's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources by \$5,687,313. During the fiscal year, the District's net investment in capital projects and infrastructure improvements increased by \$256,706. (See **Table MDA-1**)
- Total District revenues increased by \$187,194, mostly as a result of increases in all general revenue categories during fiscal year 2018. Revenues from income and franchise taxes, sales and use taxes, and property taxes, increased by \$186,843, \$70,820, and \$61,622, respectively. This increase in total revenues was caused mainly by certain favorable economic factors such as: growth in the District's tax base and increases in salary and wage levels; higher assessed values of real property; improvement in business conditions and an increase in the District's population. The increase in general revenues was partially offset by a decrease in operating grants and contributions. (See **Table MDA-2**)
- District expenses increased by \$493,458 during fiscal year 2018 as a result of significant increases in spending in Public Education, Economic Development and Regulation, and Governmental Direction and Support. Some of the increases were offset by a decline in expenses in the Human Support Services area during fiscal year 2018. (See **Table MDA-2**)
- The District's total net position increased by \$304,452 (5.66% over prior year) during fiscal year 2018 mainly as a result of increases in revenues from income and franchise taxes, sales and use taxes, and property taxes. Increases in these general revenue categories were attributed to favorable economic and business conditions. Although expenses also increased between fiscal years 2017 and 2018, total revenues exceeded expenses, which remained below budgeted levels due to prudent and effective management of District resources. In addition, an adjustment to the beginning net position due to the implementation of a new accounting standard contributed to the increase in total net position. (See **Table MDA-2**)
- The District's total long-term liabilities increased by \$803,629, or 7.10%, during fiscal year 2018. This increase is mainly due to the issuance of General Obligation Bonds during fiscal year 2018 to finance capital improvement projects. (See **Table MDA-1**)
- As of September 30, 2018, the District reported an increase in fund balance in its General Fund of \$100,092 to \$2,776,383. Total governmental funds reported combined ending fund balances of \$2,893,772, an increase of \$183,688, or 6.78%, in comparison with the prior year. The overall increase in the fund balance of the governmental funds resulted mainly from an increase in fund balance of the General Capital Improvements Fund and the General Fund. During fiscal year 2018, capital projects were financed through the use of debt proceeds and short-term advances from the General Fund. This financing strategy allowed the District to optimize the timing of the issuance of new debt to finance capital projects and reimburse internal financing resources. (See **Table MDA-3**)

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements

In general, the purpose of financial reporting is to provide users of financial statements with information that will help them make decisions or reach conclusions about a reporting entity. Many parties use the District's financial statements; however, they

do not always use them for the same purpose. In order to address the needs of as many financial statement users as possible, the District, in accordance with generally accepted accounting principles (GAAP) presents: (1) government-wide financial statements;

(2) fund financial statements; and (3) notes to the basic financial statements.

Government – Wide Financial Statements

The government-wide financial statements focus on the District's overall financial position and activities, and include a statement of net position and a statement of activities. These financial statements report on the primary government and its component units, which are aggregated into a separate column. The primary government is further divided into governmental activities and business-type activities.

The purpose of the statement of net position is to report all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the fiscal year. The difference between the District's total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources is classified as net position. Total net position is comprised of three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. In general, gauging increases or decreases in net position is one way to assess the District's financial position over time. Other factors, such as changes in population, the property tax base, infrastructure conditions, and other non-financial matters, should also be considered when assessing the District's overall financial health.

The purpose of the statement of activities is to present the District's revenues and expenses. The difference between revenues and expenses is reported as "change in net position." All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement also include items that will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The statement of activities summarizes both the gross and net cost of the governmental activities and business-type activities. Governmental activities include the District's basic functional services which are generally financed through taxes, intergovernmental revenues and other revenues. Business-type activities include enterprise operations of the Office of Lottery and Charitable Games, the Unemployment Compensation Fund, and the Not-for-Profit Hospital Corporation, which are primarily funded by fees for services. Such fees are expected to cover all or most of the costs of operations, including depreciation. Program or functional expenses are reduced by program-specific earned revenues, and by grants and contributions.

The District's government-wide financial statements are presented on pages 46 and 47 of this report.

Fund Financial Statements

Unlike the government-wide financial statements, the fund financial statements focus on specific District activities rather than the District as a whole. Specific funds are established to maintain managerial control over resources or to comply with legal requirements established by external parties, governmental statutes, or regulations. The District's fund financial statements are divided into three categories: (1) governmental funds; (2) proprietary funds; and (3) fiduciary funds.

Financial Statements of the Governmental Funds

Financial statements of the governmental funds consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. These statements are prepared using a basis of accounting which differs from that used to prepare the government-wide statements. Financial statements of the governmental funds focus primarily on the sources, uses, and balances of current financial resources and use the modified accrual basis of accounting. However, the government-wide financial statements focus on all of the District's economic resources and use the full accrual basis of accounting. Financial statements of the governmental funds have a short-term emphasis, and generally measure and account for cash and other assets that can easily be converted to cash. As such, these statements present the District's financial position at the end of the fiscal year and how the governmental activities were financed during the year.

The balances and activities accounted for in governmental funds are also reported in the governmental activities column of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements and government-wide financial statements, there are often significant differences in the totals presented in these statements. Therefore, an analysis is presented at the bottom of the balance sheet of the governmental funds, which reconciles the total fund balances to the amount of net position presented in the governmental activities column of the statement of net position. In addition, there is an analysis following the statement of revenues, expenditures, and changes in fund balances that reconciles the total net change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column of the government-wide statement of activities.

The balance sheet of the governmental funds presents the District's nonspendable fund balance and further classifies spendable fund balance as restricted, committed, assigned, and unassigned based on the relative strength of the constraints controlling how specific amounts may be used.

The District presents funds that are significant to the District (major funds) in separate columns. All other governmental funds are aggregated and reported in a single column (nonmajor funds).

The financial statements of the District's governmental funds are presented on pages 48 through 51 of this report.

Financial Statements of the Proprietary Funds

Financial statements of the proprietary funds consist of a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows. These statements are prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements.

The District's proprietary funds are used to account for the activities of District entities that charge customers fees for the services provided. Two of the District's three major proprietary funds, the Office of Lottery and Charitable Games and the Not-for-Profit Hospital Corporation, are in this category. The Unemployment Compensation Fund is also reported as a proprietary fund, similar to a public entity risk pool, because the District is required by law to recover its costs.

The financial statements of the District's proprietary funds present the changes in financial position and condition of these three major proprietary funds. The financial statements of the District's proprietary funds are presented on pages 52 through 54 of this report.

Financial Statements of the Fiduciary Funds

Financial statements of the fiduciary funds are comprised of the Pension and Other Postemployment Benefits Trust Funds, Private Purpose Trust Fund, and Agency Funds. All of the fiduciary funds, except the agency funds, consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. The agency funds report only assets and liabilities and do not report net position, since they account for funds held by the government in a purely custodial capacity.

The fiduciary fund statements are prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements. Assets held by the District (either as a trustee or an agent) for other parties, that cannot be used to finance the District's operating programs, are reported in the fiduciary funds. The District is responsible for ensuring that the activities reported in the fiduciary funds are consistent with each fund's intended purpose.

The financial statements of the District's fiduciary funds are presented on pages 55 and 56 of this report.

Component Units

Combining financial statements, presented on pages 57 and 58, report the financial data for the District's discretely presented component units.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements, which begin on page 59, present additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress toward funding its obligation to provide pension and other postemployment benefits to District employees. Required supplementary information can be found on pages 141 through 147 of this report.

Financial statements of individual funds, combining statements (including nonmajor governmental funds), and supporting schedules are presented in the other supplementary information section presented on pages 149 through 179 of this report.

OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND OPERATIONS

The District's overall financial position improved as a result of the fiscal year's activities. The District's financial position and operations for the past two fiscal years are summarized in **Tables MDA-1** and **MDA-2**. The fiscal year 2018 beginning net position for the governmental activities is restated due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for*

Postemployment Benefits Other Than Pensions, which required the District to recognize a net OPEB asset related to the District's Other Postemployment Benefits Plan. The information for fiscal years 2017 and 2018 is based on the government-wide financial statements presented on pages 46 and 47 of this report.

Table MDA-1
Net Position as of September 30, 2018 (\$000s)

	Governmental activities		Business-type activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 5,600,915	\$ 5,342,804	\$ 542,985	\$ 505,503	\$ 6,143,900	\$ 5,848,307
Capital assets	13,762,660	13,020,369	72,469	79,737	13,835,129	13,100,106
Total assets	19,363,575	18,363,173	615,454	585,240	19,979,029	18,948,413
Deferred outflows of resources	330,497	368,872	-	-	330,497	368,872
Liabilities						
Long-term liabilities	12,107,920	11,302,441	7,270	9,120	12,115,190	11,311,561
Other liabilities	1,823,683	1,818,626	72,272	68,862	1,895,955	1,887,488
Total liabilities	13,931,603	13,121,067	79,542	77,982	14,011,145	13,199,049
Deferred inflows of resources	611,068	735,375	-	-	611,068	735,375
Net position:						
Net investment in capital assets	3,467,965	3,204,028	72,469	79,700	3,540,434	3,283,728
Restricted	1,727,770	1,538,687	459,203	416,373	2,186,973	1,955,060
Unrestricted	(44,334)	132,888	4,240	11,185	(40,094)	144,073
Total net position	\$ 5,151,401	\$ 4,875,603	\$ 535,912	\$ 507,258	\$ 5,687,313	\$ 5,382,861

Table MDA-2
Change in Net Position for the year ended September 30, 2018 (\$000s)

	Governmental activities		Business-type activities		Totals		
	2018	2017	2018	2017	2018	2017	Variance
Revenues:							
Program revenues:							
Charges for services	\$ 608,050	\$ 594,322	\$ 307,189	\$ 342,411	\$ 915,239	\$ 936,733	\$ (21,494)
Operating grants and contributions	3,674,019	3,832,821	20,789	25,217	3,694,808	3,858,038	(163,230)
Capital grants and contributions	261,450	219,751	-	-	261,450	219,751	41,699
General revenues:							
Property taxes	2,713,310	2,651,688	-	-	2,713,310	2,651,688	61,622
Sales and use taxes	1,597,940	1,527,120	-	-	1,597,940	1,527,120	70,820
Income and franchise taxes	2,666,690	2,479,847	-	-	2,666,690	2,479,847	186,843
Other taxes	876,597	866,908	144,068	143,728	1,020,665	1,010,636	10,029
Non-tax revenues	536,715	537,208	11,043	9,645	547,758	546,853	905
Total revenues	12,934,771	12,709,665	483,089	521,001	13,417,860	13,230,666	187,194
Expenses:							
Governmental direction and support	1,164,181	1,085,592	-	-	1,164,181	1,085,592	78,589
Economic development and regulation	724,404	591,861	-	-	724,404	591,861	132,543
Public safety and justice	1,623,766	1,594,081	-	-	1,623,766	1,594,081	29,685
Public education system	2,834,186	2,602,658	-	-	2,834,186	2,602,658	231,528
Human support services	4,799,268	4,863,087	-	-	4,799,268	4,863,087	(63,819)
Public works	812,726	758,431	-	-	812,726	758,431	54,295
Public transportation	419,198	368,014	-	-	419,198	368,014	51,184
Interest on long-term debt	435,006	446,621	-	-	435,006	446,621	(11,615)
Lottery and games	-	-	161,397	173,241	161,397	173,241	(11,844)
Unemployment compensation	-	-	131,764	143,942	131,764	143,942	(12,178)
Not-for-profit hospital corporation	-	-	149,194	134,104	149,194	134,104	15,090
Total expenses	12,812,735	12,310,345	442,355	451,287	13,255,090	12,761,632	493,458
Increase in net position before transfers	122,036	399,320	40,734	69,714	162,770	469,034	(306,264)
Transfers in (out)	12,080	29,616	(12,080)	(29,616)	-	-	-
Change in net position	134,116	428,936	28,654	40,098	162,770	469,034	(306,264)
Net position - October 1, as restated (See Note 1Y)	5,017,285	4,446,667	507,258	467,160	5,524,543	4,913,827	610,716
Net position - September 30	\$ 5,151,401	\$ 4,875,603	\$ 535,912	\$ 507,258	\$ 5,687,313	\$ 5,382,861	\$ 304,452

Please refer to Note 1W - Reconciliation of Government-Wide and Fund Financial Statements, on page 78 for additional information on the differences between the two bases of accounting that the District used in this report.

Financial Analysis of the Government as a Whole

The District's combined net position (governmental and business-type activities) increased by \$304,452, or 5.66%, from \$5,382,861 in fiscal year 2017 to \$5,687,313 in fiscal year 2018. Revenues increased by \$187,194 while expenses increased by \$493,458. Program revenues, which were approximately 36.31% of the District's total revenues in fiscal year 2018, decreased by \$143,025, or 2.85%. This decrease was due primarily to decreases in operating grants and contributions. Operating grants and contributions related to Medicaid, Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) decreased as a result of decreases in expenditures in the Human Support Services that support those programs. Capital grants and contributions, which were used for Public Works-related capital projects increased during the fiscal year.

General revenues, derived primarily from taxes, represented approximately 63.69% of the District's total revenues in fiscal year 2018. Such revenues increased by \$330,219, or 4.02%, mostly due to increases in income and franchise taxes in fiscal year 2018. Increased income and franchise taxes resulted from improvement in business conditions and profitability within the District, causing corporate income taxes to rise. In addition, improving economic conditions and higher assessed values of properties in the District contributed to the increase in general revenues.

The most significant increases in expenses were in Public Education System and Economic Development and Regulation, which grew by \$231,528, or 8.90%, and \$132,543, or 22.39%, respectively. Public Education System expenses increased primarily

due to an increase in the Uniform Per Student Funding rate, an increase in student enrollment, and a retroactive payment made to members of the Washington Teachers' Union (WTU) and the District of Columbia Public Schools (DCPS) bargaining unit in fiscal year 2018. The increase in Economic Development and Regulation expenses was mainly due to increased costs associated with programs designed to increase and preserve the supply and quality of affordable housing benefiting low-income residents.

Restricted net position represents assets that are subject to use constraints imposed either: (a) externally by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments; or (b) by law, through constitutional provisions or enabling legislation. Restricted net position totaled \$2,186,973 in fiscal year 2018 and \$1,955,060 in fiscal year 2017, representing an increase of \$231,913, or 11.86%. The most significant increase in restricted net position was related to reserves for pensions and OPEB benefits.

Unrestricted net position decreased by \$184,167 to negative \$40,094 in fiscal year 2018 compared to \$144,073 in fiscal year 2017. The decrease in unrestricted net position occurred mostly as a result of increases in net investment in capital assets which was offset by the effect of current year's revenues exceeding expenditures.

The Office of Lottery and Charitable Games (Lottery), a proprietary fund of the primary government, transfers substantially all of its net income to the District at the end of each fiscal year. In fiscal years 2018 and 2017, the Lottery transferred \$49,500 and \$45,600 to the District's General Fund, respectively.

Chart MDA-1 graphically depicts the District's sources of revenues in its governmental activities as presented in Table MDA-2, Change in Net Position for the year ended September 30, 2018, found on page 28.

Chart MDA-1
Revenues by Source - Governmental Activities (\$000s)

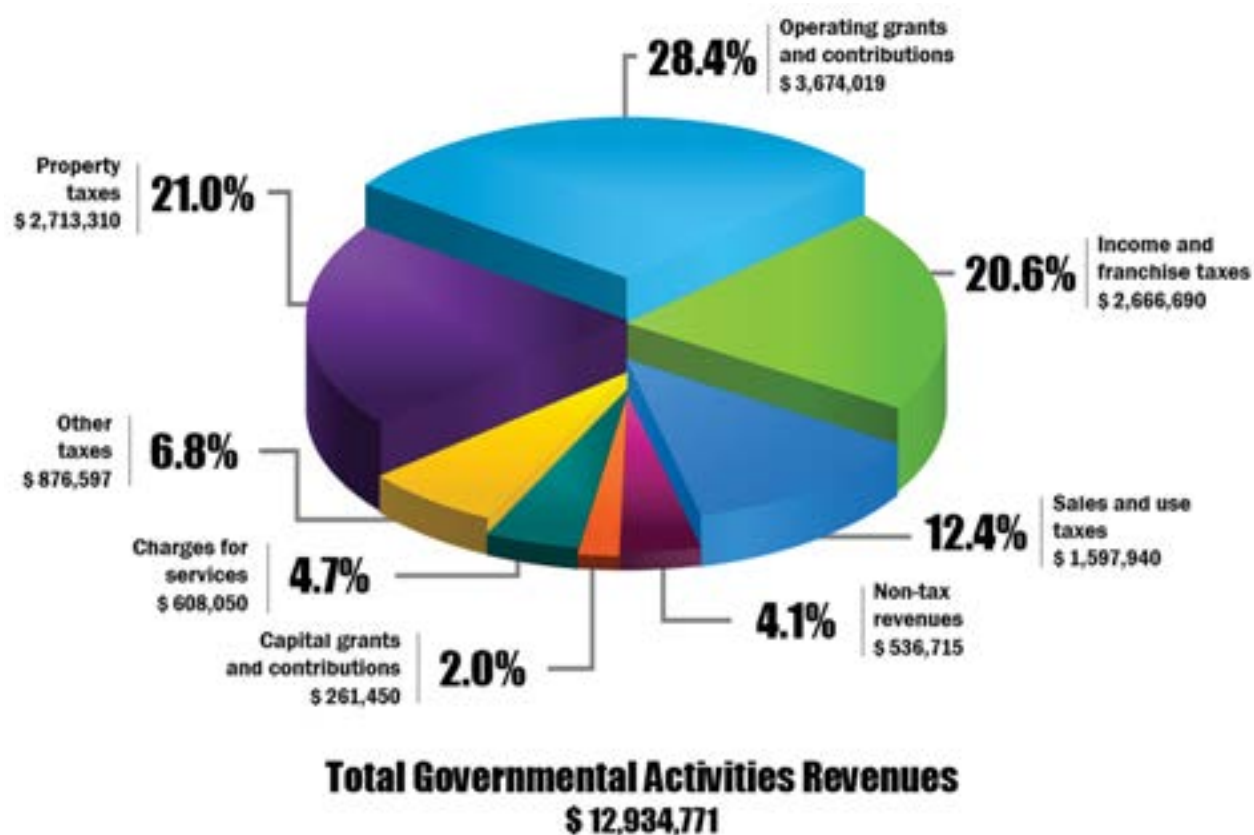
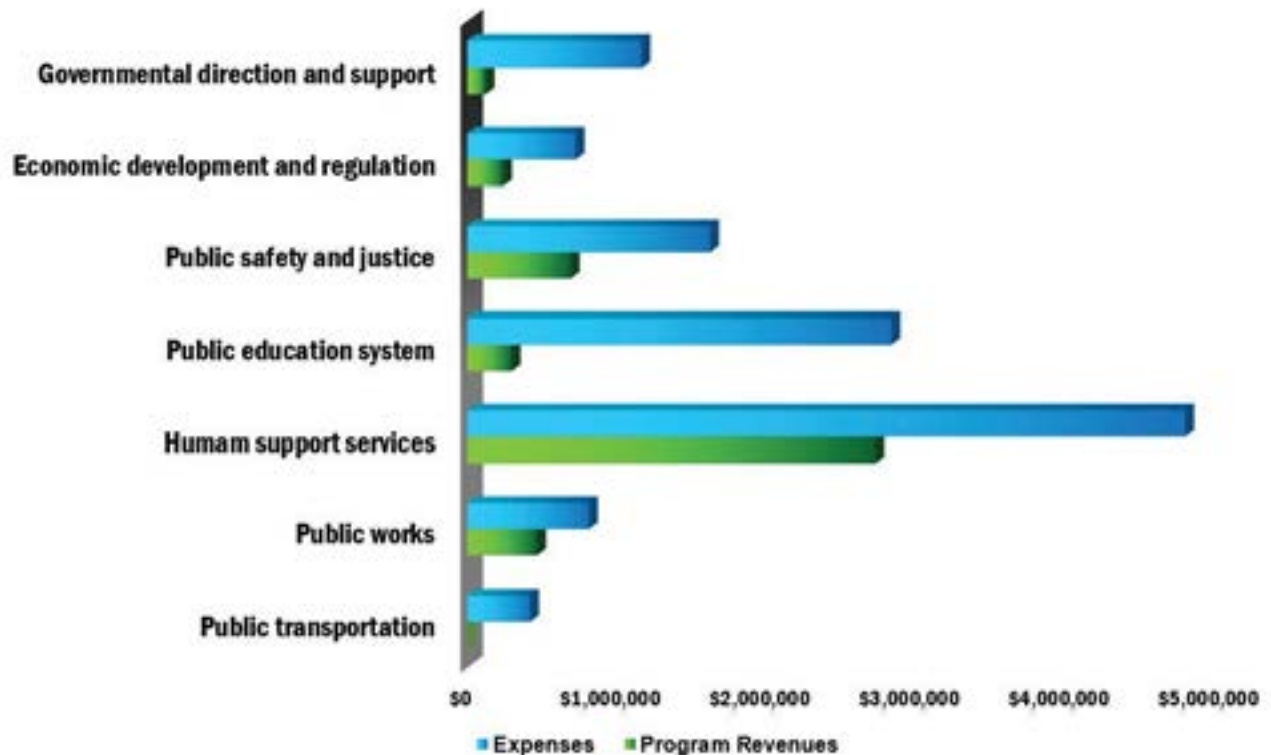


Chart MDA-2 displays both expenses and program revenues of the governmental activities for fiscal year 2018. The governmental activities are: Governmental Direction and Support, Economic Development

and Regulation, Public Safety and Justice, Public Education System, Human Support Services, Public Works, and Public Transportation.

Chart MDA-2
Governmental Activities Expenses and Program Revenues (\$000)



Total net position of governmental activities was \$5,151,401 in fiscal year 2018, which was \$275,798 or 5.66% higher than the amount in the prior year. This increase mainly resulted from increases in revenues from income and franchise taxes, sales and use taxes, and property taxes. Although total program revenues decreased during fiscal year 2018, capital grants and contributions increased compared to the prior year.

Net position of the business-type activities increased by \$28,654 or 5.65%, between fiscal year 2017 and 2018. Net position increased due to lower benefit payments resulting from lower unemployment. As a result, there was a surplus of \$39,487 in the Unemployment Compensation Fund, of which, \$10,347 was derived from interest income. The increase in net position from business-type activities generated by the Lottery and the Unemployment Compensation Fund was offset by a \$10,896 decrease in net position from the Not-for-Profit Hospital Corporation. The Hospital's net position decreased as a result of increases in its operating expenses and decreases in its operating revenues during fiscal year 2018.

Reporting on the District's Most Significant Funds

Fund financial statements focus on major funds, instead of fund types. Other than the General Fund, which is always classified as a major fund, any other governmental or proprietary fund is classified as a major fund if the fund has revenues, expenditures/expenses, assets plus deferred outflows of resources, or liabilities plus deferred inflows of resources that are at least 10% of the corresponding totals for all governmental or proprietary funds and at least 5% of the aggregate amount for all governmental and proprietary funds for the same item. Major funds, as required by generally accepted accounting principles (GAAP), are presented individually while nonmajor funds are combined in a single column. Detailed information for individual nonmajor governmental funds can be found in Other Supplementary Information, Exhibits B-1 and B-2, presented on pages 160 and 161 of this report.

Governmental Funds

The District's governmental funds provide information that is useful when assessing the District's financing needs, such as data pertaining to near-term inflows, outflows, and balances of spendable resources. Most basic services are reported in the governmental funds, which are further classified as General, Federal and Private Resources, Housing Production Trust, General Capital Improvements, and Nonmajor Governmental Funds. Please refer to Exhibits 2-a and 2-b presented on pages 48 and 49 for more detailed information about these funds.

Fund Balances

The governmental funds reported a combined fund balance of \$2,893,772 in fiscal year 2018 and \$2,710,084 in fiscal year 2017, which represents an increase of \$183,688, or 6.78%, from the prior year. The components of the combined fund balances of the governmental funds are presented in **Table MDA-3**.

Table MDA-3
Comparison of FY 2018 and FY 2017 Fund Balance (\$000s)

Governmental fund	2018	2017	Dollar Variance	Percentage Variance
General	\$ 2,776,383	\$ 2,676,291	\$ 100,092	3.74%
Federal and private resources	133,067	133,129	(62)	-0.05%
Housing production trust	167,397	236,988	(69,591)	-29.36%
General capital improvements	(522,345)	(642,032)	119,687	18.64%
Nonmajor governmental funds	339,270	305,708	33,562	10.98%
Total fund balance	\$ 2,893,772	\$ 2,710,084	\$ 183,688	6.78%

Fund balance in the Federal and Private Resources Fund decreased by \$62, or 0.05%, between fiscal years 2017 and 2018. This decrease in fund balance was mainly due to decreases in Human Support Services revenues generated through operating grants that were reimbursable in nature. Human Support Services expenditures decreased by \$155,587 between fiscal years 2017 and 2018. This decrease was due to lower spending in the Temporary Assistance for Needy Families (TANF) program and the Supplemental Nutrition Assistance Program (SNAP) as well as decreases in personnel costs. Because the associated operating grant revenues depend upon the amount of reimbursable expenditures incurred, the decline in expenditures resulted in a decrease in operating grants, which contributed to the decrease in total Federal and Private Resources revenues of \$162,306. The decrease in total revenues in this Fund resulted in the decrease in this Fund's fund balance.

Fund balance in the Housing Production Trust Fund decreased by \$69,591, or 29.36%, between fiscal years 2017 and 2018. This decrease was due primarily to increased expenditures in fiscal year 2018 related to the Mayor's initiative to preserve and/or

increase the supply of quality affordable housing for low-income families in the District. The Department of Housing and Community Development, which administers this initiative, had more housing projects in its pipeline for completion.

The negative fund balance of \$642,032 in General Capital Improvements Fund at September 30, 2017, improved by \$119,687 or 18.64% during fiscal year 2018. This increase was due to the issuance of bonds, the proceeds of which were used to fund capital projects. As a result of this increase, at September 30, 2018, fund balance in the General Capital Improvements Fund was negative \$522,345.

The second most significant fund balance increase within the governmental funds, which totaled \$100,092, was in the General Fund, the District's primary operating fund. A more detailed discussion of the District's General Fund follows.

Revenues

General Fund revenues increased by \$353,393 in fiscal year 2018. **Table MDA-4** presents the most significant variances in General Fund revenues.

Table MDA-4
Changes in Major General Fund Revenues (\$000s)

Revenue category	2018	2017	Dollar Variance	Percentage Variance
Property taxes	\$ 2,663,794	\$ 2,571,517	\$ 92,277	3.59%
Sales and use taxes	1,537,378	1,477,254	60,124	4.07%
Income and franchise taxes	2,641,586	2,512,522	129,064	5.14%
Total	\$ 6,842,758	\$ 6,561,293	\$ 281,465	4.29%

Property taxes

Property tax revenues increased mostly due to higher assessed property values. The District's commercial and residential markets continued to improve in fiscal year 2018, with growing prices of residential properties. The continued economic growth resulted in increased tax levies and collections for residential property taxes in fiscal year 2018.

Sales and use taxes

Population growth and improved economic conditions resulted in increased consumer spending over the past year, which contributed to increased sales and use tax revenues in fiscal year 2018.

Income and franchise taxes

With the District's population growing steadily, more individuals joined the workforce. Consequently, the

District's unemployment rate remained low. This resulted in increases in total salaries and wages, thereby increasing the amount of salary/wage-related taxes. Capital gains realizations also led to increases in individual income taxes. Moreover, strong growth in corporate profits during fiscal year 2018 contributed to increases in business franchise tax revenues.

Dedicated Revenues

The dedicated portions of tax revenues related to the special revenue funds are recorded directly in those funds. However, dedicated taxes for the Washington Convention and Sports Authority and the Highway Trust Fund are transferred out of the local fund (the major component of the General Fund). Healthcare Program activities are recorded in a segregated fund within the General Fund. In fiscal year 2018, the District dedicated a total of \$560,015 or 6.12% more than the previous year in tax revenues to fund the projects shown in **Table MDA-5**.

Table MDA-5
Dedicated Local Tax Revenues (\$000s)

	Property	Sales and Use	Gross Receipts	Deed Recordation	Deed Transfers	Motor Fuel	Other	Total Taxes
General fund								
Washington Convention and Sports Authority	\$ -	\$ 141,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,448
Department of General Services	-	-	-	1,152	1,102	-	-	2,254
Healthcare programs	-	-	-	-	-	-	84,959	84,959
Highway Trust Fund	-	-	-	-	-	26,268	-	26,268
WMATA	-	78,506	-	-	-	-	-	78,506
Healthy schools	-	4,666	-	-	-	-	-	4,666
Alcoholic Beverage Regulation Administration	-	1,170	-	-	-	-	-	1,170
HPTF debt service	-	-	-	5,404	2,418	-	-	7,822
Total general fund	-	225,790	-	6,556	3,520	26,268	84,959	347,093
Special revenue funds								
Tax increment financing program	17,944	32,549	-	-	-	-	-	50,493
PILOT special revenue	26,700	7,718	-	-	-	-	-	34,418
Baseball project	-	20,294	46,645	-	-	-	-	66,939
Housing Production Trust	-	-	-	33,228	27,675	-	169	61,072
Total special revenue funds	44,644	60,561	46,645	33,228	27,675	-	169	212,922
Total dedicated taxes	\$ 44,644	\$ 286,351	\$ 46,645	\$ 39,784	\$ 31,195	\$ 26,268	\$ 85,128	\$ 560,015

Expenditures

The District's General Fund expenditures, excluding debt service, increased by \$528,980 from the previous

year. Variances by program or function are presented in **Table MDA-6**.

Table MDA-6
General Fund Expenditure Variances by Function (\$000s)

Function	2018	2017	Dollar Variance	Percentage Variance
Governmental direction and support	\$ 984,073	\$ 945,270	\$ 38,803	4.10%
Economic development and regulation	450,329	382,625	67,704	17.69%
Public safety and justice	1,222,117	1,188,291	33,826	2.85%
Public education system	2,284,664	2,078,134	206,530	9.94%
Human support services	2,049,211	1,949,127	100,084	5.13%
Public works	389,778	358,929	30,849	8.59%
Public transportation	419,198	368,014	51,184	13.91%
Total functional expenditures	\$ 7,799,370	\$ 7,270,390	\$ 528,980	7.28%

Explanations for variances in General Fund functional expenditures are presented below:

Governmental Direction and Support

Increases in spending in Governmental Direction and Support resulted primarily from increased non-personnel services spending, including information technology modernization initiatives and network upgrades; increases in contractual and security services; higher litigation support costs; spending on judgements and indemnity costs associated with the newly established Restitution Fund. In addition, an increase in personnel cost due to hiring of new employees contributed to the increase in the Governmental Direction and Support's expenditures.

Economic Development and Regulation

Expenditures in Economic Development and Regulation increased primarily due to increased funding of initiatives such as: 1) subsidies to the Local Rent Supplement Program to provide rental assistance for low-income families and individuals; the New Communities Initiatives Program designed to revitalize severely distressed subsidized housing and redevelop neighborhoods into vibrant mixed-income communities; and 2) subsidies and grants in cultural activities to support practicing artists, arts organizations, and community groups. Other factors that contributed to the increase in expenditures include: grants to fund the Audi Soccer Stadium and funding for the Housing Preservation Fund designed to provide short-term bridge acquisition and pre-development financing to eligible borrowers.

Public Safety and Justice

Expenditure increases in Public Safety and Justice resulted primarily from increases in personnel services costs in fiscal year 2018. Consistent with a collective bargaining agreement between the District and the International Association of Firefighters Local 36, 1,781 union firefighters and emergency medical services employees received retroactive pay. Other factors that contributed to the rise in expenditures include increases in: sub-grant payments for the

truancy reduction Show Up, Stand Out (SUSO) program for Justice Grants, Access to Justice Initiative to the D.C. Bar Foundation, and the D.C. Poverty Lawyer Loan Repayment Assistance Program (LRAP). The variance in Victim Services expenditures which was due to an increase in sub-grant payments for the Victim Services programs was offset by a decrease in the Shelter Housing Fund in fiscal year 2018. Funding for 27 additional positions to support the Crime Scene Sciences functions and bringing the Department of Corrections' treatment facility in-house also resulted in increased expenditures.

Public Education System

The increase in Public Education System expenditures is due primarily to an increase in the Uniform Per Student Funding rate due to inflation and increased student enrollment. Some of the spending increase was also due to salary increases and retroactive payments made to members of the Washington Teachers' Union (WTU) and the District of Columbia Public Schools' (DCPS) bargaining unit in fiscal year 2018. The increase in expenditures was also attributed to certain Medicaid reimbursable cost increases. Other factors leading to this increases include: spending increases supporting Early Learning programs, which are designed to provide access to quality and equitable learning experience to all children in the District, from birth to entrance in kindergarten; Out of School Time programs, Special Education Enhancement and Access to Quality Child Care initiatives; and the D.C. Public Charter School Board's additional costs associated with a lead testing project.

Human Support Services

Human Support Services agencies provide an array of services to sustain, support and assist the District's most vulnerable residents in the areas of homelessness, substance and mental abuse, the prevention and promotion of health and wellness, and other human welfare issues through such programs as Medicaid, Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance

Program (SNAP). Increases in expenditures in fiscal year 2018 were primarily attributable to increased services in relation to emergency rental assistance, temporary shelter, housing programs and community resources. Other factors that contributed to this increase include: increase in overtime expenses to support the Mayor's initiative for summer programs; increases in provider payments on behalf of Medicaid beneficiaries; increase in contractual services and program funding for the Communicable and Chronic Disease Prevention and Treatment Fund; and a District-wide cost of living adjustment which resulted in increases in personnel services for approximately 300 front line staff positions.

Public Works

Public Works expenditures increased due to several factors, including costs associated with hauling, disposing and recycling of District waste, cleaning public spaces throughout the District and managing the city's fleet operations. Moreover, implementation of the Renewable Energy Development Fund designed to create new solar energy sources in the District, including activities that support the use of solar energy sources, such as electrical upgrades, structural improvements, and the installation of electrical or thermal storage systems also led to increased public works expenditures in fiscal year 2018.

Public Transportation

The District, along with other jurisdictions in the metropolitan region, provide funding to support the operations of the Washington Metropolitan Area Transit Authority (WMATA). Increases in Public Transportation expenditures in fiscal year 2018 resulted from increased WMATA operating cost, which led to increased subsidies being paid by the District.

Capital Expenditures and Financing

The District spent \$1,433,612 on general capital improvements which exceeded the general capital improvements revenues of \$267,155 by \$1,166,457. This deficiency was subsequently financed with a net

total of \$1,286,144 from bond proceeds and other financing sources and uses. The net change in fund balance was an increase of \$119,687, which resulted in a cumulative negative fund balance of \$522,345.

The District's investments in capital improvements are based on need rather than available current year resources. It is the District's financial policy to issue bonds to support the expenditures associated with its Capital Improvements Program. In order to minimize the cost of carrying debt, the District has instituted the practice of issuing bonds based on actual expenditures, in some cases, and on the annual amount budgeted. However, agencies are authorized to spend their annual appropriated capital budget in advance of financing. The General Fund advances the amount of the funding, and is repaid with the proceeds from the bonds when issued. This allows the District to determine when it will enter the market to issue bonds based upon cash flow needs, favorable market rates, the total amount of municipal debt financing, and the types of credits that are available. This flexibility helps to minimize borrowing costs and maximize the pool of potential investors for the District's debt issuances.

Housing Production Trust Fund

At the end of fiscal year 2018, the Housing Production Trust Fund (HPTF) loans/accounts receivable balance was approximately \$722,295, an increase of approximately \$370,330, or 105.22% from the fiscal year 2014 balance and an increase of approximately \$116,816 from the balance at the end of the preceding fiscal year. The vast majority of the loans have been deferred far into the future which impacts the rate of collection and the net realizable value. As such, the gross balance of the loans/accounts receivable is reported net of the related allowance for doubtful accounts as other long-term assets. As of September 30, 2018, this net balance was \$97,736.

Table MDA-7 presents the Housing Production Trust Fund loans/accounts receivable balances and the corresponding allowance for doubtful accounts for fiscal years 2014 through 2018.

Table MDA-7
Housing Production Trust Fund Loans/Accounts Receivable Balances (\$000s)

	2014	2015	2016	2017	2018
HPTF loans/accounts receivable	\$ 351,965	\$ 407,882	\$ 495,820	\$ 605,479	\$ 722,295
Less: allowance for doubtful accounts	309,858	365,585	440,948	510,465	624,559
Net loans/accounts receivable (other long-term assets)	\$ 42,107	\$ 42,297	\$ 54,872	\$ 95,014	\$ 97,736

Proprietary Funds

The District has three major Proprietary Funds: the Office of Lottery and Charitable Games (Lottery), the Unemployment Compensation Fund (Unemployment) and the Not-for-Profit Hospital Corporation. Total assets and net position of the Proprietary Funds presented significant variances between fiscal years 2017 and 2018.

The total assets for the Lottery increased by \$579, or 3.16%, compared to the prior year, due to decreased prize payouts.

Total assets for Unemployment increased by \$40,309, or 8.87%, due to a low unemployment rate which resulted in less benefit payments. As a result, more cash was on deposit with the U.S. Treasury at the end of fiscal year 2018.

The total assets for the Not-for-Profit Hospital Corporation decreased by \$8,180, or 6.08%, mainly due to an increase in accumulated depreciation of its capital assets. The decrease in the non-depreciable capital assets was caused by transfers to the depreciable category.

Overall total net position of the District's proprietary funds increased by \$28,654, or 5.65%, over the prior year. Exhibits 3-a, 3-b, and 3-c on pages 52 through 54 present the financial statements of the proprietary funds.

Charts MDA-3 and **MDA-4** graphically present comparisons of the revenues and expenses of the District's proprietary funds, based on information contained in the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds, shown on page 53 of this report.

Chart MDA-3
Operating Revenues and Expenses – Business-Type Activities (\$000s)

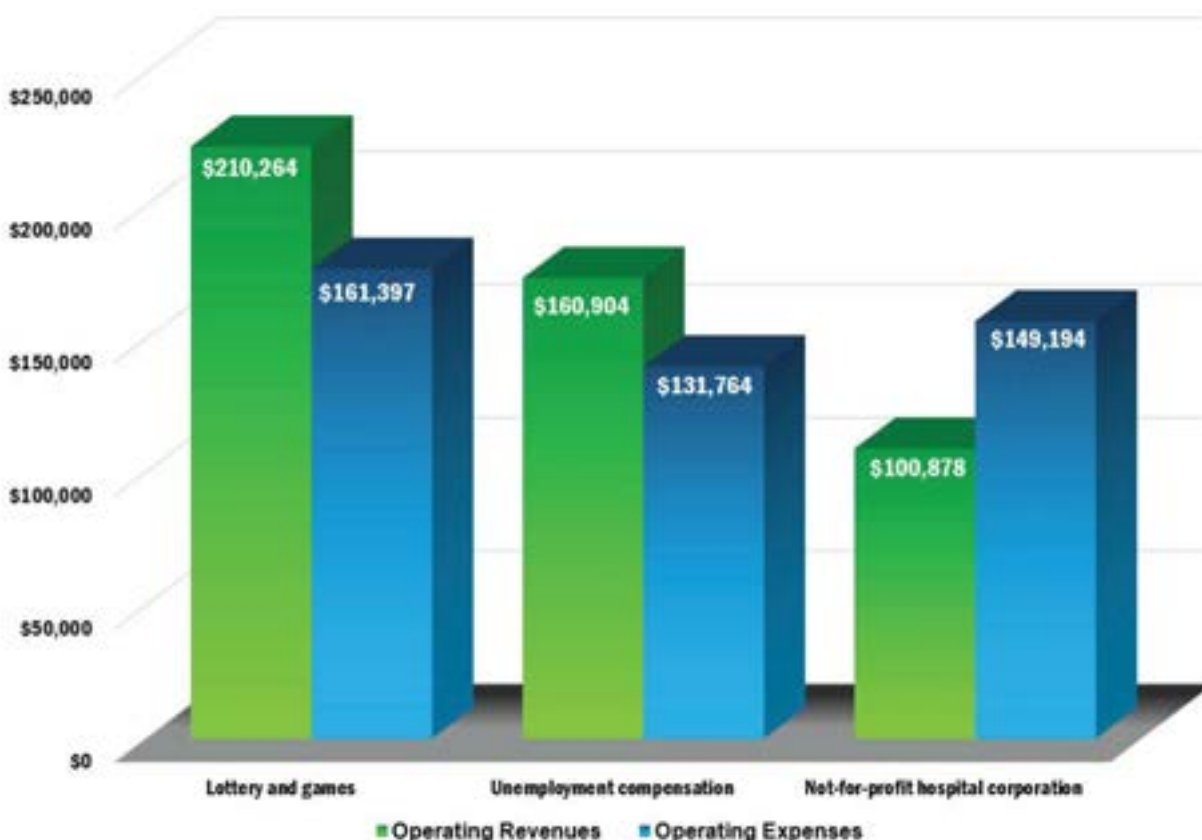
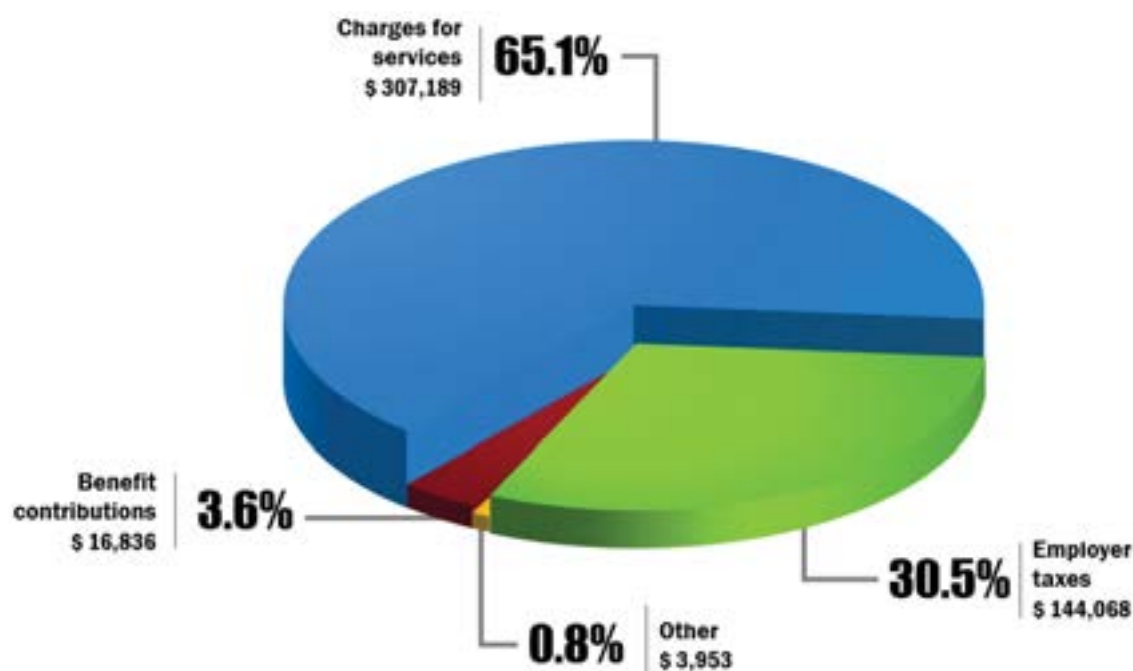


Chart MDA-4
Operating Revenues by Source – Business-Type Activities (\$000s)



Total Business-Type Activities: Operating Revenues
\$ 472,046

Fiduciary Funds

The Trust and Agency Funds are used to account for assets held by the District as trustee for individuals, private organizations, or other governments. The District is the trustee or fiduciary for its employees' pension plans and other postemployment benefits (OPEB). All fiduciary activities are reported in Exhibit 4-a, Statement of Fiduciary Net Position and Exhibit 4-b, Statement of Changes in Fiduciary Net Position on pages 55 and 56, respectively. Exhibits C-1, C-2,

and C-3, presented on pages 164, 165, and 166, respectively, provide additional information. These activities are excluded from the District's governmental and business-type activities because resources of fiduciary funds are restricted and are not available to support the District's operations. The changes in the net position of the Pension and OPEB Trust Funds are presented in **Table MDA-8**.

Table MDA-8
Variances in Net Position of Pension and OPEB Trust Funds (\$000s)

Trust fund	2018	2017	Dollar Variance	Percentage Variance
Police and firefighters pension	\$ 6,023,770	\$ 5,684,442	\$ 339,328	5.97%
Teachers pension	2,176,106	2,070,599	105,507	5.10%
Other postemployment benefits	1,462,030	1,366,282	95,748	7.01%
Total net position	\$ 9,661,906	\$ 9,121,323	\$ 540,583	5.93%

Net position of the fiduciary funds increased mainly as a result of positive investment returns in fiscal year 2018.

A Private-Purpose Trust Fund is used to report any trust arrangement not reported in the Pension or OPEB Trust Funds under which principal and income

benefit specific individuals, private organizations, or other governments. The District's 529 College Savings Investment Plan, which is designed to help families save for the higher education expenses of designated beneficiaries, comprises the Private-Purpose Trust Fund.

Component Units

Discretely presented component units are legally separate organizations that meet the following criteria: (a) the District appoints a voting majority of the entity's governing board and (b) there is a financial benefit/burden relationship between the District and the entity, or the District is able to impose its will on the entity. Consistent with these criteria, the District reports four discretely presented component units: (1) Health Benefit Exchange Authority; (2) Washington Convention and Sports Authority (t/a Events DC); (3) Housing Finance Agency; and (4) University of the District of Columbia.

Other component units have operations that are so intertwined with those of the primary government that they function, for all practical purposes, as an integral part of the primary government. These are reported as blended component units. A component unit should be blended when the primary government and the component unit share a common governing body and (a) there is a financial benefit or burden relationship between the primary government and the entity, or (b) the primary government has operational responsibility for the entity. In addition, blending is required when the component unit meets any one of the following criteria: (a) the entity provides service entirely or almost entirely to the primary government; or otherwise exclusively or almost exclusively benefits the primary government, although it does not provide services directly to it; (b) the entity's total debt outstanding is expected to be repaid entirely or almost entirely with the primary government's resources; and (c) the organization is a not-for-profit corporation, in which the primary government is the sole corporate member.

The District reports two blended component units: (1) the Tobacco Settlement Financing Corporation (Tobacco Corporation) and (2) the Not-for-Profit Hospital Corporation (d/b/a United Medical Center), also referred to as "the Hospital Corporation". The Tobacco Corporation is a blended component unit because: (a) the District appoints the Tobacco Corporation's board; (b) the District is legally entitled to and can otherwise access the Tobacco Corporation's resources, which constitutes a benefit/burden relationship; and (c) the District has the ability to modify or approve the Tobacco Corporation's budget, which gives the District the ability to impose its will on the Tobacco Corporation. In addition, the Tobacco Corporation provides services entirely to the District. The Not-for-Profit Hospital Corporation is a blended

component unit because: (a) there is a financial benefit/burden relationship between the District and the Hospital Corporation because the District has assumed the obligation to provide financial support to the Hospital Corporation to help sustain its operations; (b) the District is able to impose its will on the Hospital Corporation because the District has the ability to modify or approve the Hospital Corporation's budget; and (c) it is organized as a not-for-profit corporation, in which the District is the sole corporate member.

Each of the component units prepares its own independently audited financial statements, which are accompanied by their respective Management's Discussion and Analysis. Exhibits 5-a and 5-b, on pages 57 and 58, respectively, present the District's component units' financial information for fiscal year 2018. Information presented in these exhibits was extracted from each entity's separately issued financial statements.

Long-Term Debt

The District is empowered by law (Section 461 of the District of Columbia Home Rule Act, as amended) to issue General Obligation Bonds for the payment of the costs of acquiring capital assets or undertaking various capital projects and to refund indebtedness of the District. The District also issues Income Tax Secured Revenue Bonds pursuant to the Bond Authorization Act of 2008 (D.C. Code §§ 47-340.26 to 47-340.36). The payment of principal and interest on these bonds comes solely from the associated trust estate and the available pledged tax revenues. The Income Tax Secured Revenue Bonds are without recourse to the District, and are not a pledge of, and do not involve the full faith and credit or the taxing power of the District.

The District also issues, on a less frequent basis, other types of long-term debt, including Tax Increment Financing (TIF) Bonds, Housing Production Trust Fund (HPTF) Bonds, Qualified Zone Academy Bonds (QZAB), and other revenue bonds.

As of September 30, 2018, the District (including its business activities) had \$12,115,190 in long-term debt outstanding, of which \$9,968,039, or 82.28% was in the form of bonds. Of the outstanding bonds, \$4,827,105, or 48.43%, were General Obligation Bonds, and \$3,776,255, or 37.88%, were Income Tax Secured Revenue Bonds.

Table MDA-9 presents the District's outstanding bonds as of September 30, 2018.

Table MDA-9
Outstanding Bonds as of September 30, 2018 and 2017 (\$000s)

Type of bonds	2018	2017	Dollar Variance	Percentage Variance
General obligation bonds	\$ 4,827,105	\$ 4,078,160	\$ 748,945	18.36%
Income tax secured revenue bonds	3,776,255	4,030,695	(254,440)	-6.31%
Other bonds:				
Qualified zone academy bonds	2,466	3,155	(689)	-21.84%
Tobacco bonds	561,119	583,434	(22,315)	-3.82%
TIF bonds	105,906	92,686	13,220	14.26%
Ballpark bonds	285,480	334,005	(48,525)	-14.53%
GARVEE revenue bonds	82,620	90,170	(7,550)	-8.37%
HPTF bonds	107,390	110,240	(2,850)	-2.59%
PILOT revenue bonds	219,698	205,696	14,002	6.81%
Total	\$ 9,968,039	\$ 9,528,241	\$ 439,798	4.62%

The \$748,945 increase in General Obligation Bonds is due primarily to the following bond issuances made in fiscal year 2018:

- In December 2017, the District issued \$521,705 Series 2017D General Obligation Bonds. The proceeds of the Series 2017D Bonds were used to finance capital project expenditures under the District's capital improvements plan and pay the costs and expenses of issuing the Bonds. Interest rates on the Series 2017D Bonds range from 4.00% to 5.00%.
- In August 2018, the District issued \$214,525 Series 2018A General Obligation Bonds. The proceeds of the Series 2018A Bonds were used to finance capital project expenditures under the District's capital improvements plan and pay the costs and expenses of issuing the Bonds. The interest rate on the Series 2018A Bonds is 5.00%.
- In August 2018, the District issued \$301,160 Series 2018B General Obligation Refunding

Bonds. The proceeds of the bonds were used to current refund the District's Series 2008E and 2008F General Obligation Bonds outstanding. The current refunding produced an aggregate difference in debt service of \$64,245 and an economic gain of \$54,052.

- In November 2017, the District issued \$99,935 Series 2017C Multimodal General Obligation Refunding Bonds (remarketed variable rate bonds). The Series 2017C Bonds were issued to current refund/remarket Series 2011E and 2014B, Adjusted SIFMA Rate, Income Tax Secured Revenue Refunding Bonds. The District completed this transaction to establish a new mandatory tender date (December 2022) with the 2017C Bonds, replacing the prior amortization schedules of the Series 2011E and 2014B Income Tax Secured Revenue Bonds.

For more detailed information on the District's long-term debt activity, refer to Note 7, Long-Term Liabilities, found on pages 109 through 119.

Capital Assets

The General Capital Improvements Fund is used to account for the purchase or construction of capital assets financed by transfers, capital grants, and debt. Capital assets include, but are not limited to: land, buildings, police and fire equipment, office equipment, park facilities, roads, and bridges. In fiscal year 2018, total net capital assets (capital assets less depreciation) increased by \$735,023, or 5.61%, over the prior year. Total capital assets increased because the District has been investing resources in the construction of new assets and the rehabilitation of existing infrastructure, such as roads, streets, and bridges.

As of September 30, 2018, net capital assets (capital assets less accumulated depreciation) totaled \$13,835,129. Net capital assets of the governmental activities totaled \$13,762,660 and the net capital assets of the business-type activities totaled \$72,469. The governmental activities depreciation charges for fiscal year 2018 totaled \$453,675 compared to the prior year's amount of \$435,281.

Table MDA-10 presents more detailed information on the District's net capital assets.

Table MDA-10
Net Capital Assets as of September 30, 2018 (\$000s)

Asset category	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 963,690	\$ 964,016	\$ 8,100	\$ 8,100	\$ 971,790	\$ 972,116
Buildings	7,280,055	6,688,396	49,368	46,331	7,329,423	6,734,727
Infrastructure	3,714,408	3,653,388	-	-	3,714,408	3,653,388
Equipment	410,017	441,446	14,584	17,044	424,601	458,490
Construction in progress	1,394,490	1,273,123	417	8,262	1,394,907	1,281,385
Total net capital assets	\$ 13,762,660	\$ 13,020,369	\$ 72,469	\$ 79,737	\$ 13,835,129	\$ 13,100,106

Note: For more detailed information on the District's capital assets, refer to Note 5, Capital Assets, found on pages 98 through 102.

REPORTING THE DISTRICT BUDGET

Overview in Brief

D.C. Code § 47-392.01(c) (1) (A) requires the District to prepare a balanced budget each year. After approval of the adopted budget, the Mayor submits the Federal Portion Budget Request Act to the President of the United States (the President) and then to Congress for approval. The Local Budget Act is forwarded by the Chairman of the Council to Congress. Congress can: (1) take no action on the Budget Act, in which case it becomes law after 30 Congressional days in the same manner as other District legislation; (2) reject the Budget Act; (3) affirmatively approve the Budget Act with or without Congressional amendments; or (4) adopt an appropriation for the District in the federal appropriations bill, in a continuing resolution, or as a stand-alone piece of legislation, in which case, that action controls.

The Chief Financial Officer is responsible for forecasting revenue for the District government. Each February, the Chief Financial Officer issues the official revenue estimate that is used to develop the District's budget for the next fiscal year. This estimate is revised as the new fiscal year begins and is periodically reviewed and adjusted quarterly to reflect current economic trends and outlook, new legislative mandates, and other similar factors. As the revenue estimates are revised, the District's expenditure budget may also be revised to be consistent with the updated revenue estimates.

General Fund Budgetary Highlights

The General Fund is the chief budgetary operating fund of the primary government. **Table MDA-11** presents variances between revised budget amounts and actual expenditures in a Schedule of General Fund Budgetary Basis Revenues and Expenditures for the fiscal year ended September 30, 2018.

Table MDA-11
Schedule of General Fund Budgetary Basis Revenues and Expenditures (\$000s)

	Original Budget	Revised Budget	Actual	Variance (Actual to Revised Budget)
Revenues and other sources:				
Taxes	\$ 7,383,444	\$ 7,557,409	\$ 7,559,448	\$ 2,039
Licenses and permits	82,902	94,134	98,699	4,565
Fines and forfeits	156,460	168,070	164,382	(3,688)
Charges for services	74,130	88,568	87,632	(936)
Miscellaneous	92,335	120,437	146,124	25,687
Other sources	662,919	652,225	616,116	(36,109)
Bond proceeds	8,000	8,000	4,564	(3,436)
Fund balance released from restrictions	265,201	297,963	-	(297,963)
Interfund transfer from lottery and games	45,000	45,600	49,500	3,900
Interfund transfer - others	14,304	58,441	65,079	6,638
Total revenues and other sources	8,784,695	9,090,847	8,791,544	(299,303)
Expenditures and other uses:				
Governmental direction and support	774,539	839,963	816,632	23,331
Economic development and regulation	555,106	557,675	483,311	74,364
Public safety and justice	1,160,566	1,228,935	1,220,915	8,020
Public education system	2,162,395	2,287,741	2,255,212	32,529
Human support services	2,003,390	2,048,645	2,030,015	18,630
Public works	837,632	831,505	803,621	27,884
Repay bonds and interest	709,003	695,940	693,511	2,429
Other expenditures and uses	581,560	402,852	384,091	18,761
Total expenditures and other uses	8,784,191	8,893,256	8,687,308	205,948
Excess of revenues and other sources over expenditures and other uses - budgetary basis	\$ 504	\$ 197,591	\$ 104,236	\$ (93,355)

Revenues and Other Sources

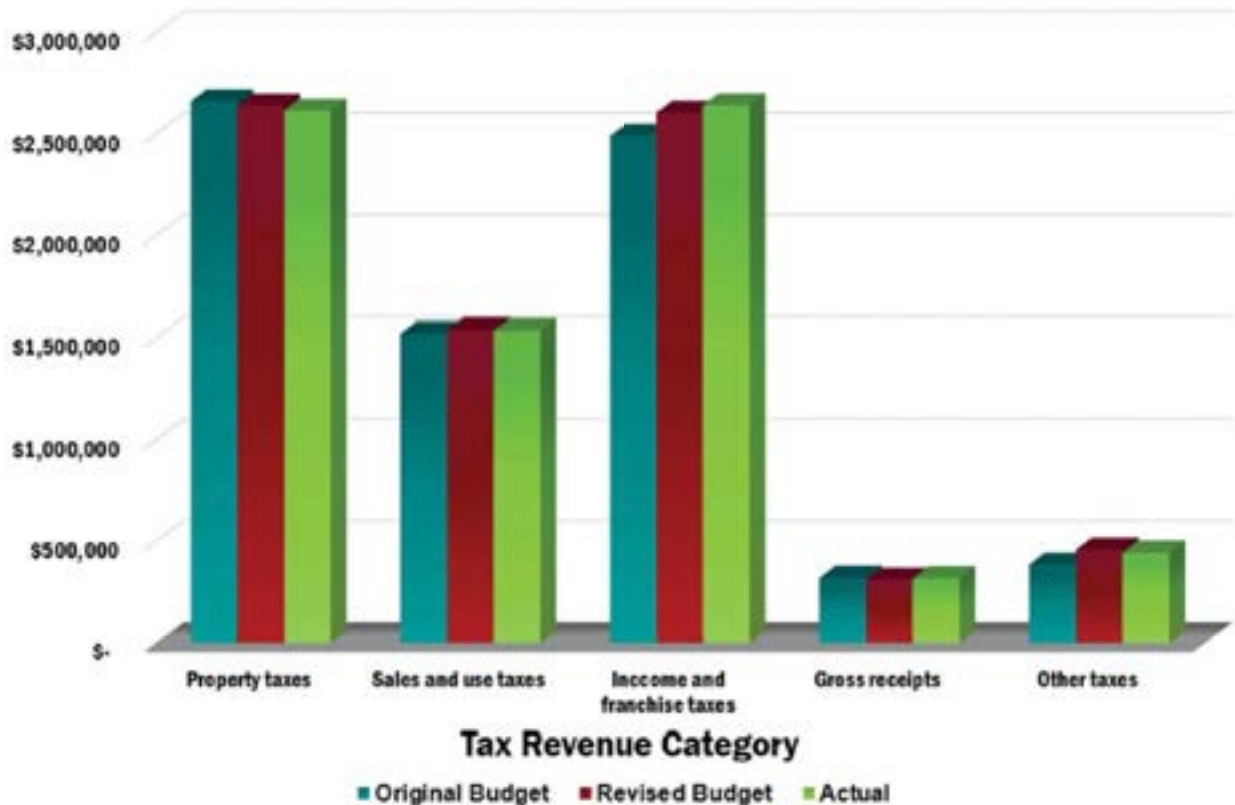
As presented in **Table MDA-11**, actual General Fund revenues and other sources were \$299,303 less than the revised budget. This variance was primarily due to the use of excess revenues instead of fund balance to fund certain operating activities.

Fund Balance Released from Restrictions - Fund balance released from restrictions is defined as the portion of assets that was restricted for either a period of time or for a particular purpose for which the imposed conditions have been met, allowing the assets to become available for use. In other words, this amount of fund balance was budgeted to help

finance current year's operations. As presented in **Table MDA-11**, although budgeted, the District did not utilize fund balance to finance operations in fiscal year 2018 but rather relied on the city's revenues to meet operational needs.

Approximately 85.99% of the General Fund's revenues and other sources are derived from taxes. **Chart MDA-5** graphically presents differences between the General Fund's original budget, final revised budget and actual revenues (by type of tax) for fiscal year 2018.

Chart MDA-5
FY 2018 Budgetary Comparison – Tax Revenues
Original and Revised Budgets With Actual Results (\$000s)



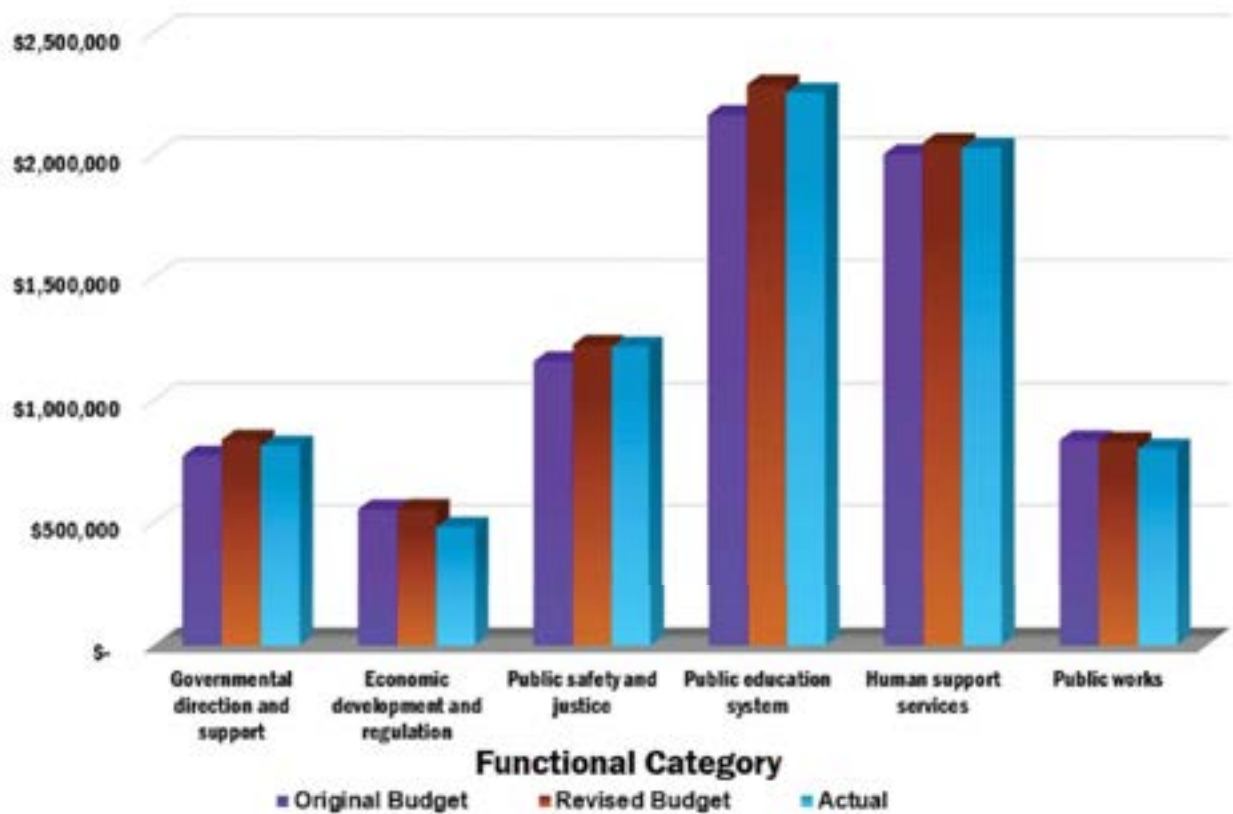
Expenditures and Other Uses

Actual General Fund expenditures and other uses were \$205,948 less than the revised budget. As presented in **Table MDA-11**, this variance was primarily due to underspending in the areas of Economic Development and Regulation, Public Education, Public Works, and Governmental Direction and Support.

Approximately 63.38% of the total actual General Fund expenditures and other uses were in the areas of Public Education, Human Support Services, and Public Safety and Justice combined.

Chart MDA-6 graphically presents differences between the General Fund's original budget, revised budget, and actual expenditures (by functional category) for fiscal year 2018.

Chart MDA-6
FY 2018 Budgetary Comparison – General Fund Expenditures (by Function)
Original and Revised Budgets With Actual Results (\$000s)



For more detailed information, refer to the budgetary schedules for the General Fund, Exhibit A-6, which are presented on pages 157.

CONTACTING THE DISTRICT'S OFFICE OF THE CHIEF FINANCIAL OFFICER

This CAFR is designed to provide a general overview of the District's finances and to demonstrate the effectiveness of the District's systems of accountability for the money it receives. If you have any questions regarding this report, suggestions for improvement, or need additional financial information, please contact:

Office of the Chief Financial Officer

John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 203
Washington, DC 20004
(202) 727-2476
<https://cfo.dc.gov>

BASIC FINANCIAL STATEMENTS

The basic financial statements include the *Government-Wide Financial Statements*, *Governmental Fund Financial Statements*, *Proprietary Fund Financial Statements*, *Fiduciary Fund Financial Statements* and the *Discretely Presented Component Units Financial Statements*. These financial statements present different views of the District.

Following the basic financial statements are the *Notes to the Basic Financial Statements* which explain some of the information in the financial statements and provide more detail.

Exhibit 1-a

DISTRICT OF COLUMBIA
STATEMENT OF NET POSITION
September 30, 2018
(With Comparative Totals at September 30, 2017)
(\$000s)

	Primary Government		Totals		Component
	Governmental Activities	Business-Type Activities	2018	2017	Units
ASSETS					
Cash and cash equivalents	\$ 1,574,313	\$ 40,952	\$ 1,615,265	\$ 1,338,784	\$ 136,426
Investments	-	-	-	-	274,816
Taxes receivable, net	462,762	-	462,762	458,442	-
Accounts receivable, net	298,991	38,628	337,619	293,509	14,101
Other receivables	-	-	-	-	23,424
Due from federal government	431,228	786	432,014	500,233	-
Due from component units	3,887	-	3,887	10,602	-
Due from primary government	-	-	-	-	20,088
Internal balances	24,130	(24,130)	-	-	-
Inventories	8,270	1,520	9,790	16,873	-
Other current assets	9,261	1,942	11,203	9,431	14,293
Derivative instrument assets	359	-	359	555	-
Cash and cash equivalents (restricted)	1,540,408	481,740	2,022,148	2,074,114	228,433
Investments (restricted)	121,495	1,547	123,042	92,464	484,212
Other long-term assets	296,886	-	296,886	326,198	1,272,508
Net pension and OPEB assets	828,925	-	828,925	727,102	-
Depreciable capital assets, net	11,404,480	63,952	11,468,432	10,846,605	757,201
Non-depreciable capital assets	2,358,180	8,517	2,366,697	2,253,501	94,105
Total assets	19,363,575	615,454	19,979,029	18,948,413	3,319,607
DEFERRED OUTFLOWS OF RESOURCES					
Derivative instrument - hedge	21,031	-	21,031	35,450	-
Pension and OPEB	304,095	-	304,095	327,365	-
Advance refunding loss	5,371	-	5,371	6,057	10,899
Total deferred outflows of resources	330,497	-	330,497	368,872	10,899
Total assets and deferred outflows of resources	19,694,072	615,454	20,309,526	19,317,285	3,330,506
LIABILITIES					
Accounts payable	749,859	50,304	800,163	823,703	58,146
Compensation payable	191,359	8,641	200,000	165,231	15,751
Due to component units	20,088	-	20,088	18,262	-
Due to primary government	-	-	-	-	3,887
Accrued liabilities	372,616	9,641	382,257	341,776	13,119
Accrued interest payable	169,115	-	169,115	161,788	-
Unearned revenues	234,813	44	234,857	266,464	15,059
Derivative instrument liabilities	21,031	-	21,031	35,450	-
Other current liabilities	64,802	3,642	68,444	74,814	204,056
Long-term liabilities:					
Due within one year	670,944	443	671,387	613,892	51,461
Due in more than one year	11,436,976	6,827	11,443,803	10,697,669	1,937,509
Total liabilities	13,931,603	79,542	14,011,145	13,199,049	2,298,988
DEFERRED INFLOWS OF RESOURCES					
Capital lease gain	29,204	-	29,204	30,799	-
Pension and OPEB	581,864	-	581,864	704,576	-
Total deferred inflows of resources	611,068	-	611,068	735,375	-
Total liabilities and deferred inflows of resources	14,542,671	79,542	14,622,213	13,934,424	2,298,988
NET POSITION					
Net investment in capital assets	3,467,965	72,469	3,540,434	3,283,728	507,137
Restricted for:					
Expendable					
Pension and OPEB	465,394	-	465,394	260,142	-
Debt service	520,693	-	520,693	542,081	-
Benefit payments	-	459,203	459,203	416,373	-
Capital projects	56,643	-	56,643	53,710	-
Grants and special purposes	133,067	-	133,067	133,129	-
Budget reserves	452	-	452	40,063	-
Purpose restriction	132,017	-	132,017	95,661	-
Emergency reserves	419,504	-	419,504	413,901	-
Other	-	-	-	-	180,127
Nonexpendable	-	-	-	-	17,932
Unrestricted (deficit)	(44,334)	4,240	(40,094)	144,073	312,400
Total net position	\$ 5,151,401	\$ 535,912	\$ 5,687,313	\$ 5,382,861	\$ 1,017,596

The accompanying notes are an integral part of this statement.

Exhibit 1-b

DISTRICT OF COLUMBIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)
(\$000s)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services, Fees, Fines & Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	2018	2017
GOVERNMENTAL ACTIVITIES								
Governmental direction and support	\$ 1,164,181	\$ 82,354	\$ 40,545	\$ -	\$ (1,041,282)	\$ (1,041,282)	\$ (945,031)	
Economic development and regulation	724,404	181,857	57,160	360	(485,027)	(485,027)	(340,777)	
Public safety and justice	1,623,766	134,590	557,448	-	(931,728)	(931,728)	(1,034,425)	
Public education system	2,834,186	11,489	284,433	-	(2,538,264)	(2,538,264)	(2,207,548)	
Human support services	4,799,268	6,760	2,706,028	14,225	(2,072,255)	(2,072,255)	(1,981,007)	
Public works	812,726	191,000	28,405	246,865	(346,456)	(346,456)	(340,028)	
Public transportation	419,198	-	-	-	(419,198)	(419,198)	(368,014)	
Interest on long-term debt	435,006	-	-	-	(435,006)	(435,006)	(446,621)	
Total governmental activities	12,812,735	608,050	3,674,019	261,450	(8,269,216)	(8,269,216)	(7,663,451)	
BUSINESS-TYPE ACTIVITIES								
Lottery and games	161,397	210,264	-	-	-	\$ 48,867	48,867	45,491
Unemployment compensation	131,764	-	16,836	-	-	(114,928)	(114,928)	(120,166)
Not-for-profit hospital corporation	149,194	96,925	3,953	-	-	(48,316)	(48,316)	(8,984)
Total business-type activities	442,355	307,189	20,789	-	-	(114,377)	(83,659)	
Total primary government	\$ 13,255,090	\$ 915,239	\$ 3,694,808	\$ 261,450	(8,269,216)	(8,383,593)	(7,747,110)	
COMPONENT UNITS								
Health benefit exchange	\$ 43,026	\$ 4,971	\$ -	\$ -	-	-	-	\$ (38,055)
Convention center	151,795	31,501	-	-	-	-	-	(120,294)
Housing finance	91,439	60,593	-	-	-	-	-	(30,846)
University	161,574	33,973	24,957	11,649	-	-	-	(90,995)
Total component units	\$ 447,834	\$ 131,038	\$ 24,957	\$ 11,649	-	-	-	(280,190)
GENERAL REVENUES:								
Taxes:								
Property					2,713,310	-	2,713,310	2,651,688
Sales and use					1,597,940	-	1,597,940	1,527,120
Income and franchise					2,666,690	-	2,666,690	2,479,847
Gross receipts					368,446	-	368,446	364,791
Other					508,151	144,068	652,219	645,845
Investment earnings					36,273	11,043	47,316	18,933
Miscellaneous					500,442	-	500,442	527,920
Subsidy from primary government					-	-	-	221,448
Transfer in (out)					12,080	(12,080)	-	-
Total general revenues and transfers					8,403,332	143,031	8,546,363	8,216,144
Change in net position					134,116	28,654	162,770	469,034
Net position as of October 1, as restated (See Note 1Y)					5,017,285	507,258	5,524,543	4,913,827
Net position at September 30					\$ 5,151,401	\$ 535,912	\$ 5,687,313	\$ 1,017,596

The accompanying notes are an integral part of this statement.

Exhibit 2-a

**DISTRICT OF COLUMBIA
BALANCE SHEET
Governmental Funds
September 30, 2018
(With Comparative Totals at September 30, 2017)
(\$000s)**

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total	
						2018	2017
ASSETS							
Cash and cash equivalents	\$ 1,574,313	\$ -	\$ -	\$ -	\$ -	\$ 1,574,313	\$ 1,300,779
Taxes receivable, net	459,640	-	-	-	3,122	462,762	458,442
Accounts receivable, net	251,255	9,324	328	1,258	36,826	298,991	255,217
Due from federal government	350	362,297	-	68,581	-	431,228	499,108
Due from other funds	634,245	24,166	4,947	-	6,740	670,098	853,336
Due from component units	2,222	-	-	-	1,665	3,887	10,602
Inventories	8,270	-	-	-	-	8,270	14,969
Other current assets	7,890	1,355	-	-	16	9,261	6,532
Cash and cash equivalents (restricted)	954,486	122,594	159,975	50,147	253,206	1,540,408	1,631,384
Investments (restricted)	65,294	1,880	2,147	-	52,174	121,495	90,525
Other long-term assets	100,091	64,160	97,736	15,898	-	277,885	306,965
Total assets	\$ 4,058,056	\$ 585,776	\$ 265,133	\$ 135,884	\$ 353,749	\$ 5,398,598	\$ 5,427,859
LIABILITIES							
Accounts payable	\$ 427,848	\$ 120,445	\$ -	\$ 199,998	\$ 1,568	\$ 749,859	\$ 749,687
Compensation payable	175,677	13,636	-	1,949	97	191,359	156,131
Due to other funds	18,828	193,362	-	426,695	7,083	645,968	831,710
Due to component units	15,339	609	-	3,086	1,054	20,088	18,262
Accrued liabilities	280,121	59,485	-	-	67	339,673	333,535
Unearned revenue	72,898	48,781	97,736	15,398	-	234,813	266,425
Other current liabilities	51,255	-	-	10,603	2,944	64,802	71,507
Total liabilities	1,041,966	436,318	97,736	657,729	12,813	2,246,562	2,427,257
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	239,707	16,391	-	500	1,666	258,264	290,518
FUND BALANCES							
Nonspendable	8,270	-	-	-	-	8,270	14,969
Restricted	1,105,718	133,067	167,397	-	339,270	1,745,452	1,795,893
Committed	1,635,148	-	-	-	-	1,635,148	1,541,254
Assigned	27,247	-	-	-	-	27,247	-
Unassigned	-	-	-	(522,345)	-	(522,345)	(642,032)
Total fund balances	2,776,383	133,067	167,397	(522,345)	339,270	2,893,772	2,710,084
Total liabilities, deferred inflows of resources and fund balances	\$ 4,058,056	\$ 585,776	\$ 265,133	\$ 135,884	\$ 353,749		\$ 5,427,859

Amounts reported for governmental activities in the statement of net position (Exhibit 1-a) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	13,762,660
Certain long-term assets are not available to pay current period expenditures and are therefore not recognized as revenues in the governmental funds.	
Unavailable tax revenues (Exhibit A-1)	\$ 132,539
Other general fund unavailable revenues (Exhibit A-1)	107,168
Unavailable revenues - federal & private resources (Exhibit 2-a)	16,391
Unavailable revenues - general capital improvements	500
Unavailable revenues - nonmajor funds (Exhibit 2-a)	1,666
Net unavailable revenue	258,264
Deferred inflows of resources - capital lease gain (Exhibit 1-a)	(29,204)
Deferred inflows of resources - pension and OPEB (Exhibit 1-a)	(581,864)
Deferred outflows of resources - pension and OPEB (Exhibit 1-a)	304,095
Net pension and OPEB asset (Exhibit 1-a)	828,925
Retainage liability not to be paid with current resources	(32,942)
Advance refunding loss (Exhibit 1-a)	5,371
Derivative instrument asset (Exhibit 1-a)	359
Other long-term receivables (Walter Reed)	19,000
Certain liabilities are not due and payable in the current period:	
General obligation bonds (Note 7, Table N7-1)	\$ 4,827,105
Income tax revenue bonds (Note 7, Table N7-1)	3,776,255
Tobacco settlement bonds (Note 7, Table N7-1)	561,119
TIF bonds (Note 7, Table N7-1)	105,906
GARVEE (Note 7, Table N7-1)	82,620
Ballpark bonds (Note 7, Table N7-1)	285,480
QZAB (Note 7, Table N7-1)	2,466
Accrued interest payable (Exhibit 1-a)	169,115
Deed tax revenue bonds (Note 7, Table N7-1)	107,390
PILOT revenue bonds and notes (Note 7, Table N7-1)	219,698
Other long-term liabilities (Note 7, Table N7-1)	2,139,881
Total liabilities not due and payable in the current period:	(12,277,035)
Net position of governmental activities	\$ 5,151,401

The accompanying notes are an integral part of this statement.

Exhibit 2-b

DISTRICT OF COLUMBIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)
(\$000s)

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total	
						2018	2017
REVENUES							
Taxes:							
Property taxes	\$ 2,663,794	\$ -	\$ -	\$ -	\$ 44,644	\$ 2,708,438	\$ 2,617,103
Sales and use taxes	1,537,378	-	-	-	60,561	1,597,939	1,527,120
Income and franchise taxes	2,641,586	-	-	-	-	2,641,586	2,512,522
Gross receipts taxes	321,801	-	-	-	46,645	368,446	364,791
Other taxes	447,079	-	61,072	-	-	508,151	502,117
Fines and forfeitures	168,486	-	-	-	-	168,486	176,351
Licenses and permits	133,938	-	-	-	-	133,938	127,546
Charges for services	296,628	3,998	-	5,000	-	305,626	290,425
Miscellaneous	419,346	31,177	11,022	508	52,873	514,926	470,392
Investment earnings	30,014	2,006	39	197	4,017	36,273	14,039
Federal contributions	-	528,300	-	-	-	528,300	535,131
Operating grants	-	3,145,719	-	261,450	-	3,407,169	3,517,441
Total revenues	8,660,050	3,711,200	72,133	267,155	208,740	12,919,278	12,654,978
EXPENDITURES							
Current:							
Governmental direction and support	984,073	44,042	-	-	66,898	1,095,013	1,070,683
Economic development and regulation	450,329	60,746	154,240	-	-	665,315	578,242
Public safety and justice	1,222,117	399,161	-	-	-	1,621,278	1,596,144
Public education system	2,284,664	450,471	-	-	-	2,735,135	2,500,267
Human support services	2,049,211	2,709,475	-	-	-	4,758,686	4,814,189
Public works	389,778	28,916	-	-	-	418,694	390,741
Public transportation	419,198	-	-	-	-	419,198	368,014
Debt service:							
Principal	304,964	-	-	7,550	90,018	402,532	333,305
Interest	399,439	17,951	-	4,222	56,020	477,632	470,307
Fiscal charges	7,322	-	-	-	-	7,322	7,849
Capital outlay	-	-	-	1,421,840	23,352	1,445,192	1,233,004
Total expenditures	8,511,095	3,710,762	154,240	1,433,612	236,288	14,045,997	13,362,745
Excess (deficiency) of revenues over (under) expenditures	148,955	438	(82,107)	(1,166,457)	(27,548)	(1,126,719)	(707,767)
OTHER FINANCING SOURCES (USES)							
Debt issuance	4,214	-	-	1,107,016	46,405	1,157,635	398,911
Refunding debt issuance	401,095	-	-	-	-	401,095	1,168,615
Premium on sale of bonds	45,334	-	-	117,984	-	163,318	177,402
Payment to refunded bond escrow agent	(444,960)	-	-	-	-	(444,960)	(1,287,378)
Transfers in	114,620	-	12,516	123,028	92,587	342,751	358,002
Transfers out	(190,405)	(500)	-	(61,884)	(77,882)	(330,671)	(312,402)
Sale of capital assets	21,239	-	-	-	-	21,239	451
Total other financing sources (uses)	(48,863)	(500)	12,516	1,286,144	61,110	1,310,407	503,601
Net change in fund balances	100,092	(62)	(69,591)	119,687	33,562	183,688	(204,166)
Fund balances at October 1	2,676,291	133,129	236,988	(642,032)	305,708	2,710,084	2,914,250
Fund balances at September 30	\$ 2,776,383	\$ 133,067	\$ 167,397	\$ (522,345)	\$ 339,270	\$ 2,893,772	\$ 2,710,084

The accompanying notes are an integral part of this statement.

Exhibit 2-c

DISTRICT OF COLUMBIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018
(\$000s)

Net change in fund balances - total governmental funds \$ 183,688

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays that are capitalized exceeded depreciation expense in the current period.

Capital outlay capitalized (Note 5, Table N5-1)	\$ 1,180,764	
Depreciation expense (Note 5, Table N5-1)	(453,675)	
Depreciable capital asset additions (Note 5, Table N5-1)	17,011	
Transfers/dispositions (Note 5, Table N5-1)	<u>(1,809)</u>	
Net adjustment		742,291

Deferred inflows of resources, including property tax revenues which were earned but whose current financial resources are not available for the purpose of recognition in the governmental funds were recognized in the government-wide financial statements.

Current year deferred inflows of resources reported in Exhibit 2-a	\$ 258,264	
Prior year deferred inflows of resources reported in Exhibit 2-a	<u>(290,518)</u>	
Net adjustment		(32,254)

Proceeds from long-term liabilities provide current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which long-term liabilities additions exceeded reductions. (Note 7, Table N7-19)

Long-term liabilities additions	\$ (1,881,248)	
Long-term liabilities reductions	<u>1,075,769</u>	
Net adjustment		(805,479)

Pension expense reported in statement of activities was adjusted to reflect the difference between the actuarial assumptions and actual performance of the District retirement funds.

Change in net pension assets - police & firefighters (Note 8, Table N8-6)	\$ 30,794	
Change in OPEB assets - OPEB (Note 9, Table N9-5)	(70,653)	
Change in deferred outflows of resources - teachers (Note 8, Table N8-8)	(13,113)	
Change in deferred outflows of resources - police officers' and firefighters' retirement fund (Note 8, Table N8-8)	(72,594)	
Change in deferred outflows of resources - OPEB (Note 9, Table N9-8)	62,437	
Change in deferred inflows of resources - teachers' retirement fund (Note 8, Table N8-8)	37,090	
Change in deferred inflows of resources - police officers' and firefighters' retirement fund (Note 8, Table N8-8)	86,259	
Change in deferred inflows of resources - OPEB (Note 9, Table N9-8)	<u>(637)</u>	
Net adjustment		59,583

Other adjustments include:

Advance refunding loss amortization	\$ (686)	
Realized capital lease gain	1,595	
Increase in long-term accrued interest liabilities	(7,327)	
Increase in retainage payables	(7,102)	
Other	<u>(389)</u>	
Net adjustment		(13,909)

Investment income from investment derivative instruments 196

Change in net position of governmental activities \$ 134,116

The accompanying notes are an integral part of this statement.

Exhibit 2-d

DISTRICT OF COLUMBIA
BUDGETARY COMPARISON STATEMENT
For the Year Ended September 30, 2018
(\$000s)

REVENUES AND SOURCES	General Fund			Federal and Private Resources			Totals		
	Budget		Variance	Budget		Variance	Budget		Variance
	Original	Revised		Original	Revised		Original	Revised	
Taxes:									
Property taxes	\$ 2,660,876	\$ 2,639,859	\$ (25,263)	\$ -	\$ -	\$ -	\$ 2,660,876	\$ 2,639,859	\$ (25,263)
Sales and use taxes	1,522,521	1,539,419	(2,575)	-	-	-	1,522,521	1,539,419	(2,575)
Income and franchise taxes	2,490,923	2,604,170	37,417	-	-	-	2,490,923	2,604,170	37,417
Gross receipts and other taxes	709,124	773,961	(7,540)	-	-	-	709,124	773,961	(7,540)
Total taxes	7,383,444	7,559,448	2,039	-	-	-	7,383,444	7,559,448	2,039
Licenses and permits	82,902	94,134	4,565	-	-	-	82,902	94,134	4,565
Fines and forfeitures	156,460	168,070	(3,688)	-	-	-	156,460	168,070	(3,688)
Charges for services	74,130	88,568	(936)	-	-	-	74,130	88,568	(936)
Miscellaneous	92,335	120,437	25,687	-	-	-	92,335	120,437	25,687
Other sources	662,919	652,225	(36,109)	-	-	-	662,919	652,225	(36,109)
Federal contributions	-	-	-	91,000	61,113	(113)	-	91,000	(113)
Operating grants	-	-	-	3,362,278	3,348,459	(319,664)	-	3,362,278	(319,664)
Bond proceeds	8,000	8,000	(3,436)	-	-	-	8,000	8,000	(3,436)
Fund balance released from restrictions	265,201	297,963	(297,963)	-	-	-	265,201	297,963	(297,963)
Interfund transfer-from lottery and games	45,000	45,600	3,900	-	-	-	45,000	45,600	3,900
Interfund transfer-others	14,304	65,079	6,638	-	-	-	14,304	65,079	6,638
Total revenues and other sources	8,784,695	9,090,847	(299,303)	3,453,278	3,409,572	(319,777)	12,237,973	12,500,419	(262,446)
EXPENDITURES AND OTHER USES									
Governmental direction and support	774,539	839,963	18,632	33,066	28,688	(28,586)	807,605	868,651	23,433
Economic development and regulation	555,106	557,675	74,364	94,243	68,838	61,456	649,349	626,513	81,746
Public safety and justice	1,160,566	1,228,935	8,020	167,065	91,436	90,743	1,327,631	1,320,371	8,713
Public education system	2,162,395	1,968,281	1,935,752	321,388	327,144	284,425	2,483,783	2,295,425	75,248
Public education AY19 expenditure	-	319,460	-	-	-	-	-	319,460	-
Human support services	2,003,390	2,048,645	2,030,015	2,766,059	2,824,141	2,556,644	4,769,449	4,872,786	286,127
Public works	837,632	831,505	803,621	40,195	34,658	28,916	877,827	866,163	33,626
Repayment of loans and interest	692,500	685,059	685,059	18,262	18,262	17,951	710,762	703,321	311
Debt service - issuance costs	8,000	8,000	5,571	-	-	-	8,000	8,000	2,429
Commercial paper program	8,503	2,881	2,881	-	-	-	8,503	2,881	-
Settlements and judgments fund	21,825	16,021	15,959	-	-	-	21,825	16,021	62
Wilson building	4,082	4,082	4,014	-	-	-	4,082	4,082	68
D.C. retiree health contribution	44,500	44,500	44,500	-	-	-	44,500	44,500	-
Repayment of revenue bonds	7,832	7,832	7,822	-	-	-	7,832	7,822	10
Convention center transfer	141,636	143,246	143,246	-	-	-	141,636	143,246	-
Highway transportation fund	24,936	26,268	26,268	-	-	-	24,936	26,268	-
Emergency planning and security fund	-	-	-	13,000	16,405	16,405	-	13,000	16,405
Workforce investments	181,576	18,381	18,381	-	-	-	181,576	18,381	-
Operating lease-equipment	19,254	19,254	19,254	-	-	-	19,254	19,254	-
Pay-as-you-go capital fund	130,297	123,028	123,028	-	-	-	130,297	123,028	-
Non-departmental	5,622	-	240	-	-	-	-	5,622	240
Total expenditures and other uses	8,784,191	8,893,256	8,687,308	3,453,278	3,409,572	3,085,126	12,237,469	12,302,828	530,394
Excess of revenues and other sources over expenditures and other uses - budgetary basis	\$ 504	\$ 197,591	\$ 104,236	\$ -	\$ -	\$ 4,669	\$ 504	\$ 197,591	\$ (85,686)

The accompanying notes are an integral part of this statement.

Exhibit 3-a

DISTRICT OF COLUMBIA STATEMENT OF NET POSITION Proprietary Funds September 30, 2018 (With Comparative Totals for the Year Ended September 30, 2017) (\$000s)					
	Lottery and Games	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2018	2017
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 12,804	\$ -	\$ 28,148	\$ 40,952	\$ 38,005
Accounts receivable, net	3,880	11,841	22,907	38,628	38,292
Due from federal government	-	786	-	786	1,125
Due from other funds	-	420	-	420	430
Inventories	-	-	1,520	1,520	1,904
Other current assets	2	-	1,940	1,942	2,899
Cash and cash equivalents (restricted)	-	481,740	-	481,740	442,730
Total current assets	16,686	494,787	54,515	565,988	525,385
Noncurrent assets:					
Investments (restricted)	1,547	-	-	1,547	1,939
Depreciable capital assets, net	646	-	63,306	63,952	63,375
Non-depreciable capital assets	-	-	8,517	8,517	16,362
Other	-	-	-	-	235
Total noncurrent assets	2,193	-	71,823	74,016	81,911
Total assets	18,879	494,787	126,338	640,004	607,296
LIABILITIES					
Current liabilities:					
Accounts payable	2,168	33,505	14,631	50,304	48,175
Accrued compensated absences	328	-	8,313	8,641	9,100
Due to other funds	-	24,543	7	24,550	22,056
Accrued liabilities	9,641	-	-	9,641	8,241
Unearned revenues	44	-	-	44	39
Other current liabilities	-	-	3,642	3,642	3,307
Long-term liabilities due within one year	443	-	-	443	464
Total current liabilities	12,624	58,048	26,593	97,265	91,382
Noncurrent liabilities:					
Long-term liabilities due in more than one year	1,595	-	5,232	6,827	8,656
Total noncurrent liabilities	1,595	-	5,232	6,827	8,656
Total liabilities	14,219	58,048	31,825	104,092	100,038
NET POSITION					
Net investment in capital assets	646	-	71,823	72,469	79,700
Restricted - expendable	-	436,739	22,464	459,203	416,373
Unrestricted	4,014	-	226	4,240	11,185
Total net position	\$ 4,660	\$ 436,739	\$ 94,513	\$ 535,912	\$ 507,258

The accompanying notes are an integral part of this statement.

Exhibit 3-b

DISTRICT OF COLUMBIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 Proprietary Funds
 For the Year Ended September 30, 2018
 (With Comparative Totals for the Year Ended September 30, 2017)
 (\$000s)

	Lottery and Games	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2018	2017
OPERATING REVENUES					
Employer taxes	\$ -	\$ 144,068	\$ -	\$ 144,068	\$ 143,728
Charges for services	210,264	-	96,925	307,189	342,411
Benefit contributions	-	16,836	-	16,836	23,776
Operating grants and contributions	-	-	3,953	3,953	1,441
Total operating revenues	210,264	160,904	100,878	472,046	511,356
OPERATING EXPENSES					
Benefits	-	131,764	15,545	147,309	158,842
Prizes and other expenses	128,525	-	-	128,525	140,408
Personnel services	7,887	-	58,171	66,058	63,202
Supplies	-	-	15,890	15,890	14,776
Utilities	-	-	2,893	2,893	3,019
Insurance	-	-	2,844	2,844	1,796
Rent	-	-	708	708	876
Repairs and maintenance	-	-	1,583	1,583	1,931
Other expenses	-	-	1,663	1,663	911
Contractual services	24,877	-	38,147	63,024	55,925
Depreciation	108	-	11,750	11,858	9,601
Total operating expenses	161,397	131,764	149,194	442,355	451,287
Operating income (loss)	48,867	29,140	(48,316)	29,691	60,069
NONOPERATING REVENUES					
Interest, investment and other income	696	10,347	-	11,043	9,645
Total nonoperating revenues	696	10,347	-	11,043	9,645
Income (loss) before transfers	49,563	39,487	(48,316)	40,734	69,714
Transfer in (out)	(49,500)	-	37,420	(12,080)	(29,616)
Change in net position	63	39,487	(10,896)	28,654	40,098
Net position at October 1	4,597	397,252	105,409	507,258	467,160
Net position at September 30	\$ 4,660	\$ 436,739	\$ 94,513	\$ 535,912	\$ 507,258

The accompanying notes are an integral part of this statement.

Exhibit 3-c

DISTRICT OF COLUMBIA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)
(\$000s)

	Lottery and Games	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers/employers	\$ 210,241	\$ 159,605	\$ 77,226	\$ 447,072	\$ 485,343
Other cash receipts	6	2,457	23,352	25,815	14,185
Cash payments to vendors	(22,812)	-	(57,271)	(80,083)	(72,523)
Cash payments to employees	(7,805)	-	(74,212)	(82,017)	(76,723)
Cash payments to claimants	-	(133,399)	-	(133,399)	(140,233)
Other cash payments, including prizes	(129,325)	-	-	(129,325)	(144,943)
Net cash provided (used) by operating activities	50,305	28,663	(30,905)	48,063	65,106
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers out	(49,500)	-	-	(49,500)	(45,600)
Net cash used in noncapital financing activities	(49,500)	-	-	(49,500)	(45,600)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(404)	-	(4,186)	(4,590)	(20,862)
Interfund transfers in	-	-	37,420	37,420	15,984
Repayment of capital lease obligation	-	-	(36)	(36)	(120)
Net cash provided (used) in capital and related financing activities	(404)	-	33,198	32,794	(4,998)
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts of interest and dividends	253	10,347	-	10,600	9,645
Net cash provided by investing activities	253	10,347	-	10,600	9,645
NET INCREASE IN CASH AND CASH EQUIVALENTS	654	39,010	2,293	41,957	24,153
Cash and cash equivalents at October 1	12,150	442,730	25,855	480,735	456,582
Cash and cash equivalents at September 30	\$ 12,804	\$ 481,740	\$ 28,148	\$ 522,692	\$ 480,735
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 48,867	\$ 29,140	\$ (48,316)	\$ 29,691	\$ 60,069
Depreciation	108	-	11,750	11,858	9,601
Decrease (increase) in assets:					
Accounts receivable	(21)	(1,638)	1,333	(326)	(7,254)
Other current assets	442	339	1,341	2,122	(732)
Increase (decrease) in liabilities:					
Accounts payable	(578)	822	4,371	4,615	6,841
Accrued liabilities	1,806	-	(488)	1,318	826
Unearned revenues	5	-	-	5	(42)
Other current liabilities	(324)	-	(896)	(1,220)	(4,203)
Net cash provided (used) by operating activities:	\$ 50,305	\$ 28,663	\$ (30,905)	\$ 48,063	\$ 65,106

The accompanying notes are an integral part of this statement.

Exhibit 4-a

DISTRICT OF COLUMBIA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2018
(\$000s)

	Pension/ OPEB Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 124,252	\$ 4,903	\$ 99,258
Investments:			
Equities	5,276,006	316,350	-
Fixed income securities	2,987,674	297,024	-
Real estate	693,111	-	-
Private equity	542,723	-	-
Commodities	45,468	-	-
Accounts receivable, net	-	1,843	8,820
Benefit contributions receivable	6,003	-	-
Due from federal government	1,622	-	-
Other current assets	5,549	-	-
Total assets	9,682,408	620,120	\$ 108,078
LIABILITIES			
Accounts payable	16,125	417	\$ 512
Other current liabilities	4,377	-	107,566
Total liabilities	20,502	417	\$ 108,078
NET POSITION			
Net position restricted for pensions, OPEB benefits and other purposes	\$ 9,661,906	\$ 619,703	

The accompanying notes are an integral part of this statement.

Exhibit 4-b

DISTRICT OF COLUMBIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2018
(\$000s)

	Pension/ OPEB Trust Funds	Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 209,142	\$ -
Plan members	75,508	91,744
Total contributions	<u>284,650</u>	<u>91,744</u>
Investment earnings:		
Net increase in fair value of investments	424,220	39,646
Other revenue	198	-
Interest and dividends	72,384	4,675
Total investment gain	<u>496,802</u>	<u>44,321</u>
Less: investment expenses	<u>(18,445)</u>	<u>(511)</u>
Net gain from investing activities	<u>478,357</u>	<u>43,810</u>
Other Income	3,394	-
Total additions	<u>766,401</u>	<u>135,554</u>
DEDUCTIONS		
Benefits	209,377	-
Administrative expenses	16,441	1,832
Distributions to participants	-	48,463
Total deductions	<u>225,818</u>	<u>50,295</u>
Change in net position	540,583	85,259
Net position at October 1	9,121,323	534,444
Net position at September 30	<u><u>\$ 9,661,906</u></u>	<u><u>\$ 619,703</u></u>

The accompanying notes are an integral part of this statement.

Exhibit 5-a

DISTRICT OF COLUMBIA
COMBINING STATEMENT OF NET POSITION
Discretely Presented Component Units
September 30, 2018
(With Comparative Totals at September 30, 2017)
(\$000s)

	Health Benefit Exchange	Washington Convention and Sports Authority	Housing Finance Agency	University of the District of Columbia	Totals	
					2018	2017
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 69,653	\$ 14,522	\$ 29,972	\$ 22,279	\$ 136,426	\$ 173,282
Investments	-	206,758	30,265	37,793	274,816	215,512
Receivables, net:						
Accounts	2,804	3,449	-	7,848	14,101	16,237
Other	1,838	511	12,336	8,739	23,424	21,324
Due from primary government	-	13,344	1,546	5,198	20,088	18,262
Other current assets	-	1,162	12,694	437	14,293	22,413
Restricted cash	-	8,974	216,837	2,622	228,433	158,948
Restricted investments	30,852	190,331	236,400	26,629	484,212	356,174
Total current assets	105,147	439,051	540,050	111,545	1,195,793	982,152
Noncurrent assets:						
Loans receivable	-	-	1,217,779	-	1,217,779	1,061,386
Other	-	53,746	126	857	54,729	46,223
Total noncurrent assets	-	53,746	1,217,905	857	1,272,508	1,107,609
Capital assets, net						
Property and equipment	83,500	475,484	1,980	196,237	757,201	781,534
Non-depreciable capital assets	-	79,016	573	14,516	94,105	37,032
Total assets	188,647	1,047,297	1,760,508	323,155	3,319,607	2,908,327
DEFERRED OUTFLOWS OF RESOURCES						
	-	10,692	207	-	10,899	13,536
LIABILITIES						
Current liabilities:						
Payables:						
Accounts	33,191	16,754	653	7,548	58,146	54,795
Compensation	516	1,317	300	13,618	15,751	12,478
Due to primary government	1,499	2,329	-	59	3,887	10,602
Accrued liabilities	475	12,629	-	15	13,119	15,870
Current maturities	-	18,105	33,356	-	51,461	42,224
Unearned revenue	-	3,273	-	11,786	15,059	14,473
Other current liabilities	21	8,422	191,521	4,092	204,056	141,150
Total current liabilities	35,702	62,829	225,830	37,118	361,479	291,592
Noncurrent liabilities:						
Long-term debt:						
Bonds payable	-	518,135	1,413,318	-	1,931,453	1,684,685
Other long-term liabilities	-	6,056	-	-	6,056	6,181
Total noncurrent liabilities	-	524,191	1,413,318	-	1,937,509	1,690,866
Total liabilities	35,702	587,020	1,639,148	37,118	2,298,988	1,982,458
NET POSITION						
Net investment in capital assets	83,500	210,772	2,553	210,312	507,137	445,634
Restricted - expendable	-	130,404	38,231	11,492	180,127	196,312
Restricted - nonexpendable	-	-	-	17,932	17,932	16,278
Unrestricted	69,445	115,871	80,783	46,301	312,400	281,181
Total net position	\$ 152,945	\$ 457,047	\$ 121,567	\$ 286,037	\$ 1,017,596	\$ 939,405

The accompanying notes are an integral part of this statement.

Exhibit 5-b

DISTRICT OF COLUMBIA
COMBINING STATEMENT OF ACTIVITIES
Discretely Presented Component Units
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)
(\$000s)

	Health Benefit Exchange	Washington Convention and Sports Authority	Housing Finance Agency	University of the District of Columbia	Totals	2017
EXPENSES						
Program revenues:	\$ 43,026	\$ 151,795	\$ 91,439	\$ 161,574	\$ 447,834	\$ 385,697
Charges for services, fees, fines & forfeitures	4,971	31,501	60,593	33,973	131,038	117,612
Operating grants and contributions	-	-	-	24,957	24,957	50,503
Capital grants and contributions	-	-	-	11,649	11,649	9,627
Net expense	(38,055)	(120,294)	(30,846)	(90,995)	(280,190)	(207,955)
GENERAL REVENUES						
Investment earnings	122	4,821	4,842	3,923	13,708	13,619
Miscellaneous	29,228	47,363	34,368	12,266	123,225	98,011
Subsidy from primary government	-	141,448	-	80,000	221,448	215,799
Total general revenues	29,350	193,632	39,210	96,189	358,381	327,429
Change in net position	(8,705)	73,338	8,364	5,194	78,191	119,474
Net position at October 1	161,650	383,709	113,203	280,843	939,405	819,931
Net position at September 30	\$ 152,945	\$ 457,047	\$ 121,567	\$ 286,037	\$ 1,017,596	\$ 939,405

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

September 30, 2018

(Dollar amounts expressed in thousands)

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND AND HISTORY OF THE GOVERNMENTAL UNIT

General Operations

Article 1, Section 8, Clause 17 of the United States Constitution empowered Congress to establish the seat of government for the United States. Pursuant to the cited Constitutional provisions, the District of Columbia (the District) was established as the nation's capital on July 16, 1790, from territory ceded by Maryland and Virginia.

On January 2, 1975, Congress granted the District a Home Rule Charter, which became effective through the enactment of the Home Rule Act. Pursuant to its charter, the District is a municipal corporation, which operates under an elected Mayor-Council form of government. Accordingly, an Act of the Council, other than a Budget Request Act, becomes law unless Congress and the President of the United States disapprove it after it has been adopted. Citizens residing in the District have the right to vote for the President and Vice-President of the United States but not for members of Congress. The District does, however, have an elected, non-voting Delegate to the United States House of Representatives.

Due to its unique organizational structure (i.e., not part of a state government), the District provides a broad range of services to its residents, including those normally provided by a state. These services include: public safety and protection, fire and emergency medical services, human support and welfare services, public education, and many others.

B. FINANCIAL REPORTING ENTITY

Primary Government

A financial reporting entity consists of a primary government and its component units. Accordingly, for financial reporting purposes, the primary government is the District of Columbia, including all of the agencies that make up its legal entity.

Discretely Presented Component Units

The criteria used to determine whether organizations are to be included as component units within the District's financial reporting entity are as follows:

- The organization is a legally separate entity.
- The District appoints a voting majority of the organization's board.
- There is a financial benefit/burden relationship between the District and the organization or the District is able to impose its will on the organization.

Organizations meeting the above criteria are included in the District's financial reporting entity as discretely presented component units. Legally separate organizations that do not otherwise meet the criteria

for inclusion as a component unit may be included in the financial reporting entity if it is determined that their exclusion would render the financial statements misleading. This determination is based on the nature and significance of the organization's relationship with the District.

Based on the application of the criteria outlined above, the District includes four discretely presented component units in its reporting entity: Health Benefit Exchange Authority (the Authority or HBX), Housing Finance Agency, University of the District of Columbia (the University), and Washington Convention and Sports Authority (t/a Events DC). Each of these organizations is a legally separate entity with a governing board that is appointed by the Mayor, with the advice and consent of the Council. In addition, with respect to each of these entities, one or both of the following conditions exists: (a) there is a financial benefit or burden relationship between the District and the organization or (b) the District is able to impose its will on the organization. Each entity's relationship with the District is discussed briefly below.

Health Benefit Exchange Authority

The District has the ability to impose its will on the Health Benefit Exchange Authority because the District is able to approve or modify the entity's budget and may overrule, veto, or modify certain decisions made by the Authority's governing board (i.e., the awarding of contracts valued at \$1 million or more). In addition, the Council must approve or disapprove the rules adopted by the Authority; therefore, the District has the ability to modify or approve the rates or fees charged by the Authority.

Washington Convention and Sports Authority

There is a financial benefit/burden relationship between the Washington Convention and Sports Authority and the District because the District is legally obligated or has otherwise assumed the obligation to provide financial support to the Washington Convention and Sports Authority through the transfer of certain dedicated taxes which are linked directly to the hospitality sector. In addition, the District is able to impose its will on the Washington Convention and Sports Authority because the District has the ability to modify or approve the Washington Convention and Sports Authority's budget and the rates or fees charged by the entity.

Housing Finance Agency

The District is able to impose its will on the Housing Finance Agency because the Council has the ability to modify the financing for Housing Finance Agency projects and, consequently, has the ability to affect the Housing Finance Agency's budget. In addition, the District has the authority to approve or modify rental rates and may overrule certain decisions made by the Housing Finance Agency's Board (i.e., the awarding of contracts valued at \$1 million or more).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

University of the District of Columbia

A financial benefit/burden relationship exists between the University and the District because the District provides financial support to the University in the form of subsidy payments. In addition, the District is able to impose its will on the University because the District has the ability to approve and/or modify the University's budget.

The combined financial data for these organizations is presented in a separate column in the government-wide financial statements to emphasize that these entities are legally separate from the District.

The financial statements of each discretely presented component unit may be obtained from the following locations and websites:

Health Benefit Exchange Authority

Executive Director
1225 Eye Street, N.W., Suite 400
Washington, DC 20005
<https://hbx.dc.gov>

Washington Convention and Sports Authority

t/a Events DC
General Manager
801 Mount Vernon Place, N.W.
Washington, DC 20001
<http://eventsdc.com>

Housing Finance Agency

Executive Director
815 Florida Avenue, N.W.
Washington, DC 20001
<http://www.dchfa.org>

University of the District of Columbia

President
Van Ness Campus
4200 Connecticut Avenue, N.W.
Washington, DC 20008
<https://www.udc.edu>

Blended Component Units

Entities which meet any one of the following characteristics, in addition to the criteria for inclusion as a component unit described above, are blended component units of the District:

- The organization's governing body is substantively the same as the District's governing body and (1) there is a financial benefit or burden relationship between the District and the organization, or (2) management of the District has operational responsibility for the organization.
- The organization provides services entirely, or almost entirely, to the District, or otherwise exclusively or almost exclusively benefits the District even though it does not provide services directly to it.

- The organization's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with District resources.
- The organization is a not-for-profit corporation, in which the District is the sole corporate member.

Based on the application of the criteria outlined above, the District includes two blended component units:

District of Columbia Tobacco Settlement Financing Corporation

The District of Columbia Tobacco Settlement Financing Corporation (the Tobacco Corporation) was created by the Tobacco Settlement Financing Act of 2000 as a special purpose, independent instrumentality of the District government. The Tobacco Corporation, which is legally separate from the District, was established to purchase all of the District's rights, title, and interest in the Master Settlement Agreement executed by participating cigarette manufacturers, states and other jurisdictions. The Tobacco Corporation issued bonds in FY 2001 to finance the purchase of the District's securitized right, title and interest in the tobacco settlement revenues. The Tobacco Corporation is a blended component unit because: (a) the District appoints the Tobacco Corporation's Board; (b) the District is legally entitled to and can otherwise access the Tobacco Corporation's resources, thereby establishing a benefit/burden relationship; (c) the District has the ability to modify or approve the Tobacco Corporation's budget, thereby, giving the District the ability to impose its will on the Tobacco Corporation; and (d) the Tobacco Corporation provides services entirely to the District.

Not-for-Profit Hospital Corporation

The Not-for-Profit Hospital Corporation (d/b/a United Medical Center), also referred to as "the Hospital Corporation" was established pursuant to the Not-for-Profit Hospital Corporation Establishment Emergency Amendment Act of 2010, effective July 7, 2010 (D.C. Act 18-476; 57 DCR 6937) to provide community-centered health care east of the Anacostia River. The District of Columbia government is the sole owner of the Not-for-Profit Hospital Corporation; therefore, the District provides financial support to the Hospital Corporation to help sustain its operations, creating a financial benefit/burden relationship between the District and the Hospital Corporation. In addition, the District is able to impose its will on the Hospital Corporation because the District has the ability to modify or approve the Hospital Corporation's budget. The Not-for-Profit Hospital Corporation is a blended component unit because: (a) it is organized as a not-for-profit corporation and (b) the District is its sole owner.

Audited financial statements of each blended component unit are available at the following locations:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

District of Columbia Tobacco Settlement Financing Corporation

Office of the Chief Financial Officer
Office of Finance and Treasury
1101 4th Street, S.W., Suite 800
Washington, DC 20024

Not-for-Profit Hospital Corporation

d/b/a United Medical Center
Chief Executive Officer
1310 Southern Avenue, S.E.
Washington, DC 20032

Related Organizations

A related organization is an entity for which the District is not financially accountable even though the District appoints a voting majority of the organization's governing board. The District reports two entities as related organizations: the District of Columbia Housing Authority (Housing Authority) and the District of Columbia Water and Sewer Authority (DC Water), because the Mayor, with the consent and advice of the Council, appoints a majority of the voting members of these organizations' governing boards. However, the District's accountability for these organizations does not extend beyond these appointments.

Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain: (a) an ongoing financial interest or (b) an ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the venture participants directly, or for the benefit of the public or specific service recipients.

The District participates with other local jurisdictions in a joint venture to plan, construct, finance and operate a public transit system serving the Metropolitan Washington Area Transit zone, which includes the District of Columbia; the cities of Alexandria, Falls Church, Fairfax, Manassas, and Manassas Park; the counties of Arlington, Fairfax, Loudoun, and Prince William in Virginia; and the counties of Montgomery, Anne Arundel, and Prince George's in Maryland. The Washington Metropolitan Area Transit Authority (WMATA) was created in February 1967 to fulfill the purposes of the joint venture.

Pursuant to P.L. 111-62, which revised the WMATA compact agreement, WMATA is governed by an eight-member board and eight alternates, comprised of two directors and two alternates for Maryland, Virginia, the District of Columbia, and the federal government.

The directors and alternates for Maryland are appointed by the Washington Suburban Transit Commission from among its members; for Virginia, by the Northern Virginia Transportation Commission from among its members; for the District of Columbia, by the Council from its members and mayoral nominees; and for the federal government, by the Administrator for General Services. The District does not have explicit measurable equity interest in the joint venture; accordingly, the District does not include the financial activities of the joint venture in its financial statements. However, condensed financial statements are presented as disclosures. Further information regarding this joint venture is presented in Note 12 found on page 134.

C. BASIS OF PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. Because assets of fiduciary funds are held for the benefit of a third-party and cannot be used to finance activities or obligations of the District, these funds are not incorporated into the government-wide financial statements. Governmental activities of the primary government, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for services. The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities.

Statement of Net Position

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District's governmental and business-type activities and its discretely presented component units. The District reports all debts and capital assets, including infrastructure, in the government-wide Statement of Net Position. The District reports net position in three distinct categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

Statement of Activities

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include fines and forfeitures; charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

program revenues are reported as general revenues. The District also reports depreciation expense (the cost of “using up” capital assets) in the Statement of Activities.

Fund Financial Statements

Fund accounting is used to demonstrate legal compliance and to segregate transactions related to certain District functions or activities. Each fund represents a separate accounting entity and the transactions in each fund are summarized in a separate set of self-balancing accounts which include assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenses/expenditures.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements. Nonmajor governmental funds are aggregated into one column in the fund financial statements.

Governmental Funds

Governmental Funds are used to account for all of the District's general activities. The acquisition, use, and balance of the District's expendable financial resources and the related liabilities and deferred inflows of resources (except those accounted for in the proprietary funds and the discretely presented component units) are accounted for in the governmental funds.

The District reports the following major governmental funds:

General Fund

The General Fund is used to account for all financial resources not accounted for in other funds.

Federal and Private Resources Fund

The Federal and Private Resources Fund is used to account for proceeds of intergovernmental grants and other federal payments, private grants and private contributions that are legally restricted to expenditure for specified purposes.

Housing Production Trust Fund

The Housing Production Trust Fund is used to account for the financial resources which provide financial assistance to a variety of affordable housing programs and opportunities across the District such as: (a) initiatives to build affordable housing; (b) homeownership opportunities for low-income families; and (c) preservation of existing federally assisted housing. Subsidies from the General Fund and dedicated local tax revenues from deed transfers and recordations, are the main sources of revenue

for the Housing Production Trust Fund. This fund is administered by the Department of Housing and Community Development.

General Capital Improvements Fund

The General Capital Improvements Fund is used to account for the purchase or construction of capital assets financed by operating transfers, capital grants and debt proceeds.

Nonmajor Governmental Funds

The Nonmajor Governmental Funds include four Special Revenue Funds: (1) Tax Increment Financing (TIF) Program Fund; (2) Tobacco Settlement Financing Corporation (TSFC) Fund; (3) Payment in Lieu of Taxes (PILOT) Special Revenue Fund; and (4) Baseball Special Revenue Fund. Other Nonmajor Governmental Funds include the Debt Service Fund, and the Highway Trust Fund.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector. The criteria for inclusion as a proprietary fund include: (a) the costs (including depreciation) of providing goods or services primarily or solely to the public on a continuing basis are financed or recovered mostly through user charges; and (b) the determination of net income is necessary or useful for sound financial administration.

The District's proprietary funds include three major proprietary funds which are discussed below.

Lottery and Games Fund

The Lottery and Games Fund is used to account for revenues from sale of lottery products, which is operated by the District, and from the issuance of licenses to conduct bingo games and raffles, and related prizes, expenses and capital outlays. Gaming activities are administered by the Office of Lottery and Charitable Games.

Unemployment Compensation Fund

The Unemployment Compensation Fund is used to account for the accumulation of financial resources to be used for benefit payments to unemployed former employees of the District, federal agencies and private employers in the District. Resources are contributed by private employers at rates established by law, and by the federal government on a reimbursable basis. The administrative costs of the program are accounted for in the General Fund.

Unemployment Insurance in general is a federal and state program that provides temporary benefits to workers who become unemployed through no fault of their own, and who are able and available for work. The benefits paid to unemployed workers reduce the hardship of unemployment, help maintain purchasing power of the unemployed, thereby supporting the local economy, and help to stabilize the workforce so that

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

local workers are available to employers when they are ready to re-employ. The cost of the unemployment insurance program is financed by employers who pay state and federal taxes on part of the wages paid to each employee during a calendar year.

Not-for-Profit Hospital Corporation

The Not-for-Profit Hospital Corporation is used to account for revenues, expenses, and capital outlays related to inpatient, outpatient, psychiatric, skilled nursing, and emergency care services for District residents. It is a separate legal entity blended with the proprietary funds of the primary government for financial reporting purposes.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. Fiduciary funds are not included in the government-wide financial statements because the resources cannot be used for operations of the government. The District reports the following fiduciary funds:

Pension and Other Postemployment Benefits Funds

Pension and other postemployment benefits funds are used to report the activities of the District's post-employment benefits funds, which accumulate financial resources for pension benefit payments to eligible District employees and assets that are accumulated and benefits that are paid for postemployment healthcare and life insurance.

Private Purpose Trust Fund

A private purpose trust fund is used to report any trust arrangement not reported in pension trust funds under which principal and income benefit specific individuals, private organizations, or other governments. The District uses this fund to account for amounts held in its 529 College Savings Investment Plan, which was established to help families save for qualified college education expenses while also receiving certain tax benefits.

Agency Funds

Agency funds are used to account for refundable deposits required of various licensees and monies held in escrow as an agent for individuals, private organizations or other governments. Those resources which are held by the District in a purely custodial capacity do not involve measurement of results of operations.

Prior Year Information

The financial statements include summarized prior-year comparative information. Such information does not include sufficient details to constitute a presentation in conformity with U.S. generally

accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the District's financial statements for the year ended September 30, 2017, from which such summarized information was derived.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District's financial statements are prepared in accordance with GAAP applicable to state and local governmental entities as established by the Governmental Accounting Standards Board (GASB).

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Therefore, the Statement of Net Position reports all assets, including receivables regardless of when collected, and capital assets, such as heavy trucks and infrastructure (i.e., highways and bridges), deferred outflows of resources, all liabilities regardless of when payment is due, deferred inflows of resources, and net position.

The Statement of Activities is designed to present the degree to which the direct expenses of a particular function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for goods or services, grant revenues, and fines. Tax revenues are reported separately as general revenues. The Statement of Activities reports: (a) expenses associated with governmental activities; (b) expenses associated with business-type activities; and (c) the expenses of component units. The expenses of the governmental activities include governmental fund expenditures that are not eliminated or reclassified and current year depreciation expense on capital assets. The effect of interfund activities is eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental Funds

All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources, and fund balance are reported on the balance sheet.

Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues of the governmental funds are recognized in the year they become susceptible to accrual (both

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

measurable and *available*) to pay current fiscal year liabilities. The District considers all revenues to be *available* if they are collected within 60 days of the end of the current fiscal year. Property taxes, individual and franchise taxes, sales taxes, federal grants and charges for services are significant revenues that are subject to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government. The District accrues income tax revenue net of estimated income tax refunds relating to the fiscal year that will not be paid until after the fiscal year-end.

Expenditures and liabilities such as debt service, compensated absences, claims and judgments, and special termination benefits are recorded in the governmental fund statements only when they mature or become due for payment. Otherwise, such activity is reported in the government-wide financial statements as incurred.

Proprietary Funds, Pension and Other Postemployment Benefits (OPEB) Trust Funds, Private Purpose Trust Fund, and Component Units

The proprietary funds, Pension and OPEB Trust Funds, Private Purpose Trust Fund, and discretely presented component units are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on their respective statements of net position. Net position of the proprietary funds is segregated into net investment in capital assets, restricted, and unrestricted components. Under the accrual basis of accounting, revenues are recognized in the fiscal year earned and expenses are recognized in the fiscal year incurred. The related operating statements of proprietary funds present increases (revenues) and decreases (expenses) in net position. Operating statements of pension and private purpose trust funds present additions and deductions in fiduciary net position.

Proprietary funds classify revenues and expenses as either operating or nonoperating. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The Pension and OPEB Trust Funds recognize additions to net position derived from various sources, as follows:

- Participants' contributions, when due;
- District contributions, when due and a formal commitment for payment has been made; and
- Net investment income, as earned.

Expenditures for benefits and refunds are recognized when due and payable. The Private Purpose Trust Fund recognizes additions to net position when participants' contributions are received.

Revenue Recognition (By Type or Source)

Property Taxes

Property taxes are recognized as revenue in the tax year for which they are levied, provided they are *available*.

Real property taxes are levied as of October 1 on property the values of which were assessed as of the preceding January 1. Taxes levied are due and collectible in two equal installments on March 31 and September 15. After these dates, the tax bills become delinquent and the District may assess penalties and interest. Real property taxes attach as enforceable liens on property as of October 1 of the year after levy.

In the District, personal property tax is self-assessed. Each year, on or before July 31, property owners must file a personal property tax return covering the tax year beginning July 1 and ending June 30 of the next year. The return should report the remaining cost of all tangible personal property as of July 1 that is taxable in the District of Columbia. Property taxes are levied after the returns are filed. If a taxpayer fails to pay the levied taxes when due, the District would have a legal claim to the taxpayer's property. Pursuant to the Clarification of Personal Property Tax Reporting Temporary Act of 2011, effective February 24, 2012 (D.C. Law 19-91; 58 DCR 11209), the revenue budget for personal property tax is formulated with the understanding that 100% of collections are to be allocated for the year in which the tax was levied.

Other Taxes and Revenues

Sales and use taxes are recognized as revenue when the sales or uses take place. Interest on investments is recognized when earned. Charges for services are recorded as revenues when services are provided.

Intergovernmental Revenues

Intergovernmental revenues are amounts derived through agreements with other governments. In general, these revenues are comprised of contributions and grants made by the federal government to the District. Contributions are recognized as revenue when received. Generally, entitlements and shared revenues are recognized as revenue at the time of receipt or earlier, if measurable and available. Resources arising from grants are usually subject to certain eligibility requirements; therefore, most grant revenues are recognized as revenue only when the conditions of the grant are met. Grant funds received with all eligibility requirements met except for the timing requirement are recorded as deferred inflows of resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Supplemental Nutrition Assistance Program (SNAP)

The District participates in the federal government's Supplemental Nutrition Assistance Program (SNAP), which is designed to increase the food purchasing power of economically disadvantaged residents. The District uses the electronic benefits transfer (EBT) system that allows program beneficiaries to charge their qualifying food purchases, thereby eliminating the need for paper stamps. Revenues and expenditures are reported in the Federal and Private Resources Fund when the underlying transaction (the food purchase) occurs.

Revenues Susceptible to Accrual

Revenues which are susceptible to accrual include: taxes, federal contributions and grants, charges for services, and investment income.

Revenues Not Susceptible to Accrual

Licenses, permits, fines, and forfeitures are recorded as revenue when received in cash because they are generally not measurable until received. However, fines that remain unpaid after the allowable grace period or after appeals are denied become susceptible to accrual.

E. BASIS OF BUDGETING AND BUDGETARY CONTROL POLICIES

Process

On or about March 30th of each year, at the direction of the Council, the Mayor submits to the Council an annual budget for the District of Columbia government, which includes: (1) the budget for the forthcoming fiscal year, commencing October 1, specifying the agencies and purposes for which funds are being requested; (2) an annual budget message; (3) a multi-year plan for all agencies of the District government; and (4) a multi-year capital improvement plan by project for all agencies of the District government. The Council holds public hearings and adopts the budget through passage of a Local Budget Act and a Federal Portion Budget Request Act. The Mayor may not forward and the Council may not adopt any budget for which expenditures and other financing uses exceed revenues and other financing sources. On or about May 25th of each year, after receipt of the budget proposal from the Mayor, and after the public hearings, the Council adopts the annual budget for the District of Columbia government. The Mayor submits the Federal Portion Budget Request Act to the President of the United States for transmission by him to Congress. Congress then actively approves the federal portion of the budget through an appropriations act. The Chairman of the Council submits the Local Budget Request Act to the Congress, which then becomes law upon expiration of a 30-day review period.

Appropriations Act

The Local Budget Act and Federal Portion Budget Request Act ("appropriations acts") comprise the District's appropriation authority after approval by Congress, and authorize District government expenditures at the function level or by appropriation title, such as Public Safety and Justice, Human Support Services, or Public Education System. In general, after approval by Congress of the District's appropriation, the District may transmit amendments or supplements to the budget by submitting a request for supplemental appropriation to the President and Congress, which would require active approval. However, within certain limits, pursuant to D.C. Code § 47-369.02, the District may supplement its General Fund budget with passive approval by Congress by sending notification not fewer than 30 days in advance of the changes taking place.

Pursuant to Section 446 of the Home Rule Act (D.C. Code § 1-204.46) and the Reprogramming Policy Act of 1980, as amended (D.C. Code § 47-363), the District may reallocate budget amounts. The appropriated budget amounts in the Budgetary Comparison Statement, which are presented in Exhibit 2-d found on page 51, include all approved reallocations and other budget changes. This statement reflects budget to actual comparisons at the function (appropriation title) level. Actual expenditures and uses may not legally exceed appropriated budgeted expenditures and uses at the function level as shown in this statement. A negative expenditure variance in the budgetary comparison statement for a particular function is a violation of the federal Antideficiency Act (31 U.S.C. §§ 1341, 1342, 1349, 1351, 1511-1519); the District of Columbia Anti-Deficiency Act (D.C. Code § 47-355.01 et seq.); and Section 446 of the Home Rule Act (D.C. Code § 1-204.46). In addition, a negative expenditure variance for a particular agency within an appropriation title is also a violation of the D.C. Anti-Deficiency Act.

The appropriations acts specifically identify authorized expenditures but do not specify revenue amounts. The revenue budget is based primarily on the revenue estimates submitted to the President and Congress with the District's budget and is modified as new revenue estimates are issued. If a new revenue estimate indicates a decrease, the District reduces its planned expenditures or takes other steps to rebalance the budget.

The District budgets for the General Fund and the Federal and Private Resources Fund as presented in the Budgetary Comparison Statement in Exhibit 2-d. The budgetary basis of accounting used to prepare this statement differs from the GAAP basis used to prepare the General Fund and Federal and Private Resources Fund statements presented in Exhibit 2-b found on page 49 due to the following differences:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Basis Differences - which arise because the basis of budgeting differs from the basis of accounting prescribed by GAAP as indicated in Note 1X on page 79.
- Entity Differences - which result from the inclusion or exclusion of certain activities for budgetary purposes as opposed to those included or excluded on a GAAP basis.

Budgetary Control

The District maintains budgetary controls designed to monitor compliance with expenditure limitations contained in the annual appropriated budget approved by Congress and the President. The level of budgetary control (i.e., the level at which expenditures and other obligations cannot legally exceed the appropriated amount) is established by function, fund, and agency within the General Fund and the Federal and Private Resources Fund.

Encumbrances

Encumbrance accounting is used in the governmental funds. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the required portion of an appropriation. Encumbrances outstanding at year-end do not constitute expenditures or liabilities for GAAP or budgetary purposes. Encumbered amounts lapse at year-end in the General Fund and may be re-appropriated and re-encumbered as part of the subsequent year's budget. However, encumbered amounts do not lapse at year-end in the Capital Projects Fund or the Special Revenue Fund.

Encumbered amounts at year-end have been included within the fund balances in **Table N10-1** found on page 132.

F. CASH AND INVESTMENTS

Cash and Cash Equivalents

Cash from the governmental and proprietary funds is pooled unless prohibited by law. The cash management pool is used as a demand deposit account by each participating fund. If a fund overdraws its share of the pooled cash, that fund reports a liability (Due To) to the General Fund, which is deemed to have loaned the cash to the overdrawn fund. The General Fund reports a receivable (Due From) from the overdrawn fund.

The District's cash management pool is invested in short-term, highly liquid investments and as such is considered to be a cash equivalent. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in such a short period of time that changes in interest rates have little or no impact on the value

of the securities. For an investment to be considered a cash equivalent, it must have a maturity date no greater than 90 days after the date it was purchased.

Investments

Cash that is not needed for immediate disbursement is invested to generate investment income. The District purchases legally authorized investments consistent with the provisions of the Financial Institutions Deposits and Investment Act of 2006 (D.C. Code §§ 47-351.01 and 47-351.08), and the District's Investment Policy, as adopted in November 2008. As of September 30, 2018, the District invested primarily in money market funds containing securities backed by the U.S. government which included obligations of Government Sponsored Entities (GSEs) that have the explicit and implicit guarantee of the U.S. federal government. Such investments are considered to be cash equivalents if they mature within 90 days after the date of purchase. The Pension Trust Funds are authorized to invest in fixed income, equity securities and other types of investments. Also, the Private Purpose Trust Fund and Other Postemployment Benefits Fund are authorized to invest monies consistent with their respective Investment Policies. Historically, these Funds' investments have been comprised of equities, balanced funds, fixed income securities and other long-term horizon investments.

The District's investments are reported at fair value in accordance with GAAP's *fair value measurement and application*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that is reasonably available.

Some portfolio investments of the Private Purpose, Pension and OPEB Trust Funds are reported at net asset value (NAV) in the accompanying Statement of Fiduciary Net Position. The stability of the principal portfolio is valued in accordance with the terms of the corresponding funding agreement, inclusive of accrued interest. Security transactions, normally in shares of the underlying funds, are accounted for on the trade date basis. Realized gains and losses are reported on the identified cost basis. Income and capital gains distributions, if any, from investments in the underlying funds are recorded when incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Money market investments must be in compliance with the requirements of Rule 2a-7 (17 CFR 270.2a-7) under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.). Money market investments that meet the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, are reported at amortized cost, which approximates fair value. Other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment purchases and sales are recorded as of the trade date. These transactions are not finalized until the settlement date. Cash received as collateral on securities lending transactions and investments made are reported as assets and related liabilities for collateral received.

G. INVENTORY

Inventory reported in the governmental funds consists of materials and supplies held for consumption. Inventory on hand at year-end is stated at cost (generally using the weighted average method). The District utilizes the consumption method to account for inventory whereby materials and supplies are recorded as inventory when purchased and as expenditures/expenses when they are consumed.

Consistent with District practices, inventories of the proprietary funds are recorded at the lower of weighted average cost or market. The Not-For-Profit Hospital Corporation is the only component unit which reports inventory recorded at the lower of cost or market. Cost is determined using the first-in-first-out (FIFO) method.

H. RESTRICTED ASSETS

Certain governmental and proprietary fund assets, some assets reported by the component units, and all fiduciary fund assets are restricted as to use by legal or contractual requirements. Any excess of restricted assets and deferred outflows of resources over the related liabilities and deferred inflows of resources is reported as part of the restricted net position in the government-wide, proprietary, and fiduciary financial statements and as restricted fund balance in the governmental fund financial statements, to indicate the portion of the net position or fund balance that is available for restricted purposes only. Restricted assets also include investments and cash deposited in bank accounts legally restricted for certain purposes such as the payment of bond principal and interest.

I. PREPAID ITEMS

Prepaid items are payments made by the District in the current fiscal year for services to be received in the subsequent fiscal year. Such advance payments are recorded as prepaid charges at the time of prepayment and recognized as expenditures/expenses when the related services are received.

In governmental funds, long-term debt premiums/ (discounts) and issuance costs are recognized in the current period as other financing sources/(uses) and fiscal charges, respectively. In the government-wide financial statements, long-term debt premiums/ (discounts) are capitalized and amortized over the term of the related debt using the effective interest method and issuance costs are expensed in the period incurred.

J. RECEIVABLES AND PAYABLES

Taxes receivable are taxes levied by the District, including interest and penalties on delinquent taxes, which have not been collected, canceled or abated, less the portion of the receivables estimated not to be collectible. Accounts receivable are amounts owed by customers for goods or services sold. Intergovernmental receivables are amounts owed by other governments to the District.

Accounts payable are amounts owed to vendors for goods or services purchased and received. Intergovernmental payables are amounts owed to other governments.

K. TRANSFERS AND OTHER TRANSACTIONS BETWEEN FUNDS

Interfund transactions are categorized as: (a) revenue and expenditure/expense transactions consisting of temporary interfund transactions which include reimbursements and quasi-external transactions; or (b) reallocation of resources, transactions including temporary interfund loans, advances or operating transfers. Reimbursements between funds occur when expenditures/expenses made from one fund are properly applicable to another fund.

Activities between funds that represent lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Due To Other Funds" or "Due From Other Funds." Any remaining balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances." Short-term amounts owed between the primary government and a discretely presented component unit are classified as "Due To/From Primary Government" and "Due To/From Component Units" on the Statement of Net Position.

Transfers are included in the results of operations of both the governmental and proprietary funds. Accordingly, transfers are reported in the "Other Financing Sources/(Uses)" section of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds and in the "Transfers" section in the Statement of Revenues, Expenses, and Changes in Net Position of the Proprietary Funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. CAPITAL ASSETS

Capital assets, which include buildings, land, equipment, land improvements, and infrastructure (i.e., roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities or component units columns in the government-wide financial statements and proprietary fund financial statements. All purchased capital assets are stated at cost when historical records are available and at estimated historical cost when no historical records exist.

Assets acquired through capital leases are stated at the lesser of the present value of the lease payments or the fair value of the asset at the date of lease inception. Donated capital assets are reported at their acquisition value on the date received. Acquisition value is defined as the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability with the counterparty could be liquidated. The cost of maintenance and repairs that do not add to the value of the assets or materially extend their useful lives is not capitalized. Betterments are capitalized as separate assets. Capital asset purchases are recorded as expenditures

in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds and component units' financial statements.

Intangible assets are assets that lack physical substance; have a useful life of more than one reporting year; and are nonfinancial in nature. For financial reporting purposes, intangible assets that meet the capitalization threshold are reported in the same category as the associated capital asset.

When the construction of assets is financed through the issuance of long-term debt, interest is capitalized in the government-wide financial statements and proprietary funds. The amount of interest to be capitalized is calculated by offsetting interest expense incurred on tax-exempt debt from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capitalization and Depreciation Policies

Capitalized assets have an original cost of \$5 (thousand) or more per unit. Depreciation is calculated on each class of depreciable property using the straight-line method. **Table N1-1** presents the estimated useful lives for the capital assets by class.

Table N1-1
Estimated Useful Lives by Asset Class

Asset Class	Useful life
Storm Drains	45 years
Infrastructure	20-40 years
Improvements Other Than Buildings	5-25 years
Buildings	15-60 years
Equipment and Machinery	3-10 years
Furniture and Fixtures	5 years
Mobile Equipment (Including Street Cars)	5-30 years
Books	5 years
Leasehold Improvements	10 years, not to exceed term of lease

M. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net position by the District that is applicable to a future reporting period. Deferred outflows of resources have a natural debit balance, and therefore increase net position in a manner similar to assets.

N. CAPITAL LEASES

In general, a lease is considered to be a capital lease if it meets any one of the following criteria:

- The lease transfers ownership of the property to the lessee at the end of the lease term.
- The lease contains an option to purchase the leased property at a bargain price.

- The lease term is equal to or greater than 75% of the estimated life of the leased property.
- The present value of minimum lease payments at the inception of the lease equals or exceeds 90% of the fair value of the leased property less any investment tax credit less executory cost retained by the lessor.

Leased property having elements of ownership is recorded in the government-wide and proprietary fund financial statements. The related obligations, in amounts equal to the present value of future minimum lease payments due during the term of the leases, are also recorded in these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. COMPENSATED ABSENCES

Benefit Accumulation Policies

The District's policy allows employees to accumulate unused sick leave, with no maximum limitation. Annual leave (vacation) may be accumulated up to 240 hours at the end of a calendar year, regardless of the employee's length of service, while there is no limit to the amount of compensatory leave (leave granted to eligible employees in lieu of paid overtime) that may be accumulated.

Recording of Accrual for Accumulated Leave

The District records vacation leave as an expenditure and related liability in the governmental fund financial statements only to the extent that the compensated absences have matured or come due for payment. Accumulated annual leave that has not matured by the end of the current fiscal year is reported in the government-wide financial statements. Accumulated annual leave of the proprietary funds and discretely presented component units is recorded as an expense and liability as the benefits accrue to employees.

The District does not record a liability for accumulated rights to receive sick pay benefits. At the time of retirement, however, unused sick leave can be used to determine employees' years of service. District employees earn sick leave credits that are considered termination payments at the time of retirement. For instance, one month would be added to the years and months of service of retiring District employees who have accumulated 22 days of sick leave regardless as to whether they participate in the Civil Service Retirement System or the District Retirement Program.

The District estimates the potential sick leave credits (termination payments) at fiscal year-end based on the number of employees who are currently eligible for retirement and sick leave payments upon separation, or who are expected to become eligible in the future to receive such payments.

P. LONG-TERM LIABILITIES

Debt Limits/Limitations on Borrowing

Pursuant to Section 603 of the Home Rule Act, no long-term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all general obligation debt to exceed 17% of the total General Fund revenues of the fiscal year in which the debt is issued. The legal debt limitation is calculated annually by dividing maximum annual principal and interest by current year total General Fund revenues.

In addition, consistent with the Limitation on Borrowing and Establishment of Operating Cash Reserve Act

of 2008 (D.C. Code § 47-335.02), the Council shall not approve a District bond issuance if the applicable annual debt service on the District bond issuance would cause the debt service on all District bonds in the fiscal year in which the District bonds are issued, or in any of the five succeeding fiscal years, to exceed 12% of General Fund expenditures in any applicable fiscal year.

Capital Appreciation Bonds

Capital Appreciation Bonds (CABs) are original issue discount bonds with deferred debt service. The District has two CAB obligations: the Mandarin Oriental Hotel Tax Increment Financing (TIF) Revenue Bonds Series 2002, and the Tobacco Settlement Asset-Backed Bonds Series 2006. The Mandarin TIF CABs were issued to fund the Mandarin Oriental Hotel Project. Scheduled principal payments for the Mandarin TIF CABs began in July 2005. No interest is due on the Mandarin TIF CABs until maturity in 2022. Interest is compounded semi-annually and accrues to full value at maturity. The Tobacco CABs were issued by the District of Columbia Tobacco Settlement Financing Corporation in connection with a Master Settlement Agreement. The Tobacco CABs have deferred principal and interest payments. Interest on the Tobacco CABs is also compounded semi-annually and accrues to full value at maturity in 2046 and 2055. Accreted interest on both CABs is calculated throughout the maturity periods of the bonds and is recorded in the government-wide financial statements.

Reporting Long-Term Liabilities

General obligation bonds, revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds or discretely presented component units are included in the accounts of such funds. All other long-term indebtedness of the District, such as disability compensation, compensated absences, employee separation incentives and accreted interest liabilities, which have been incurred but not financed, are reported in the government-wide financial statements. Such obligations are to be paid through the District's General Fund.

Q. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net position by the District that is applicable to a future reporting period. Deferred inflows of resources have a natural credit balance, and therefore, decrease net position in the same manner as liabilities do.

R. ADOPTION OF NEW ACCOUNTING STANDARDS

During fiscal year 2018, the District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments. In addition, this Statement establishes standards for recognizing and measuring OPEB liabilities/assets, deferred outflows of resources, deferred inflows of resources, and expenditures/expenses. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.
- Statement No. 81, *Irrevocable Split-Interest Agreements*, requires a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.
- Statement No. 85, *Omnibus 2017*, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits including pensions and other postemployment benefits (OPEB).
- Statement No. 86, *Certain Debt Extinguishment Issues*, establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the purpose of extinguishing debt. This Statement also amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an in-substance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in-substance, regardless of how the cash and other monetary assets were acquired.

Implementation of Statement Nos. 81, 85 and 86 had no material impact on the District's fiscal year 2018 financial statements. However, implementation of Statement No. 75 materially impacted the financial statements for fiscal year 2018. As a result of this statement's implementation, the District recognized

a net OPEB asset which increased the primary government's net position. The details and effect of the change is presented in Note 1Y found on page 79.

More detailed information regarding the requirements contained in these GASB Statements may be found at: www.gasb.org.

S. NEW ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN THE FUTURE

The District will adopt the following new accounting standards issued by GASB by the required effective dates:

- Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain legally enforceable liabilities associated with the retirement of tangible capital assets. Such liabilities are referred to as asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for AROs and requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, the District's fiscal year 2019.

- Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, the District's fiscal year 2020.

- Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflows of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, the District's fiscal year 2021.

- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for debt; terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, the District's fiscal year 2019.

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting and financial reporting requirements which will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, the District's fiscal year 2021.

- Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as an investment or a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity

interest, accounts for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value, at the acquisition date.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, the District's fiscal year 2020.

The District has not determined the impact, if any, that the implementation of Statement Nos. 83, 84, and 87 through 90 will have on its financial statements. Accordingly, no determination has been made regarding the materiality of impact.

More detailed information regarding the requirements contained in these GASB Statements may be found at: www.gasb.org.

T. NET POSITION AND FUND BALANCE

Assets plus deferred outflows of resources less liabilities less deferred inflows of resources equal "Net Position" in the government-wide, proprietary fund, and fiduciary fund statements, and "Fund Balance" in the governmental fund statements. In the government-wide and proprietary fund financial statements, "Net Position" is further categorized as:

- Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, net of unspent proceeds, that are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.
- Restricted Net Position – This category presents net position subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Non-expendable restricted net position represents the portion of net position that must be held in perpetuity in accordance with donor stipulations.
- Unrestricted Net Position – This category represents net position not restricted for any project or other purpose.

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – Resources which cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact.
- Restricted – Resources with use constraints which are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

constitutional provisions or enabling legislation.

- **Committed** – Resources which can only be used for specific purposes pursuant to limitations imposed by formal action of the District government's highest level of decision-making authority. Resources can only be committed if the formal action is issued on or before the end of the fiscal year. Amounts in this category may be redeployed for other purposes with the appropriate due process. Committed amounts cannot be used for any other purpose unless the District government removes or changes the specified use by taking the same type of action it used to previously commit the amounts.
- **Assigned** – Resources neither restricted nor committed for which the District has a stated intended use as established by the highest level of decision-making authority, or a body or official to which the authority to assign amounts for specific purposes was delegated. These are resources where the constraints/restrictions are less binding than that for committed resources.
- **Unassigned** – Resources which cannot be classified in one of the other four categories. The general fund is the only fund that is permitted to report a positive unassigned fund balance amount. In other governmental funds, it is not possible to report a positive unassigned fund balance; if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, any assigned amount within the fund must be reduced first and then, if there are no further assigned amounts to reduce, the negative residual amount should be reported as negative unassigned fund balance.

For committed fund balance, the bodies which have the highest level of decision-making authority are the Executive Office of the Mayor and the Council. The Council must pass legislation to establish, modify, or rescind a commitment of fund balance. Consistent with Sections 424, 448, and 450 of the Home Rule Act, the District's Mayor, Council, and Chief Financial Officer are responsible for managing the District's financial resources. In fulfilling their respective responsibilities, the Mayor, Council, or Chief Financial Officer, as authorized, may assign portions of fund balance for specific purposes; however, the assignment of fund balance must be formally documented in the form of an Executive Order, letter, or some other official directive.

It is the policy of the District to use restricted resources first, followed by committed resources and then assigned resources, when expenses are incurred for purposes for which any of these resources are available. Therefore, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and considers

committed fund balance to have been spent when an expenditure has been incurred for purposes for which committed, assigned, or unassigned amounts could have been used. The District does, however, reserve the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Consistent with mandates imposed by the federal government and Section 450A of the Home Rule Act, the District is required to maintain cash reserves totaling 6.00% of the previous fiscal year's General Fund local expenditures less debt service costs. The 6.00% includes a contingency cash reserve of 4.00% and an emergency cash reserve of 2.00%, which are discussed further under Minimum Fund Balance Policies found on page 76.

As of September 30, 2018, the District's fund balance included the following categories (see **Table N10-1** on page 132):

Nonspendable Fund Balance

Inventory – This portion of fund balance represents amounts not available for appropriation or expenditure because the underlying asset (inventory) is not an available financial resource for appropriation or expenditure.

Restricted Fund Balance

Emergency and Contingency Cash Reserves

This portion of fund balance represents amounts that, in accordance with legislative mandate, are held in two funds: an emergency cash reserve fund and a contingency cash reserve fund, to be used for unanticipated and non-recurring, extraordinary needs of an emergency nature.

Debt Service – Bond Escrow

This portion of fund balance represents the portion of investments held in escrow that is available for future debt service obligations or cash requirements.

Budget

This portion of fund balance represents unused fiscal year 2018 budget reserve amounts that are restricted for specific purposes and available for such purposes until expended.

Purpose Restrictions

This portion of fund balance represents resources from grants and other revenues with externally imposed limitations on how the District may expend the funds. Other revenues include but not limited to resources restricted for Workers' Compensation Program, Charter Schools direct loan fund, and Storm Water Permit compliance activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Payment in Lieu of Taxes (PILOT)

This portion of fund balance is restricted for payment of future debt service associated with the PILOT Revenue Bonds.

Tobacco Settlement

This portion of fund balance is restricted to pay future debt service and related expenses associated with the Tobacco Corporation's issuance of Tobacco Settlement Asset-Backed Bonds in fiscal years 2001 and 2006.

Tax Increment Financing (TIF) Program

This portion of fund balance is restricted for debt service on TIF Bonds.

Housing Production Trust

This portion of fund balance is restricted to provide financial assistance to developers for the planning and production of low, very low, and extremely low-income housing and related facilities.

Highway Projects

This portion of fund balance is restricted for the purpose of executing federal highway projects.

Baseball Special Revenue

This portion of fund balance represents resources set aside for baseball debt service payments.

Committed Fund Balance

Fiscal Stabilization Reserve

This portion of fund balance is committed to purposes permitted for use of the Contingency Reserve Fund.

Cash Flow Reserve

This portion of fund balance is committed to cover cash flow needs; provided that any reserve amounts used must be replenished in the same fiscal year.

Budget Support Act

This portion of fund balance is committed to various non-lapsing accounts established in the Budget Support Act, which is a local law.

Soccer Stadium

This portion of fund balance represents resources set aside for financing the infrastructure costs associated with the construction of the soccer stadium.

Dedicated Taxes

This portion of fund balance represents the portions of the District's tax revenue streams which are dedicated for specific purposes and are not available for general budgeting.

Subsequent Years' Expenditures

This portion of the fund balance represents the amount to be used to finance certain policy initiatives and other expenditures included in the fiscal year 2019 budget approved by the District Council.

Other Special Purposes

This portion of fund balance is committed to activities financed by specific sources of revenues as authorized by formal action of the District Council i.e., resources collected for Pepco cost sharing fund (D.C. Plug), funds obtained from real property or other assets formerly under the authority of the National Capital Revitalization Corporation or the Anacostia Waterfront Corporation committed to administering properties and programs under the authority of the Deputy Mayor for Planning and Economic Development, and resources committed to Renewable Energy Development Fund.

Assigned Fund Balance

Subsequent Years' Expenditures

This portion of fund balance represents amounts set aside to finance certain policy initiatives and other expenditures pending formal approval of the District Council.

Unassigned Fund Balance

Capital Projects

This portion of fund balance is restricted for the purpose of executing capital projects. The Capital Projects Fund reported a negative unassigned fund balance at September 30, 2018 because expenditures were made in the Capital Projects Fund from resources that were advanced from the General Fund in anticipation of bond proceeds that will be restricted to the purpose for which those expenditures were made.

Minimum Fund Balance Policies

Restricted Fund Balances

Through Congressional mandate, established by Section 450A of the Home Rule Act, the District is required to maintain cash reserves totaling 6.00% of the previous fiscal year's General Fund expenditures (local portion) less debt service cost. The 6.00% is comprised of a contingency cash reserve of 4.00% and an emergency cash reserve of 2.00%. These reserves are reported as restricted cash and restricted net position in the government-wide financial statements.

Contingency Cash Reserve

The contingency cash reserve may only be used for nonrecurring or unforeseen needs that arise during the fiscal year, including expenses associated with unforeseen weather conditions or other natural disasters, unexpected obligations created by federal law or new public safety or health needs or requirements that have been identified after the budget

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

process has occurred, or opportunities to achieve cost savings. In addition, the contingency cash reserve may be used, as needed, to cover revenue shortfalls experienced by the District government for three consecutive months (based on a two-month rolling average) that are 5.00% or more below the budget forecast. The contingency cash reserve fund may not be used to fund any shortfalls in any projected reductions which are included in the budget proposed by the District for the fiscal year.

The District must replenish the contingency cash reserve for any amounts used from this reserve. During the annual budgeting process, the District takes the necessary measures to restore amounts used during the preceding year. When replenishing the contingency cash reserve, the District must comply with the following:

- At least 50% of the amount used from the reserve must be replenished in the first year after its use. The District also has the option of restoring the contingency cash reserve to the required 4.00% balance. The District should choose the option that involves the lesser amount.
- If the District replenishes only 50% of the amount used from the reserve in the first year after use, by the end of the second year, the remaining 50% is to be replenished or the amount needed to restore the reserve to the required 4.00% balance must be allocated. The District should choose the option that involves the lesser amount.

Emergency Cash Reserve

The emergency cash reserve fund may be used to provide for unanticipated and nonrecurring extraordinary needs of an emergency nature, including a natural disaster or calamity or unexpected obligations by federal law. The emergency cash reserve fund may also be used in the event that a State of Emergency is declared by the Mayor. However, the emergency cash reserve fund may not be used to fund: (a) any department, agency, or office of the District government which is administered by a receiver or other official appointed by a court; (b) shortfalls in any projected reductions which are included in the budget proposed by the District for the fiscal year; or (c) settlements and judgments made by or against the District government.

The District must replenish the emergency cash reserve for any amounts used from this reserve. During the annual budgeting process, the District takes the necessary measures to restore amounts used during the preceding year. When replenishing the emergency cash reserve, the District must comply with the following:

- At least 50% of the amount used from the reserve must be replenished in the first year after its use. The District also has the option of restoring the contingency cash reserve to the required 2.00%

balance. The District should choose the option that involves the lesser amount.

- If the District replenishes only 50% of the amount used from the reserve in the first year after use, by the end of the second year, the remaining 50% is to be replenished or the amount needed to restore the emergency cash reserve to the required 2.00% balance must be allocated. The District should choose the option that involves the lesser amount.

Committed Fund Balances

Fiscal Stabilization Reserve

The fiscal stabilization reserve may be used by the Mayor for the same purposes for which the contingency cash reserve was established. Pursuant to D.C. Code § 47-392.02(j-1), as amended, the fiscal stabilization reserve account may be used by the Chief Financial Officer to cover cash flow needs; provided, that any amounts used shall be replenished to the fiscal stabilization reserve account in the same fiscal year. At full funding, for any given fiscal year, the fiscal stabilization reserve must equal 2.34% of the District's General Fund operating expenditures for that year.

Cash Flow Reserve

The cash flow reserve may be used by the District's Chief Financial Officer to cover cash flow needs. When amounts are used, the cash flow reserve must be replenished in the same fiscal year of use. At full funding, for any given fiscal year, the cash flow reserve must equal 8.33% of the District's General Fund operating budget for that fiscal year.

If either the fiscal stabilization reserve or the cash flow reserve is below full funding upon issuance of the Comprehensive Annual Financial Report, the District's Chief Financial Officer must commit 50% of the unassigned end-of-year fund balance to each reserve, or 100% of the end-of-year unassigned fund balance to the reserve that has not reached full capacity, to fully fund the reserves to the extent allowed by the end-of-year fund balance. If Congress takes action to reduce the funding limits for the contingency cash reserve and the emergency cash reserve, the Council of the District of Columbia has legally mandated that the fiscal stabilization reserve be increased by that same amount.

If at the end of any given fiscal year, the District has fully funded the emergency cash, contingency cash, fiscal stabilization, and cash flow reserves, all additional uncommitted amounts in the unrestricted fund balance of the General Fund of the District, as certified by the Comprehensive Annual Financial Report for that fiscal year, must be used for the following purposes: (a) 50% must be deposited in the Housing Production Trust Fund; and (b) 50% must be reserved for Pay-as-you-go capital projects.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. POSTEMPLOYMENT BENEFITS

Defined Benefit Pension Plans

District full-time employees receive pension benefits through the federally administered Civil Service Retirement System (CSRS), the Social Security System, or the District's Retirement Funds. The District of Columbia Retirement Board (DCRB or Board) administers the District's Retirement Funds, which consist of two single-employer defined benefit pension plans: (1) the District of Columbia Teachers' Retirement Fund or TRF, and (2) the District of Columbia Police Officers' and Firefighters' Retirement Fund or POFRF.

The District Retirement Funds' fiduciary net position is determined using the economic resources measurement focus and the accrual basis of accounting, as reported by DCRB. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plans. Investments of the District Retirement Funds are reported at fair value in accordance with GASB Statement No. 72. Further information regarding the District Retirement Funds is presented in Note 8 on page 120.

Other Retirement Programs

The District sponsors a defined contribution pension plan with a qualified trust under the Internal Revenue Code (IRC) Section 401(a) and the provisions of D.C. Code §1-627, for permanent full-time employees covered under the Social Security System, where new District employees become eligible after one year of service. The District contributes 5.00% of base salaries for eligible employees each pay period (5.50% for detention officers). Contributions and earnings vest incrementally after two years of service, and fully, after five years of service. Additional information about the defined contribution pension plan and other retirement programs sponsored by the District such as: 1) the Internal Revenue Code Section 403(b) Plan and 2) the Internal Revenue Code Section 457 Plan are presented in Note 8 on pages 120 through 126.

Other Postemployment Benefits (OPEB)

In addition to the pension benefits described in Note 8 and pursuant to D.C. Code § 1-621.13, District employees hired after September 30, 1987, who retire may be eligible to continue their healthcare

benefits. Furthermore, in accordance with D.C. Code §1- 622.16, these employees may convert their group life insurance to individual life insurance. The expense of providing such benefits to employees hired prior to October 1, 1987, is paid by the federal government and the District has no liability for these costs. However, the District provides health and life insurance benefits to retirees first employed by the District after September 30, 1987, through its OPEB Plan.

The OPEB Plan's fiduciary net position is determined using the economic resources measurement focus and the accrual basis of accounting, as reported by the OPEB Plan. Accordingly, benefit payments are recognized when due and payable in accordance with the terms of the OPEB plan. Investments of the OPEB Plan are reported at fair value in accordance with GASB Statement No. 72. Further information regarding OPEB is presented in Note 9, found on pages 127 through 131.

V. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to use estimates and make assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the basic financial statements. The use of estimates may also affect the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from the estimates used.

W. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between fund balances - total governmental funds versus net position - governmental activities as reported in the government-wide statement of net position. This reconciliation is presented in Exhibit 2-a found on page 48.

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances of governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. This reconciliation is presented in Exhibit 2-c found on page 50.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

X. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

Table N1-2 presents the reconciliation of the budgetary basis operating results to the GAAP basis.

Table N1-2
Reconciliation Of Budgetary Basis To GAAP Basis (\$000s)

	General Fund	Federal And Private Resources
Excess of revenues and other sources over expenditures and other uses - budgetary basis	\$ 104,236	\$ 4,669
Basis differences:		
Inventory is recorded using the purchase method for budgetary purposes and the consumption method on a GAAP basis	(6,698)	-
Transfers/Reclassifications	2,554	(4,731)
Excess (deficit) of revenues and other sources over (under) expenditures and other uses - GAAP basis	<u>\$ 100,092</u>	<u>\$ (62)</u>

Y. RESTATEMENT

The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. As a result of this implementation, beginning net position of the governmental activities increased by \$141,682 as of October 1, 2017. This change is a result of the cumulative effect of the recognition of net OPEB asset related to the District's

OPEB Plan. The District did not restate the fiscal year 2017 amounts, as shown in the summarized comparative totals column within the financial statements, as it was not practical and the information was not available.

Table N1-3 presents the cumulative effect of the change in accounting principles.

Table N1-3
Restatement (\$000s)

	Governmental Activities	Primary Government Business-Type Activities	Total
Net position at October 1, 2017, as previously reported	\$ 4,875,603	\$ 507,258	\$ 5,382,861
Cumulative effect of change in accounting principles	141,682	-	141,682
Net position at October 1, 2017, as restated	<u>\$ 5,017,285</u>	<u>\$ 507,258</u>	<u>\$ 5,524,543</u>

NOTE 2. CASH AND INVESTMENTS

A. CASH

The District of Columbia follows the practice of pooling cash and cash equivalents for some of its governmental funds and component units in order to provide better physical custody and control of these assets, to enhance operational efficiency, and to maximize investment opportunities. In accordance with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56), which became effective on March 18, 1998, substantially all of the cash deposits in the custody of the District as of September 30, 2018, were insured or collateralized with securities held by the District or by its agent in the District's name. As of September 30, 2018, the carrying amount of cash and cash equivalents for the primary government, including the fiduciary funds was \$3,865,826, and the carrying amount of cash (deposits) for the component units was \$364,859.

B. INVESTMENTS

The Treasurer is authorized by District laws to invest funds in a manner that will preserve principal and meet the District's anticipated daily cash requirements, while maximizing investment earnings. The District purchases legally authorized investments consistent with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56) and the District's Cash and Investment Management Policy, adopted in November 2008. The District's investment policy limits investments to obligations of the United States and agencies, money market funds (categorized as cash equivalents), municipal obligations, collateralized or insured certificates of deposit, prime commercial paper, bankers' acceptances and repurchase agreements fully collateralized in obligations of the United States government and agency securities. During fiscal year 2018, the District's investments (other than those held by the District Retirement Funds, the OPEB Fund and the D.C. Library Trust Fund) consisted primarily of money market funds, collateralized certificates of deposits and commercial papers.

Table N2-1 presents the reconciliation of the District's cash, cash equivalents and investment balances as of September 30, 2018.

Table N2-1
Reconciliation of Cash, Cash Equivalents and Investment Balances (\$000s)

	Exhibit 1-a			Exhibit 4-a				Total Cash and Investment Balances
	Primary Government	Component Units	Total	Pension/OPEB Trust Funds	Private Purpose Trust Fund	Agency Funds	Total	
Cash and cash equivalents	\$ 1,615,265	\$ 136,426	\$ 1,751,691	\$ -	\$ -	\$ -	\$ -	\$ 1,751,691
Investments	-	274,816	274,816	-	-	-	-	274,816
Cash and cash equivalents (restricted)	2,022,148	228,433	2,250,581	124,252	4,903	99,258	228,413	2,478,994
Investments (restricted)	123,042	484,212	607,254	9,544,982	613,374	-	10,158,356	10,765,610
Total	\$ 3,760,455	\$ 1,123,887	\$ 4,884,342	\$ 9,669,234	\$ 618,277	\$ 99,258	\$ 10,386,769	\$ 15,271,111

NOTE 2. CASH AND INVESTMENTS

Table N2-2 presents the District's cash, cash equivalents and investment balances (by category) as of September 30, 2018.

Table N2-2
Cash, Cash Equivalents and Investment Balances by Category (\$000s)

	Primary Government	Fiduciary Funds	Component Units	Total Reporting Entity Cash and Investments
Cash and cash equivalents balances	\$ 3,637,413	\$ 228,413	\$ 364,859	\$ 4,230,685
Investments:				
U.S. government securities	1,547	-	229,420	230,967
Commercial paper	41,019	-	14,777	55,796
Certificates of deposit	60,000	-	77,782	137,782
Mortgage-backed securities	5,294	-	-	5,294
Guaranteed investment contracts	2,147	140,693	-	142,840
Repurchase agreements	11,155	-	-	11,155
Exchange traded funds	1,523	-	2,168	3,691
Alternative investments	-	-	3,582	3,582
Commodities	-	45,468	-	45,468
U.S. equity securities	164	5,592,356	48,826	5,641,346
Fixed income securities	-	3,144,005	25,810	3,169,815
Real estate	-	693,111	-	693,111
Private equity	-	542,723	-	542,723
Corporate securities	-	-	15,365	15,365
Investment contracts	-	-	10,385	10,385
Money market funds	193	-	329,768	329,961
Mutual funds	-	-	1,145	1,145
Total investments	123,042	10,158,356	759,028	11,040,426
Total cash, cash equivalents and investment balances	\$ 3,760,455	\$ 10,386,769	\$ 1,123,887	\$ 15,271,111

District Retirement Funds

The District of Columbia Retirement Board (DCRB) is authorized to manage and control the investment of the District Retirement Funds, which consist of the District of Columbia Teachers' Retirement Fund (TRF) and the District of Columbia Police Officers' and Firefighters' Retirement Fund (POFRF). DCRB may invest in fixed income, equity securities and various other types of investments. As prescribed in D.C. Code §1-907.01 (2001 ED.), DCRB may not invest in debt instruments of the District, the Commonwealth of Virginia, or the State of Maryland

governments, political subdivisions thereof, or any entity subject to control by them; debt instruments fully guaranteed by those governments; real property in those jurisdictions; or debt instruments secured by real property in those jurisdictions, subject to the exceptions in subsection (c) of D.C. Code §1-907.01 (2001 ED.).

Cash, cash equivalents and investment pools held in the control of DCRB as of September 30, 2018 and 2017, are presented in **Table N2-3**.

Table N2-3
Cash, Cash Equivalents and Investment Pools: District Retirement Funds (\$000s)

	September 30, 2018	September 30, 2017
Cash and cash equivalents	\$ 59,334	\$ 88,216
Investments:		
Domestic equity	2,209,272	2,099,359
International equity	2,149,344	2,364,937
Fixed income	2,549,785	2,125,703
Real estate	693,111	614,886
Private equity	542,723	470,532
Total cash, cash equivalents and investments	\$ 8,203,569	\$ 7,763,633

District of Columbia Other Postemployment Benefits (OPEB) Fund

During fiscal year 2018, the District's Other Postemployment Benefits (OPEB) Fund maintained certain cash, cash equivalents and investment

balances. **Table N2-4** presents the OPEB Fund's cash, cash equivalents and investment balances as of September 30, 2018 and 2017.

NOTE 2. CASH AND INVESTMENTS

Table N2-4

Cash, Cash Equivalents and Investment Balances: OPEB Fund (\$000s)

	September 30, 2018	September 30, 2017
Cash and cash equivalents	\$ 64,918	\$ 82,058
Investments:		
Equities	917,390	824,477
Debt securities	437,889	431,993
Commodities	45,468	42,621
Total cash, cash equivalents and investments	\$ 1,465,665	\$ 1,381,149

Deposit and Investment Risks

The District's investments and those of its discretely presented component units are subject to interest rate, credit, custodial credit, concentration of credit and foreign currency risks. The District, including DCRB on behalf of the District Retirement Funds, broadly diversifies the investment of District funds to minimize the risk of large losses, unless under the circumstances, it is clearly prudent not to do so. The OPEB Fund's investments are uninsured and unregistered and are held by the counterparty in the Plan's (or Fund's) name. The types of risks to which the District (including the District Retirement Funds and the OPEB Fund) may be exposed are described as follows:

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

District of Columbia (Excluding Fiduciary Funds)

To mitigate such risk, District policy requires that for investments in: (a) commercial paper, the issuing corporation, or its guarantor have a short-term rating of no less than A-1 (or its equivalent) by at least two credit rating agencies; (b) bankers' acceptances, the short-term paper of the issuer be rated not lower than A-1 or the equivalent by a credit rating agency; (c) municipal obligations be rated in either of the two highest rating categories by a credit rating agency, without regard to gradation; (d) money market mutual funds, the fund be rated AA+ or the equivalent by a credit rating agency; and (e) repurchase agreements, the counterparty has a long-term credit rating of at least AA- or the equivalent, and does not have a "negative outlook" associated with such rating, has been in operation for at least five years, and is reputable among market participants.

District Retirement Funds

Unless specifically authorized otherwise in writing by DCRB, fixed income managers invest retirement

funds in investment grade instruments rated in the top four categories by a recognized statistical rating service.

OPEB Fund

The OPEB investment policy requires that the fixed income portion of the Fund's assets are invested in marketable fixed income securities of BBB- or higher by Standard & Poor's, Baa3 or higher by Moody's, or BBB- or higher by Fitch or a nationally recognized bond rating service as determined at the time of purchase, counting cash and cash equivalents toward such percentage. The average quality of all the Bond holdings in each Investment Manager's portfolio is maintained at A or better.

Custodial Credit Risk

Custodial credit risk is the risk that, given a financial institution's failure, the government will not be able to recover deposits or collateral.

District of Columbia (Excluding Fiduciary Funds)

The District had no custodial credit risk exposure during the fiscal year. All District investments in fiscal year 2018 were collateralized. All collateral for investments is held in the District's name by the Federal Reserve in a custodial account. Any funds not invested at the end of a given day are placed in overnight investments in the District's name.

District Retirement Funds

The District Retirement Funds had no custodial credit risk exposure during fiscal year 2018. Investments controlled by DCRB in fiscal year 2018 were collateralized. Investments held by the custodian on behalf of DCRB were held in an account in the name of DCRB. Funds not invested at the end of a given day were placed in overnight investments in the name of DCRB.

OPEB Fund

The OPEB Fund's investments are generally uninsured, unregistered, and are held by the custodian in the Fund's name.

NOTE 2. CASH AND INVESTMENTS

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

District of Columbia (Excluding Fiduciary Funds)

The District's investment policy does not allow for an investment in any single issuer that is in excess of five percent of the District's total investment portfolio with the following exceptions: U.S. Treasury, 100% maximum; each federal agency, 40% maximum; each repurchase agreement counterparty, 25% maximum; and each money market mutual fund, 25% maximum. As of September 30, 2018, the District was in compliance with this policy.

District Retirement Funds

DCRB's investment guidelines do not permit direct investment in any single issuer in excess of five percent of the value of the portfolio. This excludes U.S. Treasuries, U.S. government-sponsored enterprises and U.S. government agency securities. As of September 30, 2018, DCRB was in compliance with this policy.

OPEB Fund

The OPEB Fund has no significant concentrations of exposure to credit risk. The investment policy provides guidelines to the investment managers regarding maximum issuer holdings and overall portfolio diversification.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. An investment with a longer maturity will generally have greater sensitivity to fair value changes that are related to market interest rates.

District of Columbia (Excluding Fiduciary Funds)

As a means of limiting its exposure to fair value losses resulting from rising interest rates, the District's investment policy limits the District's portfolio to specific maturities. The District's authorized investments and maturity limits as detailed in the District's investment policy are presented in **Table N2-5**.

Table N2-5
District's Investment Maturities and Limits

Type of Investment	Maturity	Maximum Investment
U.S. treasury obligations	Five years	100%
Federal agency obligations	Five years	100%
Repurchase agreements	90 days or less	100%
Commercial paper	180 days or less	30%
Bankers' acceptances	270 days or less	40%
Municipal obligations	Five years	20%
Federally insured or collateralized certificates of deposit	Not applicable	30%
Money market mutual funds	Not applicable	100%
Bank deposits	Not applicable	100%

District Retirement Funds

DCRB monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. As a general rule, the risk and return of DCRB's fixed income segment of the portfolio is compared to the Barclays Capital U.S. Universal Index. To mitigate interest rate risk, the fixed income segment is expected to maintain a weighted average duration (sensitivity to interest rate changes) within +/-2 (two) years of the duration of this Index.

OPEB Fund

The OPEB Fund addresses interest rate risk by diversifying investment manager selection. Those managers are tasked with managing risks within the scope of their mandate. The Fund also uses an independent consultant to examine how sensitive the fixed income portfolios' underlying assets are to movement in interest rates, and to recommend any appropriate investment manager changes.

NOTE 2. CASH AND INVESTMENTS

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

District of Columbia (Excluding Fiduciary Funds)

As of September 30, 2018, the District had no exposure to foreign currency risk.

District Retirement Funds

As a general policy of DCRB, investment managers with authority to invest in securities denominated in a foreign currency may reduce exposure to currency risk by systematically hedging foreign currency positions back to U.S. dollars through the forward currency markets. Because the forward exchange rate is seldom equal to the spot exchange rate, forward hedging gains and losses may arise. At the end of fiscal year 2018, the District Retirement Funds held investments that were denominated in a currency other than the United States dollar, as presented in Table N2-6.

Table N2-6
District Retirement Funds' Investments Denominated in Foreign Currency (\$000s)

Foreign currency	Cash	Private Equity	Total
Canadian dollar	\$ -	\$ 6,036	\$ 6,036
British sterling	-	8,371	8,371
Swiss franc	-	109	109
Euro	199	58,084	58,283
Total foreign currency	\$ 199	\$ 72,600	\$ 72,799

OPEB Fund

The OPEB Fund does not have a formal policy for limiting its exposure to changes in exchange rates.

Table N2-7 presents the OPEB Fund's investments

that were denominated in a currency other than the United States dollar.

Table N2-7
OPEB Fund Investments Denominated in Foreign Currency (\$000s)

International securities	Short Term and Cash	Convertible and Fixed Income	Total
Argentine peso	\$ 21	\$ 495	\$ 516
Australian dollar	(14)	1,847	1,833
Brazilian real	(72)	1,573	1,501
British pound sterling	46	4,224	4,270
Canadian dollar	83	12,050	12,133
Colombian peso	(19)	-	(19)
Euro	430	60,756	61,186
Indian rupee	4	-	4
Japanese yen	430	31,736	32,166
Malaysian ringgit	1,174	1,515	2,689
Mexican peso	(56)	1,886	1,830
New Israeli shekel	13	-	13
New Taiwan dollar	(17)	-	(17)
New Zealand dollar	85	353	438
Norwegian krone	19	(1)	18
Singapore dollar	9	1,125	1,134
South Korean won	(8)	-	(8)
Swedish krona	23	-	23
Uruguayan peso	2	-	2
Total foreign currency	\$ 2,153	\$ 117,559	\$ 119,712

NOTE 2. CASH AND INVESTMENTS

Fair Value of Investments

The District (including the District Retirement Funds and the OPEB Fund) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GAAP established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

The three levels are defined as follows:

- Level 1 - Observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or

liability, either directly or indirectly (for example, quoted prices for similar assets or liabilities in active markets).

- Level 3 - Unobservable inputs (including the District's own assumptions in determining the fair value of investments).

An asset or a liability categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

District of Columbia Investments (Excluding Fiduciary Funds)

The District's investments measured at fair value as of September 30, 2018, are presented in **Table N2-8** in accordance with the GASB Statement No. 72 valuation hierarchy.

Table N2-8
District's Investments Measured at Fair Value Excluding Fiduciary Funds (\$000s)

	September 30, 2018	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Exchange traded funds:				
U.S. government bond fund	\$ 389	\$ 389	\$ -	\$ -
International equity funds	327	327	-	-
U.S. equity funds	365	365	-	-
Corporate bond funds	330	330	-	-
High yield bond funds	45	45	-	-
Commodity funds	67	67	-	-
Total exchange traded funds	1,523	1,523	-	-
Non-exchange traded funds:				
U.S. equity securities	164	164	-	-
Mortgage-backed securities	5,294	-	5,294	-
Repurchase agreements	11,155	-	11,155	-
Guaranteed investment contracts	2,147	-	-	2,147
Total non-exchange traded funds	18,760	164	16,449	2,147
Total	\$ 20,283	\$ 1,687	\$ 16,449	\$ 2,147

Exchange traded funds (ETFs)

An exchange traded fund is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. The District has invested in ETFs within the asset classes noted in **Table N2-8**. ETF shares are traded on a national stock exchange and at market prices that may or may not be the same as the net asset value (NAV) of the shares. ETFs trade throughout the trading day and market price fluctuates throughout the trading day. An ETF market price is generally maintained close to the ETF's end-of-day NAV because of the arbitrage function inherent to the structure of the ETF. These funds are classified as Level 1 in the fair value hierarchy.

U.S. equity securities

U.S. equity securities are valued using prices quoted in active markets. These securities are classified as Level 1 in the fair value hierarchy as presented in **Table N2-8**.

Mortgage-backed securities

Mortgage-backed securities are valued using quoted market prices, recent market transactions and spread data for similar instruments. The values of these assets were determined using a Level 2 measurement as presented in **Table N2-8**.

NOTE 2. CASH AND INVESTMENTS

Repurchase agreements

The fair values of repurchase agreements are determined using quantitative models, including discounted cash flow models that require the use of multiple market inputs, including interest rates and spreads to generate continuous yield or pricing curves, and volatility factors. The majority of market inputs is actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. The valuation of repurchase agreements is classified as Level 2 in **Table N2-8**.

Guaranteed investment contracts

Guaranteed investment contracts are valued at fair value by discounting the related cash flows based on

current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. The determination of fair value includes certain unobservable inputs assessed through review of contract terms (for example, duration or payout date) while others are substantiated utilizing available market data. These fair value amounts were determined by using Level 3 measurement as presented in **Table N2-8**.

District Retirement Funds Investments

Table N2-9 presents the District Retirement Funds' investments measured at fair value as of September 30, 2018, in accordance with the GASB Statement No. 72 valuation hierarchy.

Table N2-9
Investments Measured at Fair Value: District Retirement Funds (\$000s)

	September 30, 2018	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Domestic equity	\$ 312,850	\$ 297,016	\$ 15,834	\$ -
Fixed income	265,651	-	265,651	-
Private equity	49,056	49,056	-	-
Total investments by fair value level	627,557	\$ 346,072	\$ 281,485	\$ -
Investments measured at the net asset value (NAV)				
Domestic equity	1,896,422			
International equity	2,149,344			
Fixed income	2,284,134			
Real assets	693,111			
Private equity	493,667			
Total investments measured at the net asset value (NAV)	7,516,678			
Total investments measured at fair value	\$ 8,144,235			

Equity securities

Equity securities classified in Level 1 of the fair value hierarchy are valued at the last sale price or official close price as of the close of trading on the applicable exchange where the security principally trades. Some of the equity securities that are valued at prices provided by independent pricing vendors are classified in Level 2 of the fair value hierarchy.

Fixed income securities

Fixed income securities classified in Level 2 of the fair value hierarchy are valued at prices provided by independent pricing vendors. The vendors provide these prices after evaluating observable inputs, including, but not limited to: quoted prices for similar securities, the mean between the last reported bid and ask prices (or the last bid price in the absence of an asked price), yield curves, yield spreads, credit ratings, deal terms, tranche level attributes, default rates, cash flows, prepayment speeds, broker/dealer quotations, inflation and reported trades.

Additional information about the nature of investments measured at the net asset value per share is presented in **Table N2-10**.

NOTE 2. CASH AND INVESTMENTS

Table N2-10

Investments Measured at the Net Asset Value (NAV): District Retirement Funds (\$000s)

	September 30, 2018	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at the NAV				
Domestic equity	\$ 1,896,422	\$ -	Daily	None
International equity	2,149,344	-	3 times per month, Monthly	2-5 days
Fixed income	2,284,134	-	Daily, Monthly	3-30 days
Real assets	693,111	389,696	None	N/A
Private equity	493,667	508,997	None	N/A
Total investments measured at the NAV	\$ 7,516,678	\$ 898,693		

Domestic and international equities

DCRB has investments in three funds with a domestic focus and five funds with an international focus, in which the equity securities maintain some level of market exposure; however, the level of market exposure may vary through time.

Fixed income

DCRB has investments in six funds, including corporate bonds, and U.S. Treasury obligations, with redemption notifications not greater than 30 days.

Real assets and private equity

DCRB has made commitments to purchase partnership interests in private equity and real estate funds as part of its long-term asset allocation plan for private markets. The unfunded commitments totaled \$898,693, as of September 30, 2018, as presented

in **Table N2-10**. This represents global investments in 38 real asset (real estate) and 32 private equity funds.

In general, investments in the private markets program are illiquid and redemptions are structurally limited over the life of the investment. The private equity program spans a range of underlying strategies, including buyouts, growth equity/venture, private debt, secondaries and fund-of-funds. The real asset program includes investments in a broad range of real estate strategies (i.e., core, value-added, opportunistic), infrastructure and natural resources funds.

OPEB Fund Investments

Table N2-11 presents the OPEB Fund's investments measured at fair value as of September 30, 2018, in accordance with the GASB Statement No. 72 valuation hierarchy.

NOTE 2. CASH AND INVESTMENTS

Table N2-11

Investments and Derivative Instruments Measured at Fair Value: OPEB Fund (\$000s)

	September 30, 2018	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities				
U.S. equities (by Industry)				
Industrials	\$ 113,475	\$ 113,475	\$ -	\$ -
Consumer retail	111,291	111,291	-	-
Information technology	104,768	104,768	-	-
Financial institutions	96,348	96,348	-	-
Healthcare	92,275	92,275	-	-
International equities (by Industry)				
Consumer retail	24,030	24,030	-	-
Financial institutions	1,972	1,972	-	-
Industrials	6,938	6,938	-	-
Real estate investment trust securities	12,414	12,414	-	-
Healthcare	3,971	3,971	-	-
Total equity securities	<u>567,482</u>	<u>567,482</u>	<u>-</u>	<u>-</u>
Debt securities				
U.S. government issues	85,304	-	85,304	-
Corporate bonds	57,459	-	57,459	-
Mortgage-backed securities	248	-	248	-
Credit card/automotive receivables	13,296	-	13,296	-
U.S. state and local government bonds	4,615	-	4,615	-
Mutual funds	30,775	30,775	-	-
Other international government bonds	3,024	-	3,024	-
International government issues	95,733	-	95,537	196
International corporate bonds	35,001	-	35,001	-
Total debt securities	<u>325,455</u>	<u>30,775</u>	<u>294,484</u>	<u>196</u>
Commodity investments				
Gresham commodities fund	45,468	-	-	45,468
Total commodity investments	<u>45,468</u>	<u>-</u>	<u>-</u>	<u>45,468</u>
Total investments by fair value level	<u>\$ 938,405</u>	<u>\$ 598,257</u>	<u>\$ 294,484</u>	<u>\$ 45,664</u>
Investments measured at the Net Asset Value (NAV)				
SSgA Emerging Market Index Fund	\$ 95,864			
SSgA Russell 2000 Index Fund	93,249			
SSgA U.S. Aggregate Bond Index Fund	80,185			
Baillie Gifford International Growth Equity	90,399			
Artisan International Value Equity	70,396			
BlueBay Emerging Market Bond	32,249			
Total investments measured at the NAV	<u>462,342</u>			
Total investments measured at fair value	<u>\$ 1,400,747</u>			
Investment derivative instruments				
Interest rate swaps	\$ (77)	\$ -	\$ (77)	\$ -
Credit defaults swaps	(645)	-	(645)	-
Foreign exchange forwards	(900)	-	(900)	-
Total investment derivative instruments	<u>\$ (1,622)</u>	<u>\$ -</u>	<u>\$ (1,622)</u>	<u>\$ -</u>

NOTE 2. CASH AND INVESTMENTS

Investments Measured at Fair Value

The following provides a summary of OPEB Fund's investments measured at fair value as presented in **Table N2-11**.

Equity securities and mutual funds

These investments are classified as Level 1 of the fair value hierarchy, and are valued using prices quoted in active markets for those securities. The mutual funds held in equities are deemed to be actively traded, and support classification of the fair value measurement as Level 1 in the fair value hierarchy.

Real estate investment trust securities

These investments are classified as Level 1 of the fair value hierarchy because they are actively traded securities. These investments were classified as Level 3 in the prior year.

Debt securities

These investments are classified as Level 2 of the fair value hierarchy and are valued using market pricing and other observable market inputs for similar securities from a number of data providers, standard in the industry; or a broker quote in a non-active market. Collateralized auto loan securities, which are included in Collateralized Debt Obligations, are classified as Level 2; and are valued using consensus pricing. The mutual funds held in bonds are classified as Level 1.

Commodities fund

The investment objective of the fund is to provide a partial price hedge with an attractive risk/return profile, as compared to other products using a commodity index or a pool of commodities. Partial or complete redemption may be made, upon five days

prior written notice, on the last business day of each calendar month or at such times and on such terms as the General Partner of the fund may, in his/her sole discretion, allow. The valuation techniques and inputs categorization within the valuation hierarchy is based upon Level 3; and uses the income approach, where the advisor considers a list of factors to determine whether there has been significant decrease in relation to normal market activity.

Investment derivative instruments

OPEB's derivative financial instruments are valued by a third-party investment fund manager, based on prevailing market data derived from proprietary models, and are carried at fair value. The Fund had three types of off-balance sheet derivative financial instruments outstanding. These derivative instruments are financial contracts, the values of which depend on the value of one or more underlying assets, or reference rates or financial indices, which dictate the rate of change of output with respect to the financial contracts. The financial instruments' categorization within the valuation hierarchy is based upon Level 2.

Investments measured at the NAV

This investment category consists of six funds that include funds or products that employ dynamic trading strategies aimed at achieving absolute returns. Certain investment funds do not redeem shares on a daily basis. The funds have varying restrictions on liquidity and transferability. The fair values of the investments in this type have been determined, using the NAV per share of the investments. Additional information about the nature of investments measured at the net asset value per share is presented in **Table N2-12**.

Table N2-12**Investments Measured at the Net Asset Value (NAV): OPEB Fund (\$000s)**

	September 30, 2018	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at the NAV				
SSgA Emerging Market Index Fund	\$ 95,864	\$ -	Monthly	5 days
SSgA Russell 2000 Index Fund	93,249	-	Daily	N/A
SSgA U.S. Aggregate Bond Index Fund	80,185	-	Daily	N/A
Baillie Gifford International Growth Equity	90,399	-	Monthly	5 days
Artisan International Value Equity	70,396	-	Monthly	5 days
BlueBay Emerging Market Bond	32,249	-	Monthly	30 days
Total investments measured at the NAV	\$ 462,342	\$ -		

NOTE 2. CASH AND INVESTMENTS

SSgA Emerging Market Index Fund

The fund is managed using a “passive” or “indexing” investment approach, by which SSgA attempts to match, before expenses, the performance of the MSCI Emerging Markets Index, which is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. Equity securities held by the fund may be denominated in foreign currencies and may be held outside the United States. In some cases, it may not be possible or practicable to purchase all the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio.

SSgA Russell 2000 Index Fund

The fund is managed using a “passive” or “indexing” investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the equity securities comprising the Index, in approximately the same proportions as they are represented in the Index. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. The strategy may purchase securities in their initial public offerings (“IPOs”). In some cases, it may not be possible or practicable to purchase all the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question.

SSgA U.S. Aggregate Bond Index Fund

The fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Aggregate Bond Index (the “Index”) over the long term. The fund is managed using a “passive” or “indexing” investment approach, by which SSgA attempts to replicate, before expenses, the performance of the Index. The fund may attempt to invest in the securities comprising the Index in the same proportions as they are represented in the Index. However, due to the large number of

securities in the Index and the fact that many of the securities comprising the Index may be unavailable for purchase, it may not be possible for the fund to purchase some of the securities comprising the Index.

Baillie Gifford International Growth Equity

The fund is designed to pursue long-term capital appreciation by investing in high-quality, attractively valued, non-U.S. growth companies of all market capitalizations. Their investment process is based on a highly analytical research-driven process, and builds portfolios from the bottom-up. The strategy invests primarily in developed markets, but also may invest up to 20% of the Fund’s net assets at market value, at the time of purchase, in emerging markets. Currency hedging is used for defensive purposes, and are only used under certain conditions.

Artisan International Value Equity

This fund seeks to invest in undervalued companies that are generating high returns on capital, are financially strong and are managed by people who are working to build value over time. The fund’s investment team seeks to invest in companies with histories of generating strong, free cash flow, improving returns on capital and strong competitive positions in their industries. The team also believes that investing in companies with strong balance sheets helps to reduce the potential for capital risk and provides company management the ability to build value when attractive opportunities are available.

BlueBay Emerging Market Bond

This fund invests predominantly in fixed income securities issued by emerging market countries or issuers based in such countries. The fund seeks to generate excess returns via superior country and issue selection through an in-depth country and security selections process focusing on value in external credit spreads, local currencies and local interest rates. Particular emphasis is given to avoiding deteriorating credits and one-off currency devaluations. The fund has a focus on absolute returns, both their long-only and alternative strategies use short exposures (either directly or via credit derivatives) as one of a number of techniques designed to deliver absolute-style returns. There is a strong emphasis on capital preservation and the use of credit derivatives helps to maximize portfolio efficiency and potentially minimize risk.

NOTE 2. CASH AND INVESTMENTS

Derivative Instruments

Derivative instruments are generally defined as contracts, the value of which depends on or derives from the value of an underlying asset, reference rate or index. Some structured financial instruments are also defined as derivatives, such as mortgage-backed securities, asset-backed securities, and floating rate notes. Other common types of derivatives used by

governments include: interest rate and commodity swaps, interest rate locks, and forward contracts.

Table N2-13 presents the fair value balances and notional amounts of the District's derivative instruments outstanding as of September 30, 2018, classified by type, and the changes in fair value of such derivative instruments for the year then ended.

Table N2-13
District's Derivative Instruments Outstanding as of September 30, 2018 (\$000s)

	Changes in Fair Value		Fair Value at September 30, 2018		Notional
	Classification	Amount	Classification	Amount	
Governmental Activities:					
Cash flow hedges:					
Floating to fixed interest rate swaps:					
2016C (formerly Series 2002-2008C, then 2014B) Swap*	Deferred outflows	\$ 12,576	Swap	\$ (19,328)	\$ 224,300
2007 AWC Swap	Deferred outflows	1,639	Swap	(1,523)	37,905
2004B Swap	Deferred outflows	204	Swap	(180)	9,460
Derivative instrument liabilities, at end of year				\$ (21,031)	
Floating to floating interest rate swaps:					
2001C/D Basis Swap	Investment revenue	\$ 196	Swap	\$ 359	\$ 130,960
Derivative instrument assets, at end of year				\$ 359	

Note:

* Combines two interest rate swap transactions

District of Columbia (Excluding Fiduciary Funds)

The District is a party to five interest rate swap agreements recorded in the financial statements in accordance with GAAP, which requires all derivatives to be reported in the statement of net position at fair value, and all hedges must be tested for effectiveness to qualify for hedge accounting. Depending on the test results, the change in fair value is either reported in the statement of net position, or in the statement of activities. The District retained an independent party to perform the required tests and valuation under GASB Statement No. 53 and GASB Statement No. 72 on these five swaps.

The expected swap cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. The income approach

is then used to obtain the fair value of the swaps, where future amounts (the expected swap cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows, and time value of money. Where applicable under the income approach, the option pricing model technique, such as the Black-Derman-Toy model, or other appropriate option pricing model is used. The observability of inputs used to perform the measurement results in the swap fair values being categorized as Level 2.

Objectives and Terms of Hedging Derivative Instruments

Table N2-14 presents the objectives and terms of the District's hedging derivative instruments outstanding as of September 30, 2018, along with the credit rating of the associated counterparty.

NOTE 2. CASH AND INVESTMENTS

Table N2-14
Objectives and Terms of the District's Hedging Derivative Instruments Outstanding as of September 30, 2018 (\$000s)

Type	Objectives	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-Fixed Interest Rate Swaps:						
2016C Swap (formerly Series 2002-2008C, then 2014B) *	Hedge of changes in cash flows on the Series 2016C Bonds (formerly 2014B Bonds)	\$ 224,300	11/13/2002	6/1/2027	Pay fixed rate of 3.62%; receive 67% of 1-month LIBOR	A3/BBB+/A
2007 AWC Swap	Hedge of changes in cash flows on the Series 2007 AWC PILOT Revenue Bonds	37,905	9/20/2007	12/1/2021	Pay fixed rate of 4.46%; receive the rate that matches the rate paid on the underlying bonds (SIFMA) plus 0.70%	Aa2/A+/AA-
2004B Swap	Hedge of changes in cash flows on the Series 2004B General Obligation Bonds	9,460	12/8/2004	6/1/2020	Pay fixed rate of 5.12%; receive the rate that matches the rate on the underlying bonds (Muni CPI Index)	A3/A-/AA-
Pay Floating Basis Swaps:						
2001C/D Basis Swap	Reduces basis risk by providing for a closer match between the underlying variable rate bonds and the variable rate swap receipts from the counterparty	130,960	6/2/2003	6/1/2029	Pay 67% of LIBOR; receive variable rate as a percentage of the actual LIBOR reset each month ranging from 60% to 90% of LIBOR	Aa3/A+/AA

Note:

* Combines two interest rate swap transactions

Risks

Credit Risk

The mark-to-market values of the interest rate swaps represent the District's obligation to the respective counterparties if the swap agreements were terminated. The District is exposed to credit risk when hedging derivative instruments have positive mark-to-market values (or are in asset positions). To minimize its exposure to loss related to credit risk, the District diversified its counterparties and as such, has a different counterparty for each of its outstanding swaps. The credit ratings of each of the counterparties as of September 30, 2018, were as presented in **Table N2-14**.

As of September 30, 2018, the District was not exposed to credit risk because each of the hedging derivative instruments had a negative mark-to-market value, all totaling \$21,125. However, should interest rates change and the mark-to-market value of any of the swaps become positive, the District would be exposed to credit risk in the amount of the derivative's mark-to-market value. The negative mark-to-market value represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. In each of the District's swap agreements, the payments are netted against the obligations within each swap. As such,

if the District is owed any payment due to an event of default by the counterparty that payment can be netted against any outstanding obligations within that specific swap agreement.

Interest Rate Risk

The District is exposed to interest rate risk on its interest rate swaps. As LIBOR or the SIFMA swap index decreases, the District's net payment on its pay-fixed, receive variable interest rate swaps increases. As of September 30, 2018, the fair value of the investment in derivative instruments subject to interest rate risk was \$359.

The District entered into a floating-to-floating rate swap in connection with its \$214,155 Multimodal General Obligation Bonds, Series 2001C and its \$69,715 Multimodal General Obligation Refunding Bonds, Series 2001D (2001C/D Swap). As of September 30, 2018, the notional amount of the 2001C/D Swap was \$130,960. The District pays the counterparty 67% of LIBOR, and the counterparty pays the District a variable rate as a percentage of the actual LIBOR reset each month. The original swap agreement was executed on December 6, 2001, and the District

NOTE 2. CASH AND INVESTMENTS

entered into an enhanced swap agreement on June 2, 2003. The 2001C/D swap matures in June 2029. As of September 30, 2018, this interest rate swap had a fair value of \$359.

Basis Risk

Basis risk is the risk that the interest rate paid by the District on underlying variable rate bonds to bondholders differs from the variable swap rate received from the applicable counterparty. The District has mitigated its basis risk on all of its hedges by ensuring a match between the variable rates paid on the hedged variable rate bonds and the variable rates received on the swaps. The interest paid on the Series 2016C Bonds is based on a percentage of LIBOR as is the variable swap rate received. The interest paid on the Series 2007 AWC Bonds is tax-exempt and the swap variable rate received is based on SIFMA Swap Index which is tax-exempt as well. The interest paid on the Series 2004B Bonds is based on the Muni CPI Index as is the variable swap rate received from the associated swaps. Consequently, as of September 30, 2018, the District had no exposure to basis risk.

Termination Risk

The District or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the associated contract. The District is exposed to termination risks on its pay-fixed interest rate swap agreements, which incorporate the International Swap Dealers Association (ISDA) Master Agreement. The ISDA Master Agreement includes standard termination events. Accordingly, an interest rate swap may be terminated if a counterparty or its Credit Support Provider, or the District has one or more outstanding issues of rated unsecured, unenhanced senior debt and none of such issues has a rating of at least: (i) BAA3 or higher as determined by Moody's Investors Service, Inc.; (ii) BBB-, or higher as determined by Standard & Poor's Ratings Service; or (iii) an equivalent investment grade rating determined by a nationally recognized rating service acceptable to both parties.

If at the time of termination, a hedging derivative instrument is in a liability position, the District would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements, as applicable.

Rollover Risk

The District is exposed to rollover risk when the derivative instruments that are hedged of a debt mature prior to the maturity date of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the District will be re-exposed to the risks being hedged by the hedging derivative instruments. In order to mitigate this risk, the District matches the maturity of each

fixed to floating rate swap with the maturity date of the underlying bonds. The District was not exposed to rollover risk during fiscal year 2018.

District of Columbia Fiduciary Funds

District of Columbia Retirement Funds' Derivatives

The District's Retirement Funds, in accordance with the policies of the District of Columbia Retirement Board (DCRB) and through the District's Retirement Funds' investment managers who have full discretion over investment decisions, may invest in various derivative instruments either to increase potential earnings or to hedge against potential losses.

The District's Retirement Funds may also hold derivative instruments indirectly by participating in pooled, commingled, or short-term funds that hold derivatives. There were no derivative holdings as of September 30, 2018.

Additional information regarding the Retirement Funds' practices regarding derivative holdings is presented in the Funds' separately issued audited financial statements which may be obtained from:

District of Columbia Retirement Board

900 7th Street, N.W.

Washington, DC 20001

Website: <https://dcrb.dc.gov>

Other Postemployment Benefits Fund's Derivatives

In accordance with OPEB Fund's investment policies, the OPEB Fund regularly invests in derivative financial instruments with off-balance-sheet risk in the normal course of its investing activities, in order to enhance return on investment and manage exposure to certain risks within the funds. Derivative instruments are financial contracts, the values of which depend on the value of one or more underlying assets, reference rates, or financial indices. During fiscal year 2018, OPEB Fund invested directly in forward currency contracts.

As of September 30, 2018, OPEB had two types of off-balance-sheet derivative financial instruments outstanding: swaps, and forwards. The interest rate swaps and credit default swaps are used to hedge interest rate and credit exposure risks. Currency forwards represent foreign exchange contracts, and are used to effect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies, against fluctuations in the exchange rates of those currencies; or to gain exposure to the change in market value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over the counter lies

NOTE 2. CASH AND INVESTMENTS

with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates.

All of OPEB's derivative instruments include provisions that require OPEB to post collateral in the event its credit rating falls below "AA" as issued by Standard & Poor's, or "Aa" as issued by Moody's Investors Services. The collateral posted is to be in the form of U.S. Treasury funds in the amount of the fair value hedging derivative instruments in liability positions, net of the effect of applicable netting arrangements. If OPEB does not post collateral, the hedging derivative instrument may be terminated by the counterparty. If the collateral posting requirements were triggered, OPEB would be required to post the aggregate fair

value in collateral to its counterparties. The District has an "Aaa" rating; therefore, no collateral has been required to be posted as of September 30, 2018. The net unrealized loss on foreign currency spot and forward contracts for the years ended September 30, 2018, was \$902. **Table N2-15** presents a list of the OPEB Fund's derivatives aggregated by type as of September 30, 2018.

Additional information regarding the OPEB Fund's derivative holdings is presented in the Fund's separately issued audited financial statements which may be obtained from:

Office of Finance and Treasury
1101 4th Street, S.W., Suite 800 W
Washington, DC 20024

Table N2-15
Derivative Investments Aggregated by Type: OPEB (\$000s)

Type of Derivative	Changes in Fair Value		Fair Value at September 30, 2018		Notional
	Classification	Amount	Classification	Amount	
Credit default swaps bought	Investment revenue	\$ (30)	Swaps	\$ 121	\$ 3,490
Credit default swaps written	Investment revenue	102	Swaps	(766)	28,480
Fixed income futures long	Investment revenue	(615)	Futures	-	112,789
Fixed income futures short	Investment revenue	360	Futures	-	(38,041)
Fixed income futures bought	Investment revenue	(9)	Options	-	-
Foreign exchange forwards	Investment revenue	(897)	Forwards	(900)	102,341
Pay fixed interest rate swaps	Investment revenue	470	Swaps	65	28,480
Receive fixed interest rate swaps	Investment revenue	(129)	Swaps	(142)	143,650
Total		\$ (748)		\$ (1,622)	

C. SECURITIES LENDING

Consistent with District statutes and DCRB policies, the District Retirement Funds may participate in securities lending transactions. When entering into such transactions, the District Retirement Funds are to rely upon a Securities Lending Authorization

Agreement, which authorizes the master custodian to lend the Funds' securities to qualified broker-dealers and banks pursuant to a loan agreement. During fiscal year 2018, the District Retirement Funds did not participate in any security lending transactions.

NOTE 3. RESTRICTED ASSETS

As of September 30, 2018, restricted assets of the primary government, component units, and fiduciary funds totaled \$13,244,604 as summarized in **Table N3-1**.

Table N3-1
Summary of Restricted Assets (\$000s)

	Governmental Funds/Governmental Activities					Total
	General	Federal & Private Resources	Housing Production Trust Fund	General Capital Improvements	Nonmajor Funds	
Bond escrow accounts	\$ 520,693	\$ -	\$ -	\$ -	\$ -	\$ 520,693
Capital projects	-	-	-	50,147	58,134	108,281
Emergency cash reserves	139,835	-	-	-	-	139,835
Contingency cash reserves	279,669	-	-	-	-	279,669
Other	79,583	124,474	162,122	-	247,246	613,425
Total	\$ 1,019,780	\$ 124,474	\$ 162,122	\$ 50,147	\$ 305,380	\$ 1,661,903

	Proprietary Funds/Business-Type Activities			Fiduciary Funds	Component Units
	Lottery & Games	Unemployment Compensation	Total		
Bond escrow accounts	\$ -	\$ -	\$ -	\$ -	\$ 230,157
Unpaid prizes	1,547	-	1,547	-	-
University endowment	-	-	-	-	29,251
Benefits	-	481,740	481,740	10,386,769	-
Purpose restrictions	-	-	-	-	453,237
Total	\$ 1,547	\$ 481,740	\$ 483,287	\$ 10,386,769	\$ 712,645

Note:

The Not-for-Profit Hospital is a proprietary fund and in the fiscal year 2018 there were no restricted assets.

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

A. RECEIVABLES

Receivables are valued at their estimated collectible amounts. These receivables are presented in various funds as shown in **Table N4-1**.

Table N4-1
Receivables (\$000s)

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Lottery & Games	Unemployment Compensation	Not-for- Profit Hospital Corporation	Fiduciary Funds
Gross Receivables:									
Taxes	\$ 459,640	\$ -	\$ -	\$ -	\$ 3,122	\$ -	\$ -	\$ -	\$ -
Accounts and other	383,514	9,324	328	1,258	36,826	3,905	35,752	34,933	16,666
Federal	350	362,297	-	68,581	-	-	786	-	1,622
Total gross receivables	843,504	371,621	328	69,839	39,948	3,905	36,538	34,933	18,288
Less: allowance for doubtful accounts	132,259	-	-	-	-	25	23,911	12,026	-
Total net receivables	\$ 711,245	\$ 371,621	\$ 328	\$ 69,839	\$ 39,948	\$ 3,880	\$ 12,627	\$ 22,907	\$ 18,288

B. INTERFUND TRANSFERS

Other than the transfers between the proprietary funds (the Lottery and Charitable Games and the Not-for-Profit Hospital Corporation) and the General Fund, which are reported on the Statement of Activities, all other interfund transfers are eliminated in the government-wide financial statements. **Table N4-2** shows a summary of interfund transfers for the fiscal year ended September 30, 2018.

Table N4-2
Summary of Interfund Transfers (\$000s)

Transfer From (Out)	Transfer To (In)	Purpose	Amount
General Fund	Highway Trust Fund	Motor fuel taxes dedicated to the Highway Trust Fund	\$ 26,268
Lottery and Games	General Fund	DC Lottery excess revenues, after operating costs	49,500
General Fund	Capital Improvements Fund	PAYGO - Projects financed by the General Fund	77,701
General Fund	Capital Improvements Fund	PAYGO - Capital Projects financed by Local Transportation Fund	45,327
Capital Improvements Fund	General Fund	Unspent Capital PAYGO transferred back to the General Fund	53,057
PILOT Special Revenue Fund	General Fund	Excess collections above PILOT debt service requirements	2,000
Tax Increment Financing Fund	General Fund	Excess collections above TIF debt service requirements	9,563
Federal and Private Resources Fund	General Fund	Revenues generated from indirect cost recovery	500
Baseball Special Revenue Fund	Baseball Debt Service Fund	Funds for baseball debt service payments	66,319
General Fund	Housing Production Trust Fund	Funds for housing projects and services	12,516
General Fund	Not-For-Profit Hospital	Operating Subsidies	28,593
Capital Improvements Fund	Not-For-Profit Hospital	Capital Subsidies	8,827
Total interfund transfers			\$ 380,171

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES**C. RECEIVABLES AND PAYABLES BETWEEN FUNDS AND COMPONENT UNITS**

Due to/Due from and interfund receivable and payable balances for each fund and individual component unit as of September 30, 2018, are shown in **Table N4-3**. All interfund balances within the governmental funds are eliminated in the government-wide financial statements.

Table N4-3
Summary of Due To / Due From and Interfund Balances (\$000s)

Fund or Component Unit	Primary government / Component units		Interfund	
	Receivables	Payables	Receivables	Payables
Major funds				
General	\$ 2,222	\$ 15,339	\$ 634,245	\$ 18,828
Federal & private resources	-	609	24,166	193,362
Housing production trust	-	-	4,947	-
General capital improvements	-	3,086	-	426,695
Nonmajor funds				
Tax increment financing	1,000	1,054	3,409	5,083
PILOT special revenue	-	-	1,601	2,000
Baseball special revenue	665	-	1,730	-
Proprietary funds				
Unemployment compensation	-	-	420	24,543
Not-for-profit hospital corporation	-	-	-	7
Component unit				
Health benefit exchange authority	-	1,499	-	-
Washington convention and sports authority	13,344	2,329	-	-
Housing finance agency	1,546	-	-	-
University of the District of Columbia	5,198	59	-	-
Total	\$ 23,975	\$ 23,975	\$ 670,518	\$ 670,518

Note:

The above balances represent the impact of transactions among the funds and component units, which will be settled during fiscal year 2019.

NOTE 5. CAPITAL ASSETS

CAPITAL OUTLAYS

Capital outlays reported in the General Capital Improvements and Highway Trust Funds totaled \$1,445,192 during the fiscal year ended September 30, 2018. As construction progresses, capital expenditures which meet the criteria to be capitalized as set forth in **Note 1L**, are capitalized as Construction

in Progress (CIP) in the governmental activities column of the government-wide financial statements. Upon completion of the project, all project costs are transferred from CIP into the appropriate "in-service" capital asset account.

A. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS BY CLASS

Table N5-1 presents the changes in the governmental activities capital assets by class for the primary government.

Table N5-1
Changes in Capital Assets by Asset Class: Governmental Activities (\$000s)

Asset Class	Balance October 1, 2017	Additions	Transfers	Dispositions	CIP Transfers In (Out)	Balance September 30, 2018
Non-depreciable:						
Land	\$ 964,016	\$ -	\$ -	\$ (341)	\$ 15	\$ 963,690
Construction in progress	1,273,123	1,180,764	-	-	(1,059,397)	1,394,490
Total non-depreciable	2,237,139	1,180,764	-	(341)	(1,059,382)	2,358,180
Depreciable:						
Infrastructure	6,474,174	-	-	-	233,004	6,707,178
Buildings	8,810,207	-	-	(118)	771,665	9,581,754
Equipment	1,810,615	17,011	-	(33,873)	54,713	1,848,466
Total depreciable	17,094,996	17,011	-	(33,991)	1,059,382	18,137,398
Less accumulated depreciation for:						
Infrastructure	(2,820,786)	(171,984)	-	-	-	(2,992,770)
Buildings	(2,121,811)	(179,907)	-	19	-	(2,301,699)
Equipment	(1,369,169)	(101,784)	-	32,504	-	(1,438,449)
Total accumulated depreciation	(6,311,766)	(453,675)	-	32,523	-	(6,732,918)
Total depreciable, net	10,783,230	(436,664)	-	(1,468)	1,059,382	11,404,480
Net governmental activities capital assets	\$ 13,020,369	\$ 744,100	\$ -	\$ (1,809)	\$ -	\$ 13,762,660

B. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS BY FUNCTION

Table N5-2 presents the changes in the governmental activities capital assets by function for the primary government.

Table N5-2
Changes in Capital Assets by Function: Governmental Activities (\$000s)

Function	Balance October 1, 2017	Additions	Transfers	Dispositions	CIP Transfers In (Out)	Balance September 30, 2018
Governmental direction and support	\$ 2,590,684	\$ 235	\$ 185,901	\$ (2,048)	\$ 136,397	\$ 2,911,169
Economic development and regulation	606,735	2,317	-	(1,082)	27,771	635,741
Public safety and justice	1,204,734	10,362	-	(8,796)	46,221	1,252,521
Public education system	4,656,632	3,542	-	(9,263)	554,407	5,205,318
Human support services	1,686,581	217	(185,901)	(1,486)	49,128	1,548,539
Public works	7,313,646	338	-	(11,657)	245,473	7,547,800
Construction in progress	1,273,123	1,180,764	-	-	(1,059,397)	1,394,490
Total	\$ 19,332,135	\$ 1,197,775	\$ -	\$ (34,332)	\$ -	\$ 20,495,578

NOTE 5. CAPITAL ASSETS

C. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS ACCUMULATED DEPRECIATION BY FUNCTION

A summary of changes in governmental activities capital assets' accumulated depreciation by function for the primary government is shown in **Table N5-3**.

Table N5-3**Changes in Accumulated Depreciation by Function: Governmental Activities (\$000s)**

Function	Balance October 1, 2017	Additions	Transfers	Dispositions	Balance September 30, 2018
Governmental direction and support	\$ 1,103,402	\$ 53,599	\$ 86,413	\$ (1,824)	\$ 1,241,590
Economic development and regulation	56,090	7,186	-	(597)	62,679
Public safety and justice	525,010	51,428	-	(8,184)	568,254
Public education system	975,392	106,220	-	(8,828)	1,072,784
Human support services	478,088	39,801	(86,413)	(1,478)	429,998
Public works	3,173,784	195,441	-	(11,612)	3,357,613
Total	\$ 6,311,766	\$ 453,675	\$ -	\$ (32,523)	\$ 6,732,918

D. BUSINESS-TYPE ACTIVITIES: CAPITAL ASSETS

Business-type activities capital assets are presented in **Table N5-4**.

Table N5-4**Changes in Capital Assets by Asset Class: Business-Type Activities (\$000s)**

Asset Class	Balance October 1, 2017	Additions	Transfers/ Dispositions	Balance September 30, 2018
Non-depreciable:				
Land	\$ 8,100	\$ -	\$ -	\$ 8,100
Construction in progress	8,262	417	(8,262)	417
Total non-depreciable	16,362	417	(8,262)	8,517
Depreciable:				
Buildings and improvements	66,816	94	8,262	75,172
Equipment	48,967	4,078	-	53,045
Total depreciable	115,783	4,172	8,262	128,217
Less accumulated depreciation for:				
Buildings and improvements	(20,485)	(5,319)	-	(25,804)
Equipment	(31,923)	(6,538)	-	(38,461)
Total accumulated depreciation	(52,408)	(11,857)	-	(64,265)
Total depreciable, net	63,375	(7,685)	8,262	63,952
Net capital assets	\$ 79,737	\$ (7,268)	\$ -	\$ 72,469

NOTE 5. CAPITAL ASSETS

E. DISCRETELY PRESENTED COMPONENT UNITS: CAPITAL ASSETS

A summary of capital assets for the discretely presented component units is shown in **Tables N5-5** and **N5-6**.

Table N5-5
Changes in Capital Assets by Asset Class: Discretely Presented Component Units (\$000s)

Asset Class	Balance October 1, 2017	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2018
Non-depreciable:					
Land	\$ 12,814	\$ -	\$ -	\$ -	\$ 12,814
Artwork	3,183	-	-	-	3,183
Construction in progress	21,035	66,730	-	(9,657)	78,108
Total non-depreciable	<u>37,032</u>	<u>66,730</u>	<u>-</u>	<u>(9,657)</u>	<u>94,105</u>
Depreciable:					
Buildings and improvements	1,261,603	8,485	-	9,657	1,279,745
Equipment	175,252	16,535	-	-	191,787
Total depreciable	<u>1,436,855</u>	<u>25,020</u>	<u>-</u>	<u>9,657</u>	<u>1,471,532</u>
Less accumulated depreciation for:					
Buildings and improvements	(587,049)	(41,858)	-	-	(628,907)
Equipment	(68,272)	(17,152)	-	-	(85,424)
Total accumulated depreciation	<u>(655,321)</u>	<u>(59,010)</u>	<u>-</u>	<u>-</u>	<u>(714,331)</u>
Total depreciable, net	<u>781,534</u>	<u>(33,990)</u>	<u>-</u>	<u>9,657</u>	<u>757,201</u>
Net capital assets	<u>\$ 818,566</u>	<u>\$ 32,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,306</u>

NOTE 5. CAPITAL ASSETS

F. CONSTRUCTION IN PROGRESS

Construction in progress by function for governmental activities capital assets is shown in **Table N5-7**.

Table N5-7
Changes in Construction in Progress by Function (\$000s)

Function and Sub-function	Balance October 1, 2017	Additions/ Adjustments	CIP Transfers / Dispositions	Balance September 30, 2018
Primary government				
Governmental direction and support				
Finance	\$ 39,362	\$ 11,068	\$ -	\$ 50,430
Legislative	2,976	866	(231)	3,611
Administrative	145,170	52,475	(137,314)	60,331
Executive	1,106	67	(176)	997
Total	188,614	64,476	(137,721)	115,369
Economic development and regulation				
Community development	70,595	71,915	(27,771)	114,739
Economic regulation	-	1,304	-	1,304
Employment services	1,559	(1,559)	-	-
Total	72,154	71,660	(27,771)	116,043
Public safety and justice				
Police	5,833	9,489	(7,593)	7,729
Fire	11,147	22,321	(29,559)	3,909
Corrections	6,800	1,506	(7,542)	764
Protection	229	509	(738)	-
Total	24,009	33,825	(45,432)	12,402
Public education system				
Schools	311,806	358,593	(523,229)	147,170
Culture	50,356	65,687	(31,179)	84,864
Total	362,162	424,280	(554,408)	232,034
Human support services				
Health and welfare	38,787	83,296	(18,941)	103,142
Recreation	39,234	32,057	(29,651)	41,640
Human relations	-	72	-	72
Total	78,021	115,425	(48,592)	144,854
Public works				
Environmental	548,163	471,098	(245,473)	773,788
Total	548,163	471,098	(245,473)	773,788
Total Construction in Progress	\$ 1,273,123	\$ 1,180,764	\$ (1,059,397)	\$ 1,394,490

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

This section discloses financing programs through which limited obligations and other similar debt instruments are administered in support of third parties. Such obligations and debt instruments provide capital financing for third parties that are not part of the District's reporting entity. The District has no obligation for these debts and instruments beyond the repayment of resources provided by the associated third party or the remittance of incremental revenues collected.

A. INDUSTRIAL REVENUE BOND PROGRAM

The District has issued, under its Industrial Revenue Bond Program, private activity bonds for which the principal and interest are payable solely from defined revenues of private entities, including non-profit and for-profit organizations. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. Organizations participating in the Industrial Revenue Bond Program are allowed to borrow at the prevailing municipal bond rate. These private activity bonds provide economic incentive to construct, modernize or enhance private entity facilities in the District, thereby supporting the District's economic base. As of September 30, 2018, the aggregate outstanding principal amount for these conduit debt obligations was approximately \$5 billion. Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2018.

B. ENTERPRISE ZONE FACILITY BONDS

Since January 1, 1998, businesses located in the District of Columbia Enterprise Zone have been eligible to obtain up to \$15 million of tax-exempt financing. Similar to Industrial Revenue Bonds, the

principal and interest are payable solely from defined revenues of private entities, including non-profit and for-profit organizations. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. As of September 30, 2018, the aggregate outstanding principal amount for Enterprise Zone Facility Bonds was \$12.7 million. Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2018.

C. TAX INCREMENT FINANCING (TIF) NOTES

Tax increment financing (TIF) is an economic development tool used to facilitate the financing of business investment activities within a locality. The main source of repayment of the TIF Notes is the incremental sales and/or real property tax revenues from the associated project or TIF area; therefore, the District has no obligation to make any payments on the TIF Notes other than through the remittance of the incremental revenues to the paying agent. TIF Notes are not obligations of the District and are not included as long-term liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2018.

Downtown Retail Priority Area (Forever 21)

Since March 2006, the Mayor has executed several TIF Notes under the Downtown Retail Priority Area Program; most of which were fully repaid over the years. The Forever 21 TIF Note remained outstanding as of September 30, 2018.

Table N6-1 presents the original loan amount of the Downtown Retail Priority Area TIF Note which remained outstanding as of September 30, 2018.

Table N6-1
Downtown Retail Priority Area TIF Note (\$000s)

Issuance Date	Description	Amount	Terms / Other Comments
February 2011	Forever 21 TIF Note	\$ 4,985	Matures on February 1, 2021; Interest Rate: 6.00%

Capital One Arena

In December 2007, the District issued \$50,000 in taxable financing notes to finance upgrades at the Capital One Arena (also known as Verizon Center). The Series 2007A Note was issued in the amount of \$43,570 at a fixed interest rate of 6.73% and matures on August 15, 2047. The Series 2007B Note was issued in the amount of \$6,430 at a fixed interest rate of 6.58% with a maturity date of August 15, 2027. These Notes are a special limited obligation of the District and are secured by a portion of the taxes on certain on-site personal property, services and public ticket sales at the Capital One Arena. In the event such taxes are not sufficient, the Notes are further secured by incremental tax revenues from the Downtown TIF

Area, which are subordinate to the pledge of such revenues to the TIF Bonds that were issued to finance the Mandarin Oriental Hotel.

Great Streets Retail Priority Areas

In September 2009, the Mayor executed the first Great Streets TIF, the Georgia Avenue Retail Project Great Streets Initiative TIF Note, Series 2009, in the amount of approximately \$1,935. The interest rate on the Note is 5.00%. The Note has a maturity date of June 1, 2035.

In May 2011, the Mayor executed the Howard Theatre TIF Note in the amount of \$4,000. The interest rate on the Note is 6.50%, and the Note has a maturity date of May 26, 2021.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

D. PAYMENT IN LIEU OF TAXES REVENUE NOTES

The District issues Payment in Lieu of Taxes Revenue Notes pursuant to the provisions of the District of Columbia Home Rule Act (D.C. Code § 1-201.01, et seq), the Payment in Lieu of Taxes Act of 2004 (D.C. Code § 1-308.01, et seq. (2001 ED.)), collectively referred to as the "PILOT Act", and the Payment in Lieu of Taxes Revenue Bonds Southeast Federal Center Approval Resolution of 2006, to assist project developers with financing, refinancing or reimbursing certain development costs. These PILOT Revenue Notes are non-recourse to the District and do not constitute a pledge of or involve the full faith and credit or taxing power of the District. Accordingly, such Notes are not obligations of the District and are not reported as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2018.

Table N6-2 presents a summary of the original amounts of the PILOT Revenue Notes.

Southeast Federal Center PILOT Program (Foundry Lofts Project)

In August 2010, the Mayor executed the first PILOT Note under the Southeast Federal Center PILOT Program, for the Foundry Lofts Project. The Note, in the amount of \$5,660, bears interest at 5.16% and will mature on January 1, 2038. The Note is to be repaid from PILOT revenues from the project. If such PILOT revenues are insufficient to pay the principal and interest on the Note when due, the payment shortfall will not constitute a default. However, if the PILOT revenues are sufficient to pay the principal and interest on the Note when due, the District must pay the amount of any previous shortfall(s) to the Development Sponsor without any penalty interest or premium thereon.

Rhode Island PILOT Note

In August 2011, the Mayor executed a revised PILOT Revenue Note for the Rhode Island Metro Plaza Project, in the amount of \$7,200. The Note will mature on September 30, 2032 and has an interest rate of 5.78%. The Note is to be repaid from PILOT revenues from the Rhode Island PILOT Area.

Table N6-2
PILOT Revenue Notes (\$000s)

Issuance Date	Description	Amount	Terms / Other Comments
August 2010	Foundry Lofts Project, Series 2010	\$ 5,660	Matures on January 1, 2038; interest rate: 5.16%
August 2011	Rhode Island Metro Plaza Project, Series 2010	7,200	Matures on September 30, 2032; interest rate: 5.78%

E. GROUND LEASE AGREEMENT RELATED TO THE WASHINGTON CONVENTION CENTER HEADQUARTERS HOTEL

Pursuant to an agreement dated October 26, 2010, the District and the Washington Convention and Sports Authority (WCSA), as landlords, leased land to HQ Hotel, LLC (tenant) for a period of 97 years in connection with the development and operation of a convention center hotel. The lease payments are structured to repay the District and WCSA for their costs of acquiring the land and structures for the hotel. All lease payments are dedicated to the repayment of the WCSA bonds that were issued to support the hotel. The land is to be continuously used for the operation of the hotel, including any associated ancillary uses and amenities.

Under the agreement, HQ Hotel, LLC is to pay rent to the District and WCSA as follows:

- Lease payments to the District began on June 1, 2017. Over the lease period, HQ Hotel, LLC is to pay the District the net present value of \$69.7 million, which shall be paid in advance in monthly installments, consistent with the basic lease payment schedule established for each year of the lease. As of September 30, 2018, the monthly installments were \$280,939 (not in thousands). The installment will increase to \$291,990 (not in thousands) in June 2019.
- Lease payments to WCSA began on October 1, 2014. Over the lease period, HQ Hotel, LLC is to pay WCSA the net present value of \$30.5 million, which shall be paid in advance in monthly installments, consistent with the basic lease payment schedule established for each year of the lease. As of September 30, 2018, the monthly installment was \$209,439 (not in thousands). This installment increased to \$215,723 (not in thousands) on October 1, 2018.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

F. NONEXCHANGE FINANCIAL GUARANTEES**Credit Enhancement Facility Agreements**

The District, through its Office of the State Superintendent for Education (OSSE), Office of Public Charter School Financing and Support, provides enhanced credit, lease guarantees, and access to financial assistance to eligible public charter schools for the acquisition, renovation, and/or construction of school facilities. As of September 30, 2018, the total outstanding guaranteed amount under credit enhancement facility agreements was \$7,080.

In the event that a public charter school defaults on its monetary obligations associated with its credit enhancement facility agreement, the District (OSSE)

may at its sole discretion, cure the default on the school's behalf. Provisions are included in each credit enhancement facility agreement for the school to repay the District for any amounts paid on its behalf or associated costs incurred in fulfilling the guarantee.

During fiscal year 2018, the District did not make any payments related to the credit enhancement facility agreements. In addition, based on an assessment of relevant qualitative factors, there is no indication that it is "more likely than not" that the District will be required to make payments in connection with these outstanding guarantees; therefore, as of September 30, 2018, no liability has been recorded in connection with these agreements.

Table N6-3 presents additional information regarding these guarantees.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Table N6-3
Summary of OSSE Credit Enhancement Facility Agreements (\$000s)

School	Type of Obligation Guaranteed	Beneficiary	Guarantee Amount	Effective Date	Termination Terms/Date	Outstanding Amount at September 30, 2018
Mundo Verde Bilingual Public Charter School	Guarantee of collection to induce United Bank to purchase the revenue bonds issued to finance a portion of the school's costs of acquiring and renovating Cook Elementary School	United Bank	\$ 1,000	1/14/2014	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, note, and deed of trust, or (2) on the fifth anniversary of the date of execution of the guarantee	\$ 1,000
Charter School Incubator Initiative	Guarantee to facilitate funding for the costs of renovation and construction of the property located at 500 19th Street, NE, Washington, DC	United Bank	1,000	10/28/2015	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, or (2) on the fifteenth business day after the fifth anniversary of the date of execution of the guarantee	1,000
Two Rivers Public Charter School	Guarantee to support the refinancing of construction costs of the Charles E. Young School Property	SunTrust Bank	1,000	12/11/2015	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, or (2) on the fifteenth business day after the fifth anniversary of the date of execution of the guarantee	1,000
Paul Public Charter School	Guarantee to refinance certain debt and to finance the renovation and construction costs of the property located at 5800 8th Street, NW, Washington, DC	Eagle Bank	1,000	6/21/2017	Five years from the date of the credit enhancement closing	1,000
Washington Global Public Charter School	Guarantee to facilitate funding for the costs of renovation and construction of the property located at 525 School Street, SW, Washington, DC	United Bank	900	10/20/2017	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, or (2) on the fifteenth business day after the fifth anniversary of the date of execution of the guarantee	900
District of Columbia International School	Guarantee to finance renovation and construction costs of the property located at 6900 Georgia Avenue, NW, Washington, DC	City First Enterprises, Inc.	830	12/15/2017	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, or (2) on the fifth anniversary of the date of execution of the guarantee	830
Statesmen College Preparatory Academy	Guarantee to finance the use of a portion of the premises located at 4250 Massachusetts Avenue, SE, Washington, DC	Rocketship Education DC, Public Charter School, Inc.	350	8/20/2018	Earlier of: (1) the payment in full of all amounts owed to the lender under the credit enhancement agreement, or (2) on the first anniversary of the date of execution of the guarantee	350
Montessori Public Charter School	Guarantee to finance leasehold improvements and renovation costs of the property located at 6856 Eastern Avenue, NW, Washington, DC	City First Bank of DC, N.A.	1,000	9/12/2018	Earlier of: (1) the payment in full of all amounts owed to the lender under the credit enhancement agreement, or (2) on the fifth anniversary of the date of execution of the guarantee	1,000
Total Outstanding Guaranteed Amount						\$ 7,080

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Incremental Tax Revenue from Downtown TIF Area

The District secures the TIF Notes for certain projects by pledging to use a portion of the incremental tax revenues from the District's Downtown TIF area, if necessary.

Table N6-4 presents the projects, the TIF arrangements, and the estimate of future outflows as of September 30, 2018, under each TIF.

Table N6-4

Projects with Financial Guarantee Funded by Incremental Tax Revenues from Downtown TIF Area (\$000s)

Project	Type of Financing	Date Issued	Maturity Date	Amount	Estimate of Future Outflows at September 30, 2018*
Capital One Arena	TIF Notes	December 2007	8/15/2047	\$ 50,000	\$ 3,481
Howard Theatre	TIF Notes	May 2011	5/26/2021	4,000	350
				Total	\$ 3,831

Note:

* Release of incremental taxes related to the specific project

District of Columbia Collateral Support Program

Pursuant to the Small Business Jobs Act of 2010 (Public Law 111-240), the District sponsors the District of Columbia Collateral Support Program (DCCSP), a Small Business Credit Initiative, which is funded by the U.S. Department of Treasury and administered by the Department of Insurance, Securities and Banking (DISB). The DCCSP provides capital to small businesses with insufficient collateral for a loan by depositing cash collateral with lenders. In turn, the lenders extend loans to eligible businesses that otherwise might not qualify for such loans due to a collateral value shortfall. Participating lenders including federally chartered banks, insured credit unions and community financial institutions are required to sign a participation agreement with DISB. Eligible borrowers must obtain Certified Business Certification, a designation granted by the District Department of Small and Local Business Development, and also meet the DCCSP eligibility requirements. The DCCSP allows small businesses to use the loan proceeds to purchase equipment and inventory, fund expansion and renovation costs, start-up costs, leasehold improvements and refinancing, and fulfill other approved business needs.

Unless an extension is granted by DISB, at the maturity date of the term loan, or the termination date of the line of credit, the security interest granted by

the cash collateral deposit agreement is automatically terminated and all funds and other investment property representing the cash collateral are to be disbursed to DISB. In the event that the borrower defaults on its monetary obligations associated with the cash collateral deposit agreement, the participating lender may apply up to 100 percent of the cash collateral to the remaining default principal balance. Provisions are included in each cash collateral deposit agreement for the lender to first pursue and exhaust all applicable collection efforts prior to drawing from the cash collateral account associated with the DCCSP.

During fiscal year 2018, the District did not make any payments related to the District of Columbia Collateral Support Program. In addition, based on an assessment of relevant qualitative factors, there is no indication that it is "more likely than not" that the District will be required to make payments in connection with these outstanding guarantees; therefore, as of September 30, 2018, no liability has been recorded in connection with these cash collateral deposit agreements. As of September 30, 2018, the total outstanding guaranteed amount under the cash collateral agreements by DCCSP was \$4,289.

Table N6-5 presents additional information regarding these guarantees.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Table N6-5
District of Columbia Collateral Support Program Financial Guarantees (\$000s)

Borrower	Type of Financing	Guarantee Amount	Effective Date	Lender	Termination/ Maturity Date	Outstanding Amount at September 30, 2018
Broughton Construction Company, LLC	Line of Credit	\$ 750	4/1/2013	Industrial Bank	3/1/2019	\$ 630
Forney Enterprises, Inc.	Line of Credit	500	4/15/2013	Industrial Bank	3/1/2019	474
Absolute Builders	Term Loan	72	7/1/2014	United Bank	7/1/2019	47
Baked by Yael, LLC	Term Loan	188	9/15/2014	Revere Bank	6/15/2025	165
Big City Foods III, LLC	Term Loan	120	9/24/2014	Industrial Bank	9/3/2019	33
Joon Hokim, Inc.	Term Loan	139	9/29/2014	Premara Bank	10/5/2019	134
Savage and Associates Law Group, PC	Line of Credit	125	4/13/2015	United Bank	Ongoing	125
Ivy and Coney, LLC	Term Loan	100	4/15/2015	Revere Bank	4/15/2020	82
Elite Physical Therapy & Wellness Center, Inc.	Term Loan and Line of Credit	61	4/27/2015	Industrial Bank	4/27/2019	27
Baked by Yael, LLC	Term Loan	25	6/8/2015	Revere Bank	6/8/2025	25
First Choice Masonry, Inc.	Line of Credit	982	8/13/2015	United Bank	3/1/2019	982
Union Kitchen, LLC	Line of Credit	75	10/23/2015	Revere Bank	3/1/2019	75
Hot Yoga Ivy City, LLC	Term Loan	66	11/9/2015	Washington Area Community Investment, Inc.	11/9/2020	42
Solar Solution, LLC	Line of Credit	1,250	6/10/2016	First National Bank	3/1/2019	832
SwatchRoom, LLC	Line of Credit	150	6/20/2016	Colombo Bank	3/1/2019	150
Union Kitchen, LLC	Line of Credit	275	6/22/2016	Revere Bank	3/1/2019	275
David's Stars Child Development Center, Inc.	Term Loan	25	9/6/2016	Latino Economic Development Corporation	11/15/2021	25
Ice Cream Jubilee, LLC	Term Loan	75	9/6/2016	Revere Bank	9/30/2022	75
VOW Transportation, LLC	Term Loan	21	2/28/2017	City First Bank of DC	9/1/2020	16
Lydia's House in South East	Line of Credit	75	4/3/2017	Industrial Bank	3/1/2019	75
Total Outstanding Guaranteed Amount						\$ 4,289

NOTE 7. LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES

Table N7-1 presents long-term liabilities for the District's governmental activities and the business-type activities for the year ended September 30, 2018.

Table N7-1

Summary of Long-Term Liabilities Outstanding as of September 30, 2018 (\$000s)

GOVERNMENTAL ACTIVITIES	Outstanding
General obligation (GO) bonds:	
Series 1998B, issued on April 16, 1998, in the amount of \$451,635, to refund the District's General Obligation Bonds (Series 1991A, 1992B, 1994B, and 1996A) and pay the costs and expenses of delivering the Bonds; final maturity date: June 1, 2026; interest rates ranging from 4.50% to 6.00%	\$ 28,545
Series 2004B, issued on December 8, 2004, in the amount of \$38,250, to finance a portion of the District's fiscal year 2005 capital improvements plan, and pay the costs and expenses of delivering the Bonds; final maturity date: June 1, 2020; interest rate: MUNI-CPI Rate	9,460
Series 2005B, issued on December 15, 2005, in the amount of \$116,475, to redeem or defease a portion of the District's General Obligation Bonds (Series 1994B, 1997A, 1998A, 1998B and 2001B) and to pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2027; interest rates ranging from 4.00% to 5.25%	465
Series 2007A, issued on June 1, 2007, in the amount of \$576,475, to finance capital project expenditures and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2037; interest rates ranging from 3.00% to 4.75%	21,080
Series 2007B, issued on June 7, 2007, in the amount of \$251,155, to redeem or defease a portion of the District's General Obligation Bonds (Series 2001B, 2003A, 2003B, and 2005A) and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2030; interest rates ranging from 4.50% to 5.25%	73,395
Series 2010A, Build America Bonds, issued on December 22, 2010, in the amount of \$181,330, to finance capital project expenditures and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2023; interest rates ranging from 1.91% to 5.92%	74,985
Series 2013A, issued on December 18, 2013, in the amount of \$495,425, to finance capital project expenditures under the District's capital improvements plan, and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2030; interest rates ranging from 2.00% to 5.00%	399,495
Series 2014C, issued on October 23, 2014, in the amount of \$379,355, to finance capital project expenditures under the District's capital improvements plan and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2038; interest rates ranging from 3.00% to 5.00%	379,155
Series 2014D, issued on October 23, 2014, in the amount of \$136,190, to refund the District's Multimodal General Obligation Refunding Bonds (Series 2008A and 2008D); and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2023; interest rates ranging from 1.00% to 5.00%	103,545
Series 2015A, issued on June 24, 2015, in the amount of \$500,000, to finance capital project expenditures under the District's capital improvements plan; and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2040; interest rates ranging from 4.00% to 5.00%	499,900
Series 2015B, issued on June 24, 2015, in the amount of \$34,190, to refund a portion of the District's General Obligation Refunding Bonds, Series 2005B; and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2027; interest rate: 5.00%	34,190
Series 2016A, issued on June 23, 2016, in the amount of \$431,815, to finance capital project expenditures under the District's capital improvements plan; and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2041; interest rates ranging from 1.75% to 5.00%	430,815
Series 2016B, issued on November 18, 2016, in the amount of \$190,415, of which \$99,985 was to refund the District's Multimodal General Obligation Refunding Bonds Series 2014A; and \$90,160 to refund Income Tax Secured Revenue Refunding Bonds Series 2015A; final maturity date: June 1, 2039; variable rate bonds bearing interest at varying monthly rates (LIBOR Index rate)	185,600
Series 2016C, issued on November 18, 2016, in the amount of \$224,315, to refund the District's Multimodal General Obligation Refunding Bonds Series 2014B; final maturity date: June 1, 2027; variable rate bonds bearing interest at varying monthly rates (LIBOR Index rate)	224,305
Series 2016D, issued on December 20, 2016, in the amount of \$398,910, to finance capital project expenditures under the District's capital improvements plan; and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2041; interest rates ranging from 3.00% to 5.00%	398,910
Series 2016E, issued on December 20, 2016, in the amount of \$190,635, to advance refund a portion of the District's General Obligation Bond Series 2007C and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2033; interest rate: 5.00%	179,870
Series 2017A, issued on June 1, 2017, in the amount of \$563,520, to refund a portion of the District's General Obligation Bonds Series 2007A and General Obligation Refunding Bonds Series 2007B, and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2037; interest rates ranging from 3.00% to 5.00%	563,520
Series 2017B, issued on November 21, 2017, in the amount of \$100,000, to finance capital project expenditures under the District's capital improvement plan, and pay the cost and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2042; interest rates: variable equal to an Adjusted SIFMA Rate (1.56% as of September 30, 2018)	100,000

NOTE 7. LONG-TERM LIABILITIES

Series 2017C, issued on November 21, 2017, in the amount of \$99,935, to refund the District's Income Tax Secured Revenue Refunding Bonds, Series 2011E and Series 2014B; final maturity date: June 1, 2033; interest rates: variable equal to an Adjusted SIFMA Rate (1.56% as of September 30, 2018)	82,480
Series 2017D, issued on December 21, 2017, in the amount of \$521,705, to pay or reimburse the District for capital projects' expenditures under the District's capital improvement plan; and pay the cost and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2042; interest rates ranging from 4.00% to 5.00%	521,705
Series 2018A, issued on August 1, 2018, in the amount of \$214,525, to pay or reimburse the District for capital project expenditures under the District's capital improvement plan; and pay the cost and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2043; interest rate: 5.00%	214,525
Series 2018B, issued on August 1, 2018, in the amount of \$301,160, to refund the District's General Obligation Bonds, Series 2008E and General Obligation Refunding Bonds, Series 2008F; and pay the cost and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2033; interest rates ranging from 3.00% to 5.00%	301,160
Total general obligation bonds	\$ 4,827,105
Qualified zone academy bonds:	
Qualified Zone Academy Bonds, issued on December 28, 2005, in the amount of \$3,191, for traditional public and public charter schools; final maturity date: December 28, 2020 (non-interest bearing)	\$ 532
Qualified Zone Academy Bonds, issued on June 30, 2010, in the amount of \$4,143, for traditional public and public charter schools; final maturity date: December 1, 2024 (non-interest bearing)	1,934
Total qualified zone academy bonds	\$ 2,466
Income tax secured revenue bonds:	
Series 2009A, issued on March 19, 2009, in the amount of \$491,645, to provide funds for capital projects and pay for financing costs; final maturity date: December 1, 2034; interest rates ranging from 4.00% to 5.50%	\$ 393,700
Series 2009B, issued on March 19, 2009, in the amount of \$309,685, to refund the District's Multimodal General Obligation Bonds (Series 2000A, 2000B, 2003C and 2003D) and pay for financing costs; final maturity date: December 1, 2029; interest rates ranging from 4.00% to 5.25%	225,680
Series 2009C, issued on September 3, 2009, in the amount of \$270,455, to refund the District's General Obligation Bonds, Series 1999A and General Obligation Refunding Bonds, Series 1999B, and pay for financing costs; final maturity date: December 1, 2028; interest rates ranging from 3.00% to 5.00%	90,050
Series 2009E, issued on December 22, 2009, in the amount of \$501,290, to provide funds for capital projects, pay for financing costs, and fund capitalized interest on the Bonds; final maturity date: December 1, 2034; interest rates ranging from 4.34% to 5.59%	501,290
Series 2010A, issued on March 25, 2010, in the amount of \$694,300, to refund the District's General Obligation Bonds (Series 1998B, 1999A, 2001B, 2001C, 2001D, 2002D, 2003A, 2003B, 2004A, 2005A, 2007C, 2008E and 2008F) and pay for the financing costs of the Bonds; final maturity date: December 1, 2031; interest rates ranging from 3.00% to 5.00%	675,640
Series 2010D Qualified School Construction Bonds, issued on June 3, 2010, in the amount of \$32,945, to pay for the costs of Qualified School Construction projects and financing cost; final maturity date: December 1, 2026; interest rate: 5.00%	32,945
Series 2010F Build America Bonds, issued on December 22, 2010, in the amount of \$342,615, to pay for costs of capital projects and the costs and expenses of issuing and delivering the Bonds; final maturity date: December 1, 2035; interest rates ranging from 4.71% to 5.58%	342,615
Series 2011A, issued on September 29, 2011, in the amount of \$138,470, to pay for costs of capital projects and the costs and expenses of issuing and delivering the Bonds; final maturity date: December 1, 2036; interest rates ranging from 1.00% to 5.00%	114,265
Series 2011F-G, issued on December 22, 2011, in the amount of \$400,720, to pay for costs of capital projects and costs and expenses of issuing and delivering the Bonds; final maturity date: December 1, 2036; interest rates ranging from 2.00% to 5.00%	345,345
Series 2012A-B, issued on May 16, 2012, in the amount of \$314,110, to refund a portion of the District's General Obligation Refunding Bonds, Series 2002C, and General Obligation Bonds Series 2004A and 2005A; and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: December 1, 2027; interest rates ranging from 2.00% to 5.00%	254,585
Series 2012C-D, issued on November 28, 2012, in the amount of \$775,770, to pay costs associated with capital projects, bond issuance costs, and refund the outstanding PILOT Revenue Bond Anticipation Notes (Arthur Capper/Carrollsburg Public Improvement Issue); final maturity date: December 1, 2037; interest rates ranging from 2.00% to 5.00%	684,115
Series 2014A, issued on September 10, 2014, in the amount of \$155,665, to current refund the District's Certificates of Participation, Series 2003 and to advance refund the District's Certificates of Participation, Series 2006, and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: December 1, 2025; interest rates ranging from 1.00% to 5.00%	116,025
Total income tax secured revenue bonds	\$ 3,776,255
Tobacco settlement asset-backed bonds:	
Series 2001, issued on February 1, 2001, in the amount of \$521,105, to refund and defease certain obligations of the District, to fund the Debt Service Reserve Account at its required amount, and to pay certain costs of issuing the Bonds; final maturity date: May 15, 2040; interest rates ranging from 5.20% to 6.75%	\$ 312,855
Series 2006, issued on August 30, 2006, in the amount of \$248,264, to pay the cash portion of the purchase price for the Residual Tobacco Assets, and pay certain costs of issuing the Bonds; final maturity date: June 15, 2055; interest rates ranging from 6.25% to 7.25%	248,264
Total tobacco settlement asset-backed bonds	\$ 561,119

NOTE 7. LONG-TERM LIABILITIES

Tax increment financing (TIF) bonds:

Mandarin Oriental Hotel Project, Series 2002, issued on April 1, 2002, in the amount of \$45,995, to finance certain development costs of the project, fund the Reserve Account of the Bond Service Fund, fund capitalized interest, and pay the costs of issuing the Bonds; final maturity date: July 1, 2022; interest rate yields ranging from 4.26% to 5.91%	\$ 10,226
City Market at O Street Project, Series 2011, issued on November 17, 2011, in the amount of \$38,650, to provide funds to finance or reimburse certain costs incurred for the acquisition, construction, installation and equipping of a mixed-use project within the City Market at O Street TIF Area, fund capitalized interest, pay certain administrative expenses and certain costs of issuing the Bonds; final maturity date: June 1, 2041; interest rates ranging from 3.00% to 5.13%	37,780
Gallery Place Project, Series 2012, issued on June 21, 2012, in the amount of \$52,365 to refund the Gallery Place Project Tax Increment Revenue Bonds, Series 2002, and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2031; interest rates ranging from 3.00% to 5.00%	40,500
Skyland Town Center Project, Series 2018, issued on May 31, 2018, in the amount of \$17,400, to reimburse Skyland Holdings, LLC and Skyland Associates, Inc. for eligible development costs associated with the phased development of Skyland Town Center; final maturity date: December 1, 2038; interest rate: 3.94%	17,400
Total tax increment financing (TIF) bonds	\$ 105,906

Ballpark revenue bonds:

Series 2006A, issued on May 15, 2006, in the amount of \$154,835 (Taxable) to finance a portion of the cost of construction of the District's baseball stadium; final maturity date: February 1, 2036; interest rates ranging from 5.96% to 6.17%	\$ 146,445
Series 2006B-1, issued on May 15, 2006, in the amount of \$354,965 (Tax-Exempt) to finance a portion of the cost of construction of the District's baseball stadium; final maturity date: February 1, 2036; interest rates ranging from 4.00% to 5.50%	139,035
Total ballpark revenue bonds	\$ 285,480

Federal highway grant anticipation revenue bonds (GARVEE):

Series 2011, issued on February 16, 2011, in the amount of \$82,610, to: (a) finance a portion of the 11th Street Bridge Project, (b) pay certain costs of issuing the Bonds, and (c) fund the Senior Lien Bonds Debt Service Reserve Subaccount; final maturity date: December 1, 2025; interest rates ranging from 2.00% to 5.25%	\$ 51,065
Series 2012, issued on October 10, 2012, in the amount of \$42,935, to: (a) finance Phase II of the 11th Street Bridge Project, and (b) pay costs of issuing the Bonds; final maturity date: December 1, 2027; interest rates ranging from 2.00% to 5.00%	31,555
Total federal highway grant anticipation revenue bonds (GARVEE)	\$ 82,620

Deed tax revenue bonds (Housing production trust fund program):

Series 2007A, issued on May 31, 2007, in the amount of \$34,105, to finance, refinance and reimburse a portion of the costs of redeveloping, constructing, acquiring, furnishing and equipping the Northwest One New Communities Project and pay the costs of issuing the Bonds; final maturity date: June 1, 2037; interest rates ranging from 4.00% to 5.00%	\$ 26,725
Series 2010A-C, issued on August 24, 2010, in the amount of \$53,190 to: (a) finance, refinance and reimburse a portion of the costs of the New Communities Initiatives; (b) satisfy the debt service reserve requirement; and (c) pay costs of issuing the Bonds; final maturity date: June 1, 2040; interest rates ranging from 3.39% to 5.00%	45,440
Series 2012A-B, issued on December 6, 2012, in the amount of \$39,585 to: (a) fund portions of the New Communities Projects; (b) fund a deposit to the Debt Service Reserve Fund; and (c) pay cost of issuing the Bonds; final maturity date: June 1, 2042; interest rates ranging from 3.00% to 5.00%	35,225
Total deed tax revenue bonds (Housing production trust fund program)	\$ 107,390

PILOT revenue bonds and notes:

Anacostia Waterfront Corporation (AWC) PILOT Revenue Bonds, issued on September 20, 2007, in the amount of \$111,550, to finance, refinance and reimburse the AWC for development costs associated with park and infrastructure projects along the Anacostia River waterfront; final maturity date: December 1, 2021; interest rate: 4.46%	\$ 37,905
Southeast Federal Center PILOT Revenue Note (The Yards Project) Series 2014, issued on December 18, 2014, in the amount of \$34,800, to reimburse Forest City SEFC, LLC; final maturity date: December 1, 2037; interest rate: 0.75% of the LIBOR 30-day index plus 1.70%. (Structured as a 5-year interest-only draw-down note, with interest paid on drawn funds and has a mandatory repurchase date of December 18, 2019 when it will be extended or refinanced. Total cumulative draw-downs as of September 30, 2018 is \$24,818).	14,835
Southwest Waterfront Project Revenue Bond (The Wharf Project) Series 2015 issued on September 3, 2015, in the amount of \$145,445, to finance construction of public infrastructure at the Southwest Waterfront (the Wharf); final maturity date: June 1, 2040; interest rates ranging from 2.82% to 5.04%	145,445
Southwest Waterfront Project Revenue Bond (The Wharf Project) Series 2018 issued on August 23, 2018, in the amount of \$27,500, to finance construction of public infrastructure at the Southwest Waterfront (the Wharf); final maturity date: June 1, 2040; interest rate: LIBOR 30-day index plus 0.85%. (Structured as a 5-year interest-only draw-down bond, with interest paid on drawn funds and has a mandatory repurchase date of August 23, 2023, when it will be extended or refinanced. Total cumulative draw-downs as of September 30, 2018 is \$21,513).	21,513
Total PILOT revenue bonds and notes	\$ 219,698
Total bonds and notes	\$ 9,968,039

NOTE 7. LONG-TERM LIABILITIES

Other long-term liabilities:

225 Virginia Avenue lease	\$ 82,633
Premium on long-term debt	771,523
Bond anticipation notes	275,000
Equipment financing program	16,052
Accreted interest	297,686
Long-term tax refunds	143,138
Long-term payroll accrual	1,715
Annual leave	192,724
Disability compensation	108,535
Grant disallowances	11,970
Claims and judgments	153,144
Net pension liabilities	85,761
Total other long-term liabilities	\$ 2,139,881
Total long-term liabilities – governmental activities	\$ 12,107,920

BUSINESS-TYPE ACTIVITIES

Obligation for unpaid prizes	\$ 1,547
Compensated absences	491
Estimated third party settlements	2,816
Malpractice loss reserves	2,416
Total long-term liabilities – business-type activities	\$ 7,270

NOTE 7. LONG-TERM LIABILITIES

B. ANNUAL DEBT SERVICE REQUIREMENT TO MATURITY

Tables N7-2 through N7-17 present annual debt service requirements to maturity for the District's outstanding long-term liabilities as of September 30, 2018.

Table N7-2
General Obligation Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 161,095	\$ 220,728	\$ 381,823
2020	206,275	217,714	423,989
2021	200,515	208,062	408,577
2022	208,635	198,564	407,199
2023	188,145	188,745	376,890
2024-2028	940,125	815,557	1,755,682
2029-2033	1,135,730	585,075	1,720,805
2034-2038	1,179,035	292,074	1,471,109
2039-2043	607,550	59,698	667,248
Total	\$ 4,827,105	\$ 2,786,217	\$ 7,613,322

Table N7-3
Qualified Zone Academy Bonds (QZAB) (\$000s)

Year Ending September 30	Principal
2019	\$ 454
2020	454
2021	454
2022	276
2023	276
2024-2025	552
Total	\$ 2,466

Table N7-4
Income Tax Secured Revenue Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 159,030	\$ 186,052	\$ 345,082
2020	145,470	178,888	324,358
2021	170,485	171,509	341,994
2022	197,410	162,733	360,143
2023	221,770	152,570	374,340
2024-2028	1,246,930	581,954	1,828,884
2029-2033	1,030,115	277,174	1,307,289
2034-2038	605,045	57,006	662,051
Total	\$ 3,776,255	\$ 1,767,886	\$ 5,544,141

Table N7-5
Tobacco Settlement Asset-Backed Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 44,560	\$ 20,804	\$ 65,364
2020	28,070	17,908	45,978
2021	30,530	16,083	46,613
2022	31,225	14,099	45,324
2023	32,225	12,047	44,272
2024-2026	146,245	22,769	169,014
2044-2046	159,733	1,697,592	1,857,325
2054-2055	88,531	2,478,469	2,567,000
Total	\$ 561,119	\$ 4,279,771	\$ 4,840,890

Table N7-6
TIF - Gallery Place Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 2,290	\$ 2,025	\$ 4,315
2020	2,400	1,911	4,311
2021	2,520	1,791	4,311
2022	2,645	1,665	4,310
2023	2,780	1,532	4,312
2024-2028	16,125	5,432	21,557
2029-2031	11,740	1,193	12,933
Total	\$ 40,500	\$ 15,549	\$ 56,049

Table N7-7
TIF - Mandarin Oriental Hotel Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 1,544	\$ 2,960	\$ 4,504
2020	1,448	3,057	4,505
2021	2,954	1,555	4,509
2022	4,280	225	4,505
Total	\$ 10,226	\$ 7,797	\$ 18,023

Table N7-8
TIF - City Market at O Street Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 450	\$ 1,851	\$ 2,301
2020	550	1,836	2,386
2021	625	1,817	2,442
2022	725	1,792	2,517
2023	850	1,763	2,613
2024-2028	6,770	8,018	14,788
2029-2033	8,665	6,218	14,883
2034-2038	11,060	3,820	14,880
2039-2041	8,085	843	8,928
Total	\$ 37,780	\$ 27,958	\$ 65,738

Table N7-9
TIF - Skyland Town Center Project (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ -	\$ 688	\$ 688
2020	-	686	686
2021	-	686	686
2022	682	672	1,354
2023	709	644	1,353
2024-2028	3,988	2,771	6,759
2029-2033	4,837	1,907	6,744
2034-2038	5,868	856	6,724
2039	1,316	26	1,342
Total	\$ 17,400	\$ 8,936	\$ 26,336

NOTE 7. LONG-TERM LIABILITIES

Table N7-10
Ballpark Revenue Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 2,635	\$ 15,881	\$ 18,516
2020	3,055	15,708	18,763
2021	3,510	15,507	19,017
2022	3,995	15,276	19,271
2023	4,525	15,014	19,539
2024-2028	102,310	61,577	163,887
2029-2033	121,025	29,029	150,054
2034-2036	44,425	4,255	48,680
Total	\$ 285,480	\$ 172,247	\$ 457,727

Table N7-11
Federal Highway Grant Anticipation Revenue Bonds (GARVEE) (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 7,905	\$ 3,871	\$ 11,776
2020	8,255	3,514	11,769
2021	8,640	3,127	11,767
2022	9,060	2,705	11,765
2023	9,510	2,257	11,767
2024-2028	39,250	4,035	43,285
Total	\$ 82,620	\$ 19,509	\$ 102,129

Table N7-12
Deed Tax Revenue Bonds (Housing Production Trust Fund) (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 2,990	\$ 4,839	\$ 7,829
2020	3,140	4,689	7,829
2021	3,275	4,551	7,826
2022	3,440	4,387	7,827
2023	3,605	4,215	7,820
2024-2028	20,780	18,336	39,116
2029-2033	25,785	13,328	39,113
2034-2038	29,830	7,143	36,973
2039-2042	14,545	1,315	15,860
Total	\$ 107,390	\$ 62,803	\$ 170,193

Table N7-13
PILOT - Anacostia Waterfront Corporation Revenue Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 8,960	\$ 1,594	\$ 10,554
2020	9,360	1,190	10,550
2021	9,685	767	10,452
2022	9,900	221	10,121
Total	\$ 37,905	\$ 3,772	\$ 41,677

Table N7-14
PILOT - The Yards Revenue Note (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ -	\$ 521	\$ 521
2020	14,835	1,472	16,307
Total	\$ 14,835	\$ 1,993	\$ 16,828

Table N7-15
PILOT - Southwest Waterfront Project Revenue Bonds (The Wharf) (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ -	\$ 7,271	\$ 7,271
2020	4,330	7,271	11,601
2021	4,350	7,149	11,499
2022	4,705	7,015	11,720
2023	26,483	6,748	33,231
2024-2028	27,885	28,064	55,949
2029-2033	34,535	21,402	55,937
2034-2038	43,880	12,064	55,944
2039-2040	20,790	1,585	22,375
Total	\$ 166,958	\$ 98,569	\$ 265,527

Table N7-16
225 Virginia Avenue Lease (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 3,813	\$ 5,461	\$ 9,274
2020	4,078	5,195	9,273
2021	4,362	4,911	9,273
2022	4,666	4,608	9,274
2023	4,991	4,283	9,274
2024-2028	30,676	15,692	46,368
2029-2032	30,047	3,955	34,002
Total	\$ 82,633	\$ 44,105	\$ 126,738

Table N7-17
Equipment Financing Program (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 11,614	\$ 230	\$ 11,844
2020	4,438	48	4,486
Total	\$ 16,052	\$ 278	\$ 16,330

NOTE 7. LONG-TERM LIABILITIES

Table N7-18 presents aggregate debt service requirements and net receipts/payments on the associated hedging derivative instruments as of September 30, 2018. These amounts assume that current interest rates on variable rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term.

As these rates vary, interest payments on variable rate bonds and net receipts/payments on the hedging derivative instruments will vary. Information on the District's derivative instruments is presented in Note 2, found on page 91.

Table N7-18
Aggregate Debt Service Requirements and Net Receipts / Payments on Hedging Derivative Instruments (\$000s)

Year Ending September 30	Principal	Interest	Hedging Derivatives, Net	Total
2019	\$ 8,960	\$ 5,583	\$ 5,572	\$ 20,115
2020	43,270	5,380	5,309	53,959
2021	34,860	4,295	4,576	43,731
2022	36,400	3,551	3,777	43,728
2023	27,475	2,898	3,112	33,485
2024-2027	120,700	5,932	6,464	133,096
Total	\$ 271,665	\$ 27,639	\$ 28,810	\$ 328,114

C. LONG-TERM DEBT ACTIVITY DURING FISCAL YEAR

Table N7-19 presents long-term debt activity for the year ended September 30, 2018.

Table N7-19
Long Term Debt Activity (\$000s)

	Balance October 1, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 4,078,160	\$ 1,237,325	\$ (488,380)	\$ 4,827,105	\$ 161,095
QZAB	3,155	-	(689)	2,466	454
Income tax secured revenue bonds	4,030,695	-	(254,440)	3,776,255	159,030
Tobacco settlement asset-backed bonds	583,434	-	(22,315)	561,119	44,560
Tax increment financing bonds	92,686	20,400	(7,180)	105,906	4,284
Ballpark revenue bonds	334,005	-	(48,525)	285,480	2,635
Federal highway grant anticipation revenue bonds (GARVEE)	90,170	-	(7,550)	82,620	7,905
Deed tax revenue bonds (housing production trust fund program)	110,240	-	(2,850)	107,390	2,990
PILOT revenue bonds	205,696	26,001	(11,999)	219,698	8,960
225 Virginia Avenue lease	86,198	-	(3,565)	82,633	3,813
Premium on long-term debt	690,729	163,318	(82,524)	771,523	73,117
Bond anticipation notes	-	275,000	-	275,000	-
Equipment financing program	34,742	-	(18,690)	16,052	11,614
Accreted interest	265,801	31,885	-	297,686	-
Long-term tax refunds	168,241	13,300	(38,403)	143,138	-
Long-term payroll accrual	1,288	427	-	1,715	-
Annual leave	182,472	10,575	(323)	192,724	190,487
Disability compensation	121,186	3,240	(15,891)	108,535	-
Grant disallowances	11,970	-	-	11,970	-
Claims and judgments	121,825	99,777	(68,458)	153,144	-
Net pension liability	89,748	-	(3,987)	85,761	-
Total long-term liabilities	\$ 11,302,441	\$ 1,881,248	\$ (1,075,769)	\$ 12,107,920	\$ 670,944
BUSINESS-TYPE ACTIVITIES					
Obligation for unpaid prizes	\$ 1,939	\$ -	\$ (392)	\$ 1,547	\$ 410
Compensated absences	446	481	(436)	491	33
Capital lease obligations	36	-	(36)	-	-
Estimated third party settlements	4,683	331	(2,198)	2,816	-
Malpractice loss reserves	2,016	400	-	2,416	-
Total long-term liabilities	\$ 9,120	\$ 1,212	\$ (3,062)	\$ 7,270	\$ 443

NOTE 7. LONG-TERM LIABILITIES

New Bond Issuance

General Obligation Bonds

In December 2017, the District issued the \$521,705 Series 2017D General Obligation Bonds. The proceeds of the Series 2017D Bonds were used to finance capital project expenditures under the District's capital improvements plan and pay the costs and expenses of issuing the Bonds. Interest rates on the Series 2017D Bonds range from 4.00% to 5.00%.

In August 2018, the District issued \$214,525 Series 2018A General Obligation Bonds. The proceeds of the Series 2018A Bonds were used to finance capital project expenditures under the District's capital improvements plan and pay the costs and expenses of issuing the Bonds. The interest rate on the Series 2018A Bonds is 5.00%.

The Series 2017D and Series 2018A Bonds are general obligations of the District and as such, the full faith and credit of the District is pledged to the payment of principal and interest on the Bonds when due. The Bonds are further secured by a security interest in the revenue derived from a special real property tax levied annually by the District, without limitation as to rate or amount, in amounts sufficient to pay the principal of and interest on the Bonds and any other outstanding general obligation parity bonds when due.

Tax Increment Financing Debt

In November 2017, the District issued the \$3,000 Series 2017 Tax Increment Revenue Bond (City Market at O Street Phase II Project). The proceeds of the Series 2017 Bond were used to support a mixed-use development project on the site of the historic O Street Market and provide a grant to the development sponsor for costs of the project. The Series 2017 Bond bears interest at 2.35% and was fully repaid in fiscal year 2018.

In May 2018, the District issued the \$17,400 Series 2018 Tax Increment Financing Revenue Note (Skyland Town Center Project). The proceeds of the Series 2018 Note were used to fund eligible development costs associated with the phased development of an approximately 18.5-acre site located in the southeast quadrant of the District known as Skyland Town Center. The Series 2018 Note bears interest at 3.94%.

Southwest Waterfront Project Revenue Bond

In August 2018, the District issued the \$27,500 Series 2018 Southwest Waterfront Project Revenue Bond (The Wharf Project). The proceeds of the Series 2018 Bonds were used to finance construction of public infrastructure at the Southwest Waterfront (the Wharf), a 24-acre mixed use project in Southwest Washington. The interest rate on the Series 2018 Bonds is LIBOR 30-day index plus 0.85%.

Interest Rates on General Obligation Bonds and Income Tax Secured Revenue Bonds

The weighted average interest rate on the District's outstanding fixed-rate bonds was 4.93% in fiscal year 2018. The weighted average interest rate on the District's variable rate bonds for fiscal year 2018 was 1.74%.

Pledged Tax Revenues for Debt Service on Income Tax Secured Revenue Bonds

During fiscal year 2018, the District collected \$2,641,587 in Income and Business Franchise Taxes. Of this amount, \$345,694, or 13.09%, was held in a restricted bond escrow account in the General Fund for the payment of debt service on outstanding Income Tax Secured Revenue Bonds in fiscal year 2019. The anticipated debt service amount for fiscal year 2019 is \$345,082. Therefore, total available tax revenues collected, set aside and held in escrow in the General Fund in fiscal year 2018 fulfil the total anticipated Income Tax Secured Revenue Bonds debt service obligation for fiscal year 2019 as presented in **Table N7-20**:

Table N7-20
Debt Service Coverage Ratio
Income Tax Secured Revenue Bonds (\$000s)

Available Tax Revenues Collected in FY 2018		
Individual income	\$	2,066,842
Business franchise		574,745
Total	\$	2,641,587
Amount held in escrow for FY 2019		
debt service	(a)	345,694
FY 2019 debt service amount	(b)	345,082
Rate of coverage (c)=(a)/(b)		100%

In fiscal year 2018, debt service on the Income Tax Secured Revenue Bonds totaled \$348,040. The debt service coverage ratio was 7.59 to 1: Total available taxes of \$2,641,587, divided by FY 2018 debt service of \$348,040.

Refunding and Bond Defeasances

In November 2017, the District issued \$99,935 Series 2017C Multimodal General Obligation Refunding Bonds (remarketed variable rate bonds). The Series 2017C Bonds were issued to current refund/remarket Series 2011E and 2014B, Adjusted SIFMA Rate, Income Tax Secured Revenue Refunding Bonds. The District completed this transaction to establish a new mandatory tender date (December 2022) with the 2017C Bonds replacing the prior amortization schedules of the Series 2011E and 2014B Income Tax Secured Revenue Bonds. In this situation, the refunding/remarketing of the original variable rate bonds with new variable rate bonds at the time of refunding produced no economic gain or loss as well as no estimated aggregate difference in debt service.

NOTE 7. LONG-TERM LIABILITIES

In August 2018, the District issued \$301,160 Series 2018B General Obligation Refunding Bonds. The proceeds of the bonds were used to current refund the District's Series 2008E and 2008F General Obligation Bonds outstanding. The current refunding produced an aggregate difference in debt service of \$64,245 and an economic gain of \$54,052.

Redemption: Ballpark Revenue Bonds

In fiscal year 2018, the District paid \$46,280 of principal on the outstanding Series 2006B-1 Ballpark Revenue Bonds prior to their scheduled maturity. The additional payments were made from surplus revenues dedicated to the payment of Ballpark Revenue Bonds.

General Obligation Direct Purchase Bond Program

Direct purchase bonds are placed directly with a financial institution. This method of sale may be

used in lieu of a public offering through a negotiated or competitive transaction. In November 2017, the District issued \$100,000 in Multimodal General Obligation Bonds, Series 2017B.

Proceeds of the Bonds were used to pay for capital project expenditures under the District's capital improvements plan. The Series 2017B Bonds were issued in the SIFMA Index Mode as authorized under the Tenth Supplemental Indenture by and between the District of Columbia and Wells Fargo Bank, N.A., as trustee dated as of November 1, 2017. The interest on the bonds is payable monthly on the first business day of each month, commencing December 1, 2017.

The Series 2017B Bonds and 2017C Bonds previously discussed in the refunding and bond defeasances section, were purchased by RBC Municipal Products, LLC and the final initial index rate mandatory repurchase date is December 1, 2022 for both bonds.

Table N7-21 provides an overview for each of the direct purchase obligation refundings.

Table N7-21
General Obligation Direct Purchase Bonds (\$000s)

Series	Par Outstanding	Final Maturity	Reset Mode/ Payment Frequency	Direct Purchase Bank	Direct Purchase Agreement Date	Direct Purchase Expiration Date
2016B	\$ 190,145	6/1/2039	LIBOR Reset / Monthly Pay	Bank of America, N.A.	11/18/2016	11/12/2021
2016C	224,310	6/1/2039	LIBOR Reset / Monthly Pay	Bank of America, N.A.	11/18/2016	11/12/2021
2017B	100,000	6/1/2042	SIFMA Reset / Monthly Pay	RBC Capital Markets, LLC	11/21/2017	12/1/2022
2017C	99,935	6/1/2033	SIFMA Reset / Monthly Pay	RBC Capital Markets, LLC	11/21/2017	12/1/2022
Total	\$ 614,390					

D. OTHER LONG-TERM LIABILITIES**Bond Anticipation Notes**

The District uses Bond Anticipation Notes (BANs) to provide interim financing for capital project expenditures. District statute stipulates that BANs are to be paid or refinanced with long-term debt, no later than the last day of the third fiscal year following the fiscal year of issuance.

In December 2017, the District established a revolving credit facility with U.S. Bank National Association (US Bank). The facility allows the District to draw up to a maximum principal amount of \$200,000 in the form of general obligation bond anticipation notes (Notes) held by U.S. Bank. Interest is due on principal drawn monthly, based on a spread to the LIBOR index. In fiscal year 2018, the District placed \$200,000 of the Notes with U.S. Bank. The outstanding principal will be paid with proceeds from the issuance of long-term bonds on or before the expiration of the facility in March 2021.

In June of 2018, the District established a direct pay letter of credit with Industrial and Commercial Bank of China Limited. The letter of credit supports the District's issuance, up to a maximum principal amount

of \$300,000, of general obligation commercial paper bond anticipation notes (CP Notes). From time to time the District issues CP Notes maturing between one and 270 days. Interest on outstanding CP Notes is paid at maturity and principal is paid with newly issued CP Notes, referred to as a rollover, or with proceeds from the issuance of long-term bonds. In fiscal year 2018, the District issued \$75,000 of CP Notes. Principal on all outstanding CP Notes will be paid on or before the expiration of the letter of credit in September 2021.

Equipment Financing Program

The District began its Master Equipment Lease Purchase Program in 1998 as a means of providing tax-exempt financing for assets with short-term to intermediate-term useful lives. Beginning in fiscal year 2018, these assets were financed through Bond Anticipation Notes.

As of September 30, 2018, the program's outstanding principal totaled \$16,052. Payments are made on a quarterly basis. The average interest rate used to finance equipment through this program from inception was 3.93%. The final payment associated with the Equipment Lease Purchase Program is due on September 25, 2020.

NOTE 7. LONG-TERM LIABILITIES

Obligation for Unpaid Prizes

The Office of Lottery and Charitable Games (the Lottery) is a member of the Multi-State Lottery Association (MUSL), which is responsible for payments to Lotto-America and Powerball winners. MUSL is responsible for providing cash to the Lottery for funding these installment payments.

As of September 30, 2018, MUSL purchased for the Lottery, U.S. government securities totaling \$1,610 to fund future installment payments to winners. The fair market value of these securities as of September 30, 2018, was \$1,547. The Lottery has reflected the fair market value of the securities as restricted investments and as corresponding obligations for unpaid prizes on the statement of net position.

E. COMPONENT UNITS

Washington Convention and Sports Authority (WCSA)

On September 28, 1998, WCSA issued \$524,500 in Senior Lien Dedicated Tax Revenue Refunding Bonds (Series 1998A bonds) to finance the construction of a new Washington Convention Center.

On February 1, 2007, WCSA issued \$492,500 of refunding bonds, Series 2007A Bonds, to refund the Series 1998A Bonds. The refunding bonds have maturities ranging from October 1, 2008 to October 1, 2036 and interest rates ranging from 3.75% to 5.00%. The net proceeds of these refunding bonds were used to advance refund all the Series 1998A Bonds in the aggregate principal amount of \$480,600. As a result, the refunded bonds were considered defeased and the liabilities for those bonds were extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was \$10,000. Between June 2006 and July 2009, the Council passed a series of legislative acts, which authorized the financing, construction and development of a privately owned and operated headquarters hotel for the Convention Center.

In October 2010, WCSA issued Senior Lien Dedicated Tax Revenue Bonds (Series 2010 Bonds) with a face value of \$249,200, with maturities ranging from October 2015 to October 2040, at interest rates ranging from 3.10% to 7.00%. The proceeds were to be used to fund, as needed, a portion of the costs of acquiring, developing, constructing, and equipping the Convention Center Hotel project. A portion of the proceeds was also used to defease to the earliest optional redemption date that portion of WCSA's outstanding Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A maturing on December 1, 2036, in the aggregate principal amount of \$25,400. In addition, net proceeds from the issuance of the Series 2010 Bonds were used to purchase U.S. government securities, which were deposited in an irrevocable trust to provide

debt service payments until the Series 2007A bonds are called or mature. Consequently, the aggregate principal amount of \$25,400 from Series 2007A Bonds is defeased and therefore has been removed as a liability from WCSA's financial statements. The amount was fully paid by the Trustee on October 1, 2016.

On February 22, 2018, WCSA issued \$333,100 in Series 2018A and Series 2018B Senior Lien Dedicated Tax Revenue Refunding Bonds with interest rates ranging from 1.39% to 3.00%. The proceeds from the Bonds were used to current refund outstanding maturities of Series 2007 and advance refund Series 2010C, respectively. The Authority deposited the net proceeds from Series 2018B along with other funds of the Authority in an irrevocable trust to provide for all future debt service on the refunded Series 2010C Bonds. As a result, the Series 2010C Bonds are considered legally defeased and, as such, are not reflected in "Bonds Payable" at September 30, 2018. The refunding produced an aggregate difference in debt service between the refunded debt and the refunding debt of \$9,700.

Table N7-22 presents the debt service requirements to maturity for principal and interest for WCSA's outstanding bonds.

Table N7-22
Debt Service Requirements to Maturity
Washington Convention and Sports Authority
(\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 18,105	\$ 24,963	\$ 43,068
2020	24,380	24,069	48,449
2021	25,600	22,840	48,440
2022	27,590	21,531	49,121
2023	28,960	20,137	49,097
2024-2028	112,700	86,519	199,219
2029-2033	144,450	46,189	190,639
2034-2038	70,650	22,425	93,075
2039-2041	46,805	3,345	50,150
Subtotal	499,240	272,018	771,258
Add:			
Unamortized bond premium, net	37,000	-	37,000
Total	\$ 536,240	\$ 272,018	\$ 808,258

Housing Finance Agency

The Housing Finance Agency (HFA) issues bonds primarily to finance the Agency's housing programs. Such bonds are collateralized by: (a) mortgage-backed securities in connection with underlying loans; (b) mortgage loans made on the related multi-family developments or single-family residential mortgage loans purchased; or (c) investment of bond proceeds, debt service reserves and escrow accounts, and all revenues, mortgage payments, and recovery payments received by the Agency from investments,

NOTE 7. LONG-TERM LIABILITIES

mortgage loans, and mortgage-backed securities in connection with the related developments.

Bonds issued by HFA are special obligations of the Agency and are payable from the revenue and special funds of the applicable indentures. The bonds and notes do not constitute debt of and are not guaranteed by the District or any other program of the District. All mortgage revenue bonds for multifamily projects financed to date have been issued by the Agency as standalone pass-through financings with no direct economic recourse to the Agency as the issuer.

The provisions of the various bond indentures require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and mortgage-backed securities. All outstanding bonds are subject to redemption at the option of HFA or the borrower, in whole or in part at any time, after certain dates, as specified in the respective bond indentures and bond resolutions, at prescribed redemption prices. The redemption premiums typically do not exceed 5.00%. Under the Multi-Family (Conduit Bond) Program, this option generally cannot be exercised until the bonds have been outstanding for ten years as provided in the various indentures. Term bonds are generally subject to redemption, without premium, from mandatory sinking fund payments.

Bond Issuances in Fiscal Year 2018

During fiscal years 2010 through 2018, HFA issued certain multifamily revenue bonds in a draw-down mode. Consequently, out of the total amount of bonds closed, only a portion may get drawn during any given reporting period.

For more information on HFA's long-term debt activity during fiscal year 2018, refer to the separately issued financial statements for that year. The contact information can be found in Note 1 on page 63.

Table N7-23 presents the debt service requirements to maturity for principal and interest for the Housing Finance Agency's outstanding bonds.

Table N7-23
Debt Service Requirements to Maturity
Housing Finance Agency (\$000s)

Year Ending September 30	Principal	Interest	Total
2019	\$ 33,356	\$ 58,311	\$ 91,667
2020	87,740	56,194	143,934
2021	65,000	54,945	119,945
2022	53,458	52,492	105,950
2023	16,804	51,402	68,206
2024-2028	145,597	241,527	387,124
2029-2033	150,771	206,633	357,404
2034-2038	189,778	164,642	354,420
2039-2043	127,073	137,356	264,429
2044-2048	270,262	102,759	373,021
2049-2053	299,066	37,496	336,562
2054-2058	6,424	682	7,106
Subtotal	1,445,329	1,164,439	2,609,768
Add:			
Unamortized bond premium, net	1,345	-	1,345
Total	\$ 1,446,674	\$ 1,164,439	\$ 2,611,113

NOTE 8. RETIREMENT PROGRAMS

A. DEFINED BENEFIT PENSION PLANS

District full-time employees receive pension benefits through the federally administered Civil Service Retirement System (CSRS), the Social Security System, or the District's Retirement Funds.

Civil Service Retirement System (CSRS)

Plan Description

The District contributes to the CSRS, a defined benefit, contributory retirement system, administered by the federal government's Office of Personnel Management (OPM). Permanent full-time District employees hired before October 1, 1987, except those covered by the District Retirement Funds, are covered by CSRS, which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. As of September 30, 2018, there were 1,328 District employees who were covered by CSRS. The OPM issues a publicly available financial report that includes financial statements and required supplementary information for CSRS, which may be obtained at www.opm.gov.

Funding Policy

CSRS-covered employees contribute 7.00% of their base pay (annual salary) to CSRS, and the District matches the contributions made by employees. Contribution requirements of those participating in the CSRS are established (and may be amended) by the OPM. The District contributed 100% of the required amount to the CSRS for each of the past three fiscal years. The District's CSRS contributions for the years ended September 30, 2018, 2017, and 2016, were \$8,197, \$9,167, and \$9,594, respectively.

Social Security System

Plan Description

The District also contributes to the federal government's Social Security System, a program that provides benefits for retirement, disability, survivorship, and death, which is funded by dedicated payroll taxes. The Social Security Administration and the U.S. Departments of Health and Human Services, Labor, and the Treasury administer this program. The authority to establish and amend policy and benefit provisions rests with the President and Congress of the United States.

Funding Policy

Consistent with the Federal Insurance Contributions Act (FICA), a 6.20% Social Security tax is to be withheld from the gross salary/wages of District employees, up to but not exceeding the applicable social security wage base, which was \$128,400 (not in thousands) for 2018, in addition to the District's

matching contribution of 6.20% FICA taxes on behalf of the District employees. Moreover, the District also pays a 1.45% payroll tax for Medicare with an additional 1.45% being withheld from each employee's salary/wages as the employee's portion of the Medicare tax.

Beginning January 1, 2013, Additional Medicare Tax applies to an individual's Medicare wages that exceed a threshold amount based on the taxpayer's filing status. Employers, including the District, are responsible for withholding the 0.90% Additional Medicare Tax on an individual's wages paid in excess of the threshold in a calendar year. An employer is required to begin withholding additional Medicare Tax in the pay period in which wages paid to an employee in the calendar year exceed the threshold. There is no employer match for the additional Medicare Tax.

District contributions to the Social Security System for FICA, for the years ended September 30, 2018, 2017 and 2016, were \$103,508, \$97,599, and \$89,350, respectively. In addition, District contributions for Medicare for fiscal years 2018, 2017 and 2016 were \$38,789, \$37,771 and \$35,670, respectively.

District Retirement Funds

General Information about the Pension Plans

Plan Description

The District of Columbia Retirement Board (DCRB or Board) administers the District Retirement Funds (D.C. Code §4-601, 11-1561), which consist of two single-employer defined benefit pension plans, one established for the District's teachers (the District of Columbia Teachers' Retirement Fund or TRF), and the other for the District's police officers and firefighters (the District of Columbia Police Officers' and Firefighters' Retirement Fund or POFRF). Each plan provides retirement, death and disability benefits, and annual cost of living adjustments to plan members and beneficiaries. Title 38, Chapter 20 of the D.C. Code (D.C. Code § 38-2001, et seq. (2001 ED.)) assigns the authority to establish and amend benefit provisions to the Council of the District of Columbia (the Council) for the Teachers' Plan. Retirement and disability benefit provisions for police officers and firefighters are established by the Policemen and Firemen's Retirement and Disability Act (D.C. Code §5-701 et seq. (2001 ED.)).

DCRB issues a publicly available financial report which includes financial statements and required supplementary information for the plans. This report can be obtained from:

District of Columbia Retirement Board

Executive Director
900 7th Street, N.W., 2nd Floor
Washington, DC 20001
Website: <https://dcrb.dc.gov>

NOTE 8. RETIREMENT PROGRAMS

Benefits Provided

The District of Columbia Teachers' Retirement Fund

Permanent, temporary, part-time and probationary teachers and certain other employees of the District of Columbia public day schools are automatically enrolled in the Teachers' Retirement Fund on their date of employment. Certain D.C. Public Charter School employees are also eligible to participate. D.C. Code § 38-2021.01 et seq. (2001 ED.) establishes benefit provisions which may be amended by the Council. For employees hired before November 1, 1996, the annual retirement benefit is the average salary, as defined, multiplied by 1.50% for each of the first five years of service, plus 1.75% for each of the second five years; plus 2.00% for each additional year over 10 years. For employees hired on or after November 1, 1996, the annual retirement benefit is the average salary, as defined, multiplied by 2.00% for each year of service. The average salary is the highest average consecutive 36 months of pay.

The annuity may be further increased by crediting unused sick leave as of the date of retirement. Participants receiving retirement benefits receive an annual benefit increase proportional to changes in the Consumer Price Index; however, the annual increase may not exceed 3.00% for participants hired on or after November 1, 1996. Participants who have five years of school service and who become disabled and can no longer perform their jobs satisfactorily may be eligible for disability retirement. Voluntary retirement is available for teachers who have a minimum of five years of school service and who achieve certain age and length of service requirements. Employees who are involuntarily separated other than for cause and who have five years of school service may be eligible for retirement at any age with 25 years of service or at age 50 with 20 years of service. An involuntary retirement benefit is reduced if at the time of its commencement the participant is under the age of 55.

The District of Columbia Police Officers' and Firefighters' Retirement Fund

A participant becomes a member when he/she begins work as a police officer or firefighter in the District. Retirement and disability benefit provisions for District of Columbia police officers and firefighters are established by the "Policemen and Firemen's Retirement and Disability Act" (D.C. Code § 5-701 et seq. (2001 ED.)).

Members hired before February 15, 1980

Members hired before February 15, 1980, are eligible for optional retirement with full benefits at any age with 20 years of departmental service, or for deferred retirement at age 55 with five years of departmental service. The annual basic retirement benefit equals 2.50% of average base pay, which is defined as the highest average consecutive 12 months of base pay, multiplied by departmental service through 20

years; plus 3.00% of average base pay multiplied by average base pay times departmental service over 20 years; plus 2.50% of average base pay multiplied by years of other creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the member's average base pay. Members terminated after five years of police or fire service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Retirement benefits are increased by the same percentage in base pay granted to active participants. Members with a service-related disability receive a disability retirement benefit of 2.50% of average base pay multiplied by the number of years of creditable service. A minimum annual disability retirement benefit of 66.67% of average base pay and a maximum annual disability retirement benefit of 70% of average base pay apply. Members with a non-service related disability and at least five years of departmental service receive a disability retirement benefit of 2.00% of average base pay multiplied by the number of years of creditable service. A minimum annual disability retirement benefit of 40% of average base pay and a maximum annual disability retirement benefit of 70% of average base pay applies.

Members hired on or after February 15, 1980 and before November 10, 1996

Members hired on or after February 15, 1980, and before November 10, 1996 are eligible for optional retirement with full benefits at age 50 with at least 25 years of departmental service, or after age 55 with five years of departmental service. The annual basic retirement benefit equals 2.50% of average base pay, which is defined as the highest average consecutive 36 months of base pay, multiplied by the number of years of creditable service through 25 years; plus 3.00% of average base pay multiplied by the number of years of departmental service over 25 years; plus 2.50% of average base pay multiplied by the number of years of other creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the member's average base pay. Members separated from the Police or Fire Department after five years of departmental service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired or terminated vested members. Members who retired after February 15, 1980, receive annual benefit increases proportional to changes in the Consumer Price Index.

Members hired on or after November 10, 1996

Members hired on or after November 10, 1996, are eligible for retirement at any age, with at least 25 years of departmental service or after age 55 with five years of departmental service. The annual basic retirement benefit equals 2.50% of average base pay, which is defined as the highest average consecutive 36 months of base pay, multiplied by the number of

NOTE 8. RETIREMENT PROGRAMS

years of creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the average base pay. Members separated after five years of departmental service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Members receive annual benefit increases proportional to changes in the Consumer Price Index; however, the increase is capped at 3.00%. Members with a service-related disability receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 40% of base pay applies. Members with a non-service related disability and at least five years of departmental service receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 30% of base pay applies.

Table N8-1 presents the number of plan members that were covered by the benefit terms as of September 30, 2018 and 2017.

Table N8-1
Plan Members Covered by Benefit Terms
District Retirement Funds

	2018	2017
TRF*		
Inactive plan members (Retirees and survivors receiving benefits - post June 30, 1997)	3,990	3,899
Active plan members	5,066	5,199
Vested terminations	1,429	1,330
Total	10,485	10,428
POFRF*		
Inactive plan members (Retirees and survivors receiving benefits - post June 30, 1997)	3,441	3,215
Active plan members	5,349	5,312
Vested terminations	315	340
Total	9,105	8,867

Note:

* Numbers not in thousands

Contributions

The District is required to contribute the amounts necessary to finance the Plan benefits of its members through annual contributions at actuarially determined amounts in accordance with the provisions of Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998. The amount of the District's contributions for fiscal years 2018 and 2017 were equal to the amounts computed, if

any, by DCRB's independent actuary. **Table N8-2** presents required amounts contributed by the District to the District Retirement Funds for fiscal years 2018 and 2017. Plan members contribute by salary deductions at rates established by D.C. Code § 5-706 (2001 ED.). Members contribute 7.00% (or 8.00% for Teachers, Police Officers and Firefighters hired on or after November 1, 1996, and November 10, 1996, respectively) of annual gross salary, including any differential for special assignment and longevity, but excluding overtime, holiday, or military pay. Contribution requirements of members are established by D.C. Code § 5-706 and requirements for District of Columbia government contributions to the Fund are established by D.C. Code § 1-907.02 (2001 ED.), which may be amended by the Council.

Table N8-2
District Contributions
District Retirement Funds (\$000s)

Fiscal Year Ended	TRF	POFRF
September 30, 2018	\$ 59,046	\$ 105,596
September 30, 2017	56,781	145,631

Net Pension Liability

The District's net pension liability (asset) was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of October 1, 2017. **Table N8-3** presents the aggregate amounts of the District Retirement Funds as of September 30, 2018.

Table N8-3
Aggregate Amounts
District Retirement Funds (\$000s)

	TRF	POFRF
Total pension liabilities	\$ 2,261,867	\$ 5,265,874
Pension net position	2,176,106	6,023,770
Deferred outflows of resources	68,825	172,833
Deferred inflows of resources	112,147	469,080
Pension expense	31,081	61,137
Net pension liabilities (assets)	85,761	(757,896)

Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation as of October 1, 2017, then updated using actuarial assumptions presented in **Table N8-4**, applied to all periods included in the measurement and rolled forward to the measurement date as of September 30, 2018.

NOTE 8. RETIREMENT PROGRAMS

Table N8-4

Summary of Actuarial Assumptions Used to Determine Total Pension Liability
As of September 30, 2018

	TRF	POFRF
Inflation	3.50%	3.50%
Salary increases	5.50 - 8.63%, including wage inflation of 4.25 %	4.25 - 9.98%, including wage inflation of 4.25%
Investment rate of return	6.50%, net of pension plan investment expense, and including inflation.	6.50%, net of pension plan investment expense, and including inflation.
Mortality	Pre-retirement and post-retirement mortality rates were based on the RPH-2014 Blue Collar Mortality Table generationally projected with scale BB, set back 1 year for males. Post-disability mortality rates were based on the RPH-2014 Disabled Mortality Table set back 6 years for males and set forward 7 years for females.	Pre-retirement and post-retirement mortality rates were based on the RPH-2014 Blue Collar Mortality Table generationally projected with scale BB, set back 1 year for males. Post-disability mortality rates were based on the RPH-2014 Disabled Mortality Table set back 6 years for males and set forward 7 years for females.

The actuarial assumptions used in the October 1, 2017 valuation were based on the results of the most recent actuarial experience investigation for the period October 1, 2011 to September 30, 2015, dated July 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected

returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. **Table N8-5** presents target allocation and best estimates of geometric real rates of return for each major asset class.

Table N8-5

Summary of Target Allocation and Long-Term Expected Real Rate of Return by Asset Class
District Retirement Funds

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	20.00 %	5.30 %
Foreign equity (developed)	16.00 %	5.90 %
Foreign equity (emerging)	10.00 %	8.60 %
Investment grade bonds	11.00 %	0.70 %
Treasury inflation-protected securities (TIPS)	6.00 %	0.40 %
High yield bonds	4.00 %	3.50 %
Bank loans	3.00 %	2.30 %
Foreign bonds (developed)	2.00 %	(0.30)%
Emerging markets debt (local)	4.00 %	3.50 %
Real estate	6.00 %	3.90 %
Natural resources (private)	2.00 %	6.00 %
Infrastructure	3.00 %	3.60 %
Private equity	9.00 %	7.00 %
Hedge funds	4.00 %	3.10 %
Total	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the District contributions will be made in accordance with the Board's funding policy adopted in 2012. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit

payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Table N8-6 presents changes in the District's Net Pension Liability (Asset) for the year ended September 30, 2018.

NOTE 8. RETIREMENT PROGRAMS

Table N8-6
Changes in Net Pension Liability (Asset)
(\$000s)

	Increase (Decrease)					
	Teachers' Retirement Fund			Police Officers' and Firefighters' Retirement Fund		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at September 30, 2017	\$ 2,160,347	\$ 2,070,599	\$ 89,748	\$ 4,957,340	\$ 5,684,442	\$ (727,102)
Changes for the year						
Service cost	67,877	-	67,877	182,641	-	182,641
Interest	137,704	-	137,704	318,719	-	318,719
Difference between expected and actual experience	(19,505)	-	(19,505)	(84,452)	-	(84,452)
Contributions - employer	-	59,046	(59,046)	-	105,596	(105,596)
Contributions - employees	-	40,324	(40,324)	-	34,478	(34,478)
Net investment income	-	94,129	(94,129)	-	316,842	(316,842)
Benefit payments, including refunds of employee contributions	(84,556)	(84,556)	-	(108,374)	(108,374)	-
Administrative expenses	-	(4,474)	4,474	-	(11,570)	11,570
Other income	-	1,038	(1,038)	-	2,356	(2,356)
Net Changes	101,520	105,507	(3,987)	308,534	339,328	(30,794)
Balances at September 30, 2018	\$ 2,261,867	\$ 2,176,106	\$ 85,761	\$ 5,265,874	\$ 6,023,770	\$ (757,896)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

Table N8-7 presents the net pension liability (asset) of the Plans for TRF and POFRF, respectively, calculated using the discount rate of 6.50%, as well as the Plans' net pension liability (asset), calculated

using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate.

Table N8-7
Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate (\$000s)

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Teachers' plan's net pension liability (asset)	\$ 477,094	\$ 85,761	\$ (224,803)
Police officers' and firefighters' plan's net pension liability (asset)	232,199	(757,896)	(1,536,649)

Pension Plans' Fiduciary Net Position

Detailed information about the Plans' fiduciary net position is available in the separately issued District Retirement Funds financial statements and required supplementary information issued by the District of Columbia Retirement Board.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the District recognized pension expenses of \$31,081 and \$61,137 for TRF and POFRF, respectively. **Table N8-8** presents deferred outflows of resources and deferred inflows of resources related to pensions as of September 30, 2018.

NOTE 8. RETIREMENT PROGRAMS

Table N8-8

Deferred Outflows of Resources and Deferred Inflows of Resources
District Retirement Funds (\$000s)

Differences between expected and actual experience
Changes of assumptions
Net difference between projected and actual earnings on plan investments
Total

TRF		POFRF	
Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
\$ -	\$ 19,375	\$ -	\$ 215,846
1,998	-	37,164	-
66,827	92,772	135,669	253,234
\$ 68,825	\$ 112,147	\$ 172,833	\$ 469,080

Table N8-9 presents deferred outflows of resources and deferred inflows of resources that will be recognized in pension expenses in future periods.

Table N8-9

Schedule of Amortization of Deferred Outflows (Deferred Inflows) of Resources
District Retirement Funds (\$000s)

Year ended September 30	TRF	POFRF
2019	\$ 1,583	\$ (49,291)
2020	(31,889)	(138,826)
2021	(20,535)	(83,116)
2022	7,519	(2,935)
2023	-	(12,474)
Thereafter	-	(9,605)

Payable to the Pension Plans

The District's contributions for fiscal years 2018, 2017, and 2016 were equal to the fund's independent actuary's recommendation; therefore, there were no outstanding amounts due to the plans as of September 30, 2018.

B. DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Under the provisions of D.C. Code §1-627, the District sponsors a defined contribution pension plan with a qualified trust under Internal Revenue Code (IRC) Section 401(a) for permanent full-time employees covered under the Social Security System. As of September 30, 2018, there were 18,745 employees participating in the Section 401(a) plan. Employees do not contribute to the plan and are eligible to participate after one year of service.

The District contributes 5.00% of base salaries for eligible employees each pay period. This contribution rate is 5.50% of base salaries for detention officers. Contributions and earnings vest incrementally beginning after two years of service, including a one-year waiting period, and vest fully after five years of service, including the one-year waiting period.

Contributions and earnings are forfeited for the period of service during which the employee does not achieve incremental vesting, if separation occurs before five years of credited service. These contributions are not considered assets of the District, and the District has no further liability to this plan. For the fiscal years ended September 30, 2018, 2017, and 2016, District's contributions to the plan were \$69,458, \$65,133, and \$60,382, respectively.

This plan also covers employees of the D.C. Housing Authority and the Health Benefit Exchange Authority, while the employees of the Housing Finance Agency, Washington Convention and Sports Authority, the University of the District of Columbia, and the Not-for-Profit Hospital Corporation are covered under separate defined contribution plans.

C. DEFERRED COMPENSATION PLANS

Internal Revenue Code Section 403(b) Plan

The District sponsors an annuity purchase plan with insurance companies and other issuers in accordance with IRC Section 403(b) for public teachers covered by the District Retirement Program. The District does not contribute to this plan and has no liability to the plan. Under this annuity purchase plan, eligible employees were able to defer up to \$18,500 (not in thousands) of their annual compensation for calendar year 2018. Employees with 15 years of service or more were able to defer an additional amount, not to exceed the lesser of: (a) \$3,000 (not in thousands) in additional contributions; (b) \$15,000 (not in thousands) reduced by amounts contributed under this special provision in prior years; or (c) \$5,000 (not in thousands) times the number of years of service less the total elective deferrals from previous years. In addition, employees who were 50 years old or older by the end of the plan year were able to defer an additional amount as a catch up contribution. The maximum amount for such catch up contributions was \$6,000 (not in thousands) in 2018. As of September 30, 2018, there were 3,560 employees participating in the Section 403(b) plan. District employees contributed \$22,741 to this annuity plan in fiscal year 2018. Contributions vest immediately and are not assets of the District.

NOTE 8. RETIREMENT PROGRAMS

Internal Revenue Code Section 457 Plan

The District offers its employees a deferred compensation plan (D.C. Code §47-3601) created in accordance with IRC Section 457. Employees, including teachers, were able to defer the lesser of \$18,500 (not in thousands) or 100% of includable compensation in calendar year 2018. A special catch-up provision is also available to participants that allows them to “make up” or “catch up” for prior years in which they did not contribute the maximum amount to the plan. The “catch up” limit is the lesser of: (a) twice the annual contribution limit, \$37,000 (not in thousands); or (b) the annual contribution limit for the year plus underutilized amounts from prior taxable years. An additional deferral of \$6,000 (not in thousands) is available to participants who are at least 50 years old before the end of the calendar year.

As described in the Legislative Branch Employee Retirement Benefits Match Amendment Act of 2017 (D.C. Act 22-130, Section 1112 (b)), which became effective December 13, 2017, for employees of the

Council, the Office of the District of Columbia Auditor, and the Office of Advisory Neighborhood Commissions participating in the deferred compensation plan established by D.C. Code § 1-626.05 (2), the District shall contribute each pay period an amount equal to the employee’s contribution for that pay period pursuant to D.C. Code § 1–626.09; provided, that the District’s contribution on behalf of the employee shall not exceed 3.00% of the employee’s base salary during that pay period.

Compensation deferred and income earned are taxable when paid, or made available to the participant or beneficiary, upon retirement, death, termination, or unforeseeable emergency. As of September 30, 2018, there were 14,635 employees participating in the Section 457 plan. District employees contributed \$69,561 to this plan in fiscal year 2018. Contributions are not assets of the District, and the District has no further liability to the plan.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information About the OPEB Plan

Plan Description

The District of Columbia Other Postemployment Benefits (OPEB or OPEB Plan) is a single-employer defined benefit healthcare and life insurance plan administered jointly by the Department of Human Resources and the Office of Finance and Treasury. The OPEB Plan is administered as an irrevocable trust through which assets are accumulated and benefits are paid as they become due in accordance with the substantive plan. All employees hired after September 30, 1987, and employees who retire under the Teachers' Retirement Plan and Police Officers' and Firefighters' Retirement Plan or who are eligible for retirement benefits under the Social Security Act, are eligible to participate in the OPEB Plan. OPEB provides medical care and life insurance benefits to eligible employees.

D.C. Code §1-621.09 authorizes the Mayor to determine the amount of the District's contribution for enrollments before the beginning of each contract period. In addition, the Mayor may propose amendments to establish and/or revise benefit provisions and the Council may elect to pass the appropriate legislation. As of September 30, 2018, the OPEB Plan had 1,683 members. The OPEB Plan's administrators issue a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. This report may be obtained from the following location:

Office of Finance and Treasury

D.C. Treasurer
1101 4th Street, S.W., Suite 850
Washington, DC 20024

Northern Trust Company serves as the Master Custodian for the OPEB Plan and as an independent source, provides information on investment transactions, thereby confirming or disputing information provided by the Plan's investment managers.

Benefits Provided

Cost sharing arrangements for annuitants vary depending on whether the employee was a General Employee, Teacher, Police Officer or Firefighter. For General Employees and Teachers, annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 75%, reduced by an additional 2.50% for each year of creditable service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan.

For annuitants with 30 or more years of creditable District service, the District pays 75% of the cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan.

Covered family members of General Employee and Teacher annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the covered family member is 80%, reduced by an additional 1.00% for each year of creditable District service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 40% of the cost of the selected health benefit plan for covered family members of an annuitant with 30 or less years of creditable District service; and the family members of an annuitant with 30 or more years of creditable District service pays up to 60% of the cost of the selected health benefit plan.

For Police Officers and Firefighters, annuitants with at least 10 years of creditable District service but less than 25 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 70%, reduced by an additional 3.00% for each year of creditable service over 10 years up to a maximum of 15 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 25 or more years of creditable District service or Police Officer or Firefighter annuitants who are injured in the line of duty, the District pays 75% of cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan. Special rules apply for Police and Firefighters who were hired before November 10, 1996.

Covered family members of Police Officer and Firefighter annuitants with at least 10 years of creditable District service but less than 25 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the covered family members is 75%, reduced by an additional 3.00% for each year of creditable District service over 10 years. However, the portion paid by the covered family member is never less than 40%, and the District's contribution shall not exceed 60% of the cost of the selected health benefit plan; covered family members of police officers or firefighters who were hired before November 10, 1996, pay 40% of the cost of the selected health benefit plan.

The participant pays \$.0455 per \$1,000 (\$1 thousand) of life insurance coverage until age 65 for the 75% reduction option, with no contributions required thereafter. Participants can also elect a 50% or 0% reduction of life insurance benefits, which require additional contributions.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Table N9-1 presents the number of OPEB Plan members that were covered by the benefit terms as of September 30, 2018 and 2017.

Table N9-1
Plan Members Covered by Benefit Terms
OPEB

	2018	2017
Inactive OPEB plan members currently receiving benefits	1,683	1,538
Total	1,683	1,538

Contributions

D.C. Code §1-621.09 authorizes the Mayor to determine the amount of District contribution for enrollments before the beginning of each contract period. In addition, the Mayor may propose amendments to establish and/or revise benefit provisions and the Council may elect to pass the appropriate legislation.

In accordance with the provisions of D.C. Code §1-621.09, the District is required to contribute the amounts necessary to finance the OPEB Plan through annual contributions at actuarially determined amounts. Fiscal years 2018 and 2017 contribution amounts were equal to amounts computed by an

independent actuary which was retained by the District. **Table N9-2** presents required amounts contributed by the District to the OPEB Plan for fiscal years 2018 and 2017.

Table N9-2
District Contributions
OPEB (\$000s)

Fiscal Year Ended	Amount
September 30, 2018	\$ 44,500
September 30, 2017	31,000

Net OPEB Liability (Asset)

The District's net OPEB liability (asset) was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of September 30, 2017, rolled forward to the measurement date.

Actuarial Assumptions

The total OPEB liability was determined based on an actuarial valuation as of September 30, 2017, then updated using actuarial assumptions presented in **Table N9-3**, applied to all periods included in the measurement and rolled forward to the measurement date as of September 30, 2018.

Table N9-3
Summary of Actuarial Assumptions Used to Determine Total OPEB Liability
As of September 30, 2018

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period	18 years beginning with fiscal year end 2018
Asset Valuation Method	Market Value
Investment rate of return	6.50%
Discount Rate	6.50%
Salary Increase Rate	3.50% (plus merit scale)
Medical Inflation Rate	5.50%, grading to 3.90%. Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2040.
Mortality	The RP-2014 Healthy Employee Mortality Table with the MP-2017 Improvement Scale, fully generational, was used for healthy lives both pre- and post-retirement. For disabled lives, the RP-2014 Disabled Life Mortality Table was used.

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of the most recent actuarial experience investigation for the period September 30, 2012 to September 30, 2017, dated March 2018.

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of

investment expense and including inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. **Table N9-4** presents target allocation and best estimates of arithmetic real rates of return for each major asset class as of September 30, 2018.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**Table N9-4****Summary of Target Allocation and Long-Term Expected Real Rate of Return by Asset Class**
OPEB

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	45.00%	7.90%
International equity	9.00%	8.90%
Emerging market equity	4.00%	11.30%
Core fixed income	24.00%	3.20%
Developed markets fixed income	10.00%	2.90%
Emerging market debt	3.00%	6.10%
Commodities	5.00%	6.40%
Cash	0.00%	2.60%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan

members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability (Asset)

Table N9-5 presents changes in the District's net OPEB liability (asset) for the year ended September 30, 2018.

Table N9-5**Changes in Net OPEB Liability (Asset)**
(\$000s)

	Increase (Decrease)	
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)
		Net OPEB Liability (Asset) (a)-(b)
Balances at September 30, 2017	\$ 1,224,600	\$ 1,366,282
Changes for the year		
Service cost	52,835	-
Interest	79,095	-
Difference between expected and actual experience	(729)	-
Changes in assumptions	50,940	-
Insurance carrier premiums net of retiree contributions	(15,740)	-
Contributions - employer and annuitants	-	45,206
Net investment income	-	67,386
Benefit payments, including refunds of employee contributions	-	(16,447)
Administrative expenses	-	(397)
Net changes	166,401	95,748
Balances at September 30, 2018	\$ 1,391,001	\$ 1,462,030

Changes in assumptions which increased the total OPEB liability by \$50,940, included changes in healthcare costs and trends.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Sensitivity of the Net OPEB Liability (Asset) to the Changes in the Discount Rate

Table N9-6 presents the net OPEB liability (asset) of the District of Columbia, as well as what the District's net OPEB liability (asset) would be if it were

calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate.

Table N9-6
Sensitivity of Net OPEB Liability (Asset) to Changes in the Discount Rate (\$000s)

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability (asset)	\$ 172,018	\$ (71,029)	\$ (264,571)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

Table N9-7 presents the net OPEB liability (asset) of the District of Columbia, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are

1-percentage-point lower (4.5 percent decreasing to 2.9 percent) or 1-percentage-point higher (6.5 percent decreasing to 4.9 percent) than the current healthcare cost trend rate.

Table N9-7
Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates (\$000s)

	1% Decrease (4.5% decreasing to 2.9%)	Healthcare Cost Trend Rates (5.5% decreasing to 3.9%)	1% Increase (6.5% decreasing to 4.9%)
Net OPEB liability (asset)	\$ (296,587)	\$ (71,029)	\$ 222,090

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued OPEB financial statements and required supplementary information issued by the OPEB Plan's administrators.

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the District recognized OPEB expense of \$53,354. **Table N9-8** presents deferred outflows of resources and deferred inflows of resources related to OPEB as of September 30, 2018.

Table N9-8
Deferred Outflows of Resources and Deferred Inflows of Resources
OPEB (\$000s)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 637
Changes of assumptions	44,572	-
Net difference between projected and actual earnings on plan investments	17,865	-
Total	\$ 62,437	\$ 637

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Table N9-9 presents deferred outflows of resources and deferred inflows of resources that will be recognized in OPEB's expenses in future periods.

Table N9-9
Schedule of Amortization of Deferred Outflows
(Deferred Inflows) of Resources
OPEB (\$000s)

Year ended September 30	Deferred Outflows
2019	\$ 10,743
2020	10,743
2021	10,743
2022	10,743
2023	6,276
Thereafter	12,552

Payable to the OPEB Plan

The District's contributions for fiscal years 2018, 2017, and 2016 were equal to the OPEB Plan's independent actuary recommendation; therefore, there were no outstanding amounts due to the OPEB Plan as of September 30, 2018.

NOTE 10. FUND BALANCE / NET POSITION

Fund balances as of September 30, 2018, are shown in **Table N10-1**.

Table N10-1
Schedule of Fund Balance (\$000s)

	General Fund	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable						
Inventory	\$ 8,270	\$ -	\$ -	\$ -	\$ -	\$ 8,270
Total nonspendable fund balance	<u>8,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,270</u>
Restricted for:						
Emergency and contingency cash reserves	419,504	-	-	-	-	419,504
Debt service - bond escrow	520,693	-	-	-	-	520,693
Budget	452	-	-	-	-	452
Purpose restrictions	132,017	133,067	-	-	-	265,084
Payment-in-lieu of taxes	-	-	-	-	79,020	79,020
Tobacco settlement	-	-	-	-	83,032	83,032
Tax increment financing program	33,052	-	-	-	61,784	94,836
Housing production trust	-	-	167,397	-	-	167,397
Highway projects	-	-	-	-	56,643	56,643
Baseball special revenue	-	-	-	-	58,791	58,791
Total restricted fund balance	<u>1,105,718</u>	<u>133,067</u>	<u>167,397</u>	<u>-</u>	<u>339,270</u>	<u>1,745,452</u>
Committed to:						
Fiscal stabilization reserve	203,283	-	-	-	-	203,283
Cash flow reserve	712,755	-	-	-	-	712,755
Budget support act	70,800	-	-	-	-	70,800
Soccer stadium	16,111	-	-	-	-	16,111
Dedicated taxes	16,869	-	-	-	-	16,869
Subsequent years' expenditures	428,505	-	-	-	-	428,505
Other special purposes	186,825	-	-	-	-	186,825
Total committed fund balance	<u>1,635,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,635,148</u>
Assigned to subsequent years' expenditures	<u>27,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,247</u>
Unassigned fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(522,345)</u>	<u>-</u>	<u>(522,345)</u>
Total fund balance	<u>\$ 2,776,383</u>	<u>\$ 133,067</u>	<u>\$ 167,397</u>	<u>\$ (522,345)</u>	<u>\$ 339,270</u>	<u>\$ 2,893,772</u>

The net position of the proprietary and fiduciary funds as of September 30, 2018 is shown in **Table N10-2**.

Table N10-2
Schedule of Net Position Proprietary and Fiduciary Funds (\$000s)

	Lottery & Games	Unemployment Compensation Fund	Not-for-Profit Hospital Corporation	Fiduciary Funds
NET POSITION				
Net investment in capital assets	\$ 646	\$ -	\$ 71,823	\$ -
Restricted	-	436,739	22,464	10,281,609
Unrestricted	4,014	-	226	-
Total net position	<u>\$ 4,660</u>	<u>\$ 436,739</u>	<u>\$ 94,513</u>	<u>\$ 10,281,609</u>

NOTE 11. TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatement Disclosures*, defines tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which: (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

GASB Statement No. 77 identified three features that, in combination, set tax abatements apart from tax expenditures in general: 1) the purpose of the tax abatements; 2) the type of revenue they reduce; and 3) the existence of an agreement with a specific individual or entity as the basis for the abatement. This agreement must precede the reduction of taxes and the fulfillment by the individual or entity of the promise to act.

Many tax expenditure programs exhibit the features of tax abatement programs. For instance, they reduce taxes, encourage beneficial actions by individuals or entities, and may be based on agreements. Nevertheless, these programs are excluded from the scope of GASB Statement No. 77 because although the District commits to abating tax, such commitment is made after the individual or entity has performed the required activity associated with the requested tax abatement. Most of the tax expenditure programs require individuals or entities to perform certain activities and subsequently apply for the tax reduction. The District then approves or denies the application. Such programs, even when an agreement exists, are not classified as tax abatement programs in accordance with GASB Statement No. 77.

The District of Columbia provides tax abatements through its Special Tax Incentives Program. The program provides real property tax abatements and possessory interest tax abatements which are both administered by the Office of the Deputy Mayor for Planning and Economic Development (DMPED) in coordination with the OCFO's Office of Tax and Revenue (OTR). The real property tax abatements are designed to encourage construction, improvement, and development of housing units,

including affordable housing units, commercial and retail centers in the District. The real property tax abatements also encourage developers to enter into First Source Agreements with the Department of Employment Services, comply with local, small, and disadvantaged business enterprise commitments, and provide additional job opportunities and job training to the District residents. The possessory interest tax abatements are designed to provide support for construction, maintenance, and operating activities of major project developments in the District.

For the real property tax abatements, the District may: (a) abate the entire real property tax for a certain number of years (for example, 10 or 20 years); (b) abate the real property tax in excess of a certain amount for a certain number of years; or (c) put a cap on the annual real property tax for a certain number of years. For the possessory interest tax abatements, the District enters into ground lease agreements that either provide abatement of the possessory interest tax for a number of years and gradually increase this tax thereafter, or return paid possessory interest tax as a grant to the developer.

The special tax incentives program is established under the D.C. Code, Title 2, Government Administration; Chapter 12, Business and Economic Development, and D.C. Code, Title 47, Taxation, Licensing, Permits, Assessments, and Fees; Chapter 10 Property Exempt from Taxation, and Chapter 46, Special Tax Incentives.

For the fiscal years ended September 30, 2018 and 2017, the District abated taxes (real property taxes and possessory interest taxes) totaled \$10.1 million and \$6.7 million, respectively. **Table N11-1** presents the aggregate amounts of taxes abated during fiscal years 2018 and 2017.

Table N11-1
Tax Abatement Programs (\$000s)

Tax abatement programs	FY 2018	FY 2017
Special tax incentives program		
Real property tax	\$ 9,159	\$ 6,575
Possessory interest tax	984	158
Total	\$ 10,143	\$ 6,733

NOTE 12. JOINT VENTURE AND TRANSACTIONS WITH COMPONENT UNITS

A. WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

The Washington Metropolitan Area Transit Authority (WMATA) was created by an Interstate Compact between Maryland, Virginia and the District of Columbia, pursuant to Public Law 89-774. The District's commitment or obligation to provide financial assistance to WMATA is established by annual appropriations, as approved by Congress. The District supports WMATA through operating, debt service, and capital grants. The District places the amounts to be provided to WMATA in an escrow account until such time when the funds are drawn down for use by WMATA. Operating grants may be in the form of operating and interest subsidies. WMATA records the District's operating grants as advanced contributions when received and as non-operating revenues when the related expenses are incurred. WMATA recognizes the District's capital grants as additions to construction in progress and investment in capital assets when the grant resources are expended for capital acquisitions. **Table N12-1** presents a summary of the grants provided to WMATA during the fiscal year ended September 30, 2018.

Table N12-1
Summary of Grants Provided to WMATA
(\$000s)

	Local	Capital
Operating grants	\$ 396,460	\$ -
School transit subsidy	22,738	-
Capital grants	-	129,427
Total	\$ 419,198	\$ 129,427

WMATA issues separate audited financial statements which can be requested from:

Washington Metropolitan Area Transit Authority
General Manager
600 5th Street, N.W.
Washington, DC 20001

Table N12-2 presents information that allows financial statement users to assess whether WMATA is accumulating significant financial resources or experiencing fiscal stress that may cause additional financial benefits or burden to the District and other participating governments.

Table N12-2
Summary of Financial Statements for WMATA
as of and for the year ended June 30, 2018
(\$000s)

FINANCIAL POSITION	
Total assets	\$ 13,640,038
Total deferred outflows of resources	591,216
Total liabilities	(4,961,992)
Total deferred inflows of resources	(520,779)
Net position	\$ 8,748,483
OPERATING RESULTS	
Operating revenues	\$ 800,523
Operating expenses	(2,772,642)
Nonoperating revenues, net	1,015,108
Revenue from capital contributions	983,574
Change in net position	\$ 26,563
CHANGE IN NET POSITION	
Net position, beginning of year, as restated	\$ 8,721,920
Change in net position	26,563
Net position, end of year	\$ 8,748,483

B. SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS

During fiscal year 2018, the most significant transactions between the District and its component units were in the form of subsidies. The amount of subsidies, including capital contributions paid by the District to its component units were as follows: Washington Convention and Sports Authority, \$141,448; and the University of the District of Columbia, \$91,649. The District did not provide subsidies to the Health Benefit Exchange Authority and the Housing Finance Agency.

NOTE 13. TRANSACTIONS WITH THE FEDERAL GOVERNMENT

A. FEDERAL CONTRIBUTIONS

In accordance with the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105-33), the annual federal payment was repealed and replaced by a federal contribution to cover special purpose and other unusual costs imposed on the District by the federal government. Federal contributions to the District for the year ended September 30, 2018, totaled \$528,300, which comprised of \$467,300 in on-behalf payments to the DC Federal Pension Fund and \$61,000 as contribution to cover costs imposed by the Federal Government.

B. EMERGENCY PREPAREDNESS

The District, as the nation's capital, serves as the command post and the source of first response to any national threat or terrorist act against the nation. As of September 30, 2018, the District received \$155,900 in federal funding for emergency preparedness. This funding was provided by the federal government to assist the District in preparing for responses to potential terrorist threats or other attacks. Since 2002, the District has expended a total of \$152,262 or 98% of the federal funding received for purposes of emergency preparedness with no amounts being expended for such purposes during fiscal year 2018.

C. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

The District participates in the federal government's Supplemental Nutrition Assistance Program (SNAP), which is designed to increase the food purchasing power of economically disadvantaged residents. SNAP expenditures totaled \$188,660 in fiscal year 2018.

D. GRANTS

In addition to SNAP, the District participates in a number of programs which are funded by the federal government through formula and project grants, direct and guaranteed loans, direct payments for specified and unrestricted use, and other pass-through grants.

The federal government also provides capital grants, which are used for the purchase or construction of capital assets. Federal grants and contributions are shown by function on the government-wide financial statements.

NOTE 14. LEASES

The accounting standards for leases classify lease agreements into: 1) capital lease, and 2) operating lease. A capital lease requires the recognition of lease asset and lease liability in the government-wide statement of net position. As of September 30, 2018, The District did not have any outstanding capital leases.

Operating leases are not recorded in the statement of net position. These leases contain various renewal options, the effects of which are reflected in the minimum lease payments only if the options will be exercised. Certain other operating leases contain escalation clauses and contingent rentals that are not included in the calculation of the future minimum lease payments. Operating lease expenditures recorded in governmental funds totaled \$156,567 in fiscal year 2018.

Table N14-1 shows the future minimum lease payments for all operating leases having non-cancelable terms in excess of one year as of September 30, 2018.

Table N14-1
Schedule of Future Minimum Lease
Commitments (\$000s)

Year Ending September 30	Primary Government Operating Leases	
	Facilities	Equipment
2019	\$ 93,275	\$ 3,551
2020	92,812	2,497
2021	84,723	285
2022	77,164	21
2023	76,838	-
2024-2028	255,788	-
2029-2033	57,909	-
2034-2038	13,142	-
2039-2043	917	-
2044-2048	1,063	-
2049-2050	271	-
Minimum lease payments	\$ 753,902	\$ 6,354

NOTE 15. COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District retains the risk of losses and pays all claim settlements and judgments from its general fund resources and reports all of its risk management activities as governmental activities in the government-wide financial statements. Claim expenditures and liabilities are reported in the government-wide financial statements when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated, and reported in the general fund when due and payable. These losses include an estimate of claims that have been incurred but not reported.

B. GRANTS AND CONTRACTS

The District has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the District. The audits of these federally assisted programs have not been conducted for the year ended September 30, 2018. As such, the District's compliance with applicable grant and federal requirements will be assessed and established at some future date. Based on prior experience and resolutions reached with grantor agencies, the District determined that as of September 30, 2018, probable cumulative expenditures that may be disallowed by grantor agencies totaled \$11,970. Accordingly, an accrual for such expenditures has been recorded in the government-wide financial statements.

C. CONTINGENCIES RELATED TO DERIVATIVE INSTRUMENTS

All of the District's derivative instruments include provisions that require the District to post collateral in the event its credit rating falls below AA as issued by Fitch Ratings and Standard and Poor's or Aa as issued by Moody's Investors Service. The collateral posted is to be in the form of cash or U.S. Treasury securities in the amount of the fair value of hedging derivative instruments in liability positions net of the effect of applicable netting arrangements. If the District does not post collateral, the hedging derivative instrument may be terminated by the counterparty. As of September 30, 2018, the aggregate fair value of all hedging derivative instruments with these collateral posting provisions was (\$21,031) as indicated in **Table N2-13**. The District's general obligation credit ratings by Standard & Poor's, Moody's and Fitch is AA+/Aaa/AA+, respectively; therefore, no collateral had been posted as of September 30, 2018.

D. LITIGATION

The District is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations. Although the ultimate outcome of these legal proceedings and investigations is unknown, the District is vigorously defending its position in each case. All amounts in connection with lawsuits in which a loss is probable have been included in the liability for claims and judgments as of September 30, 2018.

The accrued liability is based on estimates of the payments that will be made upon legal judgment or resolution of the claims. This accrued amount is the minimum amount in the range of estimates that have the same probability of occurrence. The sum of the amount in excess of the minimum range of probable losses and the amount of the minimum range of losses that are reasonably possible which are not accrued is estimated to be \$51,800.

In fiscal year 2018, there was a \$14,750 net decrease in the accrual related to pending or unresolved property tax appeals made by District property owners.

A summary of the changes in the accrued liability for claims and judgments reported in the government-wide financial statements is shown in **Table N15-1**.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Table N15-1
Summary of Changes in Claims and Judgments Accrual (\$000s)

	Fiscal Year 2018	Fiscal Year 2017
Liability at October 1	\$ 121,825	\$ 145,974
Add: Claims incurred		
Lawsuits	72,009	21,961
Property tax appeals	27,768	32,038
Less: Claims payments/adjustments		
Lawsuits	(25,940)	(47,040)
Property tax appeals	(42,518)	(31,108)
Liability at September 30	\$ 153,144	\$ 121,825

E. DISABILITY COMPENSATION

The District, through its Office of Risk Management, administers a disability compensation program under Title XXIII of the District of Columbia Compensation Merit Personnel Act of 1978 (CMPA). This program, which covers all District employees hired under the authority of CMPA, provides compensation for lost wages, medical expenses, and other limited rehabilitation expenses to eligible employees and/or their dependents, where a work-related injury or illness results in disability or death. The benefits are funded on a pay-as-you-go basis. The present value of projected disability compensation, using a discount rate of 1.75%, is accrued in the government-wide financial statements.

Table N15-2 presents a summary of changes in the disability compensation accrual.

Table N15-2
Summary of Changes in Disability Compensation Accrual (\$000s)

	Fiscal Year 2018	Fiscal Year 2017
Liability at October 1	\$ 121,186	\$ 130,438
Add: Claims/adjustments	3,240	12,383
Less: Benefit payments	(15,891)	(21,635)
Liability at September 30	\$ 108,535	\$ 121,186

NOTE 16. SUBSEQUENT EVENTS

Washington Convention and Sports Authority

In October 2018, Events DC hosted a grand opening of the Entertainment and Sports Arena (ESA) located in Ward 8's Congress Heights neighborhood, on the St. Elizabeths East Campus. The 118,000 square-foot venue will be a hub for entertainment, sporting events, and much more. The ESA will serve as the practice facility for the National Basketball Association's (NBA's) Washington Wizards and the home court of the Women's National Basketball Association's (WNBA's) Washington Mystics and the NBA's G-League team, the Capital City Go-Go. The approximately 4,200-seat sports complex will be an innovative and unique venue that will provide a much-needed boost to the on-going redevelopment

in Ward 8, spur greater economic opportunities for residents, and help create more pathways to the middle class. While the ESA will be used mainly for basketball, there are plans for the facility to also host concerts, community events, and other sporting events. Construction for the ESA, including demolition of surrounding buildings, began in February 2016. The District and Monumental Sports & Entertainment partnered with Events DC and contributed \$23 million and \$5 million, respectively, towards the construction cost of the ESA. The ESA is anticipated to generate a total of \$90 million in new tax revenues over 20 years, including ticket tax, concessions, and income taxes and is expected to create 300 permanent jobs.



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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information presents additional information as mandated by current governmental financial reporting standards.

Exhibit RSI-1
Schedule of Employer Contributions - Teachers' Retirement Fund
Last Ten Fiscal Years (\$000s)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 59,046	\$ 56,781	\$ 44,469	\$ 39,513	\$ 31,636	\$ 6,407	\$ -	\$ -	\$ -	\$ -
Contributions in relation to actuarially determined contribution	59,046	56,781	44,469	39,513	31,636	6,407	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 470,749	\$ 447,762	\$ 438,079	\$ 417,090	\$ 378,926	\$ 369,071	\$ 381,235	\$ 384,455	\$ 337,516	\$ 336,600
Contributions as a percentage of covered payroll	12.54%	12.68%	10.15%	9.47%	8.35%	1.74%	0.00%	0.00%	0.00%	0.00%

Note:

Valuation Date: Actual contributions are based on valuations as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for fiscal year 2018:

Actuarial cost method: Entry age normal

Amortization method: Level dollar, closed

Remaining amortization period: 16 years

Asset valuation method: 7-year smoothed market

Inflation: 3.50%

Salary increases: 4.25% to 8.25%, including wage inflation of 4.25%

Investment rate of return: 6.50%, net of pension plan investment expense, and including inflation

Cost of living adjustments: 3.50% (Limited to 3.00% for those hired after 11/1/1996)

Exhibit RSI-2

Schedule of Employer Contributions - Police Officers' and Firefighters' Retirement Fund
Last Ten Fiscal Years (\$000s)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 105,596	\$ 145,631	\$ 136,115	\$ 103,430	\$ 110,766	\$ 96,314	\$ 116,700	\$ 127,200	\$ 132,300	\$ 106,000
Contributions in relation to actuarially determined contribution	105,596	145,631	136,115	103,430	110,766	96,314	116,700	127,200	132,300	106,000
Contribution deficiency (excess)	\$ 454,209	\$ 441,904	\$ 438,114	\$ 446,201	\$ 426,135	\$ 413,380	\$ 414,877	\$ 421,221	\$ 423,854	\$ 436,100
Covered payroll	23.25%	32.96%	31.07%	23.18%	25.99%	23.30%	28.13%	30.20%	31.21%	24.31%
Contributions as a percentage of covered payroll										

Note:

Valuation Date: Actual contributions are based on valuations as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for fiscal year 2018:

Actuarial cost method: Entry age normal

Amortization method: Level dollar, closed

Remaining amortization period: 16 years

Asset valuation method: 7-year smoothed market

Inflation: 3.50%

Salary increases: 4.25% to 9.25%, including wage inflation of 4.25%

Investment rate of return: 6.50%, net of pension plan investment expense, and including inflation

Cost of living adjustments: 3.50% (Limited to 3.00% for those hired after 11/10/1996)

Exhibit RSI-3
Schedule of Changes in Net Pension Liability and Related Ratios - Teachers' Retirement Fund
Last Five Fiscal Years (\$000s)

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 67,877	\$ 65,911	\$ 61,599	\$ 53,297	\$ 50,409
Interest	137,704	131,657	124,370	118,378	112,204
Differences between expected and actual experience	(19,505)	(37,230)	2,656	(7,246)	-
Changes in assumptions	-	14,106	-	-	-
Benefit payments, including refunds of employee contributions	(84,556)	(78,235)	(75,298)	(69,652)	(65,622)
Net change in total pension liability	101,520	96,209	113,327	94,777	96,991
Total pension liability-beginning	2,160,347	2,064,138	1,950,811	1,856,034	1,759,043
Total pension liability-ending (a)	\$ 2,261,867	\$ 2,160,347	\$ 2,064,138	\$ 1,950,811	\$ 1,856,034
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 59,046	\$ 56,781	\$ 44,469	\$ 39,513	\$ 31,636
Contributions - employees	40,324	34,364	33,591	31,621	28,751
Net investment income	94,129	239,554	152,262	(72,647)	132,086
Benefit payments including refunds of employee contributions	(84,556)	(78,235)	(75,298)	(69,652)	(65,622)
Administrative expenses	(4,474)	(4,721)	(4,746)	(4,543)	(3,787)
Other	1,038	907	1,033	385	522
Net change in plan fiduciary net position	105,507	248,650	151,311	(75,323)	123,586
Plan fiduciary net position-beginning	2,070,599	1,821,949	1,670,638	1,745,961	1,622,375
Plan fiduciary net position-ending (b)	\$ 2,176,106	\$ 2,070,599	\$ 1,821,949	\$ 1,670,638	\$ 1,745,961
District's net pension liability-ending (a)-(b)	\$ 85,761	\$ 89,748	\$ 242,189	\$ 280,173	\$ 110,073
Plan fiduciary net position as a percentage of total pension liability (b)/(a)	96.21%	95.85%	88.27%	85.64%	94.07%
Covered payroll	\$ 470,749	\$ 447,762	\$ 438,079	\$ 417,090	\$ 378,926
Net pension liability as a percentage of covered payroll	18.22%	20.04%	55.28%	67.17%	29.05%

Note:
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Exhibit RSI-4

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Police Officers' and Firefighters' Retirement Fund
Last Five Fiscal Years (\$000s)

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 182,641	\$ 196,629	\$ 198,020	\$ 192,114	\$ 176,102
Interest	318,719	300,626	282,285	257,943	235,097
Differences between expected and actual experience	(84,452)	(188,549)	(106,840)	(2,477)	-
Changes in assumptions	-	67,256	-	-	-
Benefit payments, including refunds of employee contributions	(108,374)	(94,184)	(81,316)	(65,030)	(54,421)
Net change in total pension liability	308,534	281,778	292,149	382,550	356,778
Total pension liability-beginning	4,957,340	4,675,562	4,383,413	4,000,863	3,644,085
Total pension liability-ending (a)	\$ 5,265,874	\$ 4,957,340	\$ 4,675,562	\$ 4,383,413	\$ 4,000,863
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 105,596	\$ 145,631	\$ 136,115	\$ 103,430	\$ 110,766
Contributions - employees	34,478	33,424	32,785	33,679	32,821
Net investment income	316,842	655,310	415,157	(187,283)	338,894
Benefit payments including refunds of employee contributions	(108,374)	(94,184)	(81,316)	(65,030)	(54,421)
Administrative expenses	(11,570)	(12,838)	(12,918)	(11,939)	(9,730)
Other	2,356	2,468	2,810	1,012	1,342
Net change in plan fiduciary net position	339,328	729,811	492,633	(126,131)	419,672
Plan fiduciary net position-beginning	5,684,442	4,954,631	4,461,998	4,588,129	4,168,457
Plan fiduciary net position-ending (b)	\$ 6,023,770	\$ 5,684,442	\$ 4,954,631	\$ 4,461,998	\$ 4,588,129
District's net pension liability (asset)-ending (a)-(b)	\$ (757,896)	\$ (727,102)	\$ (279,069)	\$ (78,585)	\$ (587,266)
Plan fiduciary net position as a percentage of total pension liability (b)/(a)	114.39 %	114.67 %	105.97 %	101.79 %	114.68 %
Covered payroll	\$ 454,209	\$ 441,904	\$ 438,114	\$ 446,201	\$ 426,135
Net pension liability (asset) as a percentage of covered payroll	(166.86)%	(164.54)%	(63.70)%	(17.61)%	(137.81)%

Note:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Exhibit RSI-5 Schedule of Employer Contributions - OPEB Last Ten Fiscal Years (\$000s)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 44,500	\$ 31,000	\$ 29,000	\$ 91,400	\$ 86,600	\$ 85,200	\$ 95,500	\$ 94,200	\$ 92,200	\$ 130,900
Contributions in relation to actuarially determined contribution	44,500	31,000	29,000	91,400	86,600	107,778	109,825	94,200	90,725	81,158
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,578)	\$ (14,325)	\$ -	\$ 1,475	\$ 49,742
Covered payroll	\$ 1,940,801	\$ 1,820,046	\$ 1,771,335	\$ 1,608,000	\$ 1,484,300	\$ 1,441,100	\$ 1,399,100	\$ 1,559,800	\$ 1,544,500	\$ 1,579,900
Contributions as a percentage of covered payroll	2.29%	1.70%	1.64%	5.68%	5.83%	5.91%	6.83%	6.04%	5.97%	8.29%

Note:

Valuation Date: Actual contributions are based on valuations as of September 30, 2017, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Percent of Pay, Closed

Remaining Amortization Period: 18 years beginning with fiscal year end 2018

Asset Valuation Method: Market Value

Investment rate of return: 6.50%

Discount Rate: 6.50%

Salary Increase Rate: 3.50% (plus merit scale)

Medical Inflation Rate: 5.50%, grading to 3.90%. Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2040

Mortality: The RP-2014 Healthy Employee Mortality Table with the MP-2017 Improvement Scale, fully generational, was used for healthy lives both pre- and post-retirement. For disabled lives, the RP-2014 Disabled Life Mortality Table was used

Exhibit RSI-6
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Last Two Fiscal Years (\$000s)

	2018	2017
TOTAL OPEB LIABILITY		
Service cost	\$ 52,835	\$ 49,610
Interest	79,095	72,123
Differences between expected and actual experience	(729)	(539)
Changes in assumptions	50,940	-
Insurance carrier premiums net of retiree contributions	(15,740)	(12,370)
Net change in total OPEB liability	166,401	108,824
Total OPEB liability-beginning	1,224,600	1,115,776
Total OPEB liability-ending (a)	\$ 1,391,001	\$ 1,224,600
OPEB PLAN FIDUCIARY NET POSITION		
Contributions - employer and annuitants	\$ 45,206	\$ 31,522
Net investment income	67,386	150,515
Insurance carrier premiums (benefits payments)	(16,447)	(12,892)
Administrative expenses	(397)	(304)
Net change in plan fiduciary net position	95,748	168,841
Plan fiduciary net position-beginning	1,366,282	1,197,441
Plan fiduciary net position-ending (b)	\$ 1,462,030	\$ 1,366,282
District's net OPEB liability (asset)-ending (a)-(b)	\$ (71,029)	\$ (141,682)
Plan fiduciary net position as a percentage of total OPEB liability (b)/(a)	105.11 %	111.57 %
Covered payroll	\$ 1,940,801	\$ 1,820,046
Net OPEB liability (asset) as a percentage of covered payroll	(3.66)%	(7.78)%

Notes to Schedule:

Changes in assumptions which increased the total OPEB liability by \$50,940, resulted from changes in healthcare costs and trends. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



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OTHER SUPPLEMENTARY INFORMATION

This subsection includes the combining and individual fund statements and schedules for the following:

General Fund

Nonmajor Governmental Funds

Fiduciary Funds

Supporting Schedules



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GENERAL FUND

The General Fund is used to account for all financial resources that are not required to be accounted for in another fund.

Exhibit A-1

**DISTRICT OF COLUMBIA
BALANCE SHEET
General Fund
September 30, 2018
(With Comparative Totals at September 30, 2017)
(\$000s)**

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,574,313	\$ 1,300,779
Receivables (net of allowances for doubtful accounts):		
Intergovernmental	350	4,347
Taxes	459,640	454,439
Accounts	251,255	213,917
Due from component units	2,222	8,937
Interfund	634,245	810,478
Inventories	8,270	14,969
Other current assets	7,890	5,959
Cash and cash equivalents (restricted)	954,486	955,489
Investments (restricted)	65,294	36,179
Total current assets	3,957,965	3,805,493
Long-term assets	100,091	99,125
Total assets	\$ 4,058,056	\$ 3,904,618
LIABILITIES		
Accounts payable	\$ 427,848	\$ 408,471
Compensation payable:		
Salaries and wages	168,233	131,175
Employee benefits	2,022	5,140
Payroll taxes	781	929
Other deductions	4,641	5,954
Interfund	18,828	21,469
Due to component units	15,339	13,766
Unearned revenue	72,898	66,559
Other	42,379	40,328
Accrued liabilities:		
Medicaid	223,715	156,691
Tax refunds	56,406	80,974
Other current liabilities	8,876	19,740
Total liabilities	1,041,966	951,196
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues:		
Property taxes	132,539	127,668
Others	107,168	149,463
Total deferred inflows of resources	239,707	277,131
FUND BALANCE		
Nonspendable	8,270	14,969
Restricted	1,105,718	1,120,068
Committed	1,635,148	1,541,254
Assigned	27,247	-
Total fund balance	2,776,383	2,676,291
Total liabilities, deferred inflows of resources and fund balance	\$ 4,058,056	\$ 3,904,618

See accompanying Report of Independent Public Accountants.

Exhibit A-2

DISTRICT OF COLUMBIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
General Fund
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)
(\$000s)

	2018	2017
REVENUES		
Taxes	\$ 7,611,638	\$ 7,328,658
Fines and forfeitures	168,486	176,351
Licenses and permits	133,938	127,546
Charges for services:		
Public	295,963	282,921
Intergovernmental	665	846
Miscellaneous:		
Public	419,346	381,097
Investment income	30,014	9,238
Total revenues	8,660,050	8,306,657
EXPENDITURES		
Current:		
Governmental direction and support	984,073	945,270
Economic development and regulation	450,329	382,625
Public safety and justice	1,222,117	1,188,291
Public education system	2,284,664	2,078,134
Human support services	2,049,211	1,949,127
Public works	389,778	358,929
Public transportation	419,198	368,014
Debt service:		
Principal	304,964	256,575
Interest	399,439	388,128
Fiscal charges	7,322	7,572
Total expenditures	8,511,095	7,922,665
EXCESS OF REVENUES OVER EXPENDITURES	148,955	383,992
OTHER FINANCING SOURCES (USES):		
Debt issuance	4,214	2,260
Refunding debt issuance	401,095	1,168,615
Premium on sale of bonds	45,334	123,053
Payment to refunded bond escrow agent	(444,960)	(1,287,378)
Transfers in	114,620	98,487
Transfers out	(190,405)	(202,278)
Sale of capital assets	21,239	451
Total other financing uses	(48,863)	(96,790)
Excess of revenues and other sources over expenditures and other uses	100,092	287,202
Fund Balance at October 1	2,676,291	2,389,089
Fund Balance at September 30	\$ 2,776,383	\$ 2,676,291

See accompanying Report of Independent Public Accountants.

Exhibit A-3

DISTRICT OF COLUMBIA
SCHEDULE OF EXPENDITURES AND NET FINANCING (SOURCES) USES
Function and Object - GAAP Basis
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)
(\$000s)

Function and Subfunction	Personnel Services	Contractual Services	Supplies	Occupancy	Miscellaneous	Totals	
						2018	2017
Governmental direction and support							
Legislative	\$ 26,175	\$ 3,492	\$ 104	\$ 717	\$ 810	\$ 31,298	\$ 28,047
Executive	88,815	38,524	641	4,176	2,920	135,076	127,459
Finance	108,419	38,466	274	5	174,082	321,246	321,811
Personnel	13,405	884	13	39	33	14,374	13,111
Administrative	124,359	111,553	3,326	226,625	4,474	470,337	444,493
Elections	8,306	3,014	243	40	139	11,742	10,349
Total	369,479	195,933	4,601	231,602	182,458	984,073	945,270
Economic development and regulation							
Community development	34,383	27,515	229	65	160,063	222,255	164,084
Economic regulation	88,833	24,773	679	5,889	8,165	128,339	118,764
Employment services	38,980	21,363	2,670	1,966	34,756	99,735	99,777
Total	162,196	73,651	3,578	7,920	202,984	450,329	382,625
Public safety and justice							
Police	595,579	63,627	8,000	112	32,692	700,010	722,782
Fire	290,130	25,661	6,380	39	11,112	333,322	286,650
Corrections	123,097	33,515	9,936	38	1,455	168,041	157,770
Protection	8,756	2,909	276	31	230	12,202	12,030
Law	7,955	430	77	5	68	8,535	9,059
Judicial	4	3	-	-	-	7	-
Total	1,025,521	126,145	24,669	225	45,557	1,222,117	1,188,291
Public education system							
Schools	751,047	111,112	9,103	35,656	892,694	1,799,612	1,626,964
Culture	164,151	31,932	1,426	9,067	278,476	485,052	451,170
Total	915,198	143,044	10,529	44,723	1,171,170	2,284,664	2,078,134
Human support services							
Health and welfare	375,768	128,167	8,231	56,835	1,308,023	1,877,024	1,801,678
Human relations	9,174	5,337	108	24	30,895	45,538	38,519
Employment benefits	74,232	-	-	-	-	74,232	61,864
Recreation	43,975	6,244	1,190	17	991	52,417	47,066
Total	503,149	139,748	9,529	56,876	1,339,909	2,049,211	1,949,127
Public works	202,935	135,428	9,539	6,569	35,307	389,778	358,929
Public transportation	-	-	-	-	419,198	419,198	368,014
Debt service	-	-	-	-	711,725	711,725	652,275
Net financing uses	-	-	-	-	48,863	48,863	96,790
Total expenditures and net uses	\$ 3,178,478	\$ 813,949	\$ 62,445	\$ 347,915	\$ 4,157,171	\$ 8,559,958	\$ 8,019,455

See accompanying Report of Independent Public Accountants.

Note:

Miscellaneous column includes transfers, subsidies and other payments, the major components of which are listed below.

Transfers to:

Convention Center [\$143,246], Public Charter Schools [\$871,630], UDC [\$80,000], PAYGO-Capital [\$123,028], Housing Authority [\$77,683], Mass Transit Subsidies [\$419,198], Highway Transportation Fund [\$26,268], and Housing Production Trust Fund [\$12,516].

Payments for:

Dept. of Behavioral Health [\$55,730], Dept. of Health Care Finance [\$752,712], Dept. of Human Services [\$264,136], Child & Family Services [\$77,995], Dept. of Youth Rehabilitation [\$30,680], Disability Services [\$106,185], State Education [\$106,974], Non-Public Tuition [\$59,515], Equipment Lease-Operating [\$19,254], Repayment of Loans and Interest [\$685,059], Fire and Emergency Service [\$11,112], Commission of Arts and Humanities [\$23,529], Dept. Employment Services [\$34,756], Business Improvement District Transfer [\$29,082], Department of the Environment [\$25,366], Office of Aging [\$28,818], Dept. of Health [\$20,290], Public Schools [\$15,930], DC Public Library [\$8,350], Planning & Econ Development [\$21,145], Office of Victims & Justice Grants [\$28,962], Dept. of Housing and Community Development [\$23,550], and Department of General Services [\$9,690].

Exhibit A-4

DISTRICT OF COLUMBIA
SCHEDULE OF LOCAL SOURCE REVENUES
Budget and Actual (Budgetary Basis)
General Fund
Year Ended September 30, 2018
(\$000s)

Source	Budget		Actual	Variance
	Original	Revised		
Taxes:				
Property:				
Real	\$ 2,558,825	\$ 2,540,572	\$ 2,509,584	\$ (30,988)
Personal	62,580	65,780	67,397	1,617
Public space rental	39,471	33,507	37,615	4,108
Total	<u>2,660,876</u>	<u>2,639,859</u>	<u>2,614,596</u>	<u>(25,263)</u>
Sales and use:				
General	1,413,992	1,431,629	1,432,005	376
Alcoholic beverages	6,684	6,758	6,560	(198)
Cigarette	29,845	29,750	27,956	(1,794)
Motor vehicles	47,064	45,521	44,055	(1,466)
Motor fuel tax	24,936	25,761	26,268	507
Total	<u>1,522,521</u>	<u>1,539,419</u>	<u>1,536,844</u>	<u>(2,575)</u>
Income and franchise:				
Individual income	1,978,542	2,072,309	2,066,842	(5,467)
Corporation franchise	345,722	385,326	436,526	51,200
Unincorporated business	166,659	146,535	138,219	(8,316)
Total	<u>2,490,923</u>	<u>2,604,170</u>	<u>2,641,587</u>	<u>37,417</u>
Gross receipts:				
Public utility	128,659	134,586	131,206	(3,380)
Toll telecommunication	48,817	35,410	37,432	2,022
Insurance companies	59,853	63,238	65,750	2,512
Health care providers	34,962	32,688	37,011	4,323
Health care related incomes	49,617	47,086	47,948	862
Total	<u>321,908</u>	<u>313,008</u>	<u>319,347</u>	<u>6,339</u>
Other:				
Deed recordation	199,407	229,671	224,342	(5,329)
Deed transfers	149,915	175,847	172,916	(2,931)
Inheritance and estate	22,344	40,482	35,708	(4,774)
Economic interests	15,550	14,953	14,108	(845)
Total	<u>387,216</u>	<u>460,953</u>	<u>447,074</u>	<u>(13,879)</u>
Total taxes	<u>7,383,444</u>	<u>7,557,409</u>	<u>7,559,448</u>	<u>2,039</u>
Licenses and permits:				
Business licenses	50,299	57,342	61,776	4,434
Nonbusiness permits	32,603	36,792	36,923	131
Total	<u>82,902</u>	<u>94,134</u>	<u>98,699</u>	<u>4,565</u>
Fines and forfeitures	<u>156,460</u>	<u>168,070</u>	<u>164,382</u>	<u>(3,688)</u>
Charges for services	<u>74,130</u>	<u>88,568</u>	<u>87,632</u>	<u>(936)</u>
Miscellaneous:				
Interest	2,427	20,228	24,747	4,519
Other	89,908	100,209	121,377	21,168
Total	<u>92,335</u>	<u>120,437</u>	<u>146,124</u>	<u>25,687</u>
Total local revenues	<u>7,789,271</u>	<u>8,028,618</u>	<u>8,056,285</u>	<u>27,667</u>
Transfers and other sources:				
General obligation bonds	8,000	8,000	4,564	(3,436)
Fund balance released from restrictions	265,201	297,963	-	(297,963)
Interfund transfer	59,304	104,041	114,579	10,538
Total transfers and other sources	<u>332,505</u>	<u>410,004</u>	<u>119,143</u>	<u>(290,861)</u>
Total local revenues and other sources	<u>\$ 8,121,776</u>	<u>\$ 8,438,622</u>	<u>\$ 8,175,428</u>	<u>\$ (263,194)</u>

See accompanying Report of Independent Public Accountants.

Exhibit A-5

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
General Fund
Year Ended September 30, 2018
(\$000s)

	Local Source			Other Source			Totals		
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance	Variance
REVENUES AND SOURCES									
Taxes									
Property taxes	\$ 2,660,876	\$ 2,639,859	\$ 2,614,596	\$ (25,263)	\$ -	\$ -	\$ 2,614,596	\$ (25,263)	\$ (25,263)
Sales and use taxes	1,522,521	1,539,419	1,536,844	(2,575)	-	-	1,536,844	(2,575)	(2,575)
Income and franchise taxes	2,490,923	2,604,170	2,641,587	37,417	-	-	2,641,587	37,417	37,417
Gross receipts and other taxes	709,124	773,961	766,421	(7,540)	-	-	766,421	(7,540)	(7,540)
Total taxes	7,383,444	7,557,409	7,559,448	2,039	-	-	7,559,448	2,039	2,039
Licenses and permits	82,902	94,134	98,699	4,565	-	-	98,699	4,565	4,565
Fines and forfeitures	156,460	168,070	164,382	(3,688)	-	-	164,382	(3,688)	(3,688)
Charges for services	74,130	88,568	87,632	(936)	-	-	87,632	(936)	(936)
Miscellaneous	92,335	120,437	146,124	25,687	-	-	146,124	25,687	25,687
Other sources	-	-	-	-	662,919	652,225	616,116	(36,109)	(36,109)
Bond proceeds	8,000	8,000	4,564	(3,436)	-	-	8,000	8,000	8,000
Fund balance released from restrictions	265,201	297,963	-	(297,963)	-	-	265,201	297,963	(297,963)
Interfund transfer-from lottery and games	45,000	45,600	49,500	3,900	-	-	45,600	45,600	3,900
Interfund transfer-others	14,304	58,441	65,079	6,638	-	-	14,304	58,441	6,638
Total revenues and sources	8,121,776	8,438,622	8,175,428	(263,194)	662,919	652,225	8,791,544	(298,303)	(298,303)
EXPENDITURES AND USES									
Governmental direction and support	699,486	787,524	777,979	9,545	75,053	52,439	38,653	13,786	23,331
Economic development and regulation	319,217	318,947	302,229	16,718	235,889	238,728	181,082	57,646	74,364
Public safety and justice	1,112,225	1,178,205	1,174,944	3,261	48,341	50,730	45,971	4,759	8,020
Public education system	2,141,460	1,940,105	1,917,567	22,538	20,935	28,176	18,185	9,991	32,529
Public education AY19 expenditure	-	319,460	319,460	-	-	-	-	-	-
Human support services	1,962,243	2,005,043	1,992,229	12,814	41,147	43,602	37,786	5,816	18,630
Public works	651,087	646,995	645,146	1,849	186,545	184,510	158,475	26,035	27,884
Repayment of loans and interest	686,969	679,528	679,528	-	5,531	5,531	5,531	-	-
Debt service - issuance costs	8,000	8,000	5,571	2,429	-	-	-	-	2,429
Commercial paper program	8,503	2,881	2,881	-	-	-	-	-	-
Settlements and judgments fund	21,825	16,021	15,959	62	-	-	-	-	62
Wilson building	4,082	4,082	4,014	68	-	-	-	-	68
D.C. retiree health contribution	44,500	44,500	44,500	-	-	-	-	-	-
Repayment of revenue bonds	7,832	7,832	7,822	10	-	-	-	-	10
Convention center transfer	140,138	141,748	141,748	-	1,498	1,498	1,498	-	-
Highway transportation fund	24,936	26,268	26,268	-	-	-	-	-	-
Workforce investments	181,576	18,381	-	18,381	-	-	-	-	18,381
Operating lease-equipment	19,254	19,254	19,254	-	-	-	-	-	-
Pay-as-you-go capital fund	84,135	76,257	76,257	-	46,162	46,771	46,771	-	-
Non-departmental	3,804	-	-	-	1,818	240	-	240	-
Total expenditures and uses	8,121,272	8,241,031	8,153,356	87,675	662,919	652,225	533,952	118,273	205,948
Excess of revenues and sources over expenditures and uses	\$ 504	\$ 197,591	\$ 22,072	\$ (175,519)	\$ -	\$ -	\$ 82,164	\$ 82,164	\$ (93,355)

See accompanying Report of Independent Public Accountants.

Exhibit A-6

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES
General Fund
Year Ended September 30, 2018
(\$000s)

	Original Budget	Revisions	Revised Budget	Actual	Variance (Actual To Original Budget)
REVENUES AND SOURCES					
Taxes:					
Property taxes	\$ 2,660,876	\$ (21,017)	\$ 2,639,859	\$ 2,614,596	\$ (46,280)
Sales and use taxes	1,522,521	16,898	1,539,419	1,536,844	14,323
Income and franchise taxes	2,490,923	113,247	2,604,170	2,641,587	150,664
Gross receipts and other taxes	709,124	64,837	773,961	766,421	57,297
Total taxes	7,383,444	173,965	7,557,409	7,559,448	176,004
Licenses and permits	82,902	11,232	94,134	98,699	15,797
Fines and forfeitures	156,460	11,610	168,070	164,382	7,922
Charges for services	74,130	14,438	88,568	87,632	13,502
Miscellaneous	92,335	28,102	120,437	146,124	53,789
Other sources	662,919	(10,694)	652,225	616,116	(46,803)
Bond proceeds	8,000	-	8,000	4,564	(3,436)
Fund balance released from restrictions	265,201	32,762	297,963	-	(265,201)
Interfund transfer-from lottery and games	45,000	600	45,600	49,500	4,500
Interfund transfer-others	14,304	44,137	58,441	65,079	50,775
Total revenues and sources	8,784,695	306,152	9,090,847	8,791,544	6,849
EXPENDITURES AND USES					
Governmental direction and support	774,539	65,424	839,963	816,632	(42,093)
Economic development and regulation	555,106	2,569	557,675	483,311	71,795
Public safety and justice	1,160,566	68,369	1,228,935	1,220,915	(60,349)
Public education system	2,162,395	(194,114)	1,968,281	1,935,752	226,643
Public education AY19 expenditure	-	319,460	319,460	319,460	(319,460)
Human support services	2,003,390	45,255	2,048,645	2,030,015	(26,625)
Public works	837,632	(6,127)	831,505	803,621	34,011
Repayment of loans and interest	692,500	(7,441)	685,059	685,059	7,441
Debt service - issuance costs	8,000	-	8,000	5,571	2,429
Commercial paper program	8,503	(5,622)	2,881	2,881	5,622
Settlements and judgments fund	21,825	(5,804)	16,021	15,959	5,866
Wilson building	4,082	-	4,082	4,014	68
D.C. retiree health contribution	44,500	-	44,500	44,500	-
Repayment of revenue bonds	7,832	-	7,832	7,822	10
Convention center transfer	141,636	1,610	143,246	143,246	(1,610)
Highway transportation fund	24,936	1,332	26,268	26,268	(1,332)
Workforce investments	181,576	(163,195)	18,381	-	181,576
Operating lease-equipment	19,254	-	19,254	19,254	-
Pay-as-you-go capital fund	130,297	(7,269)	123,028	123,028	7,269
Non-departmental	5,622	(5,382)	240	-	5,622
Total expenditures and uses	8,784,191	109,065	8,893,256	8,687,308	96,883
Excess of revenues and sources over expenditures and uses	\$ 504	\$ 197,087	\$ 197,591	\$ 104,236	\$ 103,732

See accompanying Report of Independent Public Accountants.



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NONMAJOR GOVERNMENTAL FUNDS

(Combining Statements)

Special Revenue Funds

The **Tax Increment Financing (TIF) Program Fund** is used to account for activities relating to various TIF development initiatives. These activities support new economic development projects.

The District of Columbia **Tobacco Settlement Financing Corporation (TSFC) Fund**, a blended component unit, is used to account for the tobacco litigation settlement activities of the District of Columbia.

The **PILOT Special Revenue Fund** is used to account for the proceeds of PILOT revenue to finance the development costs associated with various District development projects.

The **Baseball Project Special Revenue Fund** is used to account for the proceeds of baseball related revenue sources that are legally restricted to expenditures for baseball project purposes.

Debt Service Fund

The **Debt Service Fund** is used to account for the payment of ballpark revenue bonds.

Capital Projects Fund

The **Highway Trust Fund** is used to account for the motor vehicle fuel taxes and other fees collected and used by the District for highway projects.

Exhibit B-1

DISTRICT OF COLUMBIA
COMBINING BALANCE SHEET
Nonmajor Governmental Funds
September 30, 2018
(With Comparative Totals at September 30, 2017)
(\$000s)

	Special Revenue Funds				Capital Project Fund		Totals	
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT	Baseball Project	Debt Service Fund	Highway Trust	2018	2017
ASSETS								
Current assets:								
Receivables (net of allowances for doubtful accounts):								
Taxes	\$ -	\$ -	\$ -	\$ 1,765	\$ -	\$ 1,357	\$ 3,122	\$ 4,003
Accounts	3,932	30,941	623	-	-	1,330	36,826	30,810
Due from other District entities	1,000	-	-	665	-	-	1,665	1,665
Interfund	3,409	-	1,601	1,730	-	-	6,740	15,376
Other current assets	-	16	-	-	-	-	16	15
Restricted cash and cash equivalents	60,040	11,058	67,641	56,333	-	58,134	253,206	218,599
Restricted investments	-	41,019	11,155	-	-	-	52,174	52,199
Total assets	\$ 68,381	\$ 83,034	\$ 81,020	\$ 60,493	\$ -	\$ 60,821	\$ 353,749	\$ 322,667
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
Current liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,568	\$ 1,568	\$ 6,843
Compensation payable	-	-	-	-	-	97	97	111
Due to other funds	5,083	-	2,000	-	-	-	7,083	3,872
Due to other District entities	1,054	-	-	-	-	-	1,054	1,974
Other current liabilities	460	-	-	-	-	2,484	2,944	2,251
Accrued liabilities	-	2	-	65	-	-	67	110
Total liabilities	6,597	2	2,000	65	-	4,149	12,813	15,161
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenues	-	-	-	1,637	-	29	1,666	1,798
FUND BALANCES								
Restricted	61,784	83,032	79,020	58,791	-	56,643	339,270	305,708
Total fund balances	61,784	83,032	79,020	58,791	-	56,643	339,270	305,708
Total liabilities, deferred inflows of resources and fund balances	\$ 68,381	\$ 83,034	\$ 81,020	\$ 60,493	\$ -	\$ 60,821	\$ 353,749	\$ 322,667

See accompanying Report of Independent Public Accountants.

Exhibit B-2

DISTRICT OF COLUMBIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Nonmajor Governmental Funds
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)
(\$000s)

	Special Revenue Funds				Capital Project Fund		Totals	
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT	Baseball Project	Debt Service Fund	Highway Trust	2018	2017
REVENUES								
Property taxes	\$ 17,944	\$ -	\$ 26,700	\$ -	\$ -	\$ -	\$ 44,644	\$ 45,586
Sales and use taxes	32,549	-	7,718	20,294	-	-	60,561	49,866
Gross receipts taxes	-	-	-	46,645	-	-	46,645	41,529
Interest	380	2,372	1,097	151	-	17	4,017	3,294
Tobacco settlement revenue	-	46,852	-	-	-	-	46,852	34,318
Other	-	-	-	6,021	-	-	6,021	5,913
Total revenues	50,873	49,224	35,515	73,111	-	17	208,740	180,506
EXPENDITURES								
Governmental direction and support	34,601	225	30,328	1,744	-	-	66,898	54,006
Capital outlay	-	-	-	-	-	23,352	23,352	40,734
Bond principal payment	7,180	22,315	11,998	-	48,525	-	90,018	69,480
Interest	6,860	22,255	9,111	-	17,794	-	56,020	59,524
Fiscal charges	-	-	-	-	-	-	-	277
Total expenditures	48,641	44,795	51,437	1,744	66,319	23,352	236,288	224,021
Excess (deficiency) of revenues over (under) expenditures	2,232	4,429	(15,922)	71,367	(66,319)	(23,335)	(27,548)	(43,515)
OTHER FINANCING SOURCES (USES)								
Bond issuance	20,404	-	26,001	-	-	-	46,405	-
Transfers in	-	-	-	-	66,319	26,268	92,587	83,336
Transfers out	(9,563)	-	(2,000)	(66,319)	-	-	(77,882)	(77,691)
Total other financing sources (uses)	10,841	-	24,001	(66,319)	66,319	26,268	61,110	5,645
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses								
Fund Balances at October 1	13,073	4,429	8,079	5,048	-	2,933	33,562	(37,870)
	48,711	78,603	70,941	53,743	-	53,710	305,708	343,578
Fund Balances at September 30	\$ 61,784	\$ 83,032	\$ 79,020	\$ 58,791	\$ -	\$ 56,643	\$ 339,270	\$ 305,708

See accompanying Report of Independent Public Accountants.



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FIDUCIARY FUNDS

(Combining Statements)

The Fiduciary Funds are used to account for assets held by the District in a trustee or agency capacity. These assets cannot be used to support the District's programs.

The **Pension Trust Funds** are used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for police officers, firefighters and public school teachers of the District. Resources are contributed by employees and by the District and federal government at amounts determined by an annual actuarial study. The funds are administered by a thirteen-member Retirement Board. Three of these members are appointed by the Mayor and three by the Council. Six board members include one active and one retired representatives each, from the police officers, firefighters, and teachers. The District's Chief Financial Officer or his designee serves as a non-voting, ex-officio member. The administrative costs of the board are accounted for in the funds.

The District of Columbia **Other Postemployment Benefits (OPEB) Fund** is used to account for the receipt of monies for post-employment healthcare and life insurance benefits provided under the OPEB Plan. Annual District contributions are actuarially determined and paid accordingly. No employee contributions are required prior to retirement to fund the OPEB plan; however, retirees make contributions as required by the associated substantive plan.

The **Agency Funds** are used to account for refundable deposits required of various licensees, monies held in escrow as an agent for individuals, private organizations or other governments.

Exhibit C-1

DISTRICT OF COLUMBIA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 Pension Trust Funds
 September 30, 2018
 (With Comparative Totals at September 30, 2017)
 (\$000s)

	Retirement Funds		Other	Totals	
	Police & Firefighters	Teachers	Postemployment Benefits (OPEB) Fund	2018	2017
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 43,599	\$ 15,735	\$ 64,918	\$ 124,252	\$ 170,274
Investments	5,984,412	2,159,823	1,400,747	9,544,982	8,974,508
Receivables:					
Due from federal government	1,054	568	-	1,622	1,588
Benefit contributions	2,807	3,196	-	6,003	10,198
Other current assets	758	274	4,517	5,549	55,504
Total assets	<u>6,032,630</u>	<u>2,179,596</u>	<u>1,470,182</u>	<u>9,682,408</u>	<u>9,212,072</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	5,644	2,329	8,152	16,125	24,514
Other current liabilities	3,216	1,161	-	4,377	66,235
Total liabilities	<u>8,860</u>	<u>3,490</u>	<u>8,152</u>	<u>20,502</u>	<u>90,749</u>
NET POSITION					
Held in trust for pension and OPEB benefits	<u>\$ 6,023,770</u>	<u>\$ 2,176,106</u>	<u>\$ 1,462,030</u>	<u>\$ 9,661,906</u>	<u>\$ 9,121,323</u>

See accompanying Report of Independent Public Accountants.

Exhibit C-2

DISTRICT OF COLUMBIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Pension Trust Funds
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)
(\$000s)

	Retirement Funds		Other	Totals	
	Police & Firefighters	Teachers	Postemployment Benefits (OPEB) Fund	2018	2017
ADDITIONS					
Benefit contributions:					
Employer	\$ 105,596	\$ 59,046	\$ 44,500	\$ 209,142	\$ 233,412
Plan members	34,478	40,324	706	75,508	68,309
Investment income:					
From investment activities					
Net increase in fair value of investments	288,839	84,279	51,102	424,220	1,012,390
Other income (loss)	-	-	198	198	(1,288)
Interest and dividends	38,381	13,863	20,140	72,384	54,031
Less: investment expenses	(10,378)	(4,013)	(4,054)	(18,445)	(19,753)
Net gain from investing activities	316,842	94,129	67,386	478,357	1,045,380
Other Income	2,356	1,038	-	3,394	3,375
Total additions	459,272	194,537	112,592	766,401	1,350,476
DEDUCTIONS					
Benefit payments	108,374	84,556	16,447	209,377	185,311
Administrative expenses	11,570	4,474	397	16,441	17,863
Total deductions	119,944	89,030	16,844	225,818	203,174
Change in net position	339,328	105,507	95,748	540,583	1,147,302
Net position held in trust for pension and OPEB benefits:					
October 1	5,684,442	2,070,599	1,366,282	9,121,323	7,974,021
September 30	\$ 6,023,770	\$ 2,176,106	\$ 1,462,030	\$ 9,661,906	\$ 9,121,323

See accompanying Report of Independent Public Accountants.

Exhibit C-3

DISTRICT OF COLUMBIA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Agency Funds
For the Year Ended September 30, 2018
(\$000s)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
ASSETS				
Cash and cash equivalents	\$ 68,991	\$ 32,981	\$ 2,714	\$ 99,258
Other receivables	32,479	827	24,486	8,820
Total assets	\$ 101,470	\$ 33,808	\$ 27,200	\$ 108,078
LIABILITIES				
Accounts payable	\$ 1,602	\$ 288	\$ 1,378	\$ 512
Other current liabilities	99,868	14,270	6,572	107,566
Total liabilities	\$ 101,470	\$ 14,558	\$ 7,950	\$ 108,078

See accompanying Report of Independent Public Accountants.

SUPPORTING SCHEDULES

Supporting schedules are financial presentations used to aggregate and present in greater detail information contained in the financial statements and to present additional information not disclosed in the basic financial statements.



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Exhibit D-1

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
For the Year Ended September 30, 2018
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Governmental direction and support				
Council of the District of Columbia	\$ 25,338	\$ 24,144	\$ 24,144	\$ -
Office of the D.C. auditor	5,860	5,954	5,945	9
Statehood initiative agency	234	345	345	-
Advisory neighborhood commissions	1,027	1,027	966	61
Office of the mayor	14,018	15,269	14,903	366
Mayor's office of legal counsel	1,634	1,397	1,347	50
Office of senior advisor	3,149	2,884	2,601	283
Office of the secretary	4,058	4,101	3,920	181
Office of the inspector general	18,369	17,599	14,366	3,233
Captive insurance agency	2,320	2,676	2,488	188
City administrator	8,920	11,006	9,835	1,171
D.C. department of human resources	9,282	11,105	11,041	64
Office of finance & resource management	24,706	24,584	24,194	390
Department of general services	289,725	351,004	348,633	2,371
Office of contracting and procurement	24,116	24,468	24,103	365
Contract appeals board	1,490	1,534	1,485	49
Office of the chief financial officer	171,119	149,795	146,112	3,683
Office of the attorney general for the District of Columbia	97,699	97,202	88,945	8,257
Office of risk management	3,965	5,171	5,065	106
Office of disability rights	1,733	1,512	1,478	34
Uniform law commission	51	51	38	13
Office of the chief technology officer	77,312	82,697	81,204	1,493
Board of elections	8,907	10,603	10,416	187
Office of campaign finance	2,908	2,808	2,722	86
Public employee relations board	1,440	1,410	1,235	175
Office of employee appeals	2,129	2,173	2,099	74
Metropolitan washington council of governments	520	520	520	-
Deputy mayor for greater economic opportunity	3,247	2,947	2,620	327
D.C. board of ethics and accountability	2,329	2,329	2,112	217
Section 103 judgments	-	10,336	10,336	-
Total governmental direction and support	807,605	868,651	845,218	23,433
Economic development and regulation				
Deputy mayor for planning & economic development	46,346	71,379	48,504	22,875
Department of small and local business development	15,089	15,249	14,886	363
Office of planning	10,403	10,797	10,629	168
Office of zoning	3,069	3,018	2,855	163
Department of housing and community development	82,237	69,401	64,038	5,363
Office of film, television and entertainment	12,757	15,308	15,249	59
Department of employment services	142,700	140,503	123,364	17,139
Real property tax appeals commission	1,715	1,715	1,712	3
Department of consumer & regulatory affairs	60,098	58,783	57,126	1,657
Alcoholic beverage regulation administration	8,655	7,805	7,580	225
Commission on arts & humanities	29,688	28,720	28,468	252
Housing authority subsidy	85,980	89,407	81,110	8,297
Business improvement districts transfer	47,000	47,000	29,082	17,918
Housing production trust fund subsidy	48,317	12,516	12,516	-
Office of the tenant advocate	4,009	3,904	3,140	764
Public service commission	14,600	14,183	13,970	213
Department of insurance, securities and banking	28,623	28,733	22,531	6,202
Office of people's counsel	8,063	8,092	8,007	85
Total economic development and regulation	649,349	626,513	544,767	81,746

Exhibit D-1

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
For the Year Ended September 30, 2018
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Public safety and justice				
Metropolitan police department	518,074	531,526	528,086	3,440
Fire and emergency medical services	254,571	288,146	287,785	361
Police officers' & firefighters' retirement system	105,596	105,596	105,596	-
Office of administrative hearings	10,089	9,551	8,720	831
Criminal justice coordinating council	3,402	3,542	3,473	69
Corrections information council	748	771	603	168
Department of corrections	145,188	164,183	163,726	457
Office of the chief medical examiner	11,445	11,743	11,646	97
D.C. national guard	13,908	13,665	12,826	839
Homeland security and emergency management agency	136,570	69,706	69,625	81
Commission on judicial disabilities and tenure	295	337	320	17
Judicial nomination commission	270	229	229	-
Office of police complaints	2,601	2,588	2,559	29
Office of unified communications	48,093	45,567	45,532	35
Office of justice grant administration	44,849	41,271	39,913	1,358
D.C. sentencing and criminal code revision commission	1,179	1,179	1,067	112
Office of the deputy mayor for public safety and justice	1,613	1,415	1,330	85
Department of forensic sciences	26,310	25,873	25,581	292
Criminal code reform commission	701	701	646	55
Neighborhood safety and engagement	2,129	2,782	2,395	387
Total public safety and justice	1,327,631	1,320,371	1,311,658	8,713
Public education system				
District of Columbia public schools	829,952	890,791	881,407	9,384
AY19 public school advance appropriations	-	10,315	10,315	-
Public charter schools	813,739	562,775	562,717	58
AY19 public charter school advance appropriations	-	309,145	309,145	-
Teachers' retirement fund	59,046	59,046	58,844	202
University of the District of Columbia subsidy	78,180	80,000	80,000	-
Office of the state superintendent of education	460,426	462,210	404,481	57,729
D.C. state board of education	1,711	1,720	1,691	29
D.C. public library	61,786	62,276	60,883	1,393
D.C. public charter school board	9,110	9,610	9,573	37
Special education transportation	92,292	89,292	89,258	34
Non-public tuition	70,021	67,521	61,395	6,126
Office of the deputy mayor for education	7,520	9,291	9,035	256
Section 103 - public education system	-	893	893	-
Total public education system	2,483,783	2,614,885	2,539,637	75,248
Human support services				
Department of human services	554,741	578,069	512,317	65,752
Department of health	230,698	241,173	206,858	34,315
Department of parks and recreation	49,462	52,727	52,466	261
D.C. office on aging	45,554	48,758	47,898	860
Unemployment compensation fund	6,680	5,180	5,153	27
Employees' compensation fund	21,709	24,579	24,579	-
Office of human rights	4,930	4,976	4,672	304
Office on latino affairs	3,301	3,301	3,245	56
Child and family services agency	225,037	219,910	219,592	318
Department of behavioral health	255,555	263,590	263,298	292
Office on asian and pacific islander affairs	855	869	867	2
Office of veterans affairs	472	481	470	11
Department of youth rehabilitation services	96,885	93,175	87,507	5,668
Department on disability services	168,107	171,297	171,241	56
Department of health care finance	3,103,676	3,133,320	2,955,188	178,132
Deputy mayor for health and human services	1,787	1,787	1,714	73
Not-for-profit hospital corporation subsidy	-	28,594	28,594	-
Section 103 - human support services	-	1,000	1,000	-
Total human support services	4,769,449	4,872,786	4,586,659	286,127

Exhibit D-1

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
For the Year Ended September 30, 2018
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Public works				
Department of public works	148,440	153,998	150,894	3,104
Department of transportation	119,973	113,479	105,181	8,298
Taxi cab commission	13,634	14,867	13,090	1,777
Department of motor vehicles	39,361	39,361	37,999	1,362
Washington metro area transit commission	141	141	141	-
Mass transit subsidies	430,009	424,148	418,728	5,420
D.C. department of the environment	126,269	120,169	106,504	13,665
Total public works	<u>877,827</u>	<u>866,163</u>	<u>832,537</u>	<u>33,626</u>
Other				
Repayment of loans and interest	710,762	703,321	703,010	311
Debt service - issuance costs	8,000	8,000	5,571	2,429
Criminal code reform commission	8,503	2,881	2,881	-
Settlements and judgments fund	21,825	16,021	15,959	62
Wilson building	4,082	4,082	4,014	68
D.C. retiree health contribution	44,500	44,500	44,500	-
Repayment of revenue bonds	7,832	7,832	7,822	10
Convention center transfer	141,636	143,246	143,246	-
Highway transportation fund	24,936	26,268	26,268	-
Emergency planning and security fund	13,000	16,405	16,405	-
Workforce investments	181,576	18,381	-	18,381
Operating lease-equipment	19,254	19,254	19,254	-
Pay-as-you-go capital fund	130,297	123,028	123,028	-
Non-departmental	5,622	240	-	240
Total other	<u>1,321,825</u>	<u>1,133,459</u>	<u>1,111,958</u>	<u>21,501</u>
Total	<u>\$ 12,237,469</u>	<u>\$ 12,302,828</u>	<u>\$ 11,772,434</u>	<u>\$ 530,394</u>

See accompanying Report of Independent Public Accountants

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2018
(\$000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support								
Council of the District of Columbia	\$ 25,338	\$ 24,064	\$ 24,064	\$ -	\$ -	\$ -	\$ -	\$ -
Office of the D.C. auditor	5,860	5,954	5,945	9	-	-	-	-
Statehood initiative agency	234	324	324	-	-	-	-	-
Advisory neighborhood commissions	1,027	1,027	966	61	-	-	-	-
Office of the mayor	10,472	11,225	10,863	362	3,546	4,044	4,040	4
Mayor's office of legal counsel	1,634	1,377	1,327	50	-	-	-	-
Office of the senior advisor	3,149	2,884	2,601	283	-	-	-	-
Office of the secretary	2,958	3,001	2,913	88	-	-	-	-
Office of the inspector general	15,521	15,521	12,288	3,233	2,848	2,078	2,078	-
Captive insurance agency	2,123	2,479	2,479	-	-	-	-	-
City administrator	7,657	9,240	8,187	1,053	-	-	-	-
D.C. department of human resources	8,866	10,689	10,648	41	-	-	-	-
Office of finance & resource management	24,264	24,242	23,970	272	-	-	-	-
Department of general services	281,483	343,511	341,428	2,083	-	-	-	-
Office of contracting and procurement	22,840	22,992	22,764	228	-	-	-	-
Contract appeals board	1,490	1,534	1,485	49	-	-	-	-
Office of the chief financial officer	126,627	130,172	130,130	42	450	346	346	-
Office of the attorney general for the District of Columbia	63,616	64,939	64,926	13	23,040	18,320	18,320	-
Office of risk management	3,965	5,171	5,065	106	-	-	-	-
Office of disability rights	1,105	1,065	1,031	34	628	447	447	-
Uniform law commission	51	51	38	13	-	-	-	-
Office of the chief technology officer	68,876	74,482	73,886	596	32	11	11	-
Board of elections	7,907	9,207	9,020	187	1,000	1,396	1,396	-
Office of campaign finance	2,908	2,808	2,722	86	-	-	-	-
Public employee relations board	1,440	1,410	1,235	175	-	-	-	-
Office of employee appeals	2,129	2,173	2,099	74	-	-	-	-
Metropolitan washington council of governments	520	520	520	-	-	-	-	-
Deputy mayor for greater economic opportunity	3,247	2,947	2,620	327	-	-	-	-
D.C. board of ethics and accountability	2,179	2,179	2,099	80	-	-	-	-
Section 103 judgments	-	10,336	10,336	-	-	-	-	-
Total governmental direction and support	699,486	787,524	777,979	9,545	31,544	26,642	26,638	4
Economic development and regulation								
Deputy mayor for planning & economic development	13,000	35,719	32,590	3,129	1,250	269	194	75
Department of small and local business development	14,632	14,818	14,465	353	457	431	421	10
Office of planning	9,657	9,820	9,744	76	525	698	667	31
Office of zoning	3,069	3,018	2,855	163	-	-	-	-
Department of housing and community development	23,104	28,257	27,739	518	54,587	34,763	30,099	4,664
Office of film, television and entertainment	1,662	2,111	2,060	51	-	-	-	-
Department of employment services	62,380	65,020	62,304	2,716	35,355	28,069	25,593	2,476
Real property tax appeals commission	1,715	1,715	1,712	3	-	-	-	-
Department of consumer & regulatory affairs	21,958	23,733	23,150	583	-	-	-	-
Alcoholic beverage regulation administration	1,170	1,170	955	215	-	-	-	-
Commission on arts & humanities	28,835	28,010	27,758	252	720	710	710	-
Housing authority subsidy	85,980	89,407	81,110	8,297	-	-	-	-
Business improvement districts transfer	-	-	-	-	-	-	-	-
Housing production trust fund subsidy	48,317	12,516	12,516	-	-	-	-	-
Office of the tenant advocate	3,538	3,433	3,121	312	-	-	-	-
Public service commission	-	-	-	-	589	503	402	101
Department of insurance, securities and banking	200	200	150	50	457	567	567	-
Office of people's counsel	-	-	-	-	-	-	-	-
Total economic development and regulation	319,217	318,947	302,229	16,718	93,940	66,010	58,653	7,357

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2018
(\$000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support								
Council of the District of Columbia	\$ -	\$ 80	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ -
Office of the D.C. auditor	-	-	-	-	-	-	-	-
Statehood initiative agency	-	21	21	-	-	-	-	-
Advisory neighborhood commissions	-	-	-	-	-	-	-	-
Office of the mayor	-	-	-	-	-	-	-	-
Mayor's office of legal counsel	-	20	20	-	-	-	-	-
Office of the senior advisor	-	-	-	-	-	-	-	-
Office of the secretary	-	-	-	-	1,100	1,100	1,007	93
Office of the inspector general	-	-	-	-	-	-	-	-
Captive insurance agency	-	-	-	-	197	197	9	188
City administrator	983	1,386	1,386	-	280	380	262	118
D.C. department of human resources	-	-	-	-	416	416	393	23
Office of finance & resource management	-	-	-	-	442	342	224	118
Department of general services	-	-	-	-	8,242	7,493	7,205	288
Office of contracting and procurement	-	-	-	-	1,276	1,476	1,339	137
Contract appeals board	-	-	-	-	-	-	-	-
Office of the chief financial officer	-	-	-	-	44,042	19,277	15,636	3,641
Office of the attorney general for the District of Columbia	539	539	441	98	10,504	13,404	5,258	8,146
Office of risk management	-	-	-	-	-	-	-	-
Office of disability rights	-	-	-	-	-	-	-	-
Uniform law commission	-	-	-	-	-	-	-	-
Office of the chief technology officer	-	-	-	-	8,404	8,204	7,307	897
Board of elections	-	-	-	-	-	-	-	-
Office of campaign finance	-	-	-	-	-	-	-	-
Public employee relations board	-	-	-	-	-	-	-	-
Office of employee appeals	-	-	-	-	-	-	-	-
Metropolitan washington council of governments	-	-	-	-	-	-	-	-
Deputy mayor for greater economic opportunity	-	-	-	-	-	-	-	-
D.C. board of ethics and accountability	-	-	-	-	150	150	13	137
Section 103 judgments	-	-	-	-	-	-	-	-
Total governmental direction and support	1,522	2,046	1,948	98	75,053	52,439	38,653	13,786
Economic development and regulation								
Deputy mayor for planning & economic development	-	-	-	-	32,096	35,391	15,720	19,671
Department of small and local business development	-	-	-	-	-	-	-	-
Office of planning	21	97	86	11	200	182	132	50
Office of zoning	-	-	-	-	-	-	-	-
Department of housing and community development	-	-	-	-	4,546	6,381	6,200	181
Office of film, television and entertainment	-	-	-	-	11,095	13,197	13,189	8
Department of employment services	260	2,709	2,709	-	44,705	44,705	32,758	11,947
Real property tax appeals commission	-	-	-	-	-	-	-	-
Department of consumer & regulatory affairs	-	-	-	-	38,140	35,050	33,976	1,074
Alcoholic beverage regulation administration	-	-	-	-	7,485	6,635	6,625	10
Commission on arts & humanities	-	-	-	-	133	-	-	-
Housing authority subsidy	-	-	-	-	-	-	-	-
Business improvement districts transfer	-	-	-	-	47,000	47,000	29,082	17,918
Housing production trust fund subsidy	-	-	-	-	-	-	-	-
Office of the tenant advocate	-	-	-	-	471	471	19	452
Public service commission	22	22	8	14	13,989	13,658	13,560	98
Department of insurance, securities and banking	-	-	-	-	27,966	27,966	21,814	6,152
Office of people's counsel	-	-	-	-	8,063	8,092	8,007	85
Total economic development and regulation	303	2,828	2,803	25	235,889	238,728	181,082	57,646

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2018
(\$000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public safety and justice								
Metropolitan police department	503,729	519,382	519,365	17	6,145	2,889	2,889	-
Fire and emergency medical services	249,681	285,579	285,257	322	3,054	2,004	2,001	3
Police officers' & firefighters' retirement system	105,596	105,596	105,596	-	-	-	-	-
Office of administrative hearings	10,009	9,367	8,536	831	80	184	184	-
Criminal justice coordinating council	1,238	1,250	1,217	33	2,150	2,278	2,269	9
Corrections information council	748	749	581	168	-	-	-	-
Department of corrections	124,077	138,898	138,884	14	-	100	100	-
Office of the chief medical examiner	11,445	11,743	11,646	97	-	-	-	-
D.C. national guard	5,188	5,257	4,790	467	8,720	8,408	8,036	372
Homeland security and emergency management agency	4,827	4,855	4,852	3	131,743	64,851	64,773	78
Commission on judicial disabilities and tenure	-	20	8	12	295	317	312	5
Judicial nomination commission	-	-	-	-	270	229	229	-
Office of police complaints	2,601	2,588	2,559	29	-	-	-	-
Office of unified communications	32,736	32,387	32,352	35	-	-	-	-
Office of justice grant administration	28,941	29,052	28,750	302	14,071	9,358	9,358	-
D.C. sentencing and criminal code revision commission	1,179	1,179	1,067	112	-	-	-	-
Office of the deputy mayor for public safety and justice	1,613	1,415	1,330	85	-	-	-	-
Department of forensic sciences	25,787	25,405	25,113	292	523	468	468	-
Criminal code reform commission	701	701	646	55	-	-	-	-
Neighborhood safety and engagement	2,129	2,782	2,395	387	-	-	-	-
Total public safety and justice	1,112,225	1,178,205	1,174,944	3,261	167,051	91,086	90,619	467
Public education system								
District of Columbia public schools	789,566	832,949	832,778	171	29,712	38,845	38,836	9
AY19 public school advance appropriations	-	10,315	10,315	-	-	-	-	-
Public charter schools	813,739	562,775	562,717	58	-	-	-	-
AY19 public charter school advance appropriations	-	309,145	309,145	-	-	-	-	-
Teachers' retirement fund	59,046	59,046	58,844	202	-	-	-	-
University of the District of Columbia subsidy	78,180	80,000	80,000	-	-	-	-	-
Office of the state superintendent of education	170,062	176,719	162,327	14,392	289,317	283,393	240,770	42,623
D.C. state board of education	1,711	1,711	1,691	20	-	-	-	-
D.C. public library	59,323	59,908	58,629	1,279	931	1,040	1,040	-
D.C. public charter school board	-	-	-	-	-	-	-	-
Special education transportation	92,292	89,292	89,258	34	-	-	-	-
Non-public tuition	70,021	67,521	61,395	6,126	-	-	-	-
Office of the deputy mayor for education	7,520	9,291	9,035	256	-	-	-	-
Section 103 - public education system	-	893	893	-	-	-	-	-
Total public education system	2,141,460	2,259,565	2,237,027	22,538	319,960	323,278	280,646	42,632
Human support services								
Department of human services	365,269	363,006	362,995	11	187,672	213,263	147,840	65,423
Department of health	74,016	78,646	78,114	532	136,673	138,839	109,662	29,177
Department of parks and recreation	46,762	49,092	49,062	30	-	-	-	-
D.C. office on aging	35,617	38,342	37,868	474	9,937	10,416	10,030	386
Unemployment compensation fund	6,680	5,180	5,153	27	-	-	-	-
Employees' compensation fund	21,709	24,579	24,579	-	-	-	-	-
Office of human rights	4,600	4,600	4,425	175	330	217	217	-
Office on latino affairs	3,301	3,301	3,245	56	-	-	-	-
Child and family services agency	158,633	157,950	157,641	309	65,383	60,553	60,553	-
Department of behavioral health	229,066	236,946	236,814	132	21,709	23,185	23,170	15
Office on asian and pacific islander affairs	855	869	867	2	-	-	-	-
Office of veterans affairs	467	476	465	11	-	-	-	-
Department of youth rehabilitation services	96,885	93,175	87,507	5,668	-	-	-	-
Department on disability services	116,612	121,615	121,586	29	43,732	42,505	42,486	19
Department of health care finance	799,984	795,885	790,600	5,285	2,300,024	2,333,874	2,161,958	171,916
Deputy mayor for health and human services	1,787	1,787	1,714	73	-	-	-	-
Not-for-profit hospital corporation subsidy	-	28,594	28,594	-	-	-	-	-
Section 103 - human support services	-	1,000	1,000	-	-	-	-	-
Total human support services	1,962,243	2,005,043	1,992,229	12,814	2,765,460	2,822,852	2,555,916	266,936

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2018
(\$000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public safety and justice								
Metropolitan police department	-	312	114	198	8,200	8,943	5,718	3,225
Fire and emergency medical services	-	1	-	1	1,836	562	527	35
Police officers' & firefighters' retirement system	-	-	-	-	-	-	-	-
Office of administrative hearings	-	-	-	-	-	-	-	-
Criminal justice coordinating council	14	14	(13)	27	-	-	-	-
Corrections information council	-	22	22	-	-	-	-	-
Department of corrections	-	-	-	-	21,111	25,185	24,742	443
Office of the chief medical examiner	-	-	-	-	-	-	-	-
D.C. national guard	-	-	-	-	-	-	-	-
Homeland security and emergency management agency	-	-	-	-	-	-	-	-
Commission on judicial disabilities and tenure	-	-	-	-	-	-	-	-
Judicial nomination commission	-	-	-	-	-	-	-	-
Office of police complaints	-	-	-	-	-	-	-	-
Office of unified communications	-	-	-	-	15,357	13,180	13,180	-
Office of justice grant administration	-	1	1	-	1,837	2,860	1,804	1,056
D.C. sentencing and criminal code revision commission	-	-	-	-	-	-	-	-
Office of the deputy mayor for public safety and justice	-	-	-	-	-	-	-	-
Department of forensic sciences	-	-	-	-	-	-	-	-
Criminal code reform commission	-	-	-	-	-	-	-	-
Neighborhood safety and engagement	-	-	-	-	-	-	-	-
Total public safety and justice	14	350	124	226	48,341	50,730	45,971	4,759
Public education system								
District of Columbia public schools	1,411	3,480	3,480	-	9,263	15,517	6,313	9,204
AY19 public school advance appropriations	-	-	-	-	-	-	-	-
Public charter schools	-	-	-	-	-	-	-	-
AY19 public charter school advance appropriations	-	-	-	-	-	-	-	-
Teachers' retirement fund	-	-	-	-	-	-	-	-
University of the District of Columbia subsidy	-	-	-	-	-	-	-	-
Office of the state superintendent of education	-	360	299	61	1,047	1,738	1,085	653
D.C. state board of education	-	9	-	9	-	-	-	-
D.C. public library	17	17	-	17	1,515	1,311	1,214	97
D.C. public charter school board	-	-	-	-	9,110	9,610	9,573	37
Special education transportation	-	-	-	-	-	-	-	-
Non-public tuition	-	-	-	-	-	-	-	-
Office of the deputy mayor for education	-	-	-	-	-	-	-	-
Section 103 - public education system	-	-	-	-	-	-	-	-
Total public education system	1,428	3,866	3,779	87	20,935	28,176	18,185	9,991
Human support services								
Department of human services	-	-	-	-	1,800	1,800	1,482	318
Department of health	32	247	200	47	19,977	23,441	18,882	4,559
Department of parks and recreation	-	311	80	231	2,700	3,324	3,324	-
D.C. office on aging	-	-	-	-	-	-	-	-
Unemployment compensation fund	-	-	-	-	-	-	-	-
Employees' compensation fund	-	-	-	-	-	-	-	-
Office of human rights	-	159	30	129	-	-	-	-
Office on latino affairs	-	-	-	-	-	-	-	-
Child and family services agency	21	23	14	9	1,000	1,384	1,384	-
Department of behavioral health	546	549	404	145	4,234	2,910	2,910	-
Office on asian and pacific islander affairs	-	-	-	-	-	-	-	-
Office of veterans affairs	-	-	-	-	5	5	5	-
Department of youth rehabilitation services	-	-	-	-	-	-	-	-
Department on disability services	-	-	-	-	7,763	7,177	7,169	8
Department of health care finance	-	-	-	-	3,668	3,561	2,630	931
Deputy mayor for health and human services	-	-	-	-	-	-	-	-
Not-for-profit hospital corporation subsidy	-	-	-	-	-	-	-	-
Section 103 - human support services	-	-	-	-	-	-	-	-
Total human support services	599	1,289	728	561	41,147	43,602	37,786	5,816

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2018
(\$000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public works								
Department of public works	139,966	141,366	141,338	28	-	-	-	-
Department of transportation	82,903	84,218	83,892	326	11,408	10,645	4,994	5,651
Taxi cab commission	4,095	4,818	4,464	354	-	-	-	-
Department of motor vehicles	29,800	29,800	29,800	-	-	-	-	-
Washington metro area transit commission	141	141	141	-	-	-	-	-
Mass transit subsidies	376,067	370,566	369,648	918	-	-	-	-
D.C. department of the environment	18,115	16,086	15,863	223	28,787	23,621	23,530	91
Section 103 - public works	-	-	-	-	-	-	-	-
Total public works	651,087	646,995	645,146	1,849	40,195	34,266	28,524	5,742
Other								
Repayment of loans and interest	686,969	679,528	679,528	-	18,262	18,262	17,951	311
Debt service - issuance costs	8,000	8,000	5,571	2,429	-	-	-	-
Commercial paper program	8,503	2,881	2,881	-	-	-	-	-
Settlements and judgments fund	21,825	16,021	15,959	62	-	-	-	-
Wilson building	4,082	4,082	4,014	68	-	-	-	-
D.C. retiree health contribution	44,500	44,500	44,500	-	-	-	-	-
Repayment of revenue bonds	7,832	7,832	7,822	10	-	-	-	-
Convention center transfer	140,138	141,748	141,748	-	-	-	-	-
Highway transportation fund	24,936	26,268	26,268	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	13,000	16,405	16,405	-
Workforce investments	181,576	18,381	-	18,381	-	-	-	-
Operating lease-equipment	19,254	19,254	19,254	-	-	-	-	-
Pay-as-you-go capital fund	84,135	76,257	76,257	-	-	-	-	-
Non-departmental	3,804	-	-	-	-	-	-	-
Total other	1,235,554	1,044,752	1,023,802	20,950	31,262	34,667	34,356	311
Total	\$ 8,121,272	\$ 8,241,031	\$ 8,153,356	\$ 87,675	\$ 3,449,412	\$ 3,398,801	\$ 3,075,352	\$ 323,449

Exhibit D-2

DISTRICT OF COLUMBIA
 SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
 Year Ended September 30, 2018
 (\$000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public works								
Department of public works	-	-	-	-	8,474	12,632	9,556	3,076
Department of transportation	-	-	-	-	25,662	18,616	16,295	2,321
Taxi cab commission	-	-	-	-	9,539	10,049	8,626	1,423
Department of motor vehicles	-	-	-	-	9,561	9,561	8,199	1,362
Washington metro area transit commission	-	-	-	-	-	-	-	-
Mass transit subsidies	-	-	-	-	53,942	53,582	49,080	4,502
D.C. department of the environment	-	392	392	-	79,367	80,070	66,719	13,351
Section 103 - public works	-	-	-	-	-	-	-	-
Total public works	-	392	392	-	186,545	184,510	158,475	26,035
Other								
Repayment of loans and interest	-	-	-	-	5,531	5,531	5,531	-
Debt service - issuance costs	-	-	-	-	-	-	-	-
Commercial paper program	-	-	-	-	-	-	-	-
Settlements and judgments fund	-	-	-	-	-	-	-	-
Wilson building	-	-	-	-	-	-	-	-
D.C. retiree health contribution	-	-	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-	-	-
Convention center transfer	-	-	-	-	1,498	1,498	1,498	-
Highway transportation fund	-	-	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-	-	-
Operating lease-equipment	-	-	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	-	46,162	46,771	46,771	-
Non-departmental	-	-	-	-	1,818	240	-	240
Total other	-	-	-	-	55,009	54,040	53,800	240
Total	\$ 3,866	\$ 10,771	\$ 9,774	\$ 997	\$ 662,919	\$ 652,225	\$ 533,952	\$ 118,273

See accompanying Report of Independent Public Accountants

Exhibit D-3

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2018
(\$000s)

	Local Source			Federal Resources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
Revenues and sources						
Taxes:						
Property taxes	\$ 2,660,876	\$ (21,017)	\$ 2,639,859	\$ -	\$ -	\$ -
Sales and use taxes	1,522,521	16,898	1,539,419	-	-	-
Income and franchise taxes	2,490,923	113,247	2,604,170	-	-	-
Gross receipts and other taxes	709,124	64,837	773,961	-	-	-
Total taxes	7,383,444	173,965	7,557,409	-	-	-
Licenses and permits	82,902	11,232	94,134	-	-	-
Fines and forfeitures	156,460	11,610	168,070	-	-	-
Charges for services	74,130	14,438	88,568	-	-	-
Miscellaneous	92,335	28,102	120,437	-	-	-
Other sources	-	-	-	-	-	-
Federal contributions	-	-	-	91,000	(29,887)	61,113
Operating grants	-	-	-	3,358,412	(20,724)	3,337,688
Bond proceeds	8,000	-	8,000	-	-	-
Fund balance released from restrictions	265,201	32,762	297,963	-	-	-
Interfund transfer-from lottery and games	45,000	600	45,600	-	-	-
Interfund transfer-others	14,304	44,137	58,441	-	-	-
Total revenues and other sources	8,121,776	316,846	8,438,622	3,449,412	(50,611)	3,398,801
Expenditures and other uses						
Governmental direction and support	699,486	88,038	787,524	31,544	(4,902)	26,642
Economic development and regulation	319,217	(270)	318,947	93,940	(27,930)	66,010
Public safety and justice	1,112,225	65,980	1,178,205	167,051	(75,965)	91,086
Public education system	2,141,460	(201,355)	1,940,105	319,960	3,318	323,278
Public education AY19 expenditure	-	319,460	319,460	-	-	-
Human support services	1,962,243	42,800	2,005,043	2,765,460	57,392	2,822,852
Public works	651,087	(4,092)	646,995	40,195	(5,929)	34,266
Repayment of loans and interest	686,969	(7,441)	679,528	18,262	-	18,262
Debt service - issuance costs	8,000	-	8,000	-	-	-
Commercial paper program	8,503	(5,622)	2,881	-	-	-
Settlements and judgments fund	21,825	(5,804)	16,021	-	-	-
Wilson building	4,082	-	4,082	-	-	-
D.C. retiree health contribution	44,500	-	44,500	-	-	-
Repayment of revenue bonds	7,832	-	7,832	-	-	-
Convention center transfer	140,138	1,610	141,748	-	-	-
Highway transportation fund	24,936	1,332	26,268	-	-	-
Emergency planning and security fund	-	-	-	13,000	3,405	16,405
Workforce investments	181,576	(163,195)	18,381	-	-	-
Operating lease-equipment	19,254	-	19,254	-	-	-
Pay-as-you-go capital fund	84,135	(7,878)	76,257	-	-	-
Non-departmental	3,804	(3,804)	-	-	-	-
Total expenditures and other uses	8,121,272	119,759	8,241,031	3,449,412	(50,611)	3,398,801
Excess of revenues and other sources over expenditures and other uses - budgetary basis	\$ 504	\$ 197,087	\$ 197,591	\$ -	\$ -	\$ -

Exhibit D-3

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2018
(\$000s)

	Private Grant and Contributions			Other Sources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
Revenues and sources						
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-	-
Income and franchise taxes	-	-	-	-	-	-
Gross receipts and other taxes	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Other sources	-	-	-	662,919	(10,694)	652,225
Federal contributions	-	-	-	-	-	-
Operating grants	3,866	6,905	10,771	-	-	-
Bond proceeds	-	-	-	-	-	-
Fund balance released from restrictions	-	-	-	-	-	-
Interfund transfer-from lottery and games	-	-	-	-	-	-
Interfund transfer-others	-	-	-	-	-	-
Total revenues and other sources	3,866	6,905	10,771	662,919	(10,694)	652,225
Expenditures and other uses						
Governmental direction and support	1,522	524	2,046	75,053	(22,614)	52,439
Economic development and regulation	303	2,525	2,828	235,889	2,839	238,728
Public safety and justice	14	336	350	48,341	2,389	50,730
Public education system	1,428	2,438	3,866	20,935	7,241	28,176
Public education AY19 expenditure	-	-	-	-	-	-
Human support services	599	690	1,289	41,147	2,455	43,602
Public works	-	392	392	186,545	(2,035)	184,510
Repayment of loans and interest	-	-	-	5,531	-	5,531
Debt service - issuance costs	-	-	-	-	-	-
Commercial paper program	-	-	-	-	-	-
Settlements and judgments fund	-	-	-	-	-	-
Wilson building	-	-	-	-	-	-
D.C. retiree health contribution	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-
Convention center transfer	-	-	-	1,498	-	1,498
Highway transportation fund	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-
Operating lease-equipment	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	46,162	609	46,771
Non-departmental	-	-	-	1,818	(1,578)	240
Total expenditures and other uses	3,866	6,905	10,771	662,919	(10,694)	652,225
Excess of revenues and other sources over expenditures and other uses - budgetary basis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying Report of Independent Public Accountants



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CAFR

STATISTICAL SECTION

STATISTICAL SECTION



MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

YEAR ENDED SEPTEMBER 30, 2018

STATISTICAL SECTION

(Unaudited)

This section contains statistical tables that reflect information on financial trends, revenue capacity, debt capacity, demographics and the economy, and other data regarding the District's operations. These tables differ from the financial statements because they usually cover more than two fiscal years and may present non-accounting data.



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FINANCIAL TRENDS

These schedules contain trend information, which may be used to better understand how the District's financial performance and well-being have changed over time.

Exhibit S-1A

Net Position by Component - Last Ten Fiscal Years
Accrual Basis of Accounting (\$000s)

NET POSITION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 2,155,206	\$ 2,437,385	\$ 2,534,538	\$ 2,872,272	\$ 2,849,043	\$ 2,830,199	\$ 2,639,069	\$ 2,835,463	\$ 3,204,028	\$ 3,467,965
Restricted	852,061	1,117,560	963,694	1,057,582	1,264,682	1,195,364	1,594,809	1,440,889	1,538,687	1,727,770
Unrestricted	(505,804)	(739,720)	(527,647)	(601,284)	(632,045)	(456,827)	(134,430)	170,315	132,888	(44,334)
Total governmental activities net position	2,501,463	2,815,225	2,970,585	3,328,570	3,481,680	3,568,736	4,099,448	4,446,667	4,875,603	5,151,401
Business-type activities										
Net investment in capital assets	16,012	4,827	478	480	427	270	169	330	79,700	72,469
Restricted	304,773	233,296	226,229	229,930	241,952	260,645	312,483	364,237	416,373	459,203
Unrestricted	25,864	8,628	3,501	3,607	3,911	4,012	4,271	4,184	11,185	4,240
Total business-type activities net position	346,649	246,751	230,208	234,017	246,290	264,927	316,923	368,751	507,258	535,912
Primary government										
Net investment in capital assets	2,171,218	2,442,212	2,535,016	2,872,752	2,849,470	2,830,469	2,639,238	2,835,793	3,283,728	3,540,434
Restricted	1,156,834	1,350,856	1,189,923	1,287,512	1,506,634	1,456,009	1,907,292	1,805,126	1,955,060	2,186,973
Unrestricted	(479,940)	(731,092)	(524,146)	(597,677)	(628,134)	(452,815)	(130,159)	174,499	144,073	(40,094)
Total primary government net position	\$ 2,848,112	\$ 3,061,976	\$ 3,200,793	\$ 3,562,587	\$ 3,727,970	\$ 3,833,663	\$ 4,416,371	\$ 4,815,418	\$ 5,382,861	\$ 5,687,313

Notes:

FY2010: Due to the District's policy change in the recognition of personal property tax revenues, FY2010 amounts were adjusted.

The effect of any restatement of beginning net position in years prior to FY 2018 is not reflected in information presented in this exhibit.

Source: Information for each fiscal year was extracted from Exhibit 1-a, Statement of Net Position.

Exhibit S-1B

Changes in Net Position - Last Ten Fiscal Years Accrual Basis of Accounting (\$000s)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES										
Expenses										
Governmental direction and support	\$ 878,219	\$ 871,240	\$ 783,557	\$ 987,978	\$ 993,774	\$ 929,313	\$ 1,144,379	\$ 1,228,553	\$ 1,085,592	\$ 1,164,181
Economic development and regulation	470,567	374,149	370,592	353,618	460,082	416,670	474,493	548,314	591,861	724,404
Public safety and justice	1,407,166	1,563,505	1,521,863	1,490,423	1,497,016	1,568,899	1,715,161	1,799,670	1,594,081	1,623,766
Public education system	1,937,238	1,989,518	2,086,722	2,113,955	2,224,946	2,221,519	2,326,963	2,271,561	2,602,658	2,834,186
Human support services	3,598,570	3,677,405	3,889,812	3,925,613	4,086,722	4,336,730	4,484,943	4,507,123	4,863,087	4,799,268
Public works	553,233	497,027	489,304	587,002	603,423	651,221	705,766	701,559	758,431	812,726
Public transportation	230,499	243,668	257,703	221,339	284,851	309,436	335,703	359,097	368,014	419,198
Interest on long-term debt	336,536	324,319	356,164	397,216	382,530	396,754	404,130	392,638	446,621	435,006
Total governmental activities expenses	9,412,028	9,540,831	9,755,717	10,077,144	10,533,344	10,830,542	11,591,538	11,808,515	12,310,345	12,812,735
Program revenues										
Charges for services, fees, fines & forfeitures:										
Economic development and regulation	105,148	112,074	126,407	134,410	136,436	146,067	167,841	172,898	180,307	181,857
Public works	196,119	219,005	228,287	191,960	170,810	189,566	165,931	183,592	185,842	191,000
Others	98,211	118,943	135,407	211,033	223,969	165,753	205,189	242,257	228,173	235,193
Operating grants & contributions	2,813,568	3,321,671	3,343,747	3,190,038	3,277,118	3,368,565	3,464,746	3,577,091	3,832,821	3,674,019
Capital grants & contributions	180,602	259,277	172,964	261,411	270,813	178,218	224,891	167,948	219,751	261,450
Total governmental activities program revenues	3,393,648	4,030,970	4,006,812	3,988,852	4,079,146	4,048,169	4,228,598	4,343,786	4,646,894	4,543,519
Net expenses	(6,018,380)	(5,509,861)	(5,748,905)	(6,088,292)	(6,454,198)	(6,782,373)	(7,362,940)	(7,464,729)	(7,663,451)	(8,269,216)
General revenues										
Taxes:										
Property taxes	1,951,345	1,881,733	1,803,691	1,945,071	2,012,788	2,118,198	2,315,693	2,504,617	2,651,688	2,713,310
Sales and use taxes	1,052,011	1,081,005	1,121,257	1,218,576	1,247,374	1,282,573	1,425,525	1,451,441	1,527,120	1,597,940
Income and franchise taxes	1,478,068	1,434,131	1,656,283	1,956,590	2,094,179	2,094,754	2,316,727	2,417,206	2,479,847	2,666,690
Gross receipts taxes	315,976	295,531	279,002	319,036	345,852	389,539	361,293	365,305	364,791	368,446
Other taxes	261,909	264,959	403,199	404,066	400,308	423,354	528,866	498,161	502,117	508,151
Investment earnings	28,242	19,156	6,122	21,944	6,071	6,810	5,855	11,601	9,288	36,273
Miscellaneous	530,847	447,368	563,400	514,590	580,097	499,235	406,914	510,330	527,920	500,442
Special items	287,137	266,942	-	-	-	-	-	-	-	-
Transfers	68,775	96,624	71,311	66,404	68,314	54,966	55,586	53,287	29,616	12,080
Total governmental activities general revenues and transfers	5,974,310	5,787,449	5,904,265	6,446,277	6,754,983	6,869,429	7,416,459	7,811,948	8,092,387	8,403,332
Change in net position - governmental activities	\$ (44,070)	\$ 277,588	\$ 155,360	\$ 357,985	\$ 300,785	\$ 87,056	\$ 53,519	\$ 347,219	\$ 428,936	\$ 134,116

(Continued)

Exhibit S-1B**Changes in Net Position - Last Ten Fiscal Years
Accrual Basis of Accounting (\$000s)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
BUSINESS-TYPE ACTIVITIES										
Expenses										
Lottery and games	\$ 176,625	\$ 163,393	\$ 169,526	\$ 183,185	\$ 173,927	\$ 161,144	\$ 156,762	\$ 174,882	\$ 173,241	\$ 161,397
Unemployment compensation	370,775	480,976	408,997	344,913	255,645	160,403	119,267	114,633	143,942	131,764
Not-for-profit hospital corporation	-	-	-	-	-	-	-	-	134,104	149,194
Nursing home services	44,601	18,817	4,555	-	-	-	-	-	-	-
Total business-type activities expenses	592,001	663,186	583,078	528,098	429,572	321,547	276,029	289,515	451,287	442,355
Program revenues										
Charges for services, fees, fines & forfeitures:										
Lottery and games	245,370	230,159	231,749	249,675	242,460	216,040	212,495	228,183	218,732	210,264
Not-for-profit hospital	-	-	-	-	-	-	-	-	123,679	96,925
Nursing home services	43,424	19,991	4,135	-	-	-	-	-	-	-
Operating grants & contributions	36,985	36,998	34,968	27,945	32,790	9,766	14,561	12,028	25,217	20,789
Total business-type activities program revenues	325,779	287,148	270,852	277,620	275,250	225,806	227,056	240,211	367,628	327,978
Net expenses	(266,222)	(376,038)	(312,226)	(250,478)	(154,322)	(95,741)	(48,973)	(49,304)	(83,659)	(114,377)
General revenues										
Other taxes	94,622	129,471	128,875	133,618	131,025	141,760	148,889	145,887	143,728	144,068
Investment earnings	19,061	13,584	11,764	8,517	7,723	7,340	7,666	8,532	9,645	11,043
Miscellaneous	152,161	229,709	226,355	178,556	96,161	20,244	-	-	-	-
Transfers	(68,775)	(96,624)	(71,311)	(66,404)	(68,314)	(54,966)	(55,586)	(53,287)	(29,616)	(12,080)
Total business-type activities general revenues and transfers	197,069	276,140	295,683	254,287	166,595	114,378	100,969	101,132	123,757	143,031
Change in net position - business-type activities	\$ (69,153)	\$ (99,898)	\$ (16,543)	\$ 3,809	\$ 12,273	\$ 18,637	\$ 51,996	\$ 51,828	\$ 40,098	\$ 28,654
PRIMARY GOVERNMENT										
Expenses	\$ 10,004,029	\$ 10,204,017	\$ 10,338,795	\$ 10,605,242	\$ 10,962,916	\$ 11,152,089	\$ 11,867,567	\$ 12,098,030	\$ 12,761,632	\$ 13,255,090
Program revenues	3,719,427	4,318,118	4,277,664	4,266,472	4,354,396	4,273,975	4,455,654	4,583,997	5,014,522	4,871,497
Net expenses	(6,284,602)	(5,885,899)	(6,061,131)	(6,338,770)	(6,608,520)	(6,878,114)	(7,411,913)	(7,514,033)	(7,747,110)	(8,383,593)
General revenues	6,171,379	6,063,589	6,199,948	6,700,564	6,921,578	6,983,807	7,517,428	7,913,080	8,216,144	8,546,363
Change in net position - primary government	\$ (113,223)	\$ 177,690	\$ 138,817	\$ 361,794	\$ 313,058	\$ 105,693	\$ 105,515	\$ 399,047	\$ 469,034	\$ 162,770

Note:

FY2010: Due to the District's policy change in the recognition of personal property tax revenues, FY2010 amounts were adjusted.

Source: Information for each fiscal year was extracted from Exhibit 1-b, Statement of Activities.

Exhibit S-1C

**Fund Balances - Governmental Funds - Last Ten Fiscal Years
Modified Accrual Basis of Accounting (\$000s)**

	2009	2010		2011	2012	2013	2014	2015	2016	2017	2018
General Fund											
Reserved	\$ 703,694	\$ 836,181								\$ 14,969	\$ 8,270
Unreserved	216,789	94,588								1,120,068	1,105,718
Total general fund	\$ 920,483	\$ 930,769								1,541,254	1,635,148
All other governmental funds										-	27,247
Reserved, reported in:											
Special revenue funds	\$ 507,678	\$ 555,476									
Capital project funds	417,212	137,922									
Total all other governmental funds	\$ 924,890	\$ 693,398									
General Fund											
Nonspendable	\$ 18,465	\$ 20,357	\$ 16,015	\$ 25,668	\$ 12,734	\$ 11,631	\$ 14,969	\$ 1,105,718	\$ 1,635,148	\$ 27,247	\$ 2,776,383
Restricted	756,650	856,277	976,071	983,011	1,026,396	1,030,895	1,120,068	1,541,254	1,635,148	27,247	2,776,383
Committed	256,287	595,008	659,567	744,649	1,047,105	1,325,895	1,541,254	1,635,148	27,247	2,776,383	2,776,383
Assigned	73,492	34,879	97,275	120,331	80,827	20,668	-	-	-	-	-
Total general fund	\$ 1,104,894	\$ 1,506,521	\$ 1,748,928	\$ 1,873,659	\$ 2,167,062	\$ 2,389,089	\$ 2,676,291	\$ 2,776,383	\$ 2,776,383	\$ 2,776,383	\$ 2,776,383
All other governmental funds											
Nonspendable	\$ -	\$ -	\$ -	\$ 9,736	\$ 3,752	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	621,740	541,642	717,664	639,604	821,872	754,029	675,825	675,825	675,825	675,825	639,734
Unassigned	-	(116,269)	-	(114,248)	-	(228,870)	(642,032)	(642,032)	(642,032)	(642,032)	(522,345)
Total all other governmental funds	\$ 621,740	\$ 425,373	\$ 717,664	\$ 535,092	\$ 825,624	\$ 525,161	\$ 33,793	\$ 117,389	\$ 117,389	\$ 117,389	\$ 117,389

Note:

FY2010: Due to the District's policy change in the recognition of personal property tax revenues, FY2010 amounts were adjusted.

Source: Information for each fiscal year was extracted from Exhibit 2-a, Balance Sheet - Governmental Funds.

Exhibit S-1D

Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years Modified Accrual Basis of Accounting (\$000s)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes	\$ 5,042,487	\$ 4,956,910	\$ 5,260,486	\$ 5,833,054	\$ 6,128,210	\$ 6,325,257	\$ 6,988,738	\$ 7,283,128	\$ 7,523,653	\$ 7,824,560
Fines and forfeitures	106,169	128,473	129,448	185,771	178,708	143,124	129,283	202,314	176,351	168,486
Licenses and permits	91,230	86,951	102,769	99,300	105,081	102,242	119,658	123,029	127,546	133,938
Charges for services	202,079	234,598	257,884	252,332	247,426	256,020	290,020	273,404	290,425	305,626
Investment earnings	28,242	19,156	5,789	21,728	6,608	6,810	5,855	11,601	14,039	36,273
Miscellaneous	524,046	447,365	549,006	514,694	511,582	552,455	414,500	457,163	470,392	514,926
Federal contributions	573,446	670,186	617,845	554,979	555,038	519,846	554,342	521,828	535,131	528,300
Operating grants	2,420,724	2,910,762	2,898,866	2,896,470	2,992,893	3,026,937	3,135,295	3,223,211	3,517,441	3,407,169
Total revenues	8,988,423	9,454,401	9,822,093	10,358,328	10,725,546	10,932,691	11,637,691	12,095,678	12,654,978	12,919,278
EXPENDITURES										
Governmental direction and support	672,463	657,935	698,117	787,331	810,803	920,513	1,027,473	1,068,253	1,070,683	1,095,013
Economic development and regulation	405,140	388,424	351,814	318,266	383,143	411,812	448,244	560,365	578,242	665,315
Public safety and justice	1,381,873	1,546,473	1,517,640	1,469,727	1,513,469	1,515,470	1,521,196	1,671,804	1,596,144	1,621,278
Public education system	1,850,200	1,904,023	1,943,438	1,980,384	2,084,613	2,128,137	2,246,209	2,309,778	2,500,267	2,735,135
Human support services	3,485,267	3,669,367	3,823,317	3,881,043	4,042,204	4,261,400	4,438,448	4,514,647	4,814,189	4,758,686
Public works	388,713	318,590	265,750	342,215	287,598	329,355	354,686	365,437	390,741	418,694
Public transportation	230,499	243,668	257,703	221,339	284,851	309,436	335,703	359,097	368,014	419,198
Debt service:										
Principal	277,523	209,746	211,696	217,645	254,312	306,498	301,001	361,375	333,305	402,532
Interest	292,484	300,123	333,872	375,461	410,020	422,450	421,549	449,347	470,307	477,632
Fiscal charges	19,659	64,532	14,296	15,447	8,640	4,895	8,311	3,732	7,849	7,322
Total debt service	589,666	574,401	559,864	608,553	672,972	733,843	730,861	814,454	811,461	887,486
Subtotal expenditures	9,003,821	9,302,881	9,417,643	9,608,858	10,079,653	10,609,966	11,102,820	11,663,835	12,129,741	12,600,805
Capital outlay	1,130,971	1,359,488	1,189,356	1,152,943	1,208,481	1,123,073	1,196,394	1,107,239	1,233,004	1,445,192
Total expenditures	10,134,792	10,662,369	10,606,999	10,761,801	11,288,134	11,733,039	12,299,214	12,771,074	13,362,745	14,045,997
Deficiency of revenues under expenditures	(1,146,369)	(1,207,968)	(784,906)	(403,473)	(562,588)	(800,348)	(661,523)	(675,396)	(707,767)	(1,126,719)
OTHER FINANCING SOURCES (USES)										
Debt issuance	491,645	750,298	745,025	439,370	833,286	597,230	1,034,252	431,815	398,911	1,157,635
Refunding debt issuance	580,140	835,010	63,860	608,210	25,005	475,305	231,255	95,575	1,168,615	401,095
Premium on sale of bonds	50,198	89,505	24,711	124,679	154,681	85,679	155,540	84,235	177,402	163,318
Payment to refunded bond escrow agent	(607,640)	(855,011)	(63,335)	(679,843)	(28,929)	(503,439)	(256,765)	(95,120)	(1,287,378)	(444,960)
Equipment financing program	62,068	34,162	45,801	49,463	41,016	31,716	25,590	11,368	-	-
Transfers in	447,639	429,033	302,059	353,087	384,563	331,676	358,736	460,462	358,002	342,751
Transfers out	(378,864)	(332,409)	(230,748)	(286,683)	(296,249)	(276,710)	(303,150)	(407,175)	(312,402)	(330,671)
Sale of capital assets	6,800	-	-	450	3,913	1,050	-	15,800	451	21,239
Total other financing sources	651,986	950,588	887,373	608,733	1,037,286	742,507	1,245,458	596,960	503,601	1,310,407
Net change in fund balances	\$ (494,383)	\$ (257,380)	\$ 102,467	\$ 205,260	\$ 534,698	\$ (57,841)	\$ 583,935	\$ (78,436)	\$ (204,166)	\$ 183,688
Total capitalized expenditures	1,222,453	1,455,655	936,823	999,605	925,053	893,504	905,635	936,960	1,031,265	1,197,775
Debt service as a percentage of noncapital expenditures	6.40%	5.54%	5.64%	6.08%	6.41%	6.72%	6.34%	6.85%	6.52%	6.91%

Note:
FY2010: Due to the District's policy change in the recognition of personal property tax revenues, FY2010 amounts were adjusted.

Source: Information for each fiscal year was extracted from Exhibit 2-b, Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

Exhibit S-1E

**Tax Revenues by Source - Governmental Funds - Last Ten Fiscal Years
Modified Accrual Basis of Accounting (\$000s)**

Fiscal Year	Property Tax					Income and Franchise		Gross Receipts	Other Taxes	Total
	Real	Personal	Rental	Total	Sales and Use	Franchise				
2009	\$ 1,832,748	\$ 69,163	\$ 32,612	\$ 1,934,523	\$ 1,052,011	\$ 1,478,068	\$ 315,976	\$ 261,909	\$ 5,042,487	
2010	1,790,519	56,501	34,264	1,881,284	1,081,005	1,434,131	295,531	264,959	4,956,910	
2011	1,715,069	52,696	32,980	1,800,745	1,121,257	1,656,283	279,002	403,199	5,260,486	
2012	1,843,918	55,734	35,134	1,934,786	1,218,576	1,956,590	319,036	404,066	5,833,054	
2013	1,940,169	54,878	45,450	2,040,497	1,247,374	2,094,179	345,852	400,308	6,128,210	
2014	2,037,905	55,413	41,719	2,135,037	1,282,573	2,094,754	389,539	423,354	6,325,257	
2015	2,219,859	57,225	79,243	2,356,327	1,425,525	2,316,727	361,293	528,866	6,988,738	
2016	2,386,010	59,101	58,780	2,503,891	1,451,441	2,464,330	365,305	498,161	7,283,128	
2017	2,500,732	63,305	53,066	2,617,103	1,527,120	2,512,522	364,791	502,117	7,523,653	
2018	2,579,542	72,268	56,628	2,708,438	1,597,939	2,641,586	368,446	508,151	7,824,560	

Notes:

FY2010: Due to the District's policy change in the recognition of personal property tax revenues, amounts were adjusted.
FY2010: Amounts for Property Tax - Rental were corrected to reflect proper classification.

Source: Information for each fiscal year was extracted from Exhibit 2-b, Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.



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REVENUE CAPACITY

These schedules contain information regarding the District's most significant local revenue sources: property, income, and sales and use taxes.

Exhibit S-2A Estimated Value of Taxable Property Last Ten Fiscal Years (\$000s)

Fiscal Year	Estimated Value		Total Taxable	Tax Exempt	Total Value	Total Direct Tax Rate	Tax Exempt as a % of Total Value
	Commercial Property	Residential Property					
2009	\$ 68,495,502	\$ 84,544,053	\$ 153,039,555	\$ 81,211,121	\$ 234,250,676	1.29	34.67%
2010	68,254,862	81,862,427	150,117,289	82,113,504	232,230,793	1.30	35.36%
2011	59,224,100	80,063,402	139,287,502	81,528,158	220,815,660	1.25	36.92%
2012	65,903,077	80,598,880	146,501,957	83,399,263	229,901,220	1.26	36.28%
2013	70,337,945	81,406,777	151,744,722	84,690,034	236,434,756	1.23	35.82%
2014	74,834,806	85,465,264	160,300,070	87,287,954	247,588,024	1.24	35.26%
2015	82,287,797	94,623,356	176,911,153	90,854,809	267,765,962	1.32	33.93%
2016	86,644,638	102,457,968	189,102,606	91,429,157	280,531,763	1.32	32.59%
2017	89,970,074	111,600,290	201,570,364	96,439,565	298,009,929	1.22	32.36%
2018	91,138,075	120,243,383	211,381,458	99,987,708	311,369,166	1.28	32.11%

Notes:

Assessed value is 100% of estimated value.

Residential Property: After deduction of homestead exemption and credits against tax for 2009-2018; Does not reflect the 2009 - 2018 Cap Assessment of 10% for Class 01 with Homestead Exemptions.

Total Direct Tax Rate: The total direct tax rate is the weighted rate of all taxable real property, obtained by multiplying the weighted rate by the percentage of the total value of real property for each class.

Source: Office of Tax and Revenue

Exhibit S-2B Direct Property Tax Rates Last Ten Fiscal Years (Per \$100 Assessed Valuation)

Fiscal Year	Direct Property Tax Rate			Total Direct
	Basic Rate	General Obligation	Redevelopment	
		Debt Service	Program	
2009	1.01	0.28	-	1.29
2010	1.02	0.28	-	1.30
2011	0.97	0.28	-	1.25
2012	1.12	0.14	-	1.26
2013	1.12	0.11	-	1.23
2014	1.13	0.11	-	1.24
2015	1.18	0.14	-	1.32
2016	1.16	0.16	-	1.32
2017	1.08	0.14	-	1.22
2018	1.14	0.14	-	1.28

Note:

The total direct rate is the weighted rate of all taxable real property, obtained by multiplying the weighted rate by the percentage of the total value of real property for each class.

Source: Office of Tax and Revenue

Exhibit S-2C Major Tax Rates Last Ten Fiscal Years

Fiscal Year	Property (per \$100 of assessed value)										Sales and Use			Income and Franchise			Gross Receipts	
	Residential		Commercial								Sales and Use			Income and Franchise			Gross Receipts	
	Owner occupied	Tenant occupied	Hotels	Improved	Unimproved	Personal	General	Cigarette	Motor Fuel	Individual	Business	Commercial	Residential					
2009	0.85	0.85	1.65/1.85	1.65/1.85	10.00	3.40	0.0575	2.00/2.50	0.20	0.04-0.09	0.10	0.11	0.10					
2010	0.85	0.85	1.65/1.85	1.65/1.85	10.00	3.40	0.0600	2.00/2.50	0.24	0.04-0.09	0.10	0.11	0.10					
2011	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.50/3.13	0.24	0.04-0.09	0.10	0.11	0.10					
2012	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.86/3.57	0.24	0.04-0.09	0.10	0.11	0.10					
2013	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.86/3.57	0.24	0.04-0.09	0.10	0.11	0.10					
2014	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.86/3.57	0.24	0.04-0.09	0.10	0.11	0.10					
2015	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.90/3.62	0.24	0.04-0.09	0.09	0.11	0.10					
2016	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.91/3.63	0.24	0.04-0.09	0.09	0.11	0.10					
2017	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.94	0.24	0.04-0.09	0.09	0.11	0.10					
2018	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.94	0.24	0.04-0.09	0.09	0.11	0.10					

Notes:

Property (per \$100 of assessed value):

Commercial Hotels and Improved: For FY2009, properties assessed 1.65 at up to \$3 million; 1.85 for all residuals above \$3 million.

Commercial Unimproved: For FY2009 and FY2010, property reverted to its native Class and rate. A new 'Blighted' category was assigned Class 3 and taxed at the \$10.00 rate.

Sales and Use Tax:

General: Of sales value

Cigarette: For FY2018 and FY2017, 20 packs only. Prior to FY2017, 20 and 25.

Motor Fuel: Per gallon

Income and Franchise:

Individual: Of taxable income

Business: Of net income

Gross Receipts:

Public Utility: Of gross charges (gas, lighting, telephone)

Source: Office of Tax and Revenue

Exhibit S-2D
Principal Property Taxpayers
Current Year and Nine Years Ago (\$000s)

	2018			2009		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
CC Owner, LLC	\$ 770,731	1	0.37%	\$ 338,876	10	0.22%
JBG/Federal Center, LLC	686,517	2	0.33%	638,386	1	0.42%
Carr CRHP Properties, LLC	635,399	3	0.30%	393,500	6	0.26%
Washington Square Limited Partnership	580,072	4	0.27%	413,897	4	0.27%
555 12TH REIT, LLC	532,432	5	0.25%	521,482	2	0.34%
United Brotherhood CRPT JNR AM NATL H S FD	526,993	6	0.25%	385,753	8	0.25%
13th & F Associates, LP	492,241	7	0.23%	428,326	3	0.28%
1100 15th Street, LLC	470,278	8	0.22%	***	***	***
MAPS 180 K Street, LLC	457,171	9	0.22%	257,000	23	0.17%
George Washington University	428,655	10	0.20%	***	***	***

Note:

*** Property square and lot was not active in 2009

Source: Office of Tax and Revenue

Exhibit S-2E
Ten Highest Assessed Values for Tax Exempt Properties
Current Year (\$000s)

	Value
International Finance Corporation	\$ 692,564
Inter-American Development Bank	683,603
International Bank for Reconstruction & Development	564,523
Protestant Episcopal Cathedral Foundation DC	457,242
International Monetary Fund	395,026
Catholic University of America	393,787
Howard University	387,931
President and Directors of Georgetown University	375,720
International Monetary Fund	349,840
The Freedom Forum Inc.	287,733

Note:

Duplicate property listings result from owners with multiple properties.

Source: Office of Tax and Revenue

Exhibit S-2F
Property Tax Levies and Collections
Last Ten Fiscal Years (\$000s)

Fiscal Year	Current Levy			Outstanding Balances			Prior Years			Total		
	Levy	Collections	Percent Collected	Billed	Collections	Percent Collected	Billed	Collections	Percent Collected	Billed	Collections	Percent Collected
2009	\$ 1,861,953	\$ 1,752,290	94.11%	\$ 100,910	\$ 65,868	65.27%	\$ 1,962,863	\$ 1,818,158	92.63%			
2010	1,792,100	1,735,602	96.85%	144,883	94,683	65.35%	1,936,983	1,830,285	94.49%			
2011	1,639,902	1,610,533	98.21%	226,333	111,465	49.25%	1,866,235	1,721,998	92.27%			
2012	1,814,958	1,784,196	98.31%	152,954	78,989	51.64%	1,967,912	1,863,185	94.68%			
2013	1,909,967	1,872,534	98.04%	145,546	82,977	57.01%	2,055,513	1,955,511	95.13%			
2014	2,000,814	1,969,905	98.46%	139,400	80,076	57.44%	2,140,214	2,049,981	95.78%			
2015	2,220,771	2,180,283	98.18%	119,381	68,945	57.75%	2,340,152	2,249,228	96.11%			
2016	2,357,764	2,317,713	98.30%	94,796	76,119	80.30%	2,452,560	2,393,832	97.61%			
2017	2,517,747	2,423,501	96.26%	98,206	77,186	78.60%	2,615,953	2,500,687	95.59%			
2018	2,499,134	2,451,269	98.08%	135,611	89,575	66.05%	2,634,745	2,540,844	96.44%			

Notes:

Table reflects a modification to the tax levy data previously reported, which included new billings of prior year tax, penalty and interest amounts due. Data has been reformatted to specifically identify prior year amounts included in the annual amounts billed.

FY 2009 Collections: Previously reported collections for 2009 included tax overpayments for both the current levy and prior years' balances of \$8,648 and \$3,615, respectively.

FY 2010 Collections: Previously reported collections for 2010 included tax overpayments for both the current levy and prior years' balances of \$10,940 and \$2,361, respectively.

Source: Office of Tax and Revenue

Exhibit S-2G Personal Income Tax Rates Last Ten Fiscal Years

Fiscal Year	Top Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of Listed Amounts			Average Effective Rate
		Single	Married Filing Jointly	Head of Household	
2009	8.50%	\$ 40,000	\$ 40,000	\$ 40,000	5.64%
2010	8.50%	40,000	40,000	40,000	5.36%
2011	8.50%	40,000	40,000	40,000	5.32%
2012	8.95%	350,000	350,000	350,000	5.48%
2013	8.95%	350,000	350,000	350,000	5.60%
2014	8.95%	350,000	350,000	350,000	6.33%
2015	8.95%	350,000	350,000	350,000	6.66%
2016	8.95%	1,000,000	1,000,000	1,000,000	6.28%
2017	8.95%	1,000,000	1,000,000	1,000,000	6.12%
2018	8.95%	1,000,000	1,000,000	1,000,000	N/A

Notes:

Average Effective Rate: Fiscal year personal income tax collections divided by the prior year's personal income.

FY 2012: Numbers reflect tax law changes.

N/A: Not Available

Source: Office of Tax and Revenue

Exhibit S-2H Personal Income Tax Filers and Liability by Income Level Current Year and Nine Years Ago

	2018				2009			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$100,001 and higher	81,353	22.60%	\$ 1,469,340,738	77.03%	45,569	14.26%	\$ 844,254,011	67.34%
\$75,001 -- \$100,000	33,992	9.44%	153,333,185	8.04%	22,200	6.95%	102,695,376	8.19%
\$50,001 -- \$75,000	55,959	15.55%	154,216,334	8.09%	41,135	12.87%	118,813,034	9.48%
\$25,001 -- \$50,000	83,568	23.22%	108,622,641	5.69%	80,669	25.24%	112,233,486	8.95%
\$10,001 -- \$25,000	61,792	17.17%	20,685,140	1.08%	64,106	20.06%	27,344,664	2.18%
\$10,000 and lower	43,259	12.02%	1,349,849	0.07%	65,895	20.62%	48,355,988	3.86%
Total	359,923	100.00%	\$ 1,907,547,887	100.00%	319,574	100.00%	\$ 1,253,696,559	100.00%

Note:

Amounts not expressed in thousands

Source: Office of Tax and Revenue

DEBT CAPACITY

These schedules present information showing the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Exhibit S-3A
Ratios of General Obligation Bonds Outstanding
Last Ten Fiscal Years (\$000s, except per capita)

Fiscal Year	General Obligation Bonds (GO)	Actual Value of Taxable Property	GO Bonds as a Percentage of Actual Value of Taxable Property	GO Debt Per Capita
2009	\$ 3,807,419	\$ 153,039,555	2.49%	\$ 6,349
2010	2,811,577	150,117,289	1.87%	4,646
2011	2,857,379	139,287,502	2.05%	4,606
2012	2,311,472	146,501,957	1.58%	3,640
2013	2,292,137	151,744,722	1.51%	3,531
2014	2,880,167	160,300,070	1.80%	4,365
2015	3,760,355	176,911,153	2.13%	5,609
2016	4,116,944	189,102,606	2.18%	6,016
2017	4,509,101	201,570,364	2.24%	6,498
2018	5,369,715	211,381,458	2.54%	7,644

Note:

General Obligation (GO) Bonds: The GO Bonds outstanding were updated to show amounts net of related premiums and discounts.

Exhibit S-3B
Pledged-Revenue Coverage
Last Ten Fiscal Years (\$000s)

Fiscal Year	Tax Increment Financing Debts					Income Tax Secured Revenue Bonds				
	Debt Service					Debt Service				
	Sales Tax Increment	Real Property Tax Increment	Interest	Principal	Coverage	Individual Income Tax	Business Franchise Tax	Principal	Interest	Coverage
2009	\$ 10,032	\$ 4,918	\$ 5,245	\$ 4,467	153.93%	\$ 1,135,938	\$ 342,130	\$ -	\$ 7,974	18536.09%
2010	7,529	4,431	5,320	4,390	123.17%	1,110,444	323,687	-	59,710	2401.83%
2011	10,904	3,750	5,385	4,323	150.95%	1,296,598	359,684	23,160	136,175	1039.50%
2012	9,747	9,711	6,452	8,034	134.32%	1,490,694	465,896	90,755	134,090	870.20%
2013	11,238	7,119	6,496	4,203	171.58%	1,640,899	453,280	117,740	193,898	671.99%
2014	7,178	10,324	6,719	3,973	163.69%	1,679,173	415,581	148,120	205,724	592.00%
2015	9,133	12,328	6,785	3,914	200.59%	1,868,037	447,805	138,580	204,933	674.16%
2016	8,203	10,132	6,839	4,073	168.03%	1,907,862	556,468	88,155	179,702	920.02%
2017	10,686	8,953	6,852	4,136	178.73%	1,958,277	554,245	119,300	200,542	785.55%
2018	10,630	7,678	6,860	7,180	130.40%	2,066,842	574,745	154,505	193,535	758.99%

Note:

FY 2010: Beginning in FY 2010, the District revised the presentation of this Exhibit by removing sales tax and real property tax increments that were dedicated to debt service associated with tax increment financing (other than the Gallery Place TIF Bonds and the Mandarin Hotel TIF Bonds) for which the principal and interest components of debt service were dedicated.

Source: Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements (Note 7 presented on pages 109 through 119).

Exhibit S-3C Ratios of Outstanding Debt by Type Last Ten Fiscal Years (\$000s, except per capita)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES										
General obligation bonds	\$ 3,807,419	\$ 2,811,577	\$ 2,857,379	\$ 2,311,472	\$ 2,292,137	\$ 2,880,167	\$ 3,760,355	\$ 4,116,944	\$ 4,509,101	\$ 5,369,715
Income tax secured bonds	1,108,044	2,591,244	2,994,209	3,840,474	4,682,049	4,697,201	4,578,445	4,399,700	4,124,380	3,836,706
TIF bonds	89,456	85,737	82,042	115,567	113,945	109,488	105,108	100,443	95,885	108,702
Qualified zone academy bonds	5,810	9,097	8,573	7,351	6,682	5,736	4,791	3,845	3,155	2,466
Certificates of participation	254,645	243,903	232,687	220,967	211,586	-	-	-	-	-
Bond anticipation notes	-	-	-	-	-	-	-	-	-	275,000
Capital leases	44,492	36,108	27,433	18,972	11,024	8,162	5,105	1,837	-	-
Ballpark bonds	516,852	512,542	507,637	504,000	507,916	479,704	472,273	374,514	336,406	287,022
HPTF bonds	32,791	85,278	83,970	82,453	123,044	120,476	117,814	114,994	112,109	109,104
PILOT revenue bonds	140,869	156,753	142,746	128,594	82,207	70,030	215,647	214,213	205,696	219,698
GARVEE bonds	-	-	87,783	83,475	130,112	122,144	114,001	104,634	96,201	87,560
Tobacco bonds	698,797	688,195	679,532	673,099	643,803	628,074	613,600	598,710	581,533	559,559
Total Debt	\$ 6,699,175	\$ 7,220,434	\$ 7,703,991	\$ 7,986,424	\$ 8,804,505	\$ 9,121,182	\$ 9,987,139	\$ 10,029,834	\$ 10,064,466	\$ 10,855,532
Personal income	\$ 40,403,096	\$ 41,499,722	\$ 45,272,125	\$ 46,873,665	\$ 48,118,236	\$ 46,015,860	\$ 48,453,108	\$ 51,842,801	\$ 53,300,341	\$ 57,720,700
Total debt percentage of personal income	16.58%	17.40%	17.02%	17.04%	18.30%	19.82%	20.61%	19.35%	18.88%	18.81%
Total debt per capita	\$ 11,172	\$ 11,930	\$ 12,417	\$ 12,576	\$ 13,564	\$ 13,823	\$ 14,898	\$ 14,656	\$ 14,503	\$ 15,454
Total "tax supported debt" per capita	\$ 10,006	\$ 10,793	\$ 11,180	\$ 11,385	\$ 12,372	\$ 12,686	\$ 13,812	\$ 13,629	\$ 13,526	\$ 14,532

Notes:

Outstanding debt updated to show amounts net of related premiums and discounts, and resources restricted for the repayment of the principal of the Income Tax Secured Revenue Bonds debt. There are no outstanding debts for business-type activities.
Convention Center bonds are not included in this table.

HPTF bonds: HPTF - Housing Production Trust Fund
PILOT revenue bonds: PILOT - Payment in Lieu of Taxes
GARVEE bonds: Federal Highway Grant Anticipation Revenue Bonds

Personal income: The prior years' personal income amounts were updated to reflect current methodology and further enhance the presentation of the data.
Prior years' debt per capita amounts were updated to reflect U.S. Census Bureau population estimates.
Tobacco and GARVEE bonds are not supported by general tax revenues and are not included in the Total "Tax supported debt" per capita calculation.

Exhibit S-3D Legal Debt Margin Information Last Ten Fiscal Years (\$000s)

Debt Service Cost Margin Calculation for Fiscal Year 2018:

General fund revenue \$ 8,660,050
 Debt service cost limitation (17% of general fund revenue) \$ 1,472,209

Debt expenditure applicable to limit:

Principal \$ 304,964
 Interest 399,439
 Subtotal for current year 704,403
 Highest debt service cost 704,403

Total debt service cost subject to the limitation 704,403

Debt service cost margin **\$ 767,806**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt service cost limitation	\$ 1,002,774	\$ 977,459	\$ 1,019,192	\$ 1,119,360	\$ 1,165,281	\$ 1,206,218	\$ 1,302,425	\$ 1,372,556	\$ 1,412,132	\$ 1,472,209
	408,506	408,555	456,152	464,994	513,639	576,273	596,468	591,653	644,703	704,403
Debt service cost margin	594,268	568,904	563,040	654,366	651,642	629,945	705,957	780,903	767,429	767,806
Total debt service cost subject to the limit as a percentage of debt service cost limit	40.7%	41.8%	44.8%	41.5%	44.1%	47.8%	45.8%	43.1%	45.7%	47.8%
Debt limit ratio	6.9%	7.1%	7.6%	7.1%	7.5%	8.1%	7.8%	7.3%	7.8%	8.1%

Note:

Under the District of Columbia Self-Government and Governmental Reorganization Act, no long-term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long-term debt to exceed 17 percent of the revenues of the fiscal year in which the debt is issued. The debt limit ratio is calculated using the highest fiscal year debt service divided by the total revenues. The District issued more income tax revenue bonds to refund general obligation debt because the income tax revenue bonds have a higher rating, which resulted in a lower interest cost.

Exhibit S-3E

Limitation on Borrowing (\$000s)

General fund expenditures (1):	\$	8,511,095
General fund transfers out (1):		190,405
Adjustment for transfer to component agency (UDC) (1):		44,610
Adjustment for TIFs and PILOTs bonds and notes debt service transfers (1):		50,118
Adjustment for ballpark revenue bond debt service transfers (1):		66,319
Adjustment for convention center hotel debt service transfers (1):		12,018
Total (a)	\$	8,874,565
Limitation on borrowing (12%):		
FY 2018 debt service cost (b):		
Margin on limitation:		
FY 2018 debt service percentage (b/a):		

	Debt Service Expenditures by Fiscal Year											
	2018			2019			2020			2021		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
LONG-TERM DEBT												
General obligation bonds (2)	\$ 143,355	\$ 210,997	\$ 354,352	\$ 161,095	\$ 220,728	\$ 381,823	\$ 206,275	\$ 217,714	\$ 423,989	\$ 200,515	\$ 208,082	\$ 408,577
Bond anticipation notes	-	1,875	1,875	-	10,000	10,000	-	10,000	10,000	-	10,000	10,000
Income tax secured revenue bonds (2)	154,505	193,535	348,040	159,030	186,052	345,082	145,470	178,888	324,358	170,485	171,509	341,994
TIF bonds (3)	7,180	6,860	14,040	4,284	7,524	11,808	4,398	7,490	11,888	6,099	5,849	11,948
TIF notes (4), (5)	4,294	9,811	14,105	4,739	9,250	13,989	4,987	8,965	13,952	4,452	8,637	13,088
QZAB	689	-	689	454	-	454	454	-	454	-	-	-
Ballpark revenue bonds	48,525	17,794	66,319	15,881	15,881	18,516	3,055	15,708	18,763	3,510	15,507	19,017
Equipment financing program	18,690	564	19,254	11,614	230	11,844	4,438	48	4,486	-	-	-
HPTF revenue bonds	2,850	4,972	7,822	2,990	4,839	7,829	3,140	4,689	7,829	3,275	4,551	7,828
PILOT bonds (6)	11,999	9,111	21,110	34,076	8,983	43,059	24,599	9,357	33,956	15,311	9,775	25,086
PILOT notes (7)	391	472	863	413	423	836	437	389	826	461	354	815
225 Virginia Avenue lease	3,565	5,709	9,274	3,813	5,461	9,274	4,078	5,195	9,273	4,362	4,911	9,273
Washington convention and sports authority	20,655	21,233	41,888	18,105	24,963	43,068	24,380	24,069	48,449	25,600	22,840	48,440
Total	\$ 416,698	\$ 482,933	\$ 899,631	\$ 403,248	\$ 494,334	\$ 897,582	\$ 425,711	\$ 482,512	\$ 908,223	\$ 434,524	\$ 461,995	\$ 895,519

Notes:

- (1) Adjustments are made to General Fund Expenditures and Transfers to reflect Component Agencies and Debt Service Expenditures not already included.
- (2) Interest rate for unhedged variable rate bonds calculated at 3.00%.
- (3) TIF Bonds include the Gallery Place, Mandarin Oriental Hotel, City Market at O Street, and the Skyland Town Center Project. The District plans to issue additional bonds which have been approved and included in the future years' debt service.
- (4) TIF Notes include the Forever 21, Georgia Avenue CVS, Howard Theatre, Verizon Center and the Convention Center Hotel.
- (5) Adjustments are made to TIF Notes to reflect actual principal prepayment.
- (6) PILOT Bonds include Anacostia Waterfront Corp., the Yards, and the Wharf projects. The debt service schedule for the Yards does not require principal payments until maturity in fiscal year 2020 at which point it is assumed to be refinanced. Debt service payments shown for the Yards and Wharf PILOT Bonds are actual or anticipated, and at the District's discretion.
- (7) PILOT Notes include Rhode Island Place and Foundry Lofts projects. Adjustments are made to PILOT Notes to reflect actual principal prepayment.

The purpose of this exhibit is to comply with the debt limitation requirement.

Source: Office of Finance and Treasury

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic data to help explain the environment within which the District's financial activities take place. This information also facilitates comparisons of financial statements over time and among governments.

Exhibit S-4A Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	Employment	Unemployment Rate	Claims Accepted	Claims Rejected
2009	599,657	\$ 40,403,096	\$ 67,377	34.0	\$ 701,633	9.0%	34,460	13,550
2010	605,210	41,499,722	68,571	33.8	709,075	10.2%	30,170	11,873
2011	620,427	45,272,125	72,969	33.7	723,233	10.2%	28,513	12,171
2012	635,040	46,873,665	73,812	33.6	730,033	9.3%	27,570	10,001
2013	649,111	48,118,236	74,129	33.8	733,317	8.6%	28,727	10,347
2014	659,836	46,015,860	69,738	33.8	757,500	7.8%	28,995	9,921
2015	670,377	48,453,108	72,277	33.8	764,700	6.7%	23,903	6,570
2016	684,336	51,842,801	75,756	33.9	780,400	6.1%	24,320	3,265
2017	693,972	53,300,341	76,805	34.0	789,500	6.5%	25,132	3,455
2018	702,455	57,720,700	82,170	N/A	794,800	5.7%	23,981	2,996

Notes:

For some measures in Exhibit S-4A, updates are made each year to prior year numbers. Therefore, prior year numbers may not match the numbers in CAFR tables from previous years.

FY 2018: N/A - Median age not available

Population: Source: U.S. Census Bureau. Population data is based on estimates as of July 1 each year. Presentation of prior years' data is adjusted for Census updates.

Personal Income: Source: D.C. Department of Employment Services, Office of Labor Market Research and Information based on data from U.S. Bureau of Economic Analysis (BEA). BEA uses slightly different population estimates in its calculation of per capita income. Updates are made each year to prior year numbers, which will not match prior year CAFR figures. Amounts in thousands.

Per Capita Income: Source: D.C. Department of Employment Services, Office of Labor Market Research and Information based on data from U.S. Bureau of Economic Analysis (BEA). BEA uses slightly different population estimates in its calculation of per capita income. Updates are made each year to prior year numbers, which will not match prior year CAFR figures.

Median Age: Median age for 2010 and years thereafter are updated each May.

Employment: Source: D.C. Department of Employment Services, Office of Labor Market Research and Information based on data from U.S. Bureau of Labor Statistics. Current Employment Statistics (CES) seasonally updated.

Unemployment Rate: Source: D.C. Department of Employment Services, Office of Labor Market Research and Information based on data from U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS) seasonally adjusted data.

Claims Accepted: Source: D.C. Department of Employment Services, Office of Economic Research, Performance and Data Analytics based on data from U.S. Department of Labor, Education, and Training Administration (ETA) 218 Report Section A: Monetary Determinations. Claims Accepted represent Unemployment Insurance (UI) determinations with sufficient wage credits.

Claims Rejected: Source: D.C. Department of Employment Services, Office of Economic Research, Performance and Data Analytics based on data from U.S. Department of Labor, Education, and Training Administration (ETA) 218 Report Section A: Monetary Determinations. Claims Rejected represent Unemployment Insurance (UI) determinations with insufficient wage credits.

Exhibit S-4B Principal Employers Current Year and Ten Years Ago

	2018			2008		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Georgetown University	*	1	*	*	1	*
Children's National Medical Center	*	2	*	*	4	*
George Washington University	*	3	*	*	3	*
Washington Hospital Center	*	4	*	*	2	*
American University	*	5	*	*	8	*
Georgetown University Hospital	*	6	*	*	7	*
Booz Allen & Hamilton, Inc.	*	7	*	*	87	*
Fannie Mae	*	8	*	*	6	*
Howard University	*	9	*	*	5	*
Red Coats	*	10	*	*	15	*
George Washington University Hospital	*	11	*	*	14	*
Insperty People Services, LP	*	12	*	*	48	*
Sibley Memorial Hospital	*	13	*	*	13	*
Catholic University of America	*	14	*	*	10	*
Universal Protection Service, LLC	*	15	*	*	N/A	N/A
Total	56,667		10.2%	44,331		9.6%

Note:

* This data is produced through the Quarterly Covered Employment and Wage (QCEW) Program, a Bureau of Labor Statistics federal/state cooperative statistical program. Release of data under this program is subject to the Confidential Information Protection and Statistical Efficiency Act of 2002. The District cannot release company specific employment information without the written consent of each of the companies that are included in the release of such data. As a result, we are only presenting rank and total employment information for the top fifteen principal employers.

Source: D.C. Department of Employment Services, Office of Labor Market Research and Information

OPERATING INFORMATION

These schedules contain service and infrastructure data to better understand how the information in the District's financial reports relates to the services the District provides and the activities it performs.

Exhibit S-5A Operating Indicators by Function/Program Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GOVERNMENTAL DIRECTION AND SUPPORT										
General obligation bonds (1)										
Bond rating by Standard & Poor's Rating Services	A+	A+	A+	A+	AA-	AA	AA	AA	AA	AA+
Bond rating by Moody's Investors Service	A1	Aa2	Aa2	Aa2	Aa2	Aa2	Aa1	Aa1	Aa1	Aaa
Bond rating by Fitch Ratings	A+	AA-	AA-	AA-	AA-	AA	AA	AA	AA	AA+
Income tax secured revenue bonds (1)										
Bond rating by Standard & Poor's Rating Services	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Bond rating by Moody's Investors Service	Aa2	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
Bond rating by Fitch Ratings	AA	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+
ECONOMIC DEVELOPMENT AND REGULATION (2)										
Taxable retail sales (\$ millions)	\$ 10,198	\$ 11,191	\$ 11,697	\$ 12,610	\$ 13,083	\$ 13,717	\$ 14,659	\$ 15,270	\$ 16,654	\$ 17,190
Commercial construction units	107	138	124	117	96	327	97	125	179	222
Commercial construction value	\$ 2,321,216	\$ 1,518,394	\$ 941,963	\$ 649,872	\$ 954,718	\$ 2,542,032	\$ 1,902,211	\$ 1,701,364	\$ 2,448,918	\$ 2,649,201
Residential construction units	1,003	850	899	855	1,199	1,369	1,121	1,304	1,227	1,183
Residential construction value	\$ 269,812	\$ 214,187	\$ 235,996	\$ 261,314	\$ 382,192	\$ 425,194	\$ 391,467	\$ 433,979	\$ 445,223	\$ 404,858
Housing Finance Agency (3)										
Number of single-family units financed	109	15	53	16	2	192	236	205	199	106
Amount of single-family financing provided (\$ 000s)	\$ 24,750	\$ 2,704	\$ 9,897	\$ 3,604	\$ 619	\$ 53,068	\$ 65,183	\$ 62,902	\$ 52,538	\$ 34,662
Number of multi-family units financed	297	1,307	729	1,608	939	1,008	1,325	2,090	899	1,653
Amount of multi-family financing provided (\$ 000s)	\$ 28,255	\$ 137,000	\$ 78,512	\$ 183,002	\$ 139,347	\$ 194,600	\$ 171,401	\$ 294,735	\$ 168,960	\$ 325,440
Total number of housing units financed	406	1,322	782	1,624	941	1,200	1,561	2,295	1,098	1,759
Total amount of housing financing provided (\$ 000s)	\$ 53,005	\$ 139,704	\$ 88,409	\$ 186,606	\$ 139,966	\$ 247,668	\$ 236,584	\$ 357,637	\$ 221,498	\$ 360,102
PUBLIC SAFETY AND JUSTICE (4)										
Police										
Crime index offenses	34,977	30,872	31,772	36,154	35,752	37,662	37,471	35,714	34,774	33,031
Number of police officers	4,047	3,960	3,801	3,907	4,010	3,971	3,839	3,737	3,821	3,855
Fire & EMS										
Number of operational personnel	1,958	1,946	1,941	1,874	1,998	1,877	1,864	1,875	1,892	1,927
Total number of incidents	165,725	162,440	161,795	167,939	167,335	179,319	197,092	205,988	201,404	207,492
Total number of fire/rescue incidents	30,728	31,562	31,527	30,296	29,823	32,313	34,924	34,840	35,712	39,390
Number of medical incidents	134,997	130,878	130,268	137,643	137,512	147,006	162,168	171,148	165,692	168,102
Total number of transports	86,824	94,039	97,689	101,208	102,987	109,044	115,262	92,695	55,078	53,322
Inspections	22,716	24,862	14,231	11,470	12,482	13,159	10,148	11,814	12,181	10,931
PUBLIC LIBRARY (5)										
Number of volumes	2,525,848	2,242,514	1,601,581	1,466,010	1,491,914	1,536,820	1,376,418	1,304,305	1,055,037	1,023,079

Exhibit S-5A Operating Indicators by Function/Program Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PUBLIC EDUCATION SYSTEM										
D.C. Public School System (6)										
Number of school teachers	3,722	3,758	3,850	3,775	3,392	3,585	3,684	3,999	3,996	4,121
Number of school students	46,132	45,772	48,737	45,191	45,557	46,393	47,548	48,757	48,555	48,144
Number of high school graduates	2,679	2,790	2,954	2,919	2,864	2,702	2,784	2,764	2,844	2,504
University of the District of Columbia (7)										
Number of teachers	241	231	222	260	250	223	230	237	235	232
Number of students	5,260	5,855	5,286	5,490	5,352	5,118	5,118	4,604	4,527	4,500
Number of graduates	711	602	641	705	832	866	795	852	817	702
PUBLIC WORKS/PUBLIC TRANSPORTATION (8)										
Street resurfaced (miles)	18	13	14	17	19	27	42	30	33	40
Potholes repaired	2,400	5,580	6,863	26,233	24,718	65,332	72,719	75,417	15,799	31,570
Refuse collected (tons per day)	378	390	393	382	361	354	340	386	328	369
Recyclables collected (tons per day)	105	110	107	133	145	130	116	96	115	102
Tons of bulk trash removed	4,136	3,611	3,536	2,944	2,594	2,558	2,597	3,612	2,977	2,603
Tons of leaves removed	8,289	8,050	6,914	5,659	5,920	6,054	5,798	7,221	6,110	5,803
Tons of snow removed	808,732	5,298,905	850,000	105,487	218,005	2,250,383	1,265,841	1,962,054	N/A	N/A
Department of Motor Vehicles (9)										
Number of motor vehicle registrations (1/1 - 12/31)	259,367	276,585	278,915	284,674	289,028	296,210	303,039	309,332	310,031	310,334
Number of operator licenses issued (1/1 - 12/31)	110,846	109,630	111,354	120,372	119,303	81,656	80,459	125,901	139,587	134,504
Number of operator licenses outstanding (1/1 - 12/31)	340,316	348,036	357,228	370,805	411,356	416,289	448,304	466,293	475,834	482,808
CONVENTION CENTER (10)										
Conferences held	204	214	231	201	209	204	233	217	184	167
Attendees	1,053,266	1,015,324	1,017,638	1,159,480	1,089,116	1,280,256	1,120,398	1,465,820	1,163,753	1,563,622

Notes:

Street resurfaced (miles): Includes reconstruction, regular cover, and pavement restorations
Tons of snow removed: N/A - Information not available for fiscal years 2017 and 2018

- (1) Source: Office of Finance and Treasury
(2) Source: Office of Tax and Revenue
(3) Source: District of Columbia Housing Finance Agency
(4) Source: Metropolitan Police Department and Fire and Emergency Medical Services Department
(5) Source: District of Columbia Public Library. Reduction in volume due to electronic conversions
(6) Source: District of Columbia Public Schools
(7) Source: University of the District of Columbia
(8) Source: District Department of Transportation and Department of Public Works
(9) Source: Department of Motor Vehicles
(10) Source: Washington Convention and Sports Authority

Exhibit S-5B Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police (1)										
Police stations including satellites	11	11	11	11	11	11	11	11	11	10
Number of patrol cars	1,200	1,183	1,195	1,196	1,197	1,224	1,259	1,240	1,245	1,240
Fire (2)										
Number of fire and EMS stations	34	34	34	34	34	34	34	34	34	34
Number of front-line emergency vehicles	126	126	123	123	123	124	94	114	168	168
EMS (2)										
Number of ambulances	77	78	89	73	110	98	86	88	96	100
D.C. Public School System (3)										
Schools	131	122	123	122	122	112	112	115	115	116
Number of school buses	790	753	802	838	880	799	601	626	808	743
Public Library (4)										
Number of main and branch buildings	24	25	25	26	26	26	26	26	26	26
Parks and Recreation (5)										
Acreage	836	836	883	883	931	931	931	931	931	931
Number of recreation and community centers	75	79	78	78	74	73	73	74	73	74
Number of day camps	68	76	91	88	96	96	82	84	119	113
Number of outdoor swimming pools	24	23	23	24	22	22	22	21	21	22
Number of indoor swimming pools	7	10	8	8	8	11	11	15	11	11
Public Works/Public Transportation (6)										
Number of refuse collection trucks	84	71	70	64	64	69	68	74	81	102
Primary street miles	126	126	126	126	135	134	134	134	134	134
Secondary street miles	1,007	1,007	1,007	1,007	1,007	1,009	1,117	1,117	1,117	1,018
Number of street lights	68,000	68,000	68,000	69,350	70,182	70,828	70,809	69,708	74,188	75,703
Number of signalized intersections	1,600	1,700	1,603	1,603	1,645	1,652	1,524	1,403	1,528	1,535
Number of trees	145,312	146,920	144,000	148,980	147,276	147,376	153,990	150,288	148,726	156,763
D.C. Water & Sewer Authority (7)										
Miles of water mains	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,350	1,350
Miles of sewer mains	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,900

- (1) Source: Metropolitan Police Department
 (2) Source: Fire and Emergency Medical Services Department
 (3) Source: District of Columbia Public Schools
 (4) Source: District of Columbia Public Library
 (5) Source: Department of Parks and Recreation
 (6) Source: District Department of Transportation and Department of Public Works
 (7) Source: District of Columbia Water and Sewer Authority

Exhibit S-5C

Budgeted Full-Time Equivalent District Government Employees by Function General Operating Funds Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental direction and support	2,726	2,440	2,648	2,994	3,014	3,069	3,178	3,191	3,252	3,369
Economic development and regulation	1,230	1,128	1,040	1,041	1,181	1,282	1,305	1,363	1,493	1,596
Public safety and justice	8,728	8,586	8,505	8,313	8,230	8,192	8,247	8,308	8,653	8,935
Public education system	8,323	7,651	9,253	9,028	8,959	8,701	9,558	9,499	9,530	9,943
Human support services	4,559	3,946	3,782	3,687	3,822	3,992	4,141	4,208	4,498	4,456
Public works	2,197	2,106	2,007	2,146	2,196	2,324	2,397	2,414	2,437	2,530
Total	27,763	25,857	27,235	27,209	27,402	27,560	28,826	28,983	29,863	30,829

Source: Office of Budget and Planning



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GOVERNMENT OF THE
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YEAR ENDED SEPTEMBER 30, 2018