

CORONAVIRUS (COVID-19)

Situational Update

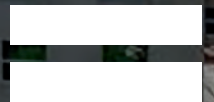
Monday, July 13, 2020

DC HEALTH

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2020 CAFR

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, 2020



MURIEL BOWSER
MAYOR

January 28, 2021

Dear Washingtonians:

It is my pleasure to present the District of Columbia's (District's) Fiscal Year 2020 Comprehensive Annual Financial Report (CAFR). For the twenty-fourth consecutive year, the audit opinion is unqualified (unmodified). And, for the sixth year in a row, the auditors found no significant deficiencies or material weaknesses, demonstrating our continued financial discipline and strong financial management practices.

Despite the unprecedented challenges of FY 2020, the District's finances continue to be amongst the strongest of any jurisdiction in the nation. As of September 30, 2020, the District has 60 days of operating cash in its reserve funds, providing greater financial flexibility and protection during the public health emergency. This allows us to provide continued essential support to residents and businesses during the global health pandemic. Our strong financial position allowed us to make critical public health investments that include free, robust COVID-19 testing; contact tracing; and personal protective equipment. It has also allowed us to make needed investments in our residents and businesses hardest hit by the pandemic through grants, meal distribution, rental assistance, and more.

The economic impacts of the pandemic have been challenging as well, yet we continue our significant investments in public education, homeless services, affordable housing, and public safety. We also continued ensuring the strength of our neighborhoods through the revitalization of our schools, recreation facilities, and libraries that enhance the overall quality of life of all District residents. In addition, our population continues to grow; as of September 2020, it stands at approximately 711,000 residents.

I have said throughout this pandemic that we are all in this together and we will all get through it together. In 2021, we will recover together, and the financial strength demonstrated in this CAFR will help us recover equitably. And, with your continued support, we will keep working to give all Washingtonians a fair shot and lift communities in all eight wards to build a safer, stronger, more prosperous, equitable, and resilient Washington, DC.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser".

Muriel Bowser
Mayor

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



Jeffrey S. DeWitt
Chief Financial Officer

January 28, 2021

The Honorable Muriel Bowser
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Dear Mayor Bowser:

It is with great pride that I present the District of Columbia's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2020. As you know, FY 2020 was filled with unprecedented changes and challenges due to the coronavirus (COVID-19) global pandemic. I am happy to report that despite the many hurdles faced, through the hard work and dedication of many across the city, we were able to successfully close the city's books, timely complete the financial audit, and produce a top-quality CAFR.

The FY 2020 CAFR audit was conducted by a new team of independent certified public accountants, McConnell & Jones, LLP, assisted by Regis & Associates, PC and UHY LLP. Based on the results of the audit procedures performed, the auditors issued an unmodified (clean) opinion on the District's FY 2020 financial statements. This opinion indicates that no material misstatements or errors were identified during the audit. This marks the 24th consecutive year in which the District has received such an opinion on its annual financial statements. In addition, for the sixth consecutive year, no findings categorized as material weaknesses or significant deficiencies were reported as a result of the audit. Receiving an unmodified opinion with no material weaknesses or significant deficiencies, especially during a year that presented so many obstacles, is no small accomplishment. District residents, government officials, and other stakeholders should be assured that the caliber of the city's financial operations has not declined during the pandemic and that the financial information presented in the CAFR is accurate and in compliance with required standards.

As the FY 2020 CAFR indicates, despite the severe impact the pandemic has had on the economy, the District has been able to "weather the storm" due to several factors. The District's economy received a significant boost from the federal relief payments provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the monetary policy actions implemented by the Federal Reserve. These programs provided support to businesses and individuals, lessening the impact of unemployment and increasing District income tax receipts. Federal Emergency Management Agency (FEMA) public assistance grants were also instrumental in supporting COVID-related operating costs in FY 2020. These additional resources, coupled with the District's prudent fiscal management practices over the years, including the build-up of strong reserves, allowed the city to provide much-needed assistance and services to District residents and businesses during this time of crisis.

Key economic data indicate that challenges will likely continue at least through the second and third quarters of FY 2021. Private sector employment, primarily in the leisure and hospitality sector, declined sharply in FY 2020 as a result of the pandemic. The unemployment rate rose to 8.7% in September 2020, up from 5.3% a year ago. Tourism was down in FY 2020 which negatively impacted business activity in the hospitality sector, primarily hotels, restaurants, entertainment, and other retail sales. These trends are not expected to reverse until wider distribution of the COVID vaccine is achieved. It should also be noted that the rate of population growth in the District has slowed in recent years. By the third quarter of 2020, the District's population had grown by less than 1% to 710,964 residents.

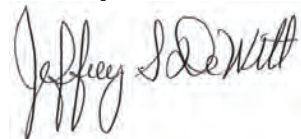
As outlined in prior years, the amount held in the District's reserves may be viewed as a gauge of the financial health of the city and whether the District is positioned financially to successfully meet its current and future needs. As of September 30, 2020, the District's liquidity funds (federally and locally mandated reserves) totaled \$1.481 billion. This level of reserves equates to 60 days of operating cash that can be used to meet the District's obligations and continue operations during an unforeseen emergency or crisis.

Review of the District's bond ratings also provides insight into the city's financial strength. In FY 2020, the city's bond ratings remained high despite the economic impact of the COVID-19 pandemic. The District's ratings 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. Maintaining high ratings from the credit rating agencies allowed the District to access the markets and issue bonds at very low interest rates. During FY 2020, the District issued \$1.750 billion in income tax secured revenue bonds, the proceeds of which were used to finance economic development initiatives, infrastructure improvements, and other capital projects. The District also issued \$1.273 billion in income tax secured revenue refunding bonds to refund (refinance) outstanding bonds, which resulted in reduced debt service costs.

Through the continued partnership of the District's elected leadership and the Office of the Chief Financial Officer, the District overcame significant challenges in FY 2020. Now more than ever, it is important that we continue to use sound and proven financial management practices to ensure the District's ability to sustain operations while continuing to deal with the economic, social, and public health impacts of COVID-19. I am confident that we all remain firmly committed to successfully achieving this goal.

I would like to express my sincere gratitude to all program and financial staff across the District, as well as other partners who worked closely with us to manage and account for the District's financial resources. Without their dedication and commitment, the District would not have achieved positive financial results during FY 2020. Working together, despite the COVID-19 pandemic, we were able to operate within budgetary constraints, successfully close the District's books, prepare the District's FY 2020 CAFR, complete the annual financial audit, and issue the FY 2020 CAFR on time with an unmodified (clean) audit opinion. Congratulations to all on these significant achievements! They are proof that our city is innovative, resilient, and strong!

Sincerely,



Jeffrey S. DeWitt
Chief Financial Officer

GOVERNMENT OF THE DISTRICT OF COLUMBIA COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED SEPTEMBER 30, 2020

Muriel Bowser
Mayor

Jeffrey S. DeWitt
Chief Financial Officer

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**DISTRICT OF COLUMBIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2020**

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Martin Luther King, Jr. Memorial Library



INTRODUCTORY SECTION

Government of the District of Columbia



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January 28, 2021

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, 2020, 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 generally accepted accounting principles (GAAP) in the United States of America 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, 2020. 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, McConnell & Jones LLP, issued a report in conjunction with the CAFR, which 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 performed annually. A separate report, often referred to as the Single Audit Report, is issued by the independent public accountants. The District's fiscal year 2020 Single Audit Report will be issued later.

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. (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.

Table T-1 presents a timeline of significant events in the history of the District of Columbia.

Table T-1
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, which granted District residents the right to elect a Member of Congress to represent them in the US House of Representatives.
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 13-member Council.
1995	Congress passed the District of Columbia Financial Responsibility and Management Assistance Act and created the position of the Chief Financial Officer.
1997	Congress enacted the National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act), which changed the funding of the District's pension plans and set the stage for major changes to the District's criminal justice system.
2006	Congress passed the District of Columbia Omnibus Authorization Act, expanding the duties of the Office of the Chief Financial Officer.
2016	The Local Budget Autonomy Act of 2013, upheld by the Superior Court, granted the District budget autonomy for local funds.

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.

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 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. 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.

Financial Reporting Entity

For financial reporting purposes, the District's reporting entity consists of: (1) the primary government; (2) five discretely presented component units: Health Benefit Exchange Authority, Washington Convention and Sports Authority (t/a Events DC), District of Columbia Green Finance Authority, Housing Finance Agency, and University of the District of Columbia; and (3) two blended component units: District of Columbia 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 1B, on page 68 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. Upon ratification of the Local Budget Autonomy Amendment Act of 2012, the District was granted the right to enact and appropriate its local funds without the active approval of the U.S. Congress. Accordingly, a 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 is 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

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. 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.

Consistent with the District Anti-Deficiency Act of 2002, which became effective on April 4, 2003, agency heads and Agency Fiscal Officers are required to jointly submit a monthly spending plan for the fiscal year to the District's CFO by October 1st of each fiscal year. District managers update the spending plan 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. The information in these reports is 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 District's accounting system in order to reserve the portion of the related appropriation that will be needed for the expenditure. 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 U.S. 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. The District must replenish the contingency cash reserve and the emergency cash reserve for any amounts used from these reserves.

Mandated by the District Council

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 CFO may use the cash flow reserve as needed to manage the cash flow of the District. Pursuant to D.C. Code § 47–392.02(j-2), 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 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 the 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 trust funds, 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 57. This basis of accounting differs from the GAAP basis as described below:
 - Basis differences are differences that arise when the basis of budgeting differs from the basis of accounting prescribed by GAAP. For example, to account for supplies inventory, the District uses the purchase method in the budgetary basis statement and the consumption method in GAAP basis statement. 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 are differences between the basis of budgeting and GAAP that 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 are differences between the basis of budgeting and GAAP that result when the fund, organization, or program structure used for budgeting differs from that used for GAAP financial reporting. The District does not have any significant budgetary perspective differences.
- Timing differences are differences between the basis of budgeting and GAAP that occur when the period used for budgeting differs from the period used for GAAP reporting. The District has no significant timing differences between its budgetary practices and the GAAP presentation of its financial statements.

Transparency in Government Operations and Financial Reporting

The District 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 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. In addition to enforcement of the DC Open Meetings Act, the OOG 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.

With the onset of COVID-19, District officials recognized the importance of transparency and open communication. As part of its efforts to "flatten the curve", the District implemented practices to keep residents, government employees, and the general

public informed about measures being taken to reduce the spread of the disease. The Mayor and other District officials provided regular press briefings regarding case numbers, safety protocols, restrictions and policy changes, and modifications to government operations and services. To ensure that residents and others could access, when needed, information regarding COVID-19 and the District's response to this public health crisis, a separate website, <https://coronavirus.dc.gov>, was established. This website houses a wealth of information regarding COVID-19 including, but not limited to, information on the disease and its symptoms; steps to take if exposed to the disease; statistical data regarding number of cases; testing locations; information on how to sign up for the DC COVID Alert Notice (DC CAN) app, description of the District's Re-Opening Plan; and other similar important information.

In furtherance of openness in government, the Office of the Chief Financial Officer (OCFO) continues to promote transparency in financial reporting. The District continues to open 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 (www.cfo.dc.gov) 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 including press releases, newsletters 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. Additional information pertinent to investors and the public may be obtained at the District's investor relations website at www.dcbonds.com.

ECONOMIC CONDITION AND OUTLOOK

In March 2020, the District, like other state and local governments throughout the United States, closed schools, stores, hotels, restaurants, and other non-essential businesses, and placed severe restrictions on travel and social gatherings to control the spread of the Coronavirus pandemic (COVID-19). These temporary COVID-19 related closures, along with the implementation of social distancing measures and the temporary suspension of non-essential business activities during the fiscal year, resulted in historically high unemployment rates and slow economic activities. As the national economy declined in 2020, employment within the District and employment of District residents declined significantly, with private sector employment being severely impacted.

Despite the impact of the COVID-19 pandemic on the economy, the District's prudent fiscal management over the years, including its strong reserves; the unprecedented District workforce shift to telework; and the federal relief payments afforded by the Coronavirus Aid, Relief, and Economic Security (CARES) Act have kept industries other than in-person retail and hospitality from collapsing. In addition to the federal fiscal package, extraordinary monetary policy actions by the Federal Reserve ensured that financial instruments, particularly commercial loans and municipal bonds, were maintained and interest rates were kept low. This protection, along with the assurance of low-cost money in the future, boosted the stock market to pre-pandemic levels and contributed to increased revenue from capital gains and business income.

For the year ended September 30, 2020, federal civilian employment accounted for 27.00% of all wage and salary jobs located in the District and 30.38% of wages and salaries generated in the city. Approximately 13.00% of employed District residents worked for the federal government. Furthermore, federal contracting accounted for additional jobs and income in the area, which also contributed to the tax base of the District. With such a dominant federal presence, as we look to the future, significant changes in federal spending can have a major impact on the District's economy and revenues.

In addition, trends in population growth may also affect the District's economy. Historically, continuous population growth has been important in increasing the District's income, property, and sales tax bases, and has been one of the driving forces behind rising home values. However, population growth has slowed in recent years. Between 2015 and 2020, the population of the District grew by 34,170, an increase that averaged about 6,834 residents per year. Nevertheless, over that five-year period, the rate of annual population growth gradually declined from just over 1.0% to approximately 0.6%.

Highlights: The District Economy

As a consequence of the COVID-19 pandemic, the District experienced contractions in hospitality and business services jobs, a slowing population, and a weakening outlook for commercial property. Highlights of these and other recent trends in the District's economy are presented below:

- In the three months ended September 2020, there were 53,533 (6.70%) fewer wage and salary jobs located in the District than in the same period a year earlier. Of particular note, there were 35,633 (43.35%) fewer hospitality jobs in September than there were a year earlier, accounting for most of the loss in private sector jobs.

- District resident employment in the three months ended September 2020 was 27,100 (7.00%) lower than a year earlier.
- The September 2020 unemployment rate was 8.70% (seasonally adjusted), up from 5.30% a year ago.
- Despite job losses, which were concentrated in low-wage sectors, overall wages earned in the District grew 1.77% in the quarter ended September 30, 2020, compared to the same quarter a year ago.
- Single family home sales for the three-month period ended September 2020 were up 22.30% from a year ago and the average selling price was 11.80% higher. In addition, condominium sales increased by 33.50%, and the average selling price was 4.60% higher than a year ago. The value of all home sale settled contracts for the three-month period ended September 2020 was 37.70% higher than a year ago.
- Commercial office base rents grew just under 1% over the past year, the slowest in the last 6 years. Leased space in September 2020 was down by 0.10% from a year ago, while the vacancy rate (including sublets) increased over the past year from the revised 12.10% to 12.70%.
- Hotel room-days sold for the three months ended September 2020 were down 80.60% from the prior year and hotel room revenues were down by 86.60%. Hotels along with restaurants were most affected by the public health restrictions related to the COVID-19 pandemic.

Key Factors in the District Economy

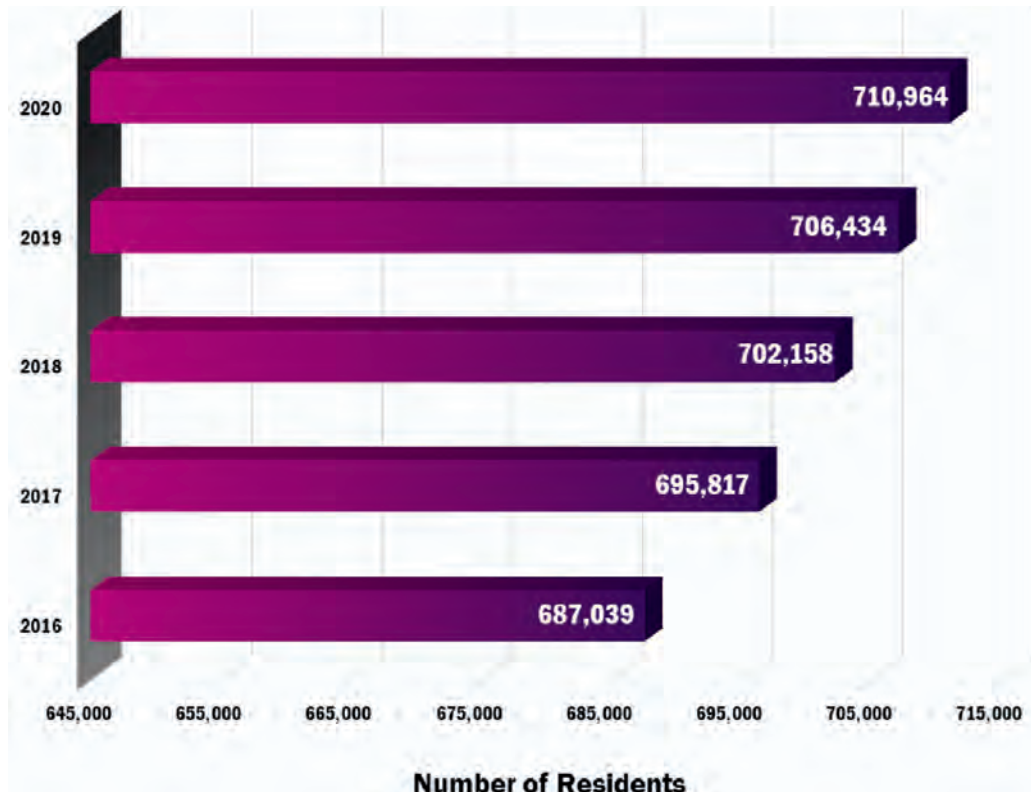
Population

Each year, the U.S. Census Bureau releases population estimates as of July 1st of the calendar year and officially revises such estimates annually. The annual population 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 a quarterly basis, the U.S. Bureau of Economic Analysis (BEA) releases population data based on information provided by the U.S. Census Bureau.

The BEA reported that there were 710,964 residents in the District, as of the third quarter of calendar year 2020. This represents an increase of 4,530, or 0.64% from the revised estimate of 706,434 residents as of the third quarter of the previous calendar year.

Chart T-1 presents the population trends of the District as of the third quarter of calendar years 2016 through 2020, using annually revised population data.

Chart T-1
Population Trends - Number of Residents
District of Columbia Population as of the Third Quarter of Each Calendar Year (2016 - 2020)



Note:

The population data reported by BEA was based on information provided by the U.S. Census Bureau. Annual estimates have been adjusted.

Source:

U.S. Bureau of Economic Analysis (BEA)

Income Trends

Despite the COVID-19 pandemic, income has grown in the District during fiscal year 2020 because of federal relief efforts undertaken through the CARES Act to mitigate the risks of economic collapse including: (1) approximately \$3 billion in small business loans for the federal paycheck protection program (PPP) to achieve job retention and wage maintenance; (2) one-time stimulus payments of at least \$1,200 per low and moderate income District resident, and (3) unemployment compensation expansion by \$600 per week to traditionally ineligible workers like contract drivers and self-employers; which in aggregate, raised personal income by approximately \$4 billion for District residents. From the third quarter of calendar year 2015 to the third quarter of 2020, personal income grew approximately 23.07% in the District as compared to 26.03% nationally.

The distribution of income in the District differs from that of the nation, 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 2020; however, for 2019, the District's median household income of \$86,420 was 37.52% above the U.S. average. The U.S. Census Bureau estimates that 13.50% of the District's population was below the poverty line in 2019 as compared to 10.50% for the entire country.

Employment Trends

Total wage and salary employment in the Washington Metropolitan Area decreased to approximately 3,159,000 at the end of fiscal year 2020 from the revised 3,350,400 for fiscal year 2019, representing a 5.71% decrease. This unprecedented decline in wage

and salary employment levels within the region was attributed to the impact of COVID-19 on the economy. 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 2019 employment numbers may differ from those presented in the fiscal year 2019 CAFR because of updates and revisions.

Table T-2 presents 2020 labor market data for the District and the surrounding metropolitan area.

Table T-2
Labor Market Data for the District and Surrounding Metropolitan Area - FY 2020 (000s)

	District of Columbia				Metropolitan Area			
	FY 2020 Level	FY 2019 Level	1 Year Change	1 Year Change %	FY 2020 Level	FY 2019 Level	1 Year Change	1 Year Change %
Employed residents	358.6	386.1	(27.5)	(7.1)	3,108.6	3,374.4	(265.8)	(7.9)
Labor force	393.1	407.9	(14.8)	(3.6)	3,331.1	3,475.7	(144.6)	(4.2)
Total wage and salary employment	743.7	797.8	(54.1)	(6.8)	3,159.0	3,350.4	(191.4)	(5.7)
Federal government	200.8	196.2	4.6	2.3	376.5	364.4	12.1	3.3
Local government	42.5	42.1	0.4	1.0	319.2	346.0	(26.8)	(7.7)
Leisure and hospitality	47.1	82.7	(35.6)	(43.0)	244.5	336.3	(91.8)	(27.3)
Trade	28.0	28.5	(0.5)	(1.8)	318.9	330.1	(11.2)	(3.4)
Education and health	118.6	128.9	(10.3)	(8.0)	412.4	447.9	(35.5)	(7.9)
Professional, business, and other services	239.3	248.4	(9.1)	(3.7)	968.0	989.5	(21.5)	(2.2)
Other private	67.4	71.0	(3.6)	(5.1)	519.5	536.2	(16.7)	(3.1)
Unemployed	34.6	21.9	12.7	57.9	222.5	101.3	121.2	119.7
New unemployment claims	7.0	1.7	5.3	309.0	(a)	(a)	(a)	(a)

Notes:

Data presented are preliminary monthly averages for the fiscal year which have not been seasonally adjusted.

FY 2019 Level - Table was modified to include prior year data, which was calculated using FY 2020 Level and 1 year change numbers.

The calculation of the change in numbers is based on adjusted data of the prior year.

(a) New unemployment claims for the Metropolitan Area are not available.

Sources:

U.S. Bureau of Labor Statistics (BLS)

D.C. Department of Employment Services (DOES)

In September 2020, total wage and salary employment within the District was 23.54% of the total wage and salary employment for the metropolitan area. The seasonally adjusted September 2020 unemployment rate in the District spiked from the September 2019 revised seasonally adjusted rate of 5.30% to 8.70% in September 2020, the highest rate reported since 2012, as a result of the COVID-19 crisis.

Total employment within the District decreased to approximately 743,700 as of September 2020 from the revised 797,800 as of September 2019. The largest decline in fiscal year 2020 was in the leisure and hospitality industry, which suffered a 43.00% decrease mostly due to COVID-19 restrictions. The education, health, and professional and business service sectors also experienced historical declines in fiscal year 2020 compared to prior years. As a result, new unemployment insurance claims were 309% higher in September 2020 compared to a year ago.

As the capital of the nation, Washington, D.C. is the seat of the federal government and headquarters for most federal departments and agencies. The total September 2020 federal workforce in the Washington Metropolitan Area was 376,500; with approximately 200,800 federal employees located in Washington, D.C. and 175,700 additional federal employees who

worked elsewhere in the Washington Metropolitan Area.

Minimum Wage Rate

In June 2016, the Mayor signed the Fair Shot Minimum Wage Amendment Act of 2016. This legislation progressively increased the hourly minimum wage from \$14.00 to \$15.00 for District workers by 2020. Effective July 1, 2020, the District's minimum wage was raised to \$15.00. Starting in 2021, the hourly minimum wage will increase each successive year in proportion to the increase in the Consumer Price Index.

Living Wage Rate

Pursuant to the Living Wage Act of 2006, effective June 8, 2006 (D.C. Law 16-118; D.C. Official Code § 2-220.01 et. seq.), District 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 July 1, 2020, the living wage in the District is \$15 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.

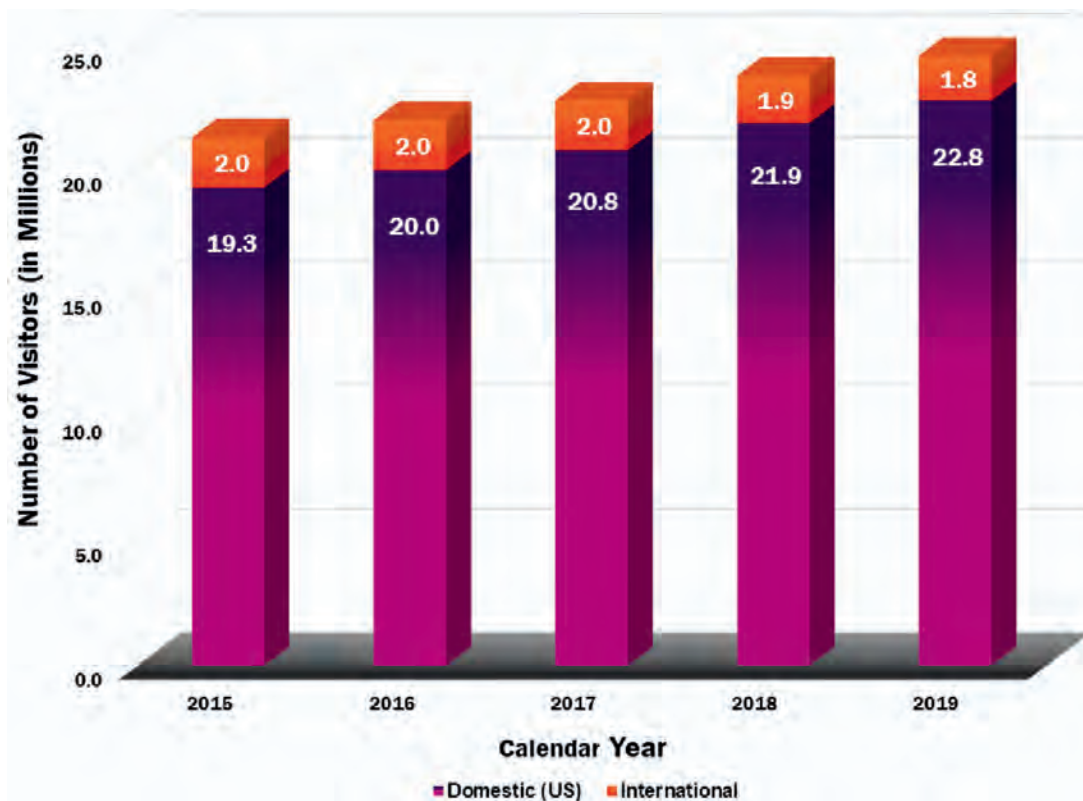
Tourism and Hospitality

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 foreign embassies, recognized diplomatic missions, and other international organizations in the District helps to boost tourism. In calendar year 2019, approximately 22.8 million domestic visitors and 1.8 million international visitors traveled to the District. Tourism data for calendar year 2020 was not available at the publication date of this report. However, it is anticipated that significant declines in visitation will be reported as a result of COVID-19.

Chart T-2 presents the trends in tourism for calendar years 2015 through 2019.

Chart T-2
Trends in District Tourism
Total Visitation to the District (2015 - 2019)



Note:
Tourism data for calendar year 2020 was not available at the publication date.

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

Visitor spending, which totaled approximately \$8.15 billion in 2019, generated additional business activity in related industries (e.g., hotel, restaurant, entertainment, and retail). The distribution of visitor spending in 2019 was as follows: \$2.90 billion for lodging; \$2.47 billion for food and beverage; \$1.21 billion for entertainment; \$932 million for shopping/retail; and \$642 million for transportation. Total visitor

spending increased by \$331 million, or 4.23%, over the prior year. Travel and tourism supported 78,266 jobs in the District, generating approximately \$4.51 billion in wages. Hotel occupancy, which historically averaged 75.00%, declined to 22.80% in September 2020 due to the impact of the COVID-19 pandemic on the hospitality industry.

Construction

Commercial Real Estate

Construction of commercial real estate decreased during calendar year 2020. As of September 30, 2020, commercial office space under construction in the District totaled 2.60 million square feet as compared to 4.88 million square feet at the end of September 2019. Over the one-year period between 2019 and 2020, however, occupied Class A commercial office space increased from 80.10 million square feet to 80.49 million square feet and the vacancy rate within the District increased from 11.90% in September 2019 to 13.50% in September 2020.

Housing Units

For the 12-month period ended September 30, 2020, 5,618 housing unit building permits were issued. This represents a 21.62% decrease over the prior 12-month period.

In calendar year 2020, there were 199,373 apartment units and condominiums in the District. As of September 30, 2020, 14,494 apartment units and condominiums were under construction.

Table T-3 presents the number of apartment units and condominiums located in the District in 2016 through 2020.

Table T-3
District Apartment Units and Condominiums (2016 - 2020)

	2016	2017	2018	2019	2020
Inventory	179,664	184,404	188,626	194,061	199,373
Occupied Units	170,185	174,917	135,386	139,511	138,288

Notes:

2016 and 2017 numbers include occupied condominiums.

2018, 2019, and 2020 numbers for occupied units only include apartments because Costar had discontinued the reporting of occupied condominium numbers.

Data for prior years is unadjusted.

Source:

CoStar

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 low and moderate-income households.

In fiscal year 2020, HPTF financed 22 projects that produced or preserved 1,002 housing units in the District. The total amount of HPTF funding obligated in fiscal year 2020 was approximately \$105 million. The projects financed included five new construction projects, eight substantial rehabilitation projects, six pre-development projects, and three projects under construction that required additional financing.

At the end of fiscal year 2020, DHCD had 22 additional housing projects in its underwriting pipeline that will produce or preserve approximately 1,462 housing units when completed. The total amount of HPTF funding to be expended for these projects is approximately \$171 million. The 22 projects include 13 new construction projects, seven substantial rehabilitation projects, and two pre-development projects. The number of projects in the pipeline and

the viability of those projects have not changed significantly due to the impacts of COVID-19 on the economy. In fiscal year 2020, dedicated tax revenues dropped by approximately 16.00% due to the impact of COVID-19 on overall real estate activity. This will result in a reduction in total resources available to finance future projects.

The District 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 facilitates an issuer's access to the market and the possibility of realizing favorable financial mechanisms. The District's general obligation debt is rated: (1) AA+ by Fitch Ratings, (2) Aaa by Moody's Investors Service, and (3) AA+ by Standard & Poor's Global Ratings. The ratings remained unchanged despite the unprecedented economic impact of the COVID-19 pandemic. Additional information about the District's Bond ratings may be obtained at www.dcbonds.com.

Table T-4 presents the District's ratings for the past five years for its General Obligation Bonds and Income Tax Secured Revenue Bonds.

Table T-4
Bond Rating History (2016 - 2020)

	General Obligation Bonds				
	2016	2017	2018	2019	2020
Fitch Ratings	AA	AA	AA+	AA+	AA+
Moody's Investors Service	Aa1	Aa1	Aaa	Aaa	Aaa
Standard & Poor's Global Ratings	AA	AA	AA+	AA+	AA+
	Income Tax Secured Revenue Bonds				
	2016	2017	2018	2019	2020
Fitch Ratings	AA+	AA+	AA+	AA+	AA+
Moody's Investors Service	Aa1	Aa1	Aa1	Aa1	Aa1
Standard & Poor's Global Ratings	AAA	AAA	AAA	AAA	AAA

Long-Term Financial Planning

Like other state and local governments throughout the country, the District faces significant challenges in maintaining its critical infrastructure, especially given the budget shortfalls caused by the COVID-19 pandemic. The restrictions imposed by the District government to limit the spread of COVID-19 disrupted the local economy that resulted in a downward revision of estimated revenue in April 2020. The revenue estimate was lowered by a combined \$1.5 billion for fiscal years 2020 and 2021 and the capital budget was slashed by approximately \$1 billion from the pre-pandemic budget proposal. In addition, in the revenue estimate released on September 30, 2020, the OCFO further revised forecasted revenues downward for the fiscal year 2021-2024 budget and financial plan period, which will put additional downward pressure on the capital budget of the District over the next several years. However, the prudent financial management practices and fiscal discipline instituted over the

years enabled the District to address the revenue shortfall without sacrificing long-term budget priorities. Despite the significant fiscal impact of COVID-19 on the budget, District officials continued to develop and implement a plan for maintaining a strong, stable financial environment, which includes: developing a balanced five-year operating financial plan and a six-year capital improvements plan; monitoring and analyzing the quarterly revenue estimates of the District and making spending adjustments throughout the year, as necessary; identifying sound measures to enhance revenue streams; and striking an appropriate balance between funding the essential programs or services of the District versus its capital assets needs. The development and implementation of a budget that preserves long-term fiscal priorities despite the unprecedented economic and fiscal shock of the COVID-19 pandemic demonstrates the fiscal resilience of the District.

Enhancements to Capital Planning Process

The OCFO released its 2020 Long-Range Capital Financial Plan Report in October 2020. This report details an enhanced long-range financial planning process that incorporates the District's capital asset replacement needs that span beyond the normal six-year period. This multi-year approach was developed to assist stakeholders such as the Mayor, Council, other policymakers, and the public in understanding the size, condition, and future capital needs of the District's capital infrastructure during the current Capital Improvements Plan (CIP) period and beyond. In addition, the development of this comprehensive plan allows the District to have a more transparent and information-driven process.

A significant element of this long-range financial planning process is the comprehensive and detailed review of capital and asset maintenance needs of the District. The infrastructural needs are extensive as the District serves as a city, state, county, and school district. Consequently, the asset management system of the District, also known as Capital Asset Replacement Scheduling System (CARSS), was developed to provide a wide-ranging detailed inventory of all District-owned assets. CARSS also delivers a comprehensive view of the condition of the capital assets and provides information on each project or asset. CARSS was designed to address the following fundamental elements:

- Maintaining an inventory of the District's assets;
- Identifying the condition of those assets;
- Prioritizing the capital needs of the District; and
- Determining how much funding is available to address those needs.

Finally, the long-range capital financial plan helps policy makers understand the true costs of maintaining the District's capital assets, as well as the costs of deferring maintenance. As a result, they are able to make more informed capital budgeting decisions which can be easily justified.

The District's strong financial condition, borrowing capacity, and Pay-as-you-go (Paygo) capital financing will provide funding to address new capital needs and fund all deferred maintenance costs by 2031. As presented in the 2019 Long-Range Capital Financial Plan Report, it was initially determined that funding for new capital needs and deferred maintenance costs would be in place by 2028. However, this timeframe was revised by three years to 2031 due to the identification of additional capital needs and the pandemic's negative impact on District revenues. To view the full plan, visit www.cfo.dc.gov.

Major Initiatives

The following tables present some of the District's major initiatives and projects, which were completed (**Table T-5**) or in progress (**Table T-6**) as of September 30, 2020.

Table T-5
Projects Completed by Economic Sector

Project	Location	Square Footage/ Units	Estimated Value (\$000s)	Delivery Date (Calendar Year Basis)
Retail				
Anthem Row	800 K Street, NW	70,000	\$ 142,000	4th Qtr 2019
The Kelvin	1250 Half Street, SE	59,000	155,000	4th Qtr 2019
250 Massachusetts Avenue	250 Massachusetts Avenue, NW	58,372	275,000	4th Qtr 2019
Riverpoint	2100 2nd Street, SW	70,441	220,000	1st Qtr 2020
Beckert's Park	415 14th Street, SE	68,000	138,000	1st Qtr 2020
Skyland Town Center (Phase A)	Alabama Avenue & Naylor Road, SE	117,000	175,000	3rd Qtr 2020
Office				
2050 M Street	2050 M Street, NW	353,200	Not available	4th Qtr 2019
1900 N	1900 N Street, NW	259,000	230,000	4th Qtr 2019
250 Massachusetts Avenue	250 Massachusetts Avenue, NW	507,764	275,000	4th Qtr 2019
1901 L Street	1901 L Street, NW	202,000	Not available	4th Qtr 2019
Sentinel Square (Phase III)	45 L Street, NE	545,000	250,000	2nd Qtr 2020
Residential				
AVEC	901 H Street, NE	419 units	200,000	4th Qtr 2019
West Half	1201 Half Street, SE	465 units	228,000	1st Qtr 2020
Crossing DC	949 1st Street, SE	418 units	Not available	1st Qtr 2020
Riverpoint	2100 2nd Street, SW	481 units	220,000	2nd Qtr 2020
Hospitality				
AC Hotel	1112 19th Street, NW	125,650	41,000	4th Qtr 2019
Thompson D.C. Hotel	227 Tingey Street, SE	114,800	Not available	1st Qtr 2020
citizenM	555 E Street, SW	130,000	120,000	2nd Qtr 2020
Education/Quality of Life				
Harriet Tubman Quadrangle	2455 4th Street, NW	158,000	45,000	4th Qtr 2019
Jefferson Academy	801 7th Street, SW	109,000	78,000	3rd Qtr 2020
Martin Luther King Jr. Library	9th & G Streets, NW	400,000	211,000*	3rd Qtr 2020
Georgetown Day School Tenleytown Campus	4203 Davenport Street, NW	88,613	Not available	3rd Qtr 2020

Note:

*Number was revised using an updated/different source.

Source:

The Washington DC Economic Partnership

The 2020/2021 Edition was not available at the publication date of this report. The issuance of this report, which was historically released by early December, was delayed due to COVID-19; consequently, the 2019/2020 Edition was used in the preparation of **Table T-5**.

Table T-6
Projects Under Construction by Economic Sector

Project	Location	Square Footage/ Units	Estimated Value (\$000s)	Estimated Delivery Date (Calendar Year Basis)
Retail				
Eckington Yards	1625 Eckington Place & 1500 Harry Thomas Way, NE	67,264	\$ 265,000	3rd Qtr 2021
City Ridge	3900 Wisconsin Avenue, NW	194,000	700,000	2nd Qtr 2022
The Wharf (Phase II)	Southwest Waterfront	95,000*	1,200,000	3rd Qtr 2022
Office				
Signal House	350 Morse Street, NE	214,000	135,000	1st Qtr 2021
2100 Pennsylvania Avenue	2100 Pennsylvania Avenue, NW	423,562	360,000	2nd Qtr 2022
The Wharf (Phase II)	Southwest Waterfront	547,504	1,200,000	3rd Qtr 2022
Residential				
The Wren	965 Florida Avenue, NW	433 units	153,000	4th Qtr 2020
1900 Half Street	1900 Half Street, SW	453 units	190,000	4th Qtr 2020
Bryant Street (Phase I)	680 Rhode Island Avenue, NE	487 units	Not available	1st Qtr 2021
Eckington Yards	1625 Eckington Place & 1500 Harry Thomas Way, NE	681 units	265,000	3rd Qtr 2021
The Gantry	300 Morse Street, NE	550 units	Not available	3rd Qtr 2021
City Ridge	3900 Wisconsin Avenue, NW	687 units	700,000	2nd Qtr 2022
Hospitality				
Holiday Inn Express	303-317 K Street, NW	118,000	93,000	4th Qtr 2020
AC Hotel	601 K Street, NW	96,755	47,000	4th Qtr 2020
Press House at Union District	301 N Street, NE	80,366	180,000	2nd Qtr 2021
Pendry Hotel	The Wharf (Phase II)	80,000	1,200,000	3rd Qtr 2022
Education and Medical/Quality of Life				
Children's National Research & Innovation Campus	7144 13th Place, NW	400,000	250,000	4th Qtr 2020
Medstar Georgetown University Hospital Pavilion	3800 Reservoir Road, NW	497,000	560,000	1st Qtr 2022

Note:

*Number was revised using an updated/different source.

Source:

The Washington DC Economic Partnership

The 2020/2021 Edition was not available at the publication date of this report. The issuance of this report, which was historically released by early December, was delayed due to COVID-19; consequently, the 2019/2020 Edition was used in the preparation of **Table T-6**.

Office, Residential, Sports, 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. The 400,000 square-foot building located at 200 Massachusetts Avenue and the 566,000 square-foot building located at 250 Massachusetts Avenue were completed and opened in 2018 and 2019, respectively.

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.

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 monuments and museums of the nation's capital.

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.

Phase I of The Wharf is open and construction has begun on the final phase. When completed, Phase II will feature 1.15 million square feet of additional mixed-use development, including approximately

547,000 square feet of office space in three buildings; two below grade parking garages; 95,000 square feet of retail space; 131 hotel rooms; 331 residential units (apartments and condominiums); a marina and four acres of public parks and open spaces across an approximate half mile of waterfront. Phase II is scheduled to open 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. The project features over 2,200 distinctive condominiums, townhomes and apartments, over 400 of which will be designated as affordable, serving a diverse mix of incomes, ages and households; 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 was 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. In addition to the economic development and sustainability programs, the project will feature an Innovation Core that consists of forward-thinking companies in university medical research, bioscience, and pharmaceutical spaces.

Phase I of the 66-acre Parks at Walter Reed project involved infrastructure improvements across the historic campus and demolishing the main 2.7 million square-foot 1970s-era hospital building, which prepared the site for the development of the new town center. The Brooks and The Vale, located at the corner of Georgia Avenue and Aspen Street, were the first market-rate mixed-use buildings to deliver on the new town center featuring 301 apartments, 89 condominiums, and 18,000 square feet of retail space. In addition, The Hartley, designed with 323 rental units, including 32 affordable units, and 58,000 square feet of retail, is another new construction phase to begin on the site. As the centerpiece of the vibrant town center, The Hartley will feature 100,000 square feet of dining, shopping, and entertainment around an active plaza fronting Georgia Avenue. Construction of The Hartley is expected to be completed by early 2022.

The New Hospital at St. Elizabeths East

The New Hospital at St. Elizabeths East (new hospital), established by the New Hospital at St. Elizabeths Amendment Act of 2020, is a 75-year lease agreement between the District and Universal Health Services (UHS) to construct, operate and maintain a new George Washington (GW) Health Hospital and Ambulatory Pavilion at St. Elizabeths East in Ward 8, near the Congress Heights Metro and the Entertainment and Sports Arena. The new hospital project is a public-private partnership between the District and UHS designed to provide high quality healthcare to the residents and communities of Wards 7 and 8 and all District residents. The project includes the construction of a 136-bed acute care hospital with maternal health and trauma services, a 77,000 square-foot ambulatory pavilion with outpatient services, diagnostic imaging and physician offices facility, a 500 space garage and two additional urgent care facilities to be located in Wards 7 and 8.

UHS will operate, manage, and maintain the hospital and its services throughout the 75-year lease and the District will fund the construction of the new hospital with \$375 million in capital costs and retain ownership of the land. In addition, UHS will be working to extend the partnership with the GW School of Medicine and Health Sciences and the GW Medical Faculty Associates to this project, serving as the academic and physician arms of the network, respectively. The new facilities will be fully integrated into the current GW hospital healthcare system, creating a comprehensive academic medical network across the District. This system will be designed to expand access to care, increase quality and improve outcomes and health equity for all District residents. The new ambulatory pavilion and the new hospital are scheduled to open in the fall of 2023 and 2024, respectively.

Martin Luther King Jr. Memorial Library

On September 24, 2020, a virtual ceremony was held to celebrate the re-opening of the newly modernized Martin Luther King Jr. Memorial Library. The \$211 million Martin Luther King Jr. Memorial Library modernization project was one of DC Public Library's most ambitious capital projects, designed to create new spaces that invite residents to learn, explore, gather, and engage with their community.

After over three years of restoration and preservation, the transformed flagship library now features:

- a spectacular new, vibrant and transparent entryway
- a sculptured monumental staircase
- a Great Hall, large 300-seat auditorium, and conference center
- 19,000 square feet of creative spaces for fabrication, music production and art creation
- a ground level café with patio
- a two-story reading room
- newly designed special collections space, and
- a 14,900-foot roof-top terrace.

The library's iconic design now expands across six floors which, in addition to the features noted above, also house a new Children's Library and the Alma Thomas Teen Center. The restored Don Miller King Mural along with other artwork by local artists is showcased in the new Great Hall.

Since its re-opening, the library has operated in a manner that is consistent with the District's re-opening plan. In compliance with required COVID-19 related restrictions, the modernized Martin Luther King Jr. Library offers limited in-person services with necessary precautions and safety measures.

Transportation and Other Projects

Transportation

Due to the COVID-19 pandemic during fiscal year 2020, the District of Columbia Department of Transportation (DDOT) faced budget constraints, loss of revenues, and challenges associated with receipt of debt service payments related to transportation bonds. Despite the contrary financial climate, DDOT did not experience major delays in infrastructure project planning, transit delivery, traffic engineering, safety programs, and maintenance of the transportation infrastructure assets. However, the parking meter and parking tax revenues, which are dedicated to the Washington Metropolitan Area Transit Authority, declined due to District efforts to curb the spread of COVID-19. In addition, ancillary to the decrease in traffic, the gas tax revenue, associated with the Highway Trust Fund, declined during the fiscal year.

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. While improving multimodal transportation options and supporting economic development on both sides of the Anacostia River, the project will increase pedestrian and vehicular safety and community accessibility. Key project elements will include:

- 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, SW
- Creating a new at-grade traffic oval east of the river that connects South Capitol Street, Suitland Parkway, and Howard Road, SE
- Reconstructing the Suitland Parkway/Interstate 295 interchange
- 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 late 2021.

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

Office of the Deputy Mayor for Planning and Economic Development

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

Office of Planning

1100 4th Street, SW, Suite 650 East
Washington, DC 20024
Telephone: (202) 442-7600
Website: <https://planning.dc.gov>

Office of Tax and Revenue

1101 4th Street, SW, Suite 270 West
Washington, DC 20024
Telephone: (202) 727-4829
Website: <https://otr.cfo.dc.gov>

Department of General Services

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

Department of Housing and Community Development

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

Department of Parks and Recreation

1275 First Street, NE, 8th Floor
Washington, DC 20002
Telephone: (202) 673-7647
Website: <https://dpr.dc.gov>

District Department of Transportation

55 M Street, SE, 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, 2019. The District has received this award for 36 of the last 38 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 2020 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, 2019, for the seventeenth 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 2020 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 Butler, Mulu Kahsay, David Pivec, Randolph David, Temony McNeil, Cassandra Alexander, 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, McConnell & Jones LLP, assisted by Regis & Associates, PC and UHY LLP for their efforts throughout the audit engagement.

Respectfully submitted,



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

GOVERNMENT OF THE DISTRICT OF COLUMBIA

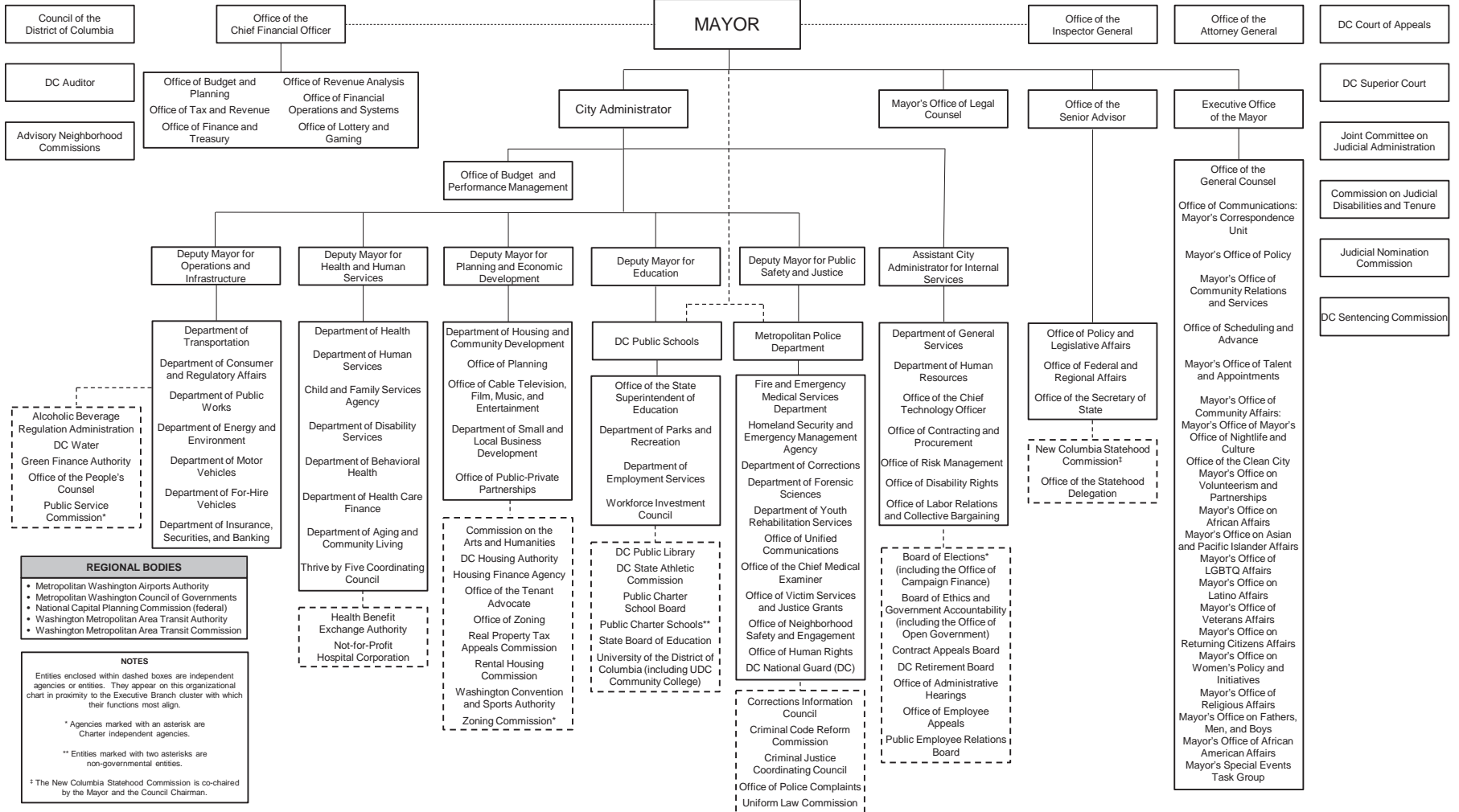
RESIDENTS

EXECUTIVE
BRANCH

MAYOR

LEGISLATIVE
BRANCH

JUDICIAL
BRANCH



DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS

September 30, 2020

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
	Brooke Pinto	Ward 2	2020	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	2021

EXECUTIVE OFFICERS

Name	Position
Daniel W. Lucas	Inspector General
Kevin Donahue	Interim City Administrator
Dr. Lewis Ferebee	Chancellor for D.C. Public Schools
Kimberly A. Bassett	Secretary of the District of Columbia
Paul Kihn	Acting Deputy Mayor for Education
John Falcicchio	Deputy Mayor for Planning and Economic Development
Dr. Robert Mitchell	Interim Deputy Mayor for Public Safety and Justice
Wayne Turnage	Deputy Mayor for Health and Human Services
Lucinda M. Babers	Deputy Mayor for Operations and Infrastructure
Jeffrey S. DeWitt	Chief Financial Officer
Angell Jacobs	Deputy CFO/Chief of Staff
Gordon McDonald	Deputy CFO, Budget and Planning
Bill Slack	Deputy CFO/Controller, Financial Operations and Systems
Bruno Fernandes	Deputy CFO/Treasurer, Finance and Treasury
Fitzroy Lee	Deputy CFO/Chief Economist, Revenue Analysis
Keith Richardson	Deputy CFO, Tax and Revenue
Leroy Clay	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 Gaming

DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS

January 02, 2021

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	Christina D. Henderson	At Large	2021	2025
	Elissa Silverman	At Large	2015	2023
	Robert C. White, Jr.	At Large	2016	2025
	Brianne Nadeau	Ward 1	2015	2023
	Brooke Pinto	Ward 2	2020	2025
	Mary M. Cheh	Ward 3	2007	2023
	Janeese Lewis George	Ward 4	2021	2025
	Kenyan McDuffie	Ward 5	2012	2023
	Charles Allen	Ward 6	2015	2023
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	Trayon White, Sr.	Ward 8	2017	2025
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Angell Jacobs	Deputy CFO/Chief of Staff
Eric Cannady	Deputy CFO, Budget and Planning
Bill Slack	Deputy CFO/Controller, Financial Operations and Systems
Bruno Fernandes	Deputy CFO/Treasurer, Finance and Treasury
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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Government of the District of Columbia

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

A handwritten signature in black ink that reads "Christopher P. Morill". The signature is written in a cursive, flowing style.

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT



McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Mayor and the Council of the Government of the District of Columbia, and
 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, 2020, 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 control 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 opinions 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 control 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 control. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Federal and Private Resource Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Suite 210
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 Fax: 202.846.6310

WWW.McCONNELLJONES.COM



Emphasis of Matter

As explained in Note 1R to the financial statements, the District adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, and GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Also, the District of Columbia Housing Finance Agency, a component unit of the Government of the District of Columbia, adopted GASB Statement No. 91, *Conduit Debt Obligations*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 27 to 50), schedules of employer contributions (pages 160 to 161), and schedules of changes in net pension liability (asset) and related ratios (pages 162 to 163) for the Teachers' Retirement Fund and the Police Officers' and Firefighters' Retirement Fund, and schedule of employer contributions (page 164) and schedule of changes in net OPEB liability (asset) and related ratios (page 165) 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 GASB, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information presented in the introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information presented for the general fund (pages 169 to 175), nonmajor governmental funds (pages 177 to 179), fiduciary funds (pages 181 to 184), and budgetary supporting schedules (pages 185 to 197) are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021, on our consideration of the District's internal control 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control 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 control over financial reporting and compliance.

Washington, D.C.
January 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

(Dollar amounts expressed in thousands)

The following is a discussion and analysis of the financial performance of the District of Columbia (District) for the fiscal year ended September 30, 2020, 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.

Fiscal year 2020 was impacted by the onset of the Coronavirus pandemic (COVID-19), a global pandemic that reached the Mid-Atlantic region of the United States in March 2020. Prior to the onset of this unprecedented public health crisis, the District had been experiencing many positive trends such as job growth in the private sector, strong upward trends in tourism, and steady increases in key general tax revenues. The District took immediate actions when the pandemic began and as such, the financial impacts for the year ending September 30, 2020 were mitigated and operating results for that year remained strong. Despite the challenges presented by COVID-19, the District continued funding the city's pensions and other postemployment benefits and satisfied all other long-term obligations, including debt service requirements.

FINANCIAL HIGHLIGHTS

- During fiscal year 2020, total District revenues increased by \$1,645,218. This increase consisted of a \$1,949,366 increase in program revenues, partially offset by a decrease of \$304,148 in general revenues. The most significant increase in program revenues was in operating grants and contributions, which grew by \$1,917,188, due primarily to financial support received through Coronavirus relief funding and other public assistance grants provided by the Federal Emergency Management Agency (FEMA). During fiscal year 2020, the District reported \$1,419,692 in revenues from the Coronavirus relief funds, of which \$969,704 was used to support expansion of unemployment insurance for District of Columbia workers. This funding was made available to states and local governments through the passage by Congress of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The District also received funding from FEMA which was used to provide or otherwise expand certain programs and services Human Support Services and Public Safety and Justice.

The most significant decrease in general revenues was in sales and use tax revenues, which decreased by \$390,632, or 22.87%, over the prior year. This decrease was due to measures taken by the city to contain the spread of the Coronavirus pandemic (COVID-19). In response to this unprecedented public health crisis, the District, like other jurisdictions around the nation and the world, temporarily closed businesses, implemented social distancing measures, and

set restrictions for social gatherings. As a result of these measures, sales and hospitality revenues dropped at historical rates, leading to decreases in related tax revenues. Decreases in sales and use taxes were partially offset by increases in real property taxes, and income and franchise taxes, which were not negatively impacted by the pandemic. (See **Table MDA-2**)

- Total expenses increased by \$2,773,724, or 20.13%, during fiscal year 2020. The most significant increase in expenses was in the Unemployment Compensation Fund, which rose by \$1,448,055 or 1,206.61% over the one-year period. The increased unemployment compensation expenses were paid using \$969,704 in Coronavirus relief funding provided by the Federal government for expanded unemployment benefits. The District also used cash reserves and payments received from employers to fund the remaining increase in unemployment compensation expenses. Due to the pandemic and the resulting economic downturn, a historically high number of District residents and former civilian federal employees were faced with unemployment. The increase in unemployment compensation resulted from the increase in benefit payments made to eligible claimants. In addition, with the exception of Public Transportation, the District's expenses grew in all other areas and functions due to the city navigating its response to both a public health crisis and an economic downturn. (See **Table MDA-2**)

- Total net position decreased by \$156,882 to \$6,502,055 or 2.36%, which was the first decrease in total net position in over a decade. This decrease was directly attributable to the use of reserves in the Unemployment Compensation Fund, a business-type activity, to augment the costs of an unprecedented increase in unemployment claims. The decrease in total net position was partially offset by the increase in net position in the governmental activities which resulted from higher program revenues received through CARES Act funding and grants provided by FEMA. (See **Table MDA-2**)
- The District's total long-term liabilities increased by \$1,581,960, or 12.24%, during fiscal year 2020. This increase is mainly due to the issuance of Income Tax Secured Revenue Bonds to finance capital improvement projects and reduce debt service costs. (See **Table MDA-1**)
- The combined fund balances of the governmental funds increased by \$768,687, or 21.47%, to \$4,348,331 in fiscal year 2020, compared to \$3,579,644 in the prior year. The most significant increase in fund balance was in the General Capital Improvements Fund. This increase resulted from capital projects being financed through the use of debt proceeds and short-term advances from the General Fund in fiscal year 2020. On the other hand, the fund balance of the Federal and Private Resources Fund had the most significant decrease because reimbursements for eligible federal expenditures were not received within the time frame for inclusion in the current fiscal year's financial statements. As of September 30, 2020, the District reported an increase in fund balance in its General Fund of \$6,518. (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 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 separate columns. The primary government is further divided into 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 Gaming, 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 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 overall financial health of the District.

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 government-wide financial statements of the District are presented in Exhibits 1-a and 1-b on pages 52 and 53.

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 financial 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 the 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 that control 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 in Exhibits 2-a, 2-b, and 2-c on pages 54 through 56.

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. The Not-for-Profit Hospital Corporation and the Office of Lottery and Gaming are two of the three major proprietary funds 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, which present the changes in financial position and condition of these three major proprietary funds, are presented in Exhibits 3-a, 3-b, and 3-c on pages 58 through 60.

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. The financial statements of all 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 in Exhibits 4-a and 4-b on pages 61 and 62.

Component Units

Financial data of the District's discretely presented component units is reported in combining financial

statements, which are presented in Exhibits 5-a and 5-b on pages 63 and 64. The District also reports two blended component units: the Not-for-Profit Hospital Corporation presented within the statements for proprietary funds; and the Tobacco Settlement Financing Corporation presented within the statements for nonmajor governmental funds.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements, which begin on page 65, 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 progress of the District toward funding its obligation to provide pension and other postemployment benefits to District employees. Required supplementary information can be found on pages 159 through 165.

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 167 through 197.

OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND OPERATIONS

The District's overall financial position remained strong despite the economic and financial impacts of COVID-19. The District's financial position and operations for the past two fiscal years are summarized in **Tables MDA-1** and **MDA-2**. The information for fiscal years 2020 and 2019 is based on the government-wide financial statements presented on pages 52 and 53.

Table MDA-1
Net Position as of September 30, 2020 (\$000s)

	Governmental activities		Business-type activities		Totals		Variance
	2020	2019	2020	2019	2020	2019	
ASSETS							
Current and other assets	\$ 7,784,964	\$ 6,479,313	\$ 317,801	\$ 594,466	\$ 8,102,765	\$ 7,073,779	\$ 1,028,986
Capital assets	15,315,706	14,534,439	70,136	68,849	15,385,842	14,603,288	782,554
Total assets	23,100,670	21,013,752	387,937	663,315	23,488,607	21,677,067	1,811,540
DEFERRED OUTFLOWS OF RESOURCES	286,527	251,997	-	-	286,527	251,997	34,530
LIABILITIES							
Long-term liabilities	14,491,829	12,910,442	10,458	9,885	14,502,287	12,920,327	1,581,960
Other liabilities	2,379,115	2,008,918	210,263	67,439	2,589,378	2,076,357	513,021
Total liabilities	16,870,944	14,919,360	220,721	77,324	17,091,665	14,996,684	2,094,981
DEFERRED INFLOWS OF RESOURCES	181,414	273,443	-	-	181,414	273,443	(92,029)
NET POSITION							
Net investment in capital assets	3,232,889	3,571,065	70,136	68,849	3,303,025	3,639,914	(336,889)
Restricted	1,891,026	1,803,748	90,550	503,431	1,981,576	2,307,179	(325,603)
Unrestricted	1,210,924	698,133	6,530	13,711	1,217,454	711,844	505,610
Total net position	\$ 6,334,839	\$ 6,072,946	\$ 167,216	\$ 585,991	\$ 6,502,055	\$ 6,658,937	\$ (156,882)

Table MDA-2
Change in Net Position for the Year Ended September 30, 2020 (\$000s)

	Governmental activities		Business-type activities		Totals		Variance
	2020	2019	2020	2019	2020	2019	
REVENUES							
Program revenues							
Charges for services	\$ 891,589	\$ 869,744	\$ 313,407	\$ 323,407	\$ 1,204,996	\$ 1,193,151	\$ 11,845
Operating grants and contributions	4,826,314	3,916,440	1,025,633	18,319	5,851,947	3,934,759	1,917,188
Capital grants and contributions	278,833	258,500	-	-	278,833	258,500	20,333
General revenues							
Property taxes	3,061,745	2,888,245	-	-	3,061,745	2,888,245	173,500
Sales and use taxes	1,317,113	1,707,745	-	-	1,317,113	1,707,745	(390,632)
Income and franchise taxes	3,021,673	2,969,289	-	-	3,021,673	2,969,289	52,384
Other taxes	864,100	981,113	139,833	142,877	1,003,933	1,123,990	(120,057)
Non-tax revenues	646,653	664,420	10,840	12,416	657,493	676,836	(19,343)
Total revenues	14,908,020	14,255,496	1,489,713	497,019	16,397,733	14,752,515	1,645,218
EXPENSES							
Governmental direction and support	1,269,743	1,157,810	-	-	1,269,743	1,157,810	111,933
Economic development and regulation	845,768	700,346	-	-	845,768	700,346	145,422
Public safety and justice	1,920,012	1,673,214	-	-	1,920,012	1,673,214	246,798
Public education system	3,132,645	2,949,935	-	-	3,132,645	2,949,935	182,710
Human support services	5,463,907	5,148,903	-	-	5,463,907	5,148,903	315,004
Public works	1,162,410	860,918	-	-	1,162,410	860,918	301,492
Public transportation	424,271	425,753	-	-	424,271	425,753	(1,482)
Interest on long-term debt	430,752	425,812	-	-	430,752	425,812	4,940
Office of lottery and gaming	-	-	176,987	168,454	176,987	168,454	8,533
Unemployment compensation	-	-	1,568,065	120,010	1,568,065	120,010	1,448,055
Not-for-profit hospital corporation	-	-	160,055	149,736	160,055	149,736	10,319
Total expenses	14,649,508	13,342,691	1,905,107	438,200	16,554,615	13,780,891	2,773,724
Increase in net position before transfers	258,512	912,805	(415,394)	58,819	(156,882)	971,624	(1,128,506)
Transfers in (out)	3,381	8,740	(3,381)	(8,740)	-	-	-
Change in net position	261,893	921,545	(418,775)	50,079	(156,882)	971,624	(1,128,506)
Net position - October 1	6,072,946	5,151,401	585,991	535,912	6,658,937	5,687,313	971,624
Net position - September 30	\$ 6,334,839	\$ 6,072,946	\$ 167,216	\$ 585,991	\$ 6,502,055	\$ 6,658,937	\$ (156,882)

Refer to Note 1W - Reconciliation of Government-Wide and Fund Financial Statements, on page 86 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

Revenues increased by \$1,645,218 while expenses increased by \$2,773,724 in fiscal year 2020 compared to the prior year.

General revenues, which are derived primarily from taxes and represented 55.26% of the District's total revenues in fiscal year 2020, decreased by \$304,148, or 3.25%, over the year. The decrease resulted primarily from a decline in sales and use tax revenues during the fiscal year. Generally, activities in the leisure and hospitality sector including hotels, restaurants, sports and entertainment, tourism/visitation, and retail, drive the changes in sales and use tax revenues each year. Due to the Coronavirus pandemic, such activities slowed and in some cases, halted in fiscal year 2020. As a result of the contraction in these activities, the associated sales and use taxes declined sharply. However, the decrease in sales and use taxes was partially offset by increased real property tax revenue which resulted from higher assessed property values and higher tax rates in fiscal year 2020. In addition, because properties were assessed and property owners were billed prior to the onset of the pandemic, property tax revenues grew despite the economic crisis resulting from the public health emergency. Income and franchise taxes also increased in fiscal year 2020 because disruption in the employment of highly compensated professionals and service professionals was minimal. Measures taken by the District in response to COVID-19, such as shifting its workforce to working remotely and adopting distance learning in its public school system helped to sustain employment and generate income taxes. In addition, although the stock market fell dramatically at the start of the COVID-19 public health crisis, it recovered with rapid gains. As a result, the stock market's strong performance also contributed to increased income taxes in fiscal year 2020.

Program revenues, which accounted for 44.74% of the District's total revenues in fiscal year 2020, increased by \$1,949,366, or 36.19%. Grants and contributions increased significantly as a result of the District receiving federal Coronavirus relief funding to support the city's unemployment compensation and COVID-19 preparedness and response programs. Such programs are mostly in the areas of Human Support Services, Public Safety and Justice, and Public Education. The Coronavirus relief funding was used to support unemployment benefit payments; costs associated with virus control efforts; increased spending in rising health care costs; education system's efforts to continue providing critical services and programs through distance learning and reopening efforts; and subsidies for housing assistance. Other factors contributed to the increase in grants and contributions, such as the additional funding provided through the increase of 6.20 percentage points in the Federal Medicaid Matching Rate for Medicaid provider payments; increased assistance received

from the Federal Emergency Management Agency; and increased support for the Supplemental Nutrition Assistance Program (SNAP) and related programs.

The District's expenses grew by \$2,773,724 in fiscal year 2020 as a result of several factors. During the fiscal year, the Unemployment Compensation Fund incurred \$1,568,065 in unemployment insurance benefits, compared to \$120,010, in fiscal year 2019. This increase of \$1,448,055, or 1,206.61% over the prior year, was covered by the \$969,704 in funding from the federal government to assist the District with its response to the pandemic. The District also used current year employers' contributions and cash reserves to cover the increased unemployment insurance benefits. The increase in Unemployment Compensation Fund expenses was due to higher unemployment rates and an increase in the claims filed by eligible unemployed former civilian federal employees impacted by the pandemic and the economic downturn, as well as the introduction of new programs as a result of the CARES Act. The new programs introduced were the Pandemic Unemployment Assistance (PUA), the Pandemic Emergency Unemployment Compensation (PEUC) and the Federal Pandemic Unemployment Compensation (FPUC) programs. In addition to the expanded unemployment programs under the CARES Act, the District also received a federal grant for Lost Wages Supplemental Payment Assistance. Further information regarding these new programs is presented in Note 13 on page 153.

Although expenses increased across all functional areas, except Public Transportation, the most significant increases were reported in the areas of Human Support Services, Public Works and Public Safety and Justice. Human Support Services expenses increased due to the District, in response to the public health crisis, providing additional financial assistance and support services to eligible recipients through the Temporary Assistance for Needy Families (TANF) program and the Supplemental Nutrition Assistance Program (SNAP). Public Safety and Justice expenses rose as a result of increased wages, salaries, and overtime pay being paid to officers of the Metropolitan Police Department (MPD), personnel in the Fire and Emergency Medical Services (FEMS) Department, and the Department of Corrections. During 2020, several protests and large-scale public events were held in the District, which required police officers to be onsite to maintain security and control. FEMS staff were also on hand during such protests and large-scale events to handle accidents and other emergency health situations. In addition, as COVID-19 spread, FEMS staff were available to respond to additional emergency calls and resources were put in place by the Department of Corrections (DOC) to address the needs of the District's inmate population. To address such needs, the DOC implemented changes and enhancements in the custody, health care, and food services programs for

inmates. Public Education expenses increased due to the expansion of services provided through Division of Early Learning and Child Care Subsidy initiatives to ensure that children in need received healthy meals and care during the public health crisis. In addition, to facilitate a virtual learning environment and prepare for the safe opening of schools, the public school system assessed data readiness; acquired data plans, devices, and technical equipment; and made the necessary staffing changes.

Expenses also increased due to other actions taken by the District to directly address and respond to needs related to COVID-19. More specifically, the District purchased medical supplies and personal protective equipment (PPE); acquired warehouse space to house medical supplies and PPE, paid for the services of contact tracing consultants and testing; acquired alternate sites and met staffing needs for medical surges; and established various isolation centers and shelters. These expenses were supported by funding made available through the Coronavirus Relief Fund.

Other infrequent activities also contributed to the increase in expenses. For instance, expenses grew further due to spending related to the 2020 Census and election activities.

The District's combined net position (governmental and business-type activities) decreased by \$156,882, or 2.36%, to \$6,502,055 in fiscal year 2020 from \$6,658,937 in fiscal year 2019. The decrease was mainly due to the significant use of reserves from the Unemployment Compensation Fund to cover increased benefit claims resulting from the impacts of COVID-19.

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 decreased by \$325,603, or 14.11%, in fiscal year 2020. The most significant decrease in restricted net position was due to increased unemployment benefits payments. Although the CARES Act relief package supported new programs which expanded unemployment benefit compensation to District residents impacted by COVID-19, the Unemployment Compensation Fund operated at a significant deficit during the fiscal year, because benefit payments exceeded federal payments and employer tax contributions during the fiscal year. Some of the decreases in restricted net position were offset by increases in amounts set aside for benefits associated with the Universal Paid Leave program. These revenues increased due to higher revenue collections during fiscal year 2020, which represented the first full year of implementation of the program.

Unrestricted net position increased by \$505,610 to \$1,217,454 in fiscal year 2020. The increase is attributable mainly to resources from long-term borrowing for capital projects that were not fully used within the fiscal year. In addition, the refunding of Income Tax Secured Bonds with a new bond covenant requiring a reduction of the bond escrow reserves from 12 months to 3 months due to the significant improvement in the District's bond ratings, contributed to the increase in unrestricted net position.

The Office of Lottery and Gaming (the 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 2020 and 2019, the Lottery transferred \$38,060 and \$45,050 to the District's General Fund, respectively.

Chart MDA-1 graphically depicts the District's sources of revenues in its governmental activities.

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

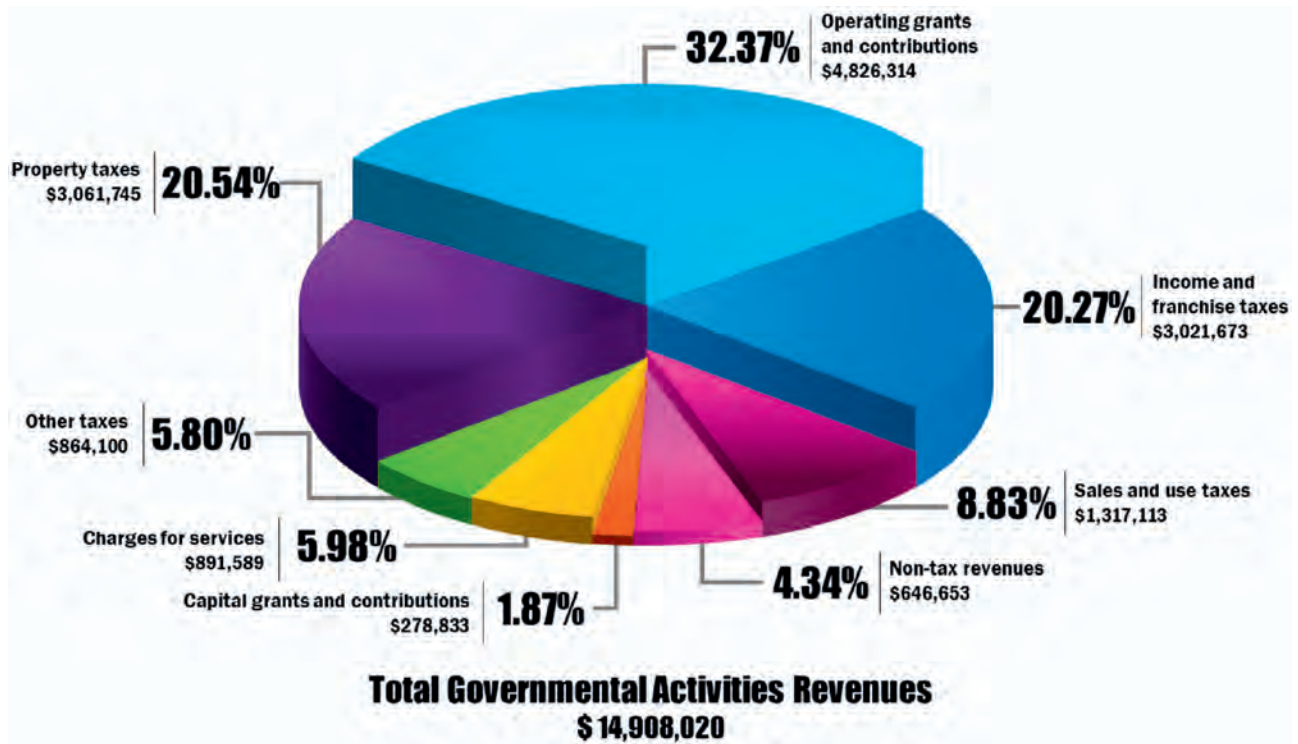
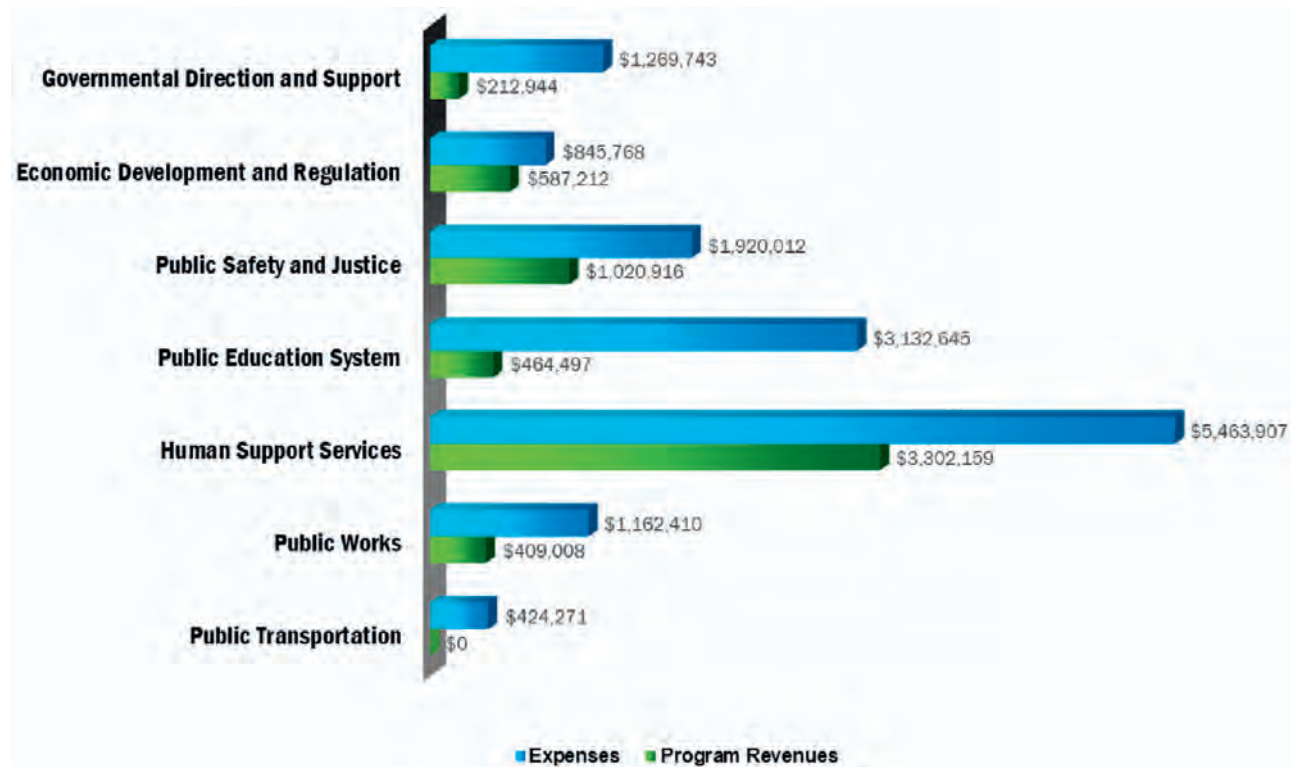


Chart MDA-2 graphically displays both expenses and program revenues of the governmental activities for fiscal year 2020. The governmental activities are: Governmental Direction and Support, Economic Development and Regulation, Public Safety and Justice, Public Education System, Human Support Services, Public Works, and Public Transportation.

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



Changes in Net Position

Total net position of governmental activities was \$6,334,839 in fiscal year 2020, which was \$261,893, or 4.31%, higher than the amount in the prior year. This increase resulted from increases in revenues from operating grants and contributions, income and franchise taxes, and property taxes. Part of that increase was offset by a decrease in sales and use taxes and other tax revenues during the fiscal year.

Net position of the business-type activities decreased by \$418,775, or 71.46%, between fiscal year 2019 and 2020. The decline in net position was due to an unprecedented increase in benefit payments made to eligible claimants in fiscal year 2020. Between fiscal years 2019 and 2020, total benefit payments made in the Proprietary Funds increased by \$1,449,489, or 1,080.70% and almost all of this increase was related to unemployment compensation. Due to the onset of COVID-19 and its lingering effects on the economy, the District's new unemployment claims rose by 309% in fiscal year 2020. Consequently, the District paid \$1,448,055 or 1,206.61% more in unemployment insurance benefits in fiscal year 2020 when compared

to the prior year. A substantial portion of the benefit payments made were covered by funding allotted to programs under the CARES Act for the following Unemployment Compensation Fund Programs: Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), and Federal Pandemic Unemployment Compensation (FPUC). Nevertheless, the District's Unemployment Compensation Fund operated at a significant deficit during the fiscal year as a result of the pandemic. The Unemployment Compensation Fund's net position decreased by \$415,858 during fiscal year 2020.

For fiscal year 2020, the Not-for-Profit Hospital Corporation experienced a loss of \$2,990 compared to the \$2,612 loss in the prior year, as a result of increases in operating expenses attributed to higher costs of medical supplies and labor, which were incurred in preparation for the COVID-19 surge.

The Lottery's change in net position was \$73 for fiscal year 2020, after transferring \$38,060 to the District's General Fund.

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 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 178 and 179.

Governmental Funds

The District's governmental funds provide information that is useful when assessing the financing needs of the District, 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. Exhibits 2-a and 2-b, presented on pages 54 and 55, provide information about these funds.

Fund Balances

The governmental funds reported a combined fund balance of \$4,348,331 in fiscal year 2020 and \$3,579,644 in fiscal year 2019, which represents an increase of \$768,687, or 21.47%, from the prior year.

Table MDA-3 presents the components of the combined fund balances of the governmental funds.

Table MDA-3

Comparison of FY 2020 and FY 2019 Fund Balances: Governmental Funds (\$000s)

Governmental funds	2020	2019	Variance	Variance %
General	\$ 3,259,834	\$ 3,253,316	\$ 6,518	0.20%
Federal and private resources	(38,538)	150,240	(188,778)	(125.65)
Housing production trust	116,223	142,940	(26,717)	(18.69)
General capital improvements	369,847	(378,421)	748,268	197.73
Nonmajor governmental funds	640,965	411,569	229,396	55.74
Total fund balances	\$ 4,348,331	\$ 3,579,644	\$ 768,687	21.47

Fund balance in the Federal and Private Resources Fund decreased by \$188,778, or 125.65%, between fiscal years 2019 and 2020. This decrease was mainly caused by reimbursements for eligible expenditures not being received within the time frame for inclusion in the current fiscal year's financial statements. Those amounts are reported as unavailable revenues in this Fund. As a result, the balance in the unavailable revenues account increased by \$217,283, or 1,236.18% compared to the prior year.

Although operating grants and contributions grew significantly in fiscal year 2020, increases in such revenues were outpaced by increases in expenditures, primarily in the areas of Human Support Services and Public Safety and Justice. To extend fiscal relief to states and local governments, under the CARES Act, Congress increased the Federal Medicaid Matching Rate for Medicaid provider payments by 6.20 percentage points. This measure effectively reduced the amount of local funds needed to provide the same level of service to District residents. Although less local funding was needed for purposes of Medicaid

matching, local funds were used to augment certain increased Human Support Services expenditures such as the higher costs of Medicaid programs and increased spending to provide assistance and support services due to COVID-19. Public Safety and Justice revenues increased because the District received increased financial assistance from the Federal Emergency Management Agency (FEMA) that was used to combat the COVID-19 public health crisis. Consequently, expenditures increased significantly due to costs associated with the District's COVID-19 response which included the following activities: overtime pay for staff engaging in COVID-19 emergency protective measures; testing of first responders and the vulnerable population who lacked access to healthcare facilities; dissemination of public safety information; securing alternate care sites due to surges in hospitalizations; purchasing medical and cleaning supplies, including personal protective equipment for medical staff and first responders; establishing non-congregate sheltering for purposes of quarantine and isolation; and setting up food services for isolation centers.

Fund balance in the Housing Production Trust Fund decreased by \$26,717, or 18.69%, between fiscal years 2019 and 2020. This decrease resulted primarily from decreases in revenues from deed recordation and deed transfers. Revenues derived from real property transfer taxes and deed recordation taxes decreased during the fiscal year as a result of the downturn in the overall real estate activity, due to the pandemic.

The most significant fund balance increase within the governmental funds was in the General Capital Improvements Fund, which reported a positive fund balance of \$369,847 as of September 30, 2020. This

significant increase of \$748,268, or 197.73%, from the prior year's negative fund balance of \$378,421, was attributed to the issuance of bonds, the proceeds of which were used to fund certain capital projects and reduce debt service costs.

Fund balance in the Nonmajor Governmental Funds increased by \$229,396 or 55.74% between fiscal years 2019 and 2020. This increase was mainly attributed to funding of Universal Paid Leave.

Fund balance in the General Fund, which is the District's primary operating fund, increased by \$6,518, or 0.20% over the one-year period. A detailed discussion of the District's General Fund follows.

Revenues

General Fund revenues decreased by \$290,438 in fiscal year 2020. **Table MDA-4** presents the most significant variances in General Fund revenues.

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

Revenue category	2020	2019	Variance	Variance %
Property taxes	\$ 2,960,006	\$ 2,822,535	\$ 137,471	4.87%
Sales and use taxes	1,281,200	1,646,523	(365,323)	(22.19)
Income and franchise taxes	3,104,933	2,941,982	162,951	5.54
Total	\$ 7,346,139	\$ 7,411,040	\$ (64,901)	(0.88)

Property Taxes

The strong growth in real property tax revenues amid the economic disruption, which was induced by the pandemic, was due to higher than expected billing and collection rates of property taxes during fiscal year 2020. Property tax revenues increased because the 2020 property values were assessed at higher rates and billed prior to the outbreak.

Sales and Use Taxes

The District reported a significant decline in sales and use tax revenues in fiscal year 2020. This decrease is primarily the result of the uncertainty and curtailment in economic activity combined with the impact of the containment measures and restrictions imposed in response to COVID-19. Consequently, revenue sources, which are tied to in-person customers, commuters, or occupied offices were diminished. The highest drop in sales and use tax revenues was reported by hotels, entertainment venues, and in-person dining sectors.

Income and Franchise Taxes

Income and franchise tax revenues increased steadily during the fiscal year despite the economic contraction. The growth in individual income taxes is mainly the result of strong withholding performance driven by highly paid professional and management workers who continued to work remotely and by doing so, their work was relatively unaffected by the closures and social distancing measures put in place to slow the spread of COVID-19. That growth outpaced the loss in wages experienced in low-income pay sectors and the negatively impacted hospitality industry wages. The increases in franchise tax revenue on the other hand was attributed to a favorable stock market, which contributed to the increases in non-withholding and corporate franchise tax revenues. Increased payments for prior year taxes also contributed to the growth in corporate franchise taxes.

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. Healthcare Program activities are recorded in a segregated fund within the General Fund. In fiscal year 2020, the District dedicated a total of \$647,864 in tax revenues, which was 19.50% lower compared to the prior year, to fund the projects presented in **Table MDA-5**. The highest decline was reported in

revenues from taxes dedicated to the Washington Convention and Sports Authority. These tax revenues are generated by activities in the hospitality sector, which were severely impacted by necessary COVID-19 related restrictions. During fiscal year 2020, taxes dedicated to the Washington Convention and Sports Authority, which consist of separate sales and use taxes assessed on hotel rooms, restaurant meals, alcoholic beverages consumed on-premises, and rental vehicle charges, decreased by \$73,566 or 49.83%, compared to fiscal year 2019.

Table MDA-5
Dedicated 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	\$ -	\$ 74,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,067
Department of General Services	-	-	-	21	68	-	-	89
Walter Reed Development Fund	765	-	-	-	-	-	-	765
Healthcare programs	-	1,513	-	-	-	-	83,327	84,840
Highway Trust Fund	-	-	-	-	-	22,472	-	22,472
WMATA	-	230,811	-	-	-	-	-	230,811
Healthy schools	-	5,110	-	-	-	-	-	5,110
Alcoholic Beverage Regulation Administration	-	1,170	-	-	-	-	-	1,170
Arts and Humanities	-	32,289	-	-	-	-	-	32,289
Sports Wagering - DBH Gambling	-	-	273	-	-	-	-	273
Addiction Treatment"	-	-	-	3,641	2,652	-	-	6,293
HPTF debt service	-	-	-	-	-	-	-	-
Total general fund	765	344,960	273	3,662	2,720	22,472	83,327	458,179
Special revenue funds								
Tax increment financing program	15,476	14,068	-	-	-	-	-	29,544
PILOT special revenue	28,136	9,705	-	-	-	-	-	37,841
Baseball project	-	12,139	47,524	-	-	-	-	59,663
Housing Production Trust	-	-	-	36,919	24,862	-	856	62,637
Total special revenue funds	43,612	35,912	47,524	36,919	24,862	-	856	189,685
Total dedicated taxes	\$ 44,377	\$ 380,872	\$ 47,797	\$ 40,581	\$ 27,582	\$ 22,472	\$ 84,183	\$ 647,864

Expenditures

The District's General Fund expenditures, excluding debt service, decreased by \$7,483 from the previous year. **Table MDA-6** presents variances by function.

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

Function	2020	2019	Variance	Variance %
Governmental direction and support	\$ 1,009,090	\$ 1,031,085	\$ (21,995)	(2.13)%
Economic development and regulation	528,294	493,879	34,415	6.97
Public safety and justice	1,069,045	1,236,656	(167,611)	(13.55)
Public education system	2,484,012	2,357,340	126,672	5.37
Human support services	2,137,355	2,148,238	(10,883)	(0.51)
Public works	466,542	433,141	33,401	7.71
Public transportation	424,271	425,753	(1,482)	(0.35)
Total functional expenditures	\$ 8,118,609	\$ 8,126,092	\$ (7,483)	(0.09)

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

Governmental Direction and Support

Governmental Direction and Support expenditures decreased in fiscal year 2020 due to elimination of one-time initiatives in the Department of Employment Services (DOES). Because of COVID-19, restrictions in spending were implemented which further reduced DOES expenditures. Other decreases in expenditures during the fiscal year were attributed to lower litigation spending. Litigation expenditures declined as a result of significant activity disruptions caused by closures and cancellation of scheduled hearings and proceedings due to the pandemic. Further decreases resulted from the postponement of certain settlements and judgments which were projected to occur during the fiscal year. Certain decreases in expenditures were associated with declines in revenues from dedicated taxes, which were impacted by the pandemic. Revenues derived from the leisure and hospitality industry such as sales and use taxes assessed on hotel rooms, restaurant meals, alcoholic beverages consumed on-premises and rental vehicles, decreased due to COVID-19. As a result, the District substantially decreased transfers to component units and other entities compared to fiscal year 2019. Other COVID-19 related factors including, spending freezes and restrictions, hiring delays, and lower contractual services as a result of decreases in usage of energy and utilities, contributed to that decrease. Some of the decreases in spending were partially offset by the cost of medical supplies and personal protective equipment (PPE). The Office of Contracting and Procurement purchased medical supplies and PPE including gowns, respirators, disposable gloves, goggles, face shields, one-piece hazmat suits, surgical masks, and ventilators on behalf of District agencies, to limit the spread of COVID-19 and implement strategies to address this public health crisis.

Economic Development and Regulation

Economic Development and Regulation expenditures increased mostly as a result of funding being allotted to the District of Columbia Housing Authority to support the Local Rent Supplement Program. This program provides housing and rental assistance for low-income families and individuals as part of the District's affordable housing initiative. Other factors also contributed to increased Economic Development and Regulation expenditures. In connection with the 2020 Census activities, the District incurred costs for the services of specialized consultants to provide planning studies and conduct community engagement activities. In addition, the District reimbursed the Walter Reed Redevelopment developer for expenditures incurred for the maintenance and upkeep of the Walter Reed campus. Expenditures also increased as a result of grants and contracts being provided to support certain economic development projects and activities including Corporate Assistance, Business Development, the St. Elizabeth's Sports and Entertainment Arena, COVID-19 relief grants, and the New Communities Project. Spending also increased to support the ongoing developments at the Wharf, in the Southwest Business Improvement District (SWBID). The increases in Economic Development and Regulation expenditures were partially offset by reduced spending in the Home Purchase Assistance Program (HPAP), as a result of an overall drop in real estate activity due to COVID-19.

Public Safety and Justice

Expenditures in Public Safety and Justice decreased during fiscal year 2020 due to certain eligible local costs being reclassified to federal payment funding sources. As a result of these reclassifications, costs associated with the following services and programs were supported by the Federal COVID-19 relief funding rather than local funds: certain Metropolitan Police Department services, certain Fire and Emergency Medical Services, Inmate Custody and Inmate Services programs, and related healthcare and food services. A portion of the Federal COVID-19 relief funding was used to pay the salaries of police officers and correctional officers, including overtime costs, through the end of fiscal year 2020.

Other decreases in Public Safety and Justice expenditures were the result of budget freezes and waivers being required to purchase goods and services to fulfill critical needs only. Hiring delays due to COVID-19, combined with continued retirements and other separation of employees during the year further contributed to the decrease in expenditures.

Public Education System

Increases in Public Education System expenditures are mostly attributed to an increase in the Uniform Per Student Funding Formula and certain funding enhancements made to support the DC Public Charter Schools, in accordance with the Special Needs Public Charter School Funding Authorization Act of 2019. In addition, expenditures increased during the fiscal year due to increased costs to support the Division of Early Learning and Child Care Subsidy initiatives and services. Additional increases in expenditures were attributed to a rise in full-time positions to support staffing needs primarily in the data, assessments, research, and K-12 systems and support divisions. Furthermore, Public Education System expenditures increased as a result of a one-time increase in the Child Care Subsidy Program to maintain subsidized childcare reimbursement payment rates, and support the District's Quality Rating and Improvement System that measures program quality and focuses on continuous improvement. Expenditures also increased due to appropriations being made to fund the District of Columbia Teacher's Retirement Fund and a one-time settlement payment being made to an employee.

Human Support Services

The District, through Human Support Services agencies, provides an array of services, to sustain, support and assist the most vulnerable residents in the District, with programs including Medicaid, Temporary Assistance for Needy Families and

the Supplemental Nutrition Assistance Program. Human Support Services expenditures decreased in fiscal year 2020 due to several factors. The District Department of Health Care Finance experienced a surplus in Medicaid provider payments as a result of an increase in the Federal Medicaid Matching Rate by 6.20 percentage points. As a result, the amount of local funds needed to provide the same level of service decreased. Other factors also contributed to the decrease in Human Support Services expenditures. Due to the pandemic, enrollment rates for program services declined during the economic downturn. Furthermore, due to COVID-19, non-essential medical visits were curtailed leading to an unprecedented drop in utilization of services. Some of the decreases in expenditures were partially offset by factors such as: increase in expenditures in the Family Rehousing and Stabilization Program (FRSP) due to budget enhancement received by various homeless services programs; TANF child care costs being charged to local sources; and increased cost in personal services for School-Based Mental Health contracts, Substance Use Disorder services contracts and Mental Health Rehabilitation Services, along with higher cost of care for Medicaid clients.

Public Works

Expenditures in Public Works increased during fiscal year 2020 due to funding provided to support sustainable projects and programs in accordance with D.C. Act 22-583. Pursuant to this legislation, the Department of Energy and Environment is required to make annual transfers totaling \$70 million to the District of Columbia Green Finance Authority as follows: \$15 million in fiscal years 2020 and 2021, and \$10 million, beginning in fiscal year 2022 through 2025. The actual fiscal year 2020 transfers to the District of Columbia Green Finance Authority were lower as a result of reduction in revenue collections due to COVID-19. Some of the increases in expenditures were attributed to higher costs associated with adjudication services for ticket processing and hearings. In previous years, a significant portion of the ticket processing costs was paid by the Metropolitan Police Department; in fiscal year 2020, the District Department of Motor Vehicles was required to pay the entire cost of the ticket processing program.

Public Transportation

The District, along with other jurisdictions in the metropolitan region, provides funding to support the operations of the Washington Metropolitan Area Transit Authority (WMATA). The overall transfers to WMATA from the District in fiscal year 2020 were lower than in previous years due to reduced service levels as a result of COVID-19.

Capital Expenditures and Financing

During fiscal year 2020, the District spent \$1,790,236 on general capital improvements which exceeded the general capital improvements revenues of \$281,158 by \$1,509,078. This deficiency was subsequently financed with a net total of \$2,257,346 from bond proceeds and other financing sources and uses. The net change in fund balance was an increase of \$748,268, which resulted in a cumulative positive fund balance of \$369,847.

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 2020, the Housing Production Trust Fund (HPTF) long-term loan receivable balance was \$1,054,156, an increase of \$203,876 or 23.98% from the balance at the end of the preceding fiscal year. Repayment of most of the HPTF loans has been deferred for extended periods of time in accordance with the associated loan agreements, in some instances up to 40 years. Deferring the repayment to that many years in the future makes it difficult to assess and reasonably estimate the collectability and net realizable value of the loans. For this reason, 100% of the deferred portion of the HPTF loans is reserved as potentially unrealizable. The gross balance of the long-term loans receivable is reported net of the related allowance for doubtful accounts as other long-term assets. As of September 30, 2020, this net balance was \$99,182. Repayment activity declined by approximately 17.00% due to COVID-19 because some borrowers requested forbearance as a result of reduced rental income and other economic factors. However, these loans are expected to be repaid over the long term.

Table MDA-7 presents the Housing Production Trust Fund long-term loan receivable balances and the corresponding allowance for doubtful accounts for fiscal years 2016 through 2020.

Table MDA-7
Housing Production Trust Fund Long-Term Loan Receivable Balances (\$000s)

	2016	2017	2018	2019	2020
HPTF long-term loans receivable	\$ 495,820	\$ 605,479	\$ 722,295	\$ 850,280	\$ 1,054,156
Less: allowance for doubtful accounts	440,948	510,465	624,559	756,321	954,974
Net long-term loans receivable (other long-term assets)	\$ 54,872	\$ 95,014	\$ 97,736	\$ 93,959	\$ 99,182

Proprietary Funds

The District has three major Proprietary Funds: the Office of Lottery and Gaming (the Lottery), the Unemployment Compensation Fund (the Fund) and the Not-for-Profit Hospital Corporation.

The total assets of the Lottery increased by \$3,514, or 18.63%, compared to the prior year, due to an increase in cash balance that will be used to cover amounts due to customers and prize payouts.

During fiscal year 2020, the Unemployment Compensation Fund's total assets decreased by \$290,796, or 53.97%, primarily as a result of unemployment benefit payments significantly exceeding collections from employer taxes and governmental contributions. Cash held with U.S. Treasury, which represented 79.26 % of the Fund's

total assets, declined by \$381,112 or 72.73% from the prior year. This decrease was due to revenues being insufficient to cover the unusually high demand for unemployment benefit payments caused by the COVID-19 pandemic.

The total assets of the Not-for-Profit Hospital Corporation increased by \$22,694, or 18.58%, as a result of unspent CARES Act related federal funds received and an increase in inventories.

Total net position of the District's proprietary funds decreased by \$418,775, or 71.46%, over the prior year. Exhibits 3-a, 3-b, and 3-c on pages 58 through 60 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 59.

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

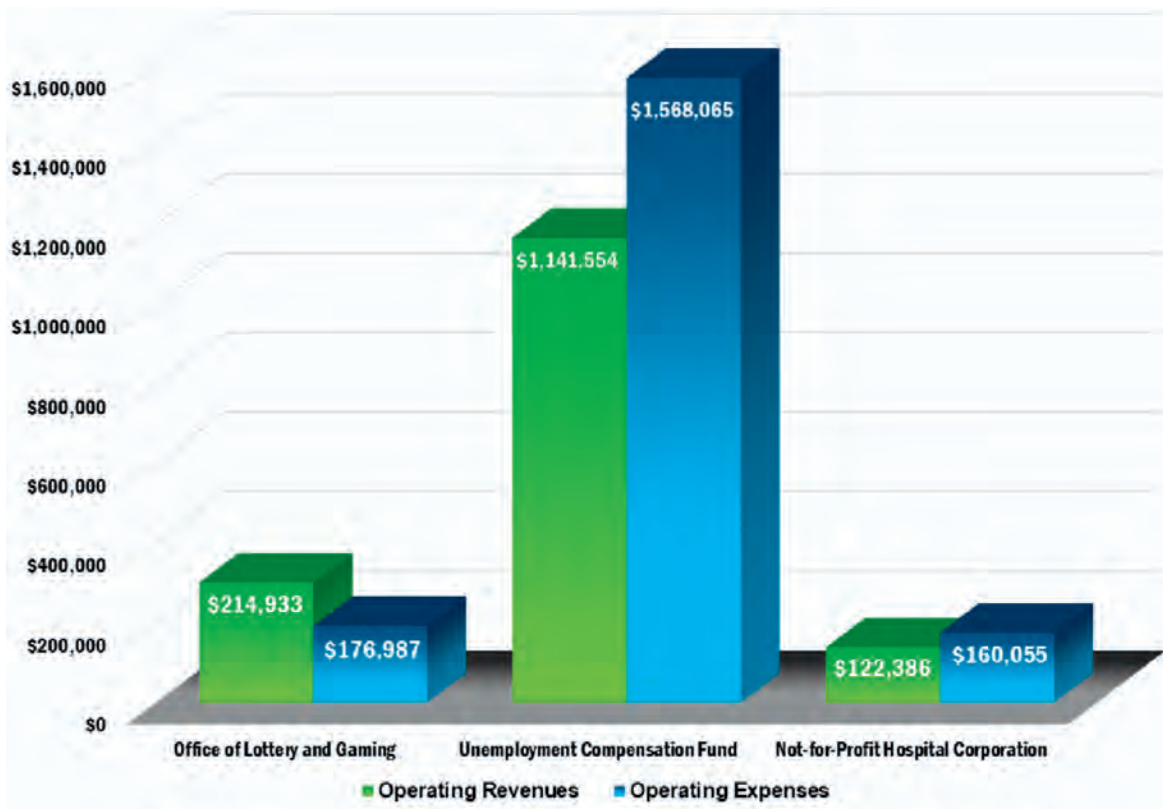
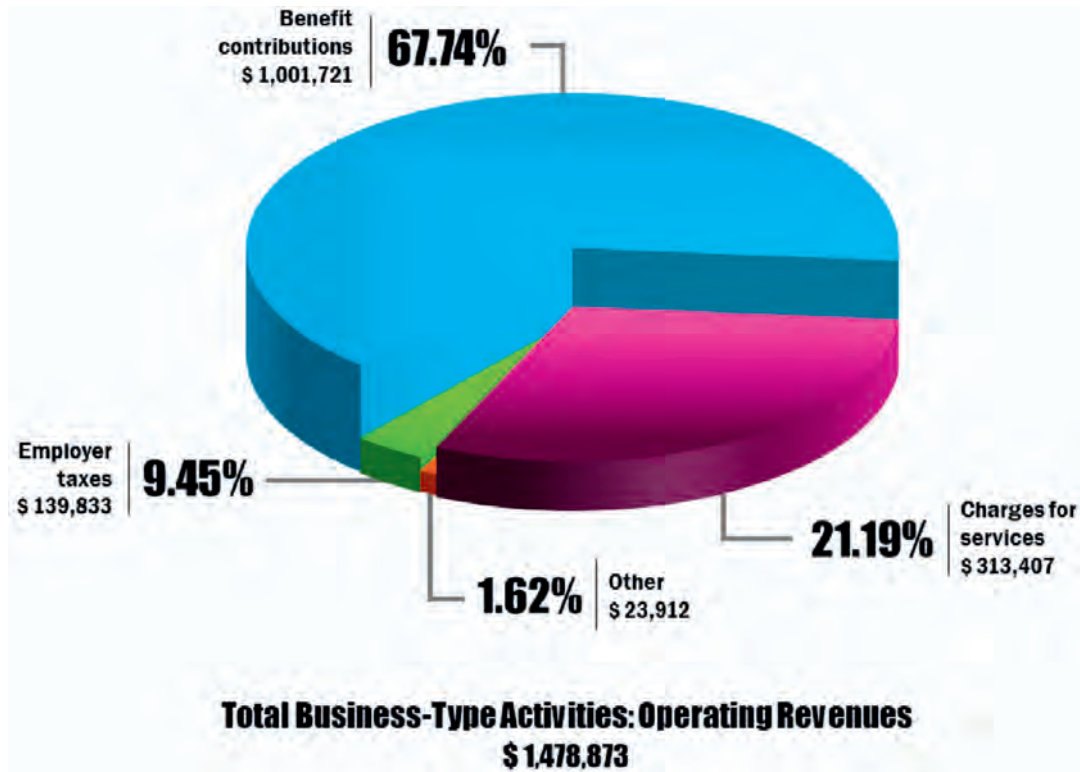


Chart MDA-4
Operating Revenues by Source: Business-Type Activities (\$000s)



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 61 and 62, respectively. Exhibits C-1, C-2, and C-3, presented on pages 182, 183, and 184, 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.

Table MDA-8 presents the net position restricted for Pension and OPEB Trust Funds.

Table MDA-8
Net Position Restricted for Pension and OPEB Trust Funds (\$000s)

Trust fund	2020	2019	Variance	Variance %
Police and fire fighters pension	\$ 6,620,190	\$ 6,256,363	\$ 363,827	5.82%
Teachers pension	2,411,390	2,264,482	146,908	6.49
Other postemployment benefits	1,640,682	1,509,103	131,579	8.72
Total net position restricted for pension and OPEB trust funds	\$ 10,672,262	\$ 10,029,948	\$ 642,314	6.40

Net position of the fiduciary funds increased mainly because of positive investment returns in fiscal year 2020.

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, or (c) the District holds majority equity interest, which does not meet the definition of investment in the entity. Consistent with these criteria, the District reports five discretely presented component units: (1) Health Benefit Exchange Authority, (2) Washington Convention and Sports Authority (t/a Events DC), (3) District of Columbia Green Finance Authority, (4) Housing Finance Agency, and (5) 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). 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 Not-for-Profit Hospital Corporation because the District has assumed the obligation to provide financial support to the Not-for-Profit Hospital Corporation to help sustain its operations; (b) the District is able to impose its will on the Not-for-Profit Hospital Corporation because the District has the ability to modify or approve the Not-for-Profit 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 District's 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 63 and 64, respectively, present the component units' financial information for fiscal year 2020. 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 et. seq.). 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, 2020, the District (including its business-type activities) had \$14,502,287 in long-term debt outstanding, of which \$11,830,937, or 81.58%, was in the form of bonds and notes. Of the outstanding bonds, \$5,396,870, or 45.62% were General Obligation Bonds, and \$5,085,465, or 42.98% were Income Tax Secured Revenue Bonds.

Table MDA-9 presents the outstanding bonds and notes of the District as of September 30, 2020.

Table MDA-9
Outstanding Bonds and Notes as of September 30, 2020 (\$000s)

Type of bonds and notes	2020	2019	Variance	Variance %
General obligation bonds - publicly offered	\$ 4,852,005	\$ 5,037,300	\$ (185,295)	(3.68)%
General obligation bonds - direct placements	544,865	574,515	(29,650)	(5.16)
Income tax secured revenue bonds	5,085,465	3,617,225	1,468,240	40.59
Other bonds:				
Qualified zone academy bonds (QZAB) - direct placements	1,558	2,012	(454)	(22.56)
Tobacco bonds	516,329	538,644	(22,315)	(4.14)
Tax increment financing bonds - publicly offered	97,124	84,222	12,902	15.32
Tax increment financing bonds - direct placements	17,400	17,400	-	-
Ballpark revenue bonds	186,710	230,165	(43,455)	(18.88)
Federal highway grant anticipation revenue bonds (GARVEE)	294,170	74,715	219,455	293.72
Deed tax revenue bonds (housing production trust fund program)	37,520	104,400	(66,880)	(64.06)
PILOT revenue bonds - publicly offered	141,115	145,445	(4,330)	(2.98)
PILOT revenue bonds and notes - direct placements	56,676	53,233	3,443	6.47
Total outstanding bonds and notes - governmental activities	\$ 11,830,937	\$ 10,479,276	\$ 1,351,661	12.90

During fiscal year 2020 the District issued \$3,022,670 in Income Tax Secured Bonds with \$1,468,240 to finance capital projects and \$1,554,430 to refund (refinance) outstanding debt. The debt issuances are as follows:

- \$1,749,925 in Income Tax Secured Revenue Bonds, Series 2019A, 2019B, 2020A, and 2020C were issued to finance capital project expenditures under the capital improvements plan of the District, refinance ITS bond anticipation notes, and pay the costs and expenses of issuing the bonds. Interest rates on the bonds range from 1.78% to 5.00%.
- \$1,272,745 in Income Tax Secured Revenue Refunding Bonds, Series 2019C, 2020B and

2020D were issued to refund a portion of the outstanding bonds of the District. The refunding produced an aggregate difference in debt service of \$393,534 and an economic gain of \$337,972.

In February 2020, the District issued \$227,710 Series 2020 Federal Highway Grant Anticipation Revenue Bonds. Proceeds of the Series 2020 GARVEE bonds will be used to finance certain costs to rebuild and replace the Frederick Douglass Memorial Bridge and to construct new interchanges conveying traffic to the Bridge.

For more information on the long-term debt activity of the District, refer to Note 7, Long-Term Liabilities, on pages 121 through 136.

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 2020, total net capital assets (capital assets less accumulated depreciation) increased by \$782,554, or 5.36%, 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, 2020, net capital assets totaled \$15,385,842. Net capital assets of the governmental activities totaled \$15,315,706 and net capital assets of the business-type activities totaled \$70,136. The governmental activities depreciation charges for fiscal year 2020 totaled \$512,964 compared to the prior year's amount of \$459,009. The business-type activities depreciation charges for fiscal year 2020 totaled \$13,353 compared to the prior year's amount of \$11,618.

Table MDA-10 presents information on the District's net capital assets by class as of September 30, 2020.

Table MDA-10
Net Capital Assets by Asset Class as of September 30, 2020 (\$000s)

Asset class	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 978,787	\$ 964,409	\$ 8,100	\$ 8,100	\$ 986,887	\$ 972,509
Buildings	8,041,903	7,567,567	45,359	46,043	8,087,262	7,613,610
Infrastructure	4,133,216	3,864,471	-	-	4,133,216	3,864,471
Equipment	456,246	461,649	15,100	13,866	471,346	475,515
Construction in progress	1,705,554	1,676,343	1,577	840	1,707,131	1,677,183
Total net capital assets	\$ 15,315,706	\$ 14,534,439	\$ 70,136	\$ 68,849	\$ 15,385,842	\$ 14,603,288

Note:

Additional information on the District's capital assets is presented in Note 5, Capital Assets, on pages 110 through 114.

REPORTING THE DISTRICT BUDGET

Overview

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 for the fiscal year ended September 30, 2020.

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	\$ 8,197,899	\$ 7,900,736	\$ 8,047,024	\$ 146,288
Licenses and permits	132,079	122,572	125,584	3,012
Fines and forfeitures	167,535	148,200	147,943	(257)
Charges for services	79,177	72,668	68,723	(3,945)
Miscellaneous	132,854	151,721	180,645	28,924
Other sources	711,033	574,667	612,092	37,425
Bond proceeds	9,000	9,000	9,403	403
Fund balance released from restrictions	399,530	699,435	621,220	(78,215)
Interfund transfer from office of lottery and gaming	61,990	39,447	38,060	(1,387)
Interfund transfer - others	15,305	26,194	27,637	1,443
Total revenues and other sources	9,906,402	9,744,640	9,878,331	133,691
Expenditures and other uses				
Governmental direction and support	888,614	929,856	900,101	29,755
Economic development and regulation	647,588	623,122	587,665	35,457
Public safety and justice	1,246,899	1,089,149	1,068,903	20,246
Public education system	2,414,784	2,472,831	2,462,251	10,580
Human support services	2,260,373	2,152,951	2,107,206	45,745
Public works	971,831	934,497	888,774	45,723
Repayment of bonds and interest	818,767	802,285	798,682	3,603
Other expenditures and uses	656,263	539,706	511,927	27,779
Total expenditures and other uses	9,905,119	9,544,397	9,325,509	218,888
Excess of revenues and other sources over expenditures and other uses - budgetary basis	\$ 1,283	\$ 200,243	\$ 552,822	\$ 352,579

Revenues and Other Sources

As presented in **Table MDA-11**, actual General Fund revenues and other sources were \$133,691, or 1.37%, more than the revised budget. This variance was primarily due to increased funding to support higher expenditures as a result of the pandemic, and the use of federal funding afforded by the CARES Act to finance certain COVID-19 programs and operating activities.

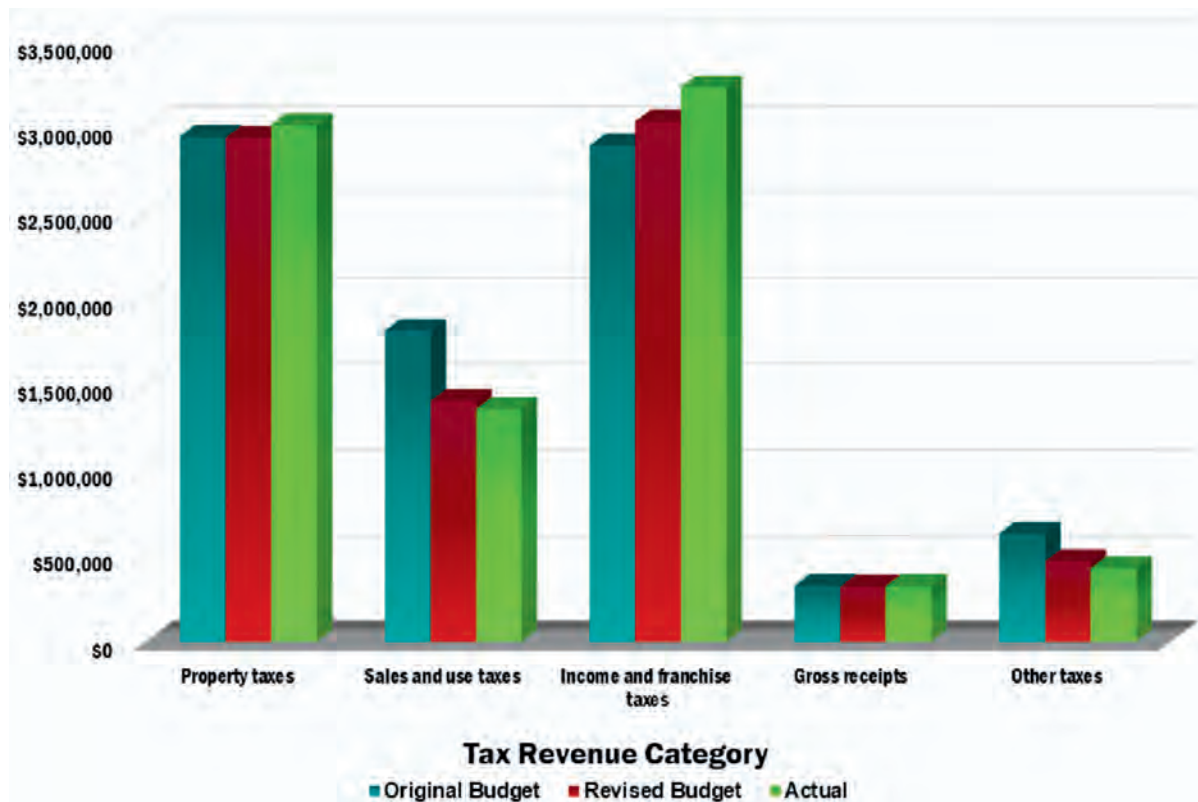
Fund balance released from restrictions is defined as the portion of assets that was restricted for either a period of time or for a particular purpose for which

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**, the District utilized the fund balance by drawing on its available reserves to finance costs associated with the pandemic response during the fiscal year.

During fiscal year 2020, taxes comprised 81.46% of the General Fund's total revenues and other sources.

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 2020.

Chart MDA-5
FY 2020 Budgetary Comparison – Tax Revenues
Original and Revised Budgets with Actual Results (\$000s)



Note:

For more detailed information, refer to the Schedule of Local Source Revenues for the General Fund, Exhibit A-4, presented on page 173.

Expenditures and Other Uses

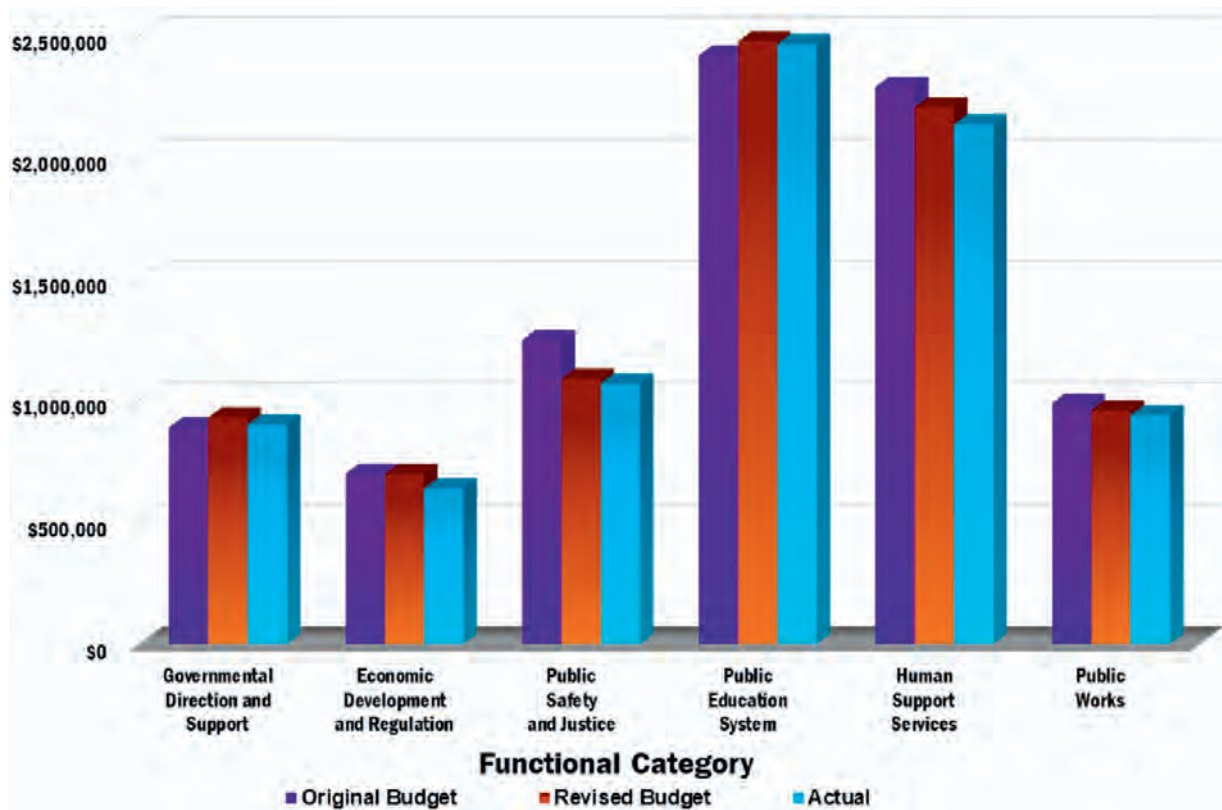
Actual General Fund expenditures and other uses were \$218,888, or 2.29%, less than the revised budget. As presented in **Table MDA-11**, this variance was primarily due to underspending in the areas

of Human Support Services, Public Works, and Economic Development and Regulation.

Expenditures in Public Education, Human Support Services, and Public Safety and Justice comprised 60.46% of the total actual General Fund expenditures and other uses.

Chart MDA-6 graphically presents differences between the General Fund's original budget, revised budget, and actual expenditures (by functional category) for fiscal year 2020.

Chart MDA-6
FY 2020 Budgetary Comparison – General Fund Expenditures (by Function)
Original and Revised Budgets with Actual Results (\$000s)



Note:

For more detailed information, refer to the budgetary schedule for the General Fund, Exhibit A-6, which is presented on page 175.

SUBSEQUENT EVENTS

Coronavirus Relief Fund

In response to the COVID-19 pandemic, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide economic assistance to states, local, and other governments, including the District. The Coronavirus Relief Fund provided by this Act may only cover expenses that are (1) necessary expenditures due to the public health emergency resulting from COVID-19; (2) were not included in the government's most recently approved budget as of March 27, 2020; and (3) were incurred during the period March 1 through December 31, 2021. The District received \$1,309,168 in advance payment prior to September 30, 2020, and due to timing, \$185,018 of these funds were unspent at fiscal year-end. The District will review all relief funds expended after September 30, 2020. Amounts which remained unspent at December 31, 2021 will be returned to the U.S. Treasury.

Ongoing Impact of COVID-19 on the District Economy and Revenue

In fiscal year 2020, COVID-19 and the restrictions imposed on businesses and individuals to control the spread of the virus drove the District's economy into a recession, reducing the District's revenues. The recent revenue forecast projects that the economy will recover by the end of calendar year 2021, but with the virus surging and restrictions to control the virus extended, COVID-19 will continue to negatively affect the District's economy and revenues. The December revenue forecast projects a reduction in fiscal year 2021 revenues of about 3.00% over the previous year. Most of the impact is expected in the winter because of the restrictions imposed on restaurants, hotels, and other businesses with the resurgence of the virus. The availability and deployment of vaccines is expected to boost the District's economy and revenues in the latter half of the fiscal year.

CONTACT INFORMATION FOR THE 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, NW, 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*, *Budgetary Comparison Statement*, *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, 2020
(With Comparative Totals at September 30, 2019)
(\$000s)

	Primary Government		Totals		Component
	Governmental Activities	Business-Type Activities	2020	2019	Units
ASSETS					
Cash and cash equivalents	\$ 2,196,208	\$ 69,473	\$ 2,265,681	\$ 2,282,811	\$ 105,703
Investments	-	-	-	-	215,243
Taxes receivable, net	508,394	-	508,394	500,425	-
Accounts receivable, net	431,926	39,409	471,335	450,434	18,984
Other receivables	-	-	-	-	14,740
Due from federal government	833,218	84,502	917,720	569,723	-
Due from component units	3,965	-	3,965	5,373	-
Due from primary government	-	-	-	-	21,969
Internal balances	26,363	(26,363)	-	-	-
Inventories	47,769	6,024	53,793	11,576	-
Other current assets	12,555	1,056	13,611	14,611	8,211
Derivative instrument assets	246	-	246	379	-
Cash and cash equivalents (restricted)	2,584,980	142,891	2,727,871	2,114,259	72,964
Investments (restricted)	117,072	809	117,881	97,455	431,516
Other long-term assets	406,873	-	406,873	330,542	196,880
Net pension and OPEB assets	615,395	-	615,395	696,191	-
Depreciable capital assets, net	12,631,365	60,459	12,691,824	11,953,596	829,211
Non-depreciable capital assets	2,684,341	9,677	2,694,018	2,649,692	35,476
Total assets	23,100,670	387,937	23,488,607	21,677,067	1,950,897
DEFERRED OUTFLOWS OF RESOURCES					
Derivative instrument - hedge	29,028	-	29,028	27,660	-
Pension and OPEB	253,501	-	253,501	219,652	-
Advance refunding loss	3,998	-	3,998	4,685	9,639
Total deferred outflows of resources	286,527	-	286,527	251,997	9,639
Total assets and deferred outflows of resources	23,387,197	387,937	23,775,134	21,929,064	1,960,536
LIABILITIES					
Accounts payable	911,209	179,910	1,091,119	880,796	51,233
Compensation payable	214,361	12,291	226,652	198,047	17,633
Due to component units	21,969	-	21,969	27,614	-
Due to primary government	-	-	-	-	3,965
Accrued liabilities	390,317	11,308	401,625	430,408	12,721
Accrued interest payable	202,518	-	202,518	181,446	-
Unearned revenues	539,487	61	539,548	268,487	16,914
Other current liabilities	70,226	6,693	76,919	61,899	138,267
Derivative instrument liabilities	29,028	-	29,028	27,660	-
Long-term liabilities:					
Due within one year	823,061	550	823,611	766,271	26,901
Due in more than one year	13,668,768	9,908	13,678,676	12,154,056	667,900
Total liabilities	16,870,944	220,721	17,091,665	14,996,684	935,534
DEFERRED INFLOWS OF RESOURCES					
Capital lease	25,176	-	25,176	27,186	-
Pension and OPEB	156,238	-	156,238	246,257	-
Total deferred inflows of resources	181,414	-	181,414	273,443	-
Total liabilities and deferred inflows of resources	17,052,358	220,721	17,273,079	15,270,127	935,534
NET POSITION					
Net investment in capital assets	3,232,889	70,136	3,303,025	3,639,914	560,692
Restricted for:					
Expendable					
Pension and OPEB	483,245	-	483,245	439,777	-
Debt service	391,025	-	391,025	530,117	-
Benefit payments	-	73,538	73,538	489,395	-
Capital projects	32,712	17,012	49,724	57,576	-
Grants and special purposes	-	-	-	150,240	-
Budget reserves	-	-	-	208	-
Purpose restrictions	124,409	-	124,409	121,466	-
Emergency and contingency reserves	466,935	-	466,935	447,787	-
Universal paid leave	356,442	-	356,442	70,613	-
Other	36,258	-	36,258	-	191,309
Nonexpendable	-	-	-	-	27,613
Unrestricted (deficit)	1,210,924	6,530	1,217,454	711,844	245,388
Total net position	\$ 6,334,839	\$ 167,216	\$ 6,502,055	\$ 6,658,937	\$ 1,025,002

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, 2020
(With Comparative Totals for the Year Ended September 30, 2019)
(\$000s)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Units
	Expenses	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2020	2019	
GOVERNMENTAL ACTIVITIES									
Governmental direction and support	\$ 1,269,743	\$ 73,771	\$ 139,173	\$ -	\$ (1,056,799)		\$ (1,056,799)	\$ (929,456)	
Economic development and regulation	845,768	490,046	97,166	-	(258,556)		(258,556)	(369,966)	
Public safety and justice	1,920,012	159,598	861,318	-	(899,096)		(899,096)	(1,096,555)	
Public education system	3,132,645	11,057	453,440	-	(2,668,148)		(2,668,148)	(2,496,694)	
Human support services	5,463,907	3,584	3,248,570	50,005	(2,161,748)		(2,161,748)	(2,167,697)	
Public works	1,162,410	153,533	26,647	228,828	(753,402)		(753,402)	(386,074)	
Public transportation	424,271	-	-	-	(424,271)		(424,271)	(425,753)	
Interest on long-term debt	430,752	-	-	-	(430,752)		(430,752)	(425,812)	
Total governmental activities	14,649,508	891,589	4,826,314	278,833	(8,652,772)		(8,652,772)	(8,298,007)	
BUSINESS-TYPE ACTIVITIES									
Office of lottery and gaming	176,987	214,933	-	-	-	37,946	37,946	44,618	
Unemployment compensation	1,568,065	-	1,001,721	-	-	(566,344)	(566,344)	(102,170)	
Not-for-profit hospital corporation	160,055	98,474	23,912	-	-	(37,669)	(37,669)	(38,922)	
Total business-type activities	1,905,107	313,407	1,025,633	-	-	(566,067)	(566,067)	(96,474)	
Total primary government	\$ 16,554,615	\$ 1,204,996	\$ 5,851,947	278,833	(8,652,772)	(566,067)	(9,218,839)	(8,394,481)	
COMPONENT UNITS									
Health benefit exchange authority	\$ 46,796	\$ 3,894	\$ -	\$ -					\$ (42,902)
Convention center	175,019	18,343	-	-					(156,676)
Green finance authority	591	41	-	-					(550)
Housing finance agency	28,458	30,788	-	-					2,330
University of the District of Columbia	173,830	28,989	22,408	60,500					(61,933)
Total component units	\$ 424,694	\$ 82,055	\$ 22,408	60,500					(259,731)
GENERAL REVENUES:									
Taxes:									
Property					3,061,745	-	3,061,745	2,888,245	-
Sales and use					1,317,113	-	1,317,113	1,707,745	-
Income and franchise					3,021,673	-	3,021,673	2,969,289	-
Gross receipts					374,112	-	374,112	397,684	-
Other					489,988	139,833	629,821	726,306	-
Investment earnings					30,176	10,840	41,016	66,357	14,516
Miscellaneous					616,477	-	616,477	610,479	67,323
Subsidy from primary government					-	-	-	-	189,190
Transfer in (out)					3,381	(3,381)	-	-	-
Total general revenues and transfers					8,914,665	147,292	9,061,957	9,366,105	271,029
Change in net position					261,893	(418,775)	(156,882)	971,624	11,298
Net position as of October 1, as restated					6,072,946	585,991	6,658,937	5,687,313	1,013,704
Net position as of September 30					\$ 6,334,839	\$ 167,216	\$ 6,502,055	\$ 6,658,937	\$ 1,025,002

The accompanying notes are an integral part of this statement.

Exhibit 2-a

**DISTRICT OF COLUMBIA
BALANCE SHEET
Governmental Funds
September 30, 2020
(With Comparative Totals at September 30, 2019)
(\$000s)**

	General	Federal and Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total	
						2020	2019
ASSETS							
Cash and cash equivalents	\$ 2,196,208	\$ -	\$ -	\$ -	\$ -	\$ 2,196,208	\$ 2,237,664
Taxes receivable, net	503,804	-	-	-	4,590	508,394	500,425
Accounts receivable, net	380,109	17,360	-	2,061	32,396	431,926	414,638
Due from federal government	58	752,082	-	81,078	-	833,218	569,025
Due from other funds	569,822	15,038	3,881	-	5,736	594,477	508,553
Due from component units	2,300	-	-	-	1,665	3,965	5,064
Inventories	47,769	-	-	-	-	47,769	10,303
Other current assets	11,160	1,377	-	-	18	12,555	12,653
Cash and cash equivalents (restricted)	871,524	327,439	143,698	639,203	603,116	2,584,980	1,590,256
Investments (restricted)	104,131	1,786	-	-	11,155	117,072	96,265
Other long-term assets	109,485	129,535	99,182	68,671	-	406,873	311,542
Total assets	<u>\$ 4,796,370</u>	<u>\$ 1,244,617</u>	<u>\$ 246,761</u>	<u>\$ 791,013</u>	<u>\$ 658,676</u>	<u>\$ 7,737,437</u>	<u>\$ 6,256,388</u>
LIABILITIES							
Accounts payable	\$ 475,679	\$ 175,645	\$ 31,357	\$ 220,555	\$ 7,973	\$ 911,209	\$ 833,628
Compensation payable	194,355	16,831	-	3,019	156	214,361	189,109
Due to other funds	17,196	464,254	-	83,046	3,618	568,114	492,645
Due to component units	13,680	2,246	-	6,043	-	21,969	27,614
Accrued liabilities	253,285	85,362	-	-	560	339,207	375,826
Unearned revenue	80,215	303,957	99,181	56,134	-	539,487	268,432
Other current liabilities	58,035	-	-	9,570	2,621	70,226	60,488
Total liabilities	<u>1,092,445</u>	<u>1,048,295</u>	<u>130,538</u>	<u>378,367</u>	<u>14,928</u>	<u>2,664,573</u>	<u>2,247,742</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	444,091	234,860	-	42,799	2,783	724,533	429,002
FUND BALANCES							
Nonspendable	47,769	-	-	-	-	47,769	10,303
Restricted	1,018,627	-	116,223	369,847	640,965	2,145,662	1,837,379
Committed	2,193,438	-	-	-	-	2,193,438	2,041,133
Assigned	-	-	-	-	-	-	69,250
Unassigned	-	(38,538)	-	-	-	(38,538)	(378,421)
Total fund balances (deficits)	<u>3,259,834</u>	<u>(38,538)</u>	<u>116,223</u>	<u>369,847</u>	<u>640,965</u>	<u>4,348,331</u>	<u>3,579,644</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,796,370</u>	<u>\$ 1,244,617</u>	<u>\$ 246,761</u>	<u>\$ 791,013</u>	<u>\$ 658,676</u>		<u>\$ 6,256,388</u>

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.	15,315,706
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)	\$ 203,068
Other general fund unavailable revenues (Exhibit A-1)	241,023
Unavailable revenues - federal and private resources (Exhibit 2-a)	234,860
Unavailable revenues - general capital improvements (Exhibit 2-a)	42,799
Unavailable revenues - nonmajor funds (Exhibit 2-a)	2,783
Net unavailable revenue	724,533
Deferred inflows of resources - capital lease gain (Exhibit 1-a)	(25,176)
Deferred inflows of resources - pension and OPEB (Exhibit 1-a)	(156,238)
Deferred outflows of resources - pension and OPEB (Exhibit 1-a)	253,501
Net pension and OPEB asset (Exhibit 1-a)	615,395
Retainage liability not to be paid with current resources	(51,110)
Advance refunding loss (Exhibit 1-a)	3,998
Derivative instrument asset (Exhibit 1-a)	246
Other long-term receivables (Walter Reed)	
Certain liabilities are not due and payable in the current period:	
General obligation bonds (Note 7, Table N7-1)	\$ 5,396,870
Income tax revenue bonds (Note 7, Table N7-1)	5,085,465
Tobacco settlement bonds (Note 7, Table N7-1)	516,329
TIF bonds (Note 7, Table N7-1)	114,524
GARVEE (Note 7, Table N7-1)	294,170
Ballpark bonds (Note 7, Table N7-1)	186,710
QZAB (Note 7, Table N7-1)	1,558
Accrued interest payable (Exhibit 1-a)	202,518
Deed tax revenue bonds (Note 7, Table N7-1)	37,520
PILOT revenue bonds and notes (Note 7, Table N7-1)	197,791
Other long-term liabilities (Note 7, Table N7-1)	2,660,892
Total liabilities not due and payable in the current period:	(14,694,347)
Net position of governmental activities	<u>\$ 6,334,839</u>

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, 2020
(With Comparative Totals for the Year Ended September 30, 2019)
(\$000s)

	General	Federal and Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total	
						2020	2019
REVENUES							
Taxes:							
Property taxes	\$ 2,960,006	\$ -	\$ -	\$ -	\$ 43,612	\$ 3,003,618	\$ 2,875,177
Sales and use taxes	1,281,200	-	-	-	35,912	1,317,112	1,707,745
Income and franchise taxes	3,104,933	-	-	-	-	3,104,933	2,941,982
Gross receipts taxes	326,588	-	-	-	47,524	374,112	397,684
Other taxes	427,352	-	62,637	-	-	489,989	583,429
Fines and forfeitures	158,030	-	-	-	-	158,030	202,194
Licenses and permits	141,007	-	-	-	-	141,007	172,493
Charges for services	270,261	2,736	-	2,000	305,626	580,623	377,699
Miscellaneous	500,720	31,274	15,867	162	36,999	585,022	591,665
Investment earnings	23,562	1,725	6	162	4,721	30,176	53,944
Federal contributions	-	920,806	-	-	-	920,806	556,431
Operating grants	-	3,688,225	-	278,834	-	3,967,059	3,594,143
Total revenues	9,193,659	4,644,766	78,510	281,158	474,394	14,672,487	14,054,586
EXPENDITURES							
Current:							
Governmental direction and support	1,009,090	130,878	-	-	73,228	1,213,196	1,111,281
Economic development and regulation	528,294	101,970	143,872	-	20,623	794,759	708,236
Public safety and justice	1,069,045	858,857	-	-	-	1,927,902	1,649,122
Public education system	2,484,012	445,349	-	-	-	2,929,361	2,789,110
Human support services	2,137,355	3,248,228	-	-	-	5,385,583	5,089,527
Public works	466,542	27,033	-	-	-	493,575	461,413
Public transportation	424,271	-	-	-	-	424,271	425,753
Debt service:							
Principal	376,876	-	-	8,255	96,856	481,987	440,980
Interest	469,180	17,044	-	6,930	46,897	540,051	481,189
Fiscal charges	19,370	-	-	-	155	19,525	6,368
Capital outlay	-	-	-	1,775,051	33,375	1,808,426	1,420,756
Total expenditures	8,984,035	4,829,359	143,872	1,790,236	271,134	16,018,636	14,583,735
Excess (deficit) of revenues over (under) expenditures	209,624	(184,593)	(65,362)	(1,509,078)	203,260	(1,346,149)	(529,149)
OTHER FINANCING SOURCES (USES)							
Debt issuance	30,103	-	-	1,572,532	43,102	1,645,737	1,048,405
Refunding debt issuance	1,647,745	-	-	-	-	1,647,745	290,000
Premium on sale of bonds	227,549	-	-	432,473	2,987	663,009	157,045
Payment to refunded bond escrow agent	(1,850,494)	-	-	-	-	(1,850,494)	(290,000)
Transfers in	100,728	-	38,645	280,940	77,592	497,905	385,159
Transfers out	(364,194)	(4,185)	-	(28,599)	(97,545)	(494,523)	(376,419)
Sale of capital assets	5,457	-	-	-	-	5,457	831
Total other financing sources (uses)	(203,106)	(4,185)	38,645	2,257,346	26,136	2,114,836	1,215,021
Net change in fund balances	6,518	(188,778)	(26,717)	748,268	229,396	768,687	685,872
Fund balances as of October 1	3,253,316	150,240	142,940	(378,421)	411,569	3,579,644	2,893,772
Fund balances (deficits) as of September 30	\$ 3,259,834	\$ (38,538)	\$ 116,223	\$ 369,847	\$ 640,965	\$ 4,348,331	\$ 3,579,644

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, 2020
(\$000s)

Net change in fund balances - total governmental funds \$ 768,687

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)	\$ 1,205,425	
Depreciation expense (Note 5, Table N5-1)	(512,964)	
Depreciable capital asset additions (Note 5, Table N5-1)	92,305	
Transfers/dispositions (Note 5, Table N5-1)	(3,499)	
Net adjustment		781,267

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	724,533	
Prior year deferred inflows of resources reported in Exhibit 2-a	(429,002)	
Adjustment to prior year deferred inflows of resources	(19,000)	
Net adjustment		276,531

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 N7-21)

Long-term liabilities additions	(4,334,227)	
Long-term liabilities reductions	2,752,840	
Net adjustment		(1,581,387)

Pension and OPEB expenses 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 officers and fire fighters' fund (Note 8, Table N8-6)	(55,443)	
Change in net OPEB assets - OPEB fund (Note 9, Table N9-5)	(25,353)	
Decrease in deferred outflows of resources - teachers fund over prior year (Note 8, Table N8-8)	(5,946)	
Increase in deferred outflows of resources - police officers and fire fighters over prior year (Note 8, Table N8-8)	45,933	
Decrease in deferred outflows of resources - OPEB fund over prior year (Note 9, Table N9-8)	(6,138)	
Decrease in deferred inflows of resources - teachers' retirement fund over prior year (Note 8, Table N8-8)	3,630	
Decrease in deferred inflows of resources - police officers and fire fighters' fund over prior year (Note 8, Table N8-8)	79,299	
Decrease in deferred inflows of resources - OPEB fund over prior year (Note 9, Table N9-8)	7,089	
Net adjustment		43,071

Other adjustments include:

Change in advance refunding loss amortization over prior year (Exhibit 1-a)	(687)	
Change in realized capital lease gain over prior year (Exhibit 1-a)	2,010	
Increase in long-term accrued interest payable over prior year (Exhibit 1-a)	(21,072)	
Increase in retainage payables over prior year	(6,394)	
Net adjustment		(26,143)

Investment income from investment derivative instruments (Note 2, Table N2-13)	(133)	
Change in net position of governmental activities		\$ 261,893

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, 2020
(\$000s)**

	General Fund				Federal and Private Resources				Totals			
	Budget		Actual	Variance	Budget		Actual	Variance	Budget		Actual	Variance
	Original	Revised			Original	Revised			Original	Revised		
REVENUES AND OTHER SOURCES												
Taxes:												
Property taxes	\$ 2,843,837	\$ 2,837,526	\$ 2,910,481	\$ 72,955	\$ -	\$ -	\$ -	\$ -	\$ 2,843,837	\$ 2,837,526	\$ 2,910,481	\$ 72,955
Sales and use taxes	1,710,836	1,302,742	1,280,662	(22,080)	-	-	-	-	1,710,836	1,302,742	1,280,662	(22,080)
Income and franchise taxes	2,789,756	2,996,566	3,104,933	108,367	-	-	-	-	2,789,756	2,996,566	3,104,933	108,367
Gross receipts and other taxes	853,470	763,902	750,948	(12,954)	-	-	-	-	853,470	763,902	750,948	(12,954)
Total taxes	8,197,899	7,900,736	8,047,024	146,288	-	-	-	-	8,197,899	7,900,736	8,047,024	146,288
Licenses and permits	132,079	122,572	125,584	3,012	-	-	-	-	132,079	122,572	125,584	3,012
Fines and forfeitures	167,535	148,200	147,943	(257)	-	-	-	-	167,535	148,200	147,943	(257)
Charges for services	79,177	72,668	68,723	(3,945)	-	-	-	-	79,177	72,668	68,723	(3,945)
Miscellaneous	132,854	151,721	180,645	28,924	-	-	-	-	132,854	151,721	180,645	28,924
Other sources	711,033	574,667	612,092	37,425	-	-	-	-	711,033	574,667	612,092	37,425
Federal contributions	-	-	-	-	136,718	362,153	380,780	18,627	136,718	362,153	380,780	18,627
Operating grants	-	-	-	-	3,345,648	3,847,974	3,512,337	(335,637)	3,345,648	3,847,974	3,512,337	(335,637)
Bond proceeds	9,000	9,000	9,403	403	-	-	-	-	9,000	9,000	9,403	403
Fund balance released from restrictions	399,530	699,435	621,220	(78,215)	-	-	-	-	399,530	699,435	621,220	(78,215)
Interfund transfer-from office of lottery and gaming	61,990	39,447	38,060	(1,387)	-	-	-	-	61,990	39,447	38,060	(1,387)
Interfund transfer-others	15,305	26,194	27,637	1,443	-	-	-	-	15,305	26,194	27,637	1,443
Total revenues and other sources	9,906,402	9,744,640	9,878,331	133,691	3,482,366	4,210,127	3,893,117	(317,010)	13,388,768	13,954,767	13,771,448	(183,319)
EXPENDITURES AND OTHER USES												
Governmental direction and support	888,614	929,856	900,101	29,755	31,331	126,131	118,558	7,573	919,945	1,055,987	1,018,659	37,328
Economic development and regulation	647,588	623,122	587,665	35,457	97,923	104,700	103,092	1,608	745,511	727,822	690,757	37,065
Public safety and justice	1,246,899	1,089,149	1,068,903	20,246	162,381	481,140	480,839	301	1,409,280	1,570,289	1,549,742	20,547
Public education system	2,414,784	2,133,719	2,123,139	10,580	403,071	288,657	273,287	15,370	2,817,855	2,422,376	2,396,426	25,950
Public education AY21 expenditure	-	339,112	339,112	-	-	-	-	-	-	339,112	339,112	-
Human support services	2,260,373	2,152,951	2,107,206	45,745	2,692,315	3,150,303	3,039,671	110,632	4,952,688	5,303,254	5,146,877	156,377
Public works	971,831	934,497	888,774	45,723	48,090	27,294	27,033	261	1,019,921	961,791	915,807	45,984
Repayment of loans and interest	799,767	788,444	787,714	730	18,465	18,465	17,044	1,421	818,232	806,909	804,758	2,151
Debt service - issuance costs	9,000	9,000	6,127	2,873	-	-	-	-	9,000	9,000	6,127	2,873
Commercial paper program	10,000	4,841	4,841	-	-	-	-	-	10,000	4,841	4,841	-
Settlements and judgments fund	28,025	16,478	16,154	324	-	-	-	-	28,025	16,478	16,154	324
Wilson building	3,807	4,540	4,081	459	-	-	-	-	3,807	4,540	4,081	459
D.C. retiree health contribution	47,300	47,300	47,300	-	-	-	-	-	47,300	47,300	47,300	-
Repayment of revenue bonds	7,839	7,839	6,293	1,546	-	-	-	-	7,839	7,839	6,293	1,546
Convention center transfer	153,227	87,897	87,200	697	-	-	-	-	153,227	87,897	87,200	697
Highway transportation fund	26,298	22,472	22,472	-	-	-	-	-	26,298	22,472	22,472	-
Emergency planning and security fund	-	43,000	43,000	-	28,790	13,437	13,437	-	28,790	56,437	56,437	-
Workforce investments	89,068	5,311	-	5,311	-	-	-	-	89,068	5,311	-	5,311
Operating lease-equipment	4,486	4,486	4,486	-	-	-	-	-	4,486	4,486	4,486	-
Pay-as-you-go capital fund	284,924	280,941	280,941	-	-	-	-	-	284,924	280,941	280,941	-
Non-departmental	11,289	19,442	-	19,442	-	-	-	-	11,289	19,442	-	19,442
Total expenditures and other uses	9,905,119	9,544,397	9,325,509	218,888	3,482,366	4,210,127	4,072,961	137,166	13,387,485	13,754,524	13,398,470	356,054
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	\$ 1,283	\$ 200,243	\$ 552,822	\$ 352,579	\$ -	\$ -	\$ (179,844)	\$ (179,844)	\$ 1,283	\$ 200,243	\$ 372,978	\$ 172,735

The accompanying notes are an integral part of this statement.

Exhibit 3-a

DISTRICT OF COLUMBIA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2020
(With Comparative Totals for the Year Ended September 30, 2019)
(\$000s)

	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2020	2019
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 16,071	\$ -	\$ 53,402	\$ 69,473	\$ 45,147
Accounts receivable, net	5,077	19,681	14,651	39,409	35,796
Due from federal government	-	84,502	-	84,502	698
Due from other funds	-	929	-	929	594
Due from component units	-	-	-	-	309
Inventories	-	-	6,024	6,024	1,273
Other current assets	3	-	1,053	1,056	1,958
Cash and cash equivalents (restricted)	-	142,891	-	142,891	524,003
Total current assets	21,151	248,003	75,130	344,284	609,778
Noncurrent assets:					
Investments (restricted)	809	-	-	809	1,190
Depreciable capital assets, net	414	-	60,045	60,459	59,909
Non-depreciable capital assets	-	-	9,677	9,677	8,940
Total noncurrent assets	1,223	-	69,722	70,945	70,039
Total assets	22,374	248,003	144,852	415,229	679,817
LIABILITIES					
Current liabilities:					
Accounts payable	4,171	156,966	18,773	179,910	47,168
Accrued compensated absences	453	-	11,838	12,291	8,938
Due to other funds	3	17,499	9,790	27,292	16,502
Accrued liabilities	11,308	-	-	11,308	9,867
Unearned revenues	61	-	-	61	55
Other current liabilities	-	-	6,693	6,693	1,411
Long-term liabilities due within one year	550	-	-	550	456
Total current liabilities	16,546	174,465	47,094	238,105	84,397
Noncurrent liabilities:					
Long-term liabilities due in more than one year	1,060	-	8,848	9,908	9,429
Total noncurrent liabilities	1,060	-	8,848	9,908	9,429
Total liabilities	17,606	174,465	55,942	248,013	93,826
NET POSITION					
Net investment in capital assets	414	-	69,722	70,136	68,849
Restricted - expendable	-	73,538	17,012	90,550	503,431
Unrestricted	4,354	-	2,176	6,530	13,711
Total net position	\$ 4,768	\$ 73,538	\$ 88,910	\$ 167,216	\$ 585,991

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, 2020
(With Comparative Totals for the Year Ended September 30, 2019)
(\$000s)

	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2020	2019
OPERATING REVENUES					
Employer taxes	\$ -	\$ 139,833	\$ -	\$ 139,833	\$ 142,877
Charges for services	214,933	-	98,474	313,407	323,407
Benefit contributions - CARES ACT	-	969,704	-	969,704	-
Benefit contributions - other	-	32,017	-	32,017	17,840
Operating grants and contributions	-	-	23,912	23,912	479
Total operating revenues	<u>214,933</u>	<u>1,141,554</u>	<u>122,386</u>	<u>1,478,873</u>	<u>484,603</u>
OPERATING EXPENSES					
Benefits	-	1,568,065	15,549	1,583,614	134,125
Prizes and other expenses	139,515	-	-	139,515	134,935
Personnel services	9,178	-	55,997	65,175	65,458
Supplies	-	-	17,271	17,271	13,604
Utilities	-	-	3,494	3,494	3,139
Insurance	-	-	3,460	3,460	3,055
Rent	-	-	399	399	945
Repairs and maintenance	-	-	4,045	4,045	3,091
Other expenses	-	-	2,159	2,159	1,782
Contractual services	28,097	-	44,525	72,622	66,448
Depreciation	197	-	13,156	13,353	11,618
Total operating expenses	<u>176,987</u>	<u>1,568,065</u>	<u>160,055</u>	<u>1,905,107</u>	<u>438,200</u>
Operating income (loss)	<u>37,946</u>	<u>(426,511)</u>	<u>(37,669)</u>	<u>(426,234)</u>	<u>46,403</u>
NONOPERATING REVENUES					
Interest, investment and other income	187	10,653	-	10,840	12,416
Total nonoperating revenues	<u>187</u>	<u>10,653</u>	<u>-</u>	<u>10,840</u>	<u>12,416</u>
Income (loss) before transfers	<u>38,133</u>	<u>(415,858)</u>	<u>(37,669)</u>	<u>(415,394)</u>	<u>58,819</u>
Transfer in (out)	<u>(38,060)</u>	<u>-</u>	<u>34,679</u>	<u>(3,381)</u>	<u>(8,740)</u>
Change in net position	<u>73</u>	<u>(415,858)</u>	<u>(2,990)</u>	<u>(418,775)</u>	<u>50,079</u>
Net position as of October 1	<u>4,695</u>	<u>489,396</u>	<u>91,900</u>	<u>585,991</u>	<u>535,912</u>
Net position as of September 30	<u>\$ 4,768</u>	<u>\$ 73,538</u>	<u>\$ 88,910</u>	<u>\$ 167,216</u>	<u>\$ 585,991</u>

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, 2020
(With Comparative Totals for the Year Ended September 30, 2019)
(\$000s)

	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers/employers	\$ 213,032	\$ 133,795	\$ 79,713	\$ 426,540	\$ 442,170
Cash receipts from governmental contributions	-	917,442	-	917,442	17,894
Other cash receipts	688	17,949	61,414	80,051	30,634
Cash payments to vendors	(22,820)	-	(68,296)	(91,116)	(95,041)
Cash payments to employees	(8,841)	-	(71,417)	(80,258)	(79,201)
Cash payments to claimants	-	(1,460,951)	-	(1,460,951)	(122,686)
Other cash payments, including prizes	(141,313)	-	-	(141,313)	(142,990)
Net cash provided (used) by operating activities	40,746	(391,765)	1,414	(349,605)	50,780
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers out	(38,060)	-	-	(38,060)	(45,050)
Net cash used in noncapital financing activities	(38,060)	-	-	(38,060)	(45,050)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(16)	-	(14,624)	(14,640)	(7,998)
Interfund transfers in	-	-	34,679	34,679	36,310
Net cash provided (used) in capital and related financing activities	(16)	-	20,055	20,039	28,312
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts of interest and dividends	187	10,653	-	10,840	12,416
Net cash provided by investing activities	187	10,653	-	10,840	12,416
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,857	(381,112)	21,469	(356,786)	46,458
Cash and cash equivalents at October 1	13,214	524,003	31,933	569,150	522,692
Cash and cash equivalents at September 30	\$ 16,071	\$ 142,891	\$ 53,402	\$ 212,364	\$ 569,150
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 37,946	\$ (426,511)	\$ (37,669)	\$ (426,234)	\$ 46,403
Depreciation	197	-	13,156	13,353	11,618
Decrease (increase) in current assets:					
Accounts receivable	(1,219)	(6,512)	3,643	(4,088)	2,798
Other current assets	-	(83,804)	(3,402)	(87,206)	(129)
Increase (decrease) in current liabilities:					
Accounts payable	2,048	125,062	6,644	133,754	(11,199)
Accrued liabilities	909	-	3,250	4,159	490
Unearned revenues	6	-	-	6	11
Other current liabilities	859	-	15,792	16,651	788
Net cash provided (used) by operating activities	\$ 40,746	\$ (391,765)	\$ 1,414	\$ (349,605)	\$ 50,780

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, 2020
(\$000s)

	Pension/ OPEB Trust Funds	Private- Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 122,535	\$ 7,434	\$ 70,539
Investments:			
Equities	5,793,383	398,705	-
Fixed income securities	3,417,898	210,140	-
Guaranteed investment contracts	-	196,839	-
Real estate	697,516	-	-
Private equity	595,339	-	-
Commodities	36,606	-	-
Accounts receivable	-	1,745	22,094
Benefit contributions receivable	7,155	-	-
Due from federal government	2,957	-	-
Other current assets	55,279	-	-
Depreciable capital assets, net	75	-	-
Total assets	<u>10,728,743</u>	<u>814,863</u>	<u>\$ 92,633</u>
LIABILITIES			
Accounts payable	24,684	550	1,411
Other current liabilities	31,797	-	91,222
Total liabilities	<u>56,481</u>	<u>550</u>	<u>\$ 92,633</u>
NET POSITION			
Restricted for:			
Pensions	9,031,580	-	-
Postemployment benefits other than pensions	1,640,682	-	-
Other purpose	-	814,313	-
Net position restricted for pensions, OPEB benefits and other purposes	<u>\$ 10,672,262</u>	<u>\$ 814,313</u>	

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, 2020
(\$000s)

	Pension/ OPEB Trust Funds	Private- Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 199,249	\$ -
Plan members	81,125	103,804
Total contributions	<u>280,374</u>	<u>103,804</u>
Investment earnings:		
Net increase in fair value of investments	578,867	51,357
Other revenue	370	-
Interest and dividends	71,323	10,209
Total investment gain	650,560	61,566
Less: investment expenses	(22,617)	(565)
Net gain from investing activities	<u>627,943</u>	<u>61,001</u>
Other Income	3,010	-
Total additions	<u>911,327</u>	<u>164,805</u>
DEDUCTIONS		
Benefits	255,269	-
Administrative expenses	13,744	2,352
Distributions to participants	-	40,074
Total deductions	<u>269,013</u>	<u>42,426</u>
Change in net position	642,314	122,379
Net position as of October 1	10,029,948	691,934
Net position as of September 30	<u>\$ 10,672,262</u>	<u>\$ 814,313</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, 2020
(With Comparative Totals at September 30, 2019)
(\$000s)

	Health Benefit Exchange Authority	Washington Convention and Sports Authority	Green Finance Authority	Housing Finance Agency	University of the District of Columbia	Totals	
						2020	2019, as restated
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 31,544	\$ 10,263	\$ 5,022	\$ 31,509	\$ 27,365	\$ 105,703	\$ 135,732
Investments	-	127,900	-	48,400	38,943	215,243	231,297
Receivables, net:							
Accounts	247	4,426	1,462	-	12,849	18,984	15,317
Other	637	478	-	3,809	9,816	14,740	13,996
Due from primary government	-	5,277	7,000	1,644	8,048	21,969	27,614
Other current assets	-	5,142	9	2,738	322	8,211	7,639
Restricted cash	-	14,512	12,391	43,085	2,976	72,964	69,257
Restricted investments	72,318	190,102	-	140,686	28,410	431,516	392,459
Total current assets	104,746	358,100	25,884	271,871	128,729	889,330	893,311
Noncurrent assets:							
Loans receivable	-	-	-	177,876	-	177,876	127,488
Other	-	18,543	-	-	461	19,004	29,336
Total noncurrent assets	-	18,543	-	177,876	461	196,880	156,824
Capital assets, net							
Property and equipment	59,989	535,897	-	1,984	231,341	829,211	829,723
Non-depreciable capital assets	-	15,657	-	573	19,246	35,476	31,654
Total assets	164,735	928,197	25,884	452,304	379,777	1,950,897	1,911,512
DEFERRED OUTFLOWS OF RESOURCES	-	9,639	-	-	-	9,639	10,165
LIABILITIES							
Current liabilities:							
Payables:							
Accounts	30,579	8,391	145	410	11,708	51,233	54,442
Compensation	696	1,071	38	711	15,117	17,633	16,938
Due to primary government	616	3,323	-	-	26	3,965	5,373
Accrued liabilities	851	11,736	130	-	4	12,721	12,984
Current maturities	-	25,600	-	1,301	-	26,901	25,698
Unearned revenue	-	6,885	84	-	9,945	16,914	18,994
Other current liabilities	292	15,227	-	111,530	11,218	138,267	74,159
Total current liabilities	33,034	72,233	397	113,952	48,018	267,634	208,588
Noncurrent liabilities:							
Long-term debt:							
Bonds payable	-	465,647	-	195,997	-	661,644	693,370
Other long-term liabilities	-	6,256	-	-	-	6,256	6,015
Total noncurrent liabilities	-	471,903	-	195,997	-	667,900	699,385
Total liabilities	33,034	544,136	397	309,949	48,018	935,534	907,973
NET POSITION							
Net investment in capital assets	59,989	248,039	-	2,557	250,107	560,692	534,271
Restricted - expendable	-	136,696	13,465	38,823	2,325	191,309	198,052
Restricted - nonexpendable	-	-	-	-	27,613	27,613	27,222
Unrestricted	71,712	8,965	12,022	100,975	51,714	245,388	254,159
Total net position	\$ 131,701	\$ 393,700	\$ 25,487	\$ 142,355	\$ 331,759	\$ 1,025,002	\$ 1,013,704

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, 2020
(With Comparative Totals for the Year Ended September 30, 2019)
(\$000s)

	Health Benefit Exchange Authority	Washington Convention and Sports Authority	Green Finance Authority	Housing Finance Agency	University of the District of Columbia	Totals	
						2020	2019, as restated
EXPENSES	\$ 46,796	\$ 175,019	\$ 591	\$ 28,458	\$ 173,830	\$ 424,694	\$ 460,716
Program revenues:							
Charges for services, fees, fines, and forfeitures	3,894	18,343	41	30,788	28,989	82,055	99,002
Operating grants and contributions	-	-	-	-	22,408	22,408	22,179
Capital grants and contributions	-	-	-	-	60,500	60,500	15,153
Net expense	<u>(42,902)</u>	<u>(156,676)</u>	<u>(550)</u>	<u>2,330</u>	<u>(61,933)</u>	<u>(259,731)</u>	<u>(324,382)</u>
GENERAL REVENUES							
Investment earnings	669	3,973	37	4,322	5,515	14,516	16,546
Miscellaneous	30,542	18,372	-	4,353	14,056	67,323	72,211
Subsidy from primary government	-	74,067	26,000	-	89,123	189,190	236,637
Total general revenues	<u>31,211</u>	<u>96,412</u>	<u>26,037</u>	<u>8,675</u>	<u>108,694</u>	<u>271,029</u>	<u>325,394</u>
Change in net position	(11,691)	(60,264)	25,487	11,005	46,761	11,298	1,012
Net position as of October 1, as restated	143,392	453,964	-	131,350	284,998	1,013,704	1,012,692
Net position as of September 30	<u>\$ 131,701</u>	<u>\$ 393,700</u>	<u>\$ 25,487</u>	<u>\$ 142,355</u>	<u>\$ 331,759</u>	<u>\$ 1,025,002</u>	<u>\$ 1,013,704</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

September 30, 2020

(Dollar amounts expressed in thousands unless specifically disclosed)

Notes to the Basic Financial Statements

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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 of 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 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 financial reporting entity of the District 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.
- The District holds majority equity interest, which does not meet the definition of investment in the entity.

Organizations meeting the above criteria are included in the financial reporting entity of the District 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 five discretely presented component units in its reporting entity: Health Benefit Exchange Authority, Washington Convention and Sports Authority, District of Columbia Green Finance Authority, Housing Finance Agency, and University of the District of Columbia. 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 (the Authority or HBX) 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 (t/a Events DC) 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.

District of Columbia Green Finance Authority

A financial benefit/burden relationship exists between the District of Columbia Green Finance Authority (Green Finance Authority) and the District because

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

the District provides financial support to the Green Finance Authority through annual transfers and additional funding from the DC Department of Energy and Environment.

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).

University of the District of Columbia

A financial benefit/burden relationship exists between the University of the District of Columbia (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, NW, Suite 400
Washington, DC 20005
<https://hbx.dc.gov>

Washington Convention and Sports Authority

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

District of Columbia Green Finance Authority

Chief Executive Officer
c/o Tiber Hudson
Attorney for Green Finance Authority
1900 M Street, NW, 3rd Floor
Washington, DC 20036
<https://dcgreenbank.org>

Housing Finance Agency

Executive Director
815 Florida Avenue, NW
Washington, DC 20001
<https://www.dchfa.org>

University of the District of Columbia

President
Van Ness Campus
4200 Connecticut Avenue, NW
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 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. The Tobacco Corporation, which is legally separate from the District, was established to purchase all of the rights, title, and interest of the District in the Master Settlement Agreement executed by participating cigarette manufacturers, states and other jurisdictions. The Tobacco Corporation issued bonds in fiscal year 2001 to finance the purchase of the District securitized rights, 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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) 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; D.C. Code § 44-951.01 et. seq.) to provide community-centered health care east of the Anacostia River. The District is the sole owner of the Not-for-Profit Hospital Corporation; therefore, the District provides financial support to the Not-for-Profit Hospital Corporation to help sustain its operations, creating a financial benefit/burden relationship between the District and the Not-for-Profit Hospital Corporation. In addition, the District is able to impose its will on the Not-for-Profit Hospital Corporation because the District has the ability to modify or approve the Not-for-Profit 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:

District of Columbia Tobacco Settlement Financing Corporation

Office of the Chief Financial Officer
1350 Pennsylvania Avenue, NW, Suite 200
Washington, DC 20004

Not-for-Profit Hospital Corporation

d/b/a United Medical Center
Chief Executive Officer
1310 Southern Avenue, SE
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). The Mayor, with the consent and advice of the Council, appoints a majority of the voting members of these organizations' governing boards. However, the accountability of the District 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; 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, 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, by the Council from among 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. Condensed financial statements for WMATA are presented as disclosures in Note 12 on page 152.

C. BASIS OF PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units. The fiduciary funds are not incorporated into the government-wide financial statements because the assets of these funds are held for the benefit of a third-party and cannot be used to finance activities or obligations of the District. Governmental activities of the primary government, which normally are supported by taxes and intergovernmental revenues, are reported

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Financial Statements

Fund accounting is used to demonstrate legal compliance and 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 general activities of the District. The acquisition, use, and balance of the District 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 governmental 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 expenditures 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. The main sources of revenue for the Housing Production Trust Fund consists of subsidies from the General Fund and dedicated local tax revenues from deed transfers and recordings. 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 are comprised of: (1) five Special Revenue Funds, which include the Tax Increment Financing (TIF) Program, the Tobacco Settlement Financing Corporation (TSFC), the Payment in Lieu of Taxes (PILOT) Fund, the Universal Paid Leave Fund and the Baseball Project; (2) the Debt Service Fund; and (3) one Capital Projects Fund, which is the Highway Trust Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 reports three proprietary funds that are discussed below.

Lottery and Games Fund

The Lottery and Games Fund is used to account for revenues from sale of lottery products, charitable gaming fees and other related income. Gaming activities are administered by the Office of Lottery and Gaming, which is an independent agency of the District.

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.

In general, unemployment insurance 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 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 the provision of inpatient, outpatient, psychiatric, skilled nursing and emergency care services. 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 three fiduciary funds that are discussed as follows.

Pension and Other Postemployment Benefits Funds

The Pension and Other Postemployment Benefits Funds are used to report the activities associated with the payment of benefits to District government retirees. These funds accumulate financial resources for pension benefit payments to eligible District employees 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 GAAP. Accordingly, such information should be read in conjunction with the District financial statements for the year ended September 30, 2019, where summarized information was derived.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the District 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 they will be collected, and capital assets (depreciable and non-depreciable); 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) expenses of the discretely presented component units. The expenses of the governmental activities include governmental fund expenditures that are not eliminated or reclassified for the purpose of government-wide financial reporting, 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 balances 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 fund balance.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 values that 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. Property taxes are levied after the returns are filed. If a taxpayer fails to pay the levied taxes when due, the District will 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 collected.

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 all grant requirements are met. Grant funds received with all eligibility requirements met except for the timing requirement are recorded as deferred inflows of resources.

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. 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 (i.e., 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 generally not measurable until received, at which time they are recorded as revenue. 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, 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; and (4) a multi-year capital improvements plan by project for all agencies of the District. 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 to Congress. Congress then approves the federal portion of the budget through an appropriations act. The Chairman of the Council submits the Local Budget Request Act to Congress, which then becomes law upon expiration of a 30-day review period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Appropriations Acts

The appropriation authority of the District is defined by the Local Budget Act and Federal Portion Budget Request Act (appropriations acts). The appropriation authority is approved by Congress and authorizes the District to incur 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 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 57, 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 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 on page 55 due to basis differences. Basis differences

arise because the basis of budgeting differs from the basis of accounting prescribed by GAAP as indicated in Note 1X on page 87.

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 (e.g., 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 Funds or the Special Revenue Funds.

As of September 30, 2020, the District did not have significant amounts in encumbrances in any of the major and nonmajor funds. Encumbered amounts at year-end have been included within the fund balances in **Table N10-1** on page 150.

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.

Most of the cash management pool of the District is invested in cash equivalents. 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 an original maturity date no greater than 90 days.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 to 47-351.08), and the District Investment Policy, as adopted in November 2008. As of September 30, 2020, the District invested primarily in money market funds containing securities backed by the U.S. government which included obligations of Government Sponsored Enterprises (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 investments.

The District investments are reported at fair value in accordance with GASB Statement No. 72, *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 GAAP. The three-level hierarchy defined as follow 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.
- 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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 government-wide, proprietary fund, and component units' 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 productivity 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, proprietary fund, 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.

Consistent with GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, when the construction of assets is financed through the issuance of debt, interest cost incurred before the end of a construction period is recognized as expenditure in governmental fund statements, and as expense in the government-wide financial statements and proprietary funds, in the period in which the cost is incurred.

Capitalization and Depreciation Policies

An asset that has an original cost in excess of \$5 (thousand) per unit and has an expected useful life of two or more years is capitalized. Depreciation is calculated on each class of depreciable property using the straight-line method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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	Estimated Useful Life
Buildings	15-60 years
Storm drains	45 years
Infrastructure	20-40 years
Mobile equipment (including street cars)	5-30 years
Improvements other than buildings	5-25 years
Leasehold improvements	10 years, not to exceed term of lease
Equipment and machinery	3-10 years
Furniture and fixtures	5 years
Books	5 years

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 increase net position similar to assets.

N. CAPITAL LEASES

In general, a lease is 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 operational 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.

O. COMPENSATED ABSENCES

Benefit Accumulation Policies

District policy allows employees to accumulate unused sick leave, with no maximum limitation. Annual (vacation) leave 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 (e.g., leave granted to eligible employees in lieu of paid overtime) that may be accumulated. In calendar year 2020, due

to travel and other public health restrictions related to COVID-19, employees were allowed to carry over hours in excess of the 240-hour annual limit. Leave exceeding 240 hours will be restored to a separate leave account for use in calendar years 2021 and 2022.

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, unused sick leave can be used to determine the years of service for an employee. 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 (i.e., 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 and Limitations on Borrowing

Pursuant to Section 603 of the Home Rule Act, no long-term general obligation debt may be issued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

during any fiscal year that 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 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 as amended (D.C. Law 17-360; D.C. Official Code § 47-335.02), referred to as the Debt Ceiling Act, 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, as defined by the D.C. Code, in the fiscal year 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 CABs 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 District of Columbia Tobacco Settlement Financing Corporation issued the Tobacco CABs 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. For both CABs, accreted interest 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, which has been incurred but not financed, is reported in the government-wide financial statements. Examples of other long-term indebtedness include disability compensation, compensated absences, employee separation incentives, and accreted interest liabilities.

In governmental funds, bond premiums, discounts, and issuance costs are recognized in the current period as other financing sources, other financing uses, and fiscal charges, respectively. However, in

the government-wide financial statements, bond premiums and 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.

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 decrease net position similar to liabilities.

R. ADOPTION OF NEW ACCOUNTING STANDARDS

During fiscal year 2020, the District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

- 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. This Statement 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 these financial statements.
- 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 date the equity interest was acquired.
- Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the pronouncements including GASB Statement Nos. 84, 91, 92, 93, and Implementation Guide Nos. 2017-3, 2018-1, 2019-1, and 2019-2 are postponed by one year. The effective dates of GASB Statement No. 87 and Implementation Guide No. 2019-3 are postponed by 18 months.

Implementation of Statement Nos. 89 and 90 had no material impact on the fiscal year 2020 District financial statements.

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. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally 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.

As amended by GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019, the District's fiscal year 2021.

- 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 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.

As amended by GASB Statement No. 95, the requirements of this Statement are effective for

reporting periods beginning after December 15, 2019, the District's fiscal year 2021.

- Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

As amended by GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019, the District's fiscal year 2021.

- Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports; (2) reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; (3) the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; (4) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; (5) measurement of liabilities (and assets, if any) related to asset retirement obligations in a government acquisition; (6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and (8) terminology used to refer to derivative instruments.

As amended by GASB Statement No. 95, the requirements of this Statement are effective for

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

reporting periods beginning after December 15, 2019, the District's fiscal year 2021.

- Statement No. 93, *Replacement of Interbank Offered Rates*, addresses certain accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). This Statement achieves that objective by: (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; and (6) clarifying the definition of reference rate, as it is used in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended.

As amended by GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019, the District's fiscal year 2021.

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this Statement as a PPP in which: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. In addition, this Statement requires

that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, and provides accounting and financial reporting requirements for all other PPPs including those that either meet the definition of a SCA or are not within the scope of Statement 87, as amended. Moreover, this Statement provides guidance for accounting and financial reporting for availability payment arrangements (APAs); which are defined in this Statement as arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, the District fiscal year 2023.

- Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement: (1) defines a SBITA as a contract that conveys control of the right to use another party's (SBITA vendor) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction; (2) establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, the District fiscal year 2023.

- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, requires the following: (1) for purposes of determining whether a primary government is financially accountable for a potential component unit, certain exceptions apply, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board, if the primary government performs the duties that a governing board typically would perform; (2) the financial burden criterion in paragraph 7 of Statement No. 84 be applicable to only defined benefit pension plans and defined benefit OPEB plans that are

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively; (3) Section 457 plan be classified as either a pension plan or other employee benefit plan depending on whether the plan meets the definition of a pension plan; and (4) Statement 84, as amended, be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, the District fiscal year 2022.

The District has not determined the impact, if any, that the implementation of Statement Nos. 84, 87, 91, 92, 93, 94, 96, and 97 will have on its financial statements. Accordingly, no determination has been made regarding the materiality of impact. The District has determined, however, that Statement No. 87 will have an impact on the way the District reports on its leases. The District has started collecting data, reviewing the lease contracts, and developing a reliable methodology for implementation.

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

T. NET POSITION AND FUND BALANCE

Net Position

Net position, for government-wide reporting, proprietary funds, and fiduciary funds is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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.

Nonexpendable 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.

Fund Balance

Fund balance in governmental fund statements is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. 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 Fund Balance

This category includes resources which cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact. As of September 30, 2020, the nonspendable fund balance of the District included:

Inventory

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

Restricted Fund Balance

This category includes resources with use constraints which are either: (a) externally imposed by creditors (e.g., such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. As of September 30, 2020, the restricted fund balance of the District included:

Emergency and Contingency Cash Reserves

This portion of the fund balance represents amounts that, in accordance with Congressional mandate, are held in two funds: an emergency cash reserve fund and a contingency cash reserve fund, to be used for unanticipated and nonrecurring, extraordinary needs of an emergency nature. Additional information about the emergency and contingency cash reserves of the District is presented in the Minimum Fund Balance Policies section on page 84.

Debt Service – Bond Escrow

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose Restrictions

This portion of the 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 Special Fund; Credit Enhancement Fund established for DC public charter schools; resources collected for Pepco Cost-Sharing Fund for the District of Columbia Power Line Undergrounding (DC PLUG); and Stormwater Permit Compliance Enterprise Fund established for reducing stormwater pollution.

Payment in Lieu of Taxes (PILOT)

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

Tobacco Settlement

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

Housing Production Trust

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

Highway Projects

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

Baseball Special Revenue

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

Universal Paid Leave

This portion of the fund balance represents resources set aside for benefits payment to covered employees of the Paid Family Leave program.

Committed Fund Balance

This category includes resources used for specific purposes pursuant to limitations imposed by formal action of the highest level of decision-making authority of the District. 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 removes or changes the specified use by taking the same type of action it used to previously commit the amounts. The Executive Office of the Mayor and the Council have the highest level of decision-making authority for committed fund balance. The Council must pass legislation to establish, modify, or rescind a commitment of fund balance. As of September 30, 2020, the committed fund balance of the District included:

Cash Flow Reserve

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

Fiscal Stabilization Reserve

This portion of the fund balance is committed to purposes permitted for use of the Contingency Reserve Fund. Information about the fiscal stabilization reserve of the District is presented in the Minimum Fund Balance Policies section on page 84.

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 2021 budget approved by the Council.

Budget Support Act

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

Dedicated Taxes

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

Housing Production Trust Fund

This portion of the fund balance, which represents 50% of all unassigned amounts in the unrestricted fund balance of the General Fund, is to be deposited in the Housing Production Trust Fund, provided that, at the close of a fiscal year, the District has fully funded the Emergency, Contingency, Fiscal Stabilization and Cash Flow Reserves.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pay-as-you-go Capital Projects

This portion of the fund balance, which represents 50% of all unassigned amounts in the fund balance of the General Fund, is reserved for Pay-as-you-go (Paygo) capital projects, provided that, at the close of a fiscal year, the District has fully funded the Emergency, Contingency, Fiscal Stabilization and Cash Flow Reserves.

Other Special Purposes

This portion of the fund balance is committed to activities financed by specific sources of revenues as authorized by formal action of the Council. For example, the Renewable Energy Development Fund, which is administered by the Department of Energy and Environment was established to support the creation of new solar energy sources, including the use of electrical upgrades, structural improvements, the installation of electrical and thermal storage systems, in addition to the implementation of the Renewable Portfolio Standard Expansion Act of 2016.

Assigned Fund Balance

This category includes resources neither restricted nor committed for which the District has a stated intended use as established by the highest level of decision-making authority 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. Consistent with Sections 424, 448, and 450 of the Home Rule Act, the Mayor, the Council, and the Chief Financial Officer are responsible for managing the financial resources of the District. In fulfilling their respective responsibilities, the Mayor, Council, or CFO, 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. As of September 30, 2020, the District did not have assigned fund balance.

Unassigned Fund Balance

This category includes resources which cannot be classified in one of the other four categories. 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. As of September 30, 2020, the unassigned fund balance of the District included:

Federal and Private Resources

This portion of the fund balance relates to Federal expenditures incurred but not yet collected.

Additional information about fund balances of the District is presented in **Table N10-1** on page 150.

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 actual 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%. 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. Examples of events applicable to the contingency cash reserve include: expenses associated with unforeseen weather conditions or other natural disasters; unexpected obligations created by federal law or new public safety or health needs; requirements that have been identified after the budget 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 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Examples of events applicable to the emergency cash reserve include natural disaster or calamity, or unexpected obligations by federal law. The emergency cash reserve fund may also be used in the event that the Mayor declares a State of Emergency. However, the emergency cash reserve fund may not be used to fund: (a) any department, agency, or office of the District 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.

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 Mayor uses the fiscal stabilization reserve 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 CFO may use the fiscal stabilization reserve account to cover cash flow needs. Amounts used must 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 General Fund operating expenditures for that year.

Cash Flow Reserve

The CFO may use the cash flow reserve to cover cash flow needs. When these 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 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 CAFR, the CFO 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 has legally mandated that the fiscal stabilization reserve is to 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 Paygo capital projects.

Use of Fund Balance

The policy of the District is 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.

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 Retirement Funds. The District of Columbia Retirement Board (DCRB or Board) administers the District Retirement Funds, which consist of two single-employer defined benefit pension plans: (1) the District of Columbia Teachers' Retirement Fund (TRF), and (2) the District of Columbia Police Officers and Fire Fighters' Retirement Fund (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, *Fair Value Measurement and Application*. Further information regarding the District Retirement Funds is presented in Note 8 on page 137 through 144.

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 §1-626.05, 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 and 5.50% for detention officers each pay period. Contributions and earnings vest incrementally after two years of service, and fully, after five years of service. 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 137 through 144.

Other Postemployment Benefits (OPEB)

In addition to the pension benefits described in Note 8 and pursuant to D.C. Code 1-621.09, 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. Information regarding OPEB is presented in Note 9 on pages 145 through 149.

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 total fund balances of governmental funds and net position of governmental activities as reported in the government-wide Statement of Net Position. This reconciliation is presented in Exhibit 2-a on page 54.

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 on page 56.

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	\$ 552,822	\$ (179,844)
Basis differences:		
Inventory is recorded using the purchase method for budgetary purposes and the consumption method on a GAAP basis	32,218	-
Transfers/Reclassifications	42,698	(8,934)
Fund balance released from restrictions - a funding source for budgetary purposes but not revenue on a GAAP basis	(621,220)	-
Excess (deficit) of revenues and other sources over (under) expenditures and other uses - GAAP basis	<u>\$ 6,518</u>	<u>\$ (188,778)</u>

Y. RESTATEMENT

Component Units

Prior Period Adjustment

Washington Convention and Sports Authority

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. However, the Washington Convention and Sports Authority (WCSA) applied GASB Statement No. 87 for two of its new leases while the older leases were still accounted for using the old lease standards. To address this inconsistency, WCSA reverted the accounting for the two leases to the old standard in fiscal year 2020, and the net position was restated. The effect of this correction was an increase in the net position on October 1, 2019, by \$540.

Change in Accounting Principle

Housing Finance Agency

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement requires a single method of reporting conduit debt obligations by issuers and eliminates diversity in reporting. It achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The effective date of the Statement is reporting periods beginning after December 15, 2021, as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Housing Finance Agency elected early application and adopted GASB Statement No. 91 retrospectively during the year ended September 30, 2020. Consequently, the amounts reported for the year ended September 30, 2019 have been revised to exclude the assets and liabilities of the conduit debt program as previously reported. The effect of this change in accounting principle was a decrease in the net position on October 1, 2019, by \$9,882.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Table N1-3 presents the prior period adjustment and the cumulative effect of the change in accounting principle.

Table N1-3
Restatement (\$000s)

	Washington Convention and Sports Authority	Housing Finance Agency	Total
Net position at October 1, 2019, as previously reported	\$ 453,424	\$ 141,232	\$ 594,656
Prior period adjustment	540	-	540
Cumulative effect of change in accounting principle	-	(9,882)	(9,882)
Net position at October 1, 2019, as restated	<u>\$ 453,964</u>	<u>\$ 131,350</u>	<u>\$ 585,314</u>

NOTE 2. CASH AND INVESTMENTS

A. CASH

The District 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. As of September 30, 2020, substantially all of the cash deposits in the custody of the District, were insured or collateralized with securities held by the District or by its agent in the name of the District, in accordance with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56). As of September 30, 2020, the carrying amount of cash and cash equivalents was \$4,993,552 for the primary government, \$200,508 for the fiduciary funds, and \$178,667 for the component units.

B. INVESTMENTS

The Treasurer is authorized by District laws to invest funds in a manner that will preserve principal and meet the anticipated daily cash requirements of the District, 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 Cash and Investment Management Policy of the District, adopted during November 2008. The investment policy of the District limits permitted investments to direct obligations of the United States and its agencies, money market funds, municipal obligations, federally insured or collateralized 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 2020, the investments of the District (other than those held by the District Retirement Funds, the OPEB Fund and the D.C. Library Trust Fund) consisted primarily of collateralized certificates of deposit, U.S. Treasury securities, and repurchase agreements.

Table N2-1 presents the cash, cash equivalents and investment balances of the District as of September 30, 2020.

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

	Exhibit 1-a			Exhibit 4-a				Total
	Primary Government	Component Units	Total Government Wide	Pension/OPEB Trust Funds	Private-Purpose Trust Fund	Agency Funds	Total Fiduciary Funds	
Cash and cash equivalents	\$ 2,265,681	\$ 105,703	\$ 2,371,384	\$ -	\$ -	\$ -	\$ -	\$ 2,371,384
Investments	-	215,243	215,243	-	-	-	-	215,243
Cash and cash equivalents (restricted)	2,727,871	72,964	2,800,835	122,535	7,434	70,539	200,508	3,001,343
Investments (restricted)	117,881	431,516	549,397	10,540,742	805,684	-	11,346,426	11,895,823
Total	\$ 5,111,433	\$ 825,426	\$ 5,936,859	\$ 10,663,277	\$ 813,118	\$ 70,539	\$ 11,546,934	\$ 17,483,793

NOTE 2. CASH AND INVESTMENTS

Table N2-2 presents the District's cash, cash equivalents and investment balances by category as of September 30, 2020.

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

	Primary Government	Fiduciary Funds	Component Units	Total
Cash and cash equivalents	<u>\$ 4,993,552</u>	<u>\$ 200,508</u>	<u>\$ 178,667</u>	<u>\$ 5,372,727</u>
Investments				
U.S. government securities	809	-	10,987	11,796
U.S. treasury securities	49,974	-	13,155	63,129
Certificates of deposit	50,000	-	25,434	75,434
Mortgage-backed securities	4,157	-	16,627	20,784
Guaranteed investment contracts	-	196,839	-	196,839
Repurchase agreements	11,155	-	32,821	43,976
Exchange traded funds	1,609	-	-	1,609
Alternative investments	-	-	3,993	3,993
Commodities	-	36,606	860	37,466
U.S. equity securities	177	6,192,087	46,089	6,238,353
Fixed income securities	-	3,628,039	15,948	3,643,987
Real estate	-	697,516	-	697,516
Private equity	-	595,339	-	595,339
Corporate securities	-	-	37,898	37,898
Investment contracts	-	-	123,246	123,246
Money market funds	-	-	317,999	317,999
Mutual funds	-	-	1,702	1,702
Total investments	<u>117,881</u>	<u>11,346,426</u>	<u>646,759</u>	<u>12,111,066</u>
Total cash, cash equivalents and investment	<u>\$ 5,111,433</u>	<u>\$ 11,546,934</u>	<u>\$ 825,426</u>	<u>\$ 17,483,793</u>

District Retirement Funds

The District Retirement Funds consist of the District Teachers Retirement Fund (TRF) and the District of Columbia Police Officers and Fire Fighters' Retirement Fund (POFRF). The District of Columbia Retirement Board (DCRB) is authorized to manage and control the investments of the District Retirement Funds. 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.).

Table N2-3 presents cash, cash equivalents and investment pools held in the control of DCRB as of September 30, 2020 and 2019.

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

	September 30, 2020	September 30, 2019
Cash and cash equivalents	<u>\$ 33,041</u>	<u>\$ 76,434</u>
Investments		
Domestic equity	2,359,926	2,284,339
International equity	2,422,003	2,328,879
Fixed income	2,912,034	2,690,008
Real assets	697,516	685,113
Private equity	595,339	465,263
Total investments	<u>8,986,818</u>	<u>8,453,602</u>
Total cash, cash equivalents and investments	<u>\$ 9,019,859</u>	<u>\$ 8,530,036</u>

NOTE 2. CASH AND INVESTMENTS

Other Postemployment Benefits Fund

During fiscal year 2020, the District Other Postemployment Benefits (OPEB) Fund maintained certain cash, cash equivalents and investment balances.

Table N2-4 presents the OPEB Fund cash, cash equivalents and investment balances as of September 30, 2020 and 2019.

Table N2-4
OPEB Fund: Cash, Cash Equivalents and Investment Balances (\$000s)

	September 30, 2020	September 30, 2019
Cash and cash equivalents	\$ 89,494	\$ 111,234
Investments		
Equities	1,011,455	891,542
Debt securities	505,863	472,439
Commodities	36,606	40,423
Total investments	1,553,924	1,404,404
Total cash, cash equivalents and investments	<u>\$ 1,643,418</u>	<u>\$ 1,515,638</u>

Deposit and Investment Risks

The District 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 investments are uninsured and unregistered and are held by the counterparty in the name of the Fund. 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 credit risk, District policy requires that certain conditions be met for the following investments:

- Commercial paper - The issuing corporation, or its guarantor has a short-term rating of no less than A-1 (or its equivalent) by at least two credit rating agencies.
- Bankers' acceptances - The short-term paper of the issuer is rated not lower than A-1 or the equivalent by a credit rating agency.

- Municipal obligations - They are rated in either of the two highest rating categories by a credit rating agency without regard to gradation.
- Money market mutual funds - The fund is rated AAAm or the equivalent by a credit rating agency.
- 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 in writing by DCRB, fixed income managers invest retirement funds in investment grade instruments rated in the top four rating categories by a recognized statistical rating service.

OPEB Fund

The OPEB Fund investment policy requires that the fixed income portion of the Fund assets be 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 portfolio should be maintained at A or higher. For portfolios that were not individually managed as of September 30, 2020, the credit quality was on par with the index value of "BBB-" or higher.

NOTE 2. CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a financial institution, 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 deposits in fiscal year 2020 were collateralized or insured. Collateral for deposits is held in the name of the District by the Federal Reserve and the Bank of New York in a custodial account.

District Retirement Funds

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 instruments in the name of DCRB.

OPEB Fund

The OPEB Fund, through its investment firms, maintains cash and cash equivalent balances which are not required to be collateralized by statute or policy. The OPEB Fund cash, cash equivalents and investments are generally uninsured, unregistered, and are held by the custodian in the name of the Fund. As of September 30, 2020, the OPEB Fund had custodial credit risk exposure totaling \$89,494.

Concentration of Credit Risk

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

District of Columbia (Excluding Fiduciary Funds)

The investment policy of the District does not allow for an investment in any single issuer that is in excess of five percent of the District 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, 2020, the District was in compliance with this policy.

District Retirement Funds

DCRB investment guidelines generally 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, 2020, DCRB was in compliance with this policy.

OPEB Fund

The OPEB Fund has no significant concentrations of exposure to credit risk that has not been reduced by collateral and other offsets. 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)

The District investment policy limits the District portfolio to specific maturities as a means of limiting its exposure to fair value losses resulting from rising interest rates.

Table N2-5 presents the authorized investments and maturity limits as detailed in the investment policy of the District.

Table N2-5
District Investments and Maturity 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

NOTE 2. CASH AND INVESTMENTS**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 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 full price. Generally, the risk and return of DCRB 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 through a process that focuses on the review of investment managers and fund returns. Those managers are tasked with managing risks within the scope of their mandate. The Fund also uses an independent consultant to: 1) examine how sensitive the fixed income portfolios underlying assets are to movement

in interest rates; and 2) recommend any appropriate investment manager changes.

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, 2020, 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 foreign currency risk by systematically hedging foreign currency positions back to U.S. dollars through the forward currency markets. Since the forward exchange rate is seldom equal to the spot exchange rate, forward hedging gains and losses may arise.

Table N2-6 presents the District Retirement Funds investments that were denominated in a currency other than the United States dollar as of September 30, 2020.

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

Foreign currency	Private Equity	Real Estate Equity	Short-Term and Other	Total
Euro	\$ 54,245	\$ 38,885	\$ 711	\$ 93,841
Canadian dollar	28,216	-	-	28,216
British pound sterling	14,620	-	-	14,620
Swiss franc	-	-	116	116
Japanese yen	-	-	2	2
Total foreign currency	\$ 97,081	\$ 38,885	\$ 829	\$ 136,795

NOTE 2. CASH AND INVESTMENTS

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 investments that were denominated in a currency other than the United States dollar as of September 30, 2020.

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

International securities	Short-Term and Cash	Convertible and Fixed Income	Total
Australian dollar	\$ (77)	\$ 5,827	\$ 5,750
Brazilian real	20	(17)	3
British pound sterling	13	14,159	14,172
Canadian dollar	(49)	11,408	11,359
Colombian peso	(1)	230	229
Chinese yuan renminbi	(1)	(165)	(166)
Euro	(911)	59,962	59,051
Indian rupee	(4)	-	(4)
Indonesian rupiah	(16)	-	(16)
Japanese yen	95	28,643	28,738
Malaysian ringgit	23	1,551	1,574
Mexican peso	36	309	345
New Taiwan dollar	(30)	-	(30)
New Zealand dollar	(16)	-	(16)
Norwegian krone	38	-	38
Peruvian nuevo sol	2	395	397
South African rand	18	5,563	5,581
South Korean won	(6)	4,426	4,420
Swedish krona	40	1,160	1,200
Total international securities	\$ (826)	\$ 133,451	\$ 132,625

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 GAAP in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 established a three-level valuation hierarchy for disclosure of fair value measurements, 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 assumptions by the District 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.

NOTE 2. CASH AND INVESTMENTS

District of Columbia Investments (Excluding Fiduciary Funds)

Table N2-8 presents District investments measured at fair value as of September 30, 2020.

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

	September 30, 2020	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				
U.S. equity securities	\$ 177	\$ 177	\$ -	\$ -
U.S. treasury securities	49,974	49,974	-	-
Exchange-traded funds				
U.S. government bond funds	314	314	-	-
International equity funds	222	222	-	-
U.S. equity funds	255	255	-	-
Corporate bond funds	689	689	-	-
High yield bond funds	79	79	-	-
Commodity funds	50	50	-	-
Total exchange-traded funds	<u>1,609</u>	<u>1,609</u>	<u>-</u>	<u>-</u>
Non exchange-traded funds				
Mortgage-backed securities	4,157	-	4,157	-
Repurchase agreements	11,155	-	11,155	-
Total non exchange-traded funds	<u>15,312</u>	<u>-</u>	<u>15,312</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 67,072</u>	<u>\$ 51,760</u>	<u>\$ 15,312</u>	<u>\$ -</u>

U.S. Equity Securities

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

U.S. Treasury Securities

U.S. treasury securities typically have quoted market prices in active markets and are classified in Level 1 of the fair value hierarchy.

Exchange-Traded Funds

An exchange-traded fund (ETF) 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 both at the end of trading day NAV per share or Intraday Value (market price), that fluctuates throughout the trading day. An ETF market price is generally maintained close to the ETF end-of-day NAV because of the arbitrage function inherent

to the structure of the ETF. A basket of assets that is traded like an index fund is classified in Level 1 of the fair value hierarchy.

Non Exchange-Traded Funds

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.

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 are 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 inputs in Table N2-8.

NOTE 2. CASH AND INVESTMENTS

District Retirement Funds Investments

Table N2-9 presents District Retirement Funds investments measured at fair value as of September 30, 2020.

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

	September 30, 2020	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	\$ 336,694	\$ 328,224	\$ 1,128	\$ 7,342
International equity	202,171	14,391	-	187,780
Fixed income	664,833	-	322,853	341,980
Real assets	393,376	-	-	393,376
Private equity	595,339	-	-	595,339
Total investments by fair value level	2,192,413	\$ 342,615	\$ 323,981	\$ 1,525,817
Investments measured at the net asset value (NAV)				
Domestic equity	2,023,232			
International equity	2,219,832			
Fixed income	2,247,201			
Real assets	304,140			
Total investments measured at the net asset value (NAV)	6,794,405			
Total investments measured at fair value	\$ 8,986,818			

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 domestic equity securities that are valued at prices provided by independent pricing vendors are classified in Level 2 of the fair value hierarchy. Equity securities classified in Level 3 of the fair value hierarchy are valued with last trade data having limited trading volume.

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.

Real Assets

Real assets classified in Level 3 of the fair value hierarchy are real estate investments generally valued using the income approach by internal manager reviews or independent external appraisers.

NOTE 2. CASH AND INVESTMENTS

Table N2-10 presents additional information about the nature of investments measured at the net asset value per share for the District Retirement Funds.

Table N2-10
District Retirement Funds Investments Measured at the Net Asset Value (NAV) (\$000s)

	September 30, 2020	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at the NAV				
Domestic equity	\$ 2,023,232	\$ -	Daily	None
International equity	2,219,832	-	Monthly	2-5 days
Fixed income	2,247,201	-	Daily, monthly	3-30 days
Real assets	304,140	-	None	N/A
Total investments measured at the NAV	\$ 6,794,405	\$ -		

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 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

DCRB has made commitments to purchase partnership interests in real estate funds as part of its long-term asset allocation plan for private markets. It is fully funded as of September 30, 2020, as presented in **Table N2-10**. This represents global investments in 37 real estate 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.

NOTE 2. CASH AND INVESTMENTS

OPEB Fund Investments

Table N2-11 presents OPEB Fund investments measured at fair value as of September 30, 2020, in accordance with the GASB Statement No. 72 valuation hierarchy.

Table N2-11
OPEB Fund Investments and Derivative Instruments Measured at Fair Value (\$000s)

	September 30, 2020	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	\$ 104,803	\$ 104,803	\$ -	\$ -
Consumer retail	58,704	58,704	-	-
Information technology	69,809	69,809	-	-
Financial institutions	59,071	59,071	-	-
Healthcare	47,739	47,739	-	-
International equities (by Industry)				
Industrials	1,751	1,751	-	-
Consumer retail	6,665	6,665	-	-
Financial institutions	1,771	1,771	-	-
Healthcare	4,921	4,921	-	-
Real estate investment trust securities	17,744	17,744	-	-
Total equity securities	<u>372,978</u>	<u>372,978</u>	<u>-</u>	<u>-</u>
Debt securities				
U.S. government issues	88,743	-	88,743	-
Corporate bonds	75,720	-	75,720	-
Credit card/automotive receivables	7,747	-	7,747	-
U.S. state and local government bonds	1,801	-	1,801	-
Mutual funds	34,375	34,375	-	-
International debt securities				
Government issues	100,365	-	98,913	1,452
Corporate bonds	60,423	-	60,423	-
Credit card/automotive receivables	1,227	-	1,227	-
Other government bonds	6,336	-	6,336	-
Total debt securities	<u>376,737</u>	<u>34,375</u>	<u>340,910</u>	<u>1,452</u>
Commodity investments				
Gresham commodities fund	36,606	-	-	36,606
Total commodity investments	<u>36,606</u>	<u>-</u>	<u>-</u>	<u>36,606</u>
Total investments by fair value level	<u>786,321</u>	<u>\$ 407,353</u>	<u>\$ 340,910</u>	<u>\$ 38,058</u>
Investments measured at the Net Asset Value (NAV)				
SSgA emerging market index fund	103,812			
SSgA Russell 1000 growth fund	248,701			
SSgA Russell 2000 index fund	85,347			
SSgA U.S. aggregate bond index fund	94,703			
Baillie Gifford international growth equity	133,080			
Artisan international value equity	67,537			
BlueBay emerging market bond	34,423			
Total investments measured at the NAV	<u>767,603</u>			
Total investments measured at fair value	<u>\$ 1,553,924</u>			
Investment derivative instruments				
Interest rate swaps	\$ (303)	\$ -	\$ (303)	\$ -
Credit defaults swaps	324	-	324	-
Foreign exchange forwards	425	-	425	-
Total investment derivative instruments	<u>\$ 446</u>	<u>\$ -</u>	<u>\$ 446</u>	<u>\$ -</u>

NOTE 2. CASH AND INVESTMENTS

Investments Measured at Fair Value

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

Equity Securities and Mutual Funds

These investments are classified in 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 are classified in Level 1 of the fair value hierarchy.

Real Estate Investment Trust Securities

These investments are classified in Level 1 of the fair value hierarchy because they are actively traded securities.

Debt Securities

These investments are classified in Level 2 of the fair value hierarchy. Investments are valued using market pricing and other observable market inputs for similar securities from several data providers, standard in the industry, or a broker quote in a non-active market. International government issues include structured debt which are valued using inflation adjusted mid evaluation and are classified in Level 3 of the fair value hierarchy. Collateralized auto loan securities, which are included in collateralized debt obligations, are classified as Level 2 inputs; and are valued using consensus pricing. The mutual funds held in bonds are classified in Level 1 of the fair value hierarchy.

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 allow, at their sole discretion. 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 Fund 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 two types of off-balance sheet derivative financial instruments outstanding: swaps and currency forwards. 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 categorization of the financial instruments within the valuation hierarchy is based upon Level 2 inputs.

Investments Measured at the NAV

This investment category consists of seven funds that include relative return and absolute return type funds. The absolute return type funds employ dynamic trading strategies aimed at achieving absolute returns. Certain investment funds do not redeem shares daily. 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.

NOTE 2. CASH AND INVESTMENTS

Table N2-12 presents additional information about the nature of investments measured at the net asset value per share for the OPEB Fund.

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

	September 30, 2020	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at the NAV				
SSgA emerging market index fund	\$ 103,812	\$ -	Monthly	5 days
SSgA Russell 1000 growth fund	248,701	-	Daily	N/A
SSgA Russell 2000 index fund	85,347	-	Daily	N/A
SSgA U.S. aggregate bond index fund	94,703	-	Daily	N/A
Baillie Gifford international growth equity	133,080	-	Monthly	5 days
Artisan international value equity	67,537	-	Monthly	5 days
BlueBay emerging market bond	34,423	-	Monthly	30 days
Total investments measured at the NAV	\$ 767,603	\$ -		

SSgA Emerging Market Index Fund

This fund is managed using a “passive” or “indexing” investment approach, by which SSgA attempts to match, before expenses, the performance of the Morgan Stanley Capital International (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 1000 Growth Fund

This fund is managed using an “indexing” investment approach, by which SSgA attempts to match, before expenses, the performance of the Russell 1000 Growth Index over the long term. 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. The strategy may be to at times purchase or sell index futures contracts, options on those futures, or engage in other transactions involving the use of derivatives, in lieu of investing directly in the securities making up the Index.

SSgA Russell 2000 Index Fund

This 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 include purchasing 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.

NOTE 2. CASH AND INVESTMENTS

SSgA U.S. Aggregate Bond Index Fund

This 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

This 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 net assets at market value, at the time of purchase, in emerging markets. Currency hedging is used for defensive purposes and is 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 investment team seeks to invest in companies with histories of generating strong, free cash flow, and 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 selection process focusing on value in external credit spreads, local currencies, and local interest rates. 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 several techniques designed to deliver absolute-style returns. There is a strong emphasis on capital preservation and the use of credit derivatives helps 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 derivative instruments outstanding for the District as of September 30, 2020, classified by type, and the changes in fair value of such derivative instruments for the year then ended.

Table N2-13
District Derivative Instruments Outstanding as of September 30, 2020 (\$000s)

	Changes in Fair Value		Fair Value at September 30, 2020		Notional
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash flow hedges:					
Floating to fixed interest rate swaps:					
2007 AWC Swap	Deferred outflows	\$ 438	Swap	\$ (802)	\$ 19,585
2016C Swap (formerly Series 2002-2008C, then 2014B)	Deferred outflows	(197)	Swap	(2,823)	19,985
2016C Swap (formerly Series 2002-2008C, then 2014B)	Deferred outflows	(1,773)	Swap	(25,405)	179,865
Derivative instrument liabilities at end of year				<u>\$ (29,030)</u>	
Floating to floating interest rate swaps:					
2001C/D Basis Swap	Investment revenue	\$ (133)	Swap	\$ 246	\$ 104,605
Derivative instrument assets at end of year				<u>\$ 246</u>	

District of Columbia Investments (Excluding Fiduciary Funds)

The District is a party to four interest rate swap agreements which are recorded in the financial statements in accordance with GAAP. Consistent with applicable GAAP, all derivative instruments are to be reported in the Statement of Net Position at fair value, and all hedges are to 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 of these four swaps using guidance contained in GASB Statements No. 53 and 72.

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 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 non-performance 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 were categorized as Level 2.

NOTE 2. CASH AND INVESTMENTS

Objectives and Terms of Hedging Derivative Instruments

Table N2-14 presents the objectives and terms of the hedging derivative instruments outstanding for the District as of September 30, 2020, along with the credit rating of the associated counterparty.

Table N2-14
Objectives and Terms: District Hedging Derivative Instruments Outstanding
as of September 30, 2020 (\$000s)

Type	Objectives	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swaps						
2007 AWC Swap	Hedge of changes in cash flows on the Series 2007 AWC PILOT Revenue Bonds	\$ 19,585	09/20/2007	12/01/2021	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-
2016C Swap (formerly Series 2002-2008C, then 2014B)	Hedge of changes in cash flows on the Series 2016C Bonds (formerly 2014B Bonds)	19,985	10/15/2002	06/01/2027	Pay fixed rate of 3.62%; receive 67% of 1-month LIBOR	A2/BBB+/A
2016C Swap (formerly Series 2002-2008C, then 2014B)	Hedge of changes in cash flows on the Series 2016C Bonds (formerly 2014B Bonds)	179,865	10/15/2002	06/01/2027	Pay fixed rate of 3.62%; receive 67% of 1-month LIBOR	A2/BBB+/A
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	104,605	06/02/2003	06/01/2029	Pay 67% of LIBOR; receive variable rate as a percentage of the actual LIBOR reset each month ranging from 60% to 90% of LIBOR	Aa2/A+/AA

NOTE 2. CASH AND INVESTMENTS

Risks

Credit Risk

The interest rate swaps mark-to-market values represent the obligation of the District to the respective counterparties at termination of the swap agreements. 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, 2020, were as presented in **Table N2-14**.

As of September 30, 2020, the District was not exposed to credit risk on the three floating to fixed swaps with an aggregate negative mark-to-market of \$29,030 because each of these swaps had a negative mark-to-market value. However, should interest rates change and the mark-to-market value of any of these swaps become positive, the District would be exposed to credit risk in the amount of the positive mark-to-market value. The District was exposed to credit risk on the floating-to-floating interest rate swap with a positive mark-to-market value of \$246. Any positive mark-to-market value represents the approximate loss that would be recognized if the counterparty to the District failed to perform as contracted. In each of the District 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 the LIBOR or the SIFMA swap index decreases, the District net payment on its pay-fixed receive variable interest rate swaps increases.

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, 2020, the notional amount of the 2001C/D Swap was \$104,605. 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 entered into an enhanced swap agreement on June 2, 2003. The 2001C/D swap matures in June 2029. As of September 30, 2020, this interest rate swap had a fair value of \$246.

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. Consequently, as of September 30, 2020, 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 Global Ratings; 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 hedging derivative instruments associated with 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. 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 2020.

NOTE 2. CASH AND INVESTMENTS

District of Columbia Fiduciary Funds

District Retirement Funds Derivatives

During fiscal year 2020, the investment managers of the District Retirement Funds used various derivative instruments, in accordance with the investment policies of DCRB, to increase potential earnings and/or to hedge against potential losses.

The District Retirement Funds may hold derivative instruments directly via separately managed accounts or indirectly via pooled, commingled, or short-term funds. Information regarding risks associated with indirect holdings may not be disclosed.

Table N2-15 presents a list of the District Retirement Funds derivatives as of September 30, 2020.

Table N2-15
District Retirement Funds Derivatives (\$000s)

Type of Derivative	Market Value at September 30, 2020
Forwards	\$ 92,236
Liabilities - forwards	(90,897)
Liabilities - swaps	(32,966)
Rights/warrants	9,417
Swaps	19,215
Total	\$ (2,995)

Additional information regarding the District Retirement Funds derivative holdings is presented in the separately issued audited financial statements of DCRB, which may be obtained from:

District of Columbia Retirement Board
900 7th Street, NW
Washington, DC 20001
Website: <https://dcrb.dc.gov>

Other Postemployment Benefits Fund
Derivatives

In accordance with the OPEB Fund 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 fund. 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 2020, the OPEB Fund invested directly in forward currency contracts.

As of September 30, 2020, OPEB had two types of off-balance sheet derivative financial instruments outstanding: swaps and currency 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 that are used to affect 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 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 OPEB derivative instruments include provisions that require OPEB to post collateral in the event that 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 of hedging derivative instruments in liability positions, net of the effect of applicable netting arrangements. If OPEB does not post collateral, the counterparty may terminate the hedging derivative instrument. If the collateral posting requirements were triggered, OPEB would be required to post the aggregate fair value in collateral to its counterparties. The District had "AA+" and "Aaa" credit ratings issued by Standard & Poor's and Moody's Investors Services, respectively; therefore, no collateral had been required to be posted as of September 30, 2020. The net unrealized gain on foreign currency spot and forward contracts for the year ended September 30, 2020 was \$424.

NOTE 2. CASH AND INVESTMENTS

Table N2-16 presents a list of the OPEB Fund derivatives aggregated by type as of September 30, 2020.

Table N2-16
OPEB Fund Derivative Investments Aggregated by Type (\$000s)

Type of Derivative	Changes in Fair Value		Fair Value at September 30, 2020		Notional
	Classification	Amount	Classification	Amount	
Credit default swaps bought	Investment revenue	\$ 435	Swaps	\$ 506	\$ 2,465
Credit default swaps written	Investment revenue	(1,653)	Swaps	(182)	2,853
Fixed income futures long	Investment revenue	405	Futures	-	99,916
Fixed income futures short	Investment revenue	(95)	Futures	-	(43,131)
Fixed income options bought	Investment revenue	87	Options	-	-
Foreign exchange forwards	Investment revenue	(1,713)	Forwards	425	142,110
Pay fixed interest rate swaps	Investment revenue	434	Swaps	123	25,731
Receive fixed interest rate swaps	Investment revenue	(387)	Swaps	(426)	294,623
Total		\$ (2,487)		\$ 446	

Additional information regarding OPEB Fund derivative investments is presented in separately issued audited financial statements obtainable from:

Office of Finance and Treasury
1101 4th Street, SW, Suite 850W
Washington, DC 20024

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 2020, the District Retirement Funds did not participate in any security lending transactions.

NOTE 3. RESTRICTED ASSETS

As of September 30, 2020, restricted assets of the primary government, component units, and fiduciary funds totaled \$14,897,166. **Table N3-1** presents a summary of the District restricted assets as of September 30, 2020.

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

	Governmental Activities Governmental Funds					Total
	General	Federal and Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Funds	
Bond escrow accounts	\$ 391,025	\$ -	\$ -	\$ -	\$ -	\$ 391,025
Capital projects	-	-	-	639,203	36,878	676,081
Emergency cash reserves	155,645	-	-	-	-	155,645
Contingency cash reserves	311,290	-	-	-	-	311,290
Other	117,695	329,225	143,698	-	577,393	1,168,011
Total	\$ 975,655	\$ 329,225	\$ 143,698	\$ 639,203	\$ 614,271	\$ 2,702,052

	Business-Type Activities Proprietary Funds				Component Units
	Office of Lottery and Gaming	Unemployment Compensation	Total	Fiduciary Funds	
Bond escrow accounts	\$ -	\$ -	\$ -	\$ -	\$ 289,323
Unpaid prizes	809	-	809	-	-
University endowment	-	-	-	-	31,386
Benefits	-	142,891	142,891	11,546,934	-
Purpose restrictions	-	-	-	-	183,771
Total	\$ 809	\$ 142,891	\$ 143,700	\$ 11,546,934	\$ 504,480

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

A. RECEIVABLES

The receivables are valued at their estimated collectible amounts. **Table N4-1** presents the District receivables categorized in various funds as of September 30, 2020.

Table N4-1
Summary of Receivables (\$000s)

	General	Federal and Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Fiduciary Funds
Gross Receivables									
Taxes	\$ 503,804	\$ -	\$ -	\$ -	\$ 4,590	\$ -	\$ -	\$ -	\$ -
Accounts and other	1,230,415	17,360	-	8,931	32,396	5,078	45,465	25,329	30,994
Federal	58	752,082	-	81,078	-	-	84,502	-	2,957
Total gross receivables	1,734,277	769,442	-	90,009	36,986	5,078	129,967	25,329	33,951
Less: allowance for doubtful accounts	850,306	-	-	6,870	-	1	25,784	10,678	-
Total net receivables	\$ 883,971	\$ 769,442	\$ -	\$ 83,139	\$ 36,986	\$ 5,077	\$ 104,183	\$ 14,651	\$ 33,951

B. INTERFUND TRANSFERS

All interfund transfers are eliminated in the government-wide financial statements except transfers between the proprietary funds (Office of Lottery and Gaming and the Not-for-Profit Hospital Corporation) and the General Fund, which are reported on the Statement of Activities.

Table N4-2 presents a summary of interfund transfers for the fiscal year ended September 30, 2020.

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

Transfer From (Out)	Transfer To (In)						Total
	General	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds	Not-for-Profit Hospital Corporation	
General Fund							
Motor fuel taxes dedicated to the Highway Trust Fund	\$ -	\$ -	\$ -	\$ 22,472	\$ 22,472	\$ -	\$ 22,472
Paygo - Projects financed by the General Fund	-	-	25,945	-	25,945	-	25,945
Capital Improvements Fund	-	-	254,995	-	254,995	-	254,995
Funds for housing projects and services	-	38,645	-	-	38,645	-	38,645
Operating subsidies	-	-	-	-	-	22,137	22,137
Total General Fund	-	38,645	280,940	22,472	342,057	22,137	364,194
Federal and Private Resources							
Revenues generated from indirect cost recovery	500	-	-	-	500	-	500
Not-for-Profit Hospital emergency funding	-	-	-	-	-	3,685	3,685
Total Federal and Private Resources	500	-	-	-	500	3,685	4,185
General Capital Improvements							
Unspent Capital Paygo transferred back to the General Fund	19,742	-	-	-	19,742	-	19,742
Capital subsidies	-	-	-	-	-	8,857	8,857
Capital transfer-new community initiative	-	-	-	-	-	-	-
Total General Capital Improvements	19,742	-	-	-	19,742	8,857	28,599
Nonmajor Governmental Funds							
Excess collections above TIF debt service requirements	6,894	-	-	-	6,894	-	6,894
Funds for baseball debt service payments	35,532	-	-	55,120	90,652	-	90,652
Total Nonmajor Governmental Funds	42,426	-	-	55,120	97,546	-	97,546
Total Governmental Funds	62,668	38,645	280,940	77,592	459,845	34,679	494,524
Office of Lottery and Gaming	38,060	-	-	-	38,060	-	38,060
Total Interfund Transfers	\$ 100,728	\$ 38,645	\$ 280,940	\$ 77,592	\$ 497,905	\$ 34,679	\$ 532,584

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

Table N4-3 presents due to/due from and interfund receivable and payable balances for each fund and individual component unit as of September 30, 2020. 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)

	Primary Government / Component Units		Interfund	
	Receivables	Payables	Receivables	Payables
Major funds				
General	\$ 2,300	\$ 13,680	\$ 569,822	\$ 17,196
Federal and private resources	-	2,246	15,038	464,254
Housing production trust	-	-	3,881	-
General capital improvements	-	6,043	-	83,046
Nonmajor funds				
Tax increment financing	1,000	-	1,395	1,000
PILOT special revenue	-	-	3,467	-
Baseball special revenue	665	-	874	-
Universal paid leave fund	-	-	-	2,618
Proprietary funds				
Unemployment compensation	-	-	929	17,499
Not-for-Profit Hospital Corporation	-	-	-	9,790
Office of lottery and gaming	-	-	-	3
Component unit				
Health Benefit Exchange Authority	-	616	-	-
Washington Convention and Sports Authority	5,277	3,323	-	-
District of Columbia Green Finance Authority	7,000	-	-	-
Housing Finance Agency	1,644	-	-	-
University of the District of Columbia	8,048	26	-	-
Total	\$ 25,934	\$ 25,934	\$ 595,406	\$ 595,406

Note:

The above balances represent the impact of transactions among the funds and component units, which will be settled during fiscal year 2021.

NOTE 5. CAPITAL ASSETS

A. CAPITAL OUTLAYS

Capital outlays reported in the General Capital Improvements and Highway Trust Funds totaled \$1,808,426 during the fiscal year ended September 30, 2020. 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.

B. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS BY CLASS

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

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

Asset class	Balance October 1, 2019	Additions	Transfers	Dispositions	CIP Transfers In (Out)	Balance September 30, 2020
Non-depreciable						
Land	\$ 964,409	\$ -	\$ -	\$ (2,116)	\$ 16,494	\$ 978,787
Construction in progress	1,676,343	1,205,425	-	-	(1,176,214)	1,705,554
Total non-depreciable	2,640,752	1,205,425	-	(2,116)	(1,159,720)	2,684,341
Depreciable						
Infrastructure	7,035,633	-	-	-	456,363	7,491,996
Buildings	10,061,187	34,920	-	-	645,772	10,741,879
Equipment	1,929,056	57,385	-	(22,718)	57,585	2,021,308
Total depreciable	19,025,876	92,305	-	(22,718)	1,159,720	20,255,183
Less accumulated depreciation						
Infrastructure	(3,171,162)	(187,618)	-	-	-	(3,358,780)
Buildings	(2,493,620)	(206,356)	-	-	-	(2,699,976)
Equipment	(1,467,407)	(118,990)	-	21,335	-	(1,565,062)
Total accumulated depreciation	(7,132,189)	(512,964)	-	21,335	-	(7,623,818)
Total depreciable, net	11,893,687	(420,659)	-	(1,383)	1,159,720	12,631,365
Net governmental activities capital assets	\$ 14,534,439	\$ 784,766	\$ -	\$ (3,499)	\$ -	\$ 15,315,706

C. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS BY FUNCTION

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

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

Function	Balance October 1, 2019	Additions	Transfers	Dispositions	CIP Transfers In (Out)	Balance September 30, 2020
Governmental direction and support	\$ 2,965,068	\$ 914	\$ -	\$ (672)	\$ 28,281	\$ 2,993,591
Economic development and regulation	640,422	447	-	(2,207)	13,520	652,182
Public safety and justice	1,246,072	29,109	-	(13,933)	13,005	1,274,253
Public education system	5,581,071	15,655	-	(1,942)	502,340	6,097,124
Human support services	1,671,835	384	330	(374)	139,897	1,812,072
Public works	7,885,817	45,796	(330)	(5,706)	479,171	8,404,748
Construction in progress	1,676,343	1,205,425	-	-	(1,176,214)	1,705,554
Total	\$ 21,666,628	\$ 1,297,730	\$ -	\$ (24,834)	\$ -	\$ 22,939,524

Note:

Balance October 1, 2019: Due to reclassifications between functions, amounts may not match the amounts indicated in the CAFR table from FY 2019.

NOTE 5. CAPITAL ASSETS

D. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS ACCUMULATED DEPRECIATION BY FUNCTION

Table N5-3 presents the changes in accumulated depreciation by function for governmental activities of the primary government.

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

Function	Balance October 1, 2019	Additions	Transfers	Dispositions	Balance September 30, 2020
Governmental direction and support	\$ 1,280,887	\$ 61,508	\$ -	\$ (191)	\$ 1,342,204
Economic development and regulation	69,690	9,239	-	(89)	78,840
Public safety and justice	563,220	42,982	-	(13,272)	592,930
Public education system	1,182,286	121,340	-	(1,942)	1,301,684
Human support services	479,107	42,838	-	(259)	521,686
Public works	3,556,999	235,057	-	(5,582)	3,786,474
Total	\$ 7,132,189	\$ 512,964	\$ -	\$ (21,335)	\$ 7,623,818

Note:

Balance October 1, 2019: Due to reclassifications between functions, amounts may not match the amounts indicated in the CAFR table from FY 2019.

E. BUSINESS-TYPE ACTIVITIES: CAPITAL ASSETS

Table N5-4 presents the changes in capital assets by class for business-type activities of the primary government.

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

Asset class	Balance October 1, 2019	Additions	Transfers/ Dispositions	Balance September 30, 2020
Non-depreciable				
Land	\$ 8,100	\$ -	\$ -	\$ 8,100
Construction in progress	840	737	-	1,577
Total non-depreciable	8,940	737	-	9,677
Depreciable				
Buildings and improvements	77,601	5,906	-	83,507
Equipment	58,191	8,096	(99)	66,188
Total depreciable	135,792	14,002	(99)	149,695
Less accumulated depreciation				
Buildings and improvements	(31,558)	(6,590)	-	(38,148)
Equipment	(44,325)	(6,763)	-	(51,088)
Total accumulated depreciation	(75,883)	(13,353)	-	(89,236)
Total depreciable, net	59,909	649	(99)	60,459
Net capital assets	\$ 68,849	\$ 1,386	\$ (99)	\$ 70,136

NOTE 5. CAPITAL ASSETS

F. CONSTRUCTION IN PROGRESS

Table N5-5 presents the changes in construction in progress by function for governmental activities of the primary government.

Table N5-5
Changes in Construction in Progress by Function (\$000s)

Function and sub-function	Balance October 1, 2019	Additions/ Adjustments	CIP Transfers/ Dispositions	Balance September 30, 2020
Primary government				
Governmental direction and support				
Finance	\$ 3,443	\$ 13,756	\$ -	\$ 17,199
Legislative	5,168	180	-	5,348
Administrative	63,549	60,285	(28,281)	95,553
Executive	485	-	-	485
Elections	-	227	-	227
Total	72,645	74,448	(28,281)	118,812
Economic development and regulation				
Community development	140,616	18,831	(8,714)	150,733
Economic regulation	2,025	(33)	-	1,992
Employment services	-	11,875	(4,806)	7,069
Total	142,641	30,673	(13,520)	159,794
Public safety and justice				
Police	8,451	14,629	(9,695)	13,385
Fire	3,690	13,540	(3,074)	14,156
Corrections	2,719	2,244	(235)	4,728
Protection	-	105	-	105
Total	14,860	30,518	(13,004)	32,374
Public education system				
Schools	169,045	383,067	(310,953)	241,159
Culture	157,007	61,491	(191,387)	27,111
Total	326,052	444,558	(502,340)	268,270
Human support services				
Health and welfare	147,844	95,753	(61,273)	182,324
Recreation	67,806	63,865	(76,602)	55,069
Human relations	350	2,623	(2,022)	951
Total	216,000	162,241	(139,897)	238,344
Public works				
Environmental	904,145	462,987	(479,172)	887,960
Total	904,145	462,987	(479,172)	887,960
Total construction in progress	\$ 1,676,343	\$ 1,205,425	\$ (1,176,214)	\$ 1,705,554

Note:

Balance October 1, 2019: Due to reclassifications between functions and subfunctions, amounts may not match the amounts indicated in the CAFR table from FY 2019.

NOTE 5. CAPITAL ASSETS

G. DISCRETELY PRESENTED COMPONENT UNITS: CAPITAL ASSETS

Table N5-6 presents the changes in discretely presented component units' capital assets by class and Table N5-7 presents the changes in those assets and the related accumulated depreciation by entity.

Table N5-6
Changes in Capital Assets by Asset Class: Discretely Presented Component Units (\$000s)

Asset class	Balance October 1, 2019	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2020
Non-depreciable					
Land	\$ 12,814	\$ -	\$ -	\$ -	\$ 12,814
Artwork	3,222	-	-	-	3,222
Construction in progress	15,618	25,060	(196)	(21,042)	19,440
Total non-depreciable	<u>31,654</u>	<u>25,060</u>	<u>(196)</u>	<u>(21,042)</u>	<u>35,476</u>
Depreciable					
Buildings and improvements	1,400,207	36,920	(3)	21,042	1,458,166
Equipment	206,249	9,730	-	-	215,979
Total depreciable	<u>1,606,456</u>	<u>46,650</u>	<u>(3)</u>	<u>21,042</u>	<u>1,674,145</u>
Less accumulated depreciation					
Buildings and improvements	(674,456)	(48,864)	3	-	(723,317)
Equipment	(102,277)	(19,340)	-	-	(121,617)
Total accumulated depreciation	<u>(776,733)</u>	<u>(68,204)</u>	<u>3</u>	<u>-</u>	<u>(844,934)</u>
Total depreciable, net	<u>829,723</u>	<u>(21,554)</u>	<u>-</u>	<u>21,042</u>	<u>829,211</u>
Net capital assets	<u>\$ 861,377</u>	<u>\$ 3,506</u>	<u>\$ (196)</u>	<u>\$ -</u>	<u>\$ 864,687</u>

NOTE 5. CAPITAL ASSETS

Table N5-7

Changes in Capital Assets and Accumulated Depreciation: Discretely Presented Component Units (\$000s)

Component Units	Capital Assets				Accumulated Depreciation				Net Capital Assets			
	Balance October 1, 2019	Additions	Transfers/ Dispositions	Balance September 30, 2020	Balance October 1, 2019	Additions	Transfers/ Dispositions	Balance September 30, 2020	Balance October 1, 2019	Additions	Transfers/ Dispositions	Balance September 30, 2020
Health Benefit Exchange Authority	\$ 122,899	\$ -	\$ -	\$ 122,899	\$ (50,629)	\$ (12,281)	\$ -	\$ (62,910)	\$ 72,270	\$ (12,281)	\$ -	\$ 59,989
Washington Convention and Sports Authority	1,133,810	17,286	(3)	1,151,093	(559,941)	(39,601)	3	(599,539)	573,869	(22,315)	-	551,554
Housing Finance Agency	7,090	368	-	7,458	(4,515)	(386)	-	(4,901)	2,575	(18)	-	2,557
University of the District of Columbia	374,311	54,056	(196)	428,171	(161,648)	(15,936)	-	(177,584)	212,663	38,120	(196)	250,587
Total	\$ 1,638,110	\$ 71,710	\$ (199)	\$ 1,709,621	\$ (776,733)	\$ (68,204)	\$ 3	\$ (844,934)	\$ 861,377	\$ 3,506	\$ (196)	\$ 864,687

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

The District participates in financing programs where 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 where 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 supporting the District economic base. As of September 30, 2020, the aggregate outstanding principal amount associated with the Industrial Revenue Bond Program was approximately \$5,470,425. Such amounts are not reflected as liabilities of the District in the accompanying government-wide Statement of Net Position as of September 30, 2020.

B. ENTERPRISE ZONE FACILITY BONDS

From January 1, 1998 to December 31, 2011, businesses located in the District of Columbia Enterprise Zone were eligible to obtain up to \$15 million of tax-exempt financing (except for eligible 501(c)(3) organizations which were allowed to borrow unlimited amounts) for projects that will contribute to the health, education, safety, welfare, or creation/preservation of jobs, for residents of the District, or to enhance economic development in the District of Columbia. 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, 2020, the aggregate outstanding principal amount for Enterprise Zone Facility Bonds was \$21,658. Such amounts are not reflected as liabilities of the District in the accompanying government-wide Statement of Net Position as of September 30, 2020.

C. TAX INCREMENT FINANCING 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 generated 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. As of September 30, 2020, the aggregate outstanding principal amount for TIF Notes was \$51,371. Such 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, 2020.

Downtown Retail Priority Area - Forever 21

Since March 2006, the Mayor has executed several TIF Notes under the Downtown Retail Priority Area Program which have been repaid over the years. The Forever 21 Retail Project TIF Note was executed in February 2011 in the amount of \$4,985. The interest rate on the Note is 6.00%, with a maturity date of February 1, 2021.

DC Arena L.P. Project

In December 2007, the District issued \$50,000 in taxable financing notes to finance upgrades associated with the DC Arena L.P. Project at the Capital One Arena, formerly 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. Notes are 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 insufficient, 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

Georgia Avenue Retail Project

In September 2009, the Mayor executed the first Great Streets TIF, the Georgia Avenue Retail Project Great Streets Initiative Tax Increment Revenue 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.

Howard Theatre Project

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

Table N6-1 presents a summary of the original loan amounts and terms of the TIF Notes.

Table N6-1
TIF Notes (\$000s)

Issuance Date	Description	Original Amount	Terms
February 2011	Forever 21 Retail Project, Series 2011	\$ 4,985	Maturity date: February 1, 2021; interest rate: 6.00%
December 2007	DC Arena L.P. Project (Verizon Center), Series 2007A and 2007B	50,000	Maturity dates: August 15, 2047 and August 15, 2027; interest rates: 6.73% and 6.58%
September 2009	Georgia Avenue Retail Project, Series 2009	1,935	Maturity date: June 1, 2035; interest rate: 5.00%
May 2011	Howard Theatre Project, Series 2011	4,000	Maturity date: May 26, 2021; interest rate: 6.50%

D. PAYMENT IN LIEU OF TAXES REVENUE NOTES

The District issues Payment in Lieu of Taxes (PILOT) 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.)), 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. As of September 30, 2020, the aggregate outstanding principal amount for PILOT Notes was \$6,124. Such 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, 2020.

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 generated 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, previous shortfalls remain obligations which the District would pay to the development sponsor, without any penalty interest or premium thereon, when the PILOT revenues become sufficient.

Rhode Island Metro Plaza Project 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 presents a summary of the original amounts and terms of the PILOT Revenue Notes.

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

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

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

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 99 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 finance 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 approximately \$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, 2020, the monthly installments were \$349. The installment will increase to \$356 in June 2021.
- 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, 2020, the monthly installment was \$222. This installment increased to \$229 on October 1, 2020.

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

The District, through its Office of the State Superintendent of 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, 2020, the total outstanding guaranteed amount under credit enhancement facility agreements was \$5,730.

If a public charter school defaults on the monetary obligations associated with its credit enhancement facility agreement, the District may, at its sole discretion, cure the default on behalf of the school. 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 2020, 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, 2020, no liability was recorded in connection with these agreements.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Table N6-3 presents a summary of Credit Enhancement Facility Agreements provided by OSSE.

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

School	Type of Obligation Guaranteed	Beneficiary	Guarantee Amount	Effective Date	Termination Terms	Outstanding Guarantee Amount at September 30, 2020
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. School located at 820 26th Street, SE, Washington, DC.	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 part of the property located at 5800 8th Street, NW, Washington, DC	Eagle Bank	1,000	06/21/2017	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
Breakthrough 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	09/12/2018	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 guarantee amount						\$ 5,730

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS**Incremental Tax Revenue from Downtown TIF Area**

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

Table N6-4 presents the downtown TIF Area projects with financial guarantees and their estimated future outflows as of September 30, 2020.

Table N6-4
Projects with Financial Guarantee Funded by Incremental Tax Revenues from Downtown TIF Area
(\$000s)

Project	Type of Financing	Issuance Date	Maturity Date	Original Amount	Estimated Future Outflows at September 30, 2020*
DC Arena L.P. Project (Verizon Center), Series 2007A and 2007B	TIF Note	December 2007	08/15/2047	\$ 50,000	\$ 3,481
Howard Theatre	TIF Note	May 2011	05/26/2021	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 meet the DCCSP eligibility requirements. The DCCSP allows small businesses to use the loan proceeds to purchase equipment and inventory; fund expansion, renovation, start-up, leasehold improvements and refinancing costs; 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. If the borrower defaults on its monetary obligations associated with the cash collateral deposit agreement, the participating lender may apply up to 100% 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. As of September 30, 2020, the total outstanding guaranteed amount under the cash collateral agreements by DCCSP was \$4,996.

During fiscal year 2020, the District did not make any payments related to DCCSP. 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, 2020, no liability was recorded in connection with these cash collateral deposit agreements.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Table N6-5 presents additional information regarding the financial guarantees provided through the District of Columbia Collateral Support Program.

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

Borrower	Lender	Effective Date	Termination/ Maturity Date	Guarantee Amount	Outstanding Guarantee Amount at September 30, 2020
Line of credit					
Broughton Construction Company, LLC	Industrial Bank	04/01/2013	08/01/2029	\$ 750	\$ 630
First Choice Masonry, Inc.	Fulton Bank	11/01/2019	05/20/2022	500	500
Forney Enterprises, Inc.	Industrial Bank	04/15/2013	01/02/2022	500	474
Lydia's House in South East	Industrial Bank	04/03/2017	07/03/2022	75	75
Solar Solution, LLC	First National Bank	06/10/2016	10/28/2020	1,250	832
SwatchRoom, LLC	FVC Bank	06/20/2016	06/03/2022	150	150
Union Kitchen, LLC	Sandy Spring Bank	10/23/2015	06/03/2022	75	50
Union Kitchen, LLC	Sandy Spring Bank	06/22/2016	06/22/2023	275	245
Term loan					
Baked by Yael, LLC	Sandy Spring Bank	09/15/2014	06/15/2025	188	134
Baked by Yael, LLC	Sandy Spring Bank	06/08/2015	06/08/2025	25	21
David's Stars Child Development Center, Inc.	Latino Economic Development Corporation	09/06/2016	11/15/2021	25	25
Hot Yoga Ivy City, LLC	Washington Area Community Investment Fund, Inc.	11/09/2015	11/09/2020	66	42
Ice Cream Jubilee, LLC	Sandy Spring Bank	09/30/2016	09/30/2022	75	69
Ivy and Coney, LLC	Sandy Spring Bank	04/15/2015	10/07/2020	100	47
Joon Hokim, Inc.	Select Bank and Trust	09/29/2014	10/07/2021	139	134
Somewhere International, LLC	Latino Economic Development Corporation	03/07/2019	03/10/2024	25	25
VOW Transportation, LLC	City First Enterprises	02/28/2017	09/03/2022	21	16
First Choice Masonry, Inc.	Fulton Bank	11/01/2019	05/20/2022	500	500
National Children's Museum	United Bank	10/18/2019	10/01/2022	1,000	1,000
Term loan and line of credit					
Elite Physical Therapy & Wellness Center, Inc.	Industrial Bank	04/27/2015	07/03/2022	61	27
Total outstanding guarantee amount					\$ 4,996

Note:

Some Termination Maturity Date: Some of the termination or maturity dates had been extended.

NOTE 7. LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES

Table N7-1 presents long-term liabilities for the governmental activities and business-type activities of the District for the year ended September 30, 2020.

Table N7-1
Summary of Long-Term Liabilities Outstanding as of September 30, 2020 (\$000s)

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
GOVERNMENTAL ACTIVITIES						
General obligation (GO) bonds						
Publicly offered:						
1998B	04/16/1998	\$ 451,635	06/01/2026	4.50% - 6.00%	Refund GO Series 1991A, 1992B, 1994B, 1996A	\$ 10,075
2005B	12/15/2005	116,475	06/01/2027	4.00% - 5.25%	Refund GO Series 1994B, 1997A, 1998A, 1998B, and 2001B	320
2007B	06/07/2007	251,155	06/01/2030	4.50% - 5.25%	Refund GO Series 2001B, 2003A, 2003B, and 2005A	24,915
2010A	12/22/2010	181,330	06/01/2023	1.91% - 5.92%	Build America Bonds - Finance Capital Expenditures	40,700
2013A	12/18/2013	495,425	06/01/2030	2.00% - 5.00%	Finance capital expenditures	347,310
2014C	10/23/2014	379,355	06/01/2038	3.00% - 5.00%	Finance capital expenditures	378,950
2014D	10/23/2014	136,190	06/01/2033	1.00% - 5.00%	Refund GO Series 2008A and 2008D	91,080
2015A	06/24/2015	500,000	06/01/2040	4.00% - 5.00%	Finance capital expenditures	473,270
2015B	06/24/2015	34,190	06/01/2027	5.00%	Refund GO Series 2005B	34,190
2016A	06/23/2016	431,815	06/01/2041	1.75% - 5.00%	Finance capital expenditures	408,940
2016D	12/20/2016	398,910	06/01/2041	3.00% - 5.00%	Finance capital expenditures	388,455
2016E	12/20/2016	190,635	06/01/2033	5.00%	Advance Refund GO Series 2007C	156,705
2017A	06/01/2017	563,520	06/01/2037	3.00% - 5.00%	Refund GO Series 2007A and 2007B	563,320
2017D	12/21/2017	521,705	06/01/2042	4.00% - 5.00%	Finance capital expenditures	519,705
2018A	08/01/2018	214,525	06/01/2043	5.00%	Finance capital expenditures	212,525
2018B	08/01/2018	301,160	06/01/2033	3.00% - 5.00%	Refund GO Series 2008E and 2008F	263,770
2019A	02/21/2019	937,775	10/15/2044	4.00% - 5.00%	Finance capital expenditures and refund GO Bond Anticipation Notes Series 2018	937,775
Total publicly offered						4,852,005

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
Direct placements:						
2016B	11/18/2016	190,145	06/01/2039	LIBOR Index Rate	Refund GO Series 2014A and IT Series 2015A	171,090
2016C	11/18/2016	224,315	06/01/2027	LIBOR Index Rate	Refund GO Series 2014B	199,850
2017B	11/21/2017	100,000	06/01/2042	Adjusted SIFMA Rate 0.11%	Finance capital expenditures	99,995
2017C	11/21/2017	99,935	06/01/2033	Adjusted SIFMA Rate 0.11%	Refund IT Series 2011E and 2014B	73,930
Total direct placements						<u>544,865</u>
Total general obligation bonds						<u>\$ 5,396,870</u>
Qualified zone academy bonds (QZAB) - Direct Placements						
2005	12/28/2005	3,191	12/28/2020	0.00%	Finance projects of traditional public and public charter schools.	\$ 177
2010	06/30/2010	4,143	12/01/2024	0.00%	Finance projects of traditional public and public charter schools.	1,381
Total direct placements						<u>\$ 1,558</u>
Income tax secured revenue bonds						
2009E	12/22/2009	501,290	12/01/2034	4.34% - 5.59%	Finance capital expenditures, capitalized interest and pay financing cost	\$ 456,705
2010D	06/03/2010	32,945	12/01/2026	5.00%	Qualified School Construction Bond - Finance capital expenditures for qualified school construction projects and financing cost	32,945
2010F	12/22/2010	342,615	12/01/2035	4.71% - 5.58%	Capital projects, pay for and/or reimburse capital projects costs and pay for the costs and expenses of delivering the bonds	342,615
2011A	09/29/2011	138,470	12/01/2036	1.00% - 5.00%	Capital projects, pay for and/or reimburse capital projects costs and pay for the costs and expenses of delivering the bonds	71,190
2011F-G	12/22/2011	400,720	12/01/2036	2.00% - 5.00%	Capital projects, pay for and/or reimburse capital projects costs and pay for the costs and expenses of delivering the bonds	211,260
2012A-B	05/16/2012	314,110	12/01/2027	2.00% - 5.00%	Refund GO Series 2002C, 2004A, 2005A. Pay for and/or reimburse capital projects costs and pay for the costs and expenses of delivering the bonds	217,340
2012C-D	11/28/2012	775,770	12/01/2037	2.00% - 5.00%	Capital projects, pay for and/or reimburse capital projects costs and pay for the costs and expenses of delivering the bonds	641,325

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
2014A	09/10/2014	155,665	12/01/2025	1.00% - 5.00%	Current Refunding Certificates of Participation, Series 2003; Advance Refunding Certificates of Participation, Series 2006. Costs and expenses of issuing and delivering the Bonds	91,515
2019A	12/04/2019	718,945	03/01/2044	3.00% - 5.00%	Capital projects and refund portion of GO Commercial Paper Bond Anticipation Note Series 2018	718,945
2019B	12/04/2019	60,000	03/01/2039	1.78% - 3.20%	Provide funds for New Communities Initiative, pay the costs and expenses of delivering the Bonds. Refund income tax secured revenue bond anticipation notes, Series 2019A	57,900
2019C	12/04/2019	583,395	10/01/2036	1.14% - 2.12%	Refund IT Series 2009A, 2009B, 2009C, HPTF 2007A, and GO 2007A. Pay the costs and expenses of delivering the Bonds	583,395
2020A	03/11/2020	578,110	03/01/2045	2.63% - 5.00%	Capital projects and refund GO Commercial Paper Bond Anticipation Note, Series 2019	578,110
2020B	03/11/2020	454,435	10/01/2031	5.00%	Current Refunding and defease IT Series 2010A. Pay the costs and expenses of delivering the bonds	454,435
2020C	07/23/2020	392,870	05/01/2045	4.00% - 5.00%	Capital projects, pay the costs and expenses of delivering the Bonds	392,870
2020D	07/23/2020	234,915	12/01/2039	0.35% - 2.34%	Refund IT Series 2010A, 2011A, 2011G, HPTF Series 2010A, 2010B. Pay the costs and expenses of delivering the Bonds	234,915
Total income tax secured revenue bonds						<u>\$ 5,085,465</u>
Tobacco settlement asset-backed bonds						
2001	02/01/2001	521,105	05/15/2040	5.20% - 6.75%	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	\$ 268,065
2006	08/30/2006	248,264	06/15/2055	6.25% - 7.25%	Pay the cash portion of the purchase price for the Residual Tobacco Assets, and pay certain costs of issuing the Bonds	248,264
Total tobacco settlement asset-backed bonds						<u>\$ 516,329</u>

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
Tax increment financing (TIF) bonds						
Publicly offered:						
Mandarin Oriental Hotel Project, Series 2002	04/01/2002	45,995	07/01/2022	4.26% - 5.91%	Finance capital expenditures, fund the Reserve Account of the Bond Service Fund, fund capitalized interest, and pay the costs of issuing the Bonds	\$ 7,234
City Market at O Street Project, Series 2011	11/17/2011	38,650	06/01/2041	3.00% - 5.13%	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	36,780
Gallery Place Project, Series 2012	06/21/2012	52,365	06/01/2031	3.00% - 5.00%	Refund the Gallery Place Project Tax Increment Revenue Bonds, Series 2002, and pay the costs and expenses of issuing and delivering the Bonds	35,810
Bryant Street Project, Series 2019	10/31/2019	17,300	06/01/2043	4.00% - 5.50%	Finance or reimburse certain costs incurred for development and financing of Bryant Street Project. Fund capitalized interest, pay the costs and expenses of issuing and delivering the Bonds	17,300
Total publicly offered						<u>97,124</u>
Direct placements:						
Skyland Town Center Project, Series 2018	05/31/2018	17,400	12/01/2038	3.94%	Financed with Capital One Public Funding, LLC, to reimburse Skyland Holdings, LLC and Skyland Associates, Inc. for eligible development costs associated with the phased development of Skyland Town Center	17,400
Total direct placements						<u>17,400</u>
Total tax increment financing (TIF) bonds						<u>\$ 114,524</u>
Ballpark revenue bonds						
2006A	05/15/2006	154,835	02/01/2036	5.96% - 6.17%	Finance a portion of the cost of construction of the District baseball stadium	\$ 140,755
2006B-1	05/15/2006	354,965	02/01/2036	4.00% - 5.50%	Finance a portion of the cost of construction of the District baseball stadium	45,955
Total ballpark revenue bonds						<u>\$ 186,710</u>
Federal highway grant anticipation revenue bonds (GARVEE)						
2011	02/16/2011	82,610	12/01/2025	2.00% - 5.25%	Finance a portion of the 11th Street Bridge Project, pay certain costs of issuing the Bonds and fund the Senior Lien Bonds Debt Service Reserve Subaccount	\$ 40,105
2012	10/10/2012	42,935	12/01/2027	2.00% - 5.00%	Finance Phase II of the 11th Street Bridge Project and pay costs of issuing the Bonds	26,355
2020	02/13/2020	227,710	12/01/2034	5.00%	Finance a portion of the South Capital Street Bridge Project and pay certain costs of issuing the Bonds	227,710
Total federal highway grant anticipation revenue bonds (GARVEE)						<u>\$ 294,170</u>

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
Deed tax revenue bonds (Housing production trust fund program)						
2010A-C	08/24/2010	53,190	06/01/2032	3.39% - 5.00%	Finance, refinance, reimburse a portion of the costs of the New Communities Initiatives and satisfy the debt service reserve requirement. The outstanding balance is related to Series 2010B.	4,140
2012A-B	12/06/2012	39,585	06/01/2042	3.00% - 5.00%	Fund portions of the New Communities Projects and fund deposit to the Debt Service Reserve Fund	33,380
Total deed tax revenue bonds (Housing production trust fund program)						\$ 37,520
Payment in lieu of taxes (PILOT) revenue bonds and notes						
Publicly offered:						
Southwest Waterfront Project Revenue Bond (The Wharf Project) Series 2015	09/03/2015	145,445	06/01/2040	2.82% - 5.04%	Finance construction of public infrastructure at the Southwest Waterfront (The Wharf)	\$ 141,115
Total publicly offered						141,115
Direct placements:						
Anacostia Waterfront Corporation (AWC)	09/20/2007	111,550	12/01/2021	4.46%	Financed with Wells Fargo & Company, to finance, refinance and reimburse the AWC for development costs associated with park and infrastructure projects along the Anacostia River Waterfront	19,585
Southeast Federal Center PILOT Revenue Note (The Yards Project) Series 2014	12/18/2014 12/17/2019 amended	62,800	12/01/2037	75.00% of the LIBOR 30-day index plus 1.70%	Financed with U.S. Bank National Association, to reimburse Forest City SEFC, LLC (Structured as a 5-year interest-only draw-down note, with interest paid on drawn funds and has a mandatory repurchase date of December 17, 2024 when it will be extended or refinanced. Total cumulative draw-downs as of September 30, 2020 is \$39,535).	21,356
Southwest Waterfront Project Revenue Bond (The Wharf Project) Series 2020	08/28/2020	21,292	06/01/2040	LIBOR 30-day index plus 0.85%	Financed with U.S. Bank National Association, to finance construction of public infrastructure at the Southwest Waterfront (The Wharf). (Structured as a 4.5-year interest-only draw-down bond, with interest paid on drawn funds and has a mandatory repurchase date of February 27, 2026, when it will be extended or refinanced. Total cumulative draw-downs as of September 30, 2020 is \$15,735).	15,735
Total direct placements						56,676
Total payment in lieu of taxes revenue bonds and notes						\$ 197,791
Total bonds and notes						\$ 11,830,937

NOTE 7. LONG-TERM LIABILITIES

Other long-term liabilities	
225 Virginia Avenue lease	\$ 74,743
Premium on long-term debt	1,345,082
Accreted interest	367,423
Long-term tax refunds	199,091
Long-term payroll accrual	1,217
Annual leave	267,234
Disability compensation	69,444
Grant disallowances	11,970
Claims and judgments	95,275
Net pension liability	229,413
Total other long-term liabilities	\$ 2,660,892
Total long-term liabilities – governmental activities	\$ 14,491,829
BUSINESS-TYPE ACTIVITIES	
Obligation for unpaid prizes	\$ 809
Compensated absences	801
Estimated third party settlements	7,219
Malpractice loss reserves	1,629
Total long-term liabilities – business-type activities	\$ 10,458

Notes:

All General Obligation Bonds were issued to pay for the costs and expenses of issuing and delivering the Bonds.

All Deed Tax Revenue Bonds were issued to pay for the costs and expenses of issuing and delivering the Bonds.

NOTE 7. LONG-TERM LIABILITIES

B. ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY

Table N7-2 through N7-19 present annual debt service requirements to maturity for the outstanding long-term liabilities of the District as of September 30, 2020.

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

Year Ending September 30	Principal	Interest	Total
2021	\$ 168,260	\$ 237,681	\$ 405,941
2022	167,880	229,157	397,037
2023	165,110	220,086	385,196
2024	168,850	211,821	380,671
2025	171,465	203,408	374,873
2026-2030	972,660	880,391	1,853,051
2031-2035	1,375,725	594,161	1,969,886
2036-2040	1,188,870	257,440	1,446,310
2041-2045	473,185	50,298	523,483
Total	\$ 4,852,005	\$ 2,884,443	\$ 7,736,448

Table N7-3
General Obligation Bonds - Direct Placements
(\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 25,860	\$ 19,809	\$ 45,669
2022	35,705	18,542	54,247
2023	51,055	16,910	67,965
2024	42,080	14,995	57,075
2025	56,755	13,133	69,888
2026-2030	109,685	41,408	151,093
2031-2035	23,915	31,717	55,632
2036-2040	99,915	25,309	125,224
2041-2042	99,895	4,494	104,389
Total	\$ 544,865	\$ 186,317	\$ 731,182

Table N7-4
Qualified Zone Academy Bonds (QZAB) - Direct
Placements (\$000s)

Year Ending September 30	Principal
2021	\$ 454
2022	276
2023	276
2024	276
2025	276
Total	\$ 1,558

Table N7-5
Income Tax Secured Revenue Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 131,285	\$ 229,359	\$ 360,644
2022	198,825	226,962	425,787
2023	250,740	216,573	467,313
2024	270,175	204,069	474,244
2025	284,790	190,579	475,369
2026-2030	1,493,835	731,175	2,225,010
2031-2035	1,240,190	405,985	1,646,175
2036-2040	725,790	162,422	888,212
2041-2045	489,835	49,542	539,377
Total	\$ 5,085,465	\$ 2,416,666	\$ 7,502,131

Table N7-6
Tobacco Settlement Asset-Backed Bonds
(\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 58,370	\$ 17,893	\$ 76,263
2022	31,225	14,099	45,324
2023	32,225	12,047	44,272
2024	33,635	9,872	43,507
2025	34,145	7,601	41,746
2026	78,465	5,296	83,761
2046	159,733	1,697,592	1,857,325
2055	88,531	2,478,469	2,567,000
Total	\$ 516,329	\$ 4,242,869	\$ 4,759,198

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

Year Ending September 30	Principal	Interest	Total
2021	\$ 2,954	\$ 1,555	\$ 4,509
2022	4,280	225	4,505
Total	\$ 7,234	\$ 1,780	\$ 9,014

NOTE 7. LONG-TERM LIABILITIES

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

Year Ending September 30	Principal	Interest	Total
2021	\$ 625	\$ 1,817	\$ 2,442
2022	725	1,792	2,517
2023	850	1,763	2,613
2024	1,150	1,729	2,879
2025	1,305	1,672	2,977
2026-2030	7,530	7,354	14,884
2031-2035	9,550	5,334	14,884
2036-2040	12,215	2,666	14,881
2041	2,830	145	2,975
Total	\$ 36,780	\$ 24,272	\$ 61,052

Table N7-9
TIF - Gallery Place Bonds - Publicly Offered (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 2,520	\$ 1,791	\$ 4,311
2022	2,645	1,665	4,310
2023	2,780	1,532	4,312
2024	2,920	1,393	4,313
2025	3,065	1,247	4,312
2026-2030	17,775	3,779	21,554
2031	4,105	205	4,310
Total	\$ 35,810	\$ 11,612	\$ 47,422

Table N7-10
TIF - Bryant Street Bonds - Publicly Offered (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ -	\$ 734	\$ 734
2022	-	734	734
2023	510	734	1,244
2024	535	708	1,243
2025	565	681	1,246
2026-2030	3,265	2,955	6,220
2031-2035	4,045	2,174	6,219
2036-2040	4,930	1,297	6,227
2041-2043	3,450	279	3,729
Total	\$ 17,300	\$ 10,296	\$ 27,596

Table N7-11
TIF - Skyland Town Center Project - Direct Placements (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ -	\$ 686	\$ 686
2022	682	672	1,354
2023	709	645	1,354
2024	737	616	1,353
2025	766	587	1,353
2026-2030	4,308	2,446	6,754
2031-2035	5,226	1,510	6,736
2036-2039	4,972	401	5,373
Total	\$ 17,400	\$ 7,563	\$ 24,963

Table N7-12
Ballpark Revenue Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 3,510	\$ 10,853	\$ 14,363
2022	3,995	10,622	14,617
2023	4,525	10,360	14,885
2024	17,215	9,761	26,976
2025	18,735	8,800	27,535
2026-2030	60,090	31,794	91,884
2031-2035	62,565	15,248	77,813
2036	16,075	495	16,570
Total	\$ 186,710	\$ 97,933	\$ 284,643

Table N7-13
Federal Highway Grant Anticipation Revenue Bonds - GARVEE (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 13,495	\$ 14,391	\$ 27,886
2022	14,170	13,720	27,890
2023	14,880	13,010	27,890
2024	15,655	12,235	27,890
2025	16,475	11,415	27,890
2026-2030	96,090	43,353	139,443
2031-2035	123,405	16,042	139,447
Total	\$ 294,170	\$ 124,166	\$ 418,336

NOTE 7. LONG-TERM LIABILITIES

Table N7-14
Deed Tax Revenue Bonds - Housing
Production Trust Fund (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 2,305	\$ 1,466	\$ 3,771
2022	2,420	1,351	3,771
2023	2,535	1,230	3,765
2024	1,150	1,103	2,253
2025	1,190	1,057	2,247
2026-2030	6,630	4,613	11,243
2031-2035	7,765	3,476	11,241
2036-2040	9,280	1,969	11,249
2041-2043	4,245	256	4,501
Total	\$ 37,520	\$ 16,521	\$ 54,041

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

Year Ending September 30	Principal	Interest	Total
2021	\$ 4,350	\$ 6,514	\$ 10,864
2022	4,705	6,380	11,085
2023	4,970	6,218	11,188
2024	5,150	6,038	11,188
2025	5,350	5,840	11,190
2026-2030	30,255	25,691	55,946
2031-2035	37,950	17,989	55,939
2036-2040	48,385	7,557	55,942
Total	\$ 141,115	\$ 82,227	\$ 223,342

Table N7-16
PILOT - Anacostia Waterfront Corporation
Revenue Bonds - Direct Placements (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 9,685	\$ 767	\$ 10,452
2022	9,900	221	10,121
Total	\$ 19,585	\$ 988	\$ 20,573

Table N7-17
PILOT - The Yards Revenue Note - Direct
Placements (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ -	\$ 247	\$ 247
2022	-	247	247
2023	-	247	247
2024	-	247	247
2025	21,356	73	21,429
Total	\$ 21,356	\$ 1,061	\$ 22,417

Table N7-18
PILOT - Southwest Waterfront Project Revenue
Bonds - The Wharf - Direct Placements (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ -	\$ 183	\$ 183
2022	-	182	182
2023	-	182	182
2024	-	182	182
2025	-	182	182
2026	15,735	91	15,826
Total	\$ 15,735	\$ 1,002	\$ 16,737

Table N7-19
225 Virginia Avenue Lease (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 4,362	\$ 4,911	\$ 9,273
2022	4,666	4,608	9,274
2023	4,991	4,283	9,274
2024	5,338	3,935	9,273
2025	5,710	3,564	9,274
2026-2030	35,096	11,272	46,368
2031-2032	14,580	876	15,456
Total	\$ 74,743	\$ 33,449	\$ 108,192

Table N7-20 presents aggregate debt service requirements and net receipts/payments on the associated hedging derivative instruments as of September 30, 2020. Interest payments on variable rate bonds and net receipts/payments on hedging derivative instruments will vary. However, the amounts presented in the table below assume that current interest rates and the current reference rates of hedging derivative instruments will remain the same for their term. The District presents information on derivative instruments in Note 2 which begins on page 102.

Table N7-20
Aggregate Debt Service Requirements and
Net Receipts/Payments on Hedging Derivative
Instruments (\$000s)

Year Ending September 30	Principal	Interest	Hedging Derivatives, Net	Total
2021	\$ 34,860	\$ 1,511	\$ 7,651	\$ 44,022
2022	36,400	1,231	6,319	43,950
2023	27,475	1,002	5,207	33,684
2024	28,350	810	4,241	33,401
2025	29,625	601	3,246	33,472
2026-2027	62,725	560	3,329	66,614
Total	\$ 219,435	\$ 5,715	\$ 29,993	\$ 255,143

NOTE 7. LONG-TERM LIABILITIES

C. LONG-TERM DEBT ACTIVITY

Table N7-21 presents the long-term debt activity for the year ended September 30, 2020.

Table N7-21
Long-Term Debt Activity (\$000s)

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
Governmental Activities					
General obligation bonds - publicly offered	\$ 5,037,300	\$ -	\$ (185,295)	\$ 4,852,005	\$ 168,260
General obligation bonds - direct placements	574,515	-	(29,650)	544,865	25,860
Qualified zone academy bonds (QZAB) - direct placements	2,012	-	(454)	1,558	454
Income tax secured revenue bonds	3,617,225	3,022,670	(1,554,430)	5,085,465	131,285
Tobacco settlement asset-backed bonds	538,644	-	(22,315)	516,329	58,370
Tax increment financing bonds - publicly offered	84,222	17,300	(4,398)	97,124	6,099
Tax increment financing bonds - direct placements	17,400	-	-	17,400	-
Ballpark revenue bonds	230,165	-	(43,455)	186,710	3,510
Federal highway grant anticipation revenue bonds (GARVEE)	74,715	227,710	(8,255)	294,170	13,495
Deed tax revenue bonds (housing production trust fund program)	104,400	-	(66,880)	37,520	2,305
PILOT revenue bonds - publicly offered	145,445	-	(4,330)	141,115	4,350
PILOT revenue bonds and notes - direct placements	53,233	25,802	(22,359)	56,676	9,685
225 Virginia Avenue lease	78,820	-	(4,077)	74,743	4,362
Premium on long-term debt	849,031	663,008	(166,957)	1,345,082	130,945
Bond anticipation notes	375,000	-	(375,000)	-	-
Equipment financing program	4,438	-	(4,438)	-	-
Accreted interest	331,524	35,899	-	367,423	-
Long-term tax refunds	115,830	83,261	-	199,091	-
Long-term payroll accrual	1,217	-	-	1,217	-
Annual leave	200,128	224,864	(157,758)	267,234	264,081
Disability compensation	75,279	-	(5,835)	69,444	-
Grant disallowances	11,970	-	-	11,970	-
Claims and judgments	158,120	33,713	(96,558)	95,275	-
Net pension liability	229,809	-	(396)	229,413	-
Total long-term liabilities - governmental activities	\$ 12,910,442	\$ 4,334,227	\$ (2,752,840)	\$ 14,491,829	\$ 823,061
Business-Type Activities					
Obligation for unpaid prizes	\$ 1,190	\$ -	\$ (381)	\$ 809	\$ 410
Compensated absences	566	593	(358)	801	140
Estimated third party settlements	6,012	1,516	(309)	7,219	-
Malpractice loss reserves	2,117	-	(488)	1,629	-
Total long-term liabilities - business-type activities	\$ 9,885	\$ 2,109	\$ (1,536)	\$ 10,458	\$ 550

The District finances its Capital Improvements Plan (CIP), the six-year capital budget which identifies the long-term capital projects of the District, through the issuance of General Obligation (GO) and Income Tax Revenue Secured (ITS) Bonds. The District also utilizes Bond Anticipation Notes as interim funding in anticipation of the issuance of long-term GO or ITS bonds.

In addition to financing the CIP, the District has issued Tax Increment Financing (TIF) and Payments In Lieu of Taxes (PILOT) Bonds and Notes to encourage economic development within the District; Ballpark Revenue Bonds to finance a portion of the cost of

construction of the Washington Nationals Baseball Stadium; Deed Tax Revenue Bonds to provide funds for affordable housing initiatives; Washington Convention Center and Sports Authority Revenue Bonds to fund convention center, stadium and armory complex capital projects; and Qualified Zone Academy Revenue Bonds to fund capital projects at qualifying public schools.

Special long-term obligations not supported by general tax revenue include Federal Highway Grant Revenue Bonds and Tobacco Settlement Asset-Backed Bonds. As of September 30, 2020, total bonds and notes outstanding totaled \$11,830,937.

NOTE 7. LONG-TERM LIABILITIES

General Obligation Bonds

The Home Rule Act authorizes the District to issue GO bonds or Bond Anticipation Notes to fund capital projects. The full faith and credit of the District is pledged to pay principal and interest on GO debt. The General Obligation Bond and Bond Anticipation Note Act provides for the collection of Special Real Property Taxes, that satisfy debt service coming due on GO debt each fiscal year. Revenue derived from Special Real Property Taxes is irrevocably pledged for the benefit of bondholders. Debt service on GO debt totaled \$462,024 in fiscal year 2020. As of September 30, 2020, the total GO Bonds outstanding is \$5,396,870.

Qualified Zone Academy Revenue Bonds

The District has two Qualified Zone Academy Revenue Bond (QZAB) issues outstanding that were sold as direct placements. Proceeds were used to rehabilitate, repair, and equip certain public schools in the District. QZABs are federal tax credit bonds that facilitate lending to investors. The bonds are secured by real property tax revenue on deposit in the QZAB Pledged Revenue Account. As of September 30, 2020, the QZAB Bonds outstanding totaled \$1,558.

Income Tax Secured Revenue Bonds

The Income Tax Secured Bond Authorization Act authorizes the District to issue up to \$9,200,000 of ITS Bonds to fund capital projects. Debt service on ITS Bonds debt totaled \$357,133 in fiscal year 2020. As of September 30, 2020, ITS Bonds outstanding totaled \$5,085,465.

New Income Tax Secured Revenue Bonds

In fiscal year 2020, the District issued Income Tax Secured Revenue Bonds, Series 2019A, 2019B, 2020A, and 2020C totaling \$1,749,925. The proceeds of the bonds were used to finance capital project expenditures under the capital improvements plan of the District, refinance ITS bond anticipation notes and pay the costs and expenses of issuing the bonds. Interest rates on the bonds range from 1.78% to 5.00%.

Pledged Tax Revenues for Debt Service on ITS Revenue Bonds

The ITS Bond Act pledges the income and business franchise taxes of the District, pledged revenue, to pay principal and interest on ITS revenue bond debt. In fiscal year 2020, the District collected \$3,104,933 in pledged revenue and debt service on ITS bonds totaled \$357,133. The debt service coverage ratio was 8.26 to 1, pledged revenue divided by debt service.

The District revised certain provisions in the ITS Master Trust Indenture through springing amendments which became effective in March 2020. Prior to the amendments, the District was required to capture and segregate pledged revenue equivalent to one year's ITS revenue bond debt service over a three-month period from April to June, and hold the monies in escrow in advance of the next fiscal year's debt service payments. In accordance with the terms of the revised Indenture, pledged revenues are escrowed four months prior to an ITS bond debt service payment. Pledged revenue held in escrow on September 30, 2020 was \$187,295 for the payment of ITS revenue bond debt service due October 1, 2020; November 1, 2020; and two-thirds of December 1, 2020 which totaled \$161,259.

Income Tax Secured Revenue Refunding Bonds

In fiscal year 2020, a total of \$1,272,745 Income Tax Secured Revenue Refunding Bonds were issued to refund a portion of the outstanding bonds of the District. The refunding produced an aggregate difference in debt service of \$393,534 and an economic gain of \$337,972.

- The District issued \$583,395 Series 2019C Income Tax Secured Revenue Refunding Bonds. Proceeds were used to current refund the Series 2007A GO Bonds, Series 2009A, 2009B, and 2009C Income Tax Secured Revenue Bonds, and Series 2007A Deed Tax Revenue Bonds. The current refunding produced an aggregate difference in debt service of \$184,877 and an economic gain of \$148,282.
- The District issued \$454,435 Series 2020B Income Tax Secured Revenue Refunding Bond. Proceeds were used to current refund the Series 2010A, Income Tax Secured Revenue Bonds. The current refunding produced an aggregate difference in debt service of \$154,240 and an economic gain of \$136,776.
- The District issued \$234,915 Series 2020D (Federally Taxable) Income Tax Secured Revenue Refunding Bonds. Proceeds were used to advance refund the Series 2011A and Series 2011G, Income Tax Secured Revenue Bonds. Proceeds were also used to current refund Series 2010A and Series 2010B Deed Tax Revenue Bonds in addition to Series 2010, Income Tax Secured Revenue Bonds. The refunding produced an aggregate difference in debt service of \$54,417 and an economic gain of \$52,914.

NOTE 7. LONG-TERM LIABILITIES

Table N7-22
Debt Service Coverage Ratio
Income Tax Secured Revenue Bonds (\$000s)

Available Tax Revenues Collected in FY 2020		
Individual income		\$ 2,377,236
Business franchise		727,697
Total		\$ 3,104,933
Amount held in escrow for FY 2021 debt service	(a)	187,295
October 2020 - December 2020	(b)	161,259
Rate of coverage (c)=(a)/(b)	(c)	86.10

Tax Increment Financing and Payments in Lieu of Taxes

The Tax Increment Financing Act provides the District the authority to issue TIF and PILOT obligations that fund economic development projects within the District. TIF and PILOT obligations are payable from incremental increases in certain dedicated real property tax (or payments in lieu of real property tax) and sales tax revenues within defined geographic areas where the proceeds from TIF and PILOT obligations are deployed. As of September 30, 2020, the TIF and PILOT debt outstanding totaled \$312,315.

New TIF Revenue Bond and Note Issuance

In October 2019, the District issued \$17,300 Tax Increment Financing Revenue Bonds (Bryant Street Project), Series 2019. The proceeds of the Bonds will be used to finance certain costs incurred in connection with the development and financing of the Bryant Street Project, 1.2 million square feet being developed which includes approximately 487 multifamily units, 80,000 square feet of ground floor retail, and significant public infrastructure improvements.

In August 2020, the District issued \$21,292 in Southwest Waterfront (The Wharf Project) Project Revenue Bonds. The proceeds of the bonds will be used to finance certain infrastructure costs incurred in the development of Phase 2 of the Wharf Project, which includes approximately 110,000 square feet of retail, 578,000 square feet of office space, 131 hotel rooms, 255 residential units, 119 condominium units, over 1,000 below-grade parking spaces, and waterfront infrastructure improvements.

Ballpark Revenue Bonds

The Ballpark Financing Act authorized the issuance of Ballpark Revenue Bonds to finance a portion of the cost of construction of the Washington Nationals baseball stadium. Ballpark revenue bonds are limited obligations of the District, secured by a pledge of stadium rent paid by Major League Baseball, sales taxes collected within the stadium, utility tax and ballpark fees. As of September 30, 2020, the Ballpark Revenue Bonds outstanding totaled \$186,710.

Ballpark Revenue Bond Redemptions

In fiscal year 2020, the District paid \$52,680 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.

Federal Highway Grant Anticipation Revenue Bonds - GARVEE

The Transportation Infrastructure Improvements GARVEE Bond Financing Act authorizes the issuance of GARVEE bonds to finance transportation-related infrastructure. GARVEE bonds are limited obligations of the District, secured by a pledge of Federal Transportation Funds paid to the District, including funds held in the Transportation Infrastructure Improvement Fund. As of September 30, 2020, the GARVEE bonds outstanding totaled \$294,170.

New GARVEE Issuance

In February 2020, the District issued \$227,710 Series 2020 Federal Highway Grant Anticipation Revenue Bonds. Proceeds of the Series 2020 GARVEE bonds will be used to finance certain costs to rebuild and replace the Frederick Douglass Memorial Bridge and to construct new interchanges conveying traffic to the Bridge.

Deed Tax Revenue Bonds (Housing Production Trust Fund Program)

The Housing Production Trust Fund Act authorized the issuance of Deed Tax Revenue Housing Production Trust Fund bonds to fund the New Communities Initiatives and the comprehensive plan of the District for affordable housing infrastructure. Deed tax revenue bonds are obligations of the District secured by an allocation of real property transfer taxes and deed recordation taxes. Beginning in fiscal year 2013, New Communities Initiatives are financed through the issuance of ITS bonds. As of September 30, 2020, deed tax revenue bonds outstanding totaled \$37,520.

Bond Anticipation Notes

The District issues Bond Anticipation Notes (BANs) in the form of commercial paper (CP) and other notes to provide interim financing for capital project expenditures. 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. The revolving note facility allows the District to issue Notes held by the credit provider. Interest due on outstanding Notes is based on a spread to the LIBOR index and is paid monthly. District statute stipulates that BANs are to be paid or refinanced with long-term

NOTE 7. LONG-TERM LIABILITIES

debt, no later than the last day of the third fiscal year following the fiscal year of issuance.

In fiscal year 2017, the District established a revolving credit facility with U.S. Bank National Association. The facility allows the District to draw up to a maximum principal amount of \$200,000 in the form of GO bond anticipation notes (2017 Notes) held by U.S. Bank National Association. The facility expires in March 2021. As of September 30, 2020, no notes drawn against this revolving credit facility were outstanding.

In fiscal year 2018, the District established a direct pay letter of credit with Industrial and Commercial Bank of China Limited (2018 CP Notes). The letter of credit supported the District issuance, up to a maximum principal amount of \$300,000, of GO commercial paper bond anticipation notes (2018 CP Notes). Proceeds from the Series 2019A Income Tax Secured Revenue Bonds were used to refinance \$205,000 of 2018 CP Notes and the District terminated the letter of credit facility in April 2020.

In March 2019, the District issued \$40,000 Series 2019A Income Tax Secured Bond Anticipation Notes (ITS Notes) to Morgan Stanley & Co. LLC. The ITS Notes provided interim financing for certain New Communities Initiatives, housing infrastructure with a special focus on affordable housing. The ITS Notes were refinanced with proceeds from the issuance of the Series 2019B ITS bonds and the purchase agreement was terminated on December 4, 2019.

In fiscal year 2019, the District established a direct pay letter of credit with Barclays Bank PLC. The letter of credit supports the District issuance, up to a maximum principal amount of \$500,000, of GO CP BANs (2019 CP Notes). In fiscal year 2020, the letter of credit was amended to allow for the issuance of taxable commercial paper (2020 CP Notes). Proceeds from the Series 2020B ITS bonds were used to refinance \$130,000 of 2019 CP Notes. The District used general fund revenue to pay \$50,000 of 2020 CP Notes at maturity. As of September 30, 2020, no CP Notes drawn against this credit facility were outstanding.

The refinancing of the 2018 CP Notes, 2019 CP Notes and the 2019A Income Tax Secured Bond Anticipation Notes was a current refunding that did not produce an economic gain or loss.

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 BANs. The final payment associated with the Equipment Lease Purchase Program was September 25, 2020 and the program was terminated.

Obligation for Unpaid Prizes

The Office of Lottery and Gaming (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, 2020, MUSL purchased for the Lottery, U.S. government securities totaling \$810 to fund future installment payments to winners. The fair market value of these securities as of September 30, 2020, was \$809. 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.

D. DIRECT PLACEMENTS AND DIRECT BORROWINGS

Direct placements and direct borrowings are bonds and notes which have terms negotiated directly with investors or lenders and are not offered for public sale. As of September 30, 2020, governmental activities included direct placements with investors for GO, TIF, and PILOT bonds and notes. The District did not have any direct borrowings with any lenders as of September 30, 2020.

General Obligation Bond Direct Placements

The District has four variable rate GO Bonds outstanding that were sold as direct placements. The Series 2016B and Series 2016C LIBOR Index Bonds pay the holder a floating interest rate calculated as a percentage of the LIBOR. The Series 2017B and Series 2017C are Securities Industry and Financial Markets Association (SIFMA) Index Bonds and pay the holder a floating index rate based on the SIFMA Municipal Swap Index plus spread. As of September 30, 2020, the outstanding variable rate GO bonds direct placements totaled \$544,865.

TIF Bonds and PILOT Revenue Bonds and Notes Direct Placements

The Anacostia Waterfront Corporation PILOT Revenue Bond Series 2007, PILOT Revenue Note Series 2014 (The Yards Project), TIF Revenue Note Series 2018 (Skyland Town Center Project), and Southwest Waterfront Project PILOT Revenue Bond Series 2020 (The Wharf Project) obligations were sold as direct placements. In January 2020, the District redeemed the outstanding balance on the Southwest Waterfront Project PILOT Revenue Bond Series 2018 (The Wharf Project) and extinguished this obligation. As of September 30, 2020, TIF Bonds and PILOT revenue notes issued as direct placements outstanding balance totaled \$74,076.

NOTE 7. LONG-TERM LIABILITIES

In December 2019, the District amended the Yards PILOT Revenue Note Series 2014. The note was amended in connection with the refinancing of a debt facility with U.S. Bank that had a mandatory repurchase date of December 18, 2019. As part of the refinancing, the amount of the note increased from \$34,800 to \$62,800. The refinanced debt facility allows for draw down of the note amount over time to reimburse for eligible development costs for the ongoing Yards PILOT project. Interest on the outstanding balance of the note is paid monthly at a variable interest rate. Repayment of principal occurs twice annually with available PILOT revenues. The debt facility has a mandatory repurchase date of December 17, 2024, if the outstanding principal is not repaid before that date.

Unused Lines of Credit

The Southeast Federal Center PILOT Revenue Notes (The Yards Notes) and the Southwest Waterfront Project PILOT Revenue Bonds Series 2020 (The Wharf Project) are drawdown arrangements. As of September 30, 2020, The Yards Notes and The Wharf Bonds had unused lines of credit in the amount of \$23,265 and \$5,557, respectively.

E. EVENTS OF DEFAULT AND REMEDIES

The failure of the District to pay the principal or interest on any debt when due or failure to observe and perform any covenant, condition, agreement or provision in any indenture applicable to the various District debt obligations, constitutes an event of default for the District. In the event of a default, bondholders may sue to enforce their rights or to enjoin any acts of the District that may be unlawful or in violation of their rights.

In addition to the events of default and remedies specified in the indentures for outstanding debt, the direct placements and credit agreements of the District, are supplemented by Continuing Covenants Agreements and Credit Agreements. Events of default can include, but are not necessarily limited to: payment defaults by the District; the failure by the District to observe certain covenants; District representations in bond documents prove to be incorrect; bankruptcy or insolvency of the District; the long-term GO bond or note rating of the District is withdrawn or suspended for credit-related reasons, or downgraded below certain thresholds; or the District fails to satisfy non-appealable monetary judgments above a certain amount.

Purchasers, credit providers and note holders may sue to enforce their rights or to enjoin any acts of the District that may be unlawful or in violation of their rights. If the District is found to be in default and that default is continuing, the District is obligated to pay interest at the default rate not to exceed 12% per annum.

F. COMPONENT UNITS

Washington Convention and Sports Authority

On September 28, 1998, Washington Convention and Sports Authority (WCSA) issued \$524,500 Series 1998A Senior Lien Dedicated Tax Revenue Refunding 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 \$9,700.

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 \$249,200 Series 2010 Senior Lien Dedicated Tax Revenue Bonds with maturities ranging from October 2015 to October 2040. Interest rates on the Series 2010 range 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 the 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 removed as a liability from the financial statements of WCSA. 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. WCSA deposited the net proceeds from Series 2018B along with other WCSA funds 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

NOTE 7. LONG-TERM LIABILITIES

Bonds Payable within the financial statements for WCSA at September 30, 2020.

Table N7-23 presents the debt service requirements to maturity for the outstanding bonds for WCSA as of September 30, 2020.

Table N7-23
Washington Convention and Sports Authority
Debt Service Requirements to Maturity (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 25,600	\$ 22,209	\$ 47,809
2022	27,590	20,853	48,443
2023	28,960	19,421	48,381
2024	12,480	18,801	31,281
2025	13,100	18,150	31,250
2026-2030	166,070	68,298	234,368
2031-2035	91,285	31,483	122,768
2036-2040	79,420	12,035	91,455
2041	12,250	-	12,250
Subtotal	456,755	211,250	668,005
Add:			
Unamortized bond premium, net	34,492	-	34,492
Total	\$ 491,247	\$ 211,250	\$ 702,497

Housing Finance Agency

The Housing Finance Agency (HFA) issues bonds primarily to finance District 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, mortgage loans, and mortgage-backed securities in connection with the related developments.

Bonds issued by HFA are special obligations 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

During fiscal years 2010 through 2020, 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.

Table N7-24 presents the debt service requirements to maturity for principal and interest for the HFA outstanding bonds as of September 30, 2020.

Table N7-24
Housing Finance Agency
Debt Service Requirements to Maturity (\$000s)

Year Ending September 30	Principal	Interest	Total
2021	\$ 1,319	\$ 4,265	\$ 5,584
2022	1,737	8,082	9,819
2023	36,663	5,135	41,798
2024	2,365	4,194	6,559
2025	18,711	4,114	22,825
2026-2030	16,126	19,335	35,461
2031-2035	18,668	39,601	58,269
2036-2040	62,572	17,789	80,361
2041-2045	3,635	6,857	10,492
2046-2050	27,078	4,963	32,041
2051-2055	5,435	1,369	6,804
2056-2060	3,225	214	3,439
Subtotal	197,534	115,918	313,452
Less:			
Unamortized bond discount, net	(236)	-	(236)
Total	\$ 197,298	\$ 115,918	\$ 313,216

For more information on the long-term debt activity for HFA, refer to the separately issued financial statements for fiscal year 2020. The contact information can be found in Note 1 on page 70.

NOTE 7. LONG-TERM LIABILITIES

Tobacco Settlement Asset-Backed Bonds

The Tobacco Settlement Financing Corporation (the Tobacco Corporation) is a special purpose, independent instrumentality of the District created by the Tobacco Settlement Financing Act of 2000 (the Tobacco Act). Pursuant to the Tobacco Act, and a purchase and sale agreement between the District and the Tobacco Corporation, the District sold to the Tobacco Corporation, substantially all of its rights, title and interests in certain amounts paid or payable to the District, under the Master Settlement Agreement (MSA) in 1998. The Tobacco Corporation issued bonds secured by, and payable solely from, the amounts payable to the District under the MSA. The Tobacco Corporation had \$516,329 in bonds outstanding as of September 30, 2020.

Events of Default and Remedies

Events of default under the indenture of the Tobacco Corporation can include, but are not necessarily limited to: payment defaults by the Tobacco Corporation; the failure by the Tobacco Corporation to observe certain provisions of the indenture that are not remedied within 30 days after receiving written notice of failure from the Trustee of the Tobacco Corporation; bankruptcy or insolvency of the Tobacco Corporation; or the District fails to pay the Tobacco Corporation any pledged Tobacco Settlement Revenue (TSR); or the District consents or acquiesces in an amendment or modification of the MSA that materially reduces the amount of Tobacco Settlement Revenue payable under the MSA.

The indenture provides that in the event of default the Tobacco Corporation Trustee, on behalf of bondholders, may file a lawsuit against the District.

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 Retirement Funds.

Civil Service Retirement System

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). CSRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. Permanent full-time District employees hired before October 1, 1987, except those covered by the District Retirement Funds, are covered by CSRS. As of September 30, 2020, there were 1,061 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

Employees participating in CSRS contribute 7.00% of their base pay. The District matches the contributions made by employees. Contribution requirements are established and amended by OPM. The District contributed 100% of the required amount to the CSRS for each of the past three fiscal years. District CSRS contributions for the years ended September 30, 2020, 2019, and 2018, were \$6,985, \$7,469, and \$8,197, respectively.

Social Security System

Plan Description

The District also contributes to the Social Security System, a federal 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 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 \$137,700 (not in thousands) for 2020, plus the matching contribution by the District of 6.20% FICA taxes. The District also pays a 1.45%

payroll tax for Medicare with an additional 1.45% being withheld from individual employee salary/wages as the employee portion of the Medicare tax.

Additional Medicare Tax applies to individual Medicare wages that exceed a threshold amount, ranging from \$125,000 to \$250,000, based on the taxpayer filing status. Employers, including the District, are responsible for withholding the 0.90% Additional Medicare Tax on individual 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 that the 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, 2020, 2019 and 2018, were \$115,193, \$108,073, and \$103,508, respectively. In addition, District contributions for Medicare for fiscal years 2020, 2019 and 2018 were \$43,717, \$41,312, and \$38,789, respectively.

District Retirement Funds

General Information about the Pension Plans

Plan Description

DCRB administers the District Retirement Funds (D.C. Code §1-711 et seq.), which consist of two single-employer defined benefit pension plans: the District of Columbia Teachers' Retirement Fund (TRF) for the District teachers and the District of Columbia Police Officers and Fire Fighters' Retirement Fund (POFRF) for the District police officers and firefighters. 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 § 38-2001.01 et. seq.) assigns the authority to establish and amend benefit provisions to the Council for the TRF. Retirement and disability benefit provisions for POFRF 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, NW, 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 public day schools are automatically enrolled in the TRF on their date of employment. Certain Public Charter School employees are also eligible to participate. 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 further be 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 Fire Fighters' Retirement Fund

A participant becomes a member when he/she begins work as a police officer or firefighter in the District. The benefit structure for members varies depending upon their date of hire.

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 firefighting 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 apply.

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 average base pay of the member. 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 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 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

NOTE 8. RETIREMENT PROGRAMS

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, 2020 and 2019.

Table N8-1
District Retirement Funds
Plan Members Covered by Benefit Terms

	2020	2019
TRF		
Inactive plan members	4,071	4,059
Active plan members	5,531	5,226
Vested terminations	1,510	1,446
Total	11,112	10,731
POFRF		
Inactive plan members	3,929	3,699
Active plan members	5,377	5,406
Vested terminations	303	261
Total	9,609	9,366

Notes:

Plan members: Numbers are not expressed in thousands.

Inactive plan members: Retirees and survivors receiving benefits - post June 30, 1997

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 the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998. The amount of the District's contributions for fiscal years 2020 and 2019 were equal to the amounts computed by the independent actuary of the DCRB. 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 contributions to the District Retirement Fund are established by D.C. Code § 1-907.02 (2001 ED.), which may be amended by the Council.

Table N8-2 presents required amounts contributed by the District to the District Retirement Funds for fiscal years 2020 and 2019.

Table N8-2
District Retirement Funds
District Contributions (\$000s)

Year ended September 30	TRF	POFRF
2020	\$ 58,888	\$ 93,061
2019	53,343	91,284

NOTE 8. RETIREMENT PROGRAMS

Net Pension Liability

The District net pension liability (asset) was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of September 30, 2020. **Table N8-3** presents the aggregate amounts of the District Retirement Funds as of September 30, 2020.

Table N8-3
District Retirement Funds
Aggregate Amounts (\$000s)

	TRF	POFRF	TOTAL
Total pension liabilities	\$ 2,640,803	\$ 6,023,843	\$ 8,664,646
Pension net position	2,411,390	6,620,190	9,031,580
Deferred outflows of resources	78,406	68,051	146,457
Deferred inflows of resources	5,069	115,713	120,782
Pension expense	60,808	23,272	84,080
Net pension liabilities (assets)	229,413	(596,347)	(366,934)

Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation as of September 30, 2020, using actuarial assumptions presented in **Table N8-4**, which were applied to all periods included in the measurement date as of September 30, 2020.

Table N8-4
District Retirement Funds: Summary of Actuarial Assumptions Used to Determine Total Pension Liability as of September 30, 2020

	TRF	POFRF
Inflation	3.50%	3.50%
Salary increases	5.50 - 8.63%; includes 4.25% wage inflation	4.25 - 7.38%; includes 4.25% wage inflation
Investment rate of return	6.50%, net of pension plan investment expense	6.50%, net of pension plan investment expense
Mortality	Healthy: RPH-2014 Blue Collar Mortality with generational projection using scale BB, set back 1 year for males. Disabled: RPH-2014 Disabled Mortality, set back 6 years for males and set forward 7 years for females.	Healthy: RPH-2014 Blue Collar Mortality with generational projection using scale BB, set back 1 year for males. Disabled: RPH-2014 Disabled Mortality, set back 6 years for males and set forward 7 years for females.
Cost of Living Adjustments	3.50% for those hired before 11/1/1996; Limited to 3.00% for those hired on or after 11/1/1996	3.50% for those hired before 11/1/1996; Limited to 3.00% for those hired on or after 11/1/1996

The actuarial assumptions used in the September 30, 2020 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. Demographic information was collected as of June 30, 2020.

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.

NOTE 8. RETIREMENT PROGRAMS

Table N8-5 presents target allocation and best estimates of geometric real rates of return for each major asset class.

Table N8-5
District Retirement Funds: Summary of Target Allocation and Long-Term Expected Real Rate of Return by Asset Class

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return %
Domestic equity	20.00%	7.20%
Foreign developed equity	16.00	7.80
Emerging market equity	10.00	8.80
U.S. core fixed income	11.00	2.10
Treasury inflation-protected securities	6.00	2.10
Bank loans	3.00	4.50
Emerging markets debt	4.00	4.30
High yield bonds	4.00	4.90
Foreign bonds	2.00	2.30
Absolute return	4.00	4.00
Private equity	9.00	9.10
Real estate	6.00	7.00
Infrastructure	3.00	6.40
Natural resources	2.00	7.70
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 funding policy of the DCRB adopted in 2012 and revised in 2017. Based

on those assumptions, fiduciary net position of the pension plan 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 net pension liability (asset) for the year ended September 30, 2020.

Table N8-6
District Retirement Funds
Changes in Net Pension Liability (Asset) (\$000s)

	Increase (Decrease)					
	Teachers' Retirement Fund			Police Officers and Fire Fighters' 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, 2019	\$ 2,494,291	\$ 2,264,482	\$ 229,809	\$ 5,604,573	\$ 6,256,363	\$ (651,790)
Changes for the year						
Service cost	80,242	-	80,242	209,411	-	209,411
Interest	159,186	-	159,186	359,706	-	359,706
Difference between expected and actual experience	(2,364)	-	(2,364)	(8,567)	-	(8,567)
Contributions - employer	-	58,888	(58,888)	-	93,061	(93,061)
Contributions - employees	-	42,356	(42,356)	-	37,880	(37,880)
Net investment income	-	138,924	(138,924)	-	381,607	(381,607)
Benefit payments, including refunds of employee contributions	(90,552)	(90,552)	-	(141,280)	(141,280)	-
Administrative expenses	-	(3,511)	3,511	-	(9,648)	9,648
Other income	-	803	(803)	-	2,207	(2,207)
Net Changes	146,512	146,908	(396)	419,270	363,827	55,443
Balances at September 30, 2020	\$ 2,640,803	\$ 2,411,390	\$ 229,413	\$ 6,023,843	\$ 6,620,190	\$ (596,347)

NOTE 8. RETIREMENT PROGRAMS

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

Table N8-7 presents the net pension liability (asset) of the TRF and POFRF plans, 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
District Retirement Funds: Sensitivity of the 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)	\$ 697,957	\$ 229,413	\$ (140,586)
Police officers and fire fighters' plan's net pension liability (asset)	494,053	(596,347)	(1,457,860)

Pension Plans Fiduciary Net Position

Detailed information about the TRF and POFRF plans fiduciary net position is available in the separately issued District Retirement Funds financial statements and required supplementary information issued by the DCRB.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the District recognized pension expenses of \$60,808 and \$23,272 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, 2020.

Table N8-8
District Retirement Funds
Deferred Outflows of Resources and Deferred Inflows of Resources (\$000s)

	TRF		POFRF	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,859	\$ 5,069	\$ -	\$ 115,713
Changes of assumptions	-	-	7,072	-
Net difference between projected and actual earnings on plan investments	26,547	-	60,979	-
Total	\$ 78,406	\$ 5,069	\$ 68,051	\$ 115,713

NOTE 8. RETIREMENT PROGRAMS

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
District Retirement Funds
Schedule of Amortization of Deferred Outflows
(Deferred Inflows) of Resources (\$000s)

Year ending September 30	TRF	POFRF
2021	\$ 16,544	\$ (57,867)
2022	44,598	22,315
2023	11,148	12,775
2024	1,047	(15,223)
2025	-	(9,662)

Payable to the Pension Plans

District contributions for fiscal years 2020, 2019, and 2018 were equal to the recommendation by the independent actuary; therefore, there were no outstanding amounts due to the plans as of September 30, 2020.

B. DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Under the provisions of D.C. Code §1-626.05, 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, 2020, there were 19,967 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, 2020, 2019, and 2018, District contributions to the plan were \$79,311, \$73,753, and \$69,458, respectively.

This plan also covers employees of the D.C. Housing Authority and the Health Benefit Exchange Authority, while the employees of the Health Benefit Exchange Authority, Washington Convention and Sports Authority, District of Columbia Green Finance Authority, Housing Finance Agency, University of the District of Columbia, and the Not-for-Profit Hospital Corporation (a blended component unit) 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 \$19,500 (not in thousands) of their annual compensation for calendar year 2020. 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 \$6,500 (not in thousands) in 2020. As of September 30, 2020, there were 3,332 employees participating in the Section 403(b) plan. District employees contributed \$22,737 to this annuity plan in fiscal year 2020. 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 \$19,500 (not in thousands) or 100% of includable compensation in calendar year 2020. 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, \$39,000 (not in thousands); or (b) the annual contribution limit for the year plus underutilized amounts from prior taxable years. An additional deferral of \$6,500 (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. Law 22-33, Section 1112), 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 contribution for that pay period pursuant to D.C. Code § 1-626.09; provided, that the District contribution on behalf of the employee shall not exceed 3.00% of the employee 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, 2020, there were 18,691 employees participating in the Section 457 plan. District employees contributed \$90,067 to this plan in fiscal year 2020. Contributions are not assets of the District and the District has no further liability to the plan.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information About the OPEB Plan

Plan Description

The District of Columbia Other Postemployment Benefits (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 where assets are accumulated. Benefits are paid in accordance with the substantive plan. Eligible participants of the OPEB plan are composed of employees who are: hired after September 30, 1987; retired under the TRF and POFRF plans; or are eligible for retirement benefits under the Social Security Act. This plan 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 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. The OPEB Plan 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
1101 4th Street, SW, Suite 850W
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 investment managers of the plan.

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 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 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 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 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. Family members of an annuitant with 30 or more years of creditable District service pay up to 60% of the cost of the selected health benefit plan.

For Police Officers and Firefighters, annuitants with at least 10 years 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 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 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 contribution of the District 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 \$.0433 per thousand dollars 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, 2020 and 2019.

Table N9-1
OPEB: Plan Members Covered by Benefit Terms

	2020	2019
Inactive OPEB plan members	2,551	1,939

Note:

Plan members: Numbers are not expressed in thousands.

Inactive plan members - Retirees and survivors receiving benefits

Contributions

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 2020 and 2019 contribution

amounts were equal to amounts computed by an independent actuary retained by the District.

Table N9-2 presents required amounts contributed by the District to the OPEB plan for fiscal years 2020 and 2019.

Table N9-2
OPEB: District Contributions (\$000s)

Year ending September 30	Amount
2020	\$ 47,300
2019	46,000

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of September 30, 2019 and rolled forward to the measurement date.

Actuarial Assumptions

The total OPEB liability was determined based on an actuarial valuation as of September 30, 2019, 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, 2020.

Table N9-3
Summary of Actuarial Assumptions Used to Determine Total OPEB Liability as of September 30, 2020

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	16 years beginning with fiscal year end 2020
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	5.30%, 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-2019 Improvement Scale, fully generational, was used for healthy lives both pre-retirement and post-retirement. For disabled lives, the RP-2014 Disabled Life Mortality Table was used.

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of the most recent experience study executed in fiscal years 2017 and 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.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Table N9-4 presents target allocation and best estimates of arithmetic real rates of return for each major asset class as of September 30, 2020.

Table N9-4
OPEB: Summary of Target Allocation and Long-Term Expected Real Rate of Return by Asset Class

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return %
U.S. equity	45.00%	4.90%
International equity	9.00	5.30
Emerging market equity	4.00	6.30
Core fixed income	24.00	1.00
Developed markets fixed income	10.00	0.40
Emerging market debt	3.00	3.50
Commodities	5.00	2.40
Cash	0.00	0.60
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 contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan 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 net OPEB liability (asset) for the year ended September 30, 2020.

Table N9-5
Changes in Net OPEB Liability (Asset) (\$000s)

	Increase (Decrease)		
	OPEB		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
Balances at September 30, 2019	\$ 1,464,702	\$ 1,509,103	\$ (44,401)
Changes for the year			
Service cost	54,832	-	54,832
Interest	94,484	-	94,484
Difference between expected and actual experience	30,163	-	30,163
Insurance carrier premiums net of retiree contributions	(22,547)	-	(22,547)
Contributions - employer and annuitants	-	48,189	(48,189)
Net investment income	-	107,412	(107,412)
Benefit payments, including refunds of employee contributions	-	(23,437)	23,437
Administrative expenses	-	(585)	585
Net changes	156,932	131,579	25,353
Balances at September 30, 2020	\$ 1,621,634	\$ 1,640,682	\$ (19,048)

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, as well as what the District net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current discount rate.

Table N9-6
Sensitivity of the 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)	\$ 239,625	\$ (19,048)	\$ (226,824)

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, as well as what the District net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower at 4.30% decreasing to 2.90% or 1-percentage-point higher at 6.30% decreasing to 4.90% 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 (4.30% decreasing to 2.90%)	Healthcare Cost Trend Rates (5.30% decreasing to 3.90%)	1% Increase (6.30% decreasing to 4.90%)
Net OPEB liability (asset)	\$ (255,372)	\$ (19,048)	\$ 283,871

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan fiduciary net position is available in the separately issued OPEB financial statements and required supplementary information issued by the OPEB plan administrators.

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the District recognized OPEB expense of \$71,700. **Table N9-8** presents deferred outflows of resources and deferred inflows of resources related to OPEB as of September 30, 2020.

Table N9-8
OPEB: Deferred Outflows of Resources and Deferred Inflows of Resources (\$000s)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,974	\$ 456
Changes of assumptions	31,837	35,000
Net difference between projected and actual earnings on plan investments	47,233	-
Total	\$ 107,044	\$ 35,456

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
OPEB: Schedule of Amortization of Deferred
Outflows (Deferred Inflows) of Resources
(\$000s)

Year ending September 30	
2021	\$ 20,663
2022	20,663
2023	16,197
2024	1,151
2025	2,860
Thereafter	10,054

Payable to the OPEB Plan

District contributions for fiscal years 2020, 2019, and 2018 were equal to independent actuary recommendation; therefore, there were no outstanding amounts due to the OPEB plan as of September 30, 2020.

NOTE 10. FUND BALANCE / NET POSITION

A. FUND BALANCE

Table N10-1 presents the District fund balances as of September 30, 2020.

Table N10-1
Schedule of Fund Balances (\$000s)

	General Fund	Federal and Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable						
Inventory	\$ 47,769	\$ -	\$ -	\$ -	\$ -	\$ 47,769
Total nonspendable fund balance	<u>47,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,769</u>
Restricted for:						
Emergency cash reserve	155,645	-	-	-	-	155,645
Contingency cash reserve	311,290	-	-	-	-	311,290
Debt service - bond escrow	391,025	-	-	-	-	391,025
Purpose restrictions	124,409	-	-	-	-	124,409
Payment-in-lieu of taxes	-	-	-	-	78,241	78,241
Tobacco settlement	-	-	-	-	77,135	77,135
Tax increment financing program	36,258	-	-	-	64,397	100,655
Housing production trust	-	-	116,223	-	-	116,223
Capital Projects	-	-	-	369,847	-	369,847
Highway projects	-	-	-	-	32,712	32,712
Baseball project	-	-	-	-	32,038	32,038
Universal paid leave	-	-	-	-	356,442	356,442
Total restricted fund balance	<u>1,018,627</u>	<u>-</u>	<u>116,223</u>	<u>369,847</u>	<u>640,965</u>	<u>2,145,662</u>
Committed to:						
Cash flow reserve	795,048	-	-	-	-	795,048
Fiscal stabilization reserve	218,217	-	-	-	-	218,217
Subsequent years expenditures	373,994	-	-	-	-	373,994
Budget support act	61,121	-	-	-	-	61,121
Soccer stadium	2,401	-	-	-	-	2,401
Dedicated taxes	26,414	-	-	-	-	26,414
Housing production trust fund	263,391	-	-	-	-	263,391
Pay-as-you-go capital projects	263,391	-	-	-	-	263,391
Other special purposes	189,461	-	-	-	-	189,461
Total committed fund balance	<u>2,193,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,193,438</u>
Unassigned fund balance	<u>-</u>	<u>(38,538)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,538)</u>
Total fund balances	<u>\$ 3,259,834</u>	<u>\$ (38,538)</u>	<u>\$ 116,223</u>	<u>\$ 369,847</u>	<u>\$ 640,965</u>	<u>\$ 4,348,331</u>

Note:

Fiscal Stabilization Reserve: \$212,729 is budgeted for use in the FY 2021 Approved Budget.

B. NET POSITION OF THE PROPRIETARY AND FIDUCIARY FUNDS

Table N10-2 presents the net position of the proprietary and fiduciary funds as of September 30, 2020.

Table N10-2
Schedule of Net Position of the Proprietary and Fiduciary Funds (\$000s)

	Office of Lottery and Gaming	Unemployment Compensation Fund	Not-for-Profit Hospital Corporation	Fiduciary Funds
NET POSITION				
Net investment in capital assets	\$ 414	\$ -	\$ 69,722	\$ -
Restricted	-	73,538	17,012	11,486,575
Unrestricted	4,354	-	2,176	-
Total net position	<u>\$ 4,768</u>	<u>\$ 73,538</u>	<u>\$ 88,910</u>	<u>\$ 11,486,575</u>

NOTE 11. TAX ABATEMENTS

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. The agreement must precede the reduction of taxes and the fulfillment of the promise to act by the individual or entity.

Many tax expenditure programs exhibit the features of tax abatements: reduce taxes; encourage beneficial actions by individuals or entities; and may be based on agreements. However, most of the District tax expenditure programs require individuals or entities to perform certain activities and subsequently apply for the tax reduction, which is either approved or denied by the District. Such tax expenditure programs are excluded from the scope of GASB Statement No. 77 because the related commitment is made after the individual or entity has already performed the required activity associated with the requested tax reduction. Such programs, even with the existence of an agreement, 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. This 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. 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 in coordination with the Office of Tax and Revenue.

Real Property Tax Abatements

The real property tax abatements are designed to encourage construction, improvement, and development of housing units, including affordable housing units, and 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 District may: abate the entire real property tax for a certain number of years (for example, 10 or 20 years); abate the real property tax in excess of a certain amount for a certain number of years; or cap the annual real property tax for a certain number of years.

Possessory Interest Tax Abatements

Possessory interest is the intent and right of an individual or entity to occupy and/or exercise control over certain real estate. A taxable possessory interest is created when real estate owned by a government agency is leased, rented, or used by a private individual or entity for their own exclusive use. The possessory interest tax abatements are designed to provide support for construction, maintenance, and operating activities of major project developments in the District. The District enters into ground lease agreements that either provide abatement of the possessory interest tax for a number of years and gradually increases the tax thereafter or returns paid possessory interest tax as a grant to the developer.

For the fiscal years ended September 30, 2020 and 2019, tax abatements made by the District through the Special Tax Incentives Program totaled \$11,918 and \$12,335, respectively.

Table N11-1 presents the amount of real property taxes and possessory interest taxes abated in fiscal years 2020 and 2019.

Table N11-1
Tax Abatement Programs (\$000s)

	Year Ending September 30, 2020	Year Ending September 30, 2019
Special tax incentives program		
Real property tax	\$ 9,903	\$ 11,327
Possessory interest tax	2,015	1,008
Total	\$ 11,918	\$ 12,335

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 commitment or obligation by the District to provide financial assistance to WMATA is established by annual appropriations, as approved by Congress. The District places the amounts to be provided to WMATA in an escrow account until such time when the funds are to be drawn down for use by WMATA. Operating grants may be in the form of operating and interest subsidies. WMATA records the operating grants from the District as advanced contributions when received and as non-operating revenues when the related expenses are incurred. WMATA recognizes the capital grants from the District 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, 2020.

Table N12-1
Summary of Grants Provided to WMATA
(\$000s)

	Local	Capital
Operating grants	\$ 403,918	\$ -
School transit subsidy	20,353	-
Capital grants	-	319,743
Total	\$ 424,271	\$ 319,743

WMATA issues separate audited financial statements which can be requested from:

Washington Metropolitan Area Transit Authority
General Manager
600 5th Street, NW
Washington, DC 20001

Table N12-2 presents summary 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. This information is summarized from the separately issued financial statements of WMATA.

Table N12-2
Summary of Financial Statements for WMATA
as of and for the year ended June 30, 2020
(\$000s)

FINANCIAL POSITION

Total assets	\$ 14,116,632
Total deferred outflows of resources	715,426
Total liabilities	(6,112,561)
Total deferred inflows of resources	(356,158)

Net position **\$ 8,363,339**

OPERATING RESULTS

Operating revenues	\$ 582,574
Operating expenses	(3,206,877)
Nonoperating revenues, net	1,475,938
Revenue from capital contributions	1,410,114
Extraordinary items	(1,748)

Change in net position **\$ 260,001**

CHANGE IN NET POSITION

Net position, beginning of year	\$ 8,103,338
Change in net position	260,001

Net position, end of year **\$ 8,363,339**

B. SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS

During fiscal year 2020, the most significant transactions between the District and its discretely presented component units were in the form of subsidies. The subsidies, including capital contributions paid by the District to its component units were as follows: Washington Convention and Sports Authority, \$74,067; District of Columbia Green Finance Authority, \$26,000; and the University of the District of Columbia, \$89,123. 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, 2020 totaled \$920,806, which is comprised of \$540,026 in on-behalf payments to the DC Federal Pension Fund, \$310,617 in Coronavirus relief funding and \$70,163 in contributions to cover costs imposed by the federal government.

B. EMERGENCY PREPAREDNESS

As the nation's capital, the District 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, 2020, 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. No additional amounts were expended from this funding in fiscal year 2020.

C. CORONAVIRUS RELIEF FUNDS – EXPANSION OF UNEMPLOYMENT INSURANCE

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes an expansion of unemployment insurance for District workers. The programs offered through the provisions of the CARES Act include:

Pandemic Unemployment Assistance

The Pandemic Unemployment Assistance (PUA) program is available to individuals who are typically ineligible for regular unemployment insurance (i.e., self-employed workers, independent contractors, gig workers, those with insufficient work history) that cannot work due to COVID-19 related reasons. PUA benefits are available for a maximum of 39 weeks and includes \$600 (not in thousands) in Federal Pandemic Unemployment Compensation. PUA is effective for the period January 27, 2020 through December 31, 2020. The total benefits paid under this program for fiscal year 2020 was \$58,591.

Federal Pandemic Unemployment Compensation

The Federal Pandemic Unemployment Compensation (FPUC) program is available to individuals who are collecting certain unemployment insurance benefits, including regular unemployment compensation. FPUC provides an additional \$600 (not in thousands) in

federal benefits per week for weeks of unemployment ending on or before July 31, 2020 on top of current regular Unemployment Insurance benefits. The total benefits paid under the FPUC program for fiscal year 2020 was \$751,006.

Pandemic Emergency Unemployment Compensation

The Pandemic Emergency Unemployment Compensation (PEUC) program is available to individuals who have exhausted benefits under regular unemployment compensation or other programs to receive 13 additional weeks of benefits, plus \$600 (not in thousands) FPUC benefits, although FPUC expired July 31, 2020. PEUC is effective for the period March 29, 2020 through December 31, 2020. The total benefits paid under this program for fiscal year 2020 was \$23,976.

All unemployment compensation benefits paid from the programs under the CARES Act are 100% federally funded.

D. GRANTS

The District participates in 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 reported by function on the government-wide financial statements.

Supplemental Nutrition Assistance Program

The District participates in the Supplemental Nutrition Assistance Program (SNAP), a federal program designed to increase the food purchasing power of economically disadvantaged residents. In fiscal year 2020, SNAP expenditures totaled \$242,324.

Federal Lost Wages Assistance

The Federal Emergency Management Agency approved funding in the form of a grant to provide \$300 per week in Lost Wages Assistance to eligible District workers for five weeks. Lost Wages Assistance is not an unemployment insurance program. It is a Federal Emergency Management Agency program that provides a supplemental payment on top of the unemployment benefits an eligible claimant receives from the District. The total benefits paid under this program for fiscal year 2020 was \$96,037.

NOTE 14. LEASES

The accounting standards present two lease classifications: capital leases and operating leases. A capital lease requires the recognition of a lease asset and a lease liability in the government-wide Statement of Net Position. As of September 30, 2020, the District did not have any outstanding capital leases.

Operating leases are not recorded in the government-wide 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 operating leases contain escalation clauses and contingent rentals that are not included in the calculation of the future minimum lease payments. In fiscal year 2020, operating lease expenditures recorded in governmental funds totaled \$183,627.

Table N14-1 presents the future minimum lease commitments for all operating leases having non-cancelable terms in excess of one year as of September 30, 2020.

Table N14-1
Schedule of Future Minimum Lease
Commitments (\$000s)

Year Ending September 30	Primary Government Operating Leases	
	Facilities	Equipment
2021	\$ 177,089	\$ 2,664
2022	150,083	1,200
2023	149,985	262
2024	148,088	57
2025	146,071	8
2026-2030	353,167	-
2031-2035	67,250	-
2036-2040	4,070	-
2041-2045	973	-
2046-2050	927	-
Minimum lease payments	\$ 1,197,703	\$ 4,191

NOTE 15. COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The District is exposed to risks of losses associated with: 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 risk management activities as governmental activities in the government-wide financial statements. Claim expenses/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 conditioned 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, 2020. As a result, information regarding potential disallowances arising from noncompliance with applicable grant agreements and other federal requirements is not available for fiscal year 2020. However, based on prior experience and resolutions reached with grantor agencies, the District determined that as of September 30, 2020, 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 derivative instruments of the District 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 counterparty may terminate the hedging derivative instrument. As of September 30, 2020, the aggregate fair value of all hedging derivative instruments (floating to fixed swaps) with collateral posting provisions was \$29,030 as indicated in **Table N2-13** on page 102. The GO credit ratings of the District by Standard & Poor's, Moody's and Fitch is AA+, Aaa, AA+, respectively. No collateral had been posted as of September 30, 2020.

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, 2020.

The accrued liability is based on estimates of payments that will be made upon legal judgment or resolution of the claims. This accrued liability 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 \$62,500.

In fiscal year 2020, there was a \$2,426 net decrease in the accrual related to pending or unresolved property tax appeals made by District property owners.

Table N15-1 presents a summary of the changes in accrued liability for claims and judgments reported in the government-wide financial statements.

Table N15-1
Summary of Changes in Claims and
Judgments Accrual (\$000s)

	2020	2019
Liability at October 1	\$ 158,120	\$ 153,144
Claims incurred		
Lawsuits	1,113	16,216
Property tax appeals	32,600	36,579
Claims payments/		
 adjustments		
Lawsuits	(61,532)	(25,475)
Property tax appeals	(35,026)	(22,344)
Liability at September 30	\$ 95,275	\$ 158,120

NOTE 15. COMMITMENTS AND CONTINGENCIES

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. This program covers all District employees hired under the District of Columbia Compensation Merit Personnel Act and 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)

	2020	2019
Liability at October 1	\$ 75,279	\$ 108,535
Claims/adjustments	9,954	(15,098)
Benefit payments	(15,789)	(18,158)
Liability at September 30	\$ 69,444	\$ 75,279

NOTE 16. SUBSEQUENT EVENTS

The Coronavirus Relief Fund

In response to the COVID-19 pandemic, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to assist with the economic impact resulting from the pandemic. Part of the economic assistance provided by the CARES Act was the establishment of the Coronavirus Relief Fund (CRF), representing \$150 billion to states, local governments, and other specifically identified governments. Payments from the CRF may only cover expenses that are (1) necessary expenditures due to the public health emergency resulting from COVID-19; (2) were not included in the government's most recently approved budget as of March 27, 2020; and (3) were incurred during the period March 1 through December 31, 2021.

The District received \$1,309,168 in advance payment prior to September 30, 2020, and due to timing, \$185,018 of these funds were unspent at fiscal year-end. The District will review all relief funds expended after September 30, 2020. Amounts which remained unspent at December 31, 2021 will be returned to the U.S. Treasury.

Ongoing Impact of COVID-19 on the District Economy and Revenue

In fiscal year 2020, COVID-19 and the restrictions imposed on businesses and individuals to control the spread of the virus drove the District's economy into a recession, reducing the District's revenues. Although revenue growth was strong in the first half of fiscal year 2020, revenue was about 2.00% lower than the previous year, driven mainly by reduced revenues from sales taxes and other sources such as traffic fines, parking meters, and building permits, in the second half of the fiscal year. The recent revenue forecast projects that the economy will recover by the end of calendar year 2021, but with the virus surging and restrictions to control the virus extended, COVID-19 will continue to negatively affect the District's economy and revenues. The December revenue forecast projects a reduction in fiscal year 2021 revenues of about 3.00% over the previous year. Most of the impact is expected in the winter because of the restrictions imposed on restaurants, hotels, and other businesses with the resurgence of the virus. The availability and deployment of vaccines is expected to boost the District's economy and revenues in the latter half of the fiscal year.



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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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 58,888	\$ 53,343	\$ 59,046	\$ 56,781	\$ 44,469	\$ 39,513	\$ 31,636	\$ 6,407	\$ -	\$ -
Contributions in relation to actuarially determined contribution	58,888	53,343	59,046	56,781	44,469	39,513	31,636	6,407	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 490,756	\$ 466,792	\$ 470,749	\$ 447,762	\$ 438,079	\$ 417,090	\$ 378,926	\$ 369,071	\$ 381,235	\$ 384,455
Contributions as a percentage of covered payroll	12.00%	11.43%	12.54%	12.68%	10.15%	9.47%	8.35%	1.74%	0.00%	0.00%

Notes:

Valuation Date: Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year. 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 2020:

Actuarial cost method: Entry age normal

Amortization method: Level dollar, closed

Remaining amortization period: Range from 11 to 20 years

Asset valuation method: 5-year smoothed market

Inflation: 3.50%

Salary increases: 5.50% to 8.63%; includes 4.25% wage inflation

Investment rate of return: 6.50%, net of pension plan investment expense

Mortality: Pre-retirement and post-retirement mortality rates were based on the RPH 2014 Blue Collar Mortality Table projected generationally 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.

Cost of living adjustments: 3.50% for those hired before 11/1/1996; limited to 3.00% for those hired on or after 11/1/1996

Exhibit RSI-2
Schedule of Employer Contributions - Police Officers and Fire Fighters' Retirement Fund
Last Ten Fiscal Years (\$000s)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 93,061	\$ 91,284	\$ 105,596	\$ 145,631	\$ 136,115	\$ 103,430	\$ 110,766	\$ 96,314	\$ 116,700	\$ 127,200
Contributions in relation to actuarially determined contribution	93,061	91,284	105,596	145,631	136,115	103,430	110,766	96,314	116,700	127,200
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 473,513	\$ 460,686	\$ 454,209	\$ 441,904	\$ 438,114	\$ 446,201	\$ 426,135	\$ 413,380	\$ 414,877	\$ 421,221
Contributions as a percentage of covered payroll	19.65%	19.81%	23.25%	32.96%	31.07%	23.18%	25.99%	23.30%	28.13%	30.20%

Notes:

Valuation Date: Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year. 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 2020:

Actuarial cost method: Entry age normal

Amortization method: Level dollar, closed

Remaining amortization period: Range from 11 to 20 years

Asset valuation method: 5-year smoothed market

Inflation: 3.50%

Salary increases: 4.25% to 7.38%; includes 4.25% wage inflation

Investment rate of return: 6.50%, net of pension plan investment expense

Mortality: Pre-retirement and post-retirement mortality rates were based on the RPH 2014 Blue Collar Mortality Table projected generationally 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.

Cost of living adjustments: 3.50% for those hired before 11/1/1996; limited to 3.00% for those hired on or after 11/1/1996

Exhibit RSI-3

Schedule of Changes in Net Pension Liability and Related Ratios - Teachers' Retirement Fund
Last Seven Fiscal Years (\$000s)

	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service cost	\$ 80,242	\$ 72,429	\$ 67,877	\$ 65,911	\$ 61,599	\$ 53,297	\$ 50,409
Interest	159,186	144,165	137,704	131,657	124,370	118,378	112,204
Differences between expected and actual experience	(2,364)	103,719	(19,505)	(37,230)	2,656	(7,246)	-
Changes in assumptions	-	-	-	14,106	-	-	-
Benefit payments, including refunds of employee contributions	(90,552)	(87,889)	(84,556)	(78,235)	(75,298)	(69,652)	(65,622)
Net change in total pension liability	146,512	232,424	101,520	96,209	113,327	94,777	96,991
Total pension liability-beginning	2,494,291	2,261,867	2,160,347	2,064,138	1,950,811	1,856,034	1,759,043
Total pension liability-ending (a)	\$ 2,640,803	\$ 2,494,291	\$ 2,261,867	\$ 2,160,347	\$ 2,064,138	\$ 1,950,811	\$ 1,856,034
PLAN FIDUCIARY NET POSITION							
Contributions - employer	\$ 58,888	\$ 53,343	\$ 59,046	\$ 56,781	\$ 44,469	\$ 39,513	\$ 31,636
Contributions - employees	42,356	40,432	40,324	34,364	33,591	31,621	28,751
Net investment income	138,924	85,047	94,129	239,554	152,262	(72,647)	132,086
Benefit payments including refunds of employee contributions	(90,552)	(87,889)	(84,556)	(78,235)	(75,298)	(69,652)	(65,622)
Administrative expenses	(3,511)	(3,440)	(4,474)	(4,721)	(4,746)	(4,543)	(3,787)
Other	803	883	1,038	907	1,033	385	522
Net change in plan fiduciary net position	146,908	88,376	105,507	248,650	151,311	(75,323)	123,586
Plan fiduciary net position-beginning	2,264,482	2,176,106	2,070,599	1,821,949	1,670,638	1,745,961	1,622,375
Plan fiduciary net position-ending (b)	\$ 2,411,390	\$ 2,264,482	\$ 2,176,106	\$ 2,070,599	\$ 1,821,949	\$ 1,670,638	\$ 1,745,961
District's net pension liability-ending (a)-(b)	\$ 229,413	\$ 229,809	\$ 85,761	\$ 89,748	\$ 242,189	\$ 280,173	\$ 110,073
Plan fiduciary net position as a percentage of total pension liability (b)/(a)	91.31%	90.79%	96.21%	95.85%	88.27%	85.64%	94.07%
Covered payroll	\$ 490,756	\$ 466,792	\$ 470,749	\$ 447,762	\$ 438,079	\$ 417,090	\$ 378,926
Net pension liability as a percentage of covered payroll	46.75%	49.23%	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 Fire Fighters' Retirement Fund
Last Seven Fiscal Years (\$000s)

	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service cost	\$ 209,411	\$ 180,928	\$ 182,641	\$ 196,629	\$ 198,020	\$ 192,114	\$ 176,102
Interest	359,706	338,288	318,719	300,626	282,285	257,943	235,097
Differences between expected and actual experience	(8,567)	(57,642)	(84,452)	(188,549)	(106,840)	(2,477)	-
Changes in assumptions	-	-	-	67,256	-	-	-
Benefit payments, including refunds of employee contributions	(141,280)	(122,875)	(108,374)	(94,184)	(81,316)	(65,030)	(54,421)
Net change in total pension liability	419,270	338,699	308,534	281,778	292,149	382,550	356,778
Total pension liability-beginning	5,604,573	5,265,874	4,957,340	4,675,562	4,383,413	4,000,863	3,644,085
Total pension liability-ending (a)	\$ 6,023,843	\$ 5,604,573	\$ 5,265,874	\$ 4,957,340	\$ 4,675,562	\$ 4,383,413	\$ 4,000,863
PLAN FIDUCIARY NET POSITION							
Contributions - employer	\$ 93,061	\$ 91,284	\$ 105,596	\$ 145,631	\$ 136,115	\$ 103,430	\$ 110,766
Contributions - employees	37,880	38,243	34,478	33,424	32,785	33,679	32,821
Net investment income	381,607	232,987	316,842	655,310	415,157	(187,283)	338,894
Benefit payments including refunds of employee contributions	(141,280)	(122,875)	(108,374)	(94,184)	(81,316)	(65,030)	(54,421)
Administrative expenses	(9,648)	(9,481)	(11,570)	(12,838)	(12,918)	(11,939)	(9,730)
Other	2,207	2,435	2,356	2,468	2,810	1,012	1,342
Net change in plan fiduciary net position	363,827	232,593	339,328	729,811	492,633	(126,131)	419,672
Plan fiduciary net position-beginning	6,256,363	6,023,770	5,684,442	4,954,631	4,461,998	4,588,129	4,168,457
Plan fiduciary net position-ending (b)	\$ 6,620,190	\$ 6,256,363	\$ 6,023,770	\$ 5,684,442	\$ 4,954,631	\$ 4,461,998	\$ 4,588,129
District's net pension liability (asset)-ending (a)-(b)	\$ (596,347)	\$ (651,790)	\$ (757,896)	\$ (727,102)	\$ (279,069)	\$ (78,585)	\$ (587,266)
Plan fiduciary net position as a percentage of total pension liability (b)/(a)	109.90%	111.63%	114.39%	114.67%	105.97%	101.79%	114.68%
Covered payroll	\$ 473,513	\$ 460,686	\$ 454,209	\$ 441,904	\$ 438,114	\$ 446,201	\$ 426,135
Net pension liability (asset) as a percentage of covered payroll	(125.94)%	(141.48)%	(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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 47,300	\$ 46,000	\$ 44,500	\$ 31,000	\$ 29,000	\$ 91,400	\$ 86,600	\$ 85,200	\$ 95,500	\$ 94,200
Contributions in relation to actuarially determined contribution	47,300	46,000	44,500	31,000	29,000	91,400	86,600	107,778	109,825	94,200
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,578)	\$ (14,325)	\$ -
Covered payroll	\$ 2,173,454	\$ 2,038,767	\$ 1,940,801	\$ 1,820,046	\$ 1,771,335	\$ 1,608,000	\$ 1,484,300	\$ 1,441,100	\$ 1,399,100	\$ 1,559,800
Contributions as a percentage of covered payroll	2.18%	2.26%	2.29%	1.70%	1.64%	5.68%	5.83%	5.91%	6.83%	6.04%

Notes:

Valuation Date: Actual contributions are based on valuations as of September 30, 2019, 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: 16 years beginning with fiscal year end 2020

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: 5.30%, 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-2019 Improvement Scale, fully generational, was used for healthy lives both pre-retirement 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 Four Fiscal Years (\$000s)

	2020	2019	2018	2017
TOTAL OPEB LIABILITY				
Service cost	\$ 54,832	\$ 50,106	\$ 52,835	\$ 49,610
Interest	94,484	89,812	79,095	72,123
Differences between expected and actual experience	30,163	1,627	(729)	(539)
Changes in assumptions	-	(49,000)	50,940	-
Insurance carrier premiums net of retiree contributions	(22,547)	(18,844)	(15,740)	(12,370)
Net change in total OPEB liability	156,932	73,701	166,401	108,824
Total OPEB liability-beginning	1,464,702	1,391,001	1,224,600	1,115,776
Total OPEB liability-ending (a)	\$ 1,621,634	\$ 1,464,702	\$ 1,391,001	\$ 1,224,600
OPEB PLAN FIDUCIARY NET POSITION				
Contributions - employer and annuitants	\$ 48,189	\$ 46,834	\$ 45,206	\$ 31,522
Net investment income	107,412	20,647	67,386	150,515
Insurance carrier premiums (benefits payments)	(23,437)	(19,678)	(16,447)	(12,892)
Administrative expenses	(585)	(730)	(397)	(304)
Net change in plan fiduciary net position	131,579	47,073	95,748	168,841
Plan fiduciary net position-beginning	1,509,103	1,462,030	1,366,282	1,197,441
Plan fiduciary net position-ending (b)	\$ 1,640,682	\$ 1,509,103	\$ 1,462,030	\$ 1,366,282
District's net OPEB liability (asset)-ending (a)-(b)	\$ (19,048)	\$ (44,401)	\$ (71,029)	\$ (141,682)
Plan fiduciary net position as a percentage of total OPEB liability (b)/(a)	101.17%	103.03%	105.11%	111.57%
Covered payroll	\$ 2,173,454	\$ 2,038,767	\$ 1,940,801	\$ 1,820,046
Net OPEB liability (asset) as a percentage of covered payroll	(0.88)%	(2.18)%	(3.66)%	(7.78)%

Note:

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, 2020
(With Comparative Totals at September 30, 2019)
(\$000s)**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 2,196,208	\$ 2,237,664
Receivables (net of allowances for doubtful accounts):		
Intergovernmental	58	53
Taxes	503,804	496,453
Accounts	380,109	373,241
Due from component units	2,300	3,399
Interfund	569,822	468,830
Inventories	47,769	10,303
Other current assets	11,160	10,967
Cash and cash equivalents (restricted)	871,524	991,582
Investments (restricted)	104,131	41,758
Total current assets	<u>4,686,885</u>	<u>4,634,250</u>
Long-term assets:		
Receivables (net of allowances for doubtful accounts):		
Long-term assets	109,485	102,036
Total assets	<u>\$ 4,796,370</u>	<u>\$ 4,736,286</u>
LIABILITIES		
Accounts payable	\$ 475,679	\$ 491,432
Compensation payable:		
Salaries and wages	183,357	161,148
Employee benefits	4,486	5,286
Payroll taxes	1,244	1,356
Other deductions	5,268	4,397
Interfund	17,196	35,157
Due to component units	13,680	19,188
Unearned revenue	80,215	71,067
Other	49,146	45,157
Accrued liabilities:		
Claims and judgments	25	-
Medicaid	181,610	193,861
Tax refunds	71,650	64,727
Other current liabilities	8,889	8,021
Total liabilities	<u>1,092,445</u>	<u>1,100,797</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues:		
Property taxes	203,068	145,607
Others	241,023	236,566
Total deferred inflows of resources	<u>444,091</u>	<u>382,173</u>
FUND BALANCE		
Nonspendable	47,769	10,303
Restricted	1,018,627	1,132,630
Committed	2,193,438	2,041,133
Assigned	-	69,250
Total fund balance	<u>3,259,834</u>	<u>3,253,316</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 4,796,370</u>	<u>\$ 4,736,286</u>

See accompanying Independent Auditors' Report.

Exhibit A-2

DISTRICT OF COLUMBIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 General Fund
 For the Year Ended September 30, 2020
 (With Comparative Totals for the Year Ended September 30, 2019)
 (\$000s)

	2020	2019
REVENUES		
Taxes	\$ 8,100,079	\$ 8,262,219
Fines and forfeitures	158,030	202,194
Licenses and permits	141,007	172,493
Charges for services:		
Public	269,491	301,858
Intergovernmental	770	1,044
Miscellaneous:		
Public	500,720	499,555
Investment income	23,562	44,734
Total revenues	<u>9,193,659</u>	<u>9,484,097</u>
EXPENDITURES		
Current:		
Governmental direction and support	1,009,090	1,031,085
Economic development and regulation	528,294	493,879
Public safety and justice	1,069,045	1,236,656
Public education system	2,484,012	2,357,340
Human support services	2,137,355	2,148,238
Public works	466,542	433,141
Public transportation	424,271	425,753
Debt service:		
Principal	376,876	319,351
Interest	469,180	407,168
Fiscal charges	19,370	6,368
Total expenditures	<u>8,984,035</u>	<u>8,858,979</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>209,624</u>	<u>625,118</u>
OTHER FINANCING SOURCES (USES):		
Debt issuance	30,103	4,820
Refunding debt issuance	1,647,745	290,000
Premium on sale of bonds	227,549	-
Payment to refunded bond escrow agent	(1,850,494)	(290,000)
Transfers in	100,728	97,554
Transfers out	(364,194)	(251,390)
Sale of capital assets	5,457	831
Total other financing uses	<u>(203,106)</u>	<u>(148,185)</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	6,518	476,933
Fund Balance as of October 1	3,253,316	2,776,383
Fund Balance as of September 30	<u>\$ 3,259,834</u>	<u>\$ 3,253,316</u>

See accompanying Independent Auditors' Report.

Exhibit A-3

DISTRICT OF COLUMBIA
SCHEDULE OF EXPENDITURES AND NET FINANCING (SOURCES) USES

General Fund
 Function and Object - GAAP Basis
 For the Year Ended September 30, 2020
 (With Comparative Totals for the Year Ended September 30, 2019)
 (\$000s)

Function and Subfunction	Personnel Services	Contractual Services	Supplies	Occupancy	Miscellaneous	Totals	
						2020	2019
Governmental direction and support							
Legislative	\$ 28,213	\$ 2,595	\$ 72	\$ 853	\$ 43,880	\$ 75,613	\$ 37,801
Executive	104,893	44,921	492	4,235	2,303	156,844	147,491
Finance	114,889	47,008	117	2	93,735	255,751	333,437
Personnel	14,957	581	3	25	3	15,569	15,083
Administrative	124,298	92,089	(21,802)	240,609	53,365	488,559	482,845
Elections	10,354	2,849	196	31	3,324	16,754	14,428
Total	397,604	190,043	(20,922)	245,755	196,610	1,009,090	1,031,085
Economic development and regulation							
Community development	37,028	18,428	80	523	237,998	294,057	253,983
Economic regulation	99,832	23,371	406	6,327	5,399	135,335	139,474
Employment services	46,508	18,767	358	2,787	30,482	98,902	100,422
Total	183,368	60,566	844	9,637	273,879	528,294	493,879
Public safety and justice							
Police	475,128	54,660	5,565	124	136,671	672,148	743,960
Fire	174,360	27,540	6,109	25	12,886	220,920	301,727
Corrections	120,446	28,417	4,194	125	861	154,043	169,618
Protection	10,121	1,740	132	22	150	12,165	12,098
Law	8,786	736	65	1	138	9,726	9,244
Judicial	-	43	-	-	-	43	9
Total	788,841	113,136	16,065	297	150,706	1,069,045	1,236,656
Public education system							
Schools	794,289	89,943	6,722	35,993	1,022,895	1,949,842	1,835,127
Culture	187,648	33,856	555	10,570	301,541	534,170	522,213
Total	981,937	123,799	7,277	46,563	1,324,436	2,484,012	2,357,340
Human support services							
Health and welfare	422,101	122,071	7,668	59,791	1,347,907	1,959,538	1,975,220
Human relations	11,453	5,593	72	18	32,487	49,623	48,331
Employment benefits	76,424	-	-	-	-	76,424	68,998
Recreation	45,603	4,497	1,108	63	499	51,770	55,689
Total	555,581	132,161	8,848	59,872	1,380,893	2,137,355	2,148,238
Public works	218,721	193,592	7,205	3,537	43,487	466,542	433,141
Public transportation	-	-	-	-	424,271	424,271	425,753
Debt service	-	-	-	-	865,426	865,426	732,887
Net financing uses	-	-	-	-	203,106	203,106	148,185
Total expenditures and net uses	\$ 3,126,052	\$ 813,297	\$ 19,317	\$ 365,661	\$ 4,862,814	\$ 9,187,141	\$ 9,007,164

See accompanying Independent Auditors' Report.

Note:

The miscellaneous column includes transfers, subsidies and other payments, the major components of which are listed below.

Transfers to:

Public Charter Schools [\$921,462], Mass Transit Subsidies [\$424,271], Paygo - Capital [\$280,940], Housing Authority Subsidy [\$146,303], UDC Subsidy [\$89,123], Convention Center Transfer [\$87,200], Housing Production Trust Fund (Subsidy) [\$38,645], Highway Transportation Fund - Transfers [\$22,472].

Payments for:

Repayment of Loans and Interest [\$821,199], Department of Health Care Finance [\$736,872], Department of Human Services [\$312,952], State Superintendent of Education (OSSE) [\$120,860], Department on Disability Services [\$100,610], Police / Firefighters Retirement System [\$93,061], Department of Behavioral Health [\$72,342], Child and Family Services Agency [\$71,364], Department of General Services [\$59,544], Teachers' Retirement System [\$58,580], Office for Non-Public Tuition [\$57,696], Emergency Planning and Security Cost [\$43,000], Office of Victim Svcs and Justice Grants [\$36,055], Department of Health [\$33,358], Department of Energy and Environment [\$32,957], Business Improvement Districts Transfer [\$32,471], Department of Employment Services [\$30,685], District of Columbia Public Schools [\$28,709], Comm on Arts & Humanities - Creative Econ [\$28,307], Department of Aging and Community Living [\$28,306], Deputy Mayor for Planning and Econ Dev [\$26,706], Dept. of Housing and Comm Development [\$24,806], Department of Youth Rehabilitation Svcs [\$24,722], Not-for-Profit Hospital Corp. Subsidy [\$22,137], Debt Service - Issuance Costs [\$16,108], Fire and Emergency Medical Services [\$13,133], Deputy Mayor for Education [\$12,094], Dept. of Consumer and Regulatory Affairs [\$11,408], Dept. of Small & Local Business Development [\$10,180], DC Public Library [\$7,368], Dept. of Insurance, Securities & Banking [\$6,684], Repayment of Revenue Bonds [\$6,293], Department of For-Hire Vehicles [\$5,961].

Exhibit A-4

DISTRICT OF COLUMBIA
SCHEDULE OF LOCAL SOURCE REVENUES
Budget and Actual (Budgetary Basis)
General Fund
Year Ended September 30, 2020
(\$000s)

Source	Budget		Actual	Variance
	Original	Revised		
Taxes:				
Property:				
Real	\$ 2,734,012	\$ 2,730,846	\$ 2,793,121	\$ 62,275
Personal	70,809	77,000	77,698	698
Public space rental	39,016	29,680	39,662	9,982
Total	2,843,837	2,837,526	2,910,481	72,955
Sales and use:				
General	1,601,360	1,216,626	1,186,534	(30,092)
Alcoholic beverages	6,795	5,983	6,009	26
Cigarette	31,435	24,177	24,934	757
Motor vehicles	44,948	37,446	40,713	3,267
Motor fuel tax	26,298	18,510	22,472	3,962
Total	1,710,836	1,302,742	1,280,662	(22,080)
Income and franchise:				
Individual income	2,227,126	2,326,811	2,377,236	50,425
Corporation franchise	421,289	529,775	575,646	45,871
Unincorporated business	141,341	139,980	152,051	12,071
Total	2,789,756	2,996,566	3,104,933	108,367
Gross receipts:				
Public utility	132,770	127,918	129,394	1,476
Toll telecommunication	42,218	39,119	38,306	(813)
Insurance companies	69,253	72,547	72,570	23
Health care providers	46,891	33,237	35,894	2,657
Health care related incomes	33,537	47,433	47,433	-
Total	324,669	320,254	323,597	3,343
Other:				
Deed recordation	275,856	231,058	224,291	(6,767)
Deed transfers	217,914	160,219	154,542	(5,677)
Inheritance and estate	20,923	40,374	37,249	(3,125)
Economic interests	14,108	11,997	11,269	(728)
Total	528,801	443,648	427,351	(16,297)
Total taxes	8,197,899	7,900,736	8,047,024	146,288
Licenses and permits:				
Business licenses	94,468	92,565	95,153	2,588
Nonbusiness permits	37,611	30,007	30,431	424
Total	132,079	122,572	125,584	3,012
Fines and forfeitures	167,535	148,200	147,943	(257)
Charges for services	79,177	72,668	68,723	(3,945)
Miscellaneous:				
Interest	30,000	22,900	17,813	(5,087)
Other	102,854	128,821	162,832	34,011
Total	132,854	151,721	180,645	28,924
Total local revenues	8,709,544	8,395,897	8,569,919	174,022
Other sources:				
General obligation bonds	9,000	9,000	9,403	403
Fund balance released from restrictions	339,609	562,733	562,733	-
Interfund transfer	77,295	65,641	65,697	56
Total other sources	425,904	637,374	637,833	459
Total local revenues and other sources	\$ 9,135,448	\$ 9,033,271	\$ 9,207,752	\$ 174,481

See accompanying Independent Auditors' Report.

Exhibit A-5

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
General Fund
Year Ended September 30, 2020
(\$000s)

	Local Source				Other Source				Totals			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
REVENUES AND OTHER SOURCES												
Taxes												
Property taxes	\$ 2,843,837	\$ 2,837,526	\$ 2,910,481	\$ 72,955	\$ -	\$ -	\$ -	\$ -	\$ 2,843,837	\$ 2,837,526	\$ 2,910,481	\$ 72,955
Sales and use taxes	1,710,836	1,302,742	1,280,662	(22,080)	-	-	-	-	1,710,836	1,302,742	1,280,662	(22,080)
Income and franchise taxes	2,789,756	2,996,566	3,104,933	108,367	-	-	-	-	2,789,756	2,996,566	3,104,933	108,367
Gross receipts and other taxes	853,470	763,902	750,948	(12,954)	-	-	-	-	853,470	763,902	750,948	(12,954)
Total taxes	8,197,899	7,900,736	8,047,024	146,288	-	-	-	-	8,197,899	7,900,736	8,047,024	146,288
Licenses and permits	132,079	122,572	125,584	3,012	-	-	-	-	132,079	122,572	125,584	3,012
Fines and forfeitures	167,535	148,200	147,943	(257)	-	-	-	-	167,535	148,200	147,943	(257)
Charges for services	79,177	72,668	68,723	(3,945)	-	-	-	-	79,177	72,668	68,723	(3,945)
Miscellaneous	132,854	151,721	180,645	28,924	-	-	-	-	132,854	151,721	180,645	28,924
Other sources	-	-	-	-	711,033	574,667	612,092	37,425	711,033	574,667	612,092	37,425
Bond proceeds	9,000	9,000	9,403	403	-	-	-	-	9,000	9,000	9,403	403
Fund balance released from restrictions	339,609	562,733	562,733	-	59,921	136,702	58,487	(78,215)	399,530	699,435	621,220	(78,215)
Interfund transfer-from office of lottery and gaming	61,990	39,447	38,060	(1,387)	-	-	-	-	61,990	39,447	38,060	(1,387)
Interfund transfer-others	15,305	26,194	27,637	1,443	-	-	-	-	15,305	26,194	27,637	1,443
Total revenues and other sources	9,135,448	9,033,271	9,207,752	174,481	770,954	711,369	670,579	(40,790)	9,906,402	9,744,640	9,878,331	133,691
EXPENDITURES AND OTHER USES												
Governmental direction and support	805,217	857,848	849,639	8,209	83,397	72,008	50,462	21,546	888,614	929,856	900,101	29,755
Economic development and regulation	407,284	414,475	397,172	17,303	240,304	208,647	190,493	18,154	647,588	623,122	587,665	35,457
Public safety and justice	1,189,128	1,032,928	1,022,493	10,435	57,771	56,221	46,410	9,811	1,246,899	1,089,149	1,068,903	20,246
Public education system	2,386,882	2,110,500	2,102,966	7,534	27,902	23,219	20,173	3,046	2,414,784	2,133,719	2,123,139	10,580
Public education AY21 expenditure	-	339,112	339,112	-	-	-	-	-	-	339,112	339,112	-
Human support services	2,218,532	2,105,818	2,067,801	38,017	41,841	47,133	39,405	7,728	2,260,373	2,152,951	2,107,206	45,745
Public works	751,676	721,754	715,930	5,824	220,155	212,743	172,844	39,899	971,831	934,497	888,774	45,723
Repayment of loans and interest	793,784	782,461	781,731	730	5,983	5,983	5,983	-	799,767	788,444	787,714	730
Debt service - issuance costs	9,000	9,000	6,127	2,873	-	-	-	-	9,000	9,000	6,127	2,873
Commercial paper program	10,000	4,841	4,841	-	-	-	-	-	10,000	4,841	4,841	-
Settlements and judgments fund	28,025	16,478	16,154	324	-	-	-	-	28,025	16,478	16,154	324
Wilson building	3,807	4,540	4,081	459	-	-	-	-	3,807	4,540	4,081	459
D.C. retiree health contribution	47,300	47,300	47,300	-	-	-	-	-	47,300	47,300	47,300	-
Repayment of revenue bonds	7,839	7,839	6,293	1,546	-	-	-	-	7,839	7,839	6,293	1,546
Convention center transfer	149,497	84,167	84,167	-	3,730	3,730	3,033	697	153,227	87,897	87,200	697
Highway transportation fund	26,298	22,472	22,472	-	-	-	-	-	26,298	22,472	22,472	-
Emergency planning and security fund	-	43,000	43,000	-	-	-	-	-	-	43,000	43,000	-
Workforce investments	89,068	5,311	-	5,311	-	-	-	-	89,068	5,311	-	5,311
Operating lease-equipment	4,486	4,486	4,486	-	-	-	-	-	4,486	4,486	4,486	-
Pay-as-you-go capital fund	203,245	204,445	204,445	-	81,679	76,496	76,496	-	284,924	280,941	280,941	-
Non-departmental	3,100	14,253	-	14,253	8,189	5,189	-	5,189	11,289	19,442	-	19,442
Total expenditures and other uses	9,134,168	8,833,028	8,720,210	112,818	770,951	711,369	605,299	106,070	9,905,119	9,544,397	9,325,509	218,888
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	\$ 1,280	\$ 200,243	\$ 487,542	\$ 287,299	\$ 3	\$ -	\$ 65,280	\$ 65,280	\$ 1,283	\$ 200,243	\$ 552,822	\$ 352,579

See accompanying Independent Auditors' Report.

Exhibit A-6

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES
General Fund
Year Ended September 30, 2020
(\$000s)

	Original Budget	Revisions	Revised Budget	Actual	Variance (Actual To Original Budget)
REVENUES AND OTHER SOURCES					
Taxes:					
Property taxes	\$ 2,843,837	\$ (6,311)	\$ 2,837,526	\$ 2,910,481	\$ 66,644
Sales and use taxes	1,710,836	(408,094)	1,302,742	1,280,662	(430,174)
Income and franchise taxes	2,789,756	206,810	2,996,566	3,104,933	315,177
Gross receipts and other taxes	853,470	(89,568)	763,902	750,948	(102,522)
Total taxes	8,197,899	(297,163)	7,900,736	8,047,024	(150,875)
Licenses and permits	132,079	(9,507)	122,572	125,584	(6,495)
Fines and forfeitures	167,535	(19,335)	148,200	147,943	(19,592)
Charges for services	79,177	(6,509)	72,668	68,723	(10,454)
Miscellaneous	132,854	18,867	151,721	180,645	47,791
Other sources	711,033	(136,366)	574,667	612,092	(98,941)
Bond proceeds	9,000	-	9,000	9,403	403
Fund balance released from restrictions	399,530	299,905	699,435	621,220	221,690
Interfund transfer-from office of lottery and gaming	61,990	(22,543)	39,447	38,060	(23,930)
Interfund transfer-others	15,305	10,889	26,194	27,637	12,332
Total revenues and other sources	9,906,402	(161,762)	9,744,640	9,878,331	(28,071)
EXPENDITURES AND OTHER USES					
Governmental direction and support	888,614	41,242	929,856	900,101	(11,487)
Economic development and regulation	647,588	(24,466)	623,122	587,665	59,923
Public safety and justice	1,246,899	(157,750)	1,089,149	1,068,903	177,996
Public education system	2,414,784	(281,065)	2,133,719	2,123,139	291,645
Public education AY21 expenditure	-	339,112	339,112	339,112	(339,112)
Human support services	2,260,373	(107,422)	2,152,951	2,107,206	153,167
Public works	971,831	(37,334)	934,497	888,774	83,057
Repayment of loans and interest	799,767	(11,323)	788,444	787,714	12,053
Debt service - issuance costs	9,000	-	9,000	6,127	2,873
Commercial paper program	10,000	(5,159)	4,841	4,841	5,159
Settlements and judgments fund	28,025	(11,547)	16,478	16,154	11,871
Wilson building	3,807	733	4,540	4,081	(274)
D.C. retiree health contribution	47,300	-	47,300	47,300	-
Repayment of revenue bonds	7,839	-	7,839	6,293	1,546
Convention center transfer	153,227	(65,330)	87,897	87,200	66,027
Highway transportation fund	26,298	(3,826)	22,472	22,472	3,826
Emergency planning and security fund	-	43,000	43,000	43,000	(43,000)
Workforce investments	89,068	(83,757)	5,311	-	89,068
Operating lease-equipment	4,486	-	4,486	4,486	-
Pay-as-you-go capital fund	284,924	(3,983)	280,941	280,941	3,983
Non-departmental	11,289	8,153	19,442	-	11,289
Total expenditures and other uses	9,905,119	(360,722)	9,544,397	9,325,509	579,610
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	\$ 1,283	\$ 198,960	\$ 200,243	\$ 552,822	\$ 551,539

See accompanying Independent Auditors' Report.



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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.

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.

The **Universal Paid Leave Fund** is used to account for activities related to the Paid Family Leave program. These activities include the collection of employer contributions and benefits payment to covered employees.

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, 2020
(With Comparative Totals at September 30, 2019)
(\$000s)**

	Special Revenue Funds						Capital Project Fund		
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation		Universal Paid Leave	Baseball Project	Debt Service Fund	Highway Trust	Totals	
			PILOT					2020	2019
ASSETS									
Current assets:									
Receivables (net of allowances for doubtful accounts):									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,054	\$ -	\$ 1,536	\$ 4,590	\$ 3,972
Accounts	17	25,994	-	6,314	-	-	71	32,396	33,081
Due from component units	1,000	-	-	-	665	-	-	1,665	1,665
Due from other funds	1,395	-	3,467	-	874	-	-	5,736	13,668
Other current assets	-	18	-	-	-	-	-	18	18
Restricted cash and cash equivalents	62,985	51,125	63,623	357,780	30,725	-	36,878	603,116	326,474
Restricted investments	-	-	11,155	-	-	-	-	11,155	52,360
Total assets	\$ 65,397	\$ 77,137	\$ 78,245	\$ 364,094	\$ 35,318	\$ -	\$ 38,485	\$ 658,676	\$ 431,238
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE									
Current liabilities:									
Accounts payable	\$ -	\$ 2	\$ -	\$ 3,074	\$ -	\$ -	\$ 4,897	\$ 7,973	\$ 6,803
Compensation payable	-	-	-	-	-	-	156	156	131
Due to other funds	1,000	-	-	2,618	-	-	-	3,618	1,000
Due to component units	-	-	-	-	-	-	-	-	4,888
Other current liabilities	-	-	4	1,960	1	-	656	2,621	2,010
Accrued liabilities	-	-	-	-	496	-	64	560	686
Total liabilities	1,000	2	4	7,652	497	-	5,773	14,928	15,518
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenues	-	-	-	-	2,783	-	-	2,783	4,151
FUND BALANCES									
Restricted	64,397	77,135	78,241	356,442	32,038	-	32,712	640,965	411,569
Total fund balances	64,397	77,135	78,241	356,442	32,038	-	32,712	640,965	411,569
Total liabilities, deferred inflows of resources and fund balances	\$ 65,397	\$ 77,137	\$ 78,245	\$ 364,094	\$ 35,318	\$ -	\$ 38,485	\$ 658,676	\$ 431,238

See accompanying Independent Auditors' Report.

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, 2020
 (With Comparative Totals for the Year Ended September 30, 2019)
 (\$000s)

	Special Revenue Funds						Capital Project Fund	Totals	
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT	Universal Paid Leave	Baseball Project	Debt Service Fund	Highway Trust	2020	2019
REVENUES									
Property taxes	\$ 15,476	\$ -	\$ 28,136	\$ -	\$ -	\$ -	\$ -	\$ 43,612	\$ 52,642
Sales and use taxes	14,068	-	9,705	-	12,139	-	-	35,912	61,222
Gross receipts taxes	-	-	-	-	47,524	-	-	47,524	55,612
Charge for services	-	-	-	305,626	-	-	-	305,626	70,452
Interest	424	2,298	1,052	826	112	-	9	4,721	5,682
Tobacco settlement revenue	-	36,933	-	-	-	-	-	36,933	37,798
Other	-	-	-	-	-	-	66	66	6,130
Total revenues	29,968	39,231	38,893	306,452	59,775	-	75	474,394	289,538
EXPENDITURES									
Governmental direction and support	32,445	234	38,832	-	1,717	-	-	73,228	38,486
Economic development and regulation	-	-	-	20,623	-	-	-	20,623	-
Capital outlay	-	-	-	-	-	-	33,375	33,375	43,803
Bond principal payment	4,398	22,315	26,688	-	-	43,455	-	96,856	113,724
Interest	7,919	19,344	7,969	-	-	11,665	-	46,897	52,625
Fiscal charges	155	-	-	-	-	-	-	155	-
Total expenditures	44,917	41,893	73,489	20,623	1,717	55,120	33,375	271,134	248,638
Excess (deficiency) of revenues over (under) expenditures	(14,949)	(2,662)	(34,596)	285,829	58,058	(55,120)	(33,300)	203,260	40,900
OTHER FINANCING SOURCES (USES)									
Bond issuance	17,300	-	25,802	-	-	-	-	43,102	10,630
Premium on sale of bonds	2,987	-	-	-	-	-	-	2,987	-
Transfers in	-	-	-	-	-	55,120	22,472	77,592	101,161
Transfers out	(6,894)	-	-	-	(90,651)	-	-	(97,545)	(80,392)
Total other financing sources (uses)	13,393	-	25,802	-	(90,651)	55,120	22,472	26,136	31,399
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	(1,556)	(2,662)	(8,794)	285,829	(32,593)	-	(10,828)	229,396	72,299
Fund Balances as of October 1	65,953	79,797	87,035	70,613	64,631	-	43,540	411,569	339,270
Fund Balances as of September 30	\$ 64,397	\$ 77,135	\$ 78,241	\$ 356,442	\$ 32,038	\$ -	\$ 32,712	\$ 640,965	\$ 411,569

See accompanying Independent Auditors' Report.



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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 District 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 representative each, from the police officers, firefighters, and teachers. The District 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 postemployment 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, 2020
(With Comparative Totals at September 30, 2019)
(\$000s)

	Retirement Funds		Other Postemployment Benefits (OPEB)	Totals	
	Police and Fire Fighters	Teachers	Fund	2020	2019
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 24,227	\$ 8,814	\$ 89,494	\$ 122,535	\$ 187,668
Investments	6,589,423	2,397,395	1,553,924	10,540,742	9,858,006
Receivables:					
Due from federal government	2,168	789	-	2,957	1,598
Contributions	3,204	3,951	-	7,155	6,067
Other current assets	30,458	11,082	13,739	55,279	6,196
Capital assets	55	20	-	75	-
Total assets	<u>6,649,535</u>	<u>2,422,051</u>	<u>1,657,157</u>	<u>10,728,743</u>	<u>10,059,535</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	6,030	2,179	16,475	24,684	18,602
Other current liabilities	23,315	8,482	-	31,797	10,985
Total liabilities	<u>29,345</u>	<u>10,661</u>	<u>16,475</u>	<u>56,481</u>	<u>29,587</u>
NET POSITION					
Restricted for pensions/OPEB	<u>\$ 6,620,190</u>	<u>\$ 2,411,390</u>	<u>\$ 1,640,682</u>	<u>\$ 10,672,262</u>	<u>\$ 10,029,948</u>

See accompanying Independent Auditors' Report.

Exhibit C-2

DISTRICT OF COLUMBIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Pension Trust Funds
For the Year Ended September 30, 2020
(With Comparative Totals for the Year Ended September 30, 2019)
(\$000s)

	Retirement Funds		Other	Totals	
	Police and Fire Fighters	Teachers	Postemployment Benefits (OPEB) Fund	2020	2019
ADDITIONS					
Contributions:					
Employer	\$ 93,061	\$ 58,888	\$ 47,300	\$ 199,249	\$ 190,627
Plan members	37,880	42,356	889	81,125	79,509
Investment income:					
Net increase in fair value of investments	359,227	130,757	88,883	578,867	281,776
Other income (loss)	-	-	370	370	280
Interest and dividends	35,957	13,123	22,243	71,323	78,558
Less: investment expenses	(13,589)	(4,944)	(4,084)	(22,617)	(21,933)
Net investment income	381,595	138,936	107,412	627,943	338,681
Other Income	2,207	803	-	3,010	3,318
Total additions	514,743	240,983	155,601	911,327	612,135
DEDUCTIONS					
Benefit payments including refunds to employees	141,280	90,552	23,437	255,269	230,442
Administrative expenses	9,636	3,523	585	13,744	13,651
Total deductions	150,916	94,075	24,022	269,013	244,093
Change in net position	363,827	146,908	131,579	642,314	368,042
Net position held in trust for pension and OPEB benefits:					
October 1	6,256,363	2,264,482	1,509,103	10,029,948	9,661,906
September 30	\$ 6,620,190	\$ 2,411,390	\$ 1,640,682	\$ 10,672,262	\$ 10,029,948

See accompanying Independent Auditors' Report.

Exhibit C-3

DISTRICT OF COLUMBIA
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 Agency Funds
 For the Year Ended September 30, 2020
 (\$000s)

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
ASSETS				
Cash and cash equivalents	\$ 76,001	\$ 191,935	\$ 197,397	\$ 70,539
Other receivables	41,140	5,320	24,366	22,094
Total assets	\$ 117,141	\$ 197,255	\$ 221,763	\$ 92,633
LIABILITIES				
Accounts payable	\$ 1,081	\$ 853	\$ 523	\$ 1,411
Other current liabilities	116,060	3,700	28,538	91,222
Total liabilities	\$ 117,141	\$ 4,553	\$ 29,061	\$ 92,633

See accompanying Independent Auditors' Report.

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, 2020
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Governmental direction and support				
Council of the District of Columbia	\$ 28,217	\$ 26,072	\$ 26,072	\$ -
Office of the D.C. auditor	5,552	5,552	5,075	477
Statehood initiative agency	245	299	291	8
Advisory neighborhood commissions	1,500	1,500	1,154	346
Office of the mayor	18,014	23,508	21,281	2,227
Mayor's office of legal counsel	1,657	1,252	1,112	140
Office of senior advisor	3,464	3,282	3,139	143
Office of the secretary	4,590	4,346	4,283	63
Office of the inspector general	19,193	17,495	15,431	2,064
Captive insurance agency	3,041	4,178	3,296	882
City administrator	10,968	11,069	10,570	499
D.C. department of human resources	11,811	12,529	12,275	254
Office of finance and resource management	28,741	28,608	28,286	322
Department of general services	335,784	363,055	360,109	2,946
Office of contracting and procurement	25,753	131,299	130,987	312
Contract appeals board	1,824	1,762	1,760	2
Office of the chief financial officer	188,980	170,527	161,115	9,412
Office of the attorney general for the District of Columbia	110,015	125,657	112,268	13,389
Office of risk management	4,713	4,344	4,083	261
Office of disability rights	1,838	1,753	1,719	34
Uniform law commission	60	60	37	23
Office of the chief technology officer	88,955	86,761	84,091	2,670
Board of elections	9,608	16,404	16,060	344
Office of campaign finance	7,533	7,395	7,167	228
Public employee relations board	1,321	1,193	1,117	76
Office of employee appeals	2,236	2,201	2,176	25
Metropolitan washington council of governments	554	554	554	-
D.C. board of ethics and government accountability	2,778	2,652	2,471	181
Expenditure commission	1,000	76	76	-
Section 103 judgments - governmental direction and support	-	604	604	-
Total governmental direction and support	919,945	1,055,987	1,018,659	37,328
Economic development and regulation				
Deputy mayor for planning and economic development	43,137	68,474	67,908	566
Department of small and local business development	16,424	17,193	16,721	472
Office of planning	14,419	14,217	13,860	357
Office of zoning	3,311	3,121	2,940	181
Department of housing and community development	96,776	75,835	71,249	4,586
Office of cable television, film, music and entertainment	14,905	14,050	14,044	6
Department of employment services	144,124	142,571	132,100	10,471
Real property tax appeals commission	1,784	1,904	1,829	75
Department of consumer and regulatory affairs	67,844	65,118	61,196	3,922
Alcoholic beverage regulation administration	9,128	8,773	8,183	590
Commission on arts and humanities	34,869	34,293	31,387	2,906
Housing authority subsidy	145,361	154,552	146,303	8,249
Business improvement districts transfer	55,000	32,471	32,471	-
Housing production trust fund subsidy	38,645	38,645	38,645	-
Office of the tenant advocate	4,184	3,683	3,086	597
Public service commission	16,286	16,134	15,596	538
Department of insurance, securities and banking	27,912	25,133	22,304	2,829
Office of the people's counsel	10,004	10,322	9,677	645
Rental housing commission	1,398	1,333	1,258	75
Total economic development and regulation	745,511	727,822	690,757	37,065

Exhibit D-1

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
For the Year Ended September 30, 2020
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Public safety and justice				
Metropolitan police department	526,422	547,637	544,202	3,435
Fire and emergency medical services	281,520	302,397	294,754	7,643
Police officers' and firefighters' retirement system	93,061	93,061	93,061	-
Office of administrative hearings	10,435	10,369	10,191	178
Criminal justice coordinating council	3,774	3,399	3,399	-
Corrections information council	736	744	744	-
Department of corrections	178,810	174,619	172,628	1,991
Office of the chief medical examiner	12,945	12,603	12,502	101
D.C. national guard	14,563	14,389	14,121	268
Homeland security and emergency management agency	137,483	263,480	263,060	420
Commission on judicial disabilities and tenure	360	277	271	6
Judicial nomination commission	298	278	278	-
Office of police complaints	2,791	2,589	2,495	94
Office of unified communications	52,251	51,098	47,050	4,048
Office of victim services and justice grants	54,174	53,949	51,964	1,985
D.C. sentencing and criminal code revision commission	1,267	1,119	1,106	13
Office of the deputy mayor for public safety and justice	1,571	1,483	1,457	26
Department of forensic sciences	28,517	28,686	28,520	166
Criminal code reform commission	723	640	638	2
Neighborhood safety and engagement	7,579	7,472	7,301	171
Total public safety and justice	1,409,280	1,570,289	1,549,742	20,547
Public education system				
District of Columbia public schools	966,328	964,676	962,494	2,182
AY21 public school advance appropriations	-	13,350	13,350	-
Public charter schools	904,769	595,887	595,887	-
AY21 public charter school advance appropriations	-	325,762	325,762	-
Teachers' retirement fund	58,888	58,888	58,580	308
University of the District of Columbia subsidy	90,303	89,123	89,123	-
Office of the state superintendent of education	538,960	437,270	420,136	17,134
D.C. state athletics commission	1,300	1,281	1,250	31
D.C. state board of education	2,160	2,008	1,876	132
D.C. public library	67,263	67,166	64,588	2,578
D.C. public charter school board	11,959	11,959	10,700	1,259
Special education transportation	94,546	107,741	106,944	797
Non-public tuition	60,010	59,706	59,583	123
Office of the deputy mayor for education	21,369	16,937	15,531	1,406
Section 103 - public education system	-	9,734	9,734	-
Total public education system	2,817,855	2,761,488	2,735,538	25,950
Human support services				
Department of human services	587,370	635,142	611,908	23,234
Department of health	255,147	271,408	246,249	25,159
Department of parks and recreation	57,542	52,737	51,818	919
Department of aging and community living	52,381	56,055	54,063	1,992
Unemployment compensation fund	5,480	7,947	7,947	-
Employees' compensation fund	25,552	21,763	21,177	586
Office of human rights	6,013	5,066	4,905	161
Office on latino affairs	5,453	5,381	5,337	44
Child and family services agency	218,479	213,572	212,836	736
Department of behavioral health	308,491	306,740	306,105	635
Office on asian and pacific islander affairs	904	896	891	5
Office of veterans affairs	843	835	569	266
Department of youth rehabilitation services	89,907	84,706	84,160	546
Department on disability services	190,341	173,804	171,520	2,284
Department of health care finance	3,124,770	3,442,893	3,343,130	99,763
Deputy mayor for health and human services	1,878	2,172	2,125	47
Not-for-profit hospital corporation subsidy	22,137	22,137	22,137	-
Total human support services	4,952,688	5,303,254	5,146,877	156,377

Exhibit D-1

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
For the Year Ended September 30, 2020
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Public works				
Deputy mayor operations and infrastructure	1,304	1,224	1,115	109
Department of public works	160,076	160,097	156,165	3,932
Department of transportation	146,658	138,645	132,618	6,027
Department of for-hire vehicles	19,119	14,530	14,403	127
Department of motor vehicles	44,731	46,976	41,989	4,987
Washington metro area transit commission	158	158	158	-
Mass transit subsidies	467,622	425,003	424,270	733
Department of energy and environment	180,253	175,158	145,089	30,069
Total public works	<u>1,019,921</u>	<u>961,791</u>	<u>915,807</u>	<u>45,984</u>
Other				
Repayment of loans and interest	818,232	806,909	804,758	2,151
Debt service - issuance costs	9,000	9,000	6,127	2,873
Commercial paper program	10,000	4,841	4,841	-
Settlements and judgments fund	28,025	16,478	16,154	324
Wilson building	3,807	4,540	4,081	459
D.C. retiree health contribution	47,300	47,300	47,300	-
Repayment of revenue bonds	7,839	7,839	6,293	1,546
Convention center transfer	153,227	87,897	87,200	697
Highway transportation fund	26,298	22,472	22,472	-
Emergency planning and security fund	28,790	56,437	56,437	-
Workforce investments	89,068	5,311	-	5,311
Operating lease-equipment	4,486	4,486	4,486	-
Pay-as-you-go capital fund	284,924	280,941	280,941	-
Non-departmental	11,289	19,442	-	19,442
Total other	<u>1,522,285</u>	<u>1,373,893</u>	<u>1,341,090</u>	<u>32,803</u>
Total	<u>\$ 13,387,485</u>	<u>\$ 13,754,524</u>	<u>\$ 13,398,470</u>	<u>\$ 356,054</u>

See accompanying Independent Auditors' Report.

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2020
(\$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	\$ 28,217	\$ 26,072	\$ 26,072	\$ -	\$ -	\$ -	\$ -	\$ -
Office of the D.C. auditor	5,552	5,552	5,075	477	-	-	-	-
Statehood initiative agency	245	245	237	8	-	-	-	-
Advisory neighborhood commissions	1,500	1,500	1,154	346	-	-	-	-
Office of the mayor	13,921	13,626	13,284	342	4,093	9,882	7,997	1,885
Mayor's office of legal counsel	1,657	1,232	1,092	140	-	-	-	-
Office of the senior advisor	3,464	3,282	3,139	143	-	-	-	-
Office of the secretary	3,490	3,604	3,541	63	-	-	-	-
Office of the inspector general	16,120	14,820	12,779	2,041	3,073	2,675	2,652	23
Captive insurance agency	2,152	3,422	3,296	126	-	-	-	-
City administrator	10,968	10,731	10,253	478	-	-	-	-
D.C. department of human resources	11,363	12,081	11,827	254	-	-	-	-
Office of finance and resource management	28,468	28,085	28,016	69	-	-	-	-
Department of general services	326,513	351,970	349,825	2,145	-	4,361	4,358	3
Office of contracting and procurement	24,187	66,029	65,978	51	-	63,571	63,571	-
Contract appeals board	1,824	1,762	1,760	2	-	-	-	-
Office of the chief financial officer	144,908	142,908	142,714	194	450	823	823	-
Office of the attorney general for the District of Columbia	74,576	73,057	72,742	315	22,512	28,961	23,604	5,357
Office of risk management	4,713	4,344	4,083	261	-	-	-	-
Office of disability rights	1,187	1,135	1,101	34	651	618	618	-
Uniform law commission	60	60	37	23	-	-	-	-
Office of the chief technology officer	75,255	67,926	67,881	45	-	6,393	6,393	-
Board of elections	9,608	9,828	9,588	240	-	6,576	6,472	104
Office of campaign finance	7,533	7,395	7,167	228	-	-	-	-
Public employee relations board	1,321	1,193	1,117	76	-	-	-	-
Office of employee appeals	2,236	2,201	2,176	25	-	-	-	-
Metropolitan washington council of governments	554	554	554	-	-	-	-	-
D.C. board of ethics and government accountability	2,625	2,554	2,471	83	-	-	-	-
Expenditure commission	1,000	76	76	-	-	-	-	-
Section 103 judgments - governmental direction and support	-	604	604	-	-	-	-	-
Total governmental direction and support	805,217	857,848	849,639	8,209	30,779	123,860	116,488	7,372
Economic development and regulation								
Deputy mayor for planning and economic development	26,585	30,259	29,778	481	-	25,053	25,053	-
Department of small and local business development	15,953	15,865	15,660	205	471	453	453	-
Office of planning	13,684	13,191	12,834	357	525	569	569	-
Office of zoning	3,311	3,121	2,940	181	-	-	-	-
Department of housing and community development	31,556	31,415	29,053	2,362	61,528	40,988	40,012	976
Office of cable television, film, music and entertainment	1,699	1,794	1,788	6	-	-	-	-
Department of employment services	60,401	57,208	55,791	1,417	33,253	33,196	32,639	557
Real property tax appeals commission	1,784	1,904	1,829	75	-	-	-	-
Department of consumer and regulatory affairs	27,502	27,152	26,937	215	-	-	-	-
Alcoholic beverage regulation administration	1,170	1,170	587	583	-	-	-	-
Commission on arts and humanities	34,022	33,039	30,221	2,818	714	1,121	1,121	-
Housing authority subsidy	145,361	154,552	146,303	8,249	-	-	-	-
Business improvement districts transfer	-	-	-	-	-	-	-	-
Housing production trust fund subsidy	38,645	38,645	38,645	-	-	-	-	-
Office of the tenant advocate	3,524	3,212	2,941	271	-	-	-	-
Public service commission	-	-	-	-	581	535	482	53
Department of insurance, securities and banking	-	-	-	-	139	55	55	-
Office of the people's counsel	689	615	607	8	-	-	-	-
Rental housing commission	1,398	1,333	1,258	75	-	-	-	-
Total economic development and regulation	407,284	414,475	397,172	17,303	97,211	101,970	100,384	1,586

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2020
(\$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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office of the D.C. auditor	-	-	-	-	-	-	-	-
Statehood initiative agency	-	54	54	-	-	-	-	-
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	742	742	-
Office of the inspector general	-	-	-	-	-	-	-	-
Captive insurance agency	-	-	-	-	889	756	-	756
City administrator	-	338	317	21	-	-	-	-
D.C. department of human resources	-	-	-	-	448	448	448	-
Office of finance and resource management	-	-	-	-	273	523	270	253
Department of general services	-	-	-	-	9,271	6,724	5,926	798
Office of contracting and procurement	-	-	-	-	1,566	1,699	1,438	261
Contract appeals board	-	-	-	-	-	-	-	-
Office of the chief financial officer	-	-	-	-	43,622	26,796	17,578	9,218
Office of the attorney general for the District of Columbia	552	1,859	1,679	180	12,375	21,780	14,243	7,537
Office of risk management	-	-	-	-	-	-	-	-
Office of disability rights	-	-	-	-	-	-	-	-
Uniform law commission	-	-	-	-	-	-	-	-
Office of the chief technology officer	-	-	-	-	13,700	12,442	9,817	2,625
Board of elections	-	-	-	-	-	-	-	-
Office of campaign finance	-	-	-	-	-	-	-	-
Public employee relations board	-	-	-	-	-	-	-	-
Office of employee appeals	-	-	-	-	-	-	-	-
Metropolitan washington council of governments	-	-	-	-	-	-	-	-
D.C. board of ethics and government accountability	-	-	-	-	153	98	-	98
Expenditure commission	-	-	-	-	-	-	-	-
Section 103 judgments - governmental direction and support	-	-	-	-	-	-	-	-
Total governmental direction and support	552	2,271	2,070	201	83,397	72,008	50,462	21,546
Economic development and regulation								
Deputy mayor for planning and economic development	-	-	-	-	16,552	13,162	13,077	85
Department of small and local business development	-	-	-	-	-	875	608	267
Office of planning	10	320	320	-	200	137	137	-
Office of zoning	-	-	-	-	-	-	-	-
Department of housing and community development	-	-	-	-	3,692	3,432	2,184	1,248
Office of cable television, film, music and entertainment	-	-	-	-	13,206	12,256	12,256	-
Department of employment services	690	2,387	2,370	17	49,780	49,780	41,300	8,480
Real property tax appeals commission	-	-	-	-	-	-	-	-
Department of consumer and regulatory affairs	-	-	-	-	40,342	37,966	34,259	3,707
Alcoholic beverage regulation administration	-	-	-	-	7,958	7,603	7,596	7
Commission on arts and humanities	-	-	-	-	133	133	45	88
Housing authority subsidy	-	-	-	-	-	-	-	-
Business improvement districts transfer	-	-	-	-	55,000	32,471	32,471	-
Housing production trust fund subsidy	-	-	-	-	-	-	-	-
Office of the tenant advocate	-	-	-	-	660	471	145	326
Public service commission	12	12	7	5	15,693	15,587	15,107	480
Department of insurance, securities and banking	-	11	11	-	27,773	25,067	22,238	2,829
Office of the people's counsel	-	-	-	-	9,315	9,707	9,070	637
Rental housing commission	-	-	-	-	-	-	-	-
Total economic development and regulation	712	2,730	2,708	22	240,304	208,647	190,493	18,154

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2020
(\$000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public safety and justice								
Metropolitan police department	515,374	448,389	445,416	2,973	3,662	96,431	96,431	-
Fire and emergency medical services	279,539	225,098	219,955	5,143	-	74,036	74,036	-
Police officers' and firefighters' retirement system	93,061	93,061	93,061	-	-	-	-	-
Office of administrative hearings	10,285	9,904	9,726	178	150	333	333	-
Criminal justice coordinating council	1,474	1,242	1,242	-	2,300	2,157	2,157	-
Corrections information council	736	744	744	-	-	-	-	-
Department of corrections	152,936	126,870	126,407	463	283	22,210	22,210	-
Office of the chief medical examiner	12,945	10,384	10,283	101	-	2,216	2,216	-
D.C. national guard	4,938	4,575	4,348	227	9,625	9,814	9,773	41
Homeland security and emergency management agency	5,497	5,623	5,322	301	131,986	257,857	257,738	119
Commission on judicial disabilities and tenure	35	35	35	-	325	242	236	6
Judicial nomination commission	8	8	8	-	290	270	270	-
Office of police complaints	2,791	2,589	2,495	94	-	-	-	-
Office of unified communications	32,260	30,325	30,306	19	-	-	-	-
Office of victim services and justice grants	38,052	35,989	35,416	573	13,300	13,873	13,769	104
D.C. sentencing and criminal code revision commission	1,267	1,119	1,106	13	-	-	-	-
Office of the deputy mayor for public safety and justice	1,571	1,483	1,457	26	-	-	-	-
Department of forensic sciences	28,057	27,378	27,227	151	460	1,077	1,062	15
Criminal code reform commission	723	640	638	2	-	-	-	-
Neighborhood safety and engagement	7,579	7,472	7,301	171	-	-	-	-
Total public safety and justice	1,189,128	1,032,928	1,022,493	10,435	162,381	480,516	480,231	285
Public education system								
District of Columbia public schools	902,523	913,577	912,452	1,125	45,915	37,633	37,617	16
AY21 public school advance appropriations	-	13,350	13,350	-	-	-	-	-
Public charter schools	904,769	595,887	595,887	-	-	-	-	-
AY21 public charter school advance appropriations	-	325,762	325,762	-	-	-	-	-
Teachers' retirement fund	58,888	58,888	58,580	308	-	-	-	-
University of the District of Columbia subsidy	90,303	89,123	89,123	-	-	-	-	-
Office of the state superintendent of education	184,398	189,355	187,763	1,592	353,207	246,115	230,943	15,172
D.C. state athletics commission	1,200	1,181	1,175	6	-	-	-	-
D.C. state board of education	2,160	2,008	1,876	132	-	-	-	-
D.C. public library	64,976	64,623	62,518	2,105	1,115	1,060	1,056	4
D.C. public charter school board	1,800	1,800	1,800	-	-	-	-	-
Special education transportation	94,546	107,741	106,944	797	-	-	-	-
Non-public tuition	60,010	59,706	59,583	123	-	-	-	-
Office of the deputy mayor for education	21,309	16,877	15,531	1,346	-	-	-	-
Section 103 - public education system	-	9,734	9,734	-	-	-	-	-
Total public education system	2,386,882	2,449,612	2,442,078	7,534	400,237	284,808	269,616	15,192
Human support services								
Department of human services	400,124	412,878	412,094	784	186,246	221,471	199,074	22,397
Department of health	86,917	81,171	80,292	879	145,248	164,452	146,036	18,416
Department of parks and recreation	54,642	51,816	51,048	768	-	-	-	-
Department of aging and community living	41,999	40,308	39,513	795	10,382	15,747	14,550	1,197
Unemployment compensation fund	5,480	7,947	7,947	-	-	-	-	-
Employees' compensation fund	25,552	21,763	21,177	586	-	-	-	-
Office of human rights	5,647	4,918	4,773	145	339	59	59	-
Office on latino affairs	5,453	5,381	5,337	44	-	-	-	-
Child and family services agency	160,315	154,816	154,094	722	57,159	57,879	57,865	14
Department of behavioral health	266,941	273,519	273,265	254	38,601	30,482	30,208	274
Office on asian and pacific islander affairs	904	896	891	5	-	-	-	-
Office of veterans affairs	838	830	569	261	-	-	-	-
Department of youth rehabilitation services	89,907	82,690	82,144	546	-	2,016	2,016	-
Department on disability services	138,251	116,751	115,176	1,575	44,380	43,079	42,459	620
Department of health care finance	911,547	825,825	795,219	30,606	2,209,195	2,614,001	2,546,516	67,485
Deputy mayor for health and human services	1,878	2,172	2,125	47	-	-	-	-
Not-for-profit hospital corporation subsidy	22,137	22,137	22,137	-	-	-	-	-
Total human support services	2,218,532	2,105,818	2,067,801	38,017	2,691,550	3,149,186	3,038,783	110,403

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2020
(\$000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public safety and justice								
Metropolitan police department	-	258	242	16	7,386	2,559	2,113	446
Fire and emergency medical services	-	-	-	-	1,981	3,263	763	2,500
Police officers' and firefighters' retirement system	-	-	-	-	-	-	-	-
Office of administrative hearings	-	132	132	-	-	-	-	-
Criminal justice coordinating council	-	-	-	-	-	-	-	-
Corrections information council	-	-	-	-	-	-	-	-
Department of corrections	-	-	-	-	25,591	25,539	24,011	1,528
Office of the chief medical examiner	-	3	3	-	-	-	-	-
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	-	-	-	-	19,991	20,773	16,744	4,029
Office of victim services and justice grants	-	-	-	-	2,822	4,087	2,779	1,308
D.C. sentencing and criminal code revision commission	-	-	-	-	-	-	-	-
Office of the deputy mayor for public safety and justice	-	-	-	-	-	-	-	-
Department of forensic sciences	-	231	231	-	-	-	-	-
Criminal code reform commission	-	-	-	-	-	-	-	-
Neighborhood safety and engagement	-	-	-	-	-	-	-	-
Total public safety and justice	-	624	608	16	57,771	56,221	46,410	9,811
Public education system								
District of Columbia public schools	2,652	3,647	3,566	81	15,238	9,819	8,859	960
AY21 public school advance appropriations	-	-	-	-	-	-	-	-
Public charter schools	-	-	-	-	-	-	-	-
AY21 public charter school advance appropriations	-	-	-	-	-	-	-	-
Teachers' retirement fund	-	-	-	-	-	-	-	-
University of the District of Columbia subsidy	-	-	-	-	-	-	-	-
Office of the state superintendent of education	105	115	105	10	1,250	1,685	1,325	360
D.C. state athletics commission	-	-	-	-	100	100	75	25
D.C. state board of education	-	-	-	-	-	-	-	-
D.C. public library	17	27	-	27	1,155	1,456	1,014	442
D.C. public charter school board	-	-	-	-	10,159	10,159	8,900	1,259
Special education transportation	-	-	-	-	-	-	-	-
Non-public tuition	-	-	-	-	-	-	-	-
Office of the deputy mayor for education	60	60	-	60	-	-	-	-
Section 103 - public education system	-	-	-	-	-	-	-	-
Total public education system	2,834	3,849	3,671	178	27,902	23,219	20,173	3,046
Human support services								
Department of human services	-	37	13	24	1,000	756	727	29
Department of health	136	253	199	54	22,846	25,532	19,722	5,810
Department of parks and recreation	-	28	-	28	2,900	893	770	123
Department of aging and community living	-	-	-	-	-	-	-	-
Unemployment compensation fund	-	-	-	-	-	-	-	-
Employees' compensation fund	-	-	-	-	-	-	-	-
Office of human rights	27	89	73	16	-	-	-	-
Office on latino affairs	-	-	-	-	-	-	-	-
Child and family services agency	5	287	287	-	1,000	590	590	-
Department of behavioral health	597	423	316	107	2,352	2,316	2,316	-
Office on asian and pacific islander affairs	-	-	-	-	-	-	-	-
Office of veterans affairs	-	-	-	-	5	5	-	5
Department of youth rehabilitation services	-	-	-	-	-	-	-	-
Department on disability services	-	-	-	-	7,710	13,974	13,885	89
Department of health care finance	-	-	-	-	4,028	3,067	1,395	1,672
Deputy mayor for health and human services	-	-	-	-	-	-	-	-
Not-for-profit hospital corporation subsidy	-	-	-	-	-	-	-	-
Total human support services	765	1,117	888	229	41,841	47,133	39,405	7,728

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2020
(\$000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public works								
Deputy mayor operations and infrastructure	1,304	1,224	1,115	109	-	-	-	-
Department of public works	150,885	147,736	146,535	1,201	-	-	-	-
Department of transportation	108,641	112,894	111,085	1,809	14,509	4,710	4,710	-
Department of for-hire vehicles	5,895	5,525	5,406	119	-	-	-	-
Department of motor vehicles	34,776	37,021	35,749	1,272	-	-	-	-
Washington metro area transit commission	158	158	158	-	-	-	-	-
Mass transit subsidies	419,622	390,186	389,453	733	-	-	-	-
Department of energy and environment	30,395	27,010	26,429	581	30,095	22,412	22,151	261
Total public works	751,676	721,754	715,930	5,824	44,604	27,122	26,861	261
Other								
Repayment of loans and interest	793,784	782,461	781,731	730	18,465	18,465	17,044	1,421
Debt service - issuance costs	9,000	9,000	6,127	2,873	-	-	-	-
Commercial paper program	10,000	4,841	4,841	-	-	-	-	-
Settlements and judgments fund	28,025	16,478	16,154	324	-	-	-	-
Wilson building	3,807	4,540	4,081	459	-	-	-	-
D.C. retiree health contribution	47,300	47,300	47,300	-	-	-	-	-
Repayment of revenue bonds	7,839	7,839	6,293	1,546	-	-	-	-
Convention center transfer	149,497	84,167	84,167	-	-	-	-	-
Highway transportation fund	26,298	22,472	22,472	-	-	-	-	-
Emergency planning and security fund	-	43,000	43,000	-	28,790	13,437	13,437	-
Workforce investments	89,068	5,311	-	5,311	-	-	-	-
Operating lease-equipment	4,486	4,486	4,486	-	-	-	-	-
Pay-as-you-go capital fund	203,245	204,445	204,445	-	-	-	-	-
Non-departmental	3,100	14,253	-	14,253	-	-	-	-
Total other	1,375,449	1,250,593	1,225,097	25,496	47,255	31,902	30,481	1,421
Total	\$ 9,134,168	\$ 8,833,028	\$ 8,720,210	\$ 112,818	\$ 3,474,017	\$ 4,199,364	\$ 4,062,844	\$ 136,520

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2020
(\$000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public works								
Deputy mayor operations and infrastructure	-	-	-	-	-	-	-	-
Department of public works	-	6	6	-	9,191	12,355	9,624	2,731
Department of transportation	-	-	-	-	23,508	21,041	16,823	4,218
Department of for-hire vehicles	-	-	-	-	13,224	9,005	8,997	8
Department of motor vehicles	-	-	-	-	9,955	9,955	6,240	3,715
Washington metro area transit commission	-	-	-	-	-	-	-	-
Mass transit subsidies	-	-	-	-	48,000	34,817	34,817	-
Department of energy and environment	3,486	166	166	-	116,277	125,570	96,343	29,227
Total public works	<u>3,486</u>	<u>172</u>	<u>172</u>	<u>-</u>	<u>220,155</u>	<u>212,743</u>	<u>172,844</u>	<u>39,899</u>
Other								
Repayment of loans and interest	-	-	-	-	5,983	5,983	5,983	-
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	-	-	-	-	3,730	3,730	3,033	697
Highway transportation fund	-	-	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-	-	-
Operating lease-equipment	-	-	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	-	81,679	76,496	76,496	-
Non-departmental	-	-	-	-	8,189	5,189	-	5,189
Total other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,581</u>	<u>91,398</u>	<u>85,512</u>	<u>5,886</u>
Total	<u>\$ 8,349</u>	<u>\$ 10,763</u>	<u>\$ 10,117</u>	<u>\$ 646</u>	<u>\$ 770,951</u>	<u>\$ 711,369</u>	<u>\$ 605,299</u>	<u>\$ 106,070</u>

See accompanying Independent Auditors' Report.

Exhibit D-3

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2020
(\$000s)

	Local Source			Federal Resources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
REVENUES AND OTHER SOURCES						
Taxes:						
Property taxes	\$ 2,843,837	\$ (6,311)	\$ 2,837,526	\$ -	\$ -	\$ -
Sales and use taxes	1,710,836	(408,094)	1,302,742	-	-	-
Income and franchise taxes	2,789,756	206,810	2,996,566	-	-	-
Gross receipts and other taxes	853,470	(89,568)	763,902	-	-	-
Total taxes	8,197,899	(297,163)	7,900,736	-	-	-
Licenses and permits	132,079	(9,507)	122,572	-	-	-
Fines and forfeitures	167,535	(19,335)	148,200	-	-	-
Charges for services	79,177	(6,509)	72,668	-	-	-
Miscellaneous	132,854	18,867	151,721	-	-	-
Other sources	-	-	-	-	-	-
Federal contributions	-	-	-	136,718	225,435	362,153
Operating grants	-	-	-	3,337,299	499,912	3,837,211
Bond proceeds	9,000	-	9,000	-	-	-
Fund balance released from restrictions	339,609	223,124	562,733	-	-	-
Interfund transfer-from office of lottery and gaming	61,990	(22,543)	39,447	-	-	-
Interfund transfer-others	15,305	10,889	26,194	-	-	-
Total revenues and other sources	9,135,448	(102,177)	9,033,271	3,474,017	725,347	4,199,364
EXPENDITURES AND OTHER USES						
Governmental direction and support	805,217	52,631	857,848	30,779	93,081	123,860
Economic development and regulation	407,284	7,191	414,475	97,211	4,759	101,970
Public safety and justice	1,189,128	(156,200)	1,032,928	162,381	318,135	480,516
Public education system	2,386,882	(276,382)	2,110,500	400,237	(115,429)	284,808
Public education AY21 expenditure	-	339,112	339,112	-	-	-
Human support services	2,218,532	(112,714)	2,105,818	2,691,550	457,636	3,149,186
Public works	751,676	(29,922)	721,754	44,604	(17,482)	27,122
Repayment of loans and interest	793,784	(11,323)	782,461	18,465	-	18,465
Debt service - issuance costs	9,000	-	9,000	-	-	-
Commercial paper program	10,000	(5,159)	4,841	-	-	-
Settlements and judgments fund	28,025	(11,547)	16,478	-	-	-
Wilson building	3,807	733	4,540	-	-	-
D.C. retiree health contribution	47,300	-	47,300	-	-	-
Repayment of revenue bonds	7,839	-	7,839	-	-	-
Convention center transfer	149,497	(65,330)	84,167	-	-	-
Highway transportation fund	26,298	(3,826)	22,472	-	-	-
Emergency planning and security fund	-	43,000	43,000	28,790	(15,353)	13,437
Workforce investments	89,068	(83,757)	5,311	-	-	-
Operating lease-equipment	4,486	-	4,486	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-
Pay-as-you-go capital fund	203,245	1,200	204,445	-	-	-
Non-departmental	3,100	11,153	14,253	-	-	-
Total expenditures and other uses	9,134,168	(301,140)	8,833,028	3,474,017	725,347	4,199,364
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	\$ 1,280	\$ 198,963	\$ 200,243	\$ -	\$ -	\$ -

Exhibit D-3

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2020
(\$000s)

	Private Grant and Contributions			Other Sources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
REVENUES AND OTHER 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	-	-	-	711,033	(136,366)	574,667
Federal contributions	-	-	-	-	-	-
Operating grants	8,349	2,414	10,763	-	-	-
Bond proceeds	-	-	-	-	-	-
Fund balance released from restrictions	-	-	-	59,921	76,781	136,702
Interfund transfer-from office of lottery and gaming	-	-	-	-	-	-
Interfund transfer-others	-	-	-	-	-	-
Total revenues and other sources	8,349	2,414	10,763	770,954	(59,585)	711,369
EXPENDITURES AND OTHER USES						
Governmental direction and support	552	1,719	2,271	83,397	(11,389)	72,008
Economic development and regulation	712	2,018	2,730	240,304	(31,657)	208,647
Public safety and justice	-	624	624	57,771	(1,550)	56,221
Public education system	2,834	1,015	3,849	27,902	(4,683)	23,219
Public education AY21 expenditure	-	-	-	-	-	-
Human support services	765	352	1,117	41,841	5,292	47,133
Public works	3,486	(3,314)	172	220,155	(7,412)	212,743
Repayment of loans and interest	-	-	-	5,983	-	5,983
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	-	-	-	3,730	-	3,730
Highway transportation fund	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-
Operating lease-equipment	-	-	-	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	81,679	(5,183)	76,496
Non-departmental	-	-	-	8,189	(3,000)	5,189
Total expenditures and other uses	8,349	2,414	10,763	770,951	(59,582)	711,369
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	\$ -	\$ 3	\$ (3)	\$ -

See accompanying Independent Auditors' Report.



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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 operations of the District. These tables differ from the financial statements because they usually cover more than two fiscal years and may present non-accounting data.

Statistical Section

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FINANCIAL TRENDS

These schedules provide 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 2,534,538	\$ 2,872,272	\$ 2,849,043	\$ 2,830,199	\$ 2,639,069	\$ 2,835,463	\$ 3,204,028	\$ 3,467,965	\$ 3,571,065	\$ 3,232,889
Restricted	963,694	1,057,582	1,264,682	1,195,364	1,594,809	1,440,889	1,538,687	1,727,770	1,803,748	1,891,026
Unrestricted	(527,647)	(601,284)	(632,045)	(456,827)	(134,430)	170,315	132,888	(44,334)	698,133	1,210,924
Total governmental activities net position	2,970,585	3,328,570	3,481,680	3,568,736	4,099,448	4,446,667	4,875,603	5,151,401	6,072,946	6,334,839
Business-type activities										
Net investment in capital assets	478	480	427	270	169	330	79,700	72,469	68,849	70,136
Restricted	226,229	229,930	241,952	260,645	312,483	364,237	416,373	459,203	503,431	90,550
Unrestricted	3,501	3,607	3,911	4,012	4,271	4,184	11,185	4,240	13,711	6,530
Total business-type activities net position	230,208	234,017	246,290	264,927	316,923	368,751	507,258	535,912	585,991	167,216
Primary government										
Net investment in capital assets	2,535,016	2,872,752	2,849,470	2,830,469	2,639,238	2,835,793	3,283,728	3,540,434	3,639,914	3,303,025
Restricted	1,189,923	1,287,512	1,506,634	1,456,009	1,907,292	1,805,126	1,955,060	2,186,973	2,307,179	1,981,576
Unrestricted	(524,146)	(597,677)	(628,134)	(452,815)	(130,159)	174,499	144,073	(40,094)	711,844	1,217,454
Total primary government net position	\$ 3,200,793	\$ 3,562,587	\$ 3,727,970	\$ 3,833,663	\$ 4,416,371	\$ 4,815,418	\$ 5,382,861	\$ 5,687,313	\$ 6,658,937	\$ 6,502,055

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GOVERNMENTAL ACTIVITIES										
Expenses										
Governmental direction and support	\$ 783,557	\$ 987,978	\$ 993,774	\$ 929,313	\$ 1,144,379	\$ 1,228,553	\$ 1,085,592	\$ 1,164,181	\$ 1,157,810	\$ 1,269,743
Economic development and regulation	370,592	353,618	460,082	416,670	474,493	548,314	591,861	724,404	700,346	845,768
Public safety and justice	1,521,863	1,490,423	1,497,016	1,568,899	1,715,161	1,799,670	1,594,081	1,623,766	1,673,214	1,920,012
Public education system	2,086,722	2,113,955	2,224,946	2,221,519	2,326,963	2,271,561	2,602,658	2,834,186	2,949,935	3,132,645
Human support services	3,889,812	3,925,613	4,086,722	4,336,730	4,484,943	4,507,123	4,863,087	4,799,268	5,148,903	5,463,907
Public works	489,304	587,002	603,423	651,221	705,766	701,559	758,431	812,726	860,918	1,162,410
Public transportation	257,703	221,339	284,851	309,436	335,703	359,097	368,014	419,198	425,753	424,271
Interest on long-term debt	356,164	397,216	382,530	396,754	404,130	392,638	446,621	435,006	425,812	430,752
Total governmental activities expenses	9,755,717	10,077,144	10,533,344	10,830,542	11,591,538	11,808,515	12,310,345	12,812,735	13,342,691	14,649,508
Program revenues										
Charges for services, fees, fines, and forfeitures:										
Economic development and regulation	126,407	134,410	136,436	146,067	167,841	172,898	180,307	181,857	268,190	490,046
Public works	228,287	191,960	170,810	189,566	165,931	183,592	185,842	191,000	229,398	153,533
Others	135,407	211,033	223,969	165,753	205,189	242,257	228,173	235,193	372,156	248,010
Operating grants and contributions	3,343,747	3,190,038	3,277,118	3,368,565	3,464,746	3,577,091	3,832,821	3,674,019	3,916,440	4,826,314
Capital grants and contributions	172,964	261,411	270,813	178,218	224,891	167,948	219,751	261,450	258,500	278,833
Total governmental activities program revenues	4,006,812	3,988,852	4,079,146	4,048,169	4,228,598	4,343,786	4,646,894	4,543,519	5,044,684	5,996,736
Net expenses	(5,748,905)	(6,088,292)	(6,454,198)	(6,782,373)	(7,362,940)	(7,464,729)	(7,663,451)	(8,269,216)	(8,298,007)	(8,652,772)
General revenues										
Taxes:										
Property taxes	1,803,691	1,945,071	2,012,788	2,118,198	2,315,693	2,504,617	2,651,688	2,713,310	2,888,245	3,061,745
Sales and use taxes	1,121,257	1,218,576	1,247,374	1,282,573	1,425,525	1,451,441	1,527,120	1,597,940	1,707,745	1,317,113
Income and franchise taxes	1,656,283	1,956,590	2,094,179	2,094,754	2,316,727	2,417,206	2,479,847	2,666,690	2,969,289	3,021,673
Gross receipts taxes	279,002	319,036	345,852	389,539	361,293	365,305	364,791	368,446	397,684	374,112
Other taxes	403,199	404,066	400,308	423,354	528,866	498,161	502,117	508,151	583,429	489,988
Investment earnings	6,122	21,944	6,071	6,810	5,855	11,601	9,288	36,273	53,941	30,176
Miscellaneous	563,400	514,590	580,097	499,235	406,914	510,330	527,920	500,442	610,479	616,477
Transfers, net	71,311	66,404	68,314	54,966	55,586	53,287	29,616	12,080	8,740	3,381
Total governmental activities general revenues and transfers	5,904,265	6,446,277	6,754,983	6,869,429	7,416,459	7,811,948	8,092,387	8,403,332	9,219,552	8,914,665
Change in net position - governmental activities	\$ 155,360	\$ 357,985	\$ 300,785	\$ 87,056	\$ 53,519	\$ 347,219	\$ 428,936	\$ 134,116	\$ 921,545	\$ 261,893

(Continued)

Exhibit S-1B
Changes in Net Position - Last Ten Fiscal Years
Accrual Basis of Accounting (\$000s)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
BUSINESS-TYPE ACTIVITIES										
Expenses										
Office of lottery and gaming	\$ 169,526	\$ 183,185	\$ 173,927	\$ 161,144	\$ 156,762	\$ 174,882	\$ 173,241	\$ 161,397	\$ 168,454	\$ 176,987
Unemployment compensation	408,997	344,913	255,645	160,403	119,267	114,633	143,942	131,764	120,010	1,568,065
Not-for-profit hospital corporation	-	-	-	-	-	-	134,104	149,194	149,736	160,055
Nursing home services	4,555	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	583,078	528,098	429,572	321,547	276,029	289,515	451,287	442,355	438,200	1,905,107
Program revenues										
Charges for services, fees, fines, and forfeitures:										
Office of lottery and gaming	231,749	249,675	242,460	216,040	212,495	228,183	218,732	210,264	213,072	214,933
Not-for-profit hospital	-	-	-	-	-	-	123,679	96,925	110,335	98,474
Nursing home services	4,135	-	-	-	-	-	-	-	-	-
Operating grants and contributions	34,968	27,945	32,790	9,766	14,561	12,028	25,217	20,789	18,319	1,025,633
Total business-type activities program revenues	270,852	277,620	275,250	225,806	227,056	240,211	367,628	327,978	341,726	1,339,040
Net expenses	(312,226)	(250,478)	(154,322)	(95,741)	(48,973)	(49,304)	(83,659)	(114,377)	(96,474)	(566,067)
General revenues										
Other taxes	128,875	133,618	131,025	141,760	148,889	145,887	143,728	144,068	142,877	139,833
Investment earnings	11,764	8,517	7,723	7,340	7,666	8,532	9,645	11,043	12,416	10,840
Miscellaneous	226,355	178,556	96,161	20,244	-	-	-	-	-	-
Transfers	(71,311)	(66,404)	(68,314)	(54,966)	(55,586)	(53,287)	(29,616)	(12,080)	(8,740)	(3,381)
Total business-type activities general revenues and transfers	295,683	254,287	166,595	114,378	100,969	101,132	123,757	143,031	146,553	147,292
Change in net position - business-type activities	\$ (16,543)	\$ 3,809	\$ 12,273	\$ 18,637	\$ 51,996	\$ 51,828	\$ 40,098	\$ 28,654	\$ 50,079	\$ (418,775)
PRIMARY GOVERNMENT										
Expenses	\$ 10,338,795	\$ 10,605,242	\$ 10,962,916	\$ 11,152,089	\$ 11,867,567	\$ 12,098,030	\$ 12,761,632	\$ 13,255,090	\$ 13,780,891	\$ 16,554,615
Program revenues	4,277,664	4,266,472	4,354,396	4,273,975	4,455,654	4,583,997	5,014,522	4,871,497	5,386,410	7,335,776
Net expenses	(6,061,131)	(6,338,770)	(6,608,520)	(6,878,114)	(7,411,913)	(7,514,033)	(7,747,110)	(8,383,593)	(8,394,481)	(9,218,839)
General revenues	6,199,948	6,700,564	6,921,578	6,983,807	7,517,428	7,913,080	8,216,144	8,546,363	9,366,105	9,061,957
Change in net position - primary government	\$ 138,817	\$ 361,794	\$ 313,058	\$ 105,693	\$ 105,515	\$ 399,047	\$ 469,034	\$ 162,770	\$ 971,624	\$ (156,882)

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 18,465	\$ 20,357	\$ 16,015	\$ 25,668	\$ 12,734	\$ 11,631	\$ 14,969	\$ 8,270	\$ 10,303	\$ 47,769
Restricted	756,650	856,277	976,071	983,011	1,026,396	1,030,895	1,120,068	1,105,718	1,132,630	1,018,627
Committed	256,287	595,008	659,567	744,649	1,047,105	1,325,895	1,541,254	1,635,148	2,041,133	2,193,438
Assigned	73,492	34,879	97,275	120,331	80,827	20,668	-	27,247	69,250	-
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	\$ 3,253,316	\$ 3,259,834
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	639,734	704,749	1,127,035
Unassigned	-	(116,269)	-	(114,248)	-	(228,870)	(642,032)	(522,345)	(378,421)	(38,538)
Total all other governmental funds	\$ 621,740	\$ 425,373	\$ 717,664	\$ 535,092	\$ 825,624	\$ 525,161	\$ 33,793	\$ 117,389	\$ 326,328	\$ 1,088,497

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Taxes	\$ 5,260,486	\$ 5,833,054	\$ 6,128,210	\$ 6,325,257	\$ 6,988,738	\$ 7,283,128	\$ 7,523,653	\$ 7,824,560	\$ 8,506,017	\$ 8,289,764
Fines and forfeitures	129,448	185,771	178,708	143,124	129,283	202,314	176,351	168,486	202,194	158,030
Licenses and permits	102,769	99,300	105,081	102,242	119,658	123,029	127,546	133,938	172,493	141,007
Charges for services	257,884	252,332	247,426	256,020	290,020	273,404	290,425	305,626	377,699	580,623
Miscellaneous	549,006	514,694	511,582	552,455	414,500	457,163	470,392	514,926	591,665	585,022
Investment earnings	5,789	21,728	6,608	6,810	5,855	11,601	14,039	36,273	53,944	30,176
Federal contributions	617,845	554,979	555,038	519,846	554,342	521,828	535,131	528,300	556,431	920,806
Operating grants	2,898,866	2,896,470	2,992,893	3,026,937	3,135,295	3,223,211	3,517,441	3,407,169	3,594,143	3,967,059
Total revenues	9,822,093	10,358,328	10,725,546	10,932,691	11,637,691	12,095,678	12,654,978	12,919,278	14,054,586	14,672,487
EXPENDITURES										
Governmental direction and support	698,117	787,331	810,803	920,513	1,027,473	1,068,253	1,070,683	1,095,013	1,111,281	1,213,196
Economic development and regulation	351,814	318,266	383,143	411,812	448,244	560,365	578,242	665,315	708,236	794,759
Public safety and justice	1,517,640	1,469,727	1,513,469	1,515,470	1,521,196	1,671,804	1,596,144	1,621,278	1,649,122	1,927,902
Public education system	1,943,438	1,980,384	2,084,613	2,128,137	2,246,209	2,309,778	2,500,267	2,735,135	2,789,110	2,929,361
Human support services	3,823,317	3,881,043	4,042,204	4,261,400	4,438,448	4,514,647	4,814,189	4,758,686	5,089,527	5,385,583
Public works	265,750	342,215	287,598	329,355	354,686	365,437	390,741	418,694	461,413	493,575
Public transportation	257,703	221,339	284,851	309,436	335,703	359,097	368,014	419,198	425,753	424,271
Debt service:										
Principal	211,696	217,645	254,312	306,498	301,001	361,375	333,305	402,532	440,980	481,987
Interest	333,872	375,461	410,020	422,450	421,549	449,347	470,307	477,632	481,189	540,051
Fiscal charges	14,296	15,447	8,640	4,895	8,311	3,732	7,849	7,322	6,368	19,525
Total debt service	559,864	608,553	672,972	733,843	730,861	814,454	811,461	887,486	928,537	1,041,563
Subtotal expenditures	9,417,643	9,608,858	10,079,653	10,609,966	11,102,820	11,663,835	12,129,741	12,600,805	13,162,979	14,210,210
Capital outlay	1,189,356	1,152,943	1,208,481	1,123,073	1,196,394	1,107,239	1,233,004	1,445,192	1,420,756	1,808,426
Total expenditures	10,606,999	10,761,801	11,288,134	11,733,039	12,299,214	12,771,074	13,362,745	14,045,997	14,583,735	16,018,636
Deficiency of revenues under expenditures	(784,906)	(403,473)	(562,588)	(800,348)	(661,523)	(675,396)	(707,767)	(1,126,719)	(529,149)	(1,346,149)
OTHER FINANCING SOURCES (USES)										
Debt issuance	745,025	439,370	833,286	597,230	1,034,252	431,815	398,911	1,157,635	1,048,405	1,645,737
Refunding debt issuance	63,860	608,210	25,005	475,305	231,255	95,575	1,168,615	401,095	290,000	1,647,745
Premium on sale of bonds	24,711	124,679	154,681	85,679	155,540	84,235	177,402	163,318	157,045	663,009
Payment to refunded bond escrow agent	(63,335)	(679,843)	(28,929)	(503,439)	(256,765)	(95,120)	(1,287,378)	(444,960)	(290,000)	(1,850,494)
Equipment financing program	45,801	49,463	41,016	31,716	25,590	11,368	-	-	-	-
Transfers in	302,059	353,087	364,563	331,676	358,736	460,462	358,002	342,751	385,159	497,905
Transfers out	(230,748)	(286,683)	(296,249)	(276,710)	(303,150)	(407,175)	(312,402)	(330,671)	(376,419)	(494,523)
Sale of capital assets	-	450	3,913	1,050	-	15,800	451	21,239	831	5,457
Total other financing sources	887,373	608,733	1,097,286	742,507	1,245,458	596,960	503,601	1,310,407	1,215,021	2,114,836
Net change in fund balances	\$ 102,467	\$ 205,260	\$ 534,698	\$ (57,841)	\$ 583,935	\$ (78,436)	\$ (204,166)	\$ 183,688	\$ 685,872	\$ 768,687
Total capitalized expenditures	\$ 936,823	\$ 999,605	\$ 925,053	\$ 893,504	\$ 905,635	\$ 936,960	\$ 1,031,265	\$ 1,197,775	\$ 1,235,887	\$ 1,297,730
Total debt service excluding fiscal charges as a percentage of non-capital expenditures	5.64%	6.08%	6.41%	6.72%	6.34%	6.85%	6.52%	6.85%	6.91%	6.94%

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				Sales and Use	Income and Franchise	Gross Receipts	Other Taxes	Total
	Real	Personal	Rental	Total					
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
2019	2,725,774	92,065	57,338	2,875,177	1,707,745	2,941,982	397,684	583,429	8,506,017
2020	2,811,077	135,825	56,716	3,003,618	1,317,112	3,104,933	374,112	489,989	8,289,764

Source:

Total 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 provide information regarding the District's most significant local revenue sources: property, income and franchise, 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					
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
2019	94,454,918	125,671,114	220,126,032	102,087,904	322,213,936	1.28	31.68
2020	95,678,551	133,008,766	228,687,317	108,517,588	337,204,905	1.29	32.18

Notes:

Assessed value is 100% of estimated value.

Residential Property: After Homestead Deductions and other credits were applied against tax for 2011 - 2020; Does not reflect the 2011 - 2020 Cap Assessment of 10% for Class 01 with Homestead Deductions.

Total Direct Tax Rate: This 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	Basic Rate	Direct Property Tax Rate		Total Direct
		General Obligation	Debt Service	
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
2019	1.13	0.15		1.28
2020	1.12	0.17		1.29

Note:

Total Direct Tax Rate: This 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

	Property (per \$100 of assessed value)						
	Residential			Commercial			Personal
Fiscal Year	Owner occupied	Tenant occupied	Unimproved	Hotels	Improved	Unimproved	
2011	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40
2012	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40
2013	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40
2014	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40
2015	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40
2016	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40
2017	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40
2018	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40
2019	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.77/1.89/5.00/10.00	1.65/1.77/1.89/5.00/10.00	1.65/1.77/1.89	3.40
2020	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.77/1.89/5.00/10.00	1.65/1.77/1.89/5.00/10.00	1.65/1.77/1.89	3.40

	Sales and Use			Income and Franchise		Gross Receipts	
Fiscal Year	General	Cigarette	Motor Fuel	Individual	Business	Commercial	Residential
2011	0.0600	2.50/3.13	0.24	0.04-0.09	0.10	0.11	0.10
2012	0.0600	2.86/3.57	0.24	0.04-0.09	0.10	0.11	0.10
2013	0.0600	2.86/3.57	0.24	0.04-0.09	0.10	0.11	0.10
2014	0.0575	2.86/3.57	0.24	0.04-0.09	0.10	0.11	0.10
2015	0.0575	2.90/3.62	0.24	0.04-0.09	0.09	0.11	0.10
2016	0.0575	2.91/3.63	0.24	0.04-0.09	0.09	0.11	0.10
2017	0.0575	2.92	0.24	0.04-0.09	0.09	0.11	0.10
2018	0.0575	2.94	0.24	0.04-0.09	0.08	0.11	0.10
2019	0.0600	4.94	0.24	0.04-0.09	0.08	0.11	0.10
2020	0.0600	5.00	0.29	0.04-0.09	0.08	0.11	0.10

Notes:

Property (per \$100 of assessed value):

Residential: \$0.85 per \$100 of assessed value, properties subject to Class 3 (now Vacant) at \$5 per \$100 of assessed value, and Class 4 (now Blighted) rates at \$10 per \$100 of assessed value.

Commercial Hotels and Improved: Properties subject to Class 3 (now Vacant) at \$5 per \$100 of assessed value and Class 4 (now Blighted) rates at \$10 per \$100 of assessed value.

Commercial Hotels and Improved: FY 2019 - FY 2020, \$1.65 per \$100 of assessed value less than or equal to \$5 million; \$1.77 for properties assessed above \$5 million but less than or equal to \$10 million; \$1.89 for properties value above \$10 million.

Commercial Unimproved: For FY 2011 - FY 2018 properties reverted to its native Class and rate.

Sales and Use Tax:

General: Of sales value

Cigarette: FY 2017 - FY 2020, 20 packs only; Prior to FY 2017, 20 and 25 packs

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)

	2020			2011		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
CC Owner LLC	\$ 785,856	1	0.34%	\$ 338,000	5	0.24%
Carr CRHP Properties LLC	650,510	2	0.28	367,825	3	0.26
1100 15th Street LLC	624,949	3	0.27	***	***	***
Washington Square LLC	619,606	4	0.27	317,000	7	0.23
United Brotherhood CRPT JNR AM NATL H S FD	560,465	5	0.25	307,635	8	0.22
555 12th REIT, LLC	539,643	6	0.24	430,000	2	0.31
MAPS 1801 K Street LLC	507,574	7	0.22	207,812	****	****
13th & F Associates LP & WMATA	498,658	8	0.22	267,356	****	****
George Washington University	460,105	9	0.20	102,912	****	****
635 Mass Ave LLC	424,255	10	0.19	***	***	***

Note:

*** Taxable assessed value not available as property square and lot were not active in 2011

**** 2011 exact rank cannot be determined

Source:

Office of Tax and Revenue

Exhibit S-2E
Ten Highest Assessed Values for Tax Exempt Properties
Current Year (\$000s)

	Value
International Finance Corporation	\$ 734,672
Inter-American Development Bank	724,507
International Bank for Reconstruction & Development	601,864
Protestant Episcopal Cathedral Foundation DC	497,733
Catholic University of America	403,632
Howard University	402,438
International Monetary Fund	401,843
International Monetary Fund	392,336
President and Directors of Georgetown University	376,898
The George Washington University	275,421

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			Prior Years			Total		
	Levy	Collections	Percent Collected	Outstanding Balances Billed	Collections	Percent Collected	Billed	Collections	Percent Collected
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
2019	2,712,296	2,681,270	98.86	145,863	97,073	66.55	2,858,159	2,778,343	97.21
2020	2,844,258	2,725,243	95.82*	158,155	102,544	64.84	3,002,413	2,827,787	94.18

Note:

* Due to delayed real property billings and other timing issues related to COVID-19, an estimated \$27.1 million was collected outside of Exhibit S-2F's timeframe. Including the delayed additional amount increases the collection rate to 96.77%.

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	
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	6.19
2019	8.95	1,000,000	1,000,000	1,000,000	6.38
2020	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

Amounts not expressed in thousands

Source:

Office of Tax and Revenue

Exhibit S-2H Personal Income Tax Filers and Liability by Income Level Current Year and Nine Years Ago

	2020				2011			
	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	92,977	25.06%	\$ 1,760,249,817	80.51%	52,997	17.10%	\$ 861,960,768	68.40%
\$75,001 - \$100,000	36,868	9.94	160,642,746	7.35	24,745	7.98	115,330,391	9.15
\$50,001 - \$75,000	59,560	16.06	155,818,844	7.13	43,554	14.05	126,358,390	10.03
\$25,001 - \$50,000	83,468	22.50	95,832,088	4.38	78,692	25.39	128,596,024	10.20
\$10,001 - \$25,000	57,357	15.46	12,941,355	0.59	67,709	21.85	26,287,181	2.09
\$10,000 and lower	40,727	10.98	824,115	0.04	42,227	13.63	1,591,076	0.13
Total	370,957	100.00%	\$ 2,186,308,965	100.00%	309,924	100.00%	\$ 1,260,123,830	100.00%

Notes:

Amounts not expressed in thousands

Source:

Office of Tax and Revenue

DEBT CAPACITY

These schedules present information about the current levels of outstanding debt of the District and the 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 (GO) Bonds	Net Unamortized Premiums (Bond Issue Costs)	Outstanding GO Bonds Net of Related Premiums and Bond Issue Costs	Actual Value of Taxable Property	GO Bonds as a Percentage of Actual Value of Taxable Property %	GO Debt Per Capita
2011	\$ 2,829,598	\$ 27,781	\$ 2,857,379	\$ 139,287,502	2.05%	\$ 4,595
2012	2,295,225	16,247	2,311,472	146,501,957	1.58	3,629
2013	2,245,185	46,952	2,292,137	151,744,722	1.51	3,515
2014	2,790,935	89,232	2,880,167	160,300,070	1.80	4,337
2015	3,530,770	229,585	3,760,355	176,911,153	2.13	5,556
2016	3,829,305	287,639	4,116,944	189,102,606	2.18	5,992
2017	4,078,160	430,941	4,509,101	201,570,364	2.24	6,480
2018	4,827,105	542,610	5,369,715	211,381,458	2.54	7,647
2019	5,611,815	649,007	6,260,822	220,126,032	2.84	8,863
2020	5,396,870	596,131	5,993,001	228,687,317	2.62	8,429

Notes:

Outstanding GO Bonds Net of Related Premiums and Bond Issue Costs: Prior year amounts were updated to show amounts net of related unamortized premiums (bond issuance cost) and may not match the amounts presented in CAFR tables from previous years.

GO Debt Per Capita: Prior years' debt per capita amounts were updated to reflect the U.S. Bureau of Economic Analysis (BEA) population estimates as of September of each year.

Exhibit S-3B
Pledged-Revenue Coverage
Last Ten Fiscal Years (\$000s)

Fiscal Year	Tax Increment Financing Debts					Income Tax Secured Revenue Bonds				
	Sales Tax Increment	Real Property Tax Increment	Debt Service		Coverage %	Individual Income Tax	Business Franchise Tax	Debt Service		Coverage %
			Principal	Interest				Principal	Interest	
2011	\$ 10,904	\$ 3,750	\$ 4,323	\$ 5,385	150.95%	\$ 1,296,598	\$ 359,684	\$ 23,160	\$ 136,175	1,039.50%
2012	9,747	9,711	8,034	6,452	134.32	1,490,694	465,896	90,755	134,090	870.20
2013	11,238	7,119	4,203	6,496	171.58	1,640,899	453,280	117,740	193,898	671.99
2014	7,178	10,324	3,973	6,719	163.69	1,679,173	415,581	148,120	205,724	592.00
2015	9,133	12,328	3,914	6,785	200.59	1,868,037	447,805	138,580	204,933	674.16
2016	8,203	10,132	4,073	6,839	168.03	1,907,862	556,468	88,155	179,702	920.02
2017	10,686	8,953	4,136	6,852	178.73	1,958,277	554,245	119,300	200,542	785.55
2018	10,630	7,678	7,180	6,860	130.40	2,066,842	574,745	154,505	193,535	758.99
2019	9,865	11,072	4,284	7,629	175.75	2,299,326	642,656	159,030	186,052	852.55
2020	6,025	8,075	4,398	7,919	114.48	2,377,236	727,697	149,970	207,163	869.41

Note:

Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements (Note 7 presented on pages 121 through 136).

Exhibit S-3C Ratios of Outstanding Debt by Type Last Ten Fiscal Years (\$000s, Except Per Capita)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
General obligation bonds	\$ 2,857,379	\$ 2,311,472	\$ 2,292,137	\$ 2,880,167	\$ 3,760,355	\$ 4,116,944	\$ 4,509,101	\$ 5,369,715	\$ 6,260,822	\$ 5,993,001
Income tax secured bonds	2,994,209	3,840,474	4,682,049	4,697,201	4,578,445	4,399,700	4,124,380	3,836,706	3,664,404	5,635,204
TIF bonds	82,042	115,567	113,945	109,488	105,108	100,443	95,885	108,702	104,037	119,385
Qualified zone academy bonds	8,573	7,351	6,682	5,736	4,791	3,845	3,155	2,466	2,012	1,558
Certificates of participation	232,687	220,967	211,586	-	-	-	-	-	-	-
Bond anticipation notes	-	-	-	-	-	-	-	275,000	375,000	-
Capital leases	27,433	18,972	11,024	8,162	5,105	1,837	-	-	-	-
Ballpark bonds	507,637	504,000	507,916	479,704	472,273	374,514	336,406	287,022	230,864	186,963
HPTF bonds	83,970	82,453	123,044	120,476	117,814	114,994	112,109	109,104	105,965	38,535
PILOT revenue bonds	142,746	128,594	82,207	70,030	215,647	214,213	205,696	219,698	198,678	197,791
GARVEE bonds	87,783	83,475	130,112	122,144	114,001	104,634	96,201	87,560	78,661	356,937
Tobacco bonds	679,532	673,099	643,803	628,074	613,600	598,710	581,533	559,559	537,395	515,360
Total Debt	\$ 7,703,991	\$ 7,986,424	\$ 8,804,505	\$ 9,121,182	\$ 9,987,139	\$ 10,029,834	\$ 10,064,466	\$ 10,855,532	\$ 11,557,838	\$ 13,044,734
Personal income	\$ 42,090,600	\$ 43,020,100	\$ 44,239,000	\$ 47,674,200	\$ 51,240,800	\$ 53,531,600	\$ 55,382,900	\$ 57,500,100	\$ 58,970,400	\$ 63,063,700
Total debt as percentage of personal income	18.30%	18.56%	19.90%	19.13%	19.49%	18.74%	18.17%	18.88%	19.60%	20.69%
Total debt per capita	\$ 12,390	\$ 12,537	\$ 13,501	\$ 13,735	\$ 14,757	\$ 14,599	\$ 14,464	\$ 15,460	\$ 16,361	\$ 18,348
Total "tax supported debt" per capita	\$ 11,156	\$ 11,350	\$ 12,315	\$ 12,605	\$ 13,681	\$ 13,575	\$ 13,490	\$ 14,539	\$ 15,489	\$ 17,121

Note:

Outstanding debt was updated to show amounts net of related premiums and bond issuance cost, and resources restricted for the repayment of the principal of the Income Tax Secured Revenue Bonds debt.

There was no outstanding debt 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 presentation of prior years' data has been updated to reflect revised totals as of the third quarter of calendar year 2020.

Prior years' debt per capita amounts were updated to reflect the U.S. Bureau of Economic Analysis (BEA) population estimates as of the third quarter of each calendar year.

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 2020:

General fund revenue	<u>\$ 9,193,659</u>
Debt service cost limitation (17% of general fund revenue)	\$ 1,562,922
Debt expenditure applicable to limit:	
Principal	\$ 376,876
Interest	<u>469,180</u>
Subtotal for current year	<u>846,056</u>
Highest debt service cost	<u>846,056</u>
Total debt service cost subject to the limitation	<u>846,056</u>
Debt service cost margin	<u>\$ 716,866</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt service cost limitation	\$ 1,019,192	\$ 1,119,360	\$ 1,165,281	\$ 1,206,218	\$ 1,302,425	\$ 1,372,556	\$ 1,412,132	\$ 1,472,209	\$ 1,612,296	\$ 1,562,922
Highest debt service cost	<u>456,152</u>	<u>464,994</u>	<u>513,639</u>	<u>576,273</u>	<u>596,468</u>	<u>591,653</u>	<u>644,703</u>	<u>704,403</u>	<u>726,519</u>	<u>846,056</u>
Debt service cost margin	<u>\$ 563,040</u>	<u>\$ 654,366</u>	<u>\$ 651,642</u>	<u>\$ 629,945</u>	<u>\$ 705,957</u>	<u>\$ 780,903</u>	<u>\$ 767,429</u>	<u>\$ 767,806</u>	<u>\$ 885,777</u>	<u>\$ 716,866</u>
Total debt service cost subject to the limit as a percentage of debt service cost limit	<u>44.76%</u>	<u>41.54%</u>	<u>44.08%</u>	<u>47.78%</u>	<u>45.80%</u>	<u>43.11%</u>	<u>45.65%</u>	<u>47.85%</u>	<u>45.06%</u>	<u>54.13%</u>
Debt limit ratio	<u>7.61%</u>	<u>7.06%</u>	<u>7.49%</u>	<u>8.12%</u>	<u>7.79%</u>	<u>7.33%</u>	<u>7.76%</u>	<u>8.13%</u>	<u>7.66%</u>	<u>9.20%</u>

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% 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):	\$ 8,984,035
General fund transfers out (1):	364,194
Adjustment for transfer to component unit (UDC) (1):	38,104
Adjustment for TIF and PILOT bonds and notes debt service transfers (1):	60,706
Adjustment for ballpark revenue bond debt service transfers (1):	55,120
Adjustment for convention center hotel debt service transfers (1):	9,136
Total (a)	\$ 9,511,295
Limitation on borrowing (12%):	\$ 1,141,355
FY 2020 debt service cost (b):	1,032,482
Margin on limitation:	\$ 108,873
FY 2020 debt service percentage (b/a):	10.86%

	Debt Service Expenditures by Fiscal Year											
	2020			2021			2022			2023		
Long-Term Debt	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
General obligation bonds (2)	\$ 193,865	\$ 268,159	\$ 462,024	\$ 194,120	\$ 257,490	\$ 451,610	\$ 203,585	\$ 247,699	\$ 451,284	\$ 216,165	\$ 236,996	\$ 453,161
QZAB	454	-	454	454	-	454	276	-	276	276	-	276
Income tax secured revenue bonds (2)	149,970	207,163	357,133	131,285	229,359	360,644	198,825	226,962	425,787	250,740	216,573	467,313
TIF bonds (3)	4,398	7,919	12,317	6,099	6,278	12,377	8,332	5,087	13,419	4,339	4,673	9,012
TIF notes (4), (5)	4,504	8,436	12,940	4,465	7,754	12,219	4,069	7,456	11,525	4,248	7,165	11,413
Ballpark revenue bonds	43,455	11,665	55,120	3,510	10,853	14,363	3,510	10,622	14,132	4,525	10,360	14,885
HPTF revenue bonds	9,576	4,089	13,665	2,305	1,466	3,771	2,420	1,351	3,771	2,535	1,230	3,765
PILOT bonds (6)	26,688	7,969	34,657	14,035	7,711	21,746	14,605	7,030	21,635	4,970	6,647	11,617
PILOT notes (7)	437	355	792	461	303	764	487	249	736	515	205	720
225 Virginia Avenue lease	4,077	5,195	9,272	4,362	4,911	9,273	4,666	4,608	9,274	4,991	4,283	9,274
Bond anticipation notes	18,933	1,619	20,552	-	10,000	10,000	-	11,000	11,000	-	12,000	12,000
Equipment financing program	4,438	48	4,486	-	-	-	-	-	-	-	-	-
Washington convention and sports authority	25,600	23,470	49,070	25,600	22,209	47,809	27,590	20,853	48,443	28,960	19,421	48,381
Total	\$ 486,395	\$ 546,087	\$ 1,032,482	\$ 386,696	\$ 558,334	\$ 945,030	\$ 468,365	\$ 542,917	\$ 1,011,282	\$ 522,264	\$ 519,553	\$ 1,041,817

Note:

(1) Adjustments are made to General Fund Expenditures and Transfers to reflect Component Units and Debt Service Expenditures not already included.

(2) Interest rate for unhedged variable rate bonds calculated at 3.00%.

(3) TIF Bonds include the issues for Gallery Place, Mandarin Oriental Hotel, City Market at O Street, and the Skyland Town Center Project. It also includes bonds for Bryant Street, which were issued in FY 2020. The

District plans to issue additional bonds which have been approved and included in future years' debt service.

(4) TIF Notes include the issues for 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 issues for Anacostia Waterfront Corporation, the Yards, and the Wharf projects. The debt service schedule for the Yards does not require principal payments until maturity in fiscal year 2025 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 discretion of the District.

(7) PILOT Notes include issues for Rhode Island Place and Foundry Lofts Project. 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 provide 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
2011	621,783	\$ 42,090,600	\$ 67,693	33.40	723,300	10.00%	28,513	12,171
2012	637,015	43,020,100	67,534	33.70	729,900	9.40	27,570	10,001
2013	652,117	44,239,000	67,839	33.80	741,300	8.60	28,727	10,347
2014	664,085	47,674,200	71,789	33.80	746,400	7.90	28,995	9,921
2015	676,794	51,240,800	75,711	33.80	759,300	7.10	23,903	6,570
2016	687,039	53,531,600	77,916	33.90	774,900	6.20	24,320	3,265
2017	695,817	55,382,900	79,594	34.00	782,700	6.10	25,132	3,455
2018	702,158	57,500,100	81,891	33.90	791,000	5.80	23,981	2,996
2019	706,434	58,970,400	83,476	34.30	796,500	5.60	24,943	3,624
2020	710,964	63,063,700	88,702	N/A	772,100	7.30	99,247	58,535

Note:

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.

N/A: Not available

Population: Source: U.S. Bureau of Economic Analysis (BEA). Presentation of prior years' data has been revised to reflect totals as of the third quarter of calendar year 2020. Quarterly estimates for 2011-2020 reflect unpublished monthly population estimates available as of February 2020.

Personal Income: Source: U.S. Bureau of Economic Analysis. Presentation of prior years' data has been revised to reflect totals as of the third quarter of calendar year 2020. Quarterly estimates for 2011-2020 reflect unpublished monthly population estimates available as of February 2020. Personal Income amounts are presented in thousands.

Per Capita Income: Source: U.S. Bureau of Economic Analysis. Presentation of prior years' data has been revised to reflect totals as of the third quarter of calendar year 2020. Per capita personal income is total personal income divided by total population estimates. Quarterly estimates for 2011-2020 reflect unpublished monthly population estimates available as of February 2020. Per capita income amounts are not presented in thousands.

Median Age: U.S. Census Bureau. Median ages are updated each May.

Employment: Source: U.S. Bureau of Labor Statistics. Current Employment Statistics (CES), seasonally adjusted.

Unemployment Rate: Source: U.S. Bureau of Labor Statistics. Local Area Unemployment Statistics (LAUS), Average unemployment rate for the fiscal year, seasonally adjusted.

Claims Accepted: Source: U.S. Department of Labor, Employment and Training Administration (ETA) 218 Report Section A: Monetary Determinations. Claims Accepted represent Unemployment Insurance (UI) determinations with sufficient wage credits.

Claims Rejected: Source: U.S. Department of Labor, Employment and Training Administration 218 Report Section A: Monetary Determinations. Claims Rejected represent Unemployment Insurance determinations with insufficient wage credits.

Source: Data was compiled by D.C. Department of Employment Services, Office of Labor Market Research and Performance (OLMRP).

Exhibit S-4B

Principal Employers

Current Year and Ten Years Ago

	2020			2010		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Georgetown University	*	1	*	*	1	*
Children's National Medical Center	*	2	*	*	4	*
Washington Hospital Center	*	3	*	*	3	*
George Washington University	*	4	*	*	2	*
American University	*	5	*	*	8	*
Georgetown University Hospital	*	6	*	*	6	*
Booz Allen & Hamilton Inc.	*	7	*	*	30	*
Fannie Mae	*	8	*	*	7	*
Howard University	*	9	*	*	5	*
George Washington University Hospital	*	10	*	*	13	*
Insperity PEO Services	*	11	*	*	26	*
Sibley Memorial Hospital	*	12	*	*	15	*
Red Coats	*	13	*	*	12	*
Catholic University of America	*	14	*	*	10	*
Deloitte Consulting LLP	*	15	*	*	47	*
Total	56,811		12.20	48,260		10.70

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: Data was compiled by D.C. Department of Employment Services, Office of Labor Market Research and Performance (OLMRP).



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OPERATING INFORMATION

These schedules contain service and infrastructure data designed to help readers better understand how the information in the District's financial reports relate to the services the District provides and the activities it performs.

Exhibit S-5A
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GOVERNMENTAL DIRECTION AND SUPPORT (1)										
General obligation bonds										
Bond rating by Standard & Poor's Global Ratings	A+	A+	AA-	AA	AA	AA	AA	AA+	AA+	AA+
Bond rating by Moody's Investors Service	Aa2	Aa2	Aa2	Aa2	Aa1	Aa1	Aa1	Aaa	Aaa	Aaa
Bond rating by Fitch Ratings	AA-	AA-	AA-	AA	AA	AA	AA	AA+	AA+	AA+
Income tax secured revenue bonds										
Bond rating by Standard & Poor's Global Ratings	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Bond rating by Moody's Investors Service	Aa1	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 sales and use (\$ millions)	\$ 11,697	\$ 12,610	\$ 13,083	\$ 13,717	\$ 14,659	\$ 15,270	\$ 16,654	\$ 17,190	\$ 18,231	\$ 16,102
Commercial construction units	124	117	96	327	97	125	179	222	197	147
Commercial construction value (\$000s)	\$ 941,963	\$ 649,872	\$ 954,718	\$ 2,542,032	\$ 1,902,211	\$ 1,701,364	\$ 2,448,918	\$ 2,649,201	\$ 3,240,162	\$ 2,427,201
Residential construction units	899	855	1,199	1,369	1,121	1,304	1,227	1,183	1,539	1,374
Residential construction value (\$000s)	\$ 235,996	\$ 261,314	\$ 382,192	\$ 425,194	\$ 391,467	\$ 433,979	\$ 445,223	\$ 404,858	\$ 449,587	\$ 482,369
HOUSING FINANCE AGENCY (3)										
Number of single-family units financed	53	16	2	192	236	205	199	106	69	245
Amount of single-family financing provided (\$000s)	\$ 9,897	\$ 3,604	\$ 619	\$ 53,068	\$ 65,183	\$ 62,902	\$ 52,538	\$ 34,662	\$ 22,444	\$ 86,531
Number of multi-family units financed	729	1,608	939	1,008	1,325	2,090	899	1,653	1,635	1,689
Amount of multi-family financing provided (\$000s)	\$ 78,512	\$ 183,002	\$ 139,347	\$ 194,600	\$ 171,401	\$ 294,735	\$ 168,960	\$ 325,440	\$ 301,210	\$ 317,547
Total number of housing units financed	782	1,624	941	1,200	1,561	2,295	1,098	1,759	1,704	1,934
Total amount of housing financing provided (\$000s)	\$ 88,409	\$ 186,606	\$ 139,966	\$ 247,668	\$ 236,584	\$ 357,637	\$ 221,498	\$ 360,102	\$ 323,654	\$ 404,078
PUBLIC SAFETY AND JUSTICE (4)										
Police										
Crime index offenses	31,772	36,154	35,752	37,662	37,471	35,714	34,774	33,031	33,902	29,639
Number of police officers	3,801	3,907	4,010	3,971	3,839	3,737	3,821	3,855	3,810	3,799
Fire and EMS										
Number of operational personnel	1,941	1,874	1,998	1,877	1,864	1,875	1,892	1,927	1,939	1,848
Total number of incidents	161,795	167,939	167,335	179,319	197,092	205,988	201,404	207,492	212,459	201,130
Total number of fire/rescue incidents	31,527	30,296	29,823	32,313	34,924	34,840	35,712	39,390	39,454	37,132
Number of medical incidents	130,268	137,643	137,512	147,006	162,168	171,148	165,692	168,102	173,005	163,998
Total number of transports	97,689	101,208	102,987	109,044	115,262	92,695	55,078	53,322	54,725	45,346
Number of inspections	14,231	11,470	12,482	13,159	10,148	11,814	12,181	10,931	10,579	9,976
PUBLIC LIBRARY (5)										
Number of volumes	1,601,581	1,466,010	1,491,914	1,536,820	1,376,418	1,304,305	1,055,037	1,023,079	965,471	1,038,742

Exhibit S-5A

Operating Indicators by Function/Program

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PUBLIC EDUCATION SYSTEM										
D.C. Public School System (6)										
Number of school teachers	3,850	3,775	3,392	3,585	3,684	3,999	3,996	4,121	4,320	4,522
Number of school students	48,737	45,191	45,557	46,393	47,548	48,757	48,555	48,144	49,056	51,060
Number of high school graduates	2,954	2,919	2,864	2,702	2,784	2,764	2,844	2,273	2,170	2,180
University of the District of Columbia (7)										
Number of teachers	222	260	250	223	230	237	235	232	230	232
Number of students	5,286	5,490	5,352	5,118	5,118	4,604	4,527	4,500	4,456	3,953
Number of graduates	641	705	832	866	795	852	817	702	782	753
PUBLIC WORKS/PUBLIC TRANSPORTATION (8)										
Street resurfaced (miles)	14	17	19	27	42	30	33	40	84	132
Potholes repaired	6,863	26,233	24,718	65,332	72,719	75,417	15,799	31,570	62,509	27,768
Refuse collected (tons per day)	393	382	361	354	340	386	328	369	363	377
Recyclables collected (tons per day)	107	133	145	130	116	96	115	102	102	105
Tons of bulk trash removed	3,536	2,944	2,594	2,558	2,597	3,612	2,977	2,603	2,130	2,403
Tons of leaves removed	6,914	5,659	5,920	6,054	5,798	7,221	6,110	5,803	7,497	8,001
DEPARTMENT OF MOTOR VEHICLES (9)										
Number of motor vehicle registrations (1/1 - 12/31)	278,915	284,674	289,028	296,210	303,039	309,332	310,031	310,334	307,479	301,768
Number of operator licenses issued (1/1 - 12/31)	111,354	120,372	119,303	81,656	80,459	125,901	139,587	134,504	148,270	130,399
Number of operator licenses outstanding (1/1 - 12/31)	357,228	370,805	411,356	416,289	448,304	466,293	475,834	482,808	487,293	451,343
CONVENTION CENTER (10)										
Conferences held	231	201	209	204	233	217	184	167	151	57
Attendees	1,017,638	1,159,480	1,089,116	1,280,256	1,120,398	1,465,820	1,163,753	1,563,622	1,066,175	569,524

Notes:

For some statistics in Exhibit S-5A, applicable updates are made each year to prior year numbers. Therefore, prior year numbers may not match the numbers in CAFR tables from previous years.

Street resurfaced (miles): Includes reconstruction, regular cover, and pavement restorations

Tons of snow removed: N/A - Information not available for fiscal years 2017 through 2020

Sources:

(1) Office of Finance and Treasury

(2) Office of Tax and Revenue

(3) District of Columbia Housing Finance Agency

(4) Metropolitan Police Department and Fire and Emergency Medical Services Department

(5) District of Columbia Public Library

(6) District of Columbia Public Schools

(7) University of the District of Columbia

(8) District Department of Transportation and Department of Public Works

(9) Department of Motor Vehicles

(10) Washington Convention and Sports Authority

Exhibit S-5B
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police (1)										
Police stations including satellites	11	11	11	11	11	11	11	10	10	10
Number of police vehicles	1,195	1,196	1,197	1,224	1,259	1,240	1,245	1,240	1,250	1,257
Fire (2)										
Number of fire and EMS stations	34	34	34	34	34	34	34	34	34	34
Number of front-line emergency vehicles	123	123	123	124	94	114	168	168	168	168
EMS (2)										
Number of ambulances	89	73	110	98	86	88	96	100	100	92
D.C. Public School System (3)										
Number of schools	123	122	122	112	112	115	115	116	116	117
Number of school buses	802	838	880	799	601	626	808	743	639	664
Public Library (4)										
Number of main and branch buildings	25	26	26	26	26	26	26	26	26	26
Parks and Recreation (5)										
Acreage	883	883	931	931	931	931	931	931	931	931
Number of recreation and community centers	78	78	74	73	73	74	73	74	74	74
Number of day camps	91	88	96	96	82	84	119	113	130	58
Number of outdoor swimming pools	23	24	22	22	22	23	21	22	22	22
Number of indoor swimming pools	8	8	8	11	11	15	11	11	11	11
Public Works/Public Transportation (6)										
Number of refuse collection trucks	70	64	64	69	68	74	81	102	102	103
Primary street miles	126	126	135	134	134	134	134	134	135	134
Secondary street miles	1,007	1,007	1,007	1,009	1,117	1,117	1,117	1,018	1,018	1,018
Number of street lights	68,000	69,350	70,182	70,828	70,809	69,708	74,188	75,703	75,875	76,335
Number of signalized intersections	1,603	1,603	1,645	1,652	1,524	1,403	1,528	1,535	1,685	1,692
Number of trees	144,000	148,980	147,276	147,376	153,990	150,288	148,726	156,763	164,878	167,134
D.C. Water and Sewer Authority (7)										
Miles of water mains	1,300	1,300	1,300	1,300	1,300	1,300	1,350	1,350	1,350	1,300
Miles of sewer mains	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,900	1,900	1,900

Note:

For some statistics in Exhibit S-5B, applicable updates are made each year to prior year numbers. Therefore, prior year numbers may not match the numbers in CAFR tables from previous years.

Sources:

(1) Metropolitan Police Department; (2) Fire and Emergency Medical Services Department; (3) District of Columbia Public Schools; (4) District of Columbia Public Library; (5) Department of Parks and Recreation; (6) District Department of Transportation and Department of Public Works; (7) 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental direction and support	2,648	2,994	3,014	3,069	3,178	3,191	3,252	3,369	3,447	3,485
Economic development and regulation	1,040	1,041	1,181	1,282	1,305	1,363	1,493	1,596	1,709	1,769
Public safety and justice	8,505	8,313	8,230	8,192	8,247	8,308	8,653	8,935	9,095	9,233
Public education system	9,253	9,028	8,959	8,701	9,558	9,499	9,530	9,943	9,894	10,422
Human support services	3,782	3,687	3,822	3,992	4,141	4,208	4,498	4,456	4,788	4,798
Public works	2,007	2,146	2,196	2,324	2,397	2,414	2,437	2,530	2,490	2,594
Total	27,235	27,209	27,402	27,560	28,826	28,983	29,863	30,829	31,423	32,301

Source:

Office of Budget and Planning



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