

DISTRICT STRONG

ACFR

Annual
Comprehensive
Financial Report

★ ★ ★
2023

MURIEL BOWSER | MAYOR
GLEN LEE | CHIEF FINANCIAL OFFICER
GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
YEAR ENDED SEPTEMBER 30, 2023



MURIEL BOWSER
MAYOR

January 24, 2024

Dear Washingtonians:

On behalf of the District of Columbia Government, I am proud to present the District of Columbia Fiscal Year 2023 Annual Comprehensive Financial Report. For the twenty-seventh consecutive year, the audit opinion is unqualified (unmodified).

The District's strong reserves—\$1.6 billion of operating cash as of September 30, 2023—have afforded us strong and enviable financial flexibility, thus allowing us to maintain and expand essential supports to DC residents and businesses as we continue our comeback.

These significant investments in our residents and businesses in 2023 directly contributed to our economic rebound. Last year, we added more than 8,000 new residents, created more than 12,260 jobs, and welcomed 2.8 million more tourists to their nation's capital. This represents a 15 percent tourism increase and helped our local hospitality sector increase hotel room days-sold by nearly 12 percent and hotel room revenues by nearly 17 percent. We also made significant investments in Downtown DC, cutting the ribbon on a new 400,000 square foot educational space for Johns Hopkins University and our work to convert office space into more than 1,400 new units of housing continues over the next two years. Most importantly, our work to support and grow the middle class, secure a fair shot for all our residents, protect our local democracy, and build safer, stronger neighborhoods persists.

In 2024, we will expand upon our comeback by investing in successful businesses, opportunity-rich neighborhoods, and thriving residents—and we will do it equitably across all eight wards. With your support, and the enduring strength of our city's solid financial footing, I am confident we will achieve a healthier, 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



Glen Lee
Chief Financial Officer

January 24, 2024

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

Dear Mayor Bowser:

I am pleased to present the District of Columbia's Annual Comprehensive Financial Report (ACFR) for the fiscal year (FY) ended September 30, 2023. Although FY 2023 presented economic challenges, the District's financial health remained strong due to continued sound financial management practices, timely and effective decision-making, and the collaboration, cooperation, and hard work of many across the District government.

McConnell & Jones, LLP, independent certified public accountants, audited the FY 2023 ACFR, with the assistance of Regis & Associates, PC. The WERS Group also assisted with the financial statement audits of component units and other independent entities. This was the fourth year in which this combined team of independent accountants audited the District's ACFR. Based on the results of the audit procedures performed, the auditors issued an unmodified (clean) opinion on the District's FY 2023 financial statements.

Such an opinion indicates that the auditors found no material misstatements or errors in the District's FY 2023 financial statements. Consequently, District residents and other stakeholders can be assured that the District's accounting and financial management practices are sound, and the information presented in the ACFR is reliable.

In addition, the auditors were able to issue an unmodified (clean) opinion on the financial statements for FY 2022 and FY 2023 of the Washington Convention and Sports Authority (EventsDC), a financial component unit of the District. In FY 2022, Events DC was the subject of a ransomware attack, which resulted in the encryption and loss of a significant amount of detailed financial data from that year. The auditors determined that without access to these data last year, they could not verify the accuracy of Events DC financial statements. During 2023, Events DC staff re-created these data in a manner sufficient for the auditors to properly assess and provide an opinion for FY 2022 and FY 2023 financial statements.

Key economic data indicate that the District's economy has not fully recovered from the pandemic-induced recession of 2020. Employment within the District is not expected to reach 2019 (pre-pandemic) levels over the financial plan period as there has been a notable decline in federal employment in the District, as the federal government struggles to replace retirees and other departees. As of September 2023, the unemployment rate within the District increased to 5% (seasonally adjusted), up from 4.1% (seasonally

adjusted) reported a year earlier. Additionally, commercial office occupancy declined during Fiscal 2023, a factor that continues to slow the District's recovery.

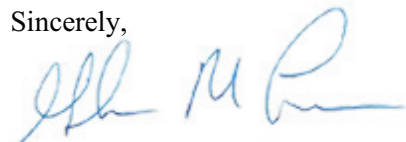
Positive trends in other areas, however, indicate economic improvement. The population decline that occurred as a result of the pandemic reversed in 2022, with continued growth occurring in 2023, and steady growth expected over the next several years. The number of leisure and hospitality jobs has also increased from the pandemic low, and tourism and hotel occupancy are performing well due to a resurgence in domestic leisure and business travel.

Through the use of prudent business practices and the availability of healthy reserves, the District was able to address unforeseen challenges and make needed services and programs available to District residents and businesses as economic recovery continued in FY 2023. Due to its strong financial standing, the city continues to be well equipped to address issues when they arise. The District's bond ratings in FY 2023 were high and remained unchanged from the previous year. The District's *General Obligation (GO) Bond* ratings were as follows: Fitch Ratings, AA+; Moody's Investors Service, Aaa; and S & P Global Ratings, AA+. Its *Income Tax Secured (ITS) Revenue Bonds* maintained the following ratings: Fitch Ratings, AA+; Moody's Investors Service, Aa1; and S & P Global Ratings, AAA. High credit ratings allow the District to access the financial markets and issue bonds with low interest rates, maximizing resources available for programs and services as well as much-needed investments in infrastructure, economic development, and other capital projects.

The District's reserve levels also indicate the health and strength of the city's finances. As of September 30, 2023, the District's liquidity funds (federally and locally mandated reserves) totaled \$1.56 billion. At this level, the District has resources to meet obligations and continue operations during times of emergency or other unanticipated events.

During FY 2023, we worked together to navigate economic and operational challenges including the implementation of a new enterprise-wide financial system, the District Integrated Financial System (DIFS). I would like to thank all financial and program staff across the city, and other partners and stakeholders who worked with us to manage and account for the District's financial resources in DIFS. As a result of the dedicated efforts of many, we were able to operate within budgetary constraints, close the government's books, complete the annual financial audit, and prepare and issue the FY 2023 ACFR on time with an unmodified (clean) audit opinion. We all should be extremely proud of these accomplishments.

Sincerely,



Glen Lee
Chief Financial Officer

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023**

Muriel Bowser
Mayor

Glen Lee
Chief Financial Officer

**John A. Wilson Building
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**DISTRICT OF COLUMBIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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Introductory Section



DISTRICT STRONG

Government of the District of Columbia



Office of the Chief Financial Officer Office of Financial Operations and Systems

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January 24, 2024

Mr. Glen Lee
Chief Financial Officer

The Annual Comprehensive Financial Report (ACFR) of the Government of the District of Columbia (District) for the fiscal year ended September 30, 2023, 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 management of the District. 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) of 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 financial activities of the District.

The ability to produce a timely and accurate ACFR depends upon the adequacy of the internal controls of the District. 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. Management is responsible for establishing and maintaining adequate internal controls in the District. The greatest challenge in establishing and maintaining adequate internal controls is ensuring that the control framework developed by management is comprehensive and 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 controls 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 internal controls of the District.

In accordance with DC Code § 47-119, independent public accountants audited the financial statements of the District for the year ended September 30, 2023. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and applicable guidance related to financial audits as presented in Government Auditing Standards, issued by the Comptroller General of the United States. In addition to issuing an opinion on the financial statements of the District, the independent public accountants, McConnell & Jones LLP, issued a report in conjunction with the ACFR, which discussed the consideration given by the independent public accountants to the internal controls over financial reporting used by the District. This report also presented the outcome of tests performed by the auditors 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 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards issued by the United States Office of Management and Budget (OMB) is performed annually. A separate report, often referred to as the Single Audit Report, is issued by independent public accountants. The fiscal year 2023 Single Audit Report of the District 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 financial operations and results of the District, 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 financial condition of the District.

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 (Maryland) and the Commonwealth of Virginia (Virginia). The United States Congress assumed jurisdiction over the District of Columbia until the District was granted Home Rule in 1973.

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).

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 presidential elections.
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 U.S. House of Representatives.
1971	Walter Fauntroy became the first Congressional Delegate to represent the District of Columbia.
1973	Congress passed the 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 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 Amendment Act of 2012, upheld by the Superior Court, granted the District budget autonomy for local funds.

Financial Reporting Entity

For financial reporting purposes, the reporting entity of the District 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, which begins on page 70 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. Consistent with the Local Budget Autonomy Amendment Act of 2012, upon expiration of a 30-day Congressional review period, the Local Budget Act becomes law. Congress enacts the federal portion of the budget for the District through passage of an appropriations bill, which is signed into law by the President.

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 reprogramming process of the District 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 automated and manual transaction level controls of the District and sound governance provide strong budgetary controls. The annual budget is assigned specific accounting attributes and is uploaded into the accounting system of record, thereby establishing the budget authority for each entity within the District. The budget authority established in the accounting 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 of Columbia 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 Chief Financial Officer (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 shows 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. Summarized spending projections must be submitted to the CFO no later than 30 days after the end of each month. In addition, pursuant to DC Code § 47-355.05, the CFO is to submit quarterly reports to the Council and the Mayor that present actual expenditures, encumbrances, and commitments compared to the approved spending plan by agency and by source of funds. These reports are required to be accompanied by the observations made by the CFO 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 accounting system for the District 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 General Fund local expenditures less debt service cost for the previous fiscal year. 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. Consistent with the requirements of applicable legislation, the District must replenish the contingency cash reserve and the emergency cash reserve for any amounts used.

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 DC 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 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 DC 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 General Fund operating budget for that fiscal year.

District Accounting and Financial System

Accounting System

The accounting system of the District 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 generally accepted accounting principles (GAAP) when determining the types of funds to be established and is guided by the “minimum number of funds principle” and sound financial management practices when determining the number of funds within each fund type.

Measurement Focus and Basis of Accounting

The financial statements for the District 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 economic resources of the District 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, Other Employee Benefits Trust Funds, and other fiduciary 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 59. This basis of accounting differs from the GAAP basis as described below:
 - Basis differences 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 statements and the consumption method in GAAP basis statements. 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 may occur between the basis of budgeting and GAAP and 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 may occur between the basis of budgeting and GAAP and result when the fund, organization, or program structure used for budgeting differs from that used for GAAP-based financial reporting. The District does not have any significant budgetary perspective differences.
 - Timing differences may occur between the basis of budgeting and GAAP and are noted when the period used for budgeting differs from the period used for GAAP-based reporting. The District has no significant timing differences between its budgetary practices and the GAAP-based 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), an independent office operating under the Board of Ethics and Government Accountability, works to ensure that the operations of the District are transparent and open to the public, thereby promoting 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.

To further promote transparency in government, in June 2016, the Mayor established the Open Government Advisory Group which: (1) evaluates 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 operations of the District and the participatory and collaborative nature of its decision-making.

As the city and its residents continued to be impacted by COVID-19, District officials recognized the need for open communication with the general public. As part of its efforts to keep the public well informed while taking measures to return to normalcy, the District provided guidance on how to reduce the spread of COVID-19. With falling case counts and increased commercial availability of test kits, however, the District announced in February 2023, the suspension of self-service programs as well as several rapid test distribution centers, and in March 2023 permanently closed all COVID-19 centers. These measures fell in line with the end of the federal public health emergency which expired in May 2023. Information regarding COVID-19 can still be accessed via a separate website, <https://coronavirus.dc.gov/>. This website includes information for District residents and others regarding COVID-19 and provides information on how to sign up for the DC COVID Alert Notice (DC CAN) app. The District also instituted a web-based portal, <https://vaccinerecord.dc.gov/>, for residents to securely access their vaccination records free of charge.

In furtherance of openness in government, the Office of the Chief Financial Officer (OCFO) also promotes 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 Annual Comprehensive Financial Report, and the Popular Annual Financial Report. In addition, the OCFO website (www.cfo.dc.gov) provides information that allows taxpayers to review and assess the

financial status, programs, activities, and services of the District, 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 financial information for investors in the bonds of the District may be obtained from the investor information website at <https://dcbonds.com>.

ECONOMIC CONDITION AND OUTLOOK

For the year ended September 30, 2023, federal civilian employment accounted for 24.68% of all wage and salary jobs located in the District and 28.00%, seasonally adjusted, of wages and salaries generated in the city. Approximately 15.00% 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 economy and revenues of the District.

Population within the District and the surrounding metropolitan area also impacts the local economy and the city's revenues. Each year, the U.S. Census Bureau releases population estimates as of July 1 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.

Highlights: The District Economy

The District's economy continues to recover from the pandemic-induced recession of 2020 but is still trailing the national average in several key economic indicators. Though the leisure and hospitality sectors have demonstrated a continuous rebound from the pandemic, the industry's employment levels remain at 90 percent of those seen before the pandemic. Highlighting a positive trend, the District's population is rebounding, as evidenced by two consecutive years in which population increased, thereby reversing the population declines which occurred during COVID-19. According to the latest U.S. Census Bureau data, the District added 8,023 residents, representing a 1.20% increase from July 2022 to July 2023. As more people work from home, however, the District's transportation and office real estate sectors are likely to experience significant shifts. Highlights of these and other recent trends in the District economy are as follows:

- In the three months ended September 2023, there were 12,260, or 1.60%, more wage and salary jobs located in the District than in the same period a year earlier. However, this level was almost 30,300 below the pre-pandemic level for the same period in 2019. Hospitality and retail jobs, including amusement and recreation positions, have not recovered, growing by 6,700 jobs in September 2023 when compared to September 2022, but still about 7,230 below pre-COVID-19 levels. Of concern, federal jobs have started declining and in September 2023 were 1.24% below the September 2022 level.
- District resident employment in the three months ended September 2023 was 373,985 which was 585, or 0.20% lower than the same period in the prior year.
- As of September 2023, the unemployment rate within the District increased to the seasonally adjusted rate of 5.00%, up from the September 2022 revised seasonally adjusted rate of 4.10%.
- Overall wages earned in the District grew 5.00% in the quarter ended September 30, 2023, compared to the same quarter a year ago, led by growth in the high-wage professional and management sector.
- Single family home sales for the three-month period ended September 2023 were down 11.93% from a year ago while the average selling price was 1.62% higher. Condominium sales decreased by 15.07%, and the average selling price was 2.20% higher than a year ago. The value of all home sale settled contracts for the three-month period ended September 2023 was 11.90% lower than a year ago.
- Commercial office base rents in the quarter ending September 2023 were up about 0.30% over the past year and average vacancy was 15.70%. Leased space in September 2023 was down by 1.20% from a year ago.
- Hotel room-days sold for the three months ended September 2023 were up 11.89% from the prior year and hotel room revenues increased by 16.86% during that period. While room revenue has surpassed the level for the same period in 2019, room-days sold still have not returned to pre-COVID-19 peaks. Hotels along with restaurants were most affected by the public health restrictions related to the COVID-19 pandemic. However, hotel occupancy has returned to pre-pandemic levels. In September 2023, hotel occupancy was 73.23%.

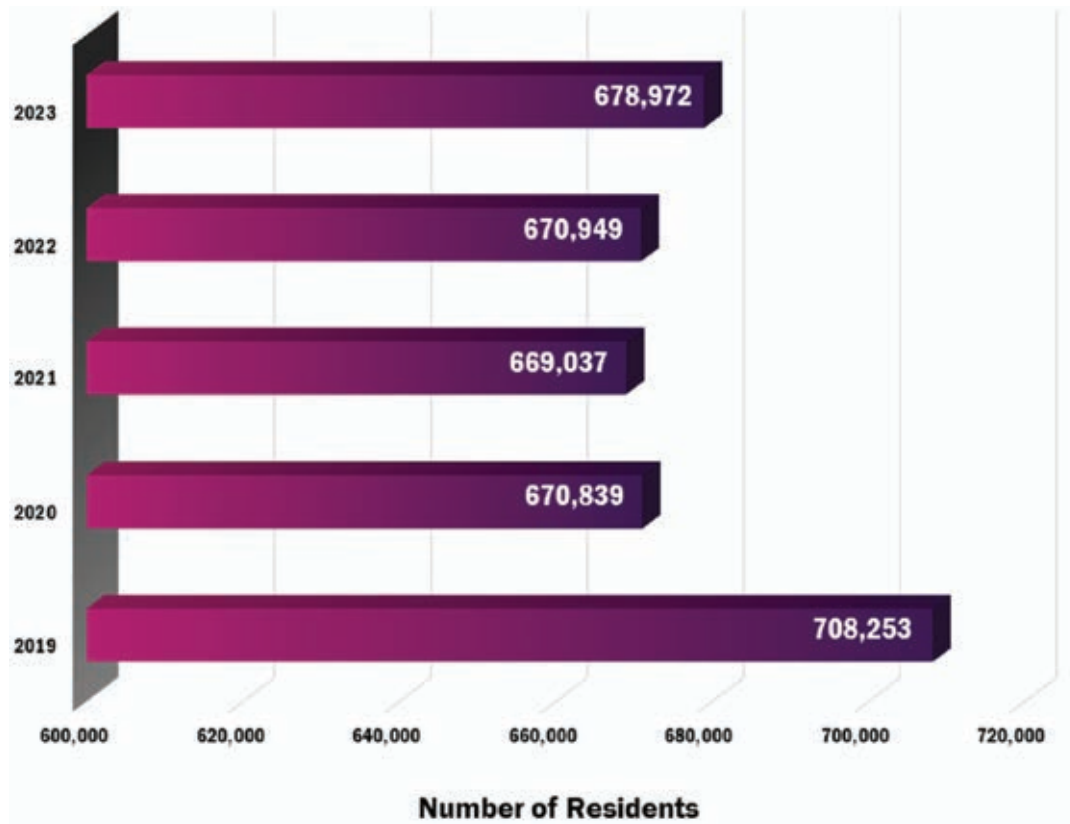
Key Factors in the District Economy

Population

Historically, continuous population growth has been important in increasing the income, property, and sales tax bases of the District, and has been one of the driving forces behind rising home values. Recent migration data from the Internal Revenue Service reveals that between 2019 and 2021, a period which included the pandemic's peak period, the District of Columbia faced a net loss of over 31,000 residents. However, this negative trend began to reverse in 2022. In December 2022, the U.S. Census Bureau issued an updated population estimate which shows that the District's population, seasonally adjusted, grew from 669,037 to 670,949, a net gain of 1,912, during the period July 2021 to July 2022. According to the latest December 2023 U.S. Census Bureau data, the District added 8,023 residents, representing a 1.20% increase from July 2022 to July 2023.

Chart T-1 presents the population trends of the District as of July 1 of each year 2019 through 2023, using annually revised population data.

Chart T-1
Population Trends - Number of Residents
District of Columbia Population as of July 1 of Each Year (2019 - 2023)



Note:
Presentation of prior years' data has been revised to reflect resident population of the District as of July 1 each year.

Source:
U.S. Census Bureau

Income Trends

Despite the economic impacts of the COVID-19 pandemic, income grew 5.20% in the District during fiscal year 2023. Most of the federal relief to address the pandemic was distributed in fiscal year 2022, increasing income on a one-time basis. Inflation, however, cut the real income growth to 1.90% in fiscal year 2023.

The distribution of income in the District differs from that of the nation, with larger portions of District residents in the higher and lower income brackets and a significantly smaller portion within the middle-income levels. Median household income data is not yet available for 2023; however, for 2022, the median household income within the District of \$101,054 was 35.20% above the U.S. average. The U.S. Census Bureau estimates that 13.30% of the population of the District was below the poverty line in 2022 as compared to 11.50% for the entire country.

Employment Trends

Total wage and salary employment in the Washington Metropolitan Area (Metropolitan Area) increased to approximately 3,396,400 (not in thousands) at the end of fiscal year 2023 from the revised 3,318,400 (not in thousands) for fiscal year 2022, representing a 2.35% increase. These numbers exclude the self-employed,

domestic workers, military, and foreign government personnel, which represent a significant portion of the total workforce of the region. Some of the references to the 2022 employment numbers may differ from those presented in the fiscal year 2022 ACFR because of updates and revisions.

Table T-2 presents a comparison of September 2023 and 2022 labor market data for the District and the surrounding Metropolitan Area.

Table T-2
Comparison of September 2023 and 2022 Labor Market Data for the District and Surrounding Metropolitan Area (000s)

	District of Columbia				Metropolitan Area			
	FY 2023 Level	FY 2022 Level	1 Year Change	1 Year Change %	FY 2023 Level	FY 2022 Level	1 Year Change	1 Year Change %
Employed residents	375.1	373.1	2.0	0.5	3,418.6	3,320.5	98.1	3.0
Labor force	394.8	389.0	5.8	1.5	3,510.8	3,418.5	92.3	2.7
Total wage and salary employment	780.0	767.6	12.4	1.6	3,396.4	3,318.4	78.0	2.4
Federal government	192.5	194.1	(1.6)	(0.8)	371.5	375.2	(3.7)	(1.0)
Local government	42.0	41.3	0.7	1.7	373.7	343.7	30.0	8.7
Leisure and hospitality	77.2	71.6	5.6	7.8	324.0	308.1	15.9	5.2
Trade	25.8	26.1	(0.3)	(1.1)	319.9	321.6	(1.7)	(0.5)
Education and health	124.5	123.0	1.5	1.2	461.5	441.0	20.5	4.6
Professional, business, and other services	175.9	175.3	0.6	0.3	810.4	804.1	6.3	0.8
Other private	142.1	136.2	5.9	4.3	735.4	724.7	10.7	1.5
Unemployed	19.6	15.9	3.7	23.3	92.2	98.0	(5.8)	(5.9)
New unemployment claims	2.0	0.6	1.4	233.3	(a)	(a)	(a)	(a)

Notes:

FY 2023 Level - Data presented is preliminary, not seasonally adjusted amounts for September 2023.

FY 2022 Level - Data presented is seasonally adjusted and will differ from those presented in the fiscal year 2022 ACFR.

1 Year Change - 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:

Office of Revenue Analysis

U.S. Bureau of Labor Statistics (BLS)

D.C. Department of Employment Services (DOES)

In September 2023, total wage and salary employment within the District was 22.97% of the total wage and salary employment for the Washington Metropolitan Area. As of September 2023, the unemployment rate within the District increased to the seasonally adjusted rate of 5.00%, up from the September 2022 revised seasonally adjusted rate of 4.10%.

Total employment within the District increased to approximately 780,000 (not in thousands) as of September 2023 from the revised 767,600 (not in thousands) as of September 2022. The leisure and hospitality industry continued to improve and experience growth during fiscal year 2023, accounting for the majority (80.00%) of the job growth. Other sectors such as retail and wholesale trade, education and health, professional and business services, and information and financial services also experienced

growth in fiscal year 2023 compared to fiscal year 2022. Despite the overall growth in the job market, unemployment claims are growing, which could mean that either more people are either looking for work as job prospects improve or some sectors are laying off workers.

As the capital of the nation, Washington, DC is the seat of the federal government and headquarters for most federal departments and agencies. The total federal workforce during September 2023 in the Washington Metropolitan Area was 371,500 (not in thousands); with approximately 192,500 (not in thousands) federal employees located in Washington, D.C. and 179,000 (not in thousands) additional federal employees who worked elsewhere in the Washington Metropolitan Area.

Minimum Wage Rate

Effective July 1, 2023, the minimum wage in the District increased from \$16.10 per hour to \$17.00 per hour for all workers. On May 1, 2023, the base minimum wage for tipped employees increased from \$5.35 to \$6.00 per hour and was further increased beginning July 1, 2023 to \$8.00 per hour. However, if an employee’s hourly tip earnings (averaged weekly) added to the base minimum wage do not equal the minimum wage as established by the District, the employer must pay the difference. These wage increases are due to provisions of the Fair Shot Minimum Wage Amendment Act of 2016 which further increases the minimum wage each successive year in proportion to the Consumer Price Index.

Living Wage Rate

Pursuant to the Living Wage Act of 2006 (DC Law 16-118; DC Code § 2-220.01 et seq), District government contractors and recipients of government assistance

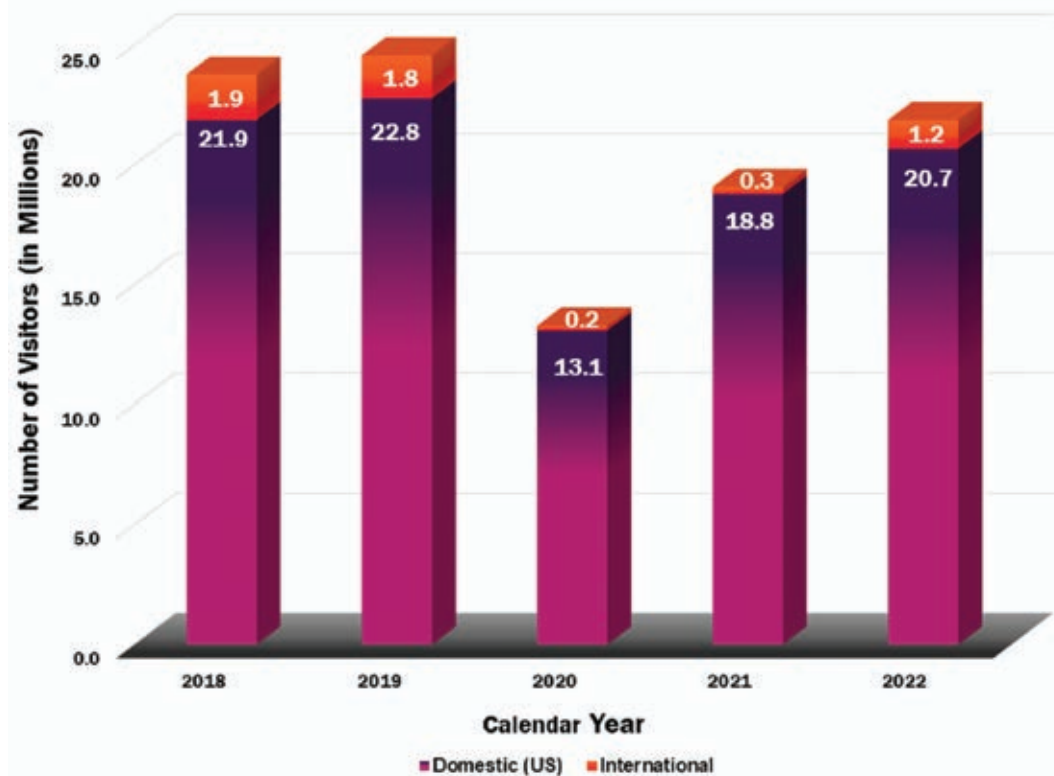
(grants, loans, tax increment financing) in the amount of \$100,000 or more shall pay affiliated employees no less than the current living wage rate. Effective January 1, 2023 until June 30, 2023, the living wage rate was increased from \$16.10 per hour to \$16.50 per hour. Effective July 1, 2023, the living wage rate in the District increased from \$16.50 per hour to \$17.00 per hour.

Tourism and Hospitality

Millions of U.S. citizens and international tourists visit the District’s more than 400 museums, monuments, war memorials, and other historical landmarks each year. Also, the presence of foreign embassies, recognized diplomatic missions, and other international organizations help boost tourism in the District. In calendar year 2022, there were approximately 21.9 million total visitors compared to 19.1 million total visitors in 2021. Of the 21.9 million total visitors, 20.7 million were domestic visitors while 1.2 million were international visitors that traveled to the District.

Chart T-2 presents the trends in tourism for calendar years 2018 through 2022.

Chart T-2
Trends in District Tourism
Total Visitation to the District (2018 - 2022)



Note:
 Tourism data for calendar year 2023 was not available at the publication date.

Source:
 Destination DC

The rise in visitors traveling to the nation’s capital positively affected visitor spending which totaled \$8.10 billion in 2022 compared to \$5.36 billion in 2021. A breakdown of visitor spending in 2022 is as follows: \$3.10 billion for lodging; \$2.20 billion for food and beverage; \$1.20 billion for entertainment; \$1.00 billion for retail; and \$0.60 billion for transportation. Tourism also supported 84,111 jobs in the District. Hotel occupancy which is historically at 75%, rose to 61.70% in 2022, compared to 41.30% occupancy in 2021.

Tourism data for the calendar year 2023 was not available at the time of this report.

Construction

Commercial Office Space

Office space under construction as of September 30, 2023, totaled 1.50 million square feet in nine buildings. The office vacancy rate rose to 16.80% and

the average base rent increased slightly by 0.30%. Occupancy decreased slightly over the past year for Class A and Class B properties. The vacancy rate for Class A space was 16.90% in September 2023, up from 16.00% a year ago. The vacancy rate for Class B office space was 19.10%, slightly higher than that for Class A office space.

Housing Units

For the 12-month period ended September 30, 2023, 5,172 housing unit building permits were issued. This represents a 23.15% decrease over the prior 12-month period.

In calendar year 2023, there were 214,604 apartment units and condominiums in the District. As of September 30, 2023, 14,445 apartment units and condominiums were under construction.

Table T-3 presents the number of apartment units and condominiums located in the District in 2019 through 2023.

**Table T-3
District Apartment Units and Condominiums (2019 - 2023)**

	2019	2020	2021	2022	2023
Inventory	194,061	199,373	209,351	221,016	214,604
Occupied Units	139,511	138,288	146,764	157,352	163,238

*Note:
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. The Housing Production Trust Fund is funded through a dedicated portion of the city's deed recordation and transfer tax revenues and the District's General Fund. In fiscal year 2023, dedicated tax revenues decreased by approximately 51.36% as higher interest rates and falling commercial property occupancy rates impacted deed recordation and transfer tax revenues.

In fiscal year 2023, HPTF financed 16 projects that produced or preserved 1,266 housing units in the District. The total amount of HPTF funding obligated in fiscal year 2023 was approximately \$286 million. The projects financed included 11 new construction projects, three substantial rehabilitation projects, and two pre-development projects.

At the end of fiscal year 2023, DHCD had 24 additional housing projects in its underwriting pipeline that will produce or preserve approximately 2,000 housing units when completed. The total estimated amount of HPTF funding to be committed for these projects is approximately \$390 million. The 24 projects include 20 new construction projects, three substantial rehabilitation projects, and one predevelopment project.

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 access to the market and the possibility of realizing favorable financial mechanisms for an issuer. For the District, the 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 income tax secured revenue bonds of the District are rated: (1) AA+ by Fitch Ratings, (2) Aa1 by Moody's Investors Service, and (3) AAA by Standard & Poor's Global Ratings. These ratings have remained unchanged in recent years despite the unprecedented economic impact of the COVID-19 pandemic. Additional information about the bond ratings for the District may be obtained at <https://dcbonds.com>.

Table T-4 presents the ratings for District General Obligation Bonds and District Income Tax Secured Revenue Bonds over the past five years.

**Table T-4
Bond Rating History (2019 - 2023)**

	General Obligation Bonds				
	2019	2020	2021	2022	2023
Fitch Ratings	AA+	AA+	AA+	AA+	AA+
Moody's Investors Service	Aaa	Aaa	Aaa	Aaa	Aaa
Standard & Poor's Global Ratings	AA+	AA+	AA+	AA+	AA+

	Income Tax Secured Revenue Bonds				
	2019	2020	2021	2022	2023
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

In 2023, the District continued to face significant challenges in maintaining its critical infrastructure even as the District recovered from the economic downturn caused by the COVID-19 pandemic. While the District's economy has improved due to the significant amount of federal funding received and its strong financial position prior to the onset of the pandemic, the District continues to face a number of internal and external challenges. Some of these challenges are outside of the District's control and could negatively impact future growth in District revenues. Such challenges include the Federal Reserve's tight monetary policy, persistently elevated borrowing costs due to 'higher-for-longer' interest rates, high rates of remote work among the federal workforce, additional District funding needed to address WMATA's projected operational funding deficit, and a slowed rate of increase in population. Nevertheless, due to prudent financial management practices over the last twenty-plus years, the District has maintained strong reserves and strong credit ratings. Consequently, the District has access to low-cost financing to fund and support its capital program.

Enhancements to Capital Planning Process

The OCFO released its 2023 Long-Range Capital Financial Plan Report in October 2023. This report is intended to assist the Mayor, Council, other policymakers, and the public in understanding the size, scope, and future capital needs related to the infrastructure of the District during the current Capital Improvements Plan (CIP) period and beyond. The development of the long-range capital financial plan also allows the District to have a truly data-driven and transparent CIP process.

The infrastructure needs of the District, which serves as a city, state, county, and school district, are significant. For that reason, the District continues to utilize the Capital Asset Replacement Scheduling System (CARSS), an asset management planning solution to manage its capital assets. CARSS delivers a comprehensive view of the health of the capital assets of the District and provides information on each project or asset. The Long-Range Capital Financial Plan Report provides updates on the detailed information captured in CARSS for individual assets.

Although the District continues to face challenges, it will fund roughly \$10.51 billion of its highest-priority capital needs through 2029. However, the overall need for new or replacement facilities and maintenance of existing facilities far exceeds this funding level. CARSS analysis identified \$3.57 billion of additional unmet needs that cannot be funded during this CIP period, although the District has made significant progress in addressing its deferred maintenance needs. Like any other enterprise, the District has limits on how much it can borrow and must strike an appropriate balance between funding its ongoing operations (programs and services) and capital assets.

Major Initiatives

The following tables present some of the major initiatives and projects of the District which were completed (**Table T-5**) or in progress (**Table T-6**) as of September 30, 2023.

Table T-5
Projects Completed by Economic Sector

Project	Location	Square Footage/ Units/ Rooms	Estimated Value (\$000s)	Delivery Date (Calendar Year Basis)
Retail				
The Wharf (Phase II)	Southwest Waterfront	95,000 sq ft	\$ 1,150,000	4th Qtr 2022
The Hartley (Whole Foods Market)	7150 12th Street, NW	69,400 sq ft	147,000	2nd Qtr 2023
Office				
The Wharf (Phase II)	Southwest Waterfront	547,000 sq ft	1,150,000	4th Qtr 2022
Northeast Heights (DGS HQ)	3924 Minnesota Avenue, NE	260,000 sq ft	150,000	2nd Qtr 2023
Residential				
The Wharf (Phase II)	Southwest Waterfront	351 units	1,150,000	4th Qtr 2022
Alta 801	801 New Jersey Avenue, NW	327 units	69,000	4th Qtr 2022
Gallery 64	65 I Street, SW	492 units	200,000	1st Qtr 2023
Banner Lane (Phase I)	North Capitol Street, M Street, 1st Street, L Street, NW	561 units	226,000	1st Qtr 2023
The Hale	1150 First Street, NE	500 units	Not available	3rd Qtr 2023
Hospitality				
Pendry Hotel - The Wharf (Phase II)	Southwest Waterfront	131 rooms	1,150,000	4th Qtr 2022
Holiday Inn Express	303-317 K Street, NW	247 rooms	93,000	4th Qtr 2022
Gallery 64 (Rubell Museum DC)	65 I Street, SW	31,800 sq ft	200,000	4th Qtr 2022
The Royal Sonesta Hotel	20 Massachusetts Avenue, NW	271 rooms	200,000	3rd Qtr 2023
Education/Quality of Life				
Johns Hopkins University	555 Pennsylvania Avenue, NW	400,000 sq ft	200,000	3rd Qtr 2023
Raymond Elementary School Modernization	915 Spring Road, NW	93,000 sq ft	62,000	3rd Qtr 2023

Source:

Washington, DC Development Report 2022/2023 Edition, published by Washington DC Economic Partnership

Note:

Estimated Value for The Wharf and Gallery 64 represents the total estimated value including all components of the project.

Table T-6
Projects Under Construction by Economic Sector

Project	Location	Square Footage/Units/Rooms	Estimated Value (\$000s)	Estimated Delivery Date (Calendar Year Basis)
Retail				
Upton Place on Wisconsin	4000 Wisconsin Avenue, NW	110,394 sq ft	\$ 290,000	4th Qtr 2023
Waterfront Station II	1000 4th Street, SW	29,000 sq ft	179,000	1st Qtr 2024
McMillan Sand Filtration Site	North Capitol Street & Michigan Avenue, NW	80,000 sq ft	720,000	2nd Qtr 2024
ART Place at Fort Totten (Phase II)	5300 South Dakota Avenue, NE	64,038 sq ft	Not available	1st Qtr 2025
Office				
20 Massachusetts Avenue	20 Massachusetts Avenue, NW	324,000 sq ft	200,000	4th Qtr 2023
MLK Gateway II	1909 Martin L. King Jr. Avenue, SE	60,000 sq ft	71,000	1st Qtr 2024
Reunion Square (Building 4)	Shannon Place & W Street, SE	225,000 sq ft	Not available	1st Qtr 2024
17xM	1700 M Street, NW	317,000 sq ft	216,000	2nd Qtr 2024
The Milken Center for Advancing the American Dream	1501-1505 Pennsylvania Avenue, NW	132,000 sq ft	Not available	2nd Qtr 2024
Residential				
Upton Place on Wisconsin	4000 Wisconsin Avenue, NW	689 units	290,000	4th Qtr 2023
Waterfront Station II	1000 4th Street, SW	449 units	179,000	2nd Qtr 2024
McMillan Sand Filtration Site	North Capitol Street & Michigan Avenue, NW	660 units	720,000	2nd Qtr 2024
Vermeer	113 Potomac Avenue, SW	501 units	259,000	3rd Qtr 2024
The Bridge District (Phase I - The Douglass)	632 Howard Road, SE	758 units	366,000	4th Qtr 2024
Hospitality				
The Milken Center for Advancing the American Dream	1501-1505 Pennsylvania Avenue, NW	70,000 sq ft	Not available	2nd Qtr 2024
Arlo DC Hotel	333 G Street, NW	445 rooms	Not available	3rd Qtr 2024
Education and Medical/Quality of Life				
Medstar Georgetown University Hospital Pavilion	3800 Reservoir Road, NW	497,000 sq ft	560,000	4th Qtr 2023
McCourt School of Public Policy	125 E Street, NW	130,000 sq ft	Not available	3rd Qtr 2024
Conway School of Nursing	7th Street & Michigan Avenue, NE	102,000 sq ft	85,000	4th Qtr 2024
Cedar Hill Regional Medical Center	2730 Martin Luther King Jr. Avenue, SE	322,000 sq ft	375,000	1st Qtr 2025
11th Street Bridge Park	11th Street Bridge	Not available	95,000	4th Qtr 2025

Source:

Washington, DC Development Report 2022/2023 Edition, published by Washington DC Economic Partnership

Note:

Estimated Value for Upton Place on Wisconsin, Waterfront Station II, and McMillan Sand Filtration Site represent the total estimated value including all components of the project.

Office, Residential, Medical and Hospitality Projects

Cedar Hill Regional Medical Center - GW Health at St. Elizabeths East

Construction is continuing at Cedar Hill Regional Medical Center - GW Health, a new hospital located on the St. Elizabeths East Campus in Southeast, DC. On June 22, 2023, city and health officials celebrated the topping out of the new medical facility. The final steel beam was signed by the Mayor and guests and raised into place to mark a critical phase of project completion. Named after the estate of abolitionist Frederick Douglass, Cedar Hill Regional Medical Center - GW Health will be the first inpatient facility to open in the District in over 20 years. The \$434.40 million full-service hospital will include: 136 beds; a verified trauma center; an adult and pediatric emergency services department; facilities for maternal health and delivery services; an ambulatory pavilion for physician offices, clinics, and a community space; a 500-car garage; and a helipad for emergency transports. The new hospital is expected to open by early 2025 and will replace the United Medical Center located in Southeast, DC.

Art Place at Fort Totten (Phase II)

Art Place at Fort Totten is a two-million-square-foot, mixed-use development located at 5300 South Dakota Avenue NE which is currently in Phase II of construction. Phase I of Art Place was completed in 2017 and delivered The Modern, a 520-unit apartment building, and retail options including: a 40,000 square-foot OneLife Fitness and Sports Club; and a pharmacy, childcare center and dentistry and medical offices. In February 2022, a groundbreaking ceremony was held for Phase II, which promises to bring more culture to the community. Phase II will deliver: a new 35,000 square foot performance venue; Children's Museum Hub; a Maker Space for artists; neighborhood retail including a 25,000 square-foot Aldi grocery store; Food Collective space; and 294 residential units with 30 artist residences. Scheduled to be completed in 2025, Art Place at Fort Totten will help transform this section of DC into a creative and walkable destination.

Reservoir District DC – The former McMillan Sand Filtration Site

The 25-acre former McMillan Reservoir Sand Filtration Site, located at North Capitol Street and Michigan Avenue NW is being redeveloped into a mixed-use development designed to bring new life to a national treasure. Built in 1905, the McMillan Reservoir Sand Filtration Plant was a public-health milestone for

Washington, D.C. It was the first large-scale water purification facility that featured an innovative system of sand-filled silos instead of chemicals to filter the city's water supply. This purification system was slow and became obsolete. As a result, it was replaced by a new rapid sand filter. However, operations at this water purification facility ended in 1986. The District Government purchased the site from the federal government for \$9.30 million in 1987 to facilitate development, but the property remained unused and closed to the public. Today, the long-awaited redevelopment project is being revitalized with a District investment of more than \$100.00 million to deliver a 17,000 square-foot community center with a pool and a 6.20 acre park. Two-thirds of the site is being developed with the assistance of a private developer and has been named Reservoir District. Upon completion, Reservoir District will deliver a full-service grocery store; restaurants and retail; 146 townhomes; 467 rental apartments; and over one million square feet of healthcare facility space. Plans also preserve many historical structures on the site including four regulator houses, 20 sand silos, sand bins, and two underground filter beds.

Office to Residential Conversions

Cities across the country are struggling to fill the gap left by commuters who now come into the office a few days a week, if at all. These workers were patrons of downtown businesses and without them, offices are desolate, and businesses are shuttering. This has heightened the focus on office-to-residential conversions. The District's downtown area, where most of the city's office space is located, has become a top contender for conversion projects. Listed below are four past and present conversion projects:

- Riverpoint – The former 609,000 square-foot U.S. Coast Guard Headquarters building was converted into 481 apartment units and 70,400 square feet of restaurant/retail space in 2020.
- Watermark – The 629,000 square-foot office building, constructed in 1976 for use by federal government tenants, was converted to 453 residential units and 16,500 square feet of retail space in 2020.
- 1313 L Street – The former 72,300 square-foot home of the National Association for the Education of Young Children will be converted into a 222-unit residential property in 2024.
- 1425 New York Avenue – The 287,000 square-foot office building, formally anchored by the Department of Justice, will be redeveloped into a 255-unit apartment building by 2025.

Transportation and Other Projects

Transportation

The District Department of Transportation (DDOT) is the agency responsible for the management of transportation infrastructure and operations. DDOT manages hundreds of projects across the city and ensures that the District's roads are safe, reliable, and easy to navigate for the millions of residents, commuters, and visitors who use the transportation network each year.

Florida Avenue NE and New York Avenue NE Intersection Project

On July 19, 2023, city officials, DDOT, and the North of Massachusetts Avenue (NoMa) Business Improvement District (BID) kicked off the transformation of the former "Dave Thomas Circle". This \$41 million, long-awaited infrastructure project will significantly improve the Florida Avenue and New York Avenue NE intersection, which is positioned between some of the District's busiest neighborhoods, including Eckington, NoMa, Union Market, and Shaw. The project will deliver a safer and less frustrating intersection and upon completion in December 2024 it will:

- Realign and add two-way traffic to First Street NE
- Restore two-way traffic on Florida Avenue NE
- Include protected bicycle lanes and sidewalks
- Include three new public park spaces
- Install new traffic signals
- Update signage
- Deliver landscaping enhancements

On October 11, 2023, the new name for the public spaces at the intersection of Florida Avenue and New York Avenue NE (formerly known as Dave Thomas Circle) was announced. Following a community input process led by the NoMa BID, the redesigned intersection was renamed in honor of the first woman to pitch in the Negro League and longtime DC resident, Mamie 'Peanut' Johnson.

PaveDC

PaveDC is an initiative undertaken by the Mayor to eliminate by 2024 all District roadways, alleys, and sidewalks that are in poor condition. To meet this goal, each year DDOT creates a paving plan based on pavement condition index rating, community requests, and planned utility repairs, among other criteria. This process occurs each winter when road conditions are most likely to deteriorate. Construction season typically begins in April and continues through November. Since the launch of PaveDC in 2018, DDOT has resurfaced roughly 500 miles of road. The plan for 2023 included roadway marking improvements, resurfacing 76 miles of roads, restoring 65 miles of sidewalk, and restoring 126 alleys. By the end of the last paving season, the

District was already at 88% of the PaveDC goal, putting DDOT on track to reach the 2024 goal. Keeping District roads in good condition provides maximum benefit to the traveling public by enhancing the safety of the roadways and improving the ride comfort of road surfaces.

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

3924 Minnesota Avenue, NE
Washington, DC 20019
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

250 M Street, SE
Washington, DC 20003
Telephone: (202) 673-6813
Website: <https://ddot.dc.gov>

ACKNOWLEDGMENTS

I would like to express my sincere appreciation to all staff who contributed to this report, especially my immediate staff, *Diji Omisore, Belete Sitota, Mulu Kahsay, Temony McNeil, Cassandra Alexander, Vanessa Jackson*, and their respective teams who prepared and compiled this report. I commend them for their professionalism, hard work, and continued efforts to improve this report. Further, extensive collaboration and coordination with the DIFS support center was required this fiscal year. I would be remiss without expressing my gratitude for their hard work, and dedication in helping with the financial system close. Finally, this report could not have been prepared without the full cooperation of the Component Units and the assistance and efficient administration of the District's financial operations by all District Agencies. 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 the WERS Group for their efforts throughout the audit engagement.

Respectfully submitted,

A handwritten signature in black ink that reads "Kimberly Williams". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.

Kimberly Williams
Deputy Chief Financial Officer and Controller
Office of Financial Operations and Systems



GOVERNMENT OF THE DISTRICT OF COLUMBIA

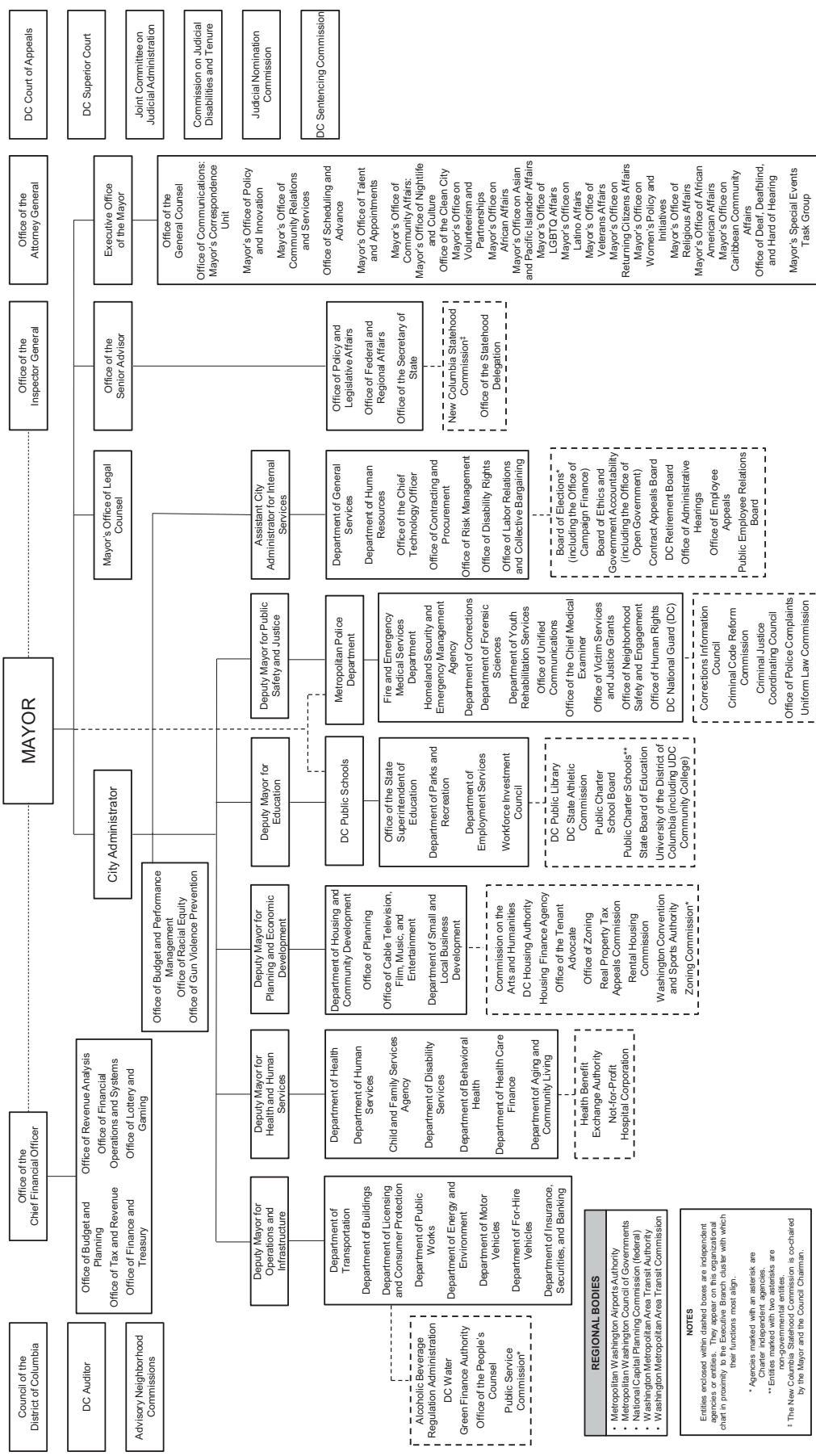
RESIDENTS

LEGISLATIVE BRANCH

- Council of the District of Columbia
- DC Auditor
- Advisory Neighborhood Commissions

EXECUTIVE BRANCH

JUDICIAL BRANCH



REGIONAL BODIES

- Metropolitan Washington Airports Authority
- Metropolitan Washington Council of Governments
- National Capital Planning Commission (federal)
- Washington Metropolitan Area Transit Authority
- Washington Metropolitan Area Transit Commission

NOTES

Entities enclosed within dashed boxes are independent agencies or entities. They appear on this organizational chart in proximity to the Executive Branch cluster with which their functions most align.

* Agencies marked with an asterisk are Charter independent agencies, which are non-governmental entities.

** Entities marked with double asterisks are non-governmental entities, which are co-chartered by the Mayor and the Council Chairman.

† The New Columbia Statehood Commission is co-chartered by the Mayor and the Council Chairman.

DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS

September 30, 2023

ELECTED OFFICIALS

	Name	Position	First Took Office in Position	Term Expires
Executive Office of the Mayor	Muriel Bowser	Mayor	2015	2027
Office of the Attorney General	Brian L. Schwalb	Attorney General	2015	2027
Council	Phil Mendelson	Chairman	2012	2027
	Anita Bonds	At Large	2012	2027
	Christina D. Henderson	At Large	2021	2025
	Kenyan R. McDuffie	At Large	2023	2027
	Robert C. White, Jr.	At Large	2016	2025
	Brianne K. Nadeau	Ward 1	2015	2027
	Brooke Pinto	Ward 2	2020	2025
	Matthew Frumin	Ward 3	2023	2027
	Janeese Lewis George	Ward 4	2021	2025
	Zachary Parker	Ward 5	2023	2027
	Charles Allen	Ward 6	2015	2027
	Vincent C. Gray	Ward 7	2017	2025
	Trayon White, Sr.	Ward 8	2017	2025
House of Representatives	Eleanor Holmes Norton	Delegate	1991	2025

EXECUTIVE OFFICERS

Name	Position
Daniel W. Lucas	Inspector General
Kevin Donahue	City Administrator
Paul Kihn	Deputy Mayor for Education
Keith A. Anderson	Interim Deputy Mayor for Planning and Economic Development
Lindsey Appiah	Acting Deputy Mayor for Public Safety and Justice
Wayne Turnage	Deputy Mayor for Health and Human Services
Lindsey V. Parker	Chief of Staff to Mayor Muriel Bowser
Glen Lee	Chief Financial Officer
Angell Jacobs	Deputy CFO/Chief of Staff
Eric Cannady	Deputy CFO, Budget and Planning
Kimberly Williams	Deputy CFO/Controller, Financial Operations and Systems
Carmen Pigler	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
Paris Saunders	Associate CFO, Education
Frank Suarez	Executive Director, Lottery and Gaming

Note:

First Took Office in Position: Dates presented may differ from those shown in prior years; dates now reflect start date in current position rather than start date as an elected official.



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Financial Section



DISTRICT STRONG

INDEPENDENT AUDITORS' REPORT



**McConnell
Jones**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements 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 Government of the District of Columbia (the "District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements. These financial statements collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Report on Summarized Comparative Information

We have previously audited the District's 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and we did not express an opinion on the financial statements of the aggregate discretely presented component units, in our report dated January 24, 2023. A disclaimer of opinion on the financial statements of the aggregate discretely presented component units occurred since we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2022 financial statements of the Washington Convention and Sports Authority, a major component unit of the District. The Washington Convention and Sports Authority has subsequently issued its 2022 financial statements and we expressed unmodified opinions on them in our report dated November 15, 2023. In our opinion, the summarized

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comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1S to the financial statements, effective October 1, 2022, the District adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result of the implementation of GASB Statement No. 96, the District restated its fiscal year 2022 government-wide financial statements for the change in accounting principle. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an



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opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 27 to 52), schedules of employer contributions – Pension (pages 162 and 163), and schedules of changes in net pension liability (asset) and related ratios (pages 164 and 165) for the Teachers' Retirement Fund and the Police Officers' and Firefighters' Retirement Fund, and schedule of employer contributions – Other Post Employment Benefits (OPEB) (page 166) and schedule of changes in net OPEB liability (asset) and related ratios (page 167) for the OPEB, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 supplementary information presented for the general fund (pages 171 to 178), nonmajor governmental funds (pages 179 to 181), fiduciary funds (pages 183 to 185), and budgetary supporting schedules (pages 187 to 199) is presented for purposes of additional analysis and is not a part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information for the general



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fund, nonmajor governmental funds, fiduciary funds, and budgetary supporting schedules, referred to above, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024, 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 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.

McConnell Jones LLP

Washington, DC
January 24, 2024



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MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

(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, 2023, 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.

During fiscal year 2023, the District continued to emerge from the public health emergency and its financial performance remained strong even as the city faced rising interest rates, inflationary pressures, and other challenges. As the District transitions from the emergency phase, its lingering economic, financial, and demographic effects have a less significant impact to the city. The District continues to plan for increasing population growth, and long-term financial challenges associated with future capital and infrastructure needs. Positive trends in the retail and hospitality sectors were tempered by activities within the real estate industry with an increase in vacant commercial office space and lower occupancy rates. District officials continue to strategize as workers make their way back to the office. Despite the financial challenges presented during the fiscal year, the District continued to fund the city's pensions and other postemployment benefits and maintain strong credit ratings on its obligations.

FINANCIAL HIGHLIGHTS

- During fiscal year 2023, total District revenues decreased by \$101,038. This change was caused by an increase of \$311,054 in general revenues which was offset by a decrease of \$412,092 in program revenues. The most significant decreases in program revenues occurred in operating grants and contributions and charges for services, both of which fell by a combined total of \$421,741. The decrease was due primarily to the expiration of certain stimulus funding provided through the American Rescue Plan Act of 2021 (ARPA) and a reduction in gross receipts and other tax revenues. (See **Table MDA-3**)

As previously noted, general revenues increased by \$311,054, or 2.87% in fiscal year 2023. The most significant dollar increases in general revenues were in sales and use tax, which increased by \$197,711 or 10.90%, non-tax revenues, which increased by \$196,654 or 25.30%, and property taxes, which increased by \$173,604 or 6.04%. The increase in sales and use tax revenues was mainly due to steady performance of retail sales and an increase in motor fuel taxes. Further, a strong job market and high inflation rates have helped retail revenues achieve steady growth over the last year. Increases in interest income as a result of higher interest rates contributed to the increase in non-tax revenues while real, personal, and public space rentals contributed to the increase in property taxes for fiscal year 2023. These increases were partially offset by decreases in other taxes as a result of a decrease in deed taxes caused by a reduction in sales
- and the financing of real estate properties in the District. (See **Table MDA-3**)

 - Total expenses increased by \$1,131,376, or 6.21%, during fiscal year 2023. While most functions and funds experienced increases in expenses year over year, the most significant increases occurred in Public Education System, which rose by \$479,107 or 12.18% over the one-year period, Human Support Services which increased by \$262,757 or 3.89%, Economic Development and Regulation which increased by \$144,812 or 16.87%, and interest on long-term debt, which increased by \$129,952 or 34.75% over the same period. The overall increase in expenses in the Public Education System was driven by several factors, including increases in personal service costs from the new collective bargaining agreement for teachers, and increases in tuition assistance payments to support various childcare, tutoring and other programs. Increased expenses in Human Support Services resulted primarily from year over year growth in participant enrollment for Medicaid programs, as well as increased spending to support higher demands in several programs such as Emergency Rental Assistance, Family Re-Housing Stabilization and Temporary Assistance for Needy Families. Increased expenses in Economic Development and Regulation were mainly a result of higher costs to support a higher demand related to the home purchase assistance program, housing preservation fund grants and spending for single

family rehabilitation projects. In connection with the Housing Production Trust Fund, increases in multi-family expenses due to increased program demand and higher costs for construction projects and bond capital also contributed to increased Economic Development and Regulation expenses. In addition, higher interest rates during fiscal year 2023 led to increased expense for interest on long-term debt. These expenses, along with other increases in total expenses, were partially offset by decreases in expenses in Governmental Direction and Support and the Not-for-Profit Hospital Corporation. Expenses for the Not-for-Profit Hospital Corporation decreased due to an overall reduction in operating costs stemming from a lessening of federal payments received from servicing low-income patients. Further, the downward trend in expenses was attributed to an overall reduction in variable expenses, primarily from lower professional fees and purchased services due to the gradual phase-out of hospital services in preparation for its dissolution. (See **Table MDA-3**)

- Total net position decreased by \$82,691 to \$8,402,677 or 0.97%, over the prior year. This decrease was due largely to a significant increase in total expenses while total revenues remained relatively flat. The increase in expenses was primarily due to the factors previously discussed. However, a higher volume of payments being made to claimants under the Unemployment

Compensation Fund and increased operating costs associated with public transportation also contributed to this increase. Total revenues decreased due to lower collections from other taxes and charges for services. Overall, District expenses in all major functional areas increased during fiscal year 2023. However, revenues from taxes and other sources declined due to a recovering, yet slightly weakened economy. When combined, these factors led to the decreased net position of the District at the end of the fiscal year. (See **Table MDA-2**)

- The District's total long-term liabilities, which represents 84.94% of total liabilities, decreased minimally by \$17,025, or 0.10%, from the prior year. This was mainly due to a decline in annual leave liabilities as a result of District employees utilizing more of their leave balance during fiscal year 2023 than the prior year. The overall decrease in long-term liabilities was partially offset by issuances of new debt during the fiscal year. (See **Table MDA-2**)
- The combined fund balances of the governmental funds decreased by \$588,272, to \$5,278,440 in fiscal year 2023. The most significant decrease in fund balance was due to a negative swing in the General Capital Improvements Fund and this was caused by higher capital outlays year over year. (See **Table MDA-4**)

OVERVIEW OF THE FINANCIAL STATEMENTS

Table MDA-1 summarizes the major features of the financial statements of the District. The overview section below also describes the structure and contents of each of the statements in more detail.

**Table MDA-1
Summary of the Financial Statements of the District**

	Government - wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Financial Statement Title	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Budgetary Comparison Statement	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Scope	Entire District entity (except fiduciary funds)	The day-to-day operating activities of the District for basic governmental services	The day-to-day operating activities of the District for business-type enterprises	Instances in which the District administers resources on behalf of others in a trustee capacity, such as employee benefits
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of balance information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Balances of spendable resources	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	All resources held in a trustee or custodial capacity for others
Type of inflow and outflow of resources	All inflows and outflows during the year, regardless of when cash is received or paid	Near-term inflows and outflows of spendable resources	All inflows and outflows during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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 mainly 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 as of September 30, 2023. 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 54 and 55, respectively.

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 the accounting basis used to prepare fund financial statements differs from that used to prepare 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 56 through 58.

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 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 Unemployment Compensation Fund is reported as a proprietary fund, similar to a public entity risk pool, because the District is required by law to recover its costs. The Office of Lottery and Gaming and the Not-for-Profit Hospital Corporation are the other two entities reported by the District as proprietary funds.

The financial statements of the District's proprietary funds, which present the changes in financial position and condition of these three proprietary funds, are presented in Exhibits 3-a, 3-b, and 3-c on pages 60 through 62.

Financial Statements of the Fiduciary Funds

The fiduciary funds of the District include the Pension and Other Employee Benefits Trust Funds, Private-Purpose Trust Fund, and Custodial Fund. The financial statements of the fiduciary funds consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

The fiduciary fund statements are prepared using the full accrual basis of accounting which is also 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 63 and 64, respectively.

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 65 and 66, respectively. 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 67, 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 161 through 167.

Financial statements of individual funds, combining statements (including nonmajor governmental funds), and supporting schedules are presented in the other supplementary information section on pages 169 through 199.

OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND OPERATIONS

The District's overall financial position remained strong despite the economic impact of volatile inflationary conditions during fiscal year 2023 and the waning 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-2** and **MDA-3**. The information for fiscal years 2023 and 2022 is based on the government-wide financial statements presented on pages 54 and 55.

Table MDA-2
Net Position as of September 30, 2023 and 2022 (\$000s)

	Governmental activities		Business-type activities		Totals		Variance
	2023	2022, as restated	2023	2022	2023	2022, as restated	
ASSETS							
Current and other assets	\$ 9,886,365	\$ 10,917,043	\$ 465,751	\$ 288,659	\$ 10,352,116	\$ 11,205,702	\$ (853,586)
Capital assets, net	18,056,666	17,508,240	42,663	52,142	18,099,329	17,560,382	538,947
Total assets	27,943,031	28,425,283	508,414	340,801	28,451,445	28,766,084	(314,639)
DEFERRED OUTFLOWS OF RESOURCES	1,017,936	1,363,465	-	-	1,017,936	1,363,465	(345,529)
LIABILITIES							
Long-term liabilities	16,832,446	16,841,575	12,239	20,135	16,844,685	16,861,710	(17,025)
Other liabilities	2,884,169	3,396,333	103,485	89,939	2,987,654	3,486,272	(498,618)
Total liabilities	19,716,615	20,237,908	115,724	110,074	19,832,339	20,347,982	(515,643)
DEFERRED INFLOWS OF RESOURCES	1,234,365	1,296,199	-	-	1,234,365	1,296,199	(61,834)
NET POSITION							
Net investment in capital assets	3,540,003	3,138,401	41,335	49,487	3,581,338	3,187,888	393,450
Restricted	1,763,997	2,341,832	334,712	165,212	2,098,709	2,507,044	(408,335)
Unrestricted	2,705,987	2,774,408	16,643	16,028	2,722,630	2,790,436	(67,806)
Total net position	\$ 8,009,987	\$ 8,254,641	\$ 392,690	\$ 230,727	\$ 8,402,677	\$ 8,485,368	\$ (82,691)

Table MDA-3
Change in Net Position for the Fiscal Year Ended September 30, 2023 and 2022 (\$000s)

	Governmental activities		Business-type activities		Totals		Variance
	2023	2022	2023	2022	2023	2022	
REVENUES							
Program revenues							
Charges for services	\$ 778,156	\$ 948,767	\$ 384,212	\$ 383,985	\$ 1,162,368	\$ 1,332,752	\$ (170,384)
Operating grants and contributions	6,701,581	6,941,860	14,186	25,264	6,715,767	6,967,124	(251,357)
Capital grants and contributions	219,345	209,696	-	-	219,345	209,696	9,649
General revenues							
Property taxes	3,049,854	2,876,250	-	-	3,049,854	2,876,250	173,604
Sales and use taxes	2,011,790	1,814,079	-	-	2,011,790	1,814,079	197,711
Income and franchise taxes	4,157,773	4,102,718	-	-	4,157,773	4,102,718	55,055
Other taxes	842,340	1,145,764	127,721	136,267	970,061	1,282,031	(311,970)
Non-tax revenues	966,714	774,483	7,272	2,849	973,986	777,332	196,654
Total revenues	18,727,553	18,813,617	533,391	548,365	19,260,944	19,361,982	(101,038)
EXPENSES							
Governmental direction and support	1,566,494	1,648,275	-	-	1,566,494	1,648,275	(81,781)
Economic development and regulation	1,003,128	858,316	-	-	1,003,128	858,316	144,812
Public safety and justice	2,365,404	2,242,005	-	-	2,365,404	2,242,005	123,399
Public education system	4,412,973	3,933,866	-	-	4,412,973	3,933,866	479,107
Human support services	7,022,388	6,759,631	-	-	7,022,388	6,759,631	262,757
Operations and infrastructure	1,516,730	1,531,347	-	-	1,516,730	1,531,347	(14,617)
Public transportation	479,610	447,069	-	-	479,610	447,069	32,541
Interest on long-term debt	503,930	373,978	-	-	503,930	373,978	129,952
Office of lottery and gaming	-	-	258,014	234,895	258,014	234,895	23,119
Unemployment compensation	-	-	89,251	39,994	89,251	39,994	49,257
Not-for-profit hospital corporation	-	-	125,713	142,883	125,713	142,883	(17,170)
Total expenses	18,870,657	17,794,487	472,978	417,772	19,343,635	18,212,259	1,131,376
Increase (decrease) in net position before transfers	(143,104)	1,019,130	60,413	130,593	(82,691)	1,149,723	(1,232,414)
Transfers in (out)	(101,550)	18,670	101,550	(18,670)	-	-	-
Change in net position	(244,654)	1,037,800	161,963	111,923	(82,691)	1,149,723	(1,232,414)
Net position - October 1, as restated	8,254,641	7,216,841	230,727	118,804	8,485,368	7,335,645	1,149,723
Net position - September 30	\$ 8,009,987	\$ 8,254,641	\$ 392,690	\$ 230,727	\$ 8,402,677	\$ 8,485,368	\$ (82,691)

Note:

Refer to Note 1X - Reconciliation of Government-Wide and Fund Financial Statements, on page 89 for additional information on the differences between the full accrual basis of accounting and the modified accrual basis of accounting that the District used in this report.

Financial Analysis of the Government as a Whole

Revenues decreased by \$101,038 while expenses increased by \$1,131,376 in fiscal year 2023 compared to the prior year.

General revenues, which are derived primarily from taxes and represented 57.96% of the District's total revenues in fiscal year 2023, increased by \$311,054, or 2.87%, over the prior fiscal year. The increase resulted primarily from higher sales and use tax revenues and property tax revenues during fiscal year 2023, as well as increases in investment earnings. As the District began witnessing the impact of the prevailing inflationary environment while it continued to recover from the COVID-19 pandemic, the city experienced increases in all tax categories, except other taxes. Sales and use tax revenues grew as a result of strong retail revenue performance and a greater than expected rebound in the hospitality industry, primarily in hotel and restaurant tax collections. A robust job market in the District continued to help retail revenue achieve steady growth over the last two years along with a growing number of conventions and visitors to the District. General revenues also increased in fiscal year 2023 as a result of a rise in property tax collections. The increase in property tax revenues was driven by stronger collections of residential property taxes which, since the start of the COVID-19 pandemic, has experienced stronger than usual collections of tax revenues over the District's commercial markets. However, the increase in general revenues was offset by a reduction in other tax revenues, which comprises deed taxes and inheritance and estate taxes, caused by a decline in deed taxes. The negative revenue growth in deed taxes, which includes deed recordation, deed transfer and economic interest taxes, occurred due to a reduction in sales and financing of real estate which was compounded by higher borrowing rates during the fiscal year.

Program revenues, which accounted for 42.04% of the District's total revenues in fiscal year 2023, decreased by \$412,092, or 4.84%. Operating grants and contributions decreased as a result of the expiration of federal Coronavirus relief funding and financial resources provided under ARPA. These funds were used to support the city's response to and recovery from the COVID-19 public health emergency. Decreased revenues from charges for services contributed more so to the overall decline in program revenues. A reduction in emergency ambulance fees along with reductions in collections, year over year, from the Universal Paid Leave Fund contributed to the decreased revenues. The Universal Paid Leave Fund is funded by a 0.26% payroll tax on District businesses.

The District's expenses grew by \$1,131,376 in fiscal year 2023 because of increases in expenses across most of the governmental activities functional areas. The most significant increases were reported in the areas of Public Education System, Human

Support Services, and Economic Development and Regulation although minimal decreases in expenses in Governmental Direction and Support, and Operations and Infrastructure tempered the overall increase. Expenses in business-type activities also grew in fiscal year 2023. The most significant increase was in the Unemployment Compensation Fund with a smaller increase in the Office of Lottery and Gaming. These increases, however, were countered by a decrease in expenses of 12.02% for the Not-for-Profit Hospital Corporation.

Public Education System expenses increased to support programming needs, specific to students and student support services. A primary driver of the increased costs was attributed to expenses related to increases in personal services costs and additional employees being funded by private grants. Further increases were also driven by spending in student activity funds for extracurricular activities. An increase in spending through the DC Tuition Assistance Program (DC TAG) and increased grant funding resulted in higher expenses to support Back-to-Work Child Care, high impact tutoring, Out of School Time program expenses, and various other programs. Increased spending also occurred on the Teachers Incentive Fund grant as well as the Technology Modernization Initiative by DC Public Schools and a data infrastructure project coordinated by the Office of the State Superintendent of Education (OSSE). Contractual changes contained in the collective bargaining agreement between the teachers' union and the DC Public Schools, negotiated in November 2022, resulted in higher operational expenses including increased teacher pay, bonuses, and retroactive salaries. Lastly, higher enrollment in District schools led to increases in per pupil funding.

Spending growth for Human Support Services was driven mainly by an increase in the average enrollment of participants in the Medicaid program year over year, thereby increasing payments to providers for eligible services. Although the average enrollment of participants has increased, since the May 2023 expiration of the public health emergency, the rate of participant enrollment in the Medicaid program has declined due to the consequent expiration of grants and other funding that were available during the declared emergency period. Increased participation in and expansion of certain disability waiver programs during the fiscal year resulted in higher expenses. These waiver programs offer a wide range of health and clinical services that help persons with complex support needs and their families. Other factors that contributed to increased expenses were increases in the local Medicaid match for Medicaid-eligible District residents receiving mental health and substance use disorder services, school-based behavioral health services, and other development programs for housing and construction.

Economic Development and Regulation expenses increased due to several factors including significantly increased benefit disbursements under the Homeowner Assistance Fund, which was in the pilot phase in the prior fiscal year. Payment of one-time acquisition costs related to affordable housing using ARPA funding provided through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program also contributed to the increase in expenses. Additionally, Economic Development and Regulation expenses were higher due to increased demand and costs under the home purchase assistance program, a one-time multi-family development project, and costs for a one-time acquisition project using HOME ARPA funds. Spending also increased for single family rehabilitation projects and the use of increased funding directed to the Housing Production Trust Fund to provide housing for low- and extremely low-income families.

The District's combined net position (governmental and business-type activities) decreased by \$82,691, or 0.97%, to \$8,402,677 in fiscal year 2023 from \$8,485,368 in fiscal year 2022. This decrease, which was attributed to governmental activities, was largely minimized by the net position for business-type activities which increased by 70.20%, mainly due to a one-time subsidy of \$113,000 from the District to ensure the Unemployment Compensation Fund had adequate funding for individuals on unemployment insurance during fiscal year 2023. The decrease in the net position of governmental activities was caused by a lower rate of increase in total revenues over total expenses mainly due to a decline in deed taxes and revenues from operating grants and contributions.

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 \$408,335, or 16.29%, in fiscal year 2023. The most significant decreases in restricted net position were due to reductions in the Universal Paid Leave Fund and amounts set aside for expenses related to pension and OPEB funds. The amount set aside for Universal Paid Leave decreased as funds were transferred to the General Fund in fiscal year 2023. Meanwhile, investment gains on pension and OPEB funds during fiscal year 2023 meant that a lesser amount of future funds should be restricted, and thus a reduction in the net position restricted for payments related to the pension and OPEB funds. The overall decrease in restricted net position was offset, however, by an increase in restricted net position related to the Unemployment Compensation Fund. This increase in amounts set aside for benefit payments was a direct result of increases in cash receipts from employment taxes and government contributions significantly exceeding the unemployment benefit payments and transfers in of funds from the General Fund of the District.

Unrestricted net position decreased by \$67,806 to \$2,722,630 in fiscal year 2023. The decrease is mostly due to overall expenses exceeding revenues for the fiscal year.

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 2023 and 2022, the Lottery transferred \$33,450 and \$40,670 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)

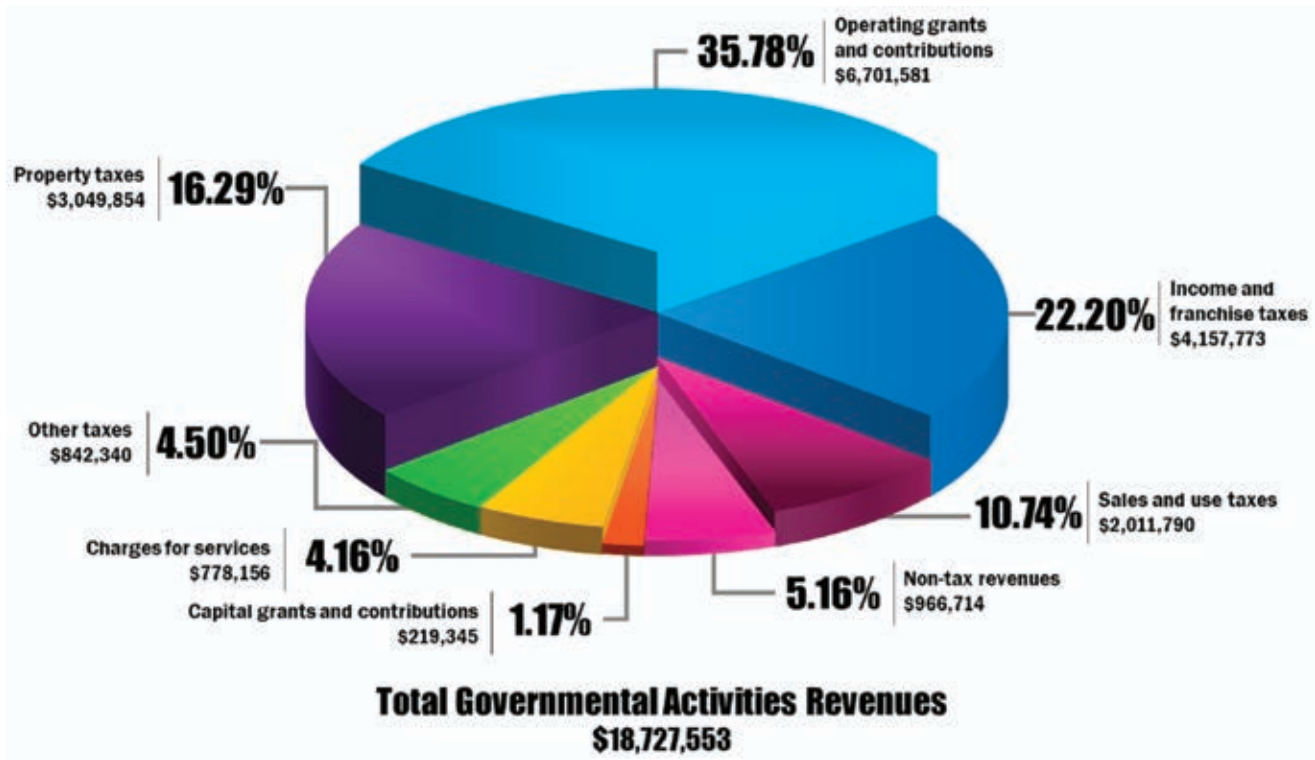
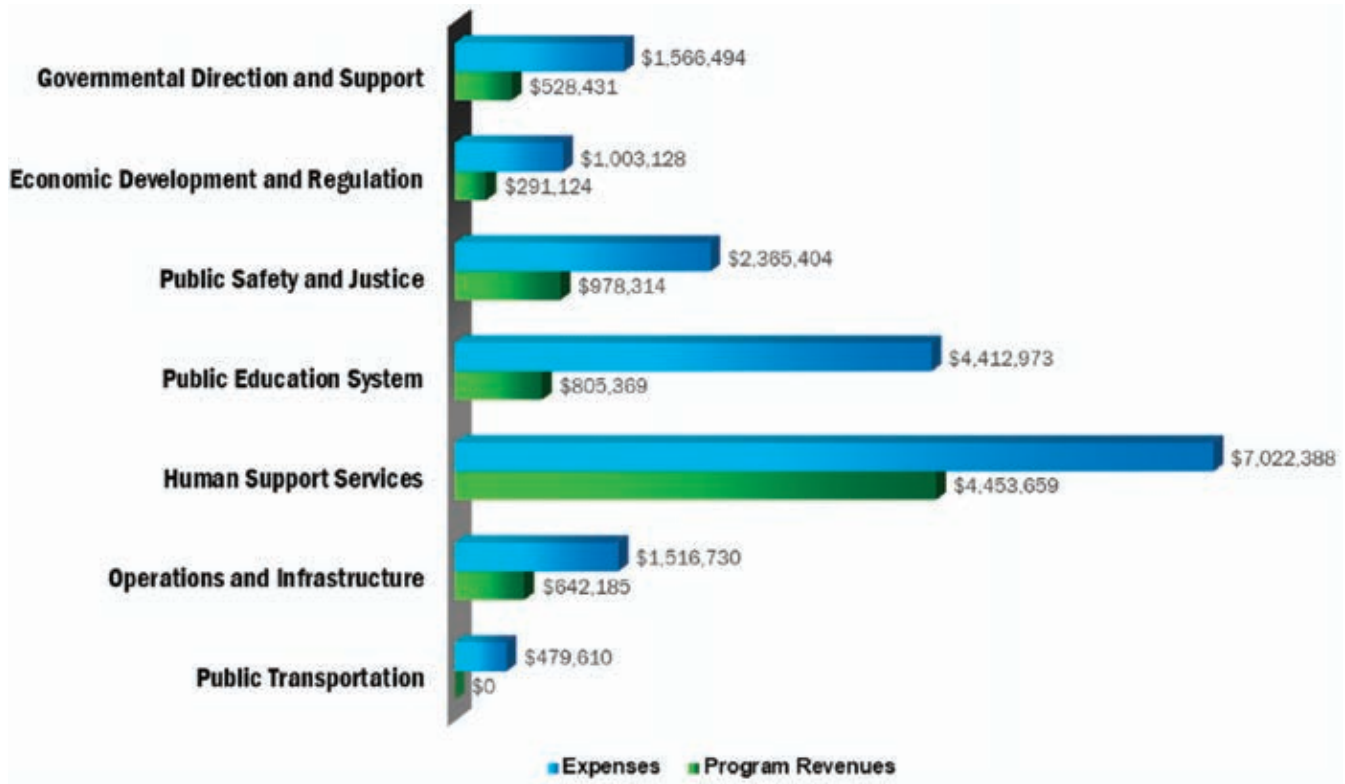


Chart MDA-2 graphically displays both expenses and program revenues of the governmental activities for fiscal year 2023. Functional areas of the governmental activities are Governmental Direction and Support, Economic Development and Regulation, Public Safety and Justice, Public Education System, Human Support Services, Operations and Infrastructure, and Public Transportation.

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



Changes in Net Position

Total net position of governmental activities was \$8,009,987 in fiscal year 2023, which was \$244,654, or 2.96%, lower than the amount in the prior year. This decrease was due to several competing factors, resulting in an overall marginal decrease (less than 1.00%) in total revenues led by reductions in charges for services, as well as deed and property-related taxes due to a reduction in sales and financing of real estate in the District. Conversely, total expenses grew by 6.05% due to an increase in Public Education System expenses to support several projects, including: District Recovery Plan initiatives, Re-imagining High Schools, Access-2-Quality project, College Rising project, Childcare Worker Fund Scholarships, and mental health initiatives. In addition, expenses rose due to increased spending for interest on long-term debt, spending to provide housing for residents meeting program needs, and contractual services for new and continuing programs.

Net position of business-type activities increased by \$161,963, or 70.20%, between fiscal year 2023 and 2022. The increase in net position was mainly attributed to an increase in net position of \$171,122 from the Unemployment Compensation Fund, which was driven by a subsidy totaling \$113,000 to support an increase in new unemployment claims in the District during the fiscal year.

The Office of Lottery and Gaming contributed marginally to the overall increase in net position. Prizes paid and other related expenses, which represented 85.57% of the Lottery's operating expenses, increased by \$23,995 or 12.21%. The Lottery's change in net position was \$35 for fiscal year 2023, after transferring \$33,450 to the General Fund of the District.

The Not-For-Profit Hospital Corporation experienced a decrease in its net position which was attributed to a decrease in operating revenues of \$15,364 or 13.98% compared to the prior year, driven mainly by a decrease in charges for services by \$14,906, or 13.65%. Also, expenses exceeded revenues and transfers by \$9,194.

In fiscal year 2023, the General Fund of the District transferred \$22,000 to the Hospital. The vast majority of the revenues from patient care services, which comprises 85.29% of its total operating revenues for fiscal year 2023, is received from governmental payors (Medicare and Medicaid). Patient service revenues, net of provision for bad debt, increased from the prior year. However, operating revenues decreased by 13.98% due to a significant reduction in funding received for the treatment of indigent patients and a reduction in federal grants.

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 180 and 181.

Governmental Funds

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 56 and 57, provide information about these funds.

Fund Balances

The governmental funds reported a combined fund balance of \$5,278,440 in fiscal year 2023 and \$5,866,712 in fiscal year 2022, which represents a decrease of \$588,272, or 10.03%, from the prior year.

Table MDA-4 presents the components of the combined fund balances of the governmental funds.

**Table MDA-4
Comparison of Fiscal Year 2023 and FY 2022 Fund Balances: Governmental Funds (\$000s)**

Governmental funds	2023	2022	Variance	Variance %
General	\$ 4,916,905	\$ 4,892,305	\$ 24,600	0.50%
Federal and private resources	(410,876)	(333,650)	(77,226)	(23.15)
Housing production trust	641,452	403,002	238,450	59.17
General capital improvements	(311,488)	153,058	(464,546)	(303.51)
Nonmajor governmental funds	442,447	751,997	(309,550)	(41.16)
Total fund balances	\$ 5,278,440	\$ 5,866,712	\$ (588,272)	(10.03)

The negative fund balance in the Federal and Private Resources Fund increased by \$77,226, or 23.15%, between fiscal years 2023 and 2022. Similar to the prior fiscal year, the Federal and Private Resources Fund ended fiscal year 2023 with an excess of revenues over expenditures; however, transfers made to the General Fund for FEMA Public Assistance and ARPA programs increased the deficit. The increase in the deficit was mainly caused by reimbursements for eligible expenditures not being received within the time frame for inclusion in the financial statements for fiscal year 2023. Those amounts are included in the deferred inflows of resources (unavailable revenues) in this fund. As a result, the balance in the deferred inflows of resources related to the grants increased by \$37,534, or 6.04% compared to the prior year.

During fiscal year 2023, revenues of the Federal and Private Resources Fund decreased by \$83,899 or 1.22% over the one-year period and expenditures decreased even faster by \$194,854 or 3.03%. However, the decrease in revenues, which was mainly due to a reduction in operating grant revenues totaling \$296,897, combined with the decrease in expenditures, still resulted in excess revenue over expenditures in fiscal year 2023. However, the fund reimbursed the General Fund in the amount of \$625,716 for the replacement of ARPA revenues due to the expiration of the public health emergency and for eligible FEMA Public Assistance related costs that were covered by the General Fund in fiscal year 2022.

Expenditures in Human Support Services, which account for 71.38% of the total expenditures in the Federal and Private Resources Fund, increased minimally by \$4,336 or 0.10%. This was primarily related to spending for project initiatives under various grants, including the Housing and Urban Development grant, the Equal Justice grant, and implementation of the Department of Youth Rehabilitation Services/ Department of Justice Emergency Planning grant. Another factor driving the increase was due to higher numbers of enrollees in Medicaid programs which saw an increase of approximately 12,000 beneficiaries during fiscal year 2023, up from 296,000 beneficiaries from the prior year. Further increases were a result of additional spending of ARPA funding for mental health establishment, expansion and response project services, and spending funded by the Medicaid Provider Recovery grant and behavioral health grants.

The most significant increase in fund balance within the governmental funds was in the Housing Production Trust Fund. Fund balance in the Housing Production Trust Fund increased by \$238,450, or 59.17%, between fiscal years 2023 and 2022. This increase was primarily due to a transfer from the General Fund to the Housing Production Trust Fund to fund housing projects and services.

The largest change in the governmental fund balance was in the General Capital Improvements Fund, which reported a negative fund balance of \$311,488 as of September 30, 2023. This significant decrease of \$464,546, or 303.51%, from the prior year's positive fund balance of \$153,058, was a consequence of the District issuing less General Obligation Bonds and no Income Tax Secured Revenue Bonds in fiscal year 2023 than in the prior year, and therefore, generating less revenues to cover expenditures for this fund.

Fund balance in the Nonmajor Governmental Funds decreased by \$309,550 or 41.16% between fiscal years 2023 and 2022. The overall decrease was primarily due to a reduction in fund balance in the Universal Paid Leave Fund but offset by fund balance increases mainly in the PILOT fund, the Baseball Project and Tax Increment Financing Program. The increase in fund balance for the Tax Increment Financing Program and the PILOT project was due to the expiration of certain bonds in fiscal year 2022, and thus a reduction in debt service payments in fiscal year 2023. The increase in fund balance for the Baseball Project was caused by higher collections from property taxes and gross receipts taxes over the related expenditures. These increases in fund balance, however, were not sufficient to offset the decrease in fund balance for the Universal Paid Leave program which was attributed to reduced revenue collections in fiscal year 2023 and a significant amount transferred to the General Fund.

Fund balance in the General Fund, which is the primary operating fund of the District, increased by \$24,600, or 0.50% over the one-year period. A detailed discussion of the District's General Fund follows.

Revenues

General Fund revenues totaled \$11,282,783, which represents an increase of \$156,013, or 1.40%, in fiscal year 2023. The increase was mainly due to higher investment earnings in fiscal year 2023 compared to the prior year. **Table MDA-5** presents other changes in major General Fund revenues.

**Table MDA-5
Changes in Major General Fund Revenues (\$000s)**

Revenue category	2023	2022	Variance	Variance %
Property taxes	\$ 2,981,536	\$ 2,952,304	\$ 29,232	0.99%
Sales and use taxes	1,948,315	1,769,133	179,182	10.13
Income and franchise taxes	4,174,533	4,108,313	66,220	1.61
Other taxes	386,716	642,691	(255,975)	(39.83)
Total	\$ 9,491,100	\$ 9,472,441	\$ 18,659	0.20

Property Taxes

In fiscal year 2023, there was a minimal rise in real property tax revenues compared to fiscal year 2022. This growth primarily stems from the stronger collection of residential property taxes. The residential market has notably outperformed the commercial market since the COVID-19 pandemic began.

Sales and Use Taxes

In fiscal year 2023, the District experienced an increase in sales and use taxes. This increase, primarily driven by a stronger-than-anticipated rebound in hotel and restaurant taxes compared to pre-pandemic levels, constitutes the bulk of the growth in general sales taxes. The resurgence of tourism and conventions has been a contributing factor to this growth. Conversely, there was a slight decrease in cigarette sales taxes, largely attributed to a ban on flavored cigarettes and electronic cigarettes within a quarter mile of any middle or high school. Additionally, a minor decline in motor vehicle excise taxes, influenced by higher interest rates, offset the rise in sales and use taxes.

Income and Franchise Taxes

The District saw a modest increase in corporation franchise taxes in fiscal year 2023, primarily attributed to the prevailing inflationary environment. Businesses, largely able to pass increased costs on to their customers, sustained their profitability, contributing to this growth. However, there was a decrease in individual income tax, influenced by a decline in the non-withholding component of income taxes, notably affected by the S&P's decrease from its previous year highs. Additionally, a decline in unincorporated franchise taxes was observed due to a slowdown in the commercial property rental market within the District.

Other Taxes

Other tax revenues, which includes deed taxes and inheritance and estate taxes, decreased significantly in fiscal year 2023 compared to fiscal year 2022 due to a decline in deed taxes. The decline in deed taxes, which consists of deed recordation, deed transfer, and economic interest taxes resulted from reduced sales and financing of real estate properties in the District, influenced by the higher interest rate environment. Furthermore, the sale and transfer value of commercial property transactions notably decreased from pre-pandemic levels due to increased vacancy rates and reduced demand for office space within the city. However, there was a slight rise in estate taxes, attributed to the settlement of estates belonging to high net-worth residents in fiscal year 2023 relative to the previous year.

Dedicated Tax 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 2023, the District dedicated a total of \$768,442 in tax revenues, which was 1.96% lower compared to the prior year, to fund the projects presented in **Table MDA-6**. The decrease, which was caused by lower tax revenues dedicated for healthcare programs and the Housing

Production Trust Fund, was offset by the increase in taxes dedicated to the Washington Convention and Sports Authority. The dedicated sales and use tax revenues significantly increased due to the resurgence of tourism and conventions. During fiscal year 2023, 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, increased by \$54,513 or 44.58%, compared to fiscal year 2022.

Table MDA-6
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	\$ -	\$ 176,794	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,794
Department of General Services	-	-	-	246	247	-	-	493
Walter Reed Development Fund	752	135	-	-	-	-	-	887
Healthcare programs	-	-	-	-	-	-	40,132	40,132
Highway Trust Fund	-	-	-	-	-	33,282	-	33,282
WMATA	-	254,146	-	-	-	-	-	254,146
Healthy schools	-	5,690	-	-	-	-	-	5,690
Alcoholic Beverage Regulation Administration	-	1,170	-	-	-	-	-	1,170
Arts and Humanities	-	42,200	-	-	-	-	-	42,200
Sports Wagering - DBH Gambling	-	-	200	-	-	-	-	200
HPTF debt service	-	-	-	3,765	-	-	-	3,765
Total general fund	<u>752</u>	<u>480,135</u>	<u>200</u>	<u>4,011</u>	<u>247</u>	<u>33,282</u>	<u>40,132</u>	<u>558,759</u>
Special revenue funds								
Tax increment financing program	15,198	24,663	-	-	-	-	-	39,861
PILOT special revenue	27,782	23,064	-	-	-	-	-	50,846
Baseball project	-	15,748	56,782	-	-	-	-	72,530
Housing Production Trust	-	-	-	28,042	18,404	-	-	46,446
Total special revenue funds	<u>42,980</u>	<u>63,475</u>	<u>56,782</u>	<u>28,042</u>	<u>18,404</u>	<u>-</u>	<u>-</u>	<u>209,683</u>
Total dedicated taxes	<u>\$ 43,732</u>	<u>\$ 543,610</u>	<u>\$ 56,982</u>	<u>\$ 32,053</u>	<u>\$ 18,651</u>	<u>\$ 33,282</u>	<u>\$ 40,132</u>	<u>\$ 768,442</u>

Expenditures

The District's General Fund expenditures, excluding debt service, increased by \$122,405 from the previous year.

Table MDA-7 presents General Fund expenditure variances by function.

**Table MDA-7
General Fund Expenditure Variances by Function (\$000s)**

Function	2023	2022	Variance	Variance %
Governmental direction and support	\$ 1,452,649	\$ 2,427,677	\$ (975,028)	(40.16)%
Economic development and regulation	460,286	436,343	23,943	5.49
Public safety and justice	1,560,949	1,358,284	202,665	14.92
Public education system	3,345,632	2,834,576	511,056	18.03
Human support services	2,464,052	2,165,073	298,979	13.81
Operations and infrastructure	713,783	685,534	28,249	4.12
Public transportation	479,610	447,069	32,541	7.28
Total functional expenditures	\$ 10,476,961	\$ 10,354,556	\$ 122,405	1.18

Explanations for variances between fiscal years 2023 and 2022 in General Fund functional expenditures are presented below:

Governmental Direction and Support

The decrease in Governmental Direction and Support expenditures in fiscal year 2023 was primarily due to the one-time impact of implementing Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, in fiscal year 2022. Implementation of this Statement resulted in significantly increased expenditures in fiscal year 2022. The Department of General Services centrally administers the majority of property lease contracts of the District and, as a result of implementing GASB Statement No. 87, recorded an increase of \$1,160,566 in non-budgetary lease expenditures in fiscal year 2022. Similarly, expenditures incurred in fiscal year 2022 in preparation for the General Election that was held in November 2022 were not repeated during fiscal year 2023. Consequently, overall costs which are typically incurred to facilitate fair elections in the District declined in fiscal year 2023. Further, the continuing decline in spending for emergency supplies and services related to COVID-19 and the permanent closure of COVID-19 centers in the District during fiscal year 2023 factored into the decrease in expenditures when compared to the prior fiscal year. The overall decrease in Governmental Direction and Support expenditures was offset by increases in the following areas:

- A one-time increase of \$65,847 to record the impact of implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The Office of the Chief Technology Officer transacts the majority of these SBITAs and recorded an increase in non-budgetary SBITA expenditures that represented the present value of all future SBITA payments;

- Personal service expenditures, which were driven by increased staffing levels, and salary and cost of living adjustments across all programs, rose during fiscal year 2023;
- Higher costs in energy (electricity, natural gas, steam), rent, construction and procurement programs; and
- Increases in contractual services mainly for the following programs: Development and Operation, Enablement, Web Service, Human Capital Application Support, Security Operations, and Governance and Risk Compliance.

Economic Development and Regulation

The increase in expenditures in Economic Development and Regulation resulted mostly from the use of increased funding directed to the Housing Production Trust Fund to provide housing for low- and extremely low-income families. In fiscal year 2023, spending increased for existing projects supported under the American Rescue Plan Act (ARPA). Spending also rose to support a higher demand and associated costs related to the home purchase assistance program (HPAP), housing preservation fund grants to residents, and expenditures for single family rehabilitation projects. However, the increase in expenditures was partially offset by a decrease in spending, due to timing, for projects such as the Food and Access Fund, the Vibrant Places Recovery Fund, the Small and Medium Business Growth Program and the Equity Impact Fund.

Public Safety and Justice

Public Safety and Justice expenditures increased during fiscal year 2023 primarily due to premium pay for essential workers, those who have and will bear the greatest health risks because of their service in critical sectors, like Metropolitan Police Department and Fire and Emergency Medical Services (FEMS) Department. Personal service expenditures for these employees also consisted of a pay increase resulting from a new collective bargaining agreement which included a two-year retroactive payout, back pay settlement payouts, and parity pay for non-union employees. Other increases in Public Safety and Justice expenditures resulted from spending to complete a digitization and record retention system and a legal investigation services project. Additional contributing factors to the overall increase in Public Safety and Justice expenditures included:

- Additional spending for multiple programs within the neighborhood safety and engagement portfolio which provide general support to families, grief and loss counseling, rental assistance, and training for District residents; and
- Additional spending under victim services and justice programs which assist returning citizens, provide safe housing for domestic violence victims, provide at-risk gun violence programs, and loan repayment assistance.

Public Education System

Public Education System expenditures rose in fiscal year 2023 largely due to an increase in the Uniform Per Student Funding Formula rate and increased student enrollment, as well as increased personal services costs and retroactive payments driven by the new Washington Teachers' Union contract signed during the fiscal year. Increased spending for grants and programs around the District Recovery Plan initiatives, Reimagining High Schools, Access-2-Quality project, College Rising project, Childcare Worker Fund Scholarships and mental health initiatives, as well as increased funding driven by one-time grants and gratuity-related expenditures for Out of School Time programs also contributed to the overall increase in Public Education System expenditures.

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 but not limited to Medicaid, Behavioral Health Services, Temporary Assistance for Needy Families, the Supplemental Nutrition Assistance Program (SNAP), Adoption and Foster Care services, recreational programming, care for youth in pre- and post-court adjudication, and mental health services provided by Saint Elizabeths

Hospital and other community-based providers. The increase in expenditures in Human Support Services was primarily due to higher Medicaid provider payments caused by an increase in the average enrollment of participants from fiscal year 2022 to fiscal year 2023. With the termination of the federal public health emergency (PHE) for COVID-19 in May 2023, enrollment in the Medicaid program began declining in June 2023, however, the average enrollment in the Medicaid program still grew, though at a slower rate, from approximately 296,000 beneficiaries in fiscal year 2022 to approximately 308,000 beneficiaries in fiscal year 2023. Further, an additional 6.20% of enhanced federal Medicaid reimbursements that were available to the District during the PHE began to phase down in April 2023, resulting in the District providing more local funding and increased expenditures to replace the federal funding. Another impact of the end of the PHE, which resulted in higher District expenditures, was an increase in the cost of the Individual and Family Support (IFS) waiver program and the intellectual and developmental disabilities (IDD) waiver program. These waiver programs offer a full range of health and clinical services necessary to help persons with complex support needs and their families. Additional factors contributing to increased expenditures were increases in the local Medicaid match for Medicaid-eligible District residents receiving mental health and substance use disorder services, school-based behavioral health services, and housing development; spending for construction on the District's first Stabilization Center, and other capital budget projects.

Operations and Infrastructure

Overall, expenditures for Operations and Infrastructure increased during fiscal year 2023 primarily due to additional operational, administrative, and programming costs resulting from the split of the Department of Consumer and Regulatory Affairs into two separate agencies, the Department of Licensing and Consumer Protection and the Department of Buildings, as mandated by the Department of Buildings Establishment Act of 2020 (DC Law 23-269). This law required the transition into the two new agencies as of October 1, 2022. In total, 47 new full-time equivalents (FTEs) were added to implement the creation of these two agencies. Consequently, systems and technology costs increased as well as equipment, supplies and support costs to meet the new resource needs. FTEs were added mainly in agency management (such as IT, customer service, legal, risk management and property management) and in the Building Inspections and Code Enforcement Divisions, the latter of which were mandated by the Department of Buildings Establishment Act of 2020. Expenditures for Operations and Infrastructure also increased due to additional funding sources that became available to support a pilot matched savings program for Park Morton residents as part of the Park Morton Redevelopment Plan.

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 2023 were higher than in previous years due to annual inflationary increases.

Capital Expenditures and Financing

During fiscal year 2023, the District spent \$1,811,941 on general capital improvements which exceeded the general capital improvements revenues of \$222,460 by \$1,589,481. This deficiency was partially financed with a net total of \$1,124,935 from bond proceeds and other financing sources. The net change in fund balance was a decrease of \$464,546, which resulted in a cumulative negative fund balance of \$311,488.

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 Plan. 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 2023, the Housing Production Trust Fund (HPTF) long-term gross loans receivable balance was \$1,305,592, an increase of \$144,441 or 12.44% 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 for 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, 2023, the net balance was \$60,288.

Table MDA-8 presents the Housing Production Trust Fund long-term loan receivable balances and the corresponding allowance for doubtful accounts for fiscal years 2019 through 2023.

**Table MDA-8
Housing Production Trust Fund Long-Term Loan Receivable Balances (\$000s)**

	2019	2020	2021	2022	2023
HPTF long-term loans receivable	\$ 850,280	\$ 1,054,156	\$ 1,055,668	\$ 1,161,151	\$ 1,305,592
Less: allowance for doubtful accounts	756,321	954,974	964,025	1,097,349	1,245,304
Net long-term loans receivable (other long-term assets)	\$ 93,959	\$ 99,182	\$ 91,643	\$ 63,802	\$ 60,288

Proprietary Funds

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

The operating revenues of the Lottery increased by \$15,133, or 5.51%, compared to the prior year, primarily due to an increase in revenues from licenses and permit fees from lottery and sports wagering gaming activities. Also, operating expenses increased by \$23,170, or 9.88% from the prior year due to higher prize payouts.

During fiscal year 2023, the operating revenues of the Unemployment Compensation Fund decreased by \$19,166, or 11.92%, primarily as a result of decreases in employer tax collections and governmental contributions. However, operating expenses increased by \$49,257, or 123.16%, due to increases in claims filed in the fiscal year.

The operating revenues of the Not-for-Profit Hospital Corporation decreased by \$15,364, or 13.98%, primarily as a result of a decrease in charges for services related to disproportionate share payments for servicing certain low income patients. Operating expenses were also lower by \$17,170, or 12.02%, compared to the prior year, due to several factors, including a reduction in professional fees and purchased services due to the gradual phase-out of hospital services in preparation for its dissolution.

Total net position of the District’s proprietary funds increased by \$161,963, or 70.20%, over the prior year. Exhibits 3-a, 3-b, and 3-c on pages 60 through 62 present the financial statements of the proprietary funds.

Charts MDA-3 and MDA-4 graphically present comparisons of revenues and expenses of District proprietary funds for the fiscal year ended September 30, 2023 based on information contained in the Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds, shown on page 61.

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

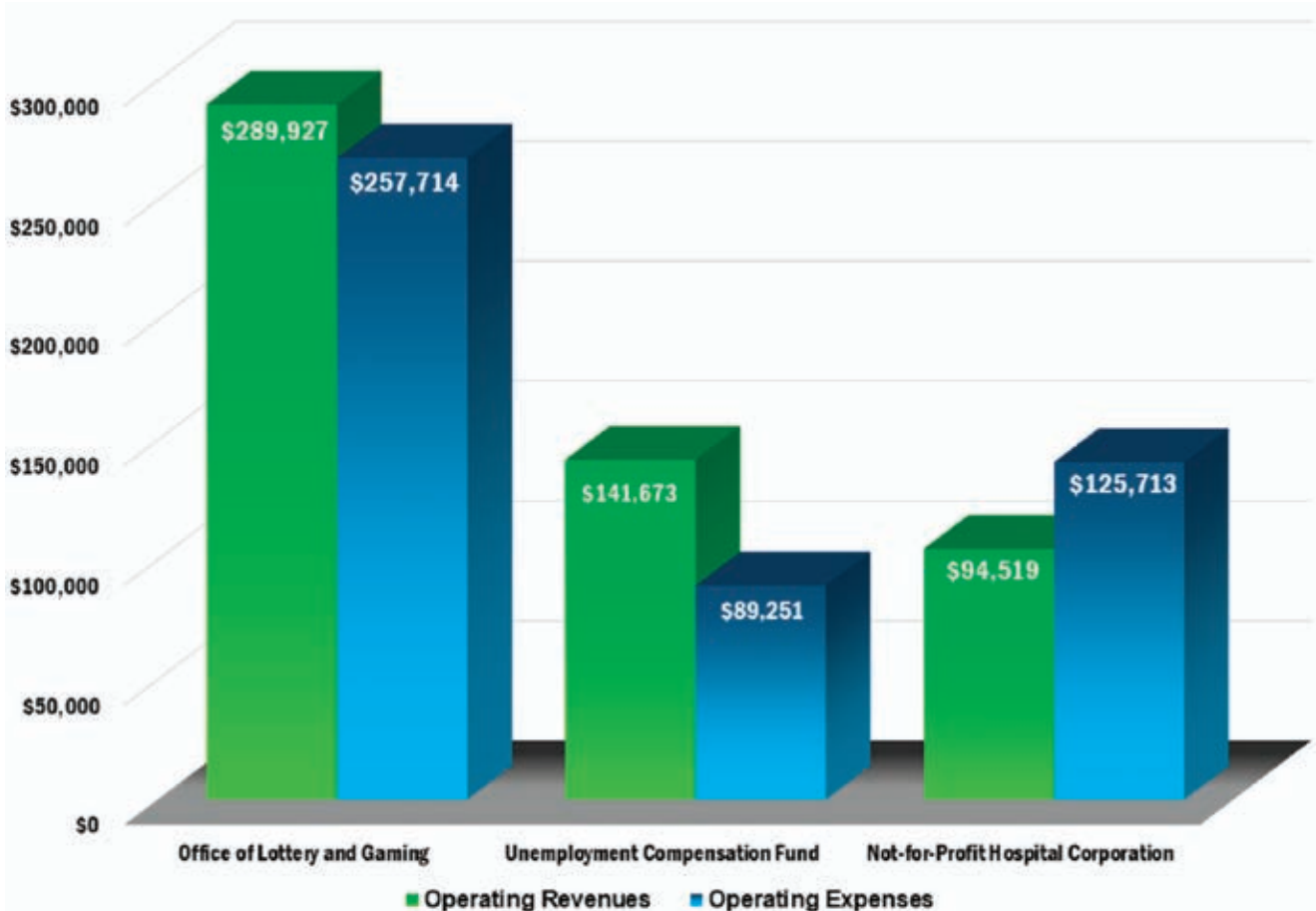
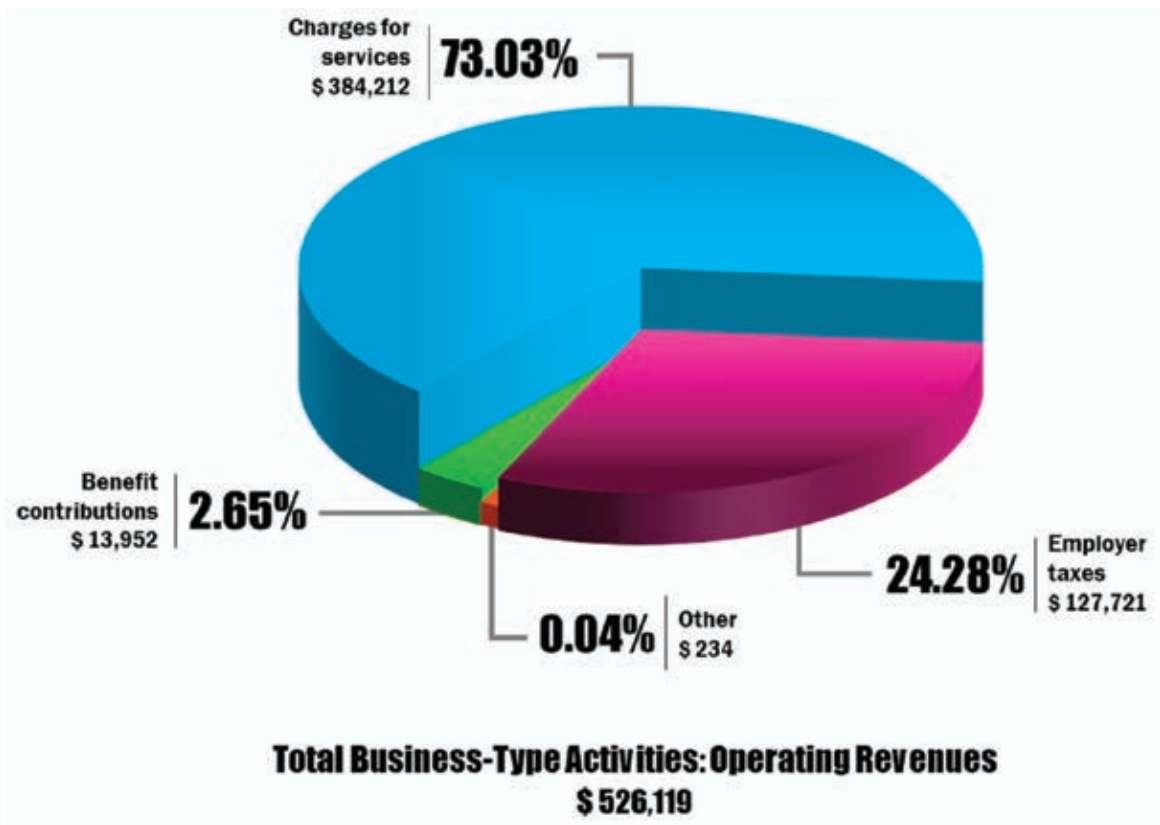


Chart MDA-4
Operating Revenues by Source: Business-Type Activities (\$000s)



Fiduciary Funds

The Fiduciary 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 has the fiduciary responsibility for ensuring these assets are used for their intended purposes. 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 63 and

64, respectively. Exhibits C-1 and C-2, presented on pages 184 and 185, respectively, provide additional information related to the fiduciary activities. 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 District operations.

Table MDA-9 presents the net position restricted for Pension and Other Employee Benefit Trust Funds.

Table MDA-9
Net Position Restricted for Pension and Other Employee Benefit Trust Funds (\$000s)

Pension and Other Employee Benefit Trust Funds	2023	2022	Variance	Variance %
Police officers and fire fighters pension	\$ 7,654,185	\$ 6,900,445	\$ 753,740	10.92%
Teachers pension	2,883,895	2,572,925	310,970	12.09
Other postemployment benefits	1,843,482	1,650,287	193,195	11.71
401(a) Defined Contribution Plan	1,430,364	1,242,464	187,900	15.12
457(b) Deferred Compensation Plan	1,310,981	1,118,750	192,231	17.18
403(b) Tax-Sheltered Annuity Plan	355,927	318,887	37,040	11.62
Total	\$ 15,478,834	\$ 13,803,758	\$ 1,675,076	12.13

Net position of the fiduciary funds increased mainly because of higher-than-expected returns due to improved market conditions and performance compared to fiscal year 2022.

A Private-Purpose Trust Fund is used to report any trust arrangement not reported in the Pension or Other Employee Benefit 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; or (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 owner.

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 65 and 66, respectively, present the component units' financial information for fiscal year 2023. 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 Income Tax Secured Bond Authorization Act of 2008 (DC 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, and other revenue bonds.

As of September 30, 2023, the District (including its business-type activities) had \$16,844,685 in long-term debt outstanding, of which \$12,449,410, or 73.91%, was in the form of bonds and notes. Of the outstanding bonds, \$6,329,085, or 50.84% were General Obligation Bonds, and \$4,984,250, or 40.04% were Income Tax Secured Revenue Bonds.

Table MDA-10 presents the outstanding bonds and notes of the District as of September 30, 2023.

**Table MDA-10
Outstanding Bonds and Notes as of September 30, 2023 (\$000s)**

Type of bonds and notes	2023	2022	Variance	Variance %
General obligation bonds - publicly offered	\$ 5,546,840	\$ 5,169,010	\$ 377,830	7.31%
General obligation bonds - direct placements	782,245	833,300	(51,055)	(6.13)
Income tax secured revenue bonds	4,984,250	5,216,810	(232,560)	(4.46)
Other bonds:				
Qualified zone academy bonds (QZAB) - direct placements	552	829	(277)	(33.41)
Tobacco settlement asset-backed bonds	430,369	458,029	(27,660)	(6.04)
Tax increment financing bonds - publicly offered	83,948	88,088	(4,140)	(4.70)
Tax increment financing bonds - direct placements	18,314	18,778	(464)	(2.47)
Ballpark revenue bonds	174,680	179,205	(4,525)	(2.53)
Federal highway grant anticipation revenue bonds (GARVEE)	251,625	266,505	(14,880)	(5.58)
Deed tax revenue bonds (housing production trust fund program)	30,260	32,795	(2,535)	(7.73)
PILOT revenue bonds - publicly offered	127,090	132,060	(4,970)	(3.76)
PILOT revenue bonds and notes - direct placements	19,237	24,214	(4,977)	(20.55)
Total outstanding bonds and notes - governmental activities	\$ 12,449,410	\$ 12,419,623	\$ 29,787	0.24

In March 2023, the District issued \$581,140 Series 2023A General Obligation Bonds and \$239,055 Series 2023B General Obligation Refunding Bonds. The proceeds of the Series 2023A Bonds, together with other funds of the District, were used to pay or reimburse the General Fund of the District under its capital improvements plan, refund the General Obligation Commercial Paper Notes, and pay the costs

and expenses of issuing and delivering the Series 2023A Bonds. The Series 2023B Bonds were issued to current refund the Series 2013A General Obligation Bonds and pay the costs and expenses of issuing and delivering the Series 2023B Bonds.

For more information on the long-term debt activity of the District, refer to Note 7, Long-Term Liabilities, on pages 124 through 138.

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, bridges, and right-to-use leased and subscription assets. In fiscal year 2023, total net capital assets (capital assets less accumulated depreciation and amortization) increased by \$538,947, or 3.07%, over the prior year. Total capital assets increased overall because the District invested resources in the construction of new assets and the rehabilitation of existing infrastructure, such as roads, streets, and bridges. The implementation of

GASB Statement No. 96 in fiscal year 2023 caused the addition of right-to-use subscription assets to the capital assets and resulted in the restatement of the fiscal year 2022 net capital assets.

As of September 30, 2023, net capital assets totaled \$18,099,329. Net capital assets of the governmental activities totaled \$18,056,666 and net capital assets of the business-type activities totaled \$42,663. The governmental activities depreciation and amortization charges for fiscal year 2023 totaled \$709,587 compared to the prior year’s amount of \$675,923. The business-type activities depreciation and amortization charges for fiscal year 2023 totaled \$12,244 compared to the prior year’s amount of \$15,683.

Table MDA-11 presents information on the net capital assets of the District by class as of September 30, 2023.

**Table MDA-11
Net Capital Assets by Asset Class as of September 30, 2023 (\$000s)**

Asset class	Governmental Activities		Business-type Activities		Totals	
	2023	2022, as restated	2023	2022	2023	2022, as restated
Land	\$ 1,007,507	\$ 966,846	\$ 8,100	\$ 8,100	\$ 1,015,607	\$ 974,946
Buildings	8,714,009	8,660,741	28,763	35,621	8,742,772	8,696,362
Infrastructure	4,506,355	4,468,913	-	-	4,506,355	4,468,913
Right-to-use leased buildings	1,072,169	1,053,207	-	-	1,072,169	1,053,207
Right-to-use leased equipment	9,472	13,401	1,328	2,655	10,800	16,056
Right-to-use subscription assets	92,976	97,902	-	-	92,976	97,902
Equipment	621,321	628,559	4,472	5,766	625,793	634,325
Construction in progress	2,032,857	1,618,671	-	-	2,032,857	1,618,671
Total net capital assets	\$ 18,056,666	\$ 17,508,240	\$ 42,663	\$ 52,142	\$ 18,099,329	\$ 17,560,382

Note:
Additional information on the District’s capital assets is presented in Note 5, Capital Assets, on pages 114 through 118.

REPORTING THE DISTRICT BUDGET

Overview

DC 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-12** presents variances between revised budget amounts and actual expenditures for the fiscal year ended September 30, 2023.

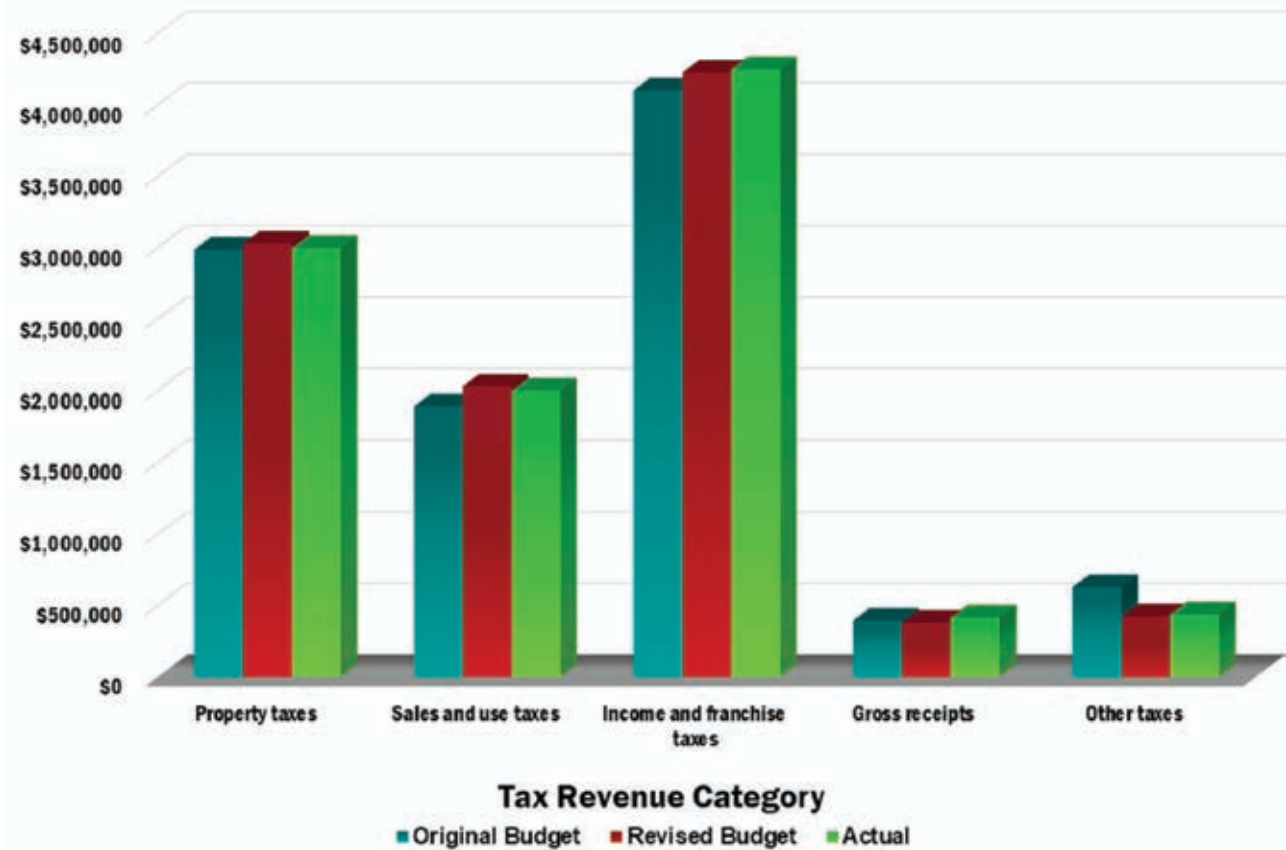
Table MDA-12
Schedule of General Fund Budgetary Basis Revenues and Expenditures (\$000s)

	Original Budget	Revised Budget	Actual	Variance (Actual to Revised Budget)
Revenues and other sources				
Taxes	\$ 9,488,729	\$ 9,725,319	\$ 9,780,967	\$ 55,648
Licenses and permits	146,085	136,860	146,979	10,119
Fines and forfeitures	151,232	159,998	156,576	(3,422)
Charges for services	68,172	62,057	70,544	8,487
Miscellaneous	118,325	367,065	407,949	40,884
Other sources	725,546	754,827	741,206	(13,621)
Bond proceeds	11,000	11,000	4,149	(6,851)
Fund balance released from restrictions	533,749	812,844	812,844	-
Interfund transfer - from office of lottery and gaming	43,731	43,731	33,450	(10,281)
Interfund transfer - others	813,649	1,018,810	1,102,424	83,614
Total revenues and other sources	12,100,218	13,092,511	13,257,088	164,577
Expenditures and other uses				
Governmental direction and support	1,101,070	1,125,145	1,090,467	34,678
Economic development and regulation	798,934	819,779	814,775	5,004
Public safety and justice	1,416,130	1,573,767	1,551,434	22,333
Public education system	3,150,361	3,372,012	3,355,178	16,834
Human support services	2,531,604	2,511,214	2,478,326	32,888
Operations and infrastructure	1,259,590	1,226,810	1,194,857	31,953
Repayment of bonds and interest	1,025,478	978,982	978,766	216
Other expenditures and uses	809,959	812,685	804,708	7,977
Total expenditures and other uses	12,093,126	12,420,394	12,268,511	151,883
Excess of revenues and other sources over expenditures and other uses - budgetary basis	\$ 7,092	\$ 672,117	\$ 988,577	\$ 316,460

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 2023.

Chart MDA-5
FY 2023 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 176.

As presented in **Table MDA-12**, actual General Fund revenues and other sources were \$164,577, or 1.26%, more than the revised budget. This variance was primarily attributable to higher-than-expected gross receipts and other taxes, individual and franchise tax, transfer from other funds, and growth in non-tax revenues that came from the miscellaneous revenue component which consists of interest income, unclaimed property proceeds and other sources.

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

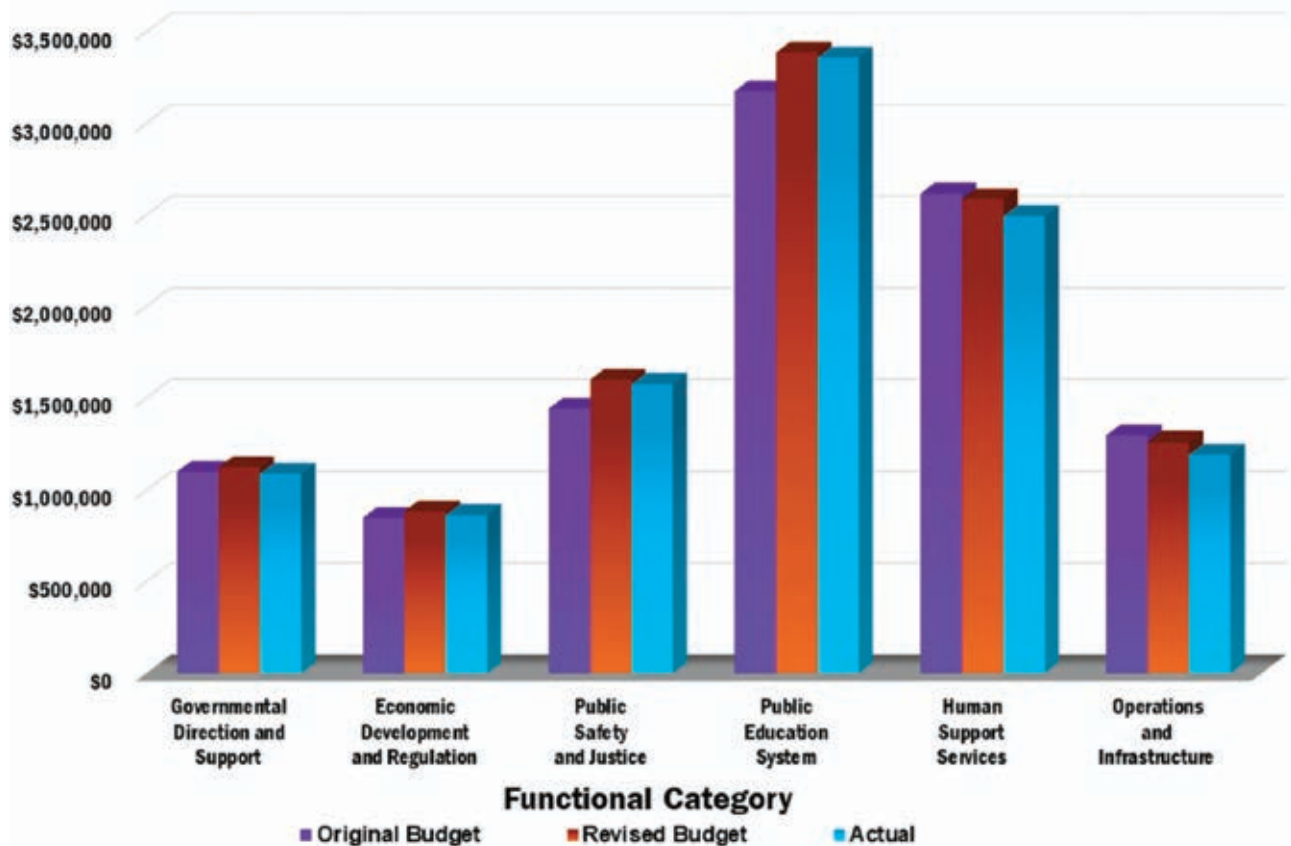
the imposed conditions have been met, allowing the assets to become available for use. In other words, this amount of fund balance was budgeted to help finance current year’s operations. As presented in **Table MDA-12**, the District utilized the fund balance by drawing on its available reserves to finance costs associated with activities that were not covered from the revenues generated during the fiscal year.

During fiscal year 2023, actual tax revenues comprised 73.78% of the General Fund’s total revenues and other sources.

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 2023.

Chart MDA-6
FY 2023 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 178.

Actual General Fund expenditures and other uses were \$151,883, or 1.22%, less than the revised budget. As presented in **Table MDA-12**, this variance is primarily attributable to underspending in areas of Governmental Direction and Support, Human Support Services, Operations and Infrastructure, and Public Safety and Justice.

Notably, expenditures in Public Education System, Human Support Services, and Public Safety and Justice areas collectively constituted 60.19% of the total actual General Fund expenditures and other uses.

SUBSEQUENT AND OTHER EVENTS

Income Tax Secured Revenue Bonds and Income Tax Secured Revenue Refunding Bonds

In December 2023, the District issued an aggregate par amount of \$1,183,930 of Income Tax Secured Revenue and Refunding Bonds, which were comprised of \$467,220 of Income Tax Secured Revenue Bonds, Series 2023A, \$250,345 of Income Tax Secured Revenue and Refunding Bonds, Series 2023B (Taxable), and \$189,615 of Income Tax Secured Revenue Refunding Bonds, Series 2023C.

The proceeds of the Series 2023A Bonds were used to (1) pay or reimburse the District for capital project expenditures on a tax-exempt basis under the District's capital improvement plan, and (2) pay the cost and expenses of issuing and delivering the Series 2023A Bonds. The proceeds of the Series 2023B Bonds were used to (1) pay or reimburse the District for capital project expenditures on a taxable basis under the District's capital improvement plan, (2) defease the District's General Obligation Bond Series 2015A Refunded Bonds, (3) refund the Refunded Income Tax Secured BANs, and (4) pay the costs and expenses of issuing and delivering the Series 2023B Bonds. The proceeds of the Series 2023C Bonds were used to (1) purchase the Tender Offer Bonds (which include a portion of the District's General Obligations Bonds Series 2014C, 2014D, 2015A, 2016A, 2016D, and 2020D), and (2) pay the costs and expenses of issuing and delivering the Series 2023C Bonds.

The Series 2023A, Series 2023B and Series 2023C bonds all bear interest at a fixed rate ranging from 4.89% to 5.25% and have final maturity dates of May 1, 2048, May 1, 2037, and October 1, 2033, respectively.

Going Concern

The Not-for-Profit Hospital Corporation (d/b/a United Medical Center) is a blended component unit of the District. In May 2019, the DC Council voted to reduce funding for the Not-for-Profit Hospital Corporation

(Corporation) and close the facilities due to a decline in the number of patients and increasing costs to support and maintain the Corporation. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, substantial doubt about the ability of the Corporation to continue as a going concern exists.

The District plans to replace the Not-for-Profit Hospital Corporation with a new hospital in Southeast, DC, the Cedar Hill Regional Medical Center - GW Health, which is currently under construction. The Not-for-Profit Hospital Corporation expects to cease admitting new patients and cease patient operations by the end of the second quarter of fiscal year 2025. In accordance with DC Code § 44-951.19, the Not-for-Profit Hospital Corporation is expected to dissolve on September 30, 2025 and all of its assets, positions, personnel, and records, and the unexpended balances of appropriations, allocations, and other funds available or to be made available to it, shall revert to the District.

Washington Convention and Sports Authority

In fiscal year 2022, the Washington Convention and Sports Authority (Authority) was unable to sufficiently access its financial data and records due to a ransomware attack. As a result, the independent auditors of the Authority were unable to audit its financial statements as of and for the year ended September 30, 2022. Consequently, the District of Columbia Annual Comprehensive Financial Report as of and for the fiscal year ended September 30, 2022 contained unaudited data for the Authority. The Authority has since completed and issued its audited financial statements as of and for the fiscal year ended September 30, 2022. Amounts reported in the Annual Comprehensive Financial Report of the District as of and for the fiscal year ended September 30, 2023 include these updated audited numbers. The Authority has also completed and issued its audited financial statements as of and for the year ended September 30, 2023.

CONTACT INFORMATION FOR THE OFFICE OF THE CHIEF FINANCIAL OFFICER

This ACFR is designed to provide a general overview of District finances and to demonstrate the effectiveness of the systems of accountability for the resources the District 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 details.

Exhibit 1-a

DISTRICT OF COLUMBIA
STATEMENT OF NET POSITION
September 30, 2023
(With Comparative Totals at September 30, 2022)
(\$000s)

	Primary Government		Totals		Component Units
	Governmental Activities	Business-Type Activities	2023	2022, as restated	
ASSETS					
Cash and cash equivalents	\$ 3,250,962	\$ 56,491	\$ 3,307,453	\$ 4,569,148	\$ 155,642
Investments	-	-	-	-	456,048
Taxes receivable, net	638,090	-	638,090	587,446	-
Accounts receivable, net	189,180	54,481	243,661	333,650	50,766
Other receivables	-	-	-	-	21,255
Due from federal government	1,432,445	3,657	1,436,102	1,087,845	117
Lease receivable	444,098	-	444,098	431,799	26,472
Due from component units	13,812	-	13,812	3,225	-
Due from primary government	-	-	-	-	56,878
Internal balances	12,634	(12,634)	-	-	-
Inventories	59,549	4,101	63,650	75,982	-
Other current assets	24,426	1,568	25,994	19,443	9,641
Derivative instrument assets	-	-	-	47	-
Cash and cash equivalents (restricted)	3,073,308	358,087	3,431,395	3,405,996	96,846
Investments (restricted)	4,354	-	4,354	4,576	450,431
Other long-term assets	448,017	-	448,017	424,318	244,615
Net pension and OPEB assets	295,490	-	295,490	262,227	-
Depreciable and amortizable capital assets, net	15,016,302	34,563	15,050,865	14,966,765	682,646
Non-depreciable capital assets	3,040,364	8,100	3,048,464	2,593,617	60,471
Total assets	27,943,031	508,414	28,451,445	28,766,084	2,311,828
DEFERRED OUTFLOWS OF RESOURCES					
Derivative instrument - hedge	908	-	908	4,202	-
Pension and OPEB	1,017,028	-	1,017,028	1,359,263	-
Advance refunding loss	-	-	-	-	10,010
Total deferred outflows of resources	1,017,936	-	1,017,936	1,363,465	10,010
LIABILITIES					
Accounts payable	1,248,842	51,786	1,300,628	1,125,982	62,137
Compensation payable	282,837	3,525	286,362	271,690	21,410
Due to federal government	-	30,876	30,876	25,681	61
Due to component units	56,878	-	56,878	31,531	-
Due to primary government	-	-	-	-	13,812
Accrued liabilities	358,611	14,740	373,351	434,594	9,674
Accrued interest payable	173,650	-	173,650	164,447	-
Unearned revenues	666,078	163	666,241	1,335,871	17,761
Other current liabilities	96,145	2,395	98,540	92,274	195,760
Derivative instrument liabilities	1,128	-	1,128	4,202	-
Long-term liabilities:					
Due within one year	951,344	1,726	953,070	1,176,424	15,105
Due in more than one year	15,881,102	10,513	15,891,615	15,685,286	783,308
Total liabilities	19,716,615	115,724	19,832,339	20,347,982	1,119,028
DEFERRED INFLOWS OF RESOURCES					
Leases and loans	849,525	-	849,525	812,013	-
Pension and OPEB	331,143	-	331,143	424,052	32,187
Advance refunding gain	53,697	-	53,697	60,134	-
Total deferred inflows of resources	1,234,365	-	1,234,365	1,296,199	32,187
NET POSITION					
Net investment in capital assets	3,540,003	41,335	3,581,338	3,187,888	477,817
Restricted for:					
Expendable					
Pension and OPEB	462,467	-	462,467	725,937	-
Debt service	444,045	-	444,045	436,791	-
Benefit payments	-	328,654	328,654	157,532	-
Capital projects	4,407	6,058	10,465	16,062	-
Purpose restrictions	91,825	-	91,825	99,666	-
Emergency and contingency reserves	553,124	-	553,124	495,389	-
Universal paid leave	175,469	-	175,469	543,007	-
Other	32,660	-	32,660	32,660	221,420
Nonexpendable	-	-	-	-	31,566
Unrestricted	2,705,987	16,643	2,722,630	2,790,436	439,820
Total net position	\$ 8,009,987	\$ 392,690	\$ 8,402,677	\$ 8,485,368	\$ 1,170,623

The notes to financial statements are an integral part of this statement.

**DISTRICT OF COLUMBIA/
STATEMENT OF ACTIVITIES**
For the Year Ended September 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)
(\$000s)

Exhibit 1-b

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2023	
GOVERNMENTAL ACTIVITIES							
Governmental direction and support	\$ 1,566,494	\$ 61,787	\$ -	\$ (1,038,063)		\$ (1,038,063)	\$ (1,023,589)
Economic development and regulation	1,003,128	168,541	-	(712,004)		(712,004)	(410,642)
Public safety and justice	2,365,404	134,842	-	(1,387,090)		(1,387,090)	(1,240,956)
Public education system	4,412,973	11,990	1,082	(3,607,604)		(3,607,604)	(3,030,228)
Human support services	7,022,388	12,255	7,525	(2,568,729)		(2,568,729)	(2,298,937)
Operations and infrastructure	1,516,730	388,741	210,738	(874,545)		(874,545)	(874,953)
Public transportation	479,610	-	-	(479,610)		(479,610)	(447,069)
Interest on long-term debt	503,930	-	-	(503,930)		(503,930)	(367,790)
Total governmental activities	18,870,657	778,156	219,345	(11,171,575)		(11,171,575)	(9,694,164)
BUSINESS-TYPE ACTIVITIES							
Office of lottery and gaming	258,014	289,927	-	-	\$ 31,913	31,913	39,899
Unemployment compensation	89,251	-	-	-	(75,299)	(75,299)	(15,422)
Not-for-profit hospital corporation	125,713	94,285	-	-	(31,194)	(31,194)	(33,000)
Total business-type activities	472,978	384,212	-	-	(74,580)	(74,580)	(8,523)
Total primary government	\$ 19,343,635	\$ 1,162,368	\$ 219,345	(11,171,575)	(74,580)	(11,246,155)	(9,702,687)
COMPONENT UNITS							
Health benefit exchange authority	\$ 55,259	\$ 3,899	\$ -	-	-	-	\$ (36,386)
Convention center	217,437	29,415	-	-	-	-	(188,022)
Green finance authority	5,064	1,504	-	-	-	-	(3,560)
Housing finance agency	66,883	86,303	-	-	-	-	19,420
University of the District of Columbia	198,740	22,662	22,892	-	-	-	(100,155)
Total component units	\$ 543,383	\$ 143,783	\$ 22,892	-	(74,580)	(11,246,155)	(308,703)
GENERAL REVENUES:							
Taxes:							
Property				3,049,854	-	3,049,854	2,876,250
Sales and use				2,011,790	-	2,011,790	1,814,079
Income and franchise				4,157,773	-	4,157,773	4,102,718
Gross receipts				409,178	-	409,178	407,580
Other				433,162	127,721	560,883	874,451
Investment earnings				241,249	7,272	248,521	43,636
Miscellaneous				725,465	-	725,465	733,696
Subsidy from primary government				-	-	-	-
Transfer in (out)				(101,550)	101,550	-	-
Total general revenues and transfers				10,926,921	236,543	11,163,464	10,852,410
Change in net position				(244,654)	161,963	(82,691)	1,149,723
Net position as of October 1, as restated				8,254,641	230,727	8,485,368	7,327,916
Net position as of September 30				\$ 8,009,987	\$ 392,690	\$ 8,402,677	\$ 8,477,639

The notes to financial statements are an integral part of this statement.

Exhibit 2-a

**DISTRICT OF COLUMBIA
BALANCE SHEET
Governmental Funds
September 30, 2023
(With Comparative Totals at September 30, 2022)
(\$000s)**

						Total	
	General	Federal and Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	2023	2022
ASSETS							
Cash and cash equivalents	\$ 3,249,312	\$ -	\$ -	\$ 1,650	\$ -	\$ 3,250,962	\$ 4,507,519
Taxes receivable, net	632,880	-	-	-	5,210	638,090	587,446
Accounts receivable, net	125,619	25,528	3,923	-	34,110	189,180	333,650
Due from federal government	852	1,324,492	-	107,101	-	1,432,445	1,033,956
Lease receivable	425,591	18,507	-	-	-	444,098	426,360
Due from other funds	1,446,397	13,352	2,503	-	9,678	1,471,930	96,971
Due from component units	12,145	2	-	-	1,665	13,812	3,225
Inventories	15,402	44,147	-	-	-	59,549	72,083
Other current assets	21,083	3,329	-	-	14	24,426	16,492
Cash and cash equivalents (restricted)	1,009,778	752,713	655,192	236,880	418,745	3,073,308	3,230,734
Investments (restricted)	2,495	1,859	-	-	-	4,354	4,576
Other long-term assets	82,899	201,230	60,288	103,600	-	448,017	424,318
Total assets	\$ 7,024,453	\$ 2,385,159	\$ 721,906	\$ 449,231	\$ 469,422	\$ 11,050,171	\$ 10,737,330
LIABILITIES							
Accounts payable	\$ 631,208	\$ 225,577	\$ 14,624	\$ 290,583	\$ 14,517	\$ 1,176,509	\$ 1,083,182
Compensation payable	248,710	29,616	511	2,917	1,083	282,837	265,414
Due to other funds	25,361	1,135,021	-	296,742	2,172	1,459,296	82,561
Due to component units	46,155	4,550	-	6,168	5	56,878	31,531
Accrued liabilities	228,453	128,999	-	-	1,159	358,611	361,955
Unearned revenue	52,428	613,650	-	-	-	666,078	1,335,782
Other current liabilities	75,744	-	1,108	13,528	5,765	96,145	90,000
Total liabilities	1,308,059	2,137,413	16,243	609,938	24,701	4,096,354	3,250,425
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	799,489	658,622	64,211	150,781	2,274	1,675,377	1,620,193
FUND BALANCES							
Nonspendable	15,402	44,147	-	-	-	59,549	72,083
Restricted	1,121,654	-	641,452	-	442,447	2,205,553	2,372,563
Committed	3,779,849	-	-	-	-	3,779,849	3,780,147
Unassigned	-	(455,023)	-	(311,488)	-	(766,511)	(358,081)
Total fund balances (deficits)	4,916,905	(410,876)	641,452	(311,488)	442,447	5,278,440	5,866,712
Total liabilities, deferred inflows of resources and fund balances	\$ 7,024,453	\$ 2,385,159	\$ 721,906	\$ 449,231	\$ 469,422	\$ 11,050,171	\$ 10,737,330

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.	18,056,666
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)	\$ 172,051
Other general fund unavailable revenues (Exhibit A-1)	627,438
Unavailable revenues - federal and private resources (Exhibit 2-a)	658,622
Unavailable revenues - housing production trust (Exhibit 2-a)	64,211
Unavailable revenues - general capital improvements (Exhibit 2-a)	150,781
Unavailable revenues - nonmajor funds (Exhibit 2-a)	2,274
Net unavailable revenue	1,675,377
Deferred inflows of resources - lease and loans (Exhibit 1-a)	(849,525)
Deferred inflows of resources - pension and OPEB (Exhibit 1-a)	(331,143)
Deferred outflows of resources - pension and OPEB (Exhibit 1-a)	1,017,028
Net pension and OPEB asset (Exhibit 1-a)	295,490
Retainage liability not to be paid with current resources	(72,333)
Advance refunding gain (Exhibit 1-a)	(53,697)
Change in derivative instrument	(220)
Certain liabilities are not due and payable in the current period:	
General obligation bonds (Note 7, Table N7-1)	\$ (6,329,085)
Income tax revenue bonds (Note 7, Table N7-1)	(4,984,250)
Tobacco settlement bonds (Note 7, Table N7-1)	(430,369)
TIF bonds (Note 7, Table N7-1)	(102,262)
GARVEE (Note 7, Table N7-1)	(251,625)
Ballpark bonds (Note 7, Table N7-1)	(174,680)
QZAB (Note 7, Table N7-1)	(552)
Accrued interest payable (Exhibit 1-a)	(173,650)
Deed tax revenue bonds (Note 7, Table N7-1)	(30,260)
PILOT revenue bonds and notes (Note 7, Table N7-1)	(146,327)
Other long-term liabilities (Note 7, Table N7-1)	(4,383,036)
Total liabilities not due and payable in the current period:	(17,006,096)
Net position of governmental activities	\$ 8,009,987

The notes to financial statements 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, 2023
(With Comparative Totals for the Year Ended September 30, 2022)
(\$000s)

	General	Federal and Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total	
						2023	2022
REVENUES							
Taxes:							
Property taxes	\$ 2,981,536	\$ -	\$ -	\$ -	\$ 42,980	\$ 3,024,516	\$ 2,993,719
Sales and use taxes	1,948,315	-	-	-	63,475	2,011,790	1,814,080
Income and franchise taxes	4,174,533	-	-	-	-	4,174,533	4,108,313
Gross receipts taxes	352,396	-	-	-	56,782	409,178	407,580
Other taxes	386,716	-	46,446	-	-	433,162	738,184
Fines and forfeitures	166,825	-	-	-	-	166,825	169,382
Licenses and permits	165,931	-	-	-	-	165,931	156,512
Charges for services	284,534	10,032	-	1,004	153,615	449,185	625,205
Miscellaneous	602,931	63,054	22,208	1,557	45,368	735,118	806,130
Investment earnings	219,066	6,758	29	555	14,841	241,249	40,786
Federal contributions	-	1,834,494	-	-	-	1,834,494	1,614,737
Operating grants	-	4,861,310	-	219,344	-	5,080,654	5,367,902
Total revenues	11,282,783	6,775,648	68,683	222,460	377,061	18,726,635	18,842,530
EXPENDITURES							
Current:							
Governmental direction and support	1,452,649	67,456	-	-	24,210	1,544,315	2,626,317
Economic development and regulation	460,286	123,910	175,927	-	107,644	867,767	748,133
Public safety and justice	1,560,949	671,301	-	-	-	2,232,250	2,113,334
Public education system	3,345,632	845,613	-	-	-	4,191,245	3,738,340
Human support services	2,464,052	4,458,903	-	-	-	6,922,955	6,619,640
Operations and infrastructure	713,783	57,098	-	-	-	770,881	760,269
Public transportation	479,610	-	-	-	-	479,610	447,069
Debt service:							
Principal	593,296	6,586	56	18,092	50,442	668,472	530,259
Interest	540,707	15,598	4	13,114	35,979	605,402	553,771
Fiscal charges	6,306	-	-	-	-	6,306	13,155
Capital outlay	-	-	-	1,780,735	37,118	1,817,853	1,615,696
Total expenditures	11,617,270	6,246,465	175,987	1,811,941	255,393	20,107,056	19,765,983
Excess (deficiency) of revenues over (under) expenditures	(334,487)	529,183	(107,304)	(1,589,481)	121,668	(1,380,421)	(923,453)
OTHER FINANCING SOURCES (USES)							
Debt issuance	4,149	-	-	556,540	3,706	564,395	1,524,920
Refunding debt issuance	359,059	-	-	-	-	359,059	1,377,969
Premium on sale of bonds	20,965	-	-	72,013	-	92,978	349,969
Payment to refunded bond escrow agent	(380,024)	-	-	-	-	(380,024)	(1,522,911)
Leases and SBITAs	228,416	19,307	254	9,314	-	257,291	1,179,451
Transfers in	1,152,938	-	354,197	504,909	47,195	2,059,239	1,549,713
Transfers out	(1,026,416)	(625,716)	(8,697)	(17,841)	(482,119)	(2,160,789)	(1,531,043)
Sale of capital assets	-	-	-	-	-	-	17,838
Total other financing sources (uses)	359,087	(606,409)	345,754	1,124,935	(431,218)	792,149	2,945,906
Net change in fund balances	24,600	(77,226)	238,450	(464,546)	(309,550)	(588,272)	2,022,453
Fund balances (deficit) as of October 1	4,892,305	(333,650)	403,002	153,058	751,997	5,866,712	3,844,259
Fund balances (deficits) as of September 30	\$ 4,916,905	\$ (410,876)	\$ 641,452	\$ (311,488)	\$ 442,447	\$ 5,278,440	\$ 5,866,712

The notes to financial statements 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, 2023
(\$000s)**

Net change in fund balances - total governmental funds		\$ (588,272)
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/amortization expense. This is the amount by which capital outlays that are capitalized exceeded depreciation expense in the current period.		
Non-depreciable capital asset additions (Note 5, Table N5-1)	\$ 985,102	
Depreciation/amortization expense (Note 5, Table N5-1)	(709,587)	
Depreciable/amortizable capital asset additions (Note 5, Table N5-1)	282,170	
Transfers/dispositions, net (Note 5, Table N5-1)	<u>(9,259)</u>	
Net adjustment		548,426
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	1,675,377	
Prior year deferred inflows of resources	(1,620,193)	
Change in leases and loans	<u>(37,512)</u>	
Net adjustment		17,672
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 N7-20)		
Long-term liabilities additions	(1,530,827)	
Long-term liabilities reductions	<u>1,539,956</u>	
Net adjustment		9,129
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)	34,169	
Decrease in deferred outflows of resources - teachers fund over prior year (Note 8, Table N8-8)	(33,012)	
Decrease in deferred outflows of resources - police officers and fire fighters over prior year (Note 8, Table N8-8)	(229,347)	
Decrease in deferred outflows of resources - OPEB fund over prior year (Note 9, Table N9-8)	(79,876)	
Decrease in deferred inflows of resources - teachers' retirement fund over prior year (Note 8, Table N8-8)	27,087	
Decrease in deferred inflows of resources - police officers and fire fighters' fund over prior year (Note 8, Table N8-8)	70,009	
Increase in deferred inflows of resources - OPEB fund over prior year (Note 9, Table N9-8)	<u>(4,188)</u>	
Net adjustment		(215,158)
Other adjustments include:		
Change in advance refunding gain amortization over prior year (Exhibit 1-a)	6,437	
Increase in long-term accrued interest payable over prior year (Exhibit 1-a)	(9,203)	
Increase in retainage payables over prior year	(11,952)	
Other	<u>(1,467)</u>	
Net adjustment		(16,185)
Investment income from investment derivative instruments (Note 2, Table N2-13)		<u>(266)</u>
Change in net position of governmental activities		<u>\$ (244,654)</u>

The notes to financial statements are an integral part of this statement.

**DISTRICT OF COLUMBIA
BUDGETARY COMPARISON STATEMENT
For the Year Ended September 30, 2023
(\$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	\$ 2,885,999	\$ 2,929,573	\$ (6,893)	\$ -	\$ -	\$ -	\$ 2,885,999	\$ 2,929,573	\$ (6,893)
Sales and use taxes	1,736,080	1,953,078	(5,102)	-	-	-	1,736,080	1,947,976	(5,102)
Income and franchise taxes	4,000,308	4,150,682	23,851	-	-	-	4,000,308	4,174,533	23,851
Gross receipts and other taxes	866,342	691,986	43,792	-	-	-	866,342	735,778	43,792
Total taxes	9,488,729	9,725,319	55,648	-	-	-	9,488,729	9,725,319	55,648
Licenses and permits	146,085	136,860	10,119	-	-	-	146,085	146,979	10,119
Fines and forfeitures	151,232	159,998	(3,422)	-	-	-	151,232	159,998	(3,422)
Charges for services	68,172	70,544	8,487	-	-	-	68,172	70,544	8,487
Miscellaneous	118,325	367,065	40,884	-	-	-	118,325	367,065	40,884
Other sources	725,546	754,827	(13,621)	-	-	-	725,546	754,827	(13,621)
Federal contributions	-	-	-	359,836	360,583	236,511	359,836	380,583	236,511
Operating grants	-	-	-	4,412,961	5,550,190	(1,088,835)	4,412,961	5,550,190	(1,088,835)
Bond proceeds	11,000	11,000	(6,851)	-	-	-	11,000	11,000	(6,851)
Fund balance released from restrictions	533,749	812,844	(812,844)	-	-	-	533,749	812,844	(812,844)
Interfund transfer-from office of lottery and gaming	43,731	43,731	(10,281)	-	-	-	43,731	43,731	(10,281)
Interfund transfer-others	813,649	1,018,810	83,614	-	-	-	813,649	1,018,810	83,614
Total revenues and other sources	12,100,218	13,092,511	164,577	4,772,797	5,930,773	(852,324)	16,873,015	19,023,284	(887,747)
EXPENDITURES AND OTHER USES									
Governmental direction and support	1,101,070	1,125,145	34,678	38,779	39,161	1,238	1,139,849	1,128,390	35,916
Economic development and regulation	798,934	819,779	5,004	92,970	124,168	123,909	891,904	943,947	5,263
Public safety and justice	1,416,130	1,573,767	22,333	295,847	345,811	259,703	1,711,977	1,811,137	108,441
Public education system	3,150,361	2,945,778	16,834	966,525	1,008,479	628,538	4,116,886	3,954,257	396,775
Public education AY24 expenditure	-	426,234	426,234	-	-	-	-	426,234	426,234
Human support services	2,531,604	2,511,214	2,478,326	3,238,650	4,290,487	4,009,008	5,770,254	6,801,701	314,367
Operations and infrastructure	1,259,590	1,226,810	31,953	90,311	74,202	57,120	1,349,901	1,301,012	49,035
Repayment of loans and interest	1,010,728	967,595	967,595	18,465	18,465	14,869	1,029,193	986,060	3,596
Debt service - issuance costs	11,000	6,522	6,306	-	-	-	11,000	6,522	6,306
Commercial paper program	3,750	4,865	4,865	-	-	-	3,750	4,865	4,865
Settlements and judgments fund	28,025	14,050	14,864	-	-	-	28,025	14,050	14,864
Wilson building	5,233	5,017	216	-	-	-	5,233	5,017	216
D.C. retiree health contribution	41,500	41,500	41,500	-	-	-	41,500	41,500	41,500
Repayment of revenue bonds	3,775	3,765	3,765	-	-	-	3,775	3,765	3,765
Convention center transfer	121,912	181,804	181,804	-	-	-	121,912	181,804	181,804
Highway transportation fund	27,537	32,310	32,310	-	-	-	27,537	32,310	32,310
Emergency planning and security fund	-	7,100	5,851	30,000	30,000	30,000	30,000	37,100	35,851
Workforce investments	64,176	-	1,249	-	-	-	64,176	-	1,249
Emergency and contingency reserve funds	-	18,977	16,986	-	-	-	-	18,977	16,986
Pay-as-you-go capital fund	502,926	504,909	504,909	-	-	-	502,926	504,909	504,909
Non-departmental	14,875	3,037	3,037	1,250	-	-	16,125	3,037	3,037
Total expenditures and other uses	12,093,126	12,420,394	151,883	4,772,797	5,930,773	769,703	16,865,923	18,351,167	921,586
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ 7,092	\$ 672,117	\$ 316,460	\$ -	\$ (82,621)	\$ (82,621)	\$ 7,092	\$ 672,117	\$ 233,839

The notes to financial statements are an integral part of this statement.

Exhibit 3-a

DISTRICT OF COLUMBIA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)
(\$000s)

	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2023	2022
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 20,552	\$ -	\$ 35,939	\$ 56,491	\$ 61,629
Accounts receivable, net	4,212	45,662	4,607	54,481	53,889
Due from federal government	-	3,657	-	3,657	5,439
Due from other funds	-	1,032	4	1,036	777
Inventories	-	-	4,101	4,101	3,899
Other current assets	8	-	1,560	1,568	2,951
Cash and cash equivalents (restricted)	-	358,087	-	358,087	175,262
Total current assets	24,772	408,438	46,211	479,421	303,846
Noncurrent assets:					
Depreciable/amortizable capital assets, net	1,382	-	33,181	34,563	44,042
Non-depreciable capital assets	-	-	8,100	8,100	8,100
Total noncurrent assets	1,382	-	41,281	42,663	52,142
Total assets	26,154	408,438	87,492	522,084	355,988
LIABILITIES					
Current liabilities:					
Accounts payable	3,485	35,246	13,055	51,786	42,800
Accrued compensation	585	-	2,940	3,525	6,276
Due to federal government	-	30,876	-	30,876	25,681
Due to other funds	-	13,662	8	13,670	15,187
Accrued liabilities	14,740	-	-	14,740	12,254
Unearned revenues	163	-	-	163	89
Other current liabilities	-	-	2,395	2,395	2,839
Long-term liabilities due within one year	1,726	-	-	1,726	1,649
Total current liabilities	20,699	79,784	18,398	118,881	106,775
Noncurrent liabilities:					
Long-term liabilities due in more than one year	504	-	10,009	10,513	18,486
Total noncurrent liabilities	504	-	10,009	10,513	18,486
Total liabilities	21,203	79,784	28,407	129,394	125,261
NET POSITION					
Net investment in capital assets	54	-	41,281	41,335	49,487
Restricted - expendable	-	328,654	6,058	334,712	165,212
Unrestricted	4,897	-	11,746	16,643	16,028
Total net position	\$ 4,951	\$ 328,654	\$ 59,085	\$ 392,690	\$ 230,727

The notes to financial statements are an integral part of this statement.

Exhibit 3-b

DISTRICT OF COLUMBIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended September 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)
(\$000s)

	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2023	2022
OPERATING REVENUES					
Employer taxes	\$ -	\$ 127,721	\$ -	\$ 127,721	\$ 136,267
Charges for services	289,927	-	94,285	384,212	383,985
Benefit contributions - CARES ACT	-	5,176	-	5,176	14,817
Benefit contributions - other	-	8,776	-	8,776	9,755
Operating grants and contributions	-	-	234	234	692
Total operating revenues	289,927	141,673	94,519	526,119	545,516
OPERATING EXPENSES					
Benefits	-	89,251	12,307	101,558	52,533
Prizes and other expenses	220,529	-	-	220,529	196,534
Personnel services	9,790	-	41,210	51,000	54,533
Supplies	-	-	10,682	10,682	12,466
Utilities	-	-	3,002	3,002	3,114
Insurance	-	-	7,089	7,089	8,677
Rent	-	-	204	204	335
Repairs and maintenance	-	-	1,058	1,058	1,429
Other expenses	-	-	731	731	503
Contractual services	25,951	-	38,630	64,581	71,614
Depreciation and amortization	1,444	-	10,800	12,244	15,683
Total operating expenses	257,714	89,251	125,713	472,678	417,421
Operating income (loss)	32,213	52,422	(31,194)	53,441	128,095
NONOPERATING REVENUES (EXPENSES)					
Interest, investment and other income	1,572	5,700	-	7,272	2,849
Lease expense – interest	(300)	-	-	(300)	(351)
Total nonoperating revenues	1,272	5,700	-	6,972	2,498
Income (loss) before transfers	33,485	58,122	(31,194)	60,413	130,593
Transfer in (out)	(33,450)	113,000	22,000	101,550	(18,670)
Change in net position	35	171,122	(9,194)	161,963	111,923
Net position as of October 1	4,916	157,532	68,279	230,727	118,804
Net position as of September 30	\$ 4,951	\$ 328,654	\$ 59,085	\$ 392,690	\$ 230,727

The notes to financial statements 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, 2023
(With Comparative Totals for the Year Ended September 30, 2022)
(\$000s)

	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers/employers	\$ 289,484	\$ 125,412	\$ 76,311	\$ 491,207	\$ 465,819
Cash receipts from governmental contributions	-	15,477	-	15,477	96,166
Other cash receipts	5	6,260	13,900	20,165	47,901
Cash payments to vendors	(30,191)	-	(60,642)	(90,833)	(99,105)
Cash payments to employees	(9,893)	-	(56,285)	(66,178)	(69,165)
Cash payments to claimants	-	(83,024)	-	(83,024)	(107,675)
Other cash payments, including prizes	(213,551)	-	-	(213,551)	(192,712)
Net cash provided (used) by operating activities	35,854	64,125	(26,716)	73,263	141,229
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers in (out)	(33,450)	113,000	22,000	101,550	(18,670)
Net cash provided (used) by noncapital financing activities	(33,450)	113,000	22,000	101,550	(18,670)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	-	(2,764)	(2,764)	(1,233)
Payment for lease liability and interest	(1,629)	-	-	(1,629)	(1,334)
Net cash used by capital and related financing activities	(1,629)	-	(2,764)	(4,393)	(2,567)
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts of interest and dividends	1,567	5,700	-	7,267	2,298
Net cash provided by investing activities	1,567	5,700	-	7,267	2,298
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	2,342	182,825	(7,480)	177,687	122,290
Cash and cash equivalents at October 1	18,210	175,262	43,419	236,891	114,600
Cash and cash equivalents at September 30	\$ 20,552	\$ 358,087	\$ 35,939	\$ 414,578	\$ 236,890
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 32,213	\$ 52,422	\$ (31,194)	\$ 53,441	\$ 128,095
Depreciation and amortization	1,444	-	10,800	12,244	15,683
Provision for bad debt expense	1	-	-	1	2
Decrease (increase) in current assets:					
Accounts receivable	(515)	(2,566)	2,233	(848)	43,743
Other current assets	(3)	1,782	1,183	2,962	25,072
Increase (decrease) in current liabilities:					
Accounts payable	257	12,487	51	12,795	(66,275)
Accrued liabilities	2,418	-	(2,767)	(349)	119
Unearned revenues	74	-	-	74	(8)
Other current liabilities	(35)	-	(7,022)	(7,057)	(5,202)
Net cash provided (used) by operating activities	\$ 35,854	\$ 64,125	\$ (26,716)	\$ 73,263	\$ 141,229

The notes to financial statements are an integral part of this statement.

Exhibit 4-a

DISTRICT OF COLUMBIA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2023
(\$000s)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Fund	Custodial Fund
ASSETS			
Cash and cash equivalents	\$ 197,902	\$ 1,916	\$ 40,496
Investments			
Equities	8,724,764	627,671	-
Fixed income securities	3,025,922	271,486	-
Guaranteed investment contracts	-	206,592	-
Real estate	1,322,197	-	-
Private equity	1,707,946	-	-
Commodities	56,222	-	-
Money market funds	427,978	-	-
Total investments	<u>15,265,029</u>	<u>1,105,749</u>	<u>-</u>
Receivables			
Accounts receivable	-	2,261	44,457
Loan receivable	2,150	-	-
Benefit contributions receivable	50,908	-	-
Other receivables	80,250	-	-
Due from federal government	947	-	31,270
Total receivables	<u>134,255</u>	<u>2,261</u>	<u>75,727</u>
Depreciable and amortizable capital assets, net	9,246	-	-
Total assets	<u>15,606,432</u>	<u>1,109,926</u>	<u>116,223</u>
LIABILITIES			
Accounts payable	93,587	368	885
Due to federal government	750	-	-
Other current liabilities	23,158	-	146
Other long-term liabilities	10,103	-	-
Total liabilities	<u>127,598</u>	<u>368</u>	<u>1,031</u>
NET POSITION			
Restricted for:			
Pensions	10,538,080	-	-
Other postemployment benefits	1,843,482	-	-
Other employee benefits	3,097,272	-	-
Other purpose	-	1,109,558	115,192
Net position restricted for pension, other employee benefits, and other purposes	<u>\$ 15,478,834</u>	<u>\$ 1,109,558</u>	<u>\$ 115,192</u>

The notes to financial statements 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, 2023
(\$000s)

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Private- Purpose Trust Fund</u>	<u>Custodial Fund</u>
ADDITIONS			
Contributions:			
Employer	\$ 258,115	\$ -	\$ -
Plan members	272,255	124,711	-
Other contributions	-	-	99,607
Total contributions	<u>530,370</u>	<u>124,711</u>	<u>99,607</u>
Investment earnings:			
Net increase in fair value of investments	1,558,367	107,085	-
Other revenue	393	-	-
Interest and dividends	175,214	8,133	-
Net investment gain	1,733,974	115,218	-
Less: investment expenses	(45,918)	(847)	-
Net investment gain	<u>1,688,056</u>	<u>114,371</u>	<u>-</u>
Other	5,482	-	-
Total additions	<u>2,223,908</u>	<u>239,082</u>	<u>99,607</u>
DEDUCTIONS			
Benefits	525,565	-	-
Administrative expenses	22,395	3,367	-
Distributions to participants	-	74,500	-
Other distributions	-	-	125,577
Other	873	-	87
Total deductions	<u>548,833</u>	<u>77,867</u>	<u>125,664</u>
Change in net position	1,675,075	161,215	(26,057)
Net position as of October 1	13,803,759	948,343	141,249
Net position as of September 30	<u>\$ 15,478,834</u>	<u>\$ 1,109,558</u>	<u>\$ 115,192</u>

The notes to financial statements are an integral part of this statement.

Exhibit 5-a

DISTRICT OF COLUMBIA
COMBINING STATEMENT OF NET POSITION
Discretely Presented Component Units
September 30, 2023
(With Comparative Totals at September 30, 2022)
(\$000s)

	Health Benefit Exchange Authority	Washington Convention and Sports Authority	Green Finance Authority	Housing Finance Agency	University of the District of Columbia	Totals	
						2023	2022, as restated
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 60,852	\$ 15,549	\$ 12,445	\$ 34,535	\$ 32,261	\$ 155,642	\$ 148,309
Investments	81,465	229,331	5,055	93,786	46,411	456,048	320,070
Receivables, net:							
Accounts	1,778	15,832	24,678	-	8,478	50,766	31,959
Lease receivable	-	-	-	-	4,470	4,470	4,340
Other	1,126	913	-	6,071	13,145	21,255	17,469
Due from federal government	117	-	-	-	-	117	3
Due from primary government	-	20,635	7,000	20,361	8,882	56,878	31,531
Other current assets	-	6,010	107	1,017	2,507	9,641	8,757
Restricted cash	47	7,123	28,772	55,740	5,164	96,846	92,633
Restricted investments	-	198,269	-	217,971	34,191	450,431	426,507
Total current assets	<u>145,385</u>	<u>493,662</u>	<u>78,057</u>	<u>429,481</u>	<u>155,509</u>	<u>1,302,094</u>	<u>1,081,578</u>
Noncurrent assets:							
Loans receivable	-	-	-	240,344	-	240,344	204,599
Lease receivable	-	10,589	-	-	11,413	22,002	33,716
Other	-	4,010	-	-	261	4,271	10,456
Total noncurrent assets:	<u>-</u>	<u>14,599</u>	<u>-</u>	<u>240,344</u>	<u>11,674</u>	<u>266,617</u>	<u>248,771</u>
Capital assets, net							
Depreciable and amortizable capital assets, net	23,101	407,557	-	1,457	250,531	682,646	734,201
Non-depreciable capital assets	-	26,182	-	573	33,716	60,471	56,757
Total assets	<u>168,486</u>	<u>942,000</u>	<u>78,057</u>	<u>671,855</u>	<u>451,430</u>	<u>2,311,828</u>	<u>2,121,307</u>
DEFERRED OUTFLOWS OF RESOURCES - BONDS REFUNDING							
	-	10,010	-	-	-	10,010	10,576
LIABILITIES							
Current liabilities:							
Payables:							
Accounts	37,416	14,953	104	175	9,489	62,137	58,468
Compensation	1,550	2,474	224	602	16,560	21,410	17,481
Due to federal government	61	-	-	-	-	61	61
Due to primary government	11,701	1,974	-	-	137	13,812	3,225
Accrued liabilities	1,388	8,286	-	-	-	9,674	9,550
Current maturities	-	13,040	-	2,065	-	15,105	12,638
Unearned revenue	-	8,272	186	-	9,303	17,761	17,016
Other current liabilities	66	29,993	-	151,510	14,191	195,760	140,945
Total current liabilities	<u>52,182</u>	<u>78,992</u>	<u>514</u>	<u>154,352</u>	<u>49,680</u>	<u>335,720</u>	<u>259,384</u>
Noncurrent liabilities:							
Long-term debt:							
Bonds payable	-	421,937	-	326,988	-	748,925	713,232
Other long-term liabilities	-	5,749	507	79	28,048	34,383	41,844
Total noncurrent liabilities	<u>-</u>	<u>427,686</u>	<u>507</u>	<u>327,067</u>	<u>28,048</u>	<u>783,308</u>	<u>755,076</u>
Total liabilities	<u>52,182</u>	<u>506,678</u>	<u>1,021</u>	<u>481,419</u>	<u>77,728</u>	<u>1,119,028</u>	<u>1,014,460</u>
DEFERRED INFLOWS OF RESOURCES - LEASES							
	-	16,303	-	-	15,884	32,187	37,163
NET POSITION							
Net investment in capital assets	23,101	204,810	-	1,820	248,086	477,817	509,477
Restricted - expendable	47	146,838	27,666	43,275	3,594	221,420	194,073
Restricted - nonexpendable	-	-	-	-	31,566	31,566	31,426
Unrestricted	93,156	77,381	49,370	145,341	74,572	439,820	345,284
Total net position	<u>\$ 116,304</u>	<u>\$ 429,029</u>	<u>\$ 77,036</u>	<u>\$ 190,436</u>	<u>\$ 357,818</u>	<u>\$ 1,170,623</u>	<u>\$ 1,080,260</u>

The notes to financial statements are an integral part of this statement.

Notes:

WCSA: See Note 16 on page 160 for details.

UDC: See Note 1Z on page 90 for more details.

Exhibit 5-b

**DISTRICT OF COLUMBIA
COMBINING STATEMENT OF ACTIVITIES
Discretely Presented Component Units
For the Year Ended September 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)
(\$'000s)**

	Health Benefit Exchange Authority	Washington Convention and Sports Authority	Green Finance Authority	Housing Finance Agency	University of the District of Columbia	Totals
	2023	2023	2023	2023	2023	2022
EXPENSES						
Program revenues:	\$ 55,259	\$ 217,437	\$ 5,064	\$ 66,883	\$ 198,740	\$ 447,373
Charges for services, fees, fines, and forfeitures	3,899	29,415	1,504	86,303	22,662	80,704
Operating grants and contributions	14,974	-	-	-	53,031	51,998
Capital grants and contributions	-	-	-	-	22,892	18,792
Net expense	(36,386)	(188,022)	(3,560)	19,420	(100,155)	(295,879)
GENERAL REVENUES						
Investment earnings (loss)	4,480	17,104	623	5,402	7,831	(10,189)
Miscellaneous	38,822	15,163	75	1,092	12,347	144,037
Subsidy from primary government	-	176,794	22,831	-	96,502	237,034
Total general revenues	43,302	209,061	23,529	6,494	116,680	370,882
Change in net position	6,916	21,039	19,969	25,914	16,525	75,003
Net position as of October 1	109,388	407,990	57,067	164,522	341,293	1,005,257
Net position as of September 30	\$ 116,304	\$ 429,029	\$ 77,036	\$ 190,436	\$ 357,818	\$ 1,080,260

The notes to financial statements are an integral part of this statement.

Note:
WCSA: See Note 16 on page 160 for details.

NOTES TO THE BASIC FINANCIAL STATEMENTS

September 30, 2023

(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 provision, the District of Columbia (District, or DC) was established as the nation's capital on July 16, 1790 from territory ceded by Maryland and Virginia.

On January 2, 1975, the District Charter (Charter) took effect. The means of governance of the District was established by the District Charter through passage by Congress of the Home Rule Act. The District Charter may be found in Title IV of the District of Columbia 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 becomes law unless Congress and the President of the United States disapprove it after it has been adopted. Citizens residing in the District have the right to vote for the President 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, 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 governing board for the organization.
- There is a financial benefit or 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 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 relationship between the organization and the District.

Based on the application of the criteria outlined, the District includes five discretely presented component units in its reporting entity: District of Columbia Health Benefit Exchange Authority, Washington Convention and Sports Authority, District of Columbia Green Finance Authority, District of Columbia 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 discretely presented component units, 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. The relationship between each discretely presented component unit and the District is as follows:

District of Columbia Health Benefit Exchange Authority

The District has the ability to impose its will on the District of Columbia Health Benefit Exchange Authority (Authority) because the District is able to approve or modify the budget of the Authority and may overrule, veto, or modify certain decisions made by the governing board of the Authority (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 or 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 (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 Authority because the District has the ability to modify or approve the budget and the rates or fees charged by the Washington Convention and Sports Authority.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

District of Columbia Green Finance Authority

A financial benefit or burden relationship exists between the District of Columbia Green Finance Authority (Green Finance Authority) and the District because the District provides financial support to the Green Finance Authority through annual transfers and additional funding from the DC Department of Energy and Environment.

District of Columbia Housing Finance Agency

The District is able to impose its will on the District of Columbia 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 budget of the Housing Finance Agency. In addition, the District has the authority to approve or modify rental rates and may overrule certain decisions made by the governing board of the Housing Finance Agency (i.e., the awarding of contracts valued at \$1 million or more).

University of the District of Columbia

A financial benefit or burden relationship exists between the University of the District of Columbia (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 or modify the budget of the University.

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 I Street, NW, 4th Floor
Washington, DC 20005
<https://hbx.dc.gov>

Washington Convention and Sports Authority

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

District of Columbia Green Finance Authority

Controller
c/o WeWork
1100 15th Street, NW, 4th Floor
Washington, DC 20005
<https://dcgreenbank.com>

Housing Finance Agency

Chief Financial Officer
815 Florida Avenue, NW
Washington, DC 20001
<https://www.dchfa.org>

University of the District of Columbia

Office of the Chief Financial Officer
Van Ness Campus
4200 Connecticut Avenue, NW
Building 39, 2nd floor
Washington, DC 20008
<https://www.udc.edu>

Blended Component Units

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

- The governing body of the organization is substantively the same as the governing body of the District and either (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 the organization does not provide services directly to the District.
- The total debt outstanding of the organization, including leases, is expected to be repaid entirely or almost entirely with resources of the District.
- The organization is incorporated as a not-for-profit corporation where the District is the sole corporate member.

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

District of Columbia Tobacco Settlement Financing Corporation

The District of Columbia Tobacco Settlement Financing Corporation (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 securitized rights, title, and interest of the District in the tobacco settlement revenues. The Tobacco Corporation is a blended component unit because: (a) the District appoints the governing board of the Tobacco Corporation; (b) the District is legally entitled to and can otherwise access

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

the resources of the Tobacco Corporation, thereby establishing a benefit or burden relationship; (c) the District has the ability to modify or approve the budget for the Tobacco Corporation, 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 (DC Act 18-476; DC 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 and provides financial support to this entity to help sustain its operations. Consequently, a financial benefit or burden relationship has been created between the District and this 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 budget for the corporation. 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

Vice President and Treasurer
1350 Pennsylvania Avenue, NW, Suite 200
Washington, DC 20004

Not-for-Profit Hospital Corporation

d/b/a United Medical Center
Office of the Chief Financial Officer
1310 Southern Avenue, SE
Washington, DC 20032
<https://unitedmedicaldc.com>

Related Organizations

A related organization is an organization for which the District is not financially accountable even though the District appoints a voting majority of the governing board of the organization. The District reports two entities as related organizations: the District of Columbia Housing Authority (Housing Authority) and DC Water. The Mayor, with the consent and advice of the Council, appoints a majority of the voting members of the governing boards for both related organizations. However, the District is not legally entitled to nor can it otherwise access the resources of these related organizations. Additionally, the District is not legally obligated to finance the deficits of or provide financial

support to the Housing Authority and DC Water, neither is the District obligated for the debts of these related organizations.

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, Charles, 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 Public Law 111-62, which revised the WMATA compact agreement, WMATA is governed by a 16-member board composed of eight voting directors and eight alternate directors from each signatory to the compact. The directors and alternates for Maryland are appointed by members of the Washington Suburban Transit Commission; for Virginia, by members of the Northern Virginia Transportation Commission; for the District, by members of the Council; and for the federal government, by the United States Secretary of Transportation. 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 in Note 12 on page 154.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities.

Statement of Net Position

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the governmental and business-type activities and the discretely presented component units. The District reports all debts and capital assets, including infrastructure and intangible assets, in the 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 and amortization 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 balance/net position, revenues, and expenses or 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's expendable financial resources, and the related liabilities and deferred inflows of resources (except those accounted for in the proprietary funds and the discretely presented component units) are accounted for in the governmental funds.

The District reports the following major governmental funds:

General Fund

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

Federal and Private Resources Fund

The Federal and Private Resources Fund, a special revenue fund, is used to account for proceeds of intergovernmental grants and other federal payments, private grants, and private contributions that are legally restricted and may be only expended for specified purposes.

Housing Production Trust Fund

The Housing Production Trust Fund, a special revenue fund, is used to account for certain financial resources which are used to support 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 include subsidies from the General Fund and dedicated local tax revenues from deed transfers and recordations. This fund is administered by the Department of Housing and Community Development.

General Capital Improvements Fund

The General Capital Improvements Fund, a capital projects 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, Tobacco Settlement Financing Corporation, Payment in Lieu of Taxes (PILOT) Fund, Universal Paid Leave Fund, and Baseball Project; (2) one 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 and amortization) 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 or loss is necessary or useful for sound financial administration.

The District reports three proprietary funds that are discussed as follows:

Lottery, Gambling, and Gaming Fund

The Lottery, Gambling, and Gaming Fund is used to account for revenues from the 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, and emergency care services. It is a separate legal entity and blended component unit of the primary government for financial reporting purposes.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District for the benefit of individuals, private organizations, or other governments. The District is

responsible for ensuring these assets are used for their intended purposes. Fiduciary funds are not included in the government-wide financial statements because the resources cannot be used for operations of the government.

The District maintains three different types of fiduciary funds that are discussed as follows:

Pension (and Other Employee Benefit) Trust Funds

The Pension Trust Funds are used to report the activities associated with the payment of benefits to District retirees. These funds accumulate financial resources for pension benefit payments to eligible District employees upon their retirement. The District reports two single-employer defined benefit pension plans: the District of Columbia Teachers' Retirement Fund (TRF) and the District of Columbia Police Officers and Fire Fighters' Retirement Fund (POFRF), collectively referred to as the District Retirement Funds.

The Other Employee Benefit Trust Funds are discussed as follows:

Other Postemployment Benefits (OPEB)

The OPEB plan is a single-employer defined benefit healthcare and life insurance plan. These funds are used to accumulate financial resources for payments to eligible District retirees for their postemployment healthcare and life insurance.

401(a) Defined Contribution Plan

The 401(a) Defined Contribution Plan is a defined contribution pension plan administered through a trust that covers all District employees hired on or after October 1, 1987. Coverage begins for eligible participants after one year of service. The District contributes 5.00% of base salaries for eligible employees and 5.50% of base salaries for detention officers.

457(b) Deferred Compensation Plan

The 457(b) Deferred Compensation Plan was established pursuant to section 457 of the Internal Revenue Code to allow all District employees to participate in a tax-deferral retirement savings plan. Effective July 2019, all District employees are automatically enrolled in the 457(b) Plan as a participant, as of their appointment date, with an option to opt-out within the first 30 days of employment.

403(b) Tax-Sheltered Annuity Plan

The District of Columbia Public Schools (DCPS) sponsors the District of Columbia Public Schools 403(b) Tax-Sheltered Annuity (TSA) plan. The 403(b) TSA retirement plan is a voluntary retirement plan in which eligible DCPS employees may participate and invest additional income towards retirement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Private-Purpose Trust Fund

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

Custodial Fund

A Custodial Fund is used to account for and report activities that exclusively benefit parties outside the District and are not administered through trusts or equivalent arrangements. Refundable deposits required of various licensees, and monies held in escrow as an agent are reported in these funds. The resources in this fund are held purely in a custodial capacity.

Prior Year Information

The financial statements include summarized prior-year comparative information. Such information does not include sufficient details to constitute a comparative presentation in conformity with generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the financial statements for the year ended September 30, 2022, from which summarized information was derived.

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 and amortization 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 after 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 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, Fiduciary Funds, and Discretely Presented Component Units

The proprietary funds, fiduciary funds, 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

with the operation of these funds are included in 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, and the custodial fund, 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 the principal ongoing operations of a proprietary fund.

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

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

Expenditures for benefits and refunds are recognized when due and payable. The Private-Purpose Trust Fund recognizes additions to net position when contributions from plan members 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 Revenue Reporting Act of 2013, effective December 24, 2013 (DC Law 20-61;

DC Code § 47-501), the revenue budget for personal property tax is formulated with the understanding that all collections of personal property tax is reported in the fiscal year in which it is 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 Supplemental Nutrition Assistance Program (SNAP), a federal program 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. Revenues and expenditures are reported in the Federal and Private Resources Fund when the underlying transactions (i.e., food purchase) occur.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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-Congressional day review period.

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 Congress approves the District appropriation, the District may transmit amendments or supplements to the budget by submitting a request for supplemental appropriation to Congress, which would require active approval. However, within certain limits, pursuant to DC Code § 47-369.02, the District may supplement its General Fund budget by notifying Congress not fewer than 30 days in advance of the changes taking place. Authorization for such supplemental budget requests requires advance notification to Congress, but not Congressional approval.

Pursuant to Section 446 of the Home Rule Act (DC Code § 1-204.46) and the Reprogramming Policy Act of 1980, as amended (DC Law 3-100; DC Code § 47-361 et seq.), 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 59, 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) and the District of Columbia Anti-Deficiency Act of 2002 (DC Code § 47-355.01 et seq.). In addition, a negative expenditure variance for a particular agency within an appropriation is also a violation of the District of Columbia 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 57 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 1Y on page 89.

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 District 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 budget of the subsequent year. However, encumbered amounts do not lapse at year-end in the Capital Projects Funds or the Special Revenue Funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As of September 30, 2023, the Capital Projects Improvement Fund had an encumbrance balance of \$1,288,485. None of the other major and nonmajor funds had significant encumbrances as of the end of the fiscal year.

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.

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 Deposit and Investment Act of 2006 (DC Code § 47-351.01 et seq.) effective June 16, 2006, and the District Investment Policy, as adopted in December 2021. As of September 30, 2023, 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 federal government. Such investments are 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 OPEB Fund are authorized to invest monies consistent with their respective investment policies. Historically, the investments of these Funds have been comprised of equities, balanced funds, fixed income securities, and other long-term investments.

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 upon selling an asset (or transferring 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 following three-level hierarchy is based on the valuation inputs used to measure the fair value of the asset:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs, such as management's assumptions and information that is reasonably available about market participant assumptions.

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 earned.

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 purchase method to account for inventory whereby materials and supplies are recorded as budgeted expenditures/expenses whether or not consumed. At year-end, however, adjustments are made to report inventory valued at \$20,000 or greater as an asset.

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 at the lower of cost or market. Cost is determined using the first-in-first-out (FIFO) method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. RESTRICTED ASSETS

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

I. PREPAID ITEMS

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

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 including reimbursements; 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, right-to-use assets (leases and subscription-based information technology (IT) arrangements), and infrastructure (i.e., roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the financial statements for government-wide, proprietary fund, and component units. All purchased capital assets are stated at cost when historical records are available and at estimated historical cost when no historical records exist.

Right-to-use assets resulting from leases are measured as the lease liability, plus lease payments made at or before the lease commencement date, plus ancillary direct costs minus incentives received at the date of lease inception. Right-to-use assets resulting from subscription-based information technology (IT) arrangements (SBITAs) are measured at the present value of the expected subscription payments over the subscription term (the initial subscription liability), plus vendor payments made at the start of the subscription term, plus capitalizable initial implementation costs, minus incentives received at the start of the subscription term. For the governmental funds, expenditures and other financing sources are reported when the subscription asset is initially recognized.

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 and amortization expense is recorded in the government-wide and proprietary fund financial statements and the financial statements of the component units, as applicable.

Intangible assets lack physical substance, have a useful life of more than one year; and are nonfinancial

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and Amortization 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 asset using the straight-line method over the estimated useful life of the asset. Right-to-use leased assets are also amortized using the straight-line method, but over the lesser of the lease term or the estimated remaining useful life of the asset. Right-to-use subscription assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset.

Table N1-1 presents the estimated useful lives for capital assets by class.

**Table N1-1
Estimated Useful Lives by Asset Class**

Asset Class	Estimated Useful Life
Buildings	15-60 years
Right-to-use leased buildings	Lesser of lease term or remaining estimated useful life
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
Right-to-use leased equipment	Lesser of lease term or remaining estimated useful life
Right-to-use subscription assets	Lesser of subscription term or remaining estimated useful life
Furniture and fixtures	5 years
Books	5 years

M. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net assets 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. LEASES

The District implemented GASB Statement No. 87, *Leases*, in fiscal year 2022. This Statement defines a lease as a legally binding contract that conveys control of the right to use another entity’s nonfinancial asset (underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. This contractual arrangement requires the lessee (the party who is renting or leasing the asset) to pay the lessor (the party who owns or controls the asset) for use of the asset over a specified time. The District engages in contractual agreements both as a lessee and a lessor.

Lessee

As a lessee, the District recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. The District also recognizes expenditures and other financing sources in the governmental funds financial statements at the commencement of the lease, that equal the amount of the lease liability. The lease liability is measured at the present value of future payments expected to be paid during the lease term. Lease liabilities are subsequently reduced by the principal portion of lease payments made. The leased asset is measured as the initial lease liability, plus lease payments made at or before the lease commencement date plus ancillary direct costs minus incentives received.

The District recognizes a lease liability with an initial individual value of \$5 (thousand) or more as an intangible right-to-use leased asset in the government-wide financial statements. The right-to-use leased asset is amortized over the shorter of the lease term or the useful life of the underlying asset, except if a lease contains a purchase option that is reasonably certain of being exercised, then the asset is amortized based on the useful life of the underlying asset.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District utilizes the interest rate that is implicitly defined within the lease agreement as the discount rate. If one is not readily determinable, the District utilizes the incremental borrowing rate as an alternative. The lease term is defined as the noncancelable lease period plus optional renewal periods that are reasonably certain to be exercised and any unconditional option to terminate that is reasonably certain not to be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments that are fixed in substance, and the purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease liability and will remeasure the lease liability and right-to-use asset if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

As a lessor, the District recognizes a lease receivable and deferred inflows of resources in both the government-wide and the governmental fund financial statements. The lease receivable is measured at lease commencement, based on the present value of future payments expected to be collected during the lease term. Lease receivables are subsequently reduced by the principal portion of lease payments received. The deferred inflows of resources is measured at the initial amount of the lease receivable and adjusted for lease payments received at or before the lease commencement date. Deferred inflows of resources are recognized as revenue over the life of the lease term.

The District utilizes the interest rate that is implicitly defined within the lease agreement as the discount rate. If one is not readily determinable, the District utilizes the incremental borrowing rate as an alternative. The lease term is defined as the noncancelable lease period plus optional renewal periods that are reasonably certain to be exercised and any unconditional option to terminate that is reasonably certain not to be exercised. Collections included in the measurement of the lease receivable are composed of fixed payments, and variable lessee payments that are fixed in substance.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

O. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* in fiscal year 2023. This Statement defines a SBITA as a contract that conveys control of the right to use another party's (a SBITA

vendor's) 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. Under GASB Statement No. 96, the District recognizes a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The subscription liability is recognized, in the government-wide financial statements, at the commencement of the subscription term and measured at the present value of subscription payments expected to be made during the subscription term. The subscription liabilities are subsequently reduced by the principal portion of the subscription payment.

Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments that are fixed in substance, and variable payments that depend on an index or a rate. The District utilizes the interest rate that is implicitly defined in the SBITA agreement as the discount rate. If one is not readily determinable, the District utilizes the incremental borrowing rate as an alternative.

The District also recognizes expenditures and other financing sources in the governmental funds financial statements, at the commencement of the subscription term, that equal the subscription liability. The subscription term is defined as the noncancelable subscription period plus optional renewal periods that are reasonably certain to be exercised and any unconditional option to terminate the SBITA agreement that is reasonably certain not to be exercised. Periods for which both the District and the SBITA vendor have an option to terminate the SBITA without permission from the other party are cancellable periods and are excluded from the subscription term.

The District measures the right-to-use subscription asset as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right-to-use subscription asset is amortized as an outflow of resources (amortization expense) over the shorter of the subscription term or the useful life of the underlying IT assets.

Additionally, the District groups and recognizes the outlays associated with a SBITA, other than making subscription payments, as follows:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. The District recognizes the outlays in this stage as expenses as they are incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. The District capitalizes the outlays in

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

this stage as an addition to the subscription asset.

- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for the District's ongoing operations related to a SBITA. The District recognizes the outlays in this stage as expenses when incurred unless the outlays increase the functionality or the efficiency of the subscription asset.

P. 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 leave years 2020 and 2021, 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. The excess leave hours will be restored and held in separate leave accounts for employees' use by May 11, 2025.

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. The compensated absence liabilities are liquidated mostly from resources of the General Fund. 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 employees who are covered under the Civil Service Retirement System, the Police Officers and Fire Fighters' Retirement Fund, and the Teachers' Retirement Plan. Covered 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.

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.

Q. LONG-TERM LIABILITIES

Debt Limits and Limitations on Borrowing

Pursuant to Section 603 of the Home Rule Act, no additional long-term general obligation debt may be issued 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 annually by dividing maximum annual principal and interest by current year total General Fund revenues.

In addition, consistent with the Limitation on Borrowing and Establishment of Operating Cash Reserve Act of 2008 (DC Law 17-360; DC Code § 47-335.02), the Council shall not approve a District bond issuance if the applicable annual debt service on the District bond issuance would cause the debt service on all District bonds in the fiscal year when 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: Tobacco Settlement Asset-Backed Bonds Series 2006, and Union Market Tax Increment Revenue Bonds Series 2021A. 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. The Union Market TIF revenue bonds were issued on September 29, 2021 and the proceeds were used to fund the Union Market Project. The CABs mature on June 1, 2031 and June 1, 2046 and the interest accrues semi-annually until the bonds convert to current interest bonds in fiscal year 2026. For the 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 and component units. 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

period as other financing sources, other financing uses, and fiscal charges, respectively. However, in the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the related debt using the effective interest method and issuance costs are expensed in the period incurred.

R. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net assets 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.

S. ADOPTION OF NEW ACCOUNTING STANDARDS

During fiscal year 2023, the District adopted the following five new accounting standards issued by GASB:

- 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. The implementation of GASB Statement No. 91 had no impact on the fiscal year 2023 financial statements of the District.
- 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 the London Interbank Offered Rate (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 (SOFR) and the Effective Federal Funds Rate (EFFR) 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. The implementation of GASB Statement No. 93 had no significant impact on the fiscal year 2023 financial statements of the District.
- 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) as set forth in GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* and some meet the definition of a lease. When accounting for PPPs meeting the definition of a lease, Statement No. 94 requires that the guidance contained in GASB Statement No. 87, *Leases*, as amended, be applied. Statement No. 94 also provides accounting and financial reporting requirements for all other PPPs including those that either meet the definition of a service concession arrangement or are not within the scope of Statement No. 87, as amended. Moreover, this Statement provides guidance for accounting and financial reporting for availability payment arrangements (APAs) which are defined 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 implementation of GASB Statement No. 94 had no impact on the fiscal year 2023 financial statements of the District.
- 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-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 implementation of GASB Statement No. 96 led to a restatement of the fiscal year 2022 government-wide financial statements. The cumulative effect of the change in accounting principle on the beginning balance of the net position is presented in Note 1Z on page 90.

- Statement No. 99, *Omnibus 2022*, 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) requirements related to leases; (2) PPPs; and (3) SBITAs. The implementation of GASB Statement No. 99 had no material impact on the fiscal year 2023 financial statements of the District.

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

T. 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. 99, *Omnibus 2022*, 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) requirements related to financial guarantees; and (2) the classification and reporting of derivative instruments within the scope of Statement No. 53. The requirements of these provisions are effective for fiscal years beginning after June 15, 2023, which is fiscal year 2024 for the District.
- Statement No. 100, *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*, establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles, and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified

on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, which is fiscal year 2024 for the District.

- Statement No. 101, *Compensated Absences*, establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). This Statement defines a compensated absence as leave for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. The Statement further defines salary-related payments as obligations that a government incurs related to providing leave in exchange for services rendered and requires note disclosures regarding long-term liabilities for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, which is fiscal year 2025 for the District.

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

U. 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 separate categories: net investment in capital assets, restricted net position, and unrestricted net position.

Net Investment in Capital Assets

This category of net position is comprised of all capital assets, including infrastructure, reduced by accumulated depreciation and amortization and the outstanding balances of debt, net of unspent proceeds, that are attributable to the acquisition, construction, or improvement of these assets.

Restricted Net Position

This category presents net position subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations through enabling legislation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 plus deferred outflows of resources and liabilities plus 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 component of fund balance 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, 2023, 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 component of fund balance includes resources with use constraints which are either: (a) externally imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. As of September 30, 2023, 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 87.

Debt Service – Bond Escrow

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

Purpose Restrictions

This portion of the fund balance represents resources from revenues with externally imposed restrictions on how the District may expend the funds. Other revenues include, but are not limited to: resources restricted for the Workers' Compensation Special Fund; Credit Enhancement Fund established for DC public charter schools; resources collected for the 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 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.

Capital Projects

This portion of the fund balance is restricted for the purpose of acquiring or constructing capital facilities and for improvement projects to buildings and infrastructure.

Highway Projects

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

Baseball Project

This portion of the fund balance represents resources restricted for debt service payments associated with the construction of the baseball stadium.

Universal Paid Leave

This portion of the fund balance represents resources restricted for benefit payments to covered employees under the Paid Family Leave program.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Committed Fund Balance

This component of fund balance 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, 2023, 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. Information about the cash flow reserve of the District is presented on page 88.

Fiscal Stabilization Reserve

This portion of the fund balance is committed to the same purposes for which the contingency cash reserve was established. Information about the fiscal stabilization reserve of the District is presented on page 87.

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 2024 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.

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.

Supplemental Nutrition Assistance Program

This portion of the fund balance represents a one-time payment distributed monthly for eligible SNAP households for the period January 1, 2024 through the program expiration date of September 30, 2024.

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, installation of electrical and thermal storage systems, in addition to implementation of the Renewable Portfolio Standard Expansion Act of 2016.

Assigned Fund Balance

This component of fund balance 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 those for committed resources. Consistent with Sections 424, 448, and 450 of the Home Rule Act, the Mayor, Council, and CFO 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.

Unassigned Fund Balance

This component of fund balance includes resources which cannot be classified in one of the other four categories. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, 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, 2023, the unassigned fund balance of the District included:

Federal and Private Resources

This portion of the fund balance relates to Federal expenditures incurred, for which the offsetting revenue has not yet been collected.

General Capital Improvements

This portion of the fund balance relates to the deficit in the General Capital Improvements Fund caused by the absence of significant bond issuances. A portion of the expenditures in this fund was covered by resources advanced from the General Fund in anticipation of issuance of new debt in the subsequent fiscal year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Additional information about fund balances of the District is presented in **Table N10-1** on page 152.

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 actual General Fund local expenditures as reported in the previous year, 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 50.00% 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 50.00% of the amount used from the reserve in the first year after use, by the end of the second year, the remaining 50.00% is to be replenished or the amount needed to restore the reserve to the required 4.00% balance must be allocated. The District should choose the option that involves the lesser amount.

Emergency Cash Reserve

The emergency cash reserve fund may be used to provide for unanticipated and nonrecurring extraordinary needs of an emergency nature. 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 50.00% 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 emergency cash reserve to the required 2.00% balance. The District should choose the option that involves the lesser amount.
- If the District replenishes only 50.00% of the amount used from the reserve in the first year after use, by the end of the second year, the remaining 50.00% 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

Under District law, the Mayor is authorized to use the fiscal stabilization reserve account for certain specific purposes: (1) the same purposes for which the contingency cash reserve was established; (2) to address lapses in appropriations; and (3) to provide for D.C. public schools funding in advance of budget approval. The CFO may use the fiscal stabilization reserve to cover cash flow needs. District law has specific requirements for the replenishment of amounts drawn from the fiscal stabilization reserve. At full funding, for any given fiscal year, the fiscal stabilization reserve must equal 2.34% of the General Fund operating expenses for that year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 ACFR, the CFO must commit 50.00% of the unassigned end-of-year fund balance to each reserve, or 100.00% 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 ACFR for that fiscal year, must be used for the following purposes: (a) 50.00% must be deposited in the Housing Production Trust Fund; and (b) 50.00% 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.

V. 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 fiduciary net position of the District Retirement Funds 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 pages 139 through 146.

Other Retirement Programs

The District sponsors a defined contribution pension plan with a qualified trust under IRC Section 401(a) and the provisions of DC 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 IRC Section 403(b) and IRC Section 457 are presented in Note 8 on pages 139 through 146.

Other Postemployment Benefits (OPEB)

In addition to the pension benefits described in Note 8 and pursuant to DC 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 DC 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 fiduciary net position of the OPEB plan is determined using the economic resources measurement focus and the accrual basis of accounting. 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 147 through 151.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

W. 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.

X. 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 56.

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 58.

Y. 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 (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	\$ 988,577	\$ (82,621)
Basis differences:		
Inventory is recorded as expenditures under the budgetary basis and GAAP basis but significant amounts of inventory are reported as assets under the GAAP basis	(32,205)	19,716
Transfers/Reclassifications	(118,928)	(14,320)
Fund balance released from restrictions - a funding source for budgetary purposes but not revenue on a GAAP basis	(812,844)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses - GAAP basis	\$ 24,600	\$ (77,225)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Z. RESTATEMENT

The District implemented GASB Statement No. 96 in fiscal year 2023. As a result of this implementation, beginning balances of right-to-use subscription assets and long-term SBITA liabilities were established on October 1, 2021. **Table N1-3** and **N1-4** present the cumulative effects of the change in accounting principle for the primary government and the component units, respectively.

These changes are the result of the cumulative effect of the recognition of the right-to-use subscription assets and SBITA liabilities. The District restated the fiscal year 2022 amounts as shown in the summarized comparative totals column within the statements of flow of resources.

**Table N1-3
Cumulative effect of GASB Statement No. 96 - Primary Government (\$000s)**

	Primary Government Governmental Activities		
	Balance October 1, 2022, as reported	Restatement	Balance October 1, 2022, as restated
	Capital assets, net	\$ 17,410,338	\$ 97,902
Long-term liabilities	16,751,402	90,173	16,841,575
Net position	8,246,912	7,729	8,254,641

**Table N1-4
Cumulative effect of GASB Statement No. 96 - Component Units (\$000s)**

	Component Units					
	University of the District of Columbia			Total		
	Balance October 1, 2022, as reported	Restatement	Balance October 1, 2022, as restated	Balance October 1, 2022, as reported	Restatement	Balance October 1, 2022, as restated
Capital assets, net	\$ 260,115	\$ 721	\$ 260,836	\$ 790,237	\$ 721	\$ 790,958
Other current liabilities	6,879	333	7,212	140,612	333	140,945
Other long-term liabilities	34,378	388	34,766	41,456	388	41,844
Net position	313,113	-	313,113	1,080,260	-	1,080,260

Note:
Total column consists of all component units presented on Exhibit 5-a, including those that did not require restatement for the implementation of GASB Statement No. 96.

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, 2023, substantially all 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 2006 (DC Law 12-56; DC Code § 47-351.01 et seq.). As of September 30, 2023, the carrying amount of cash and cash equivalents was \$6,738,848 for the primary government, \$252,488 for the component units, and \$240,314 for the fiduciary funds.

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 2006 (DC Law 12-56; DC Code § 47-351.01 et seq.) and the Cash and Investment Management Policy of the District, adopted during December 2021. 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, and repurchase agreements fully collateralized in obligations of the United States government and agency securities. During fiscal year 2023, the investments of the District (other than those held by the District Retirement Funds, the Other Postemployment Benefits (OPEB) Fund, and the D.C. Library Trust Fund) consisted primarily of U.S. Treasury securities, commercial paper, and certificates of deposit.

Table N2-1 presents the cash, cash equivalents and investment balances of the District as of September 30, 2023.

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/ Other Employee Benefits Trust Funds	Private-Purpose Trust Fund	Custodial Fund	Total Fiduciary Funds	
Cash and cash equivalents	\$ 3,307,453	\$ 155,642	\$ 3,463,095	\$ -	\$ -	\$ -	\$ -	\$ 3,463,095
Investments	-	456,048	456,048	-	-	-	-	456,048
Cash and cash equivalents (restricted)	3,431,395	96,846	3,528,241	197,902	1,916	40,496	240,314	3,768,555
Investments (restricted)	4,354	450,431	454,785	15,265,029	1,105,749	-	16,370,778	16,825,563
Total	\$ 6,743,202	\$ 1,158,967	\$ 7,902,169	\$ 15,462,931	\$ 1,107,665	\$ 40,496	\$ 16,611,092	\$ 24,513,261

NOTE 2. CASH AND INVESTMENTS

Table N2-2 presents the District's cash, cash equivalents and investment balances by category as of September 30, 2023.

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

	Primary Government	Component Units	Fiduciary Funds	Total
Cash and cash equivalents	\$ 6,738,848	\$ 252,488	\$ 240,314	\$ 7,231,650
Investments				
U.S. government securities	-	17,794	-	17,794
U.S. treasury securities	-	166,459	-	166,459
Certificates of deposit	-	14,141	-	14,141
Mortgage-backed securities	2,495	-	-	2,495
Guaranteed investment contracts	-	-	206,592	206,592
Repurchase agreements	-	32,821	-	32,821
Exchange traded funds	1,622	-	-	1,622
Alternative investments	-	2,641	-	2,641
Commodities	-	1,306	56,221	57,527
Equity securities	237	49,348	9,352,436	9,402,021
Fixed income securities	-	18,221	3,297,408	3,315,629
Real estate	-	3,242	1,322,197	1,325,439
Private equity	-	-	1,707,946	1,707,946
Corporate securities	-	50,224	-	50,224
Investment contracts	-	140,166	-	140,166
Money market funds	-	408,515	427,978	836,493
Mutual funds	-	1,601	-	1,601
Total investments	<u>4,354</u>	<u>906,479</u>	<u>16,370,778</u>	<u>17,281,611</u>
Total cash, cash equivalents and investment	<u>\$ 6,743,202</u>	<u>\$ 1,158,967</u>	<u>\$ 16,611,092</u>	<u>\$ 24,513,261</u>

Table N2-3 presents the authorized investments and maturity limits as detailed in the investment policy of the District.

Table N2-3
District Investments and Maturity Limits

Type of Investment	Maturity	Maximum Investment %
U.S. treasury obligations	Five years	100%
U.S. agency obligations	Five years	100
Supranational agency bonds	Five years	10
Municipal debt obligations	Five years	100
Corporate notes	Five years	10
Commercial paper	180 days or less	30
Federally insured or collateralized certificates of deposit	Five years	30
Repurchase agreements	90 days or less	100
Money market mutual funds	Five years	100
Negotiable certificates of deposit	Five years	30
Bank deposits	Not applicable	100

NOTE 2. CASH AND INVESTMENTS

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 DC Code § 1-907.01, 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 DC Code § 1-907.01.

Table N2-4 presents cash, cash equivalents and investment pools held in the control of DCRB as of September 30, 2023 and 2022.

Table N2-4
District Retirement Funds: Cash, Cash Equivalents and Investment Pools (\$000s)

	September 30, 2023	September 30, 2022
Cash and cash equivalents	\$ 118,689	\$ 228,526
Investments		
Domestic equity	2,154,338	2,011,329
International equity	2,896,085	2,411,300
Fixed income	2,347,240	2,383,938
Real assets	1,322,070	1,261,119
Private equity	1,707,947	1,198,075
Total investments	<u>10,427,680</u>	<u>9,265,761</u>
Total cash, cash equivalents and investments	<u>\$ 10,546,369</u>	<u>\$ 9,494,287</u>

Other Postemployment Benefits Fund

The Other Postemployment Benefits (OPEB) Fund held cash and certain cash equivalents and investments during fiscal year 2023. The investments held by the OPEB Fund included equities, debt securities, and commodities. **Table N2-5** presents the OPEB Fund cash, cash equivalents and investment balances as of September 30, 2023 and 2022.

Table N2-5
OPEB Fund: Cash, Cash Equivalents and Investment Balances (\$000s)

	September 30, 2023	September 30, 2022
Cash and cash equivalents	\$ 79,213	\$ 56,650
Investments		
Equities	1,137,502	964,758
Debt securities	589,743	581,958
Commodities	56,222	58,116
Total investments	<u>1,783,467</u>	<u>1,604,832</u>
Total cash, cash equivalents and investments	<u>\$ 1,862,680</u>	<u>\$ 1,661,482</u>

NOTE 2. CASH AND INVESTMENTS

Deposit and Investment Risks

The investments of the District and its discretely presented component units are subject to credit, custodial credit, concentration of credit, interest rate, 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 significant losses, unless under the circumstances, it is 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 AAA 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 by a credit rating agency 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 organization.

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's portfolio should be maintained at A or higher. For portfolios that were not individually managed as of September 30, 2023, the credit quality of AA- for the portfolios were par with the index value of BBB-.

NOTE 2. CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that a government will not be able to recover deposits, if the depository financial institution fails, or to recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

District of Columbia (Excluding Fiduciary Funds)

The District had no custodial credit risk exposure during the fiscal year. All District deposits in fiscal year 2023 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 uninsured, unregistered, and are held by the counterparty in the name of the Fund. As of September 30, 2023, the OPEB Fund had custodial credit risk exposure totaling \$79,213.

Concentration of Credit Risk

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

District of Columbia (Excluding Fiduciary Funds)

The investment policy of the District does not allow for an investment in any single counterparty that is in excess of five percent of the total investment portfolio of the District 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, 2023, 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, 2023, DCRB was in compliance with this policy.

OPEB Fund

The OPEB Fund has no significant concentrations of net exposure to credit risk that has not been reduced by collateral and other offsets. The investment policy provides guidelines to 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.

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 debt investment exposure to fair value changes arising from changing interest rates. It uses the present value of the weighted cash flows as a percentage of the full price of the investment. Generally, the risk and return of the DCRB fixed income segment of the portfolio is compared to the Bloomberg Global Aggregate 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 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 examine how sensitive the underlying assets of the fixed income portfolios are to movements

in interest rates, and to 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)

In accordance with its investment policy, the District does not invest in foreign currencies and therefore had no exposure in foreign currency risk.

District Retirement Funds

As a general policy of DCRB, investment managers with authority to invest in issuers 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 District Retirement Funds investments denominated in a currency other than the United States dollar as of September 30, 2023.

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

Foreign currency	Equity	Private Equity	Real Assets	Total
Euro	\$ -	\$ 120,813	\$ 49,758	\$ 170,571
Canadian dollar	-	98,116	-	98,116
British pound sterling	-	58,673	-	58,673
Australian dollar	531	-	-	531
Total foreign currency	\$ 531	\$ 277,602	\$ 49,758	\$ 327,891

NOTE 2. CASH AND INVESTMENTS

OPEB Fund

During fiscal year 2023, the OPEB Fund held investments that were denominated in currencies other than U.S. dollars. However, the OPEB Fund does not have a formal policy for limiting its exposure to changes in exchange rates.

Table N2-7 presents OPEB Fund investments denominated in a currency other than the United States dollar as of September 30, 2023.

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

International securities	Short-Term and Cash	Convertible and Fixed Income	Total
Australian dollar	\$ 112	\$ 2,142	\$ 2,254
British pound sterling	4,436	(7)	4,429
Canadian dollar	2,327	(184)	2,143
Chinese yuan renminbi	92	-	92
Colombian peso	-	(2)	(2)
Danish krone	-	(2)	(2)
Euro	27,346	(23)	27,323
Hong Kong offshore chinese yuan renminbi	-	(47)	(47)
Hungarian forint	(16)	45	29
Indonesian rupiah	880	89	969
Japanese yen	5,178	113	5,291
Malaysian ringgit	590	1	591
Mexican peso	1,257	(1)	1,256
New Israel shekel	-	(2)	(2)
New Zealand dollar	(114)	(125)	(239)
Polish zloty	-	(2)	(2)
Russian ruble	-	36	36
Singapore dollar	-	(1)	(1)
South Korean won	6,730	6,466	13,196
Swedish krona	-	(5)	(5)
Swiss franc	-	(3)	(3)
Thai baht	362	3	365
Total international securities	\$ 49,180	\$ 8,491	\$ 57,671

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, 2023.

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

	September 30, 2023	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	\$ 237	\$ 237	\$ -	\$ -
Exchange traded funds				
U.S. government bond funds	442	442	-	-
International equity funds	209	209	-	-
U.S. equity funds	253	253	-	-
Corporate bond funds	546	546	-	-
High yield bond funds	78	78	-	-
Commodity funds	94	94	-	-
Total exchange traded funds	<u>1,622</u>	<u>1,622</u>	<u>-</u>	<u>-</u>
Non-exchange traded funds				
Mortgage-backed securities	2,495	-	2,495	-
Total non-exchange traded funds	<u>2,495</u>	<u>-</u>	<u>2,495</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 4,354</u>	<u>\$ 1,859</u>	<u>\$ 2,495</u>	<u>\$ -</u>

Investments Measured at Fair Value

The following provides a summary of District investments measured at fair value, excluding Fiduciary Funds, as presented in Table N2-8.

Investments – Fair Value Level 1

U.S. Equity Securities

U.S. equity securities are valued using prices quoted in active markets.

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. 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 either at NAV per

share at the end of the trading day or Intraday Value (market price) which 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 in the structure of the ETF.

Investments – Fair Value Level 2

Non-Exchange Traded Funds

Non-exchange traded investment funds are not freely bought and sold on a public exchange. Due to the illiquid nature of the assets, shares in these investments may not be readily redeemable.

Mortgage-Backed Securities

Mortgage-backed securities are valued using quoted market prices, recent market transactions and spread data for similar instruments.

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, 2023.

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

	September 30, 2023	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	\$ 307,471	\$ 289,620	\$ 4,997	\$ 12,854
International equity	255,538	2,792	-	252,746
Fixed income	511,863	-	217,938	293,925
Real assets	1,073,375	-	-	1,073,375
Private equity	1,707,947	-	-	1,707,947
Total investments by fair value level	3,856,194	\$ 292,412	\$ 222,935	\$ 3,340,847
Investments measured at net asset value (NAV)				
Domestic equity	1,846,867			
International equity	2,640,547			
Fixed income	1,835,377			
Real assets	248,695			
Total investments measured at NAV	6,571,486			
Total investments measured at fair value	\$ 10,427,680			

Investments Measured at Fair Value

The following provides a summary of District Retirement Funds investments measured at fair value as presented in Table N2-9.

Investments – Fair Value Level 1

Equity Securities

Equity securities are valued at the last sale price or official close price as of the close of trading on the applicable exchange where the security is principally traded.

Investments – Fair Value Level 2

Equity Securities and Fixed Income Securities

These securities 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.

Investments – Fair Value Level 3

Equity Securities and Fixed Income Securities

These are valued with last trade data having limited trading volume. The private equity program spans a range of underlying strategies including buyouts, growth equity/venture, private debt, secondaries, and fund-of-funds.

Real Assets

Investments in real assets are generally valued using the income approach undertaken by internal managers or independent external appraisers. 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

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

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

	September 30, 2023	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at NAV				
Domestic equity	\$ 1,846,867	\$ -	Daily, quarterly	0-5 days
International equity	2,640,547	-	Daily, monthly	1-10 days
Fixed income	1,835,377	-	Daily, monthly	0-5 days
Real assets	248,695	-	Daily, quarterly	0-45 days
Total investments measured at NAV	\$ 6,571,486	\$ -		

Domestic and International Equities

DCRB has investments in five funds with a domestic focus and four funds with an international focus in which the equity securities maintain market exposure; however, the level of market exposure may vary with 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 assets funds as part of its long-term asset allocation plan for private markets. It is fully funded as of September 30, 2023, as presented in **Table N2-10**. This represents commingled public investments in two real asset funds.

NOTE 2. CASH AND INVESTMENTS

OPEB Fund Investments

Table N2-11 presents OPEB Fund investments measured at fair value as of September 30, 2023.

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

	September 30, 2023	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	\$ 91,647	\$ 91,647	\$ -	\$ -
Consumer retail	87,490	87,490	-	-
Information technology	70,212	70,212	-	-
Financial institutions	36,944	36,944	-	-
Healthcare	33,694	33,694	-	-
International equities (by Industry)				
Industrials	27,327	27,327	-	-
Consumer retail	46,072	46,072	-	-
Financial institutions	5,421	5,421	-	-
Real estate investment trust securities	49,165	49,165	-	-
Total equity securities	<u>447,972</u>	<u>447,972</u>	<u>-</u>	<u>-</u>
Debt securities				
U.S. government issues	97,088	-	97,088	-
Corporate bonds	38,470	-	38,470	-
Credit card/automotive receivables	13,643	-	13,643	-
U.S. state and local government bonds	2,659	-	2,659	-
International debt securities				
Government issues	36,810	-	36,810	-
Corporate bonds	29,309	-	29,309	-
Credit card/automotive receivables	1,271	-	1,271	-
Other government bonds	1,830	-	1,830	-
Mutual funds	29,396	29,396	-	-
Total debt securities	<u>250,476</u>	<u>29,396</u>	<u>221,080</u>	<u>-</u>
Commodity investments				
Gresham commodities fund	56,222	-	-	56,222
Total commodity investments	<u>56,222</u>	<u>-</u>	<u>-</u>	<u>56,222</u>
Total investments by fair value level	<u>754,670</u>	<u>\$ 477,368</u>	<u>\$ 221,080</u>	<u>\$ 56,222</u>
Investments measured at Net Asset Value (NAV)				
SSgA emerging market index fund	74,968			
SSgA Russell 1000 growth fund	253,371			
SSgA Russell 2000 index fund	105,343			
SSgA U.S. aggregate bond index fund	247,728			
Baillie Gifford international growth equity	50,000			
Artisan international value equity	50,166			
BlueBay emerging market bond	59,994			
Arrowstreet GL EQ ACWI TR	72,060			
SSgA S&P 500 IDX NL	83,622			
SSgA US Treas IDX NL	31,545			
Total investments measured at NAV	<u>1,028,797</u>			
Total investments measured at fair value	<u>\$ 1,783,467</u>			
Investment derivative instruments				
Interest rate swaps	\$ 1,576	\$ -	\$ 1,576	\$ -
Credit defaults swaps	26	-	26	-
Foreign exchange forwards	(1,138)	-	(1,138)	-
Total investment derivative instruments	<u>\$ 464</u>	<u>\$ -</u>	<u>\$ 464</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**.

Investments – Fair Value Level 1*Equity Securities and Mutual Funds*

These investments are valued using prices quoted in active markets for those securities and mutual funds held in equities are deemed to be actively traded.

Real Estate Investment Trust Securities

These investments are actively traded securities.

Investments – Fair Value Level 2*Debt Securities*

Investments are valued using market pricing and other observable market inputs for similar securities from several data providers, industry standards, or a broker quote in a non-active market. International government issues include structured debt which is valued using inflation-adjusted mid-evaluation.

Collateralized auto loan securities, which are included in collateralized debt obligations, are valued using consensus pricing.

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.

Investments – Fair Value Level 3*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 is based on 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.

NOTE 2. CASH AND INVESTMENTS

Investments Measured at NAV

This investment category consists of ten funds that include relative return and absolute return type funds. The absolute return type funds employ dynamic trading strategies aimed at achieving a positive return.

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 NAV per share of the investments.

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

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

	September 30, 2023	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at NAV				
SSgA emerging market index fund	\$ 74,968	\$ -	Daily	N/A
SSgA Russell 1000 growth fund	253,371	-	Daily	N/A
SSgA Russell 2000 index fund	105,343	-	Daily	N/A
SSgA U.S. aggregate bond index fund	247,728	-	Daily	N/A
Baillie Gifford international growth equity	50,000	-	Monthly	5 days
Artisan international value equity	50,166	-	Monthly	5 days
BlueBay emerging market bond	59,994	-	Daily	30 days
Arrowstreet GL EQ ACWI TR	72,060	-	Daily	5 days
SSgA S&P 500 IDX NL	83,622	-	Daily	5 days
SSgA US Treas IDX NL	31,545	-	Daily	2 days
Total investments measured at NAV	\$ 1,028,797	\$ -		

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. 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 at times purchase or sell index futures contracts, options on those futures, or engage in other transactions involving the use of derivative instruments, 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. 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 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. These criteria help to rule out businesses that are statistically cheap, but whose values are deteriorating over time. 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 avoid 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 derivative instruments) as one of a number of techniques designed to deliver absolute-style returns. There is a strong emphasis on capital preservation; and the use of credit derivative instruments helps maximize portfolio efficiency and potentially minimize risk.

Arrowstreet

The Arrowstreet fund utilizes a dynamic, quantitative, all-cap, core strategy that invests in emerging markets. The strategy is considered core and dynamic so it can react to market opportunities and generate alpha in both value and growth markets. The fund seeks to maximize alpha while minimizing transaction costs. The strategy has mostly protected in down markets and participated in strong markets. The portfolio positioning of the fund is core, diversified with 300-800 securities and annual turnover around 200%; alpha and risk models allow for the portfolio to fluctuate slightly between over-weights to style factors, regions, and market caps.

S&P 500 Index Fund

The State Street S&P 500 Index Fund seeks to replicate the total return of the S&P 500® Index. The fund seeks to achieve its investment objective by investing substantially all of its investable assets in a corresponding portfolio. Under normal market conditions, at least 80% of its total assets will be invested in stocks in the S&P 500 Index in proportion to their weighting in the S&P 500 Index. The fund is not managed according to traditional methods of “active” investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the fund utilizes an “indexing” investment approach, attempting to replicate, before expenses, the investment performance of its benchmark (S&P 500 Index). The fund is non-lending.

U.S. Treasury Index Fund

The Strategy is managed using an “indexing” investment approach, by which SSGA attempts to approximate, before expenses, the performance of the Index over the long term. The Strategy will not necessarily own all of the securities included in the Index. The Strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index (Bloomberg U.S. Treasury Index), over the long term. The fund is non-lending.

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 derivative instruments, such as mortgage-backed securities, asset-backed securities, and floating rate notes. Other common types of derivative instruments 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, 2023, 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, 2023 (\$000s)

	Changes in Fair Value		Fair Value at September 30, 2023		Notional
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash flow hedges:					
Floating to fixed interest rate swaps:					
2021B (formerly Series 2002-2008C, 2014B, then 2016C) Swap	Deferred outflows	\$ (329)	Swap	\$ (91)	\$ 12,070
2021B (formerly Series 2002-2008C, 2014B, then 2016C) Swap	Deferred outflows	(2,965)	Swap	(818)	108,631
Derivative instrument liabilities at end of year				\$ (909)	
Floating to floating interest rate swaps:					
2001C/D Basis Swap	Investment revenue	\$ (266)	Swap	\$ (220)	\$ 60,905
Derivative instrument liabilities at end of year				\$ (220)	

District of Columbia Investments (Excluding Fiduciary Funds)

The District is a party to three 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 three swaps using guidance contained in GASB Statements No. 53 and 72. The District recorded the changes in the fair values of the interest rate swaps in accordance with GAAP based on the outcome of the testing and valuation performed.

The expected swap cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing interest rate environment and 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, 2023, along with the credit rating of the associated counterparty.

Table N2-14
Objectives and Terms: District Hedging Derivative Instruments Outstanding
as of September 30, 2023 (\$000s)

Type	Objectives	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swaps						
2021B Swap (formerly Series 2002-2008C, 2014B, then 2016C)	Hedge of changes in cash flows on the Series 2016C Bonds (formerly 2014B Bonds)	\$ 12,070	10/15/2002	06/01/2027	Pay fixed rate of 3.615%; receive 67% of the Fallback for ICE LIBOR USD 1-month	A1/A-/A
2021B Swap (formerly Series 2002-2008C, 2014B, then 2016C)	Hedge of changes in cash flows on the Series 2016C Bonds (formerly 2014B Bonds)	108,631	10/15/2002	06/01/2027	Pay fixed rate of 3.615%; receive 67% of the Fallback for ICE LIBOR USD 1-month	A1/A-/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	60,905	06/02/2003	06/01/2029	Pay 67% of the Fallback for ICE LIBOR USD 1-month reset monthly; receive variable rate as a percentage of the Fallback for ICE LIBOR USD 1-month reset each month ranging from 60% to 90% of the Fallback for ICE LIBOR USD 1-month	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, 2023, were as presented in **Table N2-14**.

As of September 30, 2023, the District was not exposed to credit risk on the two floating to fixed swaps with an aggregate negative mark-to-market of \$909 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 not exposed to credit risk on the floating-to-floating interest rate swap with a negative mark-to-market value of \$220. 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 Fallback for ICE LIBOR USD 1-month or the Securities Industry and Financial Markets Association (SIFMA) swap index decreases, the District's 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, 2023, the notional amount of the 2001C/D Swap was \$60,905. The District pays the counterparty 67% of the Fallback for ICE LIBOR USD 1-month, and the counterparty pays the District a variable rate as a percentage of the Fallback for ICE LIBOR USD 1-month 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, 2023, this interest rate swap had a fair value of negative \$220.

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 2021B Bonds is based on a percentage of the Fallback for ICE LIBOR USD 1-month as is the variable swap rate received. Consequently, as of September 30, 2023, 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 2023.

NOTE 2. CASH AND INVESTMENTS

District of Columbia Fiduciary Funds

District Retirement Funds Derivative Instruments

During fiscal year 2023, 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 derivative instruments held by the District Retirement Funds as of September 30, 2023.

**Table N2-15
District Retirement Funds Derivative Instruments (\$000s)**

<u>Type of Derivative Instruments</u>	<u>Market Value at September 30, 2023</u>
Forwards	\$ 27,684
Liabilities - forwards	(28,086)
Rights/warrants	5
Swaps	(73)
Total	\$ (470)

Additional information regarding the District Retirement Funds derivative instrument 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, 2nd Floor
 Washington, DC 20001
 Website: <https://dcrb.dc.gov>

Other Postemployment Benefits Fund Derivative Instruments

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. During fiscal year 2023, the OPEB Fund invested directly in forward currency contracts.

As of September 30, 2023, OPEB had two types of off-balance sheet derivative 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 a rating of "Aaa" for both fiscal years 2023 and 2022; therefore, no collateral had been required to be posted as of September 30, 2023. The net unrealized gain on foreign currency forward contracts for the year ended September 30, 2023 was \$368.

NOTE 2. CASH AND INVESTMENTS

Table N2-16 presents a list of the OPEB Fund derivative instruments aggregated by type as of September 30, 2023.

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

Type of Derivative Instruments	Changes in Fair Value		Fair Value at September 30, 2023		
	Classification	Amount	Classification	Amount	Notional
Credit default swaps written	Investment revenue	\$ 5	Swaps	\$ 26	\$ -
Fixed income futures long	Investment revenue	(2,134)	Futures	-	-
Fixed income futures short	Investment revenue	106	Futures	-	-
Foreign exchange contract purchases	Investment revenue	18,053	Forward foreign contracts	1,132	96,539
Foreign exchange contract sales	Investment revenue	(21,579)	Forward foreign contracts	(764)	77,170
Foreign exchange forwards	Investment revenue	-	Forwards	(1,506)	420,173
Pay fixed interest rate swaps	Investment revenue	71	Swaps	-	-
Receive fixed interest rate swaps	Investment revenue	-	Swaps	1,576	149,891
Total		\$ (5,478)		\$ 464	

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 DCRB securities to qualified broker-dealers and banks pursuant to a loan agreement. During fiscal year 2023, the District Retirement Funds did not participate in any securities lending transactions.

NOTE 3. RESTRICTED ASSETS

As of September 30, 2023, restricted assets of the primary government, component units, and fiduciary funds totaled \$20,594,118.

Table N3-1 presents a summary of District restricted assets as of September 30, 2023.

**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	\$ 444,045	\$ -	\$ -	\$ -	\$ -	\$ 444,045
Capital projects	-	-	-	236,880	12,956	249,836
Emergency cash reserves	184,375	-	-	-	-	184,375
Contingency cash reserves	368,749	-	-	-	-	368,749
Other	15,104	754,572	655,192	-	405,789	1,830,657
Total	\$ 1,012,273	\$ 754,572	\$ 655,192	\$ 236,880	\$ 418,745	\$ 3,077,662

	Business-Type Activities Proprietary Funds			
	Unemployment Compensation	Total	Fiduciary Funds	Component Units
Bond escrow accounts	\$ -	\$ -	\$ -	\$ 205,392
University endowment	-	-	-	39,355
Benefits	358,087	358,087	16,611,092	-
Purpose restrictions	-	-	-	273,711
Other	-	-	-	28,819
Total	\$ 358,087	\$ 358,087	\$ 16,611,092	\$ 547,277

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

A. RECEIVABLES

Receivables are valued at their estimated collectible amounts. **Table N4-1** presents District receivables categorized in various funds as of September 30, 2023.

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	\$ 632,880	\$ -	\$ -	\$ -	\$ 5,210	\$ -	\$ -	\$ -	\$ -
Accounts and other	1,118,153	25,528	3,923	6,870	34,110	4,212	94,789	33,953	180,026
Lease receivable	425,591	18,507	-	-	-	-	-	-	-
Federal	852	1,324,492	-	107,101	-	-	3,657	-	32,217
Total gross receivables	<u>2,177,476</u>	<u>1,368,527</u>	<u>3,923</u>	<u>113,971</u>	<u>39,320</u>	<u>4,212</u>	<u>98,446</u>	<u>33,953</u>	<u>212,243</u>
Less: allowance for doubtful accounts	992,534	-	-	6,870	-	-	49,127	29,346	-
Total net receivables	<u>\$ 1,184,942</u>	<u>\$ 1,368,527</u>	<u>\$ 3,923</u>	<u>\$ 107,101</u>	<u>\$ 39,320</u>	<u>\$ 4,212</u>	<u>\$ 49,319</u>	<u>\$ 4,607</u>	<u>\$ 212,243</u>

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

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, 2023.

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

Transfer From (Out)	Transfer To (In)							
	General	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds	Unemployment Compensation	Not-for-Profit Hospital Corporation	Total
General Fund								
Motor fuel taxes dedicated to the Highway Trust Fund	\$ -	\$ -	\$ -	\$ 32,310	\$ 32,310	\$ -	\$ -	\$ 32,310
Paygo - projects financed by the General Fund	-	-	216,728	-	216,728	-	-	216,728
Capital Improvements Fund	-	-	288,181	-	288,181	-	-	288,181
Funds for housing projects and services	-	354,197	-	-	354,197	-	-	354,197
Transfer to unemployment	-	-	-	-	-	113,000	-	113,000
Operating subsidies	-	-	-	-	-	-	22,000	22,000
Total General Fund	-	354,197	504,909	32,310	891,416	113,000	22,000	1,026,416
Federal and Private Resources								
FEMA Public Assistance	226,525	-	-	-	226,525	-	-	226,525
American Rescue Plan Act (ARPA)	399,191	-	-	-	399,191	-	-	399,191
Total Federal and Private Resources	625,716	-	-	-	625,716	-	-	625,716
Housing Production Trust								
Transfer to general fund from HPTF	8,697	-	-	-	8,697	-	-	8,697
Total Housing Production Trust Improvements	8,697	-	-	-	8,697	-	-	8,697
General Capital Improvements								
Unspent capital paygo transferred back to the General Fund	17,841	-	-	-	17,841	-	-	17,841
Total General Capital Improvements	17,841	-	-	-	17,841	-	-	17,841
Nonmajor Governmental Funds								
Excess collections above TIF debt service requirements	1,000	-	-	-	1,000	-	-	1,000
Funds for baseball debt service payments	44,834	-	-	14,885	59,719	-	-	59,719
Paid Family Leave Fund transfer to General Fund & Unemployment Compensation Fund	421,400	-	-	-	421,400	-	-	421,400
Total Nonmajor Governmental Funds	467,234	-	-	14,885	482,119	-	-	482,119
Total Governmental Funds	1,119,488	354,197	504,909	47,195	2,025,789	113,000	22,000	2,160,789
Office of Lottery and Gaming	33,450	-	-	-	33,450	-	-	33,450
Total Interfund Transfers	\$ 1,152,938	\$ 354,197	\$ 504,909	\$ 47,195	\$ 2,059,239	\$ 113,000	\$ 22,000	\$ 2,194,239

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, 2023. 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	\$ 12,145	\$ 46,155	\$ 1,446,397	\$ 25,361
Federal and private resources	2	4,550	13,352	1,135,021
Housing production trust	-	-	2,503	-
General capital improvements	-	6,168	-	296,742
Nonmajor funds				
Tax increment financing	1,000	5	795	1,000
PILOT special revenue	-	-	2,213	-
Baseball special revenue	665	-	6,256	-
Universal paid leave fund	-	-	414	303
Highway trust	-	-	-	869
Proprietary funds				
Unemployment compensation	-	-	1,032	13,662
Not-for-profit hospital corporation	-	-	4	8
Component unit				
Health Benefit Exchange Authority	-	11,701	-	-
Washington Convention and Sports Authority	20,635	1,974	-	-
District of Columbia Green Finance Authority	7,000	-	-	-
Housing Finance Agency	20,361	-	-	-
University of the District of Columbia	8,882	137	-	-
Total	\$ 70,690	\$ 70,690	\$ 1,472,966	\$ 1,472,966

Note:

The above balances represent the impact of transactions among the funds and component units, which will be settled during fiscal year 2024.

NOTE 5. CAPITAL ASSETS

A. CAPITAL OUTLAYS

Capital outlays reported in the General Capital Improvements and Highway Trust Funds totaled \$1,817,853 during the fiscal year ended September 30, 2023. 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, 2022, as restated	Additions	Transfers	Dispositions	CIP Transfers In (Out)	Balance September 30, 2023
Non-depreciable capital assets						
Land	\$ 966,846	\$ 564	\$ 36,253	\$ -	\$ 3,844	\$ 1,007,507
Construction in progress	1,618,671	984,538	-	-	(570,352)	2,032,857
Total non-depreciable capital assets	2,585,517	985,102	36,253	-	(566,508)	3,040,364
Depreciable/amortizable capital assets						
Infrastructure	8,232,747	-	-	-	248,511	8,481,258
Buildings	11,804,015	27,029	(36,253)	-	296,468	12,091,259
Equipment	2,393,044	87,661	-	(59,487)	21,529	2,442,747
Right-to-use leased buildings	1,160,516	133,105	-	-	-	1,293,621
Right-to-use leased equipment	18,981	1,296	-	-	-	20,277
Right-to-use subscription assets	122,521	33,079	-	-	-	155,600
Total depreciable/amortizable capital assets	23,731,824	282,170	(36,253)	(59,487)	566,508	24,484,762
Less accumulated depreciation/amortization						
Infrastructure	(3,763,834)	(211,069)	-	-	-	(3,974,903)
Buildings	(3,143,274)	(233,976)	-	-	-	(3,377,250)
Equipment	(1,764,485)	(107,169)	-	50,228	-	(1,821,426)
Right-to-use leased buildings	(107,309)	(114,143)	-	-	-	(221,452)
Right-to-use leased equipment	(5,580)	(5,225)	-	-	-	(10,805)
Right-to-use subscription assets	(24,619)	(38,005)	-	-	-	(62,624)
Total accumulated depreciation/amortization	(8,809,101)	(709,587)	-	50,228	-	(9,468,460)
Total depreciable/amortizable capital assets, net	14,922,723	(427,417)	(36,253)	(9,259)	566,508	15,016,302
Net governmental activities capital assets	\$ 17,508,240	\$ 557,685	\$ -	\$ (9,259)	\$ -	\$ 18,056,666

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, 2022, as restated	Additions	Transfers	Dispositions	CIP Transfers In (Out)	Balance September 30, 2023
Governmental direction and support	\$ 4,353,195	\$ 168,981	\$ 94,796	\$ (2,365)	\$ 8,950	\$ 4,623,557
Economic development and regulation	614,253	1,226	-	-	-	615,479
Public safety and justice	1,464,289	43,903	(94,796)	(3,838)	20,124	1,429,682
Public education system	7,818,442	8,204	-	(24,755)	247,826	8,049,717
Human support services	1,205,639	31,228	-	(9,546)	24,111	1,251,432
Operations and infrastructure	9,242,852	29,192	-	(18,983)	269,342	9,522,403
Construction in progress	1,618,671	984,538	-	-	(570,353)	2,032,856
Total	\$ 26,317,341	\$ 1,267,272	\$ -	\$ (59,487)	\$ -	\$ 27,525,126

NOTE 5. CAPITAL ASSETS

D. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS ACCUMULATED DEPRECIATION/AMORTIZATION BY FUNCTION

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

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

Function	Balance October 1, 2022, as restated	Additions	Transfers	Dispositions	Balance September 30, 2023
Accumulated depreciation/amortization					
Governmental direction and support	\$ 1,585,214	\$ 199,680	\$ 73,444	\$ (1,783)	\$ 1,856,555
Economic development and regulation	85,850	8,304	-	-	94,154
Public safety and justice	706,146	46,626	(73,444)	(3,830)	675,498
Public education system	1,758,044	169,305	-	(23,349)	1,904,000
Human support services	423,669	37,974	-	(2,699)	458,944
Operations and infrastructure	4,250,178	247,698	-	(18,567)	4,479,309
Total accumulated depreciation/amortization	\$ 8,809,101	\$ 709,587	\$ -	\$ (50,228)	\$ 9,468,460

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, 2022	Additions	Adjustments/ Dispositions	Balance September 30, 2023
Non-depreciable capital assets:				
Land	\$ 8,100	\$ -	\$ -	\$ 8,100
Total non-depreciable capital assets	8,100	-	-	8,100
Depreciable/amortizable capital assets:				
Buildings and improvements	89,530	366	-	89,896
Equipment	65,871	2,398	(248)	68,021
Right-to-use leased equipment	5,551	-	-	5,551
Total depreciable/amortizable capital assets	160,952	2,764	(248)	163,468
Less accumulated depreciation/amortization for:				
Buildings and improvements	(53,909)	(7,225)	1	(61,133)
Equipment	(60,105)	(3,691)	247	(63,549)
Right-to-use leased equipment	(2,896)	(1,328)	1	(4,223)
Total accumulated depreciation/amortization	(116,910)	(12,244)	249	(128,905)
Total depreciable/amortizable, net	44,042	(9,480)	1	34,563
Net capital assets	\$ 52,142	\$ (9,480)	\$ 1	\$ 42,663

Note:

Some of fiscal year 2022 balances were reclassified.

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, 2022	Additions/ Adjustments	CIP Transfers/ Dispositions	Balance September 30, 2023
Primary government				
Governmental direction and support				
Finance	\$ 64,011	\$ 58	\$ -	\$ 64,069
Legislative	-	1,091	-	1,091
Administrative	357,067	603,804	(302,486)	658,385
Executive	945	111	-	1,056
Elections	974	-	(974)	-
Total	<u>422,997</u>	<u>605,064</u>	<u>(303,460)</u>	<u>724,601</u>
Economic development and regulation				
Community development	139,629	42,558	-	182,187
Economic regulation	2,797	-	-	2,797
Total	<u>142,426</u>	<u>42,558</u>	<u>-</u>	<u>184,984</u>
Public safety and justice				
Police	15,114	1,975	-	17,089
Fire	16,312	(8,490)	(425)	7,397
Total	<u>31,426</u>	<u>(6,515)</u>	<u>(425)</u>	<u>24,486</u>
Public education system				
Culture	49,312	19,553	(6,951)	61,914
Employment services	14,771	12,712	-	27,483
Recreation	2,023	146	-	2,169
Total	<u>66,106</u>	<u>32,411</u>	<u>(6,951)</u>	<u>91,566</u>
Human support services				
Health and welfare	26,137	20,585	-	46,722
Total	<u>26,137</u>	<u>20,585</u>	<u>-</u>	<u>46,722</u>
Operations and infrastructure				
Public works	929,579	290,435	(259,516)	960,498
Total	<u>929,579</u>	<u>290,435</u>	<u>(259,516)</u>	<u>960,498</u>
Total construction in progress	<u>\$ 1,618,671</u>	<u>\$ 984,538</u>	<u>\$ (570,352)</u>	<u>\$ 2,032,857</u>

Note:

Fiscal year 2022 CIP balances were reclassified to reflect them under the implementer agency.

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, 2022, as restated	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2023
Non-depreciable capital assets					
Land	\$ 12,815	\$ -	\$ -	\$ -	\$ 12,815
Artwork	3,222	-	-	-	3,222
Construction in progress	40,720	23,155	(4,946)	(14,495)	44,434
Total non-depreciable capital assets	56,757	23,155	(4,946)	(14,495)	60,471
Depreciable/amortizable capital assets					
Buildings and improvements	1,439,143	2,498	-	14,495	1,456,136
Equipment	219,573	9,521	(1,382)	-	227,712
Right-to-use leased land	7,938	-	-	-	7,938
Right-to-use leased buildings	52,407	-	-	-	52,407
Right-to-use leased equipment	2,471	-	-	-	2,471
Right-to-use subscription assets	1,054	2,122	-	-	3,176
Total depreciable/amortizable capital assets	1,722,586	14,141	(1,382)	14,495	1,749,840
Less accumulated depreciation/amortization					
Buildings and improvements	(815,922)	(51,421)	-	-	(867,343)
Equipment	(159,547)	(20,352)	1,447	-	(178,452)
Right-to-use leased land	(140)	(140)	-	-	(280)
Right-to-use leased buildings	(11,928)	(7,285)	-	-	(19,213)
Right-to-use leased equipment	(516)	(506)	-	-	(1,022)
Right-to-use subscription assets	(333)	(551)	-	-	(884)
Total accumulated depreciation/amortization	(988,386)	(80,255)	1,447	-	(1,067,194)
Total depreciable/amortizable capital assets, net	734,200	(66,114)	65	14,495	682,646
Net governmental activities capital assets	\$ 790,957	\$ (42,959)	\$ (4,881)	\$ -	\$ 743,117

Notes:

Washington Convention and Sports Authority: See Note 16 on page 160 for details.

University of the District of Columbia: See Note 1Z on page 90 for more details.

NOTE 5. CAPITAL ASSETS

**Table N5-7
Changes in Capital Assets and Accumulated Depreciation/Amortization: Discretely Presented Component Units (\$000s)**

Component Units	Capital Assets				Accumulated Depreciation/Amortization				Net Capital Assets			
	Balance October 1, 2022, as restated	Additions	Transfers/ Dispositions	Balance September 30, 2023	Balance October 1, 2022, as restated	Additions	Transfers/ Dispositions	Balance September 30, 2023	Balance October 1, 2022, as restated	Additions	Transfers/ Dispositions	Balance September 30, 2023
Health Benefit Exchange Authority	\$ 122,899	\$ -	\$ -	\$ 122,899	\$ (87,508)	\$ (12,290)	\$ -	\$ (99,798)	\$ 35,391	\$ (12,290)	\$ -	\$ 23,101
Washington Convention and Sports Authority	1,141,086	13,475	(5,171)	1,149,390	(676,526)	(39,415)	290	(715,651)	464,560	(25,940)	(4,881)	433,739
Housing Finance Agency	7,160	273	-	7,433	(4,855)	(548)	-	(5,403)	2,305	(275)	-	2,030
University of the District of Columbia	508,198	23,548	(1,157)	530,589	(219,497)	(28,002)	1,157	(246,342)	288,701	(4,454)	-	284,247
Total	\$ 1,779,343	\$ 37,296	\$ (6,328)	\$ 1,810,311	\$ (988,386)	\$ (80,255)	\$ 1,447	\$ (1,067,194)	\$ 790,957	\$ (42,959)	\$ (4,881)	\$ 743,117

Note:
Washington Convention and Sports Authority: See Note 16 on page 160 for details.

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 reporting entity of the District. The District bears no responsibility for these obligations and debt 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 an economic incentive to construct, modernize, or enhance private entity facilities in the District, thereby supporting the District economic base. As of September 30, 2023, the aggregate outstanding principal amount associated with the Industrial Revenue Bond Program was approximately \$5,449,624. Such amounts are not reflected as liabilities of the District in the accompanying government-wide Statement of Net Position as of September 30, 2023.

B. ENTERPRISE ZONE FACILITY BONDS

From January 1, 1998 to December 31, 2011, businesses located in the District Enterprise Zone were eligible to obtain up to \$15,000 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. 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, 2023, the aggregate outstanding principal amount for Enterprise Zone Facility Bonds was \$8,540. Such amounts are not reflected as liabilities of the District in the accompanying government-wide Statement of Net Position as of September 30, 2023.

C. TAX INCREMENT FINANCING NOTES

Tax Increment Financing (TIF) is an economic development tool used to facilitate the funding 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, 2023, the aggregate outstanding principal amount for TIF Notes was \$36,267. 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, 2023.

DC Arena L.P. Project

In December 2007, the District issued \$50,000 in taxable financing notes to fund upgrades associated with the DC Arena L.P. Project at the Capital One Arena, formerly the Verizon Center. The Series 2007A Note was issued in the amount of \$43,570 at a fixed interest rate of 6.73% and matures on August 15, 2047. The Series 2007B Note was issued in the amount of \$6,430 at a fixed interest rate of 6.58% with a maturity date of August 15, 2027. These Notes are special limited obligations 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 on parity with other District TIF and PILOT debts where the Downtown TIF Area incremental tax revenues are pledged. As of September 30, 2023, the outstanding principal amount for the DC Arena L.P. Project was \$34,640.

Great Streets Retail Priority Areas**Georgia Avenue Retail Project**

In September 2009, the Mayor executed the Georgia Avenue Retail Project, Series 2009, TIF Note which was the first Great Streets TIF, in the amount of \$1,935. The interest rate on the Note was 5.00%. The Note has a maturity date of June 1, 2035. As of September 30, 2023, the outstanding principal amount for the Georgia Avenue Retail Project was \$1,627.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

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

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

Issuance Date	Description	Original Amount	Terms
December 2007	DC Arena L.P. Project (Capital One Arena), Series 2007A and 2007B	\$ 50,000	Maturity dates: August 15, 2047 and August 15, 2027; interest rates: 6.73% and 6.58%, respectively
September 2009	Georgia Avenue Retail Project, Series 2009	1,935	Maturity date: June 1, 2035; interest rate: 5.00%

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 (DC Code § 1-201.01 et seq.), the Payment in Lieu of Taxes Act of 2004 (DC Law 15-293; DC Code § 1-308.01 et seq.), 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, 2023, the aggregate outstanding principal amount for PILOT Notes was \$4,027. 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, 2023.

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, when the PILOT revenues become sufficient. As of September 30, 2023, the outstanding principal amount for the Foundry Lofts Project was \$4,027.

Table N6-2 presents a summary of the original loan amounts and terms of the outstanding 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%

E. 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, 2023, the total outstanding guaranteed amount under credit enhancement facility agreements was \$5,200.

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 2023, 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, 2023, 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, 2023
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
Social Justice Public Charter School	Guarantee to finance payment of rental fees, amounts due under the license, cost and expense associated with collection, and enforcement fees	Rocketship Education DC, Public Charter School, Inc.	500	04/01/2020	Earlier of: (1) the payment in full of all amounts owed to the lender under the credit enhancement agreement, or (2) on the third anniversary of the date of execution of the guarantee	500
Capital Village Public Charter School	Guarantee to finance payment of rental fees, amounts due under the license, cost and expense associated with collection, and enforcement fees	Mosaic Realty Partners	250	07/01/2020	Earlier of: (1) the payment in full of all amounts outstanding and otherwise owed under the Credit Enhancement Agreement, or (2) July 1, 2024	250
Girls Global Academy Public Charter School	Guarantee to finance payment of rental fees, amounts due under the license, cost and expense associated with collection, and enforcement fees	Calvary Baptist Church and Congregation, Inc.	450	07/01/2020	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	450
Lee Montessori Public Charter School	Guarantee to finance principal amount of loan outstanding, interest due, fees, and cost and expenses under loan document	City First Bank of DC, N.A.	1,000	11/30/2021	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
Washington Latin Public Charter School	Guarantee to finance the amount due and punctual payment of all amounts due under the loan document	Truist Bank	1,000	09/15/2022	Earlier of: (1) the date upon which all amounts owed to the senior lender under the related documents have been paid in full and (2) thirty (30) business days after the second (2nd) anniversary of the date of guaranty	1,000
Mundo Verde Public Charter School	Guarantee to finance leasehold improvements for the school building located at 30 P Street, NW, Washington, DC	United Bank	1,000	11/17/2022	Earlier of: (1) payment in full of all amounts owed to the lender under the credit enhancement agreement, or (2) the maturity date of the note	1,000
Total outstanding guarantee amount						\$ 5,200

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 to repay outstanding TIF Notes, if necessary.

Table N6-4 presents the Downtown TIF Area project with nonexchange financial guarantee and estimated future outflows as of September 30, 2023.

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

<u>Project</u>	<u>Type of Financing</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Maximum Future Outflows at September 30, 2023</u>
Capital One Arena (formerly the Verizon Center)	TIF Notes	December 2007	08/15/2043	\$ 50,000	\$ 2,993
				Total	\$ 2,993

Note:
Maximum future outflows represent the release of incremental tax revenues related to this 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 District 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 a Certified Business Enterprise 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, 2023, the total outstanding guaranteed amount under the cash collateral agreements by DCCSP was \$6,302.

During fiscal year 2023, 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, 2023, 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 nonexchange financial guarantees provided through the District of Columbia Collateral Support Program.

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

Line of credit	Borrower	Lender	Effective Date	Termination/ Maturity Date	Guarantee Amount	Outstanding Guarantee Amount at September 30, 2023
	Broughton Construction Company, LLC	Industrial Bank	04/01/2013	08/01/2029	\$ 750	630
	Broughton Construction Company, LLC	Industrial Bank	08/06/2019	08/06/2024	628	148
	Max Cybersecurity LLC	City First Bank of DC	09/01/2022	09/01/2025	50	50
	Core Architecture + Design, Inc	Sandy Spring Bank	03/04/2022	03/04/2025	200	200
	Broughton Construction Company, LLC	Industrial Bank	04/05/2022	04/04/2025	1,000	1,000
	First Choice Masonry, Inc.	Harbor Bank	08/18/2022	08/18/2025	1,000	1,000
Term loan						
	Baked by Yael, LLC	Sandy Spring Bank	09/15/2014	06/15/2025	188	99
	Baked by Yael, LLC	Sandy Spring Bank	06/08/2015	06/08/2025	25	17
	Somewhere International, LLC	Latino Economic Development Corporation	03/07/2019	03/10/2024	25	25
	Broughton Construction Company, LLC	Industrial Bank	08/01/2019	08/01/2024	652	502
	Gatari Child Development Center	City First Bank of DC	04/12/2021	04/11/2026	150	106
	Union Kitchen, LLC	Sandy Spring Bank	09/09/2021	08/20/2028	600	600
	Push Studio LLC	City First Bank of DC	12/02/2021	02/12/2025	25	25
	Capitol Hill Doghouse	Sandy Spring Bank	07/15/2022	07/15/2029	200	200
	National Children's Museum	United Bank	08/19/2022	08/19/2029	1,700	1,700
Total outstanding guarantee amount					\$ 6,302	\$ 6,302

Note:
Termination/Maturity Date: Some termination or maturity dates have 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, 2023.

Table N7-1
Summary of Long-Term Liabilities Outstanding as of September 30, 2023 (\$000s)

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
GOVERNMENTAL ACTIVITIES						
General obligation (GO) bonds						
Publicly offered:						
2005B	12/15/2005	116,475	06/01/2027	4.00% - 5.25%	Refund GO Bond Series 1994B, 1997A, 1998A, 1998B, and 2001B	\$ 85
2014C	10/23/2014	379,355	06/01/2038	3.00% - 5.00%	Finance capital project expenditures	378,605
2014D	10/23/2014	136,190	06/01/2033	1.00% - 5.00%	Refund GO Bond Series 2008A and 2008D	90,660
2015A	06/24/2015	500,000	06/01/2040	4.00% - 5.00%	Finance capital project expenditures	428,115
2015B	06/24/2015	34,190	06/01/2027	5.00%	Refund portion of GO Bond Series 2005B	34,190
2016A	06/23/2016	431,815	06/01/2041	1.75% - 5.00%	Finance capital project expenditures	372,150
2016D	12/20/2016	398,910	06/01/2041	3.00% - 5.00%	Finance capital project expenditures	354,170
2016E	12/20/2016	190,635	06/01/2033	5.00%	Advance Refund GO Bond Series 2007C	117,425
2017A	06/01/2017	563,520	06/01/2037	3.00% - 5.00%	Refund GO Bond Series 2007A and 2007B	544,810
2017D	12/21/2017	521,705	06/01/2042	4.00% - 5.00%	Finance capital project expenditures	476,530
2018A	08/01/2018	214,525	06/01/2043	5.00%	Finance capital project expenditures	196,355
2018B	08/01/2018	301,160	06/01/2033	3.00% - 5.00%	Refund GO Bond Series 2008E and 2008F	183,055
2019A	02/21/2019	937,775	10/15/2044	4.00% - 5.00%	Finance capital project expenditures and refund GO Bond Anticipation Notes Series 2018	915,275
2021D	11/30/2021	401,715	02/01/2046	4.00% - 5.00%	Finance capital project expenditures and refund GO Bond Anticipation Notes Series 2019	401,715
2021E	11/30/2021	251,430	02/01/2037	4.00% - 5.00%	Refund Income Tax (ITS) Secured Revenue Bond Series 2011A, 2011F-G, 2012A, 2012C, and 2012D	233,505
2023A	03/23/2023	581,140	01/01/2048	5.00% - 5.25%	Finance capital project expenditures and refund GO Bond Anticipation Notes Series 2022	581,140
2023B	03/23/2023	239,055	06/01/2030	5.00%	Refund GO Bond Series 2013A	239,055
Total publicly offered						<u>5,546,840</u>

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
Direct placements:						
2017B	11/21/2017	100,000	06/01/2042	Adjusted SIFMA Rate (4.37% as of September 30, 2023)	Finance capital project expenditures	99,980
2017C	11/21/2017	99,935	06/01/2033	Adjusted SIFMA Rate (4.37% as of September 30, 2023)	Refund IT Bond Series 2011E and 2014B	51,900
2021A	11/12/2021	170,610	06/01/2039	Adjusted SIFMA Rate (3.32% as of September 30, 2023)	Refund GO Bond Series 2016B	159,665
2021B	11/12/2021	174,675	06/01/2027	Adjusted SOFR (5.43% as of September 30, 2023)	Refund GO Bond Series 2016C	120,700
2021C	11/30/2021	350,000	11/01/2046	Adjusted SIFMA Rate (4.15% as of September 30, 2023)	Finance capital project expenditures	350,000
Total direct placements						782,245
Total general obligation bonds						\$ 6,329,085
Qualified zone academy bonds (QZAB) - Direct Placements						
2010	06/30/2010	4,143	12/01/2024	0.00%	Finance projects of traditional public and public charter schools	\$ 552
Total direct placements						\$ 552
Income tax secured revenue bonds						
2009E	12/22/2009	501,290	12/01/2034	4.34% - 5.59%	Finance capital project expenditures, capitalized interest and pay financing cost	\$ 384,575
2010D	06/03/2010	32,945	12/01/2026	5.00%	Finance costs of Qualified School Construction projects and pay for financing costs	32,945
2010F	12/22/2010	342,615	12/01/2035	4.71% - 5.58%	Finance capital project expenditures and pay for the costs and expenses of issuing and delivering the Bonds	327,035
2014A	09/10/2014	155,665	12/01/2025	1.00% - 5.00%	Current refund Certificate of Participation, Series 2003; advance refund Certificate of Participation, Series 2006; and pay the costs and expenses of issuing and delivering the Bonds	46,580
2019A	12/04/2019	718,945	03/01/2044	3.00% - 5.00%	Finance capital project expenditures and refund a portion of GO Commercial Paper Bond Anticipation Note, Series 2018	700,025
2019B	12/04/2019	60,000	03/01/2039	1.78% - 3.20%	Provide funds for New Communities Initiative; refund IT Secured Revenue Bond Anticipation Notes, Series 2019A; and pay the costs and expenses of delivering the Bonds	50,470

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
2019C	12/04/2019	583,395	10/01/2036	1.14% - 2.12%	Refund IT Bond Series 2009A, 2009B, 2009C, HPTF 2007A, and GO 2007A. Pay the costs and expenses of delivering the Bonds	459,955
2020A	03/11/2020	578,110	03/01/2045	2.63% - 5.00%	Finance capital projects and refund GO Commercial Paper Bond Anticipation Note, Series 2019	560,110
2020B	03/11/2020	454,435	10/01/2031	5.00%	Current Refund and defease IT Series 2010A. Pay the costs and expenses of delivering the Bonds	391,025
2020C	07/23/2020	392,870	05/01/2045	4.00% - 5.00%	Finance capital projects, pay the costs and expenses of delivering the Bonds	383,165
2020D	07/23/2020	234,915	12/01/2039	0.35% - 2.34%	Refund IT Bond Series 2010A, 2011A, 2011G, Deed Tax Revenue Bond Series 2010A, 2010B. Pay the costs and expenses of delivering the Bonds	224,870
2022A	07/27/2022	648,860	07/01/2047	5.00%	Finance capital project expenditures and pay the costs and expenses of delivering the Bonds	648,860
2022B	07/27/2022	139,305	07/01/2031	3.42% - 3.86%	Finance capital project expenditures and pay the costs and expenses of delivering the Bonds	139,305
2022C	09/07/2022	635,330	12/01/2037	5.00%	Refund IT Bond Series 2012A, 2012B, 2012C, and 2012D	635,330
Total income tax secured revenue bonds						\$ 4,984,250
Tobacco settlement asset-backed bonds						
2001	02/01/2001	521,105	05/15/2040	5.20% - 6.75%	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	\$ 182,105
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						\$ 430,369

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
Tax increment financing (TIF) bonds						
Publicly offered:						
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	\$ 34,580
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	17,800
Bryant Street Project, Series 2019	10/31/2019	17,300	06/01/2043	4.00% - 5.00%	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	16,790
Union Market Project, Series 2021A	09/29/2021	14,778	06/01/2046	3.75% - 4.25%	Finance or reimburse certain costs incurred for development and financing of Union Market Project. Fund debt service reserve accounts, pay the costs and expenses of issuing and delivering the Bonds. Pay certain administrative expenses of the bonds	14,778
Total publicly offered						<u>83,948</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	16,009
Reunion Square Project, Series 2022A	06/29/2022	15,100	06/29/2026	Lesser of (i) 12% per annum, and (ii) the maximum nonusurious rate of interest on the Bonds permitted by District law	Financed with U.S. Bank Trust Company, National Association to reimburse for eligible development costs associated with the Reunion Square Project and costs of issuance	2,305
Total direct placements						<u>18,314</u>
Total tax increment financing (TIF) bonds						<u>\$ 102,262</u>

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
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	\$ 128,725
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						\$ 174,680
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	\$ 21,600
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	17,650
2020	02/13/2020	227,710	12/01/2034	5.00%	Finance a portion of the South Capitol Street Bridge Project and pay certain costs of issuing the Bonds	212,375
Total federal highway grant anticipation revenue bonds (GARVEE)						\$ 251,625
Deed tax revenue bonds (Housing production trust fund program)						
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	\$ 30,260
Total deed tax revenue bonds (Housing production trust fund program)						\$ 30,260
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)	\$ 127,090
Total publicly offered						127,090
Direct placements:						
Southeast Federal Center PILOT Revenue Note (The Yards Project) Series 2014	12/18/2014 12/17/2019 amended	62,800	12/01/2037	Lesser of (i) 83.00% of the BSBY Rate plus 1.00% and (ii) the Maximum Rate	Financed with U.S. Bank National Association, to reimburse Forest City SEFC, LLC (Structured as a 5-year interest-only drawdown 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 drawdowns as of September 30, 2023 is \$59,971).	19,237
Total direct placements						19,237
Total payment in lieu of taxes revenue bonds and notes						\$ 146,327
Total bonds and notes						\$ 12,449,410

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
Other long-term liabilities						
225 Virginia Avenue lease						\$ 60,723
Premium on long-term debt						1,281,571
Bond anticipation notes						113,219
Accreted interest						498,689
Lease liability						1,141,572
SBITA liability						89,490
Long-term tax refunds						240,820
Annual leave						259,278
Disability compensation						64,934
Grant disallowances						2,945
Claims and judgments						110,887
Net pension liability						346,033
Net OPEB liability						172,875
Total other long-term liabilities						\$ 4,383,036
Total long-term liabilities – governmental activities						\$ 16,832,446
BUSINESS-TYPE ACTIVITIES						
Compensated absences						\$ 894
Lease liability						1,336
Estimated third-party settlements						4,006
Malpractice loss reserves						6,003
Total long-term liabilities – business-type activities						\$ 12,239

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 N7-18 present annual debt service requirements to maturity for the outstanding long-term liabilities of the District as of September 30, 2023.

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

Year Ending September 30	Principal	Interest	Total
2024	\$ 189,655	\$ 269,123	\$ 458,778
2025	203,060	259,460	462,520
2026	215,670	249,387	465,057
2027	217,770	238,278	456,048
2028	236,790	227,352	464,142
2029-2033	1,445,175	944,837	2,390,012
2034-2038	1,657,340	548,742	2,206,082
2039-2043	978,930	211,788	1,190,718
2044-2048	402,450	37,960	440,410
Total	\$ 5,546,840	\$ 2,986,927	\$ 8,533,767

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

Year Ending September 30	Principal	Interest	Total
2024	\$ 43,080	\$ 29,440	\$ 72,520
2025	57,755	26,223	83,978
2026	46,245	23,967	70,212
2027	48,120	22,015	70,135
2028	5,470	20,513	25,983
2029-2033	38,620	98,780	137,400
2034-2038	43,415	93,761	137,176
2039-2043	302,240	63,648	365,888
2044-2047	197,300	11,731	209,031
Total	\$ 782,245	\$ 390,078	\$ 1,172,323

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

Year Ending September 30	Principal
2024	\$ 276
2025	276
Total	\$ 552

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

Year Ending September 30	Principal	Interest	Total
2024	\$ 253,395	\$ 228,570	\$ 481,965
2025	267,195	215,899	483,094
2026	265,765	203,335	469,100
2027	288,185	189,968	478,153
2028	288,090	175,986	464,076
2029-2033	1,415,410	674,384	2,089,794
2034-2038	1,094,830	370,073	1,464,903
2039-2043	722,135	177,016	899,151
2044-2047	389,245	35,408	424,653
Total	\$ 4,984,250	\$ 2,270,639	\$ 7,254,889

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

Year Ending September 30	Principal	Interest	Total
2024	\$ 69,495	\$ 12,292	\$ 81,787
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	\$ 430,369	\$ 4,201,250	\$ 4,631,619

Table N7-7
TIF - City Market at O Street Bonds - Publicly
Offered (\$000s)

Year Ending September 30	Principal	Interest	Total
2024	\$ 1,150	\$ 1,729	\$ 2,879
2025	1,305	1,672	2,977
2026	1,370	1,606	2,976
2027	1,440	1,538	2,978
2028	1,505	1,473	2,978
2029-2033	8,665	6,218	14,883
2034-2038	11,060	3,820	14,880
2039-2041	8,085	843	8,928
Total	\$ 34,580	\$ 18,899	\$ 53,479

NOTE 7. LONG-TERM LIABILITIES

Table N7-8
TIF - Gallery Place Bonds - Publicly Offered
(\$000s)

Year Ending September 30	Principal	Interest	Total
2024	\$ 2,920	\$ 890	\$ 3,810
2025	3,065	744	3,809
2026	3,215	591	3,806
2027	3,380	430	3,810
2028	3,545	261	3,806
2029	1,675	84	1,759
Total	\$ 17,800	\$ 3,000	\$ 20,800

Table N7-9
TIF - Bryant Street Bonds - Publicly Offered
(\$000s)

Year Ending September 30	Principal	Interest	Total
2024	\$ 535	\$ 708	\$ 1,243
2025	565	681	1,246
2026	590	653	1,243
2027	620	624	1,244
2028	650	593	1,243
2029-2033	3,735	2,486	6,221
2034-2038	4,555	1,669	6,224
2039-2043	5,540	682	6,222
Total	\$ 16,790	\$ 8,096	\$ 24,886

Table N7-10
TIF - Union Market Project - Publicly Offered
(\$000s)

Year Ending September 30	Principal	Interest	Total
2026	\$ -	\$ 365	\$ 365
2027	503	814	1,317
2028	521	795	1,316
2029-2033	2,892	3,690	6,582
2034-2038	3,500	3,082	6,582
2039-2043	4,311	2,273	6,584
2044-2046	3,051	899	3,950
Total	\$ 14,778	\$ 11,918	\$ 26,696

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

Year Ending September 30	Principal	Interest	Total
2024	\$ 737	\$ 616	\$ 1,353
2025	766	587	1,353
2026	796	556	1,352
2027	828	524	1,352
2028	860	491	1,351
2029-2033	4,838	1,906	6,744
2034-2038	5,868	855	6,723
2039	1,316	26	1,342
Total	\$ 16,009	\$ 5,561	\$ 21,570

Table N7-12
TIF - Reunion Square Project - Direct
Placements (\$000s)

Year Ending September 30	Principal	Interest	Total
2024	\$ -	\$ 97	\$ 97
2025	-	90	90
2026	2,305	75	2,380
Total	\$ 2,305	\$ 262	\$ 2,567

Table N7-13
Ballpark Revenue Bonds (\$000s)

Year Ending September 30	Principal	Interest	Total
2024	\$ 17,215	\$ 9,761	\$ 26,976
2025	18,735	8,800	27,535
2026	20,350	7,753	28,103
2027	9,690	6,925	16,615
2028	11,970	6,297	18,267
2029-2033	52,295	22,307	74,602
2034-2036	44,425	4,255	48,680
Total	\$ 174,680	\$ 66,098	\$ 240,778

NOTE 7. LONG-TERM LIABILITIES

**Table N7-14
Federal Highway Grant Anticipation Revenue Bonds - GARVEE (\$000s)**

Year Ending September 30	Principal	Interest	Total
2024	\$ 15,655	\$ 12,235	\$ 27,890
2025	16,475	11,415	27,890
2026	17,340	10,551	27,891
2027	18,235	9,652	27,887
2028	19,170	8,717	27,887
2029-2033	111,660	27,788	139,448
2034-2035	53,090	2,688	55,778
Total	\$ 251,625	\$ 83,046	\$ 334,671

**Table N7-15
Deed Tax Revenue Bonds - Housing Production Trust Fund (\$000s)**

Year Ending September 30	Principal	Interest	Total
2024	\$ 1,150	\$ 1,103	\$ 2,253
2025	1,190	1,057	2,247
2026	1,240	1,010	2,250
2027	1,290	960	2,250
2028	1,325	922	2,247
2029-2033	7,275	3,966	11,241
2034-2038	8,620	2,624	11,244
2039-2042	8,170	833	9,003
Total	\$ 30,260	\$ 12,475	\$ 42,735

**Table N7-16
PILOT - Southwest Waterfront Project Revenue Bonds - The Wharf - Publicly Offered (\$000s)**

Year Ending September 30	Principal	Interest	Total
2024	\$ 5,150	\$ 6,038	\$ 11,188
2025	5,350	5,840	11,190
2026	5,560	5,630	11,190
2027	5,790	5,400	11,190
2028	6,035	5,155	11,190
2029-2033	34,535	21,402	55,937
2034-2038	43,880	12,064	55,944
2039-2040	20,790	1,585	22,375
Total	\$ 127,090	\$ 63,114	\$ 190,204

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

Year Ending September 30	Principal	Interest	Total
2024	\$ -	\$ 1,055	\$ 1,055
2025	19,237	312	19,549
Total	\$ 19,237	\$ 1,367	\$ 20,604

**Table N7-18
225 Virginia Avenue Lease (\$000s)**

Year Ending September 30	Principal	Interest	Total
2024	\$ 5,338	\$ 3,935	\$ 9,273
2025	5,710	3,564	9,274
2026	6,107	3,166	9,273
2027	6,533	2,741	9,274
2028	6,987	2,286	9,273
2029-2032	30,048	3,955	34,003
Total	\$ 60,723	\$ 19,647	\$ 80,370

Table N7-19 presents aggregate debt service requirements and net receipts/payments on the associated hedging derivative instruments as of September 30, 2023. 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 on page 105.

**Table N7-19
Aggregate Debt Service Requirements and Net Receipts/Payments on Hedging Derivative Instruments (\$000s)**

Year Ending September 30	Principal	Interest	Hedging Derivative Instruments, Net	Total
2024	\$ 28,350	\$ 5,400	\$ (798)	\$ 32,952
2025	29,625	4,002	(575)	33,052
2026	30,725	2,598	(390)	32,933
2027	32,000	1,131	(202)	32,929
Total	\$ 120,700	\$ 13,131	\$ (1,965)	\$ 131,866

NOTE 7. LONG-TERM LIABILITIES

C. LONG-TERM DEBT ACTIVITY

Table N7-20 presents the long-term debt activity for the year ended September 30, 2023.

Table N7-20
Long-Term Debt Activity (\$000s)

	Balance October 1, 2022, as restated	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Governmental Activities					
General obligation bonds - publicly offered	\$ 5,169,010	\$ 820,195	\$ (442,365)	\$ 5,546,840	\$ 189,655
General obligation bonds - direct placements	833,300	-	(51,055)	782,245	43,080
Qualified zone academy bonds (QZAB) - direct placements	829	-	(277)	552	276
Income tax secured revenue bonds	5,216,810	-	(232,560)	4,984,250	253,395
Tobacco settlement asset-backed bonds	458,029	-	(27,660)	430,369	69,495
Tax increment financing bonds - publicly offered	88,088	-	(4,140)	83,948	4,605
Tax increment financing bonds - direct placements	18,778	245	(709)	18,314	737
Ballpark revenue bonds	179,205	-	(4,525)	174,680	17,215
Federal highway grant anticipation revenue bonds (GARVEE)	266,505	-	(14,880)	251,625	15,655
Deed tax revenue bonds (housing production trust fund program)	32,795	-	(2,535)	30,260	1,150
PILOT revenue bonds - publicly offered	132,060	-	(4,970)	127,090	5,150
PILOT revenue bonds and notes - direct placements	24,214	3,461	(8,438)	19,237	-
225 Virginia Avenue lease	65,714	-	(4,991)	60,723	5,338
Premium on long-term debt, net	1,340,661	92,979	(152,069)	1,281,571	-
Bond anticipation notes	134,665	99,554	(121,000)	113,219	-
Accreted interest	450,858	47,831	-	498,689	-
Lease liability	1,104,597	134,482	(97,507)	1,141,572	94,000
SBITA liability	90,173	32,636	(33,319)	89,490	32,001
Long-term tax refunds	224,059	16,761	-	240,820	-
Annual leave	373,519	184,996	(299,237)	259,278	219,592
Disability compensation	66,242	-	(1,308)	64,934	-
Grant disallowances	2,945	-	-	2,945	-
Claims and judgments	97,018	49,962	(36,093)	110,887	-
Net pension liability	298,308	47,725	-	346,033	-
Net OPEB liability	173,193	-	(318)	172,875	-
Total long-term liabilities - governmental activities	\$ 16,841,575	\$ 1,530,827	\$ (1,539,956)	\$ 16,832,446	\$ 951,344
Business-Type Activities					
Compensated absences	\$ 1,015	\$ 640	\$ (761)	\$ 894	\$ 390
Lease liability	2,665	-	(1,329)	1,336	1,336
Estimated third-party settlements	10,547	1,878	(8,419)	4,006	-
Malpractice loss reserves	5,908	845	(750)	6,003	-
Total long-term liabilities - business-type activities	\$ 20,135	\$ 3,363	\$ (11,259)	\$ 12,239	\$ 1,726

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 Secured (ITS) Revenue 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 issues other types of debt to fulfill other purposes. Tax Increment Financing (TIF) and Payment In Lieu of Taxes (PILOT) Bonds and Notes are issued 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 projects and construction of the HQ Hotel; 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 Anticipation Revenue Bonds and Tobacco Settlement Asset-Backed Bonds. As of September 30, 2023, total bonds and notes outstanding totaled \$12,449,410.

NOTE 7. LONG-TERM LIABILITIES

Debt Limit

The District is subject to a debt limit that prohibits the issuance of bonds if the applicable annual debt service on the proposed bonds would cause the debt service on all bonds in the fiscal year in which the proposed bonds are issued, or in any of the five succeeding fiscal years, to exceed 12 percent of total expenditures in any applicable fiscal year. At September 30, 2023, the legal debt service cost limit was \$1,529,084, and the debt service cost applicable to the limit was \$1,087,770, which represents 71.14% of the limit.

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 Bonds and Bond Anticipation Notes Act provides for the collection of Special Real Property Taxes, to 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 \$520,598 in fiscal year 2023. As of September 30, 2023, the total GO Bonds outstanding was \$6,329,085.

New General Obligation Bond Issuance

In March 2023, the District issued \$581,140 in Series 2023A General Obligation Bonds. The proceeds of the bonds were used to finance capital project expenditures under the capital improvements plan of the District, refinance General Obligation commercial paper (CP) Notes and pay the costs and expenses of issuing and delivering the Bonds. Interest rates on the Series 2023A Bonds range from 5.00% to 5.25%.

General Obligation Refunding Bonds

In March 2023, the District issued \$239,055 in Series 2023B General Obligation Refunding Bonds. The Series 2023B Bonds were issued to current refund the 2013A GO Bonds. The refunding produced an aggregate reduction in debt service of \$29,053 and an economic gain of \$21,737.

Income Tax Secured Revenue Bonds

The Income Tax Secured Bond Authorization Act authorizes the District to issue up to \$9,180,985 of ITS Bonds to fund capital projects. Debt service on ITS Revenue Bond debt totaled \$461,590 in fiscal year 2023. As of September 30, 2023, the total ITS Revenue Bonds outstanding is \$4,984,250.

Pledged Tax Revenues for Debt Service on ITS Revenue Bonds

The ITS Bond Act pledges the income and business franchise taxes of the District. These pay principal and interest on ITS revenue bond debt. Pledged revenues are escrowed four months prior to an ITS bond debt service payment.

The ITS Bond debt service coverage ratio, pledged revenue divided by debt service, is an indication of the District’s capacity to satisfy ITS debt service obligations with pledged revenue. In fiscal year 2023, the District collected \$4,174,533 in pledged revenue and debt service on ITS bonds totaled \$461,590. The debt service coverage ratio was 9.04 to 1.

On September 30, 2023, pledged revenue in the amount of \$228,859 was held in escrow for the payment of debt service on the ITS revenue bonds. Payments were made on October 2, 2023, for \$102,592, November 1, 2023 for \$9,004, December 1, 2023 for \$164,147, and January 2, 2024 for \$19,097.

Table N7-21 presents the pledged revenue held in bond escrow as of September 30, 2023.

**Table N7-21
Debt Service Coverage Ratio
Income Tax Secured Revenue Bonds (\$000s)**

Available Tax Revenues Collected in FY 2023	
Individual income	\$ 3,048,229
Business franchise	1,126,304
Total	\$ 4,174,533
Amount held in escrow for FY 2024 debt service (a)	228,859
ITS Debt Service Requirement (b)	294,840
Rate of coverage (c)=(a)/(b) (c)	77.62%

Tax Increment Financing and Payments in Lieu of Taxes

District law provides the District with 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, 2023, the TIF and PILOT debt outstanding totaled \$248,589.

NOTE 7. LONG-TERM LIABILITIES

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, 2023, the Ballpark Revenue Bonds outstanding totaled \$174,680.

Federal Highway Grant Anticipation Revenue Bonds - GARVEE

The Transportation Infrastructure Improvement GARVEE Bonding 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, 2023, the GARVEE bonds outstanding totaled \$251,625.

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 Revenue Bonds. As of September 30, 2023, Deed Tax Revenue Bonds outstanding totaled \$30,260.

Bond Anticipation Notes

The District issues Bond Anticipation Notes (BANs) in the form of commercial paper and other notes to provide interim financing for capital project expenditures. CP notes mature between one and 270 days post issuance, pay interest at maturity, and pays principal with proceeds from newly issued CP notes, referred to as a rollover, or with proceeds from the issuance of long-term bonds. The revolving note facility agreement allows the District to issue Notes held by the credit provider. Interest due on outstanding Notes is based on a spread to the Bloomberg Short-Term Bank Yield Index (BSBY) and is paid monthly. The BSBY index replaced the London Inter-Bank Offered Rate (LIBOR) index on the revolving note facility in November, 2022. District statute stipulates that BANs are to be paid or

refinanced with long-term debt, no later than the last day of the third fiscal year following the fiscal year of issuance.

In March 2021, the District established a \$200,000 revolving credit facility with U.S. Bank National Association that was amended and increased in November 2022 to \$300,000. The facility allows the District to draw up to a maximum principal amount of \$300,000 in the form of Income Tax Secured Revenue Bond Anticipation Notes. The facility expires in March 2024. As of September 30, 2023, \$113,219 notes were outstanding.

In May 2022, the District established a direct pay letter of credit with Barclays Bank PLC. The letter of credit allows the District to issue up to a maximum principal amount of \$300,000 of GO CP BANs (2022 CP Notes). The facility expires in May 2025. As of September 30, 2023, no notes were outstanding.

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, 2023, governmental activities included direct placements with investors for GO, QZAB, TIF, and PILOT bonds and notes. The District did not have any direct borrowings with any lenders as of September 30, 2023.

General Obligation Bond Direct Placements

The District has five series of variable rate GO Bonds outstanding that were sold as direct placements. The Series 2017B, Series 2017C, Series 2021A, and 2021C are SIFMA Index Bonds and pay the holder a floating index rate based on the SIFMA Municipal Swap Index plus spread. The Series 2021B Secured Overnight Financing Rate (SOFR) Index Bonds pay the holder a floating index rate based on daily compounded SOFR Index plus spread. As of September 30, 2023, the outstanding variable rate GO Bonds direct placements totaled \$782,245.

Qualified Zone Academy Revenue Bonds

The District has one Qualified Zone Academy Revenue Bond (QZAB) issue outstanding that was sold as a direct placement. 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, 2023, the QZAB Bonds outstanding totaled \$552.

NOTE 7. LONG-TERM LIABILITIES

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 the Reunion Square TIF Bond Series 2022 were sold as direct placements. As of September 30, 2023, the outstanding balance for TIF Bonds and PILOT revenue notes issued as direct placements totaled \$37,551.

Unused Lines of Credit

The Southeast Federal Center PILOT Revenue Note (The Yards Note) and the Reunion Square TIF Bond Series 2022 are funded through drawdown facilities. As of September 30, 2023, The Yards Note and the Reunion Square Bond had unused lines of credit in the amounts of \$2,829 and \$12,795, respectively.

E. EVENTS OF DEFAULT AND REMEDIES

Failure by the District to pay the principal or interest on any debt when due or failure to observe and comply with any covenant, condition, agreement or provision in any indenture applicable to its varying 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 12.00% per annum.

F. COMPONENT UNITS

Washington Convention and Sports Authority

On February 22, 2018, the Washington Convention and Sports Authority (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 Bonds Payable within the financial statements for WCSA at September 30, 2023.

In May 2021, WCSA issued \$53,500 in Senior Lien Dedicated Tax Revenue Refunding Bonds, Series 2021A (Tax-Exempt), \$70,355 Senior Lien Dedicated Tax Revenue Refunding Bonds, Series 2021B (Tax-Exempt), and \$29,360 Senior Lien Dedicated Tax Revenue Refunding Bonds, Series 2021C (Federally Taxable).

The proceeds of the Series 2021A Bonds were used, together with certain other funds of the WCSA, to refund all the outstanding Series 2010A Bonds. The proceeds of the Series 2021B Bonds were used, together with certain other funds of the WCSA, to: (i) refund a portion of the outstanding Series 2010B Bonds; (ii) fund the reserve requirement for the Series 2021B Bonds; and (iii) pay the costs of issuance of the Series 2021B Bonds and the TIF Note. The proceeds of the Series 2021C Bonds were used to: (i) refund the remaining portion of the outstanding Series 2010B Bonds; (ii) refund a portion of the outstanding Series 2018A Bonds; (iii) fund the reserve requirement for the Series 2021C Bonds, and (iv) pay costs of issuance of the Series 2021A Bonds and Series 2021C Bonds.

The Series 2021A, 2021B, and 2021C bonds have final maturities ranging from October 1, 2029 to October 1, 2040. Interest rates on the bonds range from 0.56% to 5.00%. The refundings produced an aggregate difference in debt service of \$29,363 and an economic gain of \$28,456.

NOTE 7. LONG-TERM LIABILITIES

Table N7-22 presents the debt service requirements to maturity for the outstanding bonds for WCSA as of September 30, 2023.

Table N7-22
Washington Convention and Sports Authority
Debt Service Requirements to Maturity (\$000s)

Year Ending September 30	Principal	Interest	Total
2024	\$ 13,040	\$ 16,120	\$ 29,160
2025	13,570	15,631	29,201
2026	16,285	15,075	31,360
2027	34,940	13,502	48,442
2028	36,705	11,835	48,540
2029-2033	145,030	29,664	174,694
2034-2038	71,865	18,820	90,685
2039-2041	47,110	3,681	50,791
Subtotal	378,545	124,328	502,873
Add:			
Unamortized bond premium	56,432	-	56,432
Total	\$ 434,977	\$ 124,328	\$ 559,305

For more information on the long-term debt activity of WCSA, refer to the separately issued financial statements for fiscal year 2023. WCSA contact information can be found in Note 1 on page 71.

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 HFA 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 multi-family projects financed to date have been issued by HFA as standalone pass-through financings with no direct economic recourse to HFA 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 2023, HFA issued certain multi-family revenue bonds in a drawdown mode. Consequently, out of the total amount of bonds closed, only a portion may get drawn during any given reporting period.

Table N7-23 presents the debt service requirements to maturity for principal and interest for the HFA outstanding bonds as of September 30, 2023.

Table N7-23
Housing Finance Agency
Debt Service Requirements to Maturity (\$000s)

Year Ending September 30	Principal	Interest	Total
2024	\$ 2,065	\$ 11,004	\$ 13,069
2025	8,214	11,118	19,332
2026	3,817	11,035	14,852
2027	11,747	10,896	22,643
2028	27,741	10,778	38,519
2029-2033	269,931	137,276	407,207
2034-2038	5,596	622	6,218
Subtotal	329,111	192,729	521,840
Less:			
Unamortized bond discount	(59)	-	(59)
Total	\$ 329,052	\$ 192,729	\$ 521,781

For more information on the long-term debt activity of HFA, refer to the separately issued financial statements for fiscal year 2023. HFA contact information can be found in Note 1 on page 71.

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 \$430,369 in bonds outstanding as of September 30, 2023.

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; 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; failure by the District to pay the Tobacco Corporation any pledged Tobacco Settlement Revenue (TSR); or consent or acquiescence by the District 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, 2023, there were 656 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, 2023, 2022, and 2021, were \$4,786, \$5,447, and \$6,236, 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 income earned by District employees, up to but not exceeding the applicable social security wage base, which was \$160,200 (not in thousands)

for 2023, 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 the gross income earned 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 (not in thousands), 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, 2023, 2022, and 2021, were \$132,587, \$129,100, and \$117,998, respectively. In addition, District contributions for Medicare for fiscal years 2023, 2022, and 2021, were \$53,058, \$47,464, and \$44,750, respectively.

District Retirement Funds

General Information about the Pension Plans

Plan Description

DCRB administers the District Retirement Funds (DC 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 DC Code (DC Code § 38-2021.01 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 (DC Code § 5-701 et seq.).

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 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 be further increased by crediting unused sick leave as of the date of retirement. Participants receiving retirement benefits receive an annual benefit increase proportional to changes in the Consumer Price Index; however, the annual increase may not exceed 3.00% for participants hired on or after November 1, 1996. Participants who have five years of school service and who become disabled and can no longer perform their jobs satisfactorily may be eligible for disability retirement. Voluntary retirement is available for teachers who have a minimum of five years of school service and who achieve certain age and length of service requirements. Employees who are involuntarily separated other than for cause and who have five years of school service may be eligible for retirement at any age with 25 years of service or at age 50 with 20 years of service. An involuntary retirement benefit is reduced if at the time of its commencement the participant is under the age of 55.

The District of Columbia Police Officers and Fire Fighters' Retirement Fund

A participant becomes a member when he or 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 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.

NOTE 8. RETIREMENT PROGRAMS

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, 2023 and 2022.

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

	<u>2023</u>	<u>2022</u>
Teachers' Retirement Fund		
Inactive plan members	5,910	4,065
Active plan members	6,171	6,088
Vested terminations	<u>1,287</u>	<u>1,718</u>
Total	<u>13,368</u>	<u>11,871</u>
Police Officers and Fire Fighters' Retirement Fund		
Inactive plan members	4,936	4,373
Active plan members	5,033	5,133
Vested terminations	<u>272</u>	<u>356</u>
Total	<u>10,241</u>	<u>9,862</u>

Notes:
 Plan members: Numbers are not expressed in thousands.
 Inactive plan members: Retirees and survivors receiving benefits for service earned 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 effective on September 18, 1998. The amount of the District's contributions for fiscal years 2023 and 2022 were equal to the amounts computed by the independent actuary of the DCRB. Plan members contribute by salary deductions at rates established by DC Code § 5-706. Members contribute 7.00% (or 8.00% for teachers hired on or after November 1, 1996 and for police officers and firefighters hired on or after November 10, 1996) 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 DC Code § 5-706 and requirements for District contributions to the District Retirement Funds are established by DC Code § 1-907.02, 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 2023 and 2022.

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

<u>Year Ended September 30</u>	<u>Teachers' Retirement Fund</u>	<u>Police Officers and Fire Fighters' Retirement Fund</u>
2023	\$ 47,835	\$ 77,508
2022	75,060	108,965

NOTE 8. RETIREMENT PROGRAMS

Net Pension Liability

The District net pension liability (asset) was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of September 30, 2023. **Table N8-3** presents the aggregate amounts of the District Retirement Funds as of September 30, 2023.

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

	Teachers’ Retirement Fund	Police Officers and Fire Fighters’ Retirement Fund	Total
Total pension liabilities	\$ 3,229,928	\$ 7,358,695	\$ 10,588,623
Pension net position	2,883,895	7,654,185	10,538,080
Deferred outflows of resources	231,076	496,766	727,842
Deferred inflows of resources	26,496	172,548	199,044
Pension expense	101,147	202,677	303,824
Net pension liabilities (assets)	346,033	(295,490)	50,543

Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation as of September 30, 2023, using actuarial assumptions presented in **Table N8-4**. The assumptions were applied to all periods included in the measurement as of September 30, 2023.

**Table N8-4
District Retirement Funds: Summary of Actuarial Assumptions Used to Determine Total Pension Liability
as of September 30, 2023**

	Teachers’ Retirement Fund	Police Officers and Fire Fighters’ Retirement Fund
Inflation	3.00%	3.00%
Salary increases	4.00% - 7.10%	5.15% - 7.80% for police, 4.25% - 7.30% for firefighters
Investment rate of return	6.25%, net of pension plan investment expense	6.25%, net of pension plan investment expense
Mortality	Healthy: Pub-2010 General Employee and Healthy Retiree Mortality with generational projection using MP-2021 improvement scale Disabled: Pub-2010 General Disabled Retiree Mortality with generational projection using MP-2021 improvement scale	Healthy: Pub-2010 Public Safety Employee and Healthy Retiree Mortality with males set forward 1 year, with generational projection using MP-2021 improvement scale Disabled: Pub-2010 Public Safety Disabled Retiree Mortality with generational projection using MP-2021 improvement scale
Cost of living adjustments	2.75% for members hired on or after November 1, 1996	2.75% for members hired on or after November 1, 1996

The actuarial assumptions used in the September 30, 2023 valuation were based on the results of the most recent actuarial experience investigation for the period July 1, 2015 to June 30, 2020, dated October 12, 2021. Demographic information was collected as of June 30, 2023.

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 a summary of target asset allocation and best estimates of the geometric real rate of return for each major asset class for the District Retirement Funds.

**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%	8.70%
International developed equity	16.00	9.80
Emerging market equity	10.00	10.00
U.S. core fixed income	7.00	2.40
U.S. long-term government bonds	3.00	5.00
Treasury inflation-protected securities	5.00	4.50
Bank loans	2.00	7.00
Emerging markets debt	4.00	6.00
High yield bonds	2.00	7.30
Foreign bonds	2.00	4.00
Private equity	9.00	11.00
Private credit	3.00	7.30
Real estate	8.00	7.80
Infrastructure	6.00	8.30
Natural resources	2.00	8.60
Cash	1.00	2.90
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.25% for both fiscal years 2023 and 2022. 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 DCRB funding policy 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.

NOTE 8. RETIREMENT PROGRAMS

Table N8-6 presents changes in the District net pension liability (asset) for the year ended September 30, 2023.

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, 2022	\$ 2,871,570	\$ 2,573,262	\$ 298,308	\$ 6,639,124	\$ 6,901,351	\$ (262,227)
Adjustment for final assets-beginning	-	(337)	337	-	(906)	906
Changes for the year						
Service cost	90,372	-	90,372	195,420	-	195,420
Interest	176,035	-	176,035	408,414	-	408,414
Difference between expected and actual experience	201,979	-	201,979	324,730	-	324,730
Contributions - employer	-	47,835	(47,835)	-	77,508	(77,508)
Contributions - employees	-	58,691	(58,691)	-	44,249	(44,249)
Net investment income	-	316,072	(316,072)	-	855,245	(855,245)
Benefit payments, including refunds of employee contributions	(110,028)	(110,028)	-	(208,993)	(208,993)	-
Administrative expenses	-	(2,565)	2,565	-	(16,832)	16,832
Other income	-	965	(965)	-	2,563	(2,563)
Net Changes	<u>358,358</u>	<u>310,970</u>	<u>47,388</u>	<u>719,571</u>	<u>753,740</u>	<u>(34,169)</u>
Balances at September 30, 2023	<u>\$ 3,229,928</u>	<u>\$ 2,883,895</u>	<u>\$ 346,033</u>	<u>\$ 7,358,695</u>	<u>\$ 7,654,185</u>	<u>\$ (295,490)</u>

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 6.25%, as well as each plan's net pension liability (asset), calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) 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 (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Teachers' retirement fund	\$ 930,596	\$ 346,033	\$ (115,901)
Police officers and fire fighters' retirement fund	948,625	(295,490)	(1,288,720)

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, 2023, the District recognized pension expenses of \$101,147 and \$202,677 for Teachers' Retirement Fund and Police Officers and Fire Fighters' Retirement Fund, respectively.

NOTE 8. RETIREMENT PROGRAMS

Table N8-8 presents deferred outflows of resources and deferred inflows of resources related to pensions as of September 30, 2023.

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

	Teachers' Retirement Fund		Police Officers and Fire Fighters' Retirement Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 161,161	\$ 4,145	\$ 307,897	\$ 123,800
Changes of assumptions	-	22,351	-	48,748
Net difference between projected and actual earnings on plan investments	69,915	-	188,869	-
Total	\$ 231,076	\$ 26,496	\$ 496,766	\$ 172,548

Table N8-9 presents deferred outflows and deferred inflows of resources that will be recognized in the District Retirement Funds pension expense in future periods.

Table N8-9
District Retirement Funds
Schedule of Net Amortization of Deferred Outflows and Deferred Inflows of Resources (\$000s)

Year ending September 30	Teachers' Retirement Fund	Police Officers and Fire Fighters' Retirement Fund
2024	\$ 39,050	\$ 25,125
2025	64,499	30,686
2026	132,782	237,030
2027	(31,751)	(22,745)
2028	-	54,122

Payable to the Pension Plans

District contributions for fiscal years 2023, 2022, and 2021 were equal to the recommendation by the independent actuary; therefore, there were no outstanding amounts due to the plans as of September 30, 2023.

B. DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Under the provisions of DC 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, 2023, there were 19,794 active 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, 2023, 2022, and 2021, District contributions to the plan were \$87,152, \$84,945, and \$82,993, respectively.

This plan also covers employees of the D.C. Housing Authority and the Health Benefit Exchange Authority, while employees of the 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.

NOTE 8. RETIREMENT PROGRAMS

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 \$22,500 (not in thousands) of their annual compensation for calendar year 2023. 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 \$7,500 (not in thousands) in 2023. As of September 30, 2023, there were 3,387 employees participating in the Section 403(b) plan. District employees contributed \$27,482 to this annuity plan in fiscal year 2023. Contributions vest immediately and are not assets of the District.

Internal Revenue Code Section 457 Plan

The District offers its employees a deferred compensation plan (DC Code § 47-3601) created in accordance with IRC Section 457. Employees, including teachers, were able to defer the lesser of \$22,500 (not in thousands) or 100% of includable compensation in calendar year 2023. An additional deferral of \$7,500 (not in thousands) is available to participants who are at least 50 years old before the end of the calendar year. Further, a special three-year pre-retirement 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. If this provision is selected, employees may defer the lesser of: (a) twice the annual contribution limit, \$45,000 (not in thousands); or (b) the annual contribution limit for the year plus underutilized amounts from prior taxable years.

As described in the Legislative Branch Employee Retirement Benefits Match Amendment Act of 2017 (DC 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 DC 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 DC Code § 1-626.09; provided, that the District contribution on behalf of the employee shall not exceed 3.00% of his or her 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, 2023, there were 23,001 active employees participating in the Section 457 plan. District employees contributed \$125,340 to this plan in fiscal year 2023. Contributions are not assets of the District and the District has no further liability to the plan.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

General Information About the Other Postemployment Benefits Plan (OPEB)

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 and benefits are paid in accordance with the substantive plan. Eligible participants in the OPEB Plan include employees who were hired after September 30, 1987; retired under the TRF or POFRF plan; or met the eligibility requirements to receive retirement benefits under the Social Security Act. This plan provides medical care and life insurance benefits to eligible employees.

DC 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. As the Master Custodian, Northern Trust Company provides information on investment transactions from an independent source and can confirm or dispute information provided by the investment managers of the plan.

Benefits Provided

Medical Care – Health Insurance Benefits

Cost-sharing arrangements for annuitants vary depending on whether the retired eligible employee was a General Employee, Teacher, Police Officer or Firefighter.

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.

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 officers 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.

Life Insurance

The participant pays a monthly rate of \$0.0939 per thousand dollars of life insurance coverage for the 75% reduction option. Participants can also elect a 50% or 0% reduction of life insurance benefits, which require additional contributions.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

Table N9-1 presents the number of OPEB plan members that were covered by the benefit terms as of September 30, 2023 and 2022.

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

	<u>2023</u>	<u>2022</u>
Inactive OPEB plan members	3,567	3,172

Notes:
Plan members: Numbers are not expressed in thousands.
Inactive plan members - Retirees and survivors receiving benefits

Contributions

In accordance with the provisions of DC 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. For fiscal years 2023 and 2022 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 2023 and 2022.

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

<u>Year ended September 30</u>	<u>Amount</u>
2023	\$ 41,500
2022	53,000

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of September 30, 2022 and rolled forward to the measurement date.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, then updated using actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date as of September 30, 2023.

Table N9-3 presents the actuarial assumptions used to determine the total OPEB liability.

**Table N9-3
Summary of Actuarial Assumptions Used to Determine Total OPEB Liability as of September 30, 2023**

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	13 years beginning with fiscal year end 2023
Asset valuation method	5-year smoothed Actuarial Value
Investment rate of return	6.50%
Discount rate	6.50%
Salary increase rate	3.50% (plus merit scale)
Medical inflation rate	7.00%, grading to 4.00%. Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2041.
Mortality	The RP-2014 Healthy Employee Mortality Table with the MP-2020 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. General employees use 120% of the Pub-G 2010 General Headcount-Weighted tables for Employees, Healthy Retirees, and Disabled Retirees, projected fully generational with Scale MP-2020.

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

Table N9-4 presents target allocation and best estimates of real rates of return for each major asset class as of September 30, 2023.

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 %
Public equity	50.00%	4.90%
Fixed income	32.00	2.25
Private equity	5.00	7.27
Private debt	5.00	6.40
Real assets	8.00	3.16
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 determined 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, 2023.

Table N9-5

Changes in Net OPEB Liability (Asset) (\$000s)

	Increase (Decrease)		
	OPEB		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at September 30, 2022	\$ 1,823,480	\$ 1,650,287	\$ 173,193
Changes for the year			
Service cost	59,505	-	59,505
Interest	117,487	-	117,487
Difference between expected and actual experience	(29,091)	-	(29,091)
Changes in assumptions	77,454	-	77,454
Insurance carrier premiums, net of retiree contributions	(32,478)	-	(32,478)
Contributions - employer and annuitants	-	43,039	(43,039)
Net investment income	-	185,520	(185,520)
Benefit payments, including refunds of employee contributions	-	(34,017)	34,017
Administrative expenses	-	(1,347)	1,347
Net changes	192,877	193,195	(318)
Balances at September 30, 2023	\$ 2,016,357	\$ 1,843,482	\$ 172,875

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

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 one percentage point lower (5.50%) or one 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)	\$ 479,878	\$ 172,875	\$ (75,476)

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 one percentage point at 6.00% decreasing to 3.00% or one percentage point higher at 8.00% decreasing to 5.00% 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 (6.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.00%)	1% Increase (8.00% decreasing to 5.00%)
Net OPEB liability (asset)	\$ (108,760)	\$ 172,875	\$ 530,613

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, 2023, the District recognized an OPEB expense of \$125,246. **Table N9-8** presents deferred outflows of resources and deferred inflows of resources related to OPEB as of September 30, 2023.

**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	\$ 53,349	\$ 25,637
Changes of assumptions	80,508	106,462
Net difference between projected and actual earnings on plan investments	155,329	-
Total	\$ 289,186	\$ 132,099

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

Table N9-9 presents deferred outflows and deferred inflows of resources that will be recognized in OPEB’s pension expense in future periods.

Payable to the OPEB Plan

District contributions for fiscal years 2023, 2022, and 2021 were equal to recommendations from the independent actuary. Therefore, there were no outstanding amounts due to the OPEB pension plan as of September 30, 2023.

**Table N9-9
OPEB: Schedule of Net Amortization of
Deferred Outflows and Deferred Inflows of
Resources (\$000s)**

Year Ending September 30	OPEB Expense Amount
2024	\$ 39,375
2025	41,084
2026	91,242
2027	(15,017)
2028	584
Thereafter	(181)

NOTE 10. FUND BALANCE / NET POSITION

A. FUND BALANCE

Table N10-1 presents the District fund balances as of September 30, 2023.

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	\$ 15,402	\$ 44,147	\$ -	\$ -	\$ -	\$ 59,549
Total nonspendable fund balance	<u>15,402</u>	<u>44,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,549</u>
Restricted for:						
Emergency cash reserve	184,375	-	-	-	-	184,375
Contingency cash reserve	368,749	-	-	-	-	368,749
Debt service - bond escrow	444,045	-	-	-	-	444,045
Purpose restrictions	91,825	-	-	-	-	91,825
Payment in lieu of taxes	-	-	-	-	93,650	93,650
Tobacco settlement	-	-	-	-	75,304	75,304
Tax increment financing program	32,660	-	-	-	50,877	83,537
Housing production trust	-	-	641,452	-	-	641,452
Highway projects	-	-	-	-	4,407	4,407
Baseball project	-	-	-	-	42,740	42,740
Universal paid leave	-	-	-	-	175,469	175,469
Total restricted fund balance	<u>1,121,654</u>	<u>-</u>	<u>641,452</u>	<u>-</u>	<u>442,447</u>	<u>2,205,553</u>
Committed to:						
Cash flow reserve	965,731	-	-	-	-	965,731
Fiscal stabilization reserve	33,491	-	-	-	-	33,491
Subsequent years expenditures	2,237,581	-	-	-	-	2,237,581
Budget support act	233,559	-	-	-	-	233,559
Dedicated taxes	52,943	-	-	-	-	52,943
Washington Convention and Sports Authority	20,000	-	-	-	-	20,000
SNAP	39,612	-	-	-	-	39,612
Other special purposes	196,932	-	-	-	-	196,932
Total committed fund balance	<u>3,779,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,779,849</u>
Unassigned fund balance (deficit)	<u>-</u>	<u>(455,023)</u>	<u>-</u>	<u>(311,488)</u>	<u>-</u>	<u>(766,511)</u>
Total fund balances (deficits)	<u>\$ 4,916,905</u>	<u>\$ (410,876)</u>	<u>\$ 641,452</u>	<u>\$ (311,488)</u>	<u>\$ 442,447</u>	<u>\$ 5,278,440</u>

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, 2023.

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	\$ 54	\$ -	\$ 41,281	\$ -
Restricted	-	328,654	6,058	16,703,584
Unrestricted	4,897	-	11,746	-
Total net position	<u>\$ 4,951</u>	<u>\$ 328,654</u>	<u>\$ 59,085</u>	<u>\$ 16,703,584</u>

NOTE 11. TAX ABATEMENTS

Tax Abatements

Pursuant to DC § Code 47-1001 et seq. and 47-4601 et seq. the Special Tax Incentives Program whereby the District provides tax abatements was established. The program provides real property tax abatements and possessory interest tax abatements which are both administered by the Office of the Deputy Mayor for Planning and Economic Development (DMPED) in coordination with the Office of Tax and Revenue (OTR).

GASB Statement No. 77, *Tax Abatement Disclosures*, defines tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which: (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled, and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

GASB Statement No. 77 identified three features that, in combination, set tax abatements apart from tax expenditures in general: 1) the purpose of the tax abatements; 2) the type of revenue they reduce; and 3) the existence of an agreement with a specific individual or entity as the basis for the abatement. This agreement must precede the reduction of taxes and the fulfillment of the promise to act by the individual or entity.

Many tax expenditure programs exhibit the features of tax abatements. For instance, they reduce taxes, encourage beneficial actions by individuals or entities, and may be based on agreements. Most of the tax expenditure programs provided by the District, however, require individuals or entities to perform certain activities and subsequently apply for the tax reduction, which is either approved or denied by the District. Many of 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 following programs meet the tax abatement criteria established by GASB Statement No. 77.

Real Property Tax Abatements

The real property tax abatements are designed to encourage construction, improvement, and development of housing units, including affordable housing units, commercial and retail centers in the District. The real property tax abatements also encourage developers to enter into First Source Agreements with the Department of Employment Services; comply with local, small, and disadvantaged business enterprise commitments; and provide additional job opportunities and job training to District residents. The District may: (a) abate the entire real property tax for a certain number of years (for example, 10 or 20 years); (b) abate the real property tax in excess of a certain amount for a certain number of years; or (c) put a cap on the annual real property tax for a certain number of years.

Possessory Interest Tax Abatements

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 increase this tax thereafter or return paid possessory interest tax as a grant to the developer.

For the fiscal years ended September 30, 2023, and 2022, the District abated taxes (real property taxes and possessory interest taxes) totaling \$8,748 and \$10,283, respectively.

Table N11-1 presents the amount of real property taxes and possessory interest taxes abated in fiscal years 2023 and 2022.

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

	Year Ended September 30, 2023	Year Ended September 30, 2022
Special tax incentives program		
Real property tax	\$ 6,761	\$ 8,284
Possessory interest tax	1,987	1,999
Total	\$ 8,748	\$ 10,283

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 from the District during the fiscal year ended September 30, 2023.

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

	<u>Local</u>	<u>Capital</u>
Operating grants	\$ 466,686	\$ -
School transit subsidy	12,924	-
Capital grants	-	332,204
Total	<u>\$ 479,610</u>	<u>\$ 332,204</u>

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

Washington Metropolitan Area Transit Authority
 Vice President and Comptroller
 Office of Accounting
 PO Box 23768
 Washington, DC 20026

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 most recent audited financial statements of WMATA as of and for the year ended June 30, 2023.

**Table N12-2
Summary of Financial Statements for WMATA as of and for the year ended June 30, 2023 (\$000s)**

FINANCIAL POSITION	
Total assets	\$ 19,112,882
Total deferred outflows of resources	1,281,928
Total liabilities	(7,703,282)
Total deferred inflows of resources	(1,330,990)
Net position	<u>\$ 11,360,538</u>
OPERATING RESULTS	
Operating revenues	\$ 364,833
Operating expenses	(3,706,898)
Nonoperating revenues (expenses), net	1,860,331
Revenue from capital contributions	4,267,444
Change in net position	<u>\$ 2,785,710</u>
CHANGE IN NET POSITION	
Net position, beginning of year, as restated	\$ 8,574,828
Change in net position	2,785,710
Net position, end of year	<u>\$ 11,360,538</u>

B. SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS

During fiscal year 2023, 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, \$176,794; District of Columbia Green Finance Authority, \$22,831; and the University of the District of Columbia \$96,502. The District did not provide subsidies to the District of Columbia Health Benefit Exchange Authority and the District of Columbia 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 District receives a federal contribution annually 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, 2023 totaled \$1,834,494, which is comprised of \$608,700 in on-behalf payments to the DC Federal Pension Fund, \$5,864 in Coronavirus relief funding, \$709,663 in American Rescue Plan Act (ARPA) and \$510,267 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 for any national threat or terrorist act against the nation. In fiscal year 2002, the District received \$155,900 in federal funding for purposes of emergency preparedness. This funding was provided by the federal government to assist the District in responding 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 this purpose. No additional amounts were expended from this funding in fiscal year 2023.

C. CORONAVIRUS RELIEF FUNDS - EXPIRATION OF CERTAIN UNEMPLOYMENT BENEFITS

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which included an expansion of unemployment insurance for District workers. In March 2021, Congress passed the American Rescue Plan Act (ARPA) of 2021 which extended new unemployment programs provided under the CARES Act. In accordance with Federal and District laws, several federal unemployment benefits offered through ARPA expired on September 4, 2021. The District continues to process the backlog of claims filed prior to the expiration of extended benefits. All unemployment compensation benefits paid from the programs under the CARES and ARPA Acts are 100% federally funded.

The programs offered through the CARES Act include:

Pandemic Unemployment Assistance

The Pandemic Unemployment Assistance (PUA) program was made available to individuals who typically were ineligible for regular unemployment insurance (i.e., self-employed workers, independent

contractors, gig workers, those with insufficient work history) who could not work due to COVID-19 related reasons. PUA benefits were available for a maximum of 79 weeks and included Federal Pandemic Unemployment Compensation. PUA was effective for the period January 27, 2020 through September 4, 2021. The total benefits paid under this program for fiscal year 2023 was \$439.

Federal Pandemic Unemployment Compensation

The Federal Pandemic Unemployment Compensation (FPUC) program was made available to individuals who were collecting certain unemployment insurance benefits, including regular unemployment compensation. FPUC provided \$600 (not in thousands) per week in addition to current regular unemployment benefits eligible claimants were receiving. This amount was reduced to \$300 (not in thousands) under ARPA. The total benefits paid under the FPUC program for fiscal year 2023 was \$3,144.

Pandemic Emergency Unemployment Compensation

The Pandemic Emergency Unemployment Compensation (PEUC) program was made available to individuals who had exhausted benefits under regular unemployment compensation or other programs which allowed them to receive up to 53 weeks of benefits, plus FPUC benefits. PEUC was effective for the period March 29, 2020 through September 4, 2021. The total benefits paid under this program for fiscal year 2023 was \$1,133.

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 2023, SNAP expenditures totaled \$432,586.

NOTE 14. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A. LEASE RECEIVABLE

The District has entered into contractual agreements as a lessor for various facilities and parcels of land throughout the District of Columbia. The District's leases for facility space currently extend to no longer than 96 years. Some contractual agreements include options to extend and those deemed reasonably certain to be exercised have been factored into the determination of lease receivable. Variable payments received are not included in the calculation of lease receivable reported at the end of the fiscal year.

The District recognized \$5,451 and \$5,021 in lease revenue and interest revenue, respectively, during the fiscal year ended September 30, 2023.

As of September 30, 2023, lease receivable totaled \$444,098 and the deferred inflows of resources balance reported at year end totaled \$453,626.

B. LEASE LIABILITY

The District has entered into contractual agreements as a lessee for buildings and facility space in addition to equipment such as copiers, printers, and heavy machinery. Certain agreements include options to extend and those deemed reasonably certain to be exercised have been factored into the determination of lease liability. The District lease agreements currently extend to no longer than 26 years and do not contain any termination penalties, residual value guarantees, or other future payments at the conclusion of the agreements. Facility agreements contain non-lease payments such as real estate taxes and operational expenses. Leases pertaining to office equipment and vehicles contain non-lease payments such as maintenance and additional usage service fees. Non-lease payments are not included in the calculation of the lease liability reported at the end of the fiscal year.

As of September 30, 2023, lease liability totaled \$1,142,908. The value of the right-to-use leased assets for governmental and business-type activities was \$1,319,449 with an accumulated amortization of \$236,480 as of September 30, 2023. Refer to Note 5 starting on page 114 for additional information on the right-to-use leased assets.

Table N14-1 presents the expected future minimum principal and interest lease payments of the District for fiscal year ending September 30, 2023.

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

Year Ending September 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 94,000	\$ 25,755	\$ 119,755	\$ 1,336	\$ 3	\$ 1,339
2025	96,890	24,003	120,893	-	-	-
2026	91,098	22,221	113,319	-	-	-
2027	82,658	20,484	103,142	-	-	-
2028	81,036	18,765	99,801	-	-	-
2029-2033	324,159	70,059	394,218	-	-	-
2034-2038	262,551	33,372	295,923	-	-	-
2039-2043	104,302	7,343	111,645	-	-	-
2044-2048	4,611	142	4,753	-	-	-
2049	267	4	271	-	-	-
Total	\$ 1,141,572	\$ 222,148	\$ 1,363,720	\$ 1,336	\$ 3	\$ 1,339

NOTE 14. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

C. SBITA LIABILITY

The District has entered into several Subscription-Based Information Technology Arrangements (SBITAs) for downloadable or remotely available software licenses and cloud-based data storage. The related SBITA obligations are presented in amounts equal to the present value of future SBITA payments, payable during the remaining SBITA term. The District recognizes a SBITA liability and the associated right-to-use subscription assets on the government-wide Statement of Net Position.

The District has a variety of variable payment clauses within its SBITAs, including variable payments based on future performance, usage of the underlying asset, or number of software licenses. Such amounts are recognized as an expenditure in the period in which the obligation for those payments is incurred. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability. Non-subscription payments such as maintenance and support services are not included in the calculation of the SBITA liability. As of September 30, 2023, the District had no loss reported from impairments of SBITAs nor payments for arrangements that have not yet commenced.

As of September 30, 2023, the SBITA liability totaled \$89,490. The value of the right-to-use subscription assets for governmental activities was \$155,600 with an accumulated amortization of \$62,624 as of September 30, 2023. Refer to Note 5 starting on page 114 for additional information on the right-to-use subscription assets.

Table N14-2 presents the expected future minimum principal and interest payments required for SBITAs, as of September 30, 2023.

Table N14-2
Schedule of Future SBITA Commitments
(\$000s)

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 32,001	\$ 1,784	\$ 33,785
2025	25,794	1,221	27,015
2026	21,327	693	22,020
2027	7,883	197	8,080
2028	1,398	21	1,419
2029	1,087	1	1,088
Total	\$ 89,490	\$ 3,917	\$ 93,407

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, 2023. As a result, information regarding potential disallowances arising from noncompliance with applicable grant agreements and other federal requirements is not available for fiscal year 2023. However, based on prior experience and resolutions reached with grantor agencies, the District determined that as of September 30, 2023, probable cumulative expenditures that may be disallowed by grantor agencies totaled \$2,945. Accordingly, an accrual for such expenditures has been recorded in the government-wide financial statements.

C. CONTINGENCIES RELATED TO DERIVATIVE INSTRUMENTS

All 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 Global Ratings 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, 2023, the aggregate fair value of all hedging derivative instruments (floating to fixed swaps) with collateral posting provisions was \$909 as indicated in **Table N2-13** on page 105. The GO credit ratings of the District by Standard & Poor's, Moody's and Fitch are AA+, Aaa, AA+, respectively. No collateral had been posted as of September 30, 2023.

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, 2023.

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 \$87,500.

In fiscal year 2023, there was a \$10,734 net increase 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)

	2023	2022
Liability at October 1	\$ 97,018	\$ 89,588
Claims incurred		
Lawsuits	13,800	11,600
Property tax appeals	36,162	37,252
Claims payments/		
 adjustments		
Lawsuits	(10,665)	(1,165)
Property tax appeals	(25,428)	(40,257)
Liability at September 30	\$ 110,887	\$ 97,018

NOTE 15. COMMITMENTS AND CONTINGENCIES

E. DISABILITY COMPENSATION

Pursuant to DC Code § 1-623.01 et seq., the District, through its Office of Risk Management, administers a disability compensation program under the Comprehensive Merit Personnel Act of 1978. This program covers all District employees, as specified in DC Code §1-623.01(a) 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)

	<u>2023</u>	<u>2022</u>
Liability at October 1	\$ 66,242	\$ 68,800
Claims/adjustments	10,767	12,772
Benefit payments	(12,075)	(15,330)
Liability at September 30	\$ 64,934	\$ 66,242

NOTE 16. SUBSEQUENT AND OTHER EVENTS

A. SUBSEQUENT EVENT

Income Tax Secured Revenue Bonds and Income Tax Secured Revenue Refunding Bonds

In December 2023, the District issued an aggregate par amount of \$907,180 of Income Tax Secured Revenue and Refunding Bonds, comprised of \$467,220 of Income Tax Secured Revenue Bonds, Series 2023A, \$250,345 of Income Tax Secured Revenue and Refunding Bonds, Series 2023B (Taxable), and \$189,615 of Income Tax Secured Revenue Refunding Bonds, Series 2023C. The Bonds are special obligations of the District payable solely from the Trust Estate pledged under the indenture.

The proceeds of the Series 2023A Bonds were used to (1) pay or reimburse the District for capital project expenditures on a tax-exempt basis under the District's capital improvement plan, and (2) pay the cost and expenses of issuing and delivering the Series 2023A Bonds. The proceeds of the Series 2023B Bonds were used to (1) pay or reimburse the District for capital project expenditures on a taxable basis under the District's capital improvement plan, (2) defease the District's General Obligation Bonds Series 2015A Refunded Bonds, (3) refund the Refunded Income Tax Secured BANs, and (4) pay the costs and expenses of issuing and delivering the Series 2023B Bonds. The proceeds of the Series 2023C Bonds were used to (1) purchase the Tender Offer Bonds (which include a portion of the District's General Obligation Bonds Series 2014C, 2014D, 2015A, 2016A, 2016D, and 2020D), and (2) pay the costs and expenses of issuing and delivering the Series 2023C Bonds.

The Series 2023A, Series 2023B and Series 2023C bonds all bear interest at a fixed rate ranging from 4.89% to 5.25% and have final maturity dates of May 1, 2048, May 1, 2037, and October 1, 2033, respectively.

B. OTHER EVENTS

Going Concern

The Not-for-Profit Hospital Corporation (d/b/a United Medical Center) is a blended component unit of the District. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) assuming the Not-for-Profit Hospital Corporation (Corporation) will continue as a going concern. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, substantial doubt about the ability of the Corporation to continue as a going concern exists.

In May 2019, the DC Council voted to reduce funding for the Corporation and close the facilities, located in Southeast, DC., due to a decline in the number of patients and increasing costs to support and

maintain the Corporation. During fiscal year 2023, the Corporation experienced a significant decline in operating revenues. This decline resulted in a net loss of \$9,194 and net cash used by operating activities of \$26,716 for the fiscal year ended September 30, 2023. At September 30, 2023, the Corporation had working capital of \$27,813 and cash of \$35,939. As in the prior fiscal year, the District provided subsidies totaling \$22,000 to the Corporation which will require additional liquidity to continue its operations over the next 12 months.

The District has begun constructing Cedar Hill Regional Medical Center - GW Health, a new hospital located at the St. Elizabeths East Campus in Southeast, DC. The new hospital is expected to open by early 2025 and will replace the Corporation which is expected to cease admitting new patients and cease patient operations no later than 30 days and 90 days, respectively, after the opening of the new Cedar Hill Regional Medical Center - GW Health (DC Code § 44-951.19). In addition, the Corporation is expected to dissolve on September 30, 2025 and all of its assets, positions, personnel, and records, and the unexpended balances of appropriations, allocations, and other funds available or to be made available to it, shall revert to the District.

The financial statements of the District do not include any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may be necessary if the Corporation were unable to continue as a going concern.

Washington Convention and Sports Authority

In fiscal year 2022, the Washington Convention and Sports Authority (Authority) was unable to sufficiently access its financial data and records due to a ransomware attack. As a result, the independent auditors of the Authority were unable to audit its financial statements as of and for the year ended September 30, 2022. Consequently, the Annual Comprehensive Financial Report of the District as of and for the fiscal year ended September 30, 2022 contained unaudited data for the Authority. The Authority has since completed and issued its audited financial statements as of and for the fiscal year ended September 30, 2022. Amounts reported in the Annual Comprehensive Financial Report of the District as of and for fiscal year 2023 include these updated audited numbers. The Authority has also completed and issued its financial statements as of and for the year ended September 30, 2023.

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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 47,835	\$ 75,060	\$ 70,478	\$ 58,888	\$ 53,343	\$ 59,046	\$ 56,781	\$ 44,469	\$ 39,513	\$ 31,636
Contributions in relation to actuarially determined contribution	47,835	75,060	70,478	58,888	53,343	59,046	56,781	44,469	39,513	31,636
Contribution deficiency (excess)	\$ 624,500	\$ 575,288	\$ 538,565	\$ 490,756	\$ 466,792	\$ 470,749	\$ 447,762	\$ 438,079	\$ 417,090	\$ 378,926
Covered payroll	7.66%	13.05%	13.09%	12.00%	11.43%	12.54%	12.68%	10.15%	9.47%	8.35%
Contributions as a percentage of covered payroll										

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 2023:

- Actuarial cost method: Entry age normal
- Amortization method: Level dollar, closed
- Remaining amortization period: Plan surplus is amortized over 30 years
- Asset valuation method: 5-year smoothed market
- Inflation: 3.00%
- Salary increases: 4.00% to 7.10%; includes wage inflation of 3.00%
- Investment rate of return: 6.25%, net of pension plan investment expense
- Mortality: Pre-retirement and post-retirement mortality rates were based on the Pub - 2010 General Employee and Healthy Retiree Mortality Table. Post-disability mortality rates were based on the Pub - 2010 General Disabled Retiree Mortality Table.
- Cost of living adjustments: Increases at the rate of 3.25% per year for members hired prior to November 10, 1996, and 2.75% per year for members hired after November 10, 1996. The cost-of-living increase is limited to no more than 3% for members hired on or after November 10, 1996

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 77,508	\$ 108,965	\$ 109,933	\$ 93,061	\$ 91,284	\$ 105,596	\$ 145,631	\$ 136,115	\$ 103,430	\$ 110,766
Contributions in relation to actuarially determined contribution	77,508	108,965	109,933	93,061	91,284	105,596	145,631	136,115	103,430	110,766
Contribution deficiency (excess)	\$ 512,498	\$ 528,910	\$ 516,881	\$ 473,513	\$ 460,686	\$ 454,209	\$ 441,904	\$ 438,114	\$ 446,201	\$ 426,135
Covered payroll	15.12%	20.60%	21.27%	19.65%	19.81%	23.25%	32.96%	31.07%	23.18%	25.99%
Contributions as a percentage of covered payroll										

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 2023:

Actuarial cost method: Entry age normal

Amortization method: Level dollar, closed

Remaining amortization period: Plan surplus is amortized over 30 years

Asset valuation method: 5-year smoothed market

Inflation: 3.00%

Salary increases: 4.25% to 7.80%; includes wage inflation of 3.00%

Investment rate of return: 6.25%, net of pension plan investment expense

Mortality: Pre-retirement and post-retirement mortality rates were based on the Pub - 2010 Public Safety Employee and Healthy Retiree Mortality with males set forward 1 year, with generational projection using MP-2021 improvement scale. Post-disability mortality rates were based on the Pub - 2010 Public Safety Disabled Retiree Mortality with generational projections using MP-2021 improvement scale.

Cost of living adjustments: Increases at the rate of 3.25% per year for members hired prior to November 10, 1996 and 2.75% per year for members hired on or after November 10, 1996. The cost-of-living increase is limited to no more than 3% for members hired on or after November 10, 1996

**Exhibit RSI-3
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Teachers' Retirement Fund
Last Ten Fiscal Years (\$000s)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ 90,372	\$ 88,666	\$ 87,984	\$ 80,242	\$ 72,429	\$ 67,877	\$ 65,911	\$ 61,599	\$ 53,297	\$ 50,409
Interest	176,035	165,520	168,636	159,186	144,165	137,704	131,657	124,370	118,378	112,204
Differences between expected and actual experience	201,979	19,354	(16,580)	(2,364)	103,719	(19,505)	(37,230)	2,656	(7,246)	-
Changes in assumptions	-	-	(89,404)	-	-	-	14,106	-	-	-
Benefit payments, including refunds of employee contributions	(110,028)	(100,588)	(92,821)	(90,552)	(87,889)	(84,556)	(78,235)	(75,298)	(69,652)	(65,622)
Net change in total pension liability	358,358	172,952	57,815	146,512	232,424	101,520	96,209	113,327	94,777	96,991
Total pension liability-beginning	2,871,570	2,698,618	2,640,803	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)	\$ 3,229,928	\$ 2,871,570	\$ 2,698,618	\$ 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	\$ 47,835	\$ 75,060	\$ 70,478	\$ 58,888	\$ 53,343	\$ 59,046	\$ 56,781	\$ 44,469	\$ 39,513	\$ 31,636
Contributions - employees	58,691	46,914	45,689	42,356	40,432	40,324	34,364	33,591	31,621	28,751
Net investment income (loss)	316,072	(389,391)	513,322	138,924	85,047	94,129	239,554	152,262	(72,647)	132,086
Benefit payments including refunds of employee contributions	(110,028)	(100,588)	(92,821)	(90,552)	(87,889)	(84,556)	(78,235)	(75,298)	(69,652)	(65,622)
Administrative expenses	(2,565)	(4,488)	(4,127)	(3,511)	(3,440)	(4,474)	(4,721)	(4,746)	(4,543)	(3,787)
Other	965	871	953	803	883	1,038	907	1,033	385	522
Net change in plan fiduciary net position	310,970	(371,622)	533,494	146,908	88,376	105,507	248,650	151,311	(75,323)	123,586
Plan fiduciary net position-beginning	2,573,262	2,944,884	2,411,390	2,264,482	2,176,106	2,070,599	1,821,949	1,670,638	1,745,961	1,622,375
Adjustment for final asset-beginning	(337)	-	-	-	-	-	-	-	-	-
Plan fiduciary net position-ending (b)	\$ 2,883,895	\$ 2,573,262	\$ 2,944,884	\$ 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 (asset)-ending (a)-(b)	\$ 346,033	\$ 298,308	\$ (246,266)	\$ 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)	89.29%	89.61%	109.13%	91.31%	90.79%	96.21%	95.85%	88.27%	85.64%	94.07%
Covered payroll	\$ 624,500	\$ 575,288	\$ 538,565	\$ 490,756	\$ 466,792	\$ 470,749	\$ 447,762	\$ 438,079	\$ 417,090	\$ 378,926
Net pension liability (asset) as a percentage of covered payroll	55.41%	51.85%	(45.73)%	46.75%	49.23%	18.22%	20.04%	55.28%	67.17%	29.05%

Notes:
No benefit changes since the prior valuation.
No changes of assumptions since the prior valuation.

**Exhibit RSI-4
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Police Officers and Fire Fighters' Retirement Fund
Last Ten Fiscal Years (\$000s)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ 195,420	\$ 203,080	\$ 217,495	\$ 209,411	\$ 180,928	\$ 182,641	\$ 196,629	\$ 198,020	\$ 192,114	\$ 176,102
Interest	408,414	380,658	386,386	359,706	338,288	318,719	300,626	282,285	257,943	235,097
Differences between expected and actual experience	324,730	55,933	(189,740)	(8,567)	(57,642)	(84,452)	(188,549)	(106,840)	(2,477)	-
Changes in assumptions	-	-	(97,495)	-	-	-	67,256	-	-	-
Benefit payments, including refunds of employee contributions	(208,993)	(182,161)	(158,875)	(141,280)	(122,875)	(108,374)	(94,184)	(81,316)	(65,030)	(54,421)
Net change in total pension liability	719,571	457,510	157,771	419,270	338,699	308,534	281,778	292,149	382,550	356,778
Total pension liability-beginning	6,639,124	6,181,614	6,023,843	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)	\$ 7,358,695	\$ 6,639,124	\$ 6,181,614	\$ 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	\$ 77,508	\$ 108,965	\$ 109,933	\$ 93,061	\$ 91,284	\$ 105,596	\$ 145,631	\$ 136,115	\$ 103,430	\$ 110,766
Contributions - employees	44,249	36,997	37,433	37,880	38,243	34,478	33,424	32,785	33,679	32,821
Net investment income	855,245	(1,044,735)	1,391,936	381,607	232,987	316,842	655,310	415,157	(187,283)	338,894
Benefit payments including refunds of employee contributions	(208,993)	(182,161)	(158,875)	(141,280)	(122,875)	(108,374)	(94,184)	(81,316)	(65,030)	(54,421)
Administrative expenses	(16,832)	(12,047)	(11,208)	(9,648)	(9,481)	(11,570)	(12,838)	(12,918)	(11,939)	(9,730)
Other	2,563	2,338	2,585	2,207	2,435	2,356	2,468	2,810	1,012	1,342
Net change in plan fiduciary net position	753,740	(1,090,643)	1,371,804	363,827	232,593	339,328	729,811	492,633	(126,131)	419,672
Plan fiduciary net position-beginning	6,901,351	7,991,994	6,620,190	6,256,363	6,023,770	5,684,442	4,954,631	4,461,998	4,588,129	4,168,457
Adjustment for final asset-beginning (906)										
Plan fiduciary net position-ending (b)	\$ 7,654,185	\$ 6,901,351	\$ 7,991,994	\$ 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 asset-ending (a)-(b)	\$ (295,490)	\$ (262,227)	\$ (1,810,380)	\$ (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)	104.02%	103.95%	129.29%	109.90%	111.63%	114.39%	114.67%	105.97%	101.79%	114.68%
Covered payroll	\$ 512,498	\$ 528,910	\$ 516,881	\$ 473,513	\$ 460,686	\$ 454,209	\$ 441,904	\$ 438,114	\$ 446,201	\$ 426,135
Net pension asset as a percentage of covered payroll	(57.66)%	(49.58)%	(350.25)%	(125.94)%	(141.48)%	(166.86)%	(164.54)%	(63.70)%	(17.61)%	(137.81)%

Notes:
No benefit changes since the prior valuation.
No changes of assumptions since the prior valuation.

**Exhibit RSI-5
Schedule of Employer Contributions - OPEB
Last Ten Fiscal Years (\$000s)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 41,500	\$ 53,000	\$ 53,600	\$ 47,300	\$ 46,000	\$ 44,500	\$ 31,000	\$ 29,000	\$ 91,400	\$ 86,600
Contributions in relation to actuarially determined contribution	41,500	53,000	53,600	47,300	46,000	44,500	31,000	29,000	91,400	86,600
Contribution excess	\$ 2,416,783	\$ 2,439,212	\$ 2,331,262	\$ 2,173,454	\$ 2,038,767	\$ 1,940,801	\$ 1,820,046	\$ 1,771,335	\$ 1,608,000	\$ 1,484,300
Covered payroll	1.72%	2.17%	2.30%	2.18%	2.26%	2.29%	1.70%	1.64%	5.68%	5.83%
Contributions as a percentage of covered payroll										

Notes:

Valuation Date: Actuarially determined contribution rates are calculated based on the actuarial valuation performed one year prior to the start of the fiscal year.

Methods and assumptions used to determine contribution rates for fiscal year 2023:

Actuarial cost method: Entry age normal

Amortization method: Level percent of pay, closed

Remaining amortization period: 13 years beginning with fiscal year end 2023

Asset valuation method: 5-year smoothed Actuarial Value

Investment rate of return: 6.50%

Discount rate: 6.50%

Salary increase rate: 3.50% (plus merit scale)

Medical inflation rate: 7.00%, grading to 4.00%. Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2041.

Mortality: The RP-2014 Healthy Employee Mortality Table with the MP-2020 Improvement Scale, fully generational RP-2014 Disabled Life Mortality Table for disabled lives.

**Exhibit RSI-6
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Last Seven Fiscal Years (\$000s)**

	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY							
Service cost	\$ 59,505	\$ 60,548	\$ 58,067	\$ 54,832	\$ 50,106	\$ 52,835	\$ 49,610
Interest	117,487	110,365	104,625	94,484	89,812	79,095	72,123
Differences between expected and actual experience	(29,091)	35,532	12,737	30,163	1,627	(729)	(539)
Changes in assumptions	77,454	(66,664)	(60,919)	-	(49,000)	50,940	-
Insurance carrier premiums net of retiree contributions	(32,478)	(28,008)	(24,437)	(22,547)	(18,644)	(15,740)	(12,370)
Net change in total OPEB liability	192,877	111,773	90,073	156,932	73,701	166,401	108,824
Total OPEB liability-beginning	1,823,480	1,711,707	1,621,634	1,464,702	1,391,001	1,224,600	1,115,776
Total OPEB liability-ending (a)	\$ 2,016,357	\$ 1,823,480	\$ 1,711,707	\$ 1,621,634	\$ 1,464,702	\$ 1,391,001	\$ 1,224,600
OPEB PLAN FIDUCIARY NET POSITION							
Contributions - employer and annuitants	\$ 43,039	\$ 54,280	\$ 54,516	\$ 48,189	\$ 46,834	\$ 45,206	\$ 31,522
Net investment income (loss)	185,520	(398,893)	355,888	107,412	20,647	67,386	150,515
Insurance carrier premiums (benefits payments)	(34,017)	(29,288)	(25,353)	(23,437)	(19,678)	(16,447)	(12,892)
Administrative expenses	(1,347)	(874)	(671)	(685)	(730)	(397)	(304)
Net change in plan fiduciary net position	193,195	(374,775)	384,380	131,579	47,073	95,748	168,841
Plan fiduciary net position-beginning	1,650,287	2,025,062	1,640,682	1,509,103	1,462,030	1,366,282	1,197,441
Plan fiduciary net position-ending (b)	\$ 1,843,482	\$ 1,650,287	\$ 2,025,062	\$ 1,640,682	\$ 1,509,103	\$ 1,462,030	\$ 1,366,282
District's net OPEB liability (asset) - ending (a)-(b)	\$ 172,875	\$ 173,193	\$ (313,355)	\$ (19,048)	\$ (44,401)	\$ (71,029)	\$ (141,682)
Plan fiduciary net position as a percentage of total OPEB liability (b)/(a)	91.43%	90.50%	118.31%	101.17%	103.03%	105.11%	111.57%
Covered payroll	\$ 2,416,783	\$ 2,439,212	\$ 2,331,262	\$ 2,173,454	\$ 2,038,767	\$ 1,940,801	\$ 1,820,046
Net OPEB liability (asset) as a percentage of covered payroll	7.15%	7.10%	(13.44)%	(0.88)%	(2.18)%	(3.66)%	(7.78)%

Note:
This 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 - Pension (and Other Employee Benefit) Trust 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, 2023
(With Comparative Totals at September 30, 2022)
(\$000s)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 3,249,312	\$ 4,507,519
Receivables (net of allowances for doubtful accounts):		
Intergovernmental	852	720
Lease receivable	425,591	407,133
Taxes	632,880	582,127
Accounts	125,619	294,368
Due from component units	12,145	1,524
Interfund	1,446,397	71,882
Inventories	15,402	47,652
Other current assets	21,083	14,002
Cash and cash equivalents (restricted)	1,009,778	944,688
Investments (restricted)	2,495	2,837
Total current assets	6,941,554	6,874,452
Long-term assets	82,899	71,116
Total assets	\$ 7,024,453	\$ 6,945,568
LIABILITIES		
Accounts payable	\$ 631,208	\$ 640,287
Compensation payable:		
Salaries and wages	240,421	225,043
Employee benefits	3,281	7,427
Payroll taxes	1,361	1,292
Other deductions	3,647	3,395
Interfund	25,361	21,802
Due to component units	46,155	25,211
Unearned revenue	52,428	45,806
Other	66,000	55,791
Accrued liabilities:		
Medicaid	164,525	156,330
Tax refunds	63,928	88,940
Other current liabilities	9,744	14,740
Total liabilities	1,308,059	1,286,064
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues:		
Property taxes	172,051	146,745
Lease related	435,119	407,133
Others	192,319	213,321
Total deferred inflows of resources	799,489	767,199
FUND BALANCE		
Nonspendable	15,402	47,652
Restricted	1,121,654	1,064,506
Committed	3,779,849	3,780,147
Total fund balance	4,916,905	4,892,305
Total liabilities, deferred inflows of resources and fund balance	\$ 7,024,453	\$ 6,945,568

The notes to financial statements are an integral part of this statement.

Exhibit A-2

DISTRICT OF COLUMBIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
General Fund
For the Year Ended September 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)
(\$000s)

	<u>2023</u>	<u>2022</u>
REVENUES		
Taxes	\$ 9,843,496	\$ 9,828,671
Fines and forfeitures	166,825	169,382
Licenses and permits	165,931	156,512
Charges for services:		
Public	283,371	284,506
Intergovernmental	1,163	937
Miscellaneous:		
Public	602,931	652,049
Investment income	219,066	34,713
Total revenues	<u>11,282,783</u>	<u>11,126,770</u>
EXPENDITURES		
Current:		
Governmental direction and support	1,452,649	2,427,677
Economic development and regulation	460,286	436,343
Public safety and justice	1,560,949	1,358,284
Public education system	3,345,632	2,834,576
Human support services	2,464,052	2,165,073
Operations and infrastructure	713,783	685,534
Public transportation	479,610	447,069
Debt service:		
Principal	593,296	434,410
Interest	540,707	484,898
Fiscal charges	6,306	13,155
Total expenditures	<u>11,617,270</u>	<u>11,287,019</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(334,487)</u>	<u>(160,249)</u>
OTHER FINANCING SOURCES (USES):		
Debt issuance	4,149	6,880
Refunding debt issuance	359,059	1,377,969
Premium on sale of bonds	20,965	148,346
Payment to refunded bond escrow agent	(380,024)	(1,522,911)
Leases (as lessee)	228,416	1,178,412
Transfers in	1,152,938	910,874
Transfers out	(1,026,416)	(646,222)
Sale of capital assets	-	500
Total other financing sources	<u>359,087</u>	<u>1,453,848</u>
Excess of revenues and other sources over expenditures and other uses	<u>24,600</u>	<u>1,293,599</u>
Fund Balance as of October 1	4,892,305	3,598,706
Fund Balance as of September 30	<u>\$ 4,916,905</u>	<u>\$ 4,892,305</u>

The notes to financial statements are an integral part of this statement.

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, 2023
(With Comparative Totals for the Year Ended September 30, 2022)
(\$000s)

Function and Subfunction	Personnel Services	Contractual Services	Supplies	Occupancy	Miscellaneous	Totals	
						2023	2022
Governmental direction and support							
Legislative	\$ 38,039	\$ 4,149	\$ 159	\$ 1,003	\$ 1,623	\$ 44,973	\$ 56,841
Executive	126,021	58,325	476	10,422	23,181	218,425	178,999
Finance	141,380	71,394	928	16	189,121	402,839	351,499
Personnel	20,338	2,542	83	31	6,735	29,729	15,351
Administrative	152,576	101,096	904	259,857	226,707	741,140	1,796,531
Elections	11,473	2,910	85	71	1,004	15,543	28,456
Total	489,827	240,416	2,635	271,400	448,371	1,452,649	2,427,677
Economic development and regulation							
Community development	44,733	17,346	106	2,445	374,940	439,570	407,560
Economic regulation	13,279	3,611	56	1,196	2,574	20,716	28,783
Total	58,012	20,957	162	3,641	377,514	460,286	436,343
Public safety and justice							
Police	710,769	59,241	6,394	33	174,992	951,429	786,808
Fire	250,254	15,459	7,008	58	14,822	287,601	268,123
Corrections	190,202	60,970	4,515	279	29,827	285,793	268,862
Protection	17,437	6,037	277	303	144	24,198	24,834
Law	9,846	640	50	1	705	11,242	9,595
Judicial	130	505	-	51	-	686	62
Total	1,178,638	142,852	18,244	725	220,490	1,560,949	1,358,284
Public education system							
Schools	1,197,152	106,985	10,326	37,347	1,378,033	2,729,843	2,118,730
Culture	99,582	40,922	637	3,528	256,312	400,981	535,894
Employment benefits	56,353	13,759	2,673	6	10,404	83,195	69,537
Employment services	57,429	21,932	358	3,412	48,482	131,613	110,415
Total	1,410,516	183,598	13,994	44,293	1,693,231	3,345,632	2,834,576
Human support services							
Health and welfare	387,575	154,146	4,700	37,583	1,787,347	2,371,351	2,066,378
Human relations	11,788	7,226	49	65	32,073	51,201	45,695
Employment benefits	-	-	-	-	41,500	41,500	53,000
Total	399,363	161,372	4,749	37,648	1,860,920	2,464,052	2,165,073
Operations and infrastructure	379,282	254,222	5,586	10,316	64,377	713,783	685,534
Public transportation	-	-	-	-	479,610	479,610	447,069
Debt service	-	-	-	-	1,140,309	1,140,309	932,463
Net financing sources	-	-	-	-	(359,087)	(359,087)	(1,453,848)
Total expenditures and net uses	\$ 3,915,638	\$ 1,003,417	\$ 45,370	\$ 368,023	\$ 5,925,735	\$ 11,258,183	\$ 9,833,171

The notes to financial statements are an integral part of this statement.

Notes:

The miscellaneous column includes transfers, subsidies and other payments, the major components of which are listed below:

Government Direction and Support:

- Transfer to Washington Convention Center [\$181,804]
- Payment for Department of General Services [\$134,605]
- Payment for Office of the Attorney General [\$10,382]
- Payment for Mayor's Office on Latino Affairs [\$5,296]
- Payment for Emergency Planning and Security Cost [\$9,051]
- Payment for Office of the Chief Financial Officer [\$7,268]
- Payment for Department of Human Resources [\$6,693]
- Payment for Office of the Chief Technology Officer [\$55,353]
- Payment for Office of Contracting and Procurement [\$30,864]

Economic Development and Regulation:

- Payment for Deputy Mayor for Planning and Economic Development [\$46,914]
- Transfer to Housing Authority Subsidy [\$175,109]
- Payment for Commission on Arts and Humanities [\$36,780]
- Payment for Business Improvement Districts [\$37,723]
- Payment for Department of Small and Local Business Development [\$16,191]
- Payment for Department of Housing and Community Development [\$59,628]

Public Safety and Justice:

Payment for Police/Firefighters Retirement System [\$77,508]
Payment for Office of Victim Services and Justice Grants [\$78,871]
Payment for Fire and Emergency Medical Services [\$14,822]
Payment for Neighborhood Safety and Engagement [\$6,392]
Payment for Metropolitan Police Department [\$9,931]
Payment for Department of Youth Rehabilitation Services [\$27,545]

Public Education System:

Transfer to Public Charter Schools [\$1,137,967]
Transfer to UDC Subsidy [\$96,243]
Payment for Office of the State Superintendent of Education (OSSE) [\$246,899]
Payment for Teachers' Retirement System [\$47,639]
Payment for Office for Non-Public Tuition [\$51,505]
Payment for Department of Employment Services [\$48,482]
Payment for District of Columbia Public Schools [\$22,980]
Payment for Office of the Deputy Mayor for Education [\$20,985]
Payment for DC Public Library [\$9,343]
Payment for Department of Parks and Recreation [\$6,785]

Human Support Services:

Payment for Department of Health Care Finance [\$972,264]
Payment for Department of Human Services [\$465,039]
Payment for Department of Behavioral Health [\$105,564]
Payment for Department on Disability Services [\$113,957]
Payment for Child and Family Services Agency [\$83,338]
Payment for District Retiree Health Contribution [\$41,500]
Payment for Department of Health [\$47,166]
Payment for Department of Aging and Community Living [\$32,073]

Operations and Infrastructure and Public Transportation:

Payment for Mass Transit Subsidies [\$479,610]
Payment for Department of Energy and Environment [\$48,247]
Payment for Department of For-Hire Vehicles [\$5,296]

Debt Service and Net Financing:

Payment for Repayment of Loans and Interest [\$1,140,309]

Exhibit A-4

DISTRICT OF COLUMBIA
SCHEDULE OF LOCAL SOURCE REVENUES
Budget and Actual (Budgetary Basis)
General Fund
Year Ended September 30, 2023
(\$000s)

Source	Budget		Actual	Variance
	Original	Revised		
Taxes:				
Property:				
Real	\$ 2,771,358	\$ 2,804,098	\$ 2,797,300	\$ (6,798)
Personal	76,157	81,408	83,902	2,494
Public space rental	38,484	44,067	41,478	(2,589)
Total	<u>2,885,999</u>	<u>2,929,573</u>	<u>2,922,680</u>	<u>(6,893)</u>
Sales and use:				
General	1,632,765	1,856,810	1,858,068	1,258
Alcoholic beverages	6,435	7,057	6,851	(206)
Cigarette	21,964	13,000	9,348	(3,652)
Motor vehicles	50,204	55,000	51,224	(3,776)
Motor fuel tax	24,712	21,211	22,485	1,274
Total	<u>1,736,080</u>	<u>1,953,078</u>	<u>1,947,976</u>	<u>(5,102)</u>
Income and franchise:				
Individual income	3,099,910	3,090,868	3,048,229	(42,639)
Corporation franchise	711,232	857,538	905,809	48,271
Unincorporated business	189,166	202,276	220,495	18,219
Total	<u>4,000,308</u>	<u>4,150,682</u>	<u>4,174,533</u>	<u>23,851</u>
Gross receipts:				
Public utility	125,546	114,514	116,327	1,813
Toll telecommunication	35,909	35,194	34,528	(666)
Insurance companies	72,995	77,192	89,098	11,906
Health care providers	35,588	37,435	38,892	1,457
Health care related incomes	61,203	68,609	68,609	-
Private sports wagering	4,598	1,274	1,572	298
Games of skill	2,563	27	37	10
Total	<u>338,402</u>	<u>334,245</u>	<u>349,063</u>	<u>14,818</u>
Other:				
Deed recordation	267,939	155,563	167,922	12,359
Deed transfers	202,929	106,841	115,538	8,697
Inheritance and estate	34,067	81,808	94,517	12,709
Economic interests	23,005	13,529	8,738	(4,791)
Total	<u>527,940</u>	<u>357,741</u>	<u>386,715</u>	<u>28,974</u>
Total taxes	<u>9,488,729</u>	<u>9,725,319</u>	<u>9,780,967</u>	<u>55,648</u>
Licenses and permits:				
Business licenses	108,793	103,683	111,345	7,662
Nonbusiness permits	37,292	33,177	35,634	2,457
Total	<u>146,085</u>	<u>136,860</u>	<u>146,979</u>	<u>10,119</u>
Fines and forfeitures	<u>151,232</u>	<u>159,998</u>	<u>156,576</u>	<u>(3,422)</u>
Charges for services	<u>68,172</u>	<u>62,057</u>	<u>70,544</u>	<u>8,487</u>
Miscellaneous:				
Interest	4,654	220,000	208,973	(11,027)
Other	113,671	147,065	198,976	51,911
Total	<u>118,325</u>	<u>367,065</u>	<u>407,949</u>	<u>40,884</u>
Total local revenues	<u>9,972,543</u>	<u>10,451,299</u>	<u>10,563,015</u>	<u>111,716</u>
Other sources:				
General obligation bonds	11,000	11,000	4,149	(6,851)
Fund balance released from restrictions	472,024	728,096	728,096	-
Interfund transfer	857,380	1,062,541	1,135,874	73,333
Total other sources	<u>1,340,404</u>	<u>1,801,637</u>	<u>1,868,119</u>	<u>66,482</u>
Total local revenues and other sources	<u>\$ 11,312,947</u>	<u>\$ 12,252,936</u>	<u>\$ 12,431,134</u>	<u>\$ 178,198</u>

The notes to financial statements are an integral part of this statement.

**DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
General Fund
Year Ended September 30, 2023
(\$'000s)**

	Local Source			Other Source			Totals		
	Original Budget	Revised Budget	Variance	Original Budget	Revised Budget	Variance	Original Budget	Revised Budget	Variance
REVENUES AND OTHER SOURCES									
Taxes:									
Property taxes	\$ 2,885,999	\$ 2,929,573	\$ (6,893)	\$ -	\$ -	\$ -	\$ 2,885,999	\$ 2,929,573	\$ (6,893)
Sales and use taxes	1,736,080	1,953,078	(5,102)	-	-	-	1,736,080	1,953,078	(5,102)
Income and franchise taxes	4,000,308	4,150,682	23,851	-	-	-	4,000,308	4,150,682	23,851
Gross receipts and other taxes	866,342	691,986	43,792	-	-	-	866,342	691,986	43,792
Total taxes	9,488,729	9,725,319	55,648	-	-	-	9,488,729	9,725,319	55,648
Licenses and permits	146,085	136,860	10,119	-	-	-	146,085	136,860	10,119
Fines and forfeitures	151,232	159,998	(3,422)	-	-	-	151,232	159,998	(3,422)
Charges for services	68,172	62,057	8,487	-	-	-	68,172	62,057	8,487
Miscellaneous	118,325	367,065	407,949	-	-	-	118,325	367,065	407,949
Other sources	-	-	-	725,546	754,827	(13,621)	725,546	754,827	(13,621)
Bond proceeds	11,000	11,000	(6,851)	-	-	-	11,000	11,000	(6,851)
Fund balance released from restrictions	472,024	728,096	728,096	61,725	84,748	84,748	533,749	812,844	812,844
Interfund transfer-from office of lottery and gaming	43,731	43,731	33,450	-	-	-	43,731	43,731	33,450
Interfund transfer-others	813,649	1,018,810	1,102,424	-	-	-	813,649	1,018,810	1,102,424
Total revenues and other sources	11,312,947	12,252,936	12,431,134	787,271	839,575	(13,621)	12,100,218	13,092,511	13,257,088
EXPENDITURES AND OTHER USES									
Governmental direction and support	995,980	1,049,820	1,021,063	105,090	75,325	69,404	1,101,070	1,125,145	1,090,467
Economic development and regulation	719,209	750,304	746,102	79,725	69,475	68,673	798,934	819,779	814,775
Public safety and justice	1,378,274	1,537,219	1,518,475	37,856	36,548	32,959	1,416,130	1,573,767	1,551,434
Public education system	3,063,974	2,872,551	2,858,411	86,387	73,227	70,533	3,150,361	2,945,778	2,928,944
Public education AY24 expenditure	-	426,234	426,234	-	-	-	-	426,234	426,234
Human support services	2,486,884	2,459,758	2,441,403	44,720	51,456	36,923	2,531,604	2,511,214	2,478,326
Operations and infrastructure	971,770	953,829	947,324	287,820	272,981	247,533	1,259,590	1,226,810	1,194,857
Repayment of loans and interest	1,002,316	959,183	959,183	8,412	8,412	8,412	1,010,728	967,595	967,595
Debt service - issuance costs	11,000	6,522	6,306	-	-	-	11,000	6,522	6,306
Commercial paper program	3,750	4,865	4,865	-	-	-	3,750	4,865	4,865
Settlements and judgments fund	28,025	14,050	12,566	-	-	-	28,025	14,050	12,566
Wilson building	5,233	5,233	5,017	-	-	-	5,233	5,233	5,017
D.C. retiree health contribution	41,500	41,500	41,500	-	-	-	41,500	41,500	41,500
Repayment of revenue bonds	3,775	3,765	3,765	-	-	-	3,775	3,765	3,765
Convention center transfer	117,512	181,804	181,804	4,400	-	-	121,912	181,804	181,804
Highway transportation fund	24,712	22,485	22,485	2,825	9,825	9,825	27,537	32,310	32,310
Emergency planning and security fund	-	7,100	5,851	-	-	-	-	7,100	5,851
Workforce investments	64,176	-	-	-	-	-	64,176	-	-
Emergency and contingency reserve funds	-	18,977	16,986	-	-	-	-	18,977	16,986
Pay-as-you-go capital fund	381,529	395,228	395,228	121,397	109,681	109,681	502,926	504,909	504,909
Non-departmental	11,804	111	111	3,071	2,926	2,926	14,875	3,037	3,037
Total expenditures and other uses	11,311,423	11,710,538	11,614,568	781,703	709,856	653,943	12,093,126	12,420,394	12,268,511
Excess of revenues and other sources over expenditures and other uses	\$ 1,524	\$ 542,398	\$ 816,566	\$ 5,568	\$ 129,719	\$ 172,011	\$ 7,092	\$ 672,117	\$ 988,577

The notes to financial statements are an integral part of this statement.

Exhibit A-6

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES
General Fund
Year Ended September 30, 2023
(\$000s)

	Original Budget	Revisions	Revised Budget	Actual	Variance (Actual To Original Budget)
REVENUES AND OTHER SOURCES					
Taxes:					
Property taxes	\$ 2,885,999	\$ 43,574	\$ 2,929,573	\$ 2,922,680	\$ 36,681
Sales and use taxes	1,736,080	216,998	1,953,078	1,947,976	211,896
Income and franchise taxes	4,000,308	150,374	4,150,682	4,174,533	174,225
Gross receipts and other taxes	866,342	(174,356)	691,986	735,778	(130,564)
Total taxes	9,488,729	236,590	9,725,319	9,780,967	292,238
Licenses and permits	146,085	(9,225)	136,860	146,979	894
Fines and forfeitures	151,232	8,766	159,998	156,576	5,344
Charges for services	68,172	(6,115)	62,057	70,544	2,372
Miscellaneous	118,325	248,740	367,065	407,949	289,624
Other sources	725,546	29,281	754,827	741,206	15,660
Bond proceeds	11,000	-	11,000	4,149	(6,851)
Fund balance released from restrictions	533,749	279,095	812,844	812,844	279,095
Interfund transfer-from office of lottery and gaming	43,731	-	43,731	33,450	(10,281)
Interfund transfer-others	813,649	205,161	1,018,810	1,102,424	288,775
Total revenues and other sources	12,100,218	992,293	13,092,511	13,257,088	1,156,870
EXPENDITURES AND OTHER USES					
Governmental direction and support	1,101,070	24,075	1,125,145	1,090,467	10,603
Economic development and regulation	798,934	20,845	819,779	814,775	(15,841)
Public safety and justice	1,416,130	157,637	1,573,767	1,551,434	(135,304)
Public education system	3,150,361	(204,583)	2,945,778	2,928,944	221,417
Public education AY24 expenditure	-	426,234	426,234	426,234	(426,234)
Human support services	2,531,604	(20,390)	2,511,214	2,478,326	53,278
Operations and infrastructure	1,259,590	(32,780)	1,226,810	1,194,857	64,733
Repayment of loans and interest	1,010,728	(43,133)	967,595	967,595	43,133
Debt service - issuance costs	11,000	(4,478)	6,522	6,306	4,694
Commercial paper program	3,750	1,115	4,865	4,865	(1,115)
Settlements and judgments fund	28,025	(13,975)	14,050	12,566	15,459
Wilson building	5,233	-	5,233	5,017	216
D.C. retiree health contribution	41,500	-	41,500	41,500	-
Repayment of revenue bonds	3,775	(10)	3,765	3,765	10
Convention center transfer	121,912	59,892	181,804	181,804	(59,892)
Highway transportation fund	27,537	4,773	32,310	32,310	(4,773)
Emergency planning and security fund	-	7,100	7,100	5,851	(5,851)
Workforce investments	64,176	(64,176)	-	-	64,176
Emergency and contingency reserve funds	-	18,977	18,977	16,986	(16,986)
Pay-as-you-go capital fund	502,926	1,983	504,909	504,909	(1,983)
Non-departmental	14,875	(11,838)	3,037	-	14,875
Total expenditures and other uses	12,093,126	327,268	12,420,394	12,268,511	(175,385)
Excess of revenues and other sources over expenditures and other uses	\$ 7,092	\$ 665,025	\$ 672,117	\$ 988,577	\$ 981,485

The notes to financial statements are an integral part of this statement.

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 Fund**, a blended component unit, is used to account for the tobacco litigation settlement activities of the District.

The **Payment in Lieu of Taxes (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 **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 benefit payments to covered employees.

The **Baseball Project Special Revenue Fund** is used to account for the proceeds of baseball related revenue sources that are legally restricted to expenditures for baseball project purposes.

Debt Service Fund

The **Debt Service Fund** is used to account for the payment of ballpark revenue bonds.

Capital Projects Fund

The **Highway Trust Fund** is used to account for the motor vehicle fuel taxes and other fees collected and used by the District for highway projects.

Exhibit B-1

DISTRICT OF COLUMBIA
COMBINING BALANCE SHEET
Nonmajor Governmental Funds
September 30, 2023
(With Comparative Totals at September 30, 2022)
(\$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		
ASSETS									
Current assets:									
Receivables (net of allowances for doubtful accounts):									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,403	\$ -	\$ -	\$ 2,807	\$ 5,210
Accounts	17	26,280	-	7,813	-	-	-	-	34,110
Due from other funds	795	-	2,213	414	6,256	-	-	-	9,678
Due from component units	1,000	-	-	-	665	-	-	-	1,665
Other current assets	-	14	-	-	-	-	-	-	14
Restricted cash and cash equivalents	50,070	49,172	91,441	178,517	36,589	-	12,956	418,745	788,880
Total assets	\$ 51,882	\$ 75,466	\$ 93,654	\$ 186,744	\$ 45,913	\$ -	\$ 15,763	\$ 469,422	\$ 834,540

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

Current liabilities:									
Accounts payable	\$ -	\$ 162	\$ -	\$ 6,587	\$ -	\$ -	\$ 7,768	\$ 14,517	\$ 11,947
Compensation payable	-	-	-	-	-	-	1,083	1,083	235
Due to other funds	1,000	-	-	303	-	-	869	2,172	60,721
Due to component units	5	-	-	-	-	-	-	5	1,122
Other current liabilities	-	-	4	4,385	1	-	1,375	5,765	5,965
Accrued liabilities	-	-	-	-	898	-	261	1,159	311
Total liabilities	1,005	162	4	11,275	899	-	11,356	24,701	80,301

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenues	-	-	-	-	2,274	-	-	2,274	2,242
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FUND BALANCES

Restricted	50,877	75,304	93,650	175,469	42,740	-	4,407	442,447	751,997
Total fund balances	50,877	75,304	93,650	175,469	42,740	-	4,407	442,447	751,997
Total liabilities, deferred inflows of resources and fund balances	\$ 51,882	\$ 75,466	\$ 93,654	\$ 186,744	\$ 45,913	\$ -	\$ 15,763	\$ 469,422	\$ 834,540

The notes to financial statements are an integral part of this statement.

DISTRICT OF COLUMBIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2023
 (With Comparative Totals for the Year Ended September 30, 2022)
 (\$000s)

	Special Revenue Funds							Capital Project Fund Highway Trust	Totals	
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT	Universal Paid Leave	Baseball Project	Debt Service Fund	2023		2022	
REVENUES										
Property taxes	\$ 15,198	\$ -	\$ 27,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,980	\$ 41,415
Sales and use taxes	24,663	-	23,064	-	15,748	-	-	-	63,475	44,947
Gross receipts taxes	-	-	-	-	56,782	-	-	-	56,782	51,350
Charge for services	-	-	-	153,065	-	-	-	550	153,615	335,551
Interest	958	2,146	2,261	8,441	752	-	283	-	14,841	4,383
Tobacco settlement revenue	-	39,237	-	-	-	-	-	-	39,237	48,083
Other	-	-	-	-	6,131	-	-	-	6,131	6,131
Total revenues	40,819	41,383	53,107	161,506	79,413	-	833	377,061	531,860	531,860
EXPENDITURES										
Governmental direction and support	18,275	229	3,918	-	1,788	-	-	-	24,210	53,836
Economic development and regulation	-	-	-	107,644	-	-	-	-	107,644	80,231
Capital outlay	-	-	-	-	-	-	37,118	-	37,118	40,362
Bond principal payment	4,849	27,660	13,408	-	-	4,525	-	-	50,442	77,832
Interest	4,239	14,104	7,276	-	-	10,360	-	-	35,979	38,930
Total expenditures	27,363	41,993	24,602	107,644	1,788	14,885	37,118	255,393	291,191	291,191
Excess (deficiency) of revenues over (under) expenditures	13,456	(610)	28,505	53,862	77,625	(14,885)	(36,285)	121,668	240,669	240,669
OTHER FINANCING SOURCES (USES)										
Bond issuance	245	-	3,461	-	-	-	-	-	3,706	9,963
Transfers in	-	-	-	-	-	14,885	32,310	-	47,195	37,545
Transfers out	(1,000)	-	-	(421,400)	(59,719)	-	-	-	(482,119)	(243,474)
Total other financing sources (uses)	(755)	-	3,461	(421,400)	(59,719)	14,885	32,310	(431,218)	(195,966)	(195,966)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	12,701	(610)	31,966	(367,538)	17,906	-	(3,975)	(309,550)	44,703	44,703
Fund Balances as of October 1	38,176	75,914	61,684	543,007	24,834	-	8,382	751,997	707,294	707,294
Fund Balances as of September 30	\$ 50,877	\$ 75,304	\$ 93,650	\$ 175,469	\$ 42,740	\$ -	\$ 4,407	\$ 442,447	\$ 751,997	\$ 751,997

The notes to financial statements are an integral part of this statement.



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FIDUCIARY FUNDS - PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

(Combining Statements)

Pension (and Other Employee Benefit) Trust Funds are used to account for assets held by the District in a trustee capacity. These assets cannot be used to support the District programs. Combining statements are presented for the Pension (and Other Employee Benefit) Trust Funds.

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, the District, and federal government at amounts determined by an annual actuarial study.

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 **401(a) Defined Contributions Plan** is used to account for the contributions made by the District and the associated benefit payments. The District contributes 5% of eligible employees' base salary for all employees, except detention officers. The District contributes 5.5% of the base salary of detention officers. Participants do not make any contributions to the Plan.

The **457(b) Deferred Compensation Plan** is used to account for tax deferred compensation. The contributions are made by eligible employees towards their retirement and the associated benefit payments. The Plan's assets are held in trust by the District for the exclusive benefit of Plan members and their beneficiaries.

The **403(b) Tax Sheltered Annuity Plan** is used to account for contributions made by eligible District of Columbia Public Schools (DCPS) employees towards their retirement and the associated benefit payments. 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.

Exhibit C-1

**DISTRICT OF COLUMBIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
Pension (and Other Employee Benefit) Trust Funds
September 30, 2023
(With Comparative Totals at September 30, 2022)
(\$'000s)**

	Pension Trust Funds		Other Employee Benefit Trust Funds					Totals	
	Police Officers and Fire Fighters	Teachers	Other Postemployment Benefits (OPEB)	401(a) Defined Contribution Plan	457(b) Deferred Compensation Plan	403(b) Tax-Sheltered Annuity Plan	2023	2022	
ASSETS									
Cash and cash equivalents	\$ 86,228	\$ 32,461	\$ 79,213	\$ -	\$ -	\$ -	\$ 197,902	\$ 285,176	
Investments									
Equities	3,669,133	1,381,291	1,137,502	1,295,611	913,773	327,454	8,724,764	7,517,058	
Fixed income securities	1,705,270	641,970	589,743	20,617	42,126	26,196	3,025,922	3,065,327	
Real estate	960,484	361,586	-	-	-	127	1,322,197	1,261,274	
Private equity	1,240,823	467,123	-	-	-	-	1,707,946	1,198,075	
Commodities	-	-	56,222	-	-	-	56,222	58,116	
Money market funds	-	-	-	113,496	314,482	-	427,978	409,352	
Total investments	7,575,710	2,851,970	1,783,467	1,429,724	1,270,381	353,777	15,265,029	13,509,202	
Receivables									
Loan receivable	-	-	-	-	-	2,150	2,150	2,224	
Benefit contributions receivable	2,289	3,245	-	3,520	41,854	-	50,908	47,024	
Other receivables	10,360	3,900	65,889	70	31	-	80,250	28,898	
Due from federal government	688	259	-	-	-	-	947	972	
Total receivables	13,337	7,404	65,889	3,590	41,885	2,150	134,255	79,118	
Depreciable and amortizable capital assets, net	6,717	2,529	-	-	-	-	9,246	10,384	
Total assets	7,681,992	2,894,364	1,928,569	1,433,314	1,312,266	355,927	15,606,432	13,883,880	
LIABILITIES									
Accounts payable	6,175	2,325	85,087	-	-	-	93,587	35,387	
Due to federal government	545	205	-	-	-	-	750	658	
Other current liabilities	13,747	5,176	-	2,950	1,285	-	23,158	32,774	
Other long-term liabilities	7,340	2,763	-	-	-	-	10,103	11,302	
Total liabilities	27,807	10,469	85,087	2,950	1,285	-	127,598	80,121	
NET POSITION									
Restricted for:									
Pensions	7,654,185	2,883,895	-	-	-	-	10,538,080	9,473,370	
Other postemployment benefits	-	-	1,843,482	-	-	-	1,843,482	1,650,287	
Other employee benefit	-	-	-	1,430,364	1,310,981	355,927	3,097,272	2,680,102	
Net position restricted for pension, other employee benefit, and other purposes	\$ 7,654,185	\$ 2,883,895	\$ 1,843,482	\$ 1,430,364	\$ 1,310,981	\$ 355,927	\$ 15,478,834	\$ 13,803,759	

The notes to financial statements are an integral part of this statement.

DISTRICT OF COLUMBIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Pension (and Other Employee Benefit) Trust Funds
For the Year Ended September 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)
(\$'000s)

	Pension Trust Funds		Other Employee Benefit Trust Funds				Totals	
	Police Officers and Fire Fighters	Teachers	Other Postemployment Benefits (OPEB)	401(a) Defined Contribution Plan	457(b) Deferred Compensation Plan	403(b) Tax-Sheltered Annuity Plan	2023	2022
ADDITIONS								
Contributions:								
Employer	\$ 77,508	\$ 47,835	\$ 41,500	\$ 91,272	\$ -	\$ -	\$ 258,115	\$ 320,833
Plan members	44,249	58,691	1,539	-	134,876	32,900	272,255	238,800
Total contributions	121,757	106,526	43,039	91,272	134,876	32,900	530,370	559,633
Investment earnings:								
Net increase (decrease) in fair value of investments	786,444	294,659	167,583	162,925	115,878	30,878	1,558,367	(2,435,741)
Other revenue	-	-	393	-	-	-	393	263
Interest and dividends	89,687	33,679	21,347	6,644	20,746	3,111	175,214	147,586
Total investment gain (loss)	876,131	328,338	189,323	169,569	136,624	33,989	1,733,974	(2,287,892)
Less: investment expenses	(20,886)	(12,266)	(3,803)	(3,983)	(4,980)	-	(45,918)	(36,438)
Net investment earnings (loss)	855,245	316,072	185,520	165,586	131,644	33,989	1,688,056	(2,324,330)
Other	2,586	973	-	-	1,557	366	5,482	96,637
Total additions	979,588	423,571	228,559	256,858	268,077	67,255	2,223,908	(1,668,060)
DEDUCTIONS								
Benefits	208,993	110,028	34,017	67,897	74,798	29,832	525,565	466,973
Administrative expenses	16,855	2,573	1,347	827	458	335	22,395	19,116
Other	-	-	-	234	590	49	873	1,521
Total deductions	225,848	112,601	35,364	68,958	75,846	30,216	548,833	487,610
Change in net position	753,740	310,970	193,195	187,900	192,231	37,039	1,675,075	(2,155,670)
Net position as of October 1	6,900,445	2,572,925	1,650,287	1,242,464	1,118,750	318,888	13,803,759	15,959,429
Net position as of September 30	\$ 7,654,185	\$ 2,883,895	\$ 1,843,482	\$ 1,430,364	\$ 1,310,981	\$ 355,927	\$ 15,478,834	\$ 13,803,759

The notes to financial statements are an integral part of this statement.



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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.

Exhibit D-1

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
For the Year Ended September 30, 2023
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Governmental direction and support				
Board of elections	\$ 11,870	\$ 11,913	\$ 11,141	\$ 772
Board of ethics and government accountability	3,977	3,898	3,847	51
Captive insurance agency	10,480	10,380	9,450	930
Contract appeals board	1,984	1,961	1,898	63
Council of the District of Columbia	32,879	30,808	30,758	50
Department of human resources	22,150	20,859	20,649	210
Department of general services	385,456	433,934	427,448	6,486
Employees' compensation fund	22,219	22,219	17,299	4,920
Executive office of the mayor	21,299	21,864	20,174	1,690
Mayor's office of legal counsel	1,755	1,655	1,408	247
Metropolitan washington council of governments	1,206	1,206	1,157	49
Office of advisory neighborhood commissions	2,575	2,508	2,172	336
Office of campaign finance	7,473	7,473	4,512	2,961
Office of contracting and procurement	31,433	36,997	35,621	1,376
Office of disability rights	2,080	2,009	1,945	64
Office of employee appeals	2,311	2,311	2,128	183
Office of finance and resource management	32,543	32,479	32,302	177
Office of labor relations and collective bargaining	3,163	2,466	2,018	448
Office of risk management	4,093	4,093	4,068	25
Office of the attorney general for the District of Columbia	147,831	147,709	144,473	3,236
Office of the chief financial officer	230,714	205,312	203,588	1,724
Office of the chief technology officer	93,324	95,917	95,807	110
Office of the city administrator	12,221	12,712	9,899	2,813
Office of the District of Columbia auditor	7,676	7,258	5,903	1,355
Office of the inspector general	25,585	23,210	19,030	4,180
Office of the secretary	5,243	5,277	5,197	80
Office of the senior advisor	4,546	4,653	3,962	691
Office of veterans' affairs	1,161	1,156	992	164
Office of asian and pacific islander affairs	1,502	1,502	1,270	232
Office on latino affairs	6,434	6,434	6,297	137
Public employee relations board	1,363	1,363	1,257	106
Statehood initiatives	248	298	258	40
Tax revision commission	995	392	392	-
Uniform law commission	60	80	70	10
Total governmental direction and support	<u>1,139,849</u>	<u>1,164,306</u>	<u>1,128,390</u>	<u>35,916</u>
Economic development and regulation				
Business improvement districts transfer	56,850	37,723	37,723	-
Commission on the arts and humanities	45,202	43,052	42,740	312
Department of housing and community development	90,112	184,721	184,105	616
Department of small and local business development	23,084	23,686	23,396	290
Housing authority subsidy	185,663	176,564	175,109	1,455
Housing production trust fund subsidy	354,197	354,197	354,197	-
Office of cable television, film, music and entertainment	15,698	14,996	14,342	654
Office of planning	17,335	17,586	16,997	589
Office of the deputy mayor for planning and economic development	91,544	79,447	78,613	834
Office of the tenant advocate	4,686	4,370	4,060	310
Office of zoning	4,142	4,142	4,035	107
Real property tax appeals commission	2,034	2,009	1,913	96
Rental housing commission	1,357	1,454	1,454	-
Total economic development and regulation	<u>891,904</u>	<u>943,947</u>	<u>938,684</u>	<u>5,263</u>

Exhibit D-1

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
For the Year Ended September 30, 2023
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Public safety and justice				
Commission on judicial disabilities and tenure	979	760	760	-
Corrections information council	1,158	1,148	1,134	14
Criminal code reform commission	960	923	923	-
Criminal justice coordinating council	4,780	3,645	3,377	268
Department of corrections	200,117	192,835	190,738	2,097
Department of forensic sciences	32,819	29,017	28,263	754
Department of youth rehabilitation services	89,580	89,844	89,651	193
District of Columbia national guard	16,828	20,278	20,102	176
District of Columbia sentencing commission	1,618	1,580	1,579	1
Fire and emergency medical services department	316,397	367,688	287,238	80,450
Homeland security and emergency management agency	190,049	221,112	213,234	7,878
Judicial nomination commission	308	337	337	-
Metropolitan police department	526,084	644,623	642,929	1,694
Office of administrative hearings	11,991	11,697	11,220	477
Office of human rights	9,671	8,343	7,535	808
Office of neighborhood safety and engagement	35,233	28,743	26,687	2,056
Office of police complaints	2,965	2,830	2,547	283
Office on returning citizen affairs	2,751	2,619	2,474	145
Office of the chief medical examiner	15,412	15,357	14,879	478
Office of the deputy mayor for public safety and justice	2,990	3,394	2,334	1,060
Office of unified communications	61,125	57,376	51,749	5,627
Office of victim services and justice grants	110,654	102,921	99,189	3,732
Police officers' and fire fighters' retirement system	77,508	77,508	77,508	-
Section 103 judgments - public safety and justice	-	35,000	34,750	250
Total public safety and justice	<u>1,711,977</u>	<u>1,919,578</u>	<u>1,811,137</u>	<u>108,441</u>
Public education system				
Department of employment services	221,067	206,087	199,383	6,704
Department of parks and recreation	85,185	80,248	79,479	769
District of Columbia public charter school board	13,100	10,491	10,491	-
District of Columbia public charter schools	1,108,274	724,839	724,839	-
AY24 public charter school advance appropriations	-	413,326	413,326	-
District of Columbia public schools	1,167,503	1,295,193	1,272,327	22,866
AY24 public school advance appropriations	-	12,908	12,908	-
District of Columbia public library	77,025	77,739	77,252	487
District of Columbia state athletics commission	1,342	1,446	1,431	15
Non-public tuition	59,070	54,420	53,639	781
Office of the deputy mayor for education	51,469	45,932	45,911	21
Office of the state superintendent of education	1,058,269	1,195,069	831,463	363,606
Special education transportation	122,102	111,714	111,002	712
State board of education	2,717	2,762	2,505	257
Teachers' retirement system	47,835	47,835	47,639	196
Unemployment compensation fund	5,480	3,980	3,619	361
University of the District of Columbia subsidy account	96,448	96,502	96,502	-
Total public education system	<u>4,116,886</u>	<u>4,380,491</u>	<u>3,983,716</u>	<u>396,775</u>
Human support services				
Child and family services agency	222,532	237,218	211,593	25,625
Department of aging and community living	66,420	64,324	62,863	1,461
Department of behavioral health	378,119	403,270	358,178	45,092
Department of health	283,956	452,967	288,697	164,270
Department of health care finance	3,736,527	4,473,382	4,442,558	30,824
Department of human services	865,109	954,591	913,493	41,098
Department on disability services	197,976	190,005	184,587	5,418
Not-for-profit hospital corporation subsidy	15,000	22,000	22,000	-
Office for the deaf, deafblind, and hard of hearing	819	1,061	964	97
Office of the deputy mayor for health and human services	2,861	2,405	2,045	360
Office of the ombudsperson for children	935	478	356	122
Total human support services	<u>5,770,254</u>	<u>6,801,701</u>	<u>6,487,334</u>	<u>314,367</u>

Exhibit D-1

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
For the Year Ended September 30, 2023
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Operations and infrastructure				
Alcoholic beverage regulation administration	10,879	10,513	10,171	342
Department of buildings	65,754	54,949	54,492	457
Department of licensing and consumer protection	37,663	32,209	28,699	3,510
Department of energy and environment	225,490	217,069	192,404	24,665
Department of for-hire vehicles	22,684	21,316	20,638	678
Department of insurance, securities and banking	37,398	34,044	30,720	3,324
Department of motor vehicles	55,319	54,357	50,951	3,406
Department of public works	188,619	188,139	183,204	4,935
District department of transportation	192,356	177,625	171,664	5,961
Office of the deputy mayor for operations and infrastructure	1,283	1,283	1,162	121
Office of people's counsel	12,280	11,029	10,835	194
Public service commission	18,843	18,705	17,263	1,442
Washington metropolitan area transit authority	164	164	164	-
Washington metropolitan area transit commission	481,169	479,610	479,610	-
Total operations and infrastructure	<u>1,349,901</u>	<u>1,301,012</u>	<u>1,251,977</u>	<u>49,035</u>
Other				
Repayment of loans and interest	1,029,193	986,060	982,464	3,596
Debt service - issuance costs	11,000	6,522	6,306	216
Commercial paper program	3,750	4,865	4,865	-
Settlements and judgments	28,025	14,050	12,566	1,484
John A. Wilson building fund	5,233	5,233	5,017	216
District retiree health contribution	41,500	41,500	41,500	-
Repayment of revenue bonds	3,775	3,765	3,765	-
Convention center transfer	121,912	181,804	181,804	-
Highway transportation fund - transfers	27,537	32,310	32,310	-
Emergency planning and security fund	30,000	37,100	35,851	1,249
Workforce investments account	64,176	-	-	-
Emergency and contingency reserve funds	-	18,977	16,986	1,991
Pay-as-you-go capital fund	502,926	504,909	504,909	-
Non-departmental account	16,125	3,037	-	3,037
Total other	<u>1,885,152</u>	<u>1,840,132</u>	<u>1,828,343</u>	<u>11,789</u>
Total	<u>\$ 16,865,923</u>	<u>\$ 18,351,167</u>	<u>\$ 17,429,581</u>	<u>\$ 921,586</u>

The notes to financial statements are an integral part of this statement.



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Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2023
(\$000s)

	Local Source				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support								
Board of elections	\$ 11,870	\$ 11,720	\$ 10,948	\$ 772	\$ -	\$ -	\$ -	\$ -
Board of ethics and government accountability	3,780	3,780	3,729	51	197	118	118	-
Captive insurance agency	9,793	9,793	9,208	585	687	587	242	345
Contract appeals board	1,984	1,961	1,898	63	-	-	-	-
Council of the District of Columbia	32,879	30,808	30,758	50	-	-	-	-
Department of human resources	13,496	13,699	13,489	210	8,654	7,160	7,160	-
Department of general services	380,773	430,827	425,210	5,617	4,683	2,842	1,973	869
Employees' compensation fund	22,219	22,219	17,299	4,920	-	-	-	-
Executive office of the mayor	15,793	16,337	15,616	721	-	-	-	-
Mayor's office of legal counsel	1,755	1,655	1,408	247	-	-	-	-
Metropolitan washington council of governments	1,206	1,206	1,157	49	-	-	-	-
Office of advisory neighborhood commissions	2,575	2,508	2,172	336	-	-	-	-
Office of campaign finance	7,473	7,473	4,512	2,961	-	-	-	-
Office of contracting and procurement	29,822	32,967	31,759	1,208	1,611	1,369	1,201	168
Office of disability rights	1,452	1,344	1,283	61	-	-	-	-
Office of employee appeals	2,311	2,311	2,128	183	-	-	-	-
Office of finance and resource management	32,298	32,298	32,121	177	245	181	181	-
Office of labor relations and collective bargaining	3,163	2,466	2,018	448	-	-	-	-
Office of risk management	4,093	4,093	4,068	25	-	-	-	-
Office of the attorney general for the District of Columbia	95,350	97,903	96,810	1,093	23,629	23,850	21,859	1,991
Office of the chief financial officer	178,922	179,029	178,852	177	51,117	25,608	24,061	1,547
Office of the chief technology officer	81,062	83,735	83,626	109	12,262	11,596	11,595	1
Office of the city administrator	12,221	12,612	9,899	2,713	-	-	-	-
Office of the District of Columbia auditor	7,676	7,258	5,903	1,355	-	-	-	-
Office of the inspector general	21,467	19,727	16,547	3,180	1,000	1,000	-	1,000
Office of the secretary	4,243	4,263	4,183	80	1,000	1,014	1,014	-
Office of the senior advisor	4,546	4,653	3,962	691	-	-	-	-
Office of veterans' affairs	1,156	1,156	992	164	5	-	-	-
Office of asian and pacific islander affairs	1,502	1,502	1,270	232	-	-	-	-
Office on latino affairs	6,434	6,434	6,297	137	-	-	-	-
Public employee relations board	1,363	1,363	1,257	106	-	-	-	-
Statehood initiatives	248	248	222	26	-	-	-	-
Tax revision commission	995	392	392	-	-	-	-	-
Uniform law commission	60	80	70	10	-	-	-	-
Total governmental direction and support	995,980	1,049,820	1,021,063	28,757	105,090	75,325	69,404	5,921
Economic development and regulation								
Business improvement districts transfer	1,850	1,850	1,850	-	55,000	35,873	35,873	-
Commission on the arts and humanities	44,399	42,268	41,956	312	-	-	-	-
Department of housing and community development	35,468	66,849	66,490	359	6,912	5,740	5,740	-
Department of small and local business development	22,531	23,068	22,778	290	-	124	124	-
Housing authority subsidy	185,663	176,564	175,109	1,455	-	-	-	-
Housing production trust fund subsidy	354,197	354,197	354,197	-	-	-	-	-
Office of cable television, film, music and entertainment	3,216	5,016	4,793	223	11,732	9,230	8,799	431
Office of planning	16,700	16,966	16,379	587	100	39	39	-
Office of the deputy mayor for planning and economic development	44,122	52,436	51,913	523	5,337	17,887	17,576	311
Office of the tenant advocate	3,530	3,485	3,235	250	644	582	522	60
Office of zoning	4,142	4,142	4,035	107	-	-	-	-
Real property tax appeals commission	2,034	2,009	1,913	96	-	-	-	-
Rental housing commission	1,357	1,454	1,454	-	-	-	-	-
Total economic development and regulation	719,209	750,304	746,102	4,202	79,725	69,475	68,673	802

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2023
(\$000s)

	Private Grants				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support								
Board of elections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193	\$ 193	\$ -
Board of ethics and government accountability	-	-	-	-	-	-	-	-
Captive insurance agency	-	-	-	-	-	-	-	-
Contract appeals board	-	-	-	-	-	-	-	-
Council of the District of Columbia	-	-	-	-	-	-	-	-
Department of human resources	-	-	-	-	-	-	-	-
Department of general services	-	-	-	-	-	265	265	-
Employees' compensation fund	-	-	-	-	-	-	-	-
Executive office of the mayor	809	996	996	-	4,697	4,531	3,562	969
Mayor's office of legal counsel	-	-	-	-	-	-	-	-
Metropolitan washington council of governments	-	-	-	-	-	-	-	-
Office of advisory neighborhood commissions	-	-	-	-	-	-	-	-
Office of campaign finance	-	-	-	-	-	-	-	-
Office of contracting and procurement	-	15	15	-	-	2,646	2,646	-
Office of disability rights	-	-	-	-	628	665	662	3
Office of employee appeals	-	-	-	-	-	-	-	-
Office of finance and resource management	-	-	-	-	-	-	-	-
Office of labor relations and collective bargaining	-	-	-	-	-	-	-	-
Office of risk management	-	-	-	-	-	-	-	-
Office of the attorney general for the District of Columbia	668	547	521	26	28,184	25,409	25,283	126
Office of the chief financial officer	-	-	-	-	675	675	675	-
Office of the chief technology officer	-	-	-	-	-	586	586	-
Office of the city administrator	-	100	-	100	-	-	-	-
Office of the District of Columbia auditor	-	-	-	-	-	-	-	-
Office of the inspector general	-	-	-	-	3,118	2,483	2,483	-
Office of the secretary	-	-	-	-	-	-	-	-
Office of the senior advisor	-	-	-	-	-	-	-	-
Office of veterans' affairs	-	-	-	-	-	-	-	-
Office of asian and pacific islander affairs	-	-	-	-	-	-	-	-
Office on latino affairs	-	-	-	-	-	-	-	-
Public employee relations board	-	-	-	-	-	-	-	-
Statehood initiatives	-	50	36	14	-	-	-	-
Tax revision commission	-	-	-	-	-	-	-	-
Uniform law commission	-	-	-	-	-	-	-	-
Total governmental direction and support	1,477	1,708	1,568	140	37,302	37,453	36,355	1,098
Economic development and regulation								
Business improvement districts transfer	-	-	-	-	-	-	-	-
Commission on the arts and humanities	-	-	-	-	803	784	784	-
Department of housing and community development	-	-	-	-	47,732	112,132	111,875	257
Department of small and local business development	-	-	-	-	553	494	494	-
Housing authority subsidy	-	-	-	-	-	-	-	-
Housing production trust fund subsidy	-	-	-	-	-	-	-	-
Office of cable television, film, music and entertainment	-	-	-	-	750	750	750	-
Office of planning	-	5	5	-	535	576	574	2
Office of the deputy mayor for planning and economic development	-	-	-	-	42,085	9,124	9,124	-
Office of the tenant advocate	-	-	-	-	512	303	303	-
Office of zoning	-	-	-	-	-	-	-	-
Real property tax appeals commission	-	-	-	-	-	-	-	-
Rental housing commission	-	-	-	-	-	-	-	-
Total economic development and regulation	-	5	5	-	92,970	124,163	123,904	259

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2023
(\$000s)

	Local Source				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public safety and justice								
Commission on judicial disabilities and tenure	649	649	649	-	-	-	-	-
Corrections information council	1,158	1,148	1,134	14	-	-	-	-
Criminal code reform commission	960	923	923	-	-	-	-	-
Criminal justice coordinating council	2,180	1,680	1,429	251	-	-	-	-
Department of corrections	185,526	178,452	176,677	1,775	14,591	14,024	13,757	267
Department of forensic sciences	30,945	28,445	27,691	754	-	-	-	-
Department of youth rehabilitation services	89,190	89,229	89,036	193	-	269	269	-
District of Columbia national guard	5,830	5,677	5,553	124	148	-	-	-
District of Columbia sentencing commission	1,618	1,580	1,579	1	-	-	-	-
Fire and emergency medical services department	268,598	287,377	284,440	2,937	1,006	1,904	1,390	514
Homeland security and emergency management agency	6,019	9,189	8,883	306	-	-	-	-
Judicial nomination commission	8	37	37	-	-	-	-	-
Metropolitan police department	515,696	633,673	633,411	262	6,022	4,699	4,432	267
Office of administrative hearings	11,691	11,195	10,773	422	-	-	-	-
Office of human rights	9,263	8,015	7,264	751	-	-	-	-
Office of neighborhood safety and engagement	20,210	16,521	14,517	2,004	-	-	-	-
Office of police complaints	2,965	2,830	2,547	283	-	-	-	-
Office on returning citizen affairs	2,134	2,034	1,889	145	-	-	-	-
Office of the chief medical examiner	14,793	14,573	14,322	251	-	318	91	227
Office of the deputy mayor for public safety and justice	2,990	3,394	2,334	1,060	-	-	-	-
Office of unified communications	46,145	43,230	39,917	3,313	14,980	14,146	11,832	2,314
Office of victim services and justice grants	82,198	84,860	81,212	3,648	1,109	1,188	1,188	-
Police officers' and fire fighters' retirement system	77,508	77,508	77,508	-	-	-	-	-
Section 103 judgments - public safety and justice	-	35,000	34,750	250	-	-	-	-
Total public safety and justice	1,378,274	1,537,219	1,518,475	18,744	37,856	36,548	32,959	3,589
Public education system								
Department of employment services	71,458	86,826	83,688	3,138	57,469	51,842	50,210	1,632
Department of parks and recreation	82,459	77,774	77,377	397	2,059	2,059	1,692	367
District of Columbia public charter school board	-	-	-	-	13,100	10,491	10,491	-
District of Columbia public charter schools	1,108,274	724,839	724,839	-	-	-	-	-
AY24 public charter school advance appropriations	-	413,326	413,326	-	-	-	-	-
District of Columbia public schools	1,103,393	1,231,048	1,231,041	7	10,649	6,435	5,761	674
AY24 public school advance appropriations	-	12,908	12,908	-	-	-	-	-
District of Columbia public library	74,505	75,133	74,717	416	1,400	818	805	13
District of Columbia state athletics commission	1,242	1,242	1,227	15	100	204	204	-
Non-public tuition	58,470	53,820	53,639	181	-	-	-	-
Office of the deputy mayor for education	28,812	28,433	28,430	3	-	-	-	-
Office of the state superintendent of education	270,196	331,614	322,445	9,169	1,610	1,378	1,370	8
Special education transportation	113,102	111,002	111,002	-	-	-	-	-
State board of education	2,717	2,762	2,505	257	-	-	-	-
Teachers' retirement system	47,835	47,835	47,639	196	-	-	-	-
Unemployment compensation fund	5,480	3,980	3,619	361	-	-	-	-
University of the District of Columbia subsidy account	96,031	96,243	96,243	-	-	-	-	-
Total public education system	3,063,974	3,298,785	3,284,645	14,140	86,387	73,227	70,533	2,694
Human support services								
Child and family services agency	161,065	160,667	160,615	52	1,000	1,000	1,000	-
D.C. health benefit exchange subsidy	-	-	-	-	-	-	-	-
Department of aging and community living	52,186	51,391	51,201	190	-	-	-	-
Department of behavioral health	305,881	313,155	309,157	3,998	2,673	550	358	192
Department of health	98,469	102,975	99,679	3,296	21,892	34,021	22,932	11,089
Department of health care finance	1,060,060	1,056,154	1,046,473	9,681	5,644	4,122	2,577	1,545
Department of human services	653,201	619,327	619,216	111	796	-	-	-
Department on disability services	136,407	130,145	129,697	448	12,715	11,763	10,056	1,707
Not-for-profit hospital corporation subsidy	15,000	22,000	22,000	-	-	-	-	-
Office for the deaf, deafblind, and hard of hearing	819	1,061	964	97	-	-	-	-
Office of the deputy mayor for health and human services	2,861	2,405	2,045	360	-	-	-	-
Office of the ombudsperson for children	935	478	356	122	-	-	-	-
Total human support services	2,486,884	2,459,758	2,441,403	18,355	44,720	51,456	36,923	14,533

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2023
(\$000s)

	Private Grants				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public safety and justice								
Commission on judicial disabilities and tenure	-	-	-	-	330	111	111	-
Corrections information council	-	-	-	-	-	-	-	-
Criminal code reform commission	-	-	-	-	-	-	-	-
Criminal justice coordinating council	-	-	-	-	2,600	1,965	1,948	17
Department of corrections	-	296	241	55	-	63	63	-
Department of forensic sciences	865	572	572	-	1,009	-	-	-
Department of youth rehabilitation services	-	-	-	-	390	346	346	-
District of Columbia national guard	-	-	-	-	10,850	14,601	14,549	52
District of Columbia sentencing commission	-	-	-	-	-	-	-	-
Fire and emergency medical services department	-	-	-	-	46,793	78,407	1,408	76,999
Homeland security and emergency management agency	-	-	-	-	184,030	211,923	204,351	7,572
Judicial nomination commission	-	-	-	-	300	300	300	-
Metropolitan police department	-	89	78	11	4,366	6,162	5,008	1,154
Office of administrative hearings	-	149	103	46	300	353	344	9
Office of human rights	-	-	-	-	408	328	271	57
Office of neighborhood safety and engagement	-	-	-	-	15,023	12,222	12,170	52
Office of police complaints	-	-	-	-	-	-	-	-
Office on returning citizen affairs	-	-	-	-	617	585	585	-
Office of the chief medical examiner	-	-	-	-	619	466	466	-
Office of the deputy mayor for public safety and justice	-	-	-	-	-	-	-	-
Office of unified communications	-	-	-	-	-	-	-	-
Office of victim services and justice grants	-	-	-	-	27,347	16,873	16,789	84
Police officers' and fire fighters' retirement system	-	-	-	-	-	-	-	-
Section 103 judgments - public safety and justice	-	-	-	-	-	-	-	-
Total public safety and justice	865	1,106	994	112	294,982	344,705	258,709	85,996
Public education system								
Department of employment services	928	928	456	472	91,212	66,491	65,029	1,462
Department of parks and recreation	-	-	-	-	667	415	410	5
District of Columbia public charter school board	-	-	-	-	-	-	-	-
District of Columbia public charter schools	-	-	-	-	-	-	-	-
AY24 public charter school advance appropriations	-	-	-	-	-	-	-	-
District of Columbia public schools	6,330	7,791	7,760	31	47,131	49,919	27,765	22,154
AY24 public school advance appropriations	-	-	-	-	-	-	-	-
District of Columbia public library	17	7	3	4	1,103	1,781	1,727	54
District of Columbia state athletics commission	-	-	-	-	-	-	-	-
Non-public tuition	-	-	-	-	600	600	-	600
Office of the deputy mayor for education	115	456	438	18	22,542	17,043	17,043	-
Office of the state superintendent of education	221	207	53	154	786,242	861,870	507,595	354,275
Special education transportation	-	-	-	-	9,000	712	-	712
State board of education	-	-	-	-	-	-	-	-
Teachers' retirement system	-	-	-	-	-	-	-	-
Unemployment compensation fund	-	-	-	-	-	-	-	-
University of the District of Columbia subsidy account	-	-	-	-	417	259	259	-
Total public education system	7,611	9,389	8,710	679	958,914	999,090	619,828	379,262
Human support services								
Child and family services agency	5	87	87	-	60,462	75,464	49,891	25,573
D.C. health benefit exchange subsidy	-	-	-	-	-	-	-	-
Department of aging and community living	-	-	-	-	14,234	12,933	11,662	1,271
Department of behavioral health	522	362	126	236	69,043	89,203	48,537	40,666
Department of health	-	181	169	12	163,595	315,790	165,917	149,873
Department of health care finance	366	-	-	-	2,670,457	3,413,106	3,393,508	19,598
Department of human services	-	12,814	9,577	3,237	211,112	322,450	284,700	37,750
Department on disability services	-	-	-	-	48,854	48,097	44,834	3,263
Not-for-profit hospital corporation subsidy	-	-	-	-	-	-	-	-
Office for the deaf, deafblind, and hard of hearing	-	-	-	-	-	-	-	-
Office of the deputy mayor for health and human services	-	-	-	-	-	-	-	-
Office of the ombudsperson for children	-	-	-	-	-	-	-	-
Total human support services	893	13,444	9,959	3,485	3,237,757	4,277,043	3,999,049	277,994

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2023
(\$000s)

	Local Source				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Operations and infrastructure								
Alcoholic beverage regulation administration	1,764	1,113	1,112	1	9,115	9,400	9,059	341
Department of buildings	45,633	44,287	43,835	452	15,793	10,662	10,657	5
Department of licensing and consumer protection	7,999	6,473	6,092	381	28,773	25,736	22,607	3,129
Department of energy and environment	66,594	59,970	58,511	1,459	96,484	93,782	83,082	10,700
Department of for-hire vehicles	12,041	12,301	11,917	384	10,643	9,015	8,721	294
Department of insurance, securities and banking	2,005	1,792	1,791	1	35,225	32,172	28,851	3,321
Department of motor vehicles	45,859	45,509	43,760	1,749	9,330	8,718	7,212	1,506
Department of public works	176,906	176,431	175,178	1,253	11,713	10,712	7,030	3,682
District department of transportation	149,840	150,100	149,446	654	20,729	18,437	17,509	928
Office of the deputy mayor for operations and infrastructure	1,283	1,283	1,162	121	-	-	-	-
Office of people's counsel	1,013	656	606	50	11,267	10,373	10,229	144
Public service commission	-	-	-	-	18,248	18,114	16,716	1,398
Washington metropolitan area transit authority	164	164	164	-	-	-	-	-
Washington metropolitan area transit commission	460,669	453,750	453,750	-	20,500	25,860	25,860	-
Total operations and infrastructure	971,770	953,829	947,324	6,505	287,820	272,981	247,533	25,448
Other								
Repayment of loans and interest	1,002,316	959,183	959,183	-	8,412	8,412	8,412	-
Debt service - issuance costs	11,000	6,522	6,306	216	-	-	-	-
Commercial paper program	3,750	4,865	4,865	-	-	-	-	-
Settlements and judgments	28,025	14,050	12,566	1,484	-	-	-	-
John A. Wilson building fund	5,233	5,233	5,017	216	-	-	-	-
District retiree health contribution	41,500	41,500	41,500	-	-	-	-	-
Repayment of revenue bonds	3,775	3,765	3,765	-	-	-	-	-
Convention center transfer	117,512	181,804	181,804	-	4,400	-	-	-
Highway transportation fund - transfers	24,712	22,485	22,485	-	2,825	9,825	9,825	-
Emergency planning and security fund	-	7,100	5,851	1,249	-	-	-	-
Workforce investments account	64,176	-	-	-	-	-	-	-
Emergency and contingency reserve funds	-	18,977	16,986	1,991	-	-	-	-
Pay-as-you-go capital fund	381,529	395,228	395,228	-	121,397	109,681	109,681	-
Unemployment insurance trust fund transfer	-	-	-	-	-	-	-	-
Non-departmental account	11,804	111	-	111	3,071	2,926	-	2,926
Total other	1,695,332	1,660,823	1,655,556	5,267	140,105	130,844	127,918	2,926
Total	\$ 11,311,423	\$ 11,710,538	\$ 11,614,568	\$ 95,970	\$ 781,703	\$ 709,856	\$ 653,943	\$ 55,913

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2023
(\$000s)

	Private Grants				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Operations and infrastructure								
Alcoholic beverage regulation administration	-	-	-	-	-	-	-	-
Department of buildings	-	-	-	-	4,328	-	-	-
Department of licensing and consumer protection	-	-	-	-	891	-	-	-
Department of energy and environment	2,458	627	534	93	59,954	62,690	50,277	12,413
Department of for-hire vehicles	-	-	-	-	-	-	-	-
Department of insurance, securities and banking	-	-	-	-	168	80	78	2
Department of motor vehicles	-	-	-	-	130	130	(21)	151
Department of public works	-	-	-	-	-	996	996	-
District department of transportation	-	-	-	-	21,787	9,088	4,709	4,379
Office of the deputy mayor for operations and infrastructure	-	-	-	-	-	-	-	-
Office of people's counsel	-	-	-	-	-	-	-	-
Public service commission	14	10	10	-	581	581	537	44
Washington metropolitan area transit authority	-	-	-	-	-	-	-	-
Washington metropolitan area transit commission	-	-	-	-	-	-	-	-
Total operations and infrastructure	2,472	637	544	93	87,839	73,565	56,576	16,989
Other								
Repayment of loans and interest	-	-	-	-	18,465	18,465	14,869	3,596
Debt service - issuance costs	-	-	-	-	-	-	-	-
Commercial paper program	-	-	-	-	-	-	-	-
Settlements and judgments	-	-	-	-	-	-	-	-
John A. Wilson building fund	-	-	-	-	-	-	-	-
District retiree health contribution	-	-	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-	-	-
Convention center transfer	-	-	-	-	-	-	-	-
Highway transportation fund - transfers	-	-	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	30,000	30,000	30,000	-
Workforce investments account	-	-	-	-	-	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	-	-	-	-	-
Unemployment insurance trust fund transfer	-	-	-	-	-	-	-	-
Non-departmental account	-	-	-	-	1,250	-	-	-
Total other	-	-	-	-	49,715	48,465	44,869	3,596
Total	\$ 13,318	\$ 26,289	\$ 21,780	\$ 4,509	\$ 4,759,479	\$ 5,904,484	\$ 5,139,290	\$ 765,194

The notes to financial statements are an integral part of this statement.

Exhibit D-3

**DISTRICT OF COLUMBIA
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2023
(\$000s)**

	Local Source			Other Sources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
REVENUES AND OTHER SOURCES						
Taxes:						
Property taxes	\$ 2,885,999	\$ 43,574	\$ 2,929,573	\$ -	\$ -	\$ -
Sales and use taxes	1,736,080	216,998	1,953,078	-	-	-
Income and franchise taxes	4,000,308	150,374	4,150,682	-	-	-
Gross receipts and other taxes	866,342	(174,356)	691,986	-	-	-
Total taxes	9,488,729	236,590	9,725,319	-	-	-
Licenses and permits	146,085	(9,225)	136,860	-	-	-
Fines and forfeitures	151,232	8,766	159,998	-	-	-
Charges for services	68,172	(6,115)	62,057	-	-	-
Miscellaneous	118,325	248,740	367,065	-	-	-
Other sources	-	-	-	725,546	29,281	754,827
Federal contributions	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-
Bond proceeds	11,000	-	11,000	-	-	-
Fund balance released from restrictions	472,024	256,072	728,096	61,725	23,023	84,748
Interfund transfer-from office of lottery and gaming	43,731	-	43,731	-	-	-
Interfund transfer-others	813,649	205,161	1,018,810	-	-	-
Total revenues and other sources	11,312,947	939,989	12,252,936	787,271	52,304	839,575
EXPENDITURES AND OTHER USES						
Governmental direction and support	995,980	53,840	1,049,820	105,090	(29,765)	75,325
Economic development and regulation	719,209	31,095	750,304	79,725	(10,250)	69,475
Public safety and justice	1,378,274	158,945	1,537,219	37,856	(1,308)	36,548
Public education system	3,063,974	(191,423)	2,872,551	86,387	(13,160)	73,227
Public education AY24 expenditure	-	426,234	426,234	-	-	-
Human support services	2,486,884	(27,126)	2,459,758	44,720	6,736	51,456
Operations and infrastructure	971,770	(17,941)	953,829	287,820	(14,839)	272,981
Repayment of loans and interest	1,002,316	(43,133)	959,183	8,412	-	8,412
Debt service - issuance costs	11,000	(4,478)	6,522	-	-	-
Commercial paper program	3,750	1,115	4,865	-	-	-
Settlements and judgments fund	28,025	(13,975)	14,050	-	-	-
Inaugural expenses	-	-	-	-	-	-
Wilson building	5,233	-	5,233	-	-	-
D.C. retiree health contribution	41,500	-	41,500	-	-	-
Repayment of revenue bonds	3,775	(10)	3,765	-	-	-
Convention center transfer	117,512	64,292	181,804	4,400	(4,400)	-
Highway transportation fund	24,712	(2,227)	22,485	2,825	7,000	9,825
Emergency planning and security fund	-	7,100	7,100	-	-	-
Workforce investments	64,176	(64,176)	-	-	-	-
Emergency and contingency reserve funds	-	18,977	18,977	-	-	-
Pay-as-you-go capital fund	381,529	13,699	395,228	121,397	(11,716)	109,681
Unemployment insurance trust and transfer	-	-	-	-	-	-
Non-departmental	11,804	(11,693)	111	3,071	(145)	2,926
Total expenditures and other uses	11,311,423	399,115	11,710,538	781,703	(71,847)	709,856
Excess of revenues and other sources over expenditures and other uses	\$ 1,524	\$ 540,874	\$ 542,398	\$ 5,568	\$ 124,151	\$ 129,719

**DISTRICT OF COLUMBIA
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2023
(\$000s)**

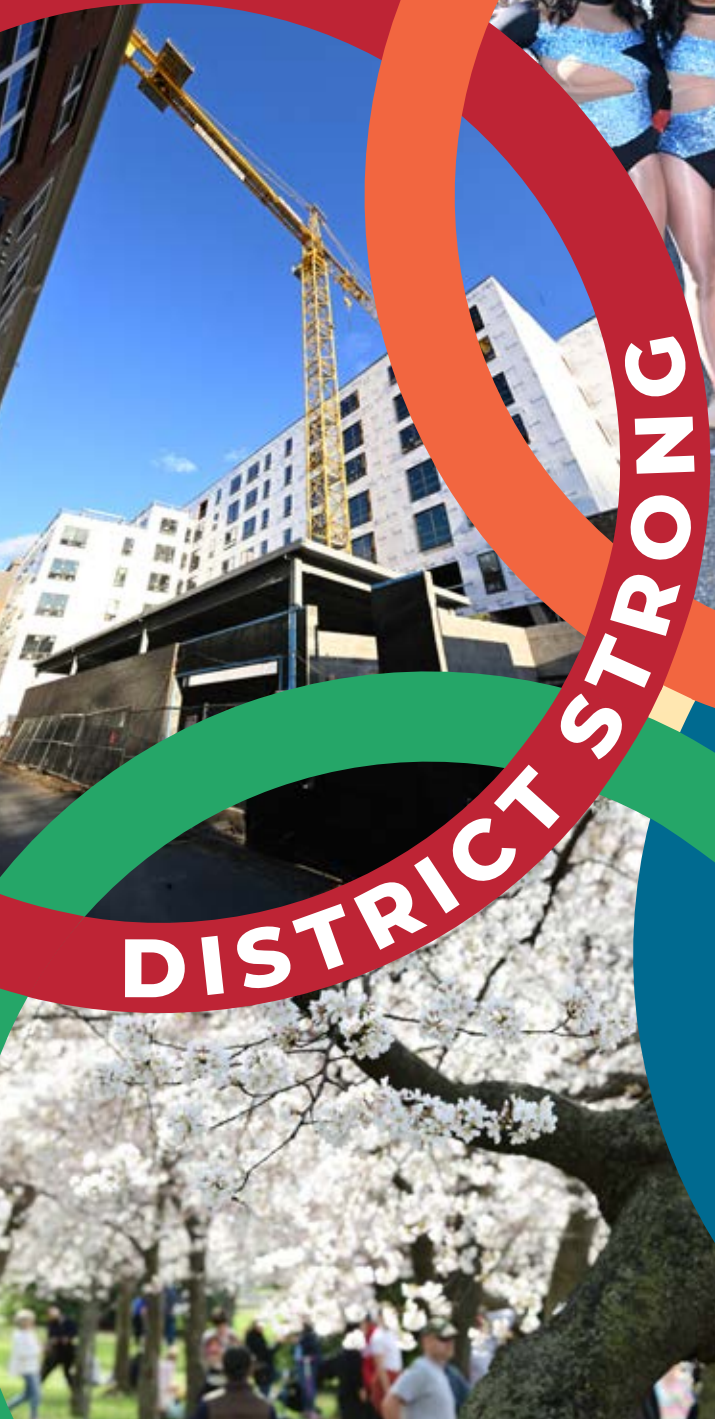
	Private Grant and Contributions			Federal Resources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
REVENUES AND OTHER SOURCES						
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-	-
Income and franchise taxes	-	-	-	-	-	-
Gross receipts and other taxes	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Other sources	-	-	-	-	-	-
Federal contributions	-	-	-	359,836	20,747	380,583
Operating grants	13,318	12,971	26,289	4,399,643	1,124,258	5,523,901
Bond proceeds	-	-	-	-	-	-
Fund balance released from restrictions	-	-	-	-	-	-
Interfund transfer-from office of lottery and gaming	-	-	-	-	-	-
Interfund transfer-others	-	-	-	-	-	-
Total revenues and other sources	13,318	12,971	26,289	4,759,479	1,145,005	5,904,484
EXPENDITURES AND OTHER USES						
Governmental direction and support	1,477	231	1,708	37,302	151	37,453
Economic development and regulation	-	5	5	92,970	31,193	124,163
Public safety and justice	865	241	1,106	294,982	49,723	344,705
Public education system	7,611	1,778	9,389	958,914	40,176	999,090
Public education AY24 expenditure	-	-	-	-	-	-
Human support services	893	12,551	13,444	3,237,757	1,039,286	4,277,043
Operations and infrastructure	2,472	(1,835)	637	87,839	(14,274)	73,565
Repayment of loans and interest	-	-	-	18,465	-	18,465
Debt service - issuance costs	-	-	-	-	-	-
Commercial paper program	-	-	-	-	-	-
Settlements and judgments fund	-	-	-	-	-	-
Inaugural expenses	-	-	-	-	-	-
Wilson building	-	-	-	-	-	-
D.C. retiree health contribution	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-
Convention center transfer	-	-	-	-	-	-
Highway transportation fund	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	30,000	-	30,000
Workforce investments	-	-	-	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	-	-	-
Unemployment insurance trust and transfer	-	-	-	-	-	-
Non-departmental	-	-	-	1,250	(1,250)	-
Total expenditures and other uses	13,318	12,971	26,289	4,759,479	1,145,005	5,904,484
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to financial statements are an integral part of this statement.



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Statistical Section



DISTRICT STRONG

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.



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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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 2,830,199	\$ 2,639,069	\$ 2,835,463	\$ 3,204,028	\$ 3,467,965	\$ 3,571,065	\$ 3,232,889	\$ 3,944,820	\$ 3,138,401	\$ 3,540,003
Restricted	1,195,364	1,594,809	1,440,889	1,538,687	1,727,770	1,803,748	1,891,026	2,374,782	2,341,832	1,763,997
Unrestricted (deficit)	(456,827)	(134,430)	170,315	132,888	(44,334)	698,133	1,210,924	889,510	2,766,679	2,705,987
Total governmental activities net position	3,568,736	4,099,448	4,446,667	4,875,603	5,151,401	6,072,946	6,334,839	7,209,112	8,246,912	8,009,987
Business-type activities										
Net investment in capital assets	270	169	330	79,700	72,469	68,849	70,136	62,610	49,487	41,335
Restricted	260,645	312,483	364,237	416,373	459,203	503,431	90,550	45,158	165,212	334,712
Unrestricted	4,012	4,271	4,184	11,185	4,240	13,711	6,530	11,036	16,028	16,643
Total business-type activities net position	264,927	316,923	368,751	507,258	535,912	585,991	167,216	118,804	230,727	392,690
Primary government										
Net investment in capital assets	2,830,469	2,639,238	2,835,793	3,283,728	3,540,434	3,639,914	3,303,025	4,007,430	3,187,888	3,581,338
Restricted	1,456,009	1,907,292	1,805,126	1,955,060	2,186,973	2,307,179	1,981,576	2,419,940	2,507,044	2,098,709
Unrestricted (deficit)	(452,815)	(130,159)	174,499	144,073	(40,094)	711,844	1,217,454	900,546	2,782,707	2,722,630
Total primary government net position	\$ 3,833,663	\$ 4,416,371	\$ 4,815,418	\$ 5,382,861	\$ 5,687,313	\$ 6,658,937	\$ 6,502,055	\$ 7,327,916	\$ 8,477,639	\$ 8,402,677

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)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GOVERNMENTAL ACTIVITIES										
Expenses										
Governmental direction and support	\$ 929,313	\$ 1,144,379	\$ 1,228,553	\$ 1,085,592	\$ 1,164,181	\$ 1,157,810	\$ 1,297,717	\$ 1,412,671	\$ 1,654,463	\$ 1,566,494
Economic development and regulation	416,670	474,493	548,314	591,861	724,404	700,346	574,303	722,913	858,316	1,003,128
Public safety and justice	1,568,899	1,715,161	1,799,670	1,594,081	1,623,766	1,673,214	2,009,076	1,880,627	2,242,005	2,365,404
Public education system	2,221,519	2,326,963	2,271,561	2,602,658	2,834,186	2,949,935	3,346,895	3,400,015	3,933,866	4,412,973
Human support services	4,336,730	4,484,943	4,507,123	4,863,087	4,799,268	5,148,903	5,287,152	6,041,025	6,759,631	7,022,388
Operations and infrastructure	651,221	705,766	701,559	758,431	812,726	860,918	1,279,342	1,338,065	1,531,347	1,516,730
Public transportation	309,436	335,703	359,097	368,014	419,198	425,753	424,271	458,346	447,069	479,610
Interest on long-term debt	396,754	404,130	392,638	446,621	435,006	425,812	430,752	424,627	367,790	503,930
Total governmental activities expenses	10,830,542	11,591,538	11,808,515	12,310,345	12,812,735	13,342,691	14,649,508	15,678,289	17,794,487	18,870,657
Program revenues										
Charges for services, fees, fines, and forfeitures:										
Economic development and regulation	146,067	167,841	172,898	180,307	181,857	268,190	490,046	324,049	364,051	168,541
Operations and infrastructure	189,566	165,931	183,592	185,842	191,000	229,398	153,533	290,497	353,234	388,741
Others	165,753	205,189	242,257	228,173	235,193	372,156	248,010	210,174	231,482	220,874
Operating grants and contributions	3,368,565	3,464,746	3,577,091	3,832,821	3,674,019	3,916,440	4,826,314	5,870,607	6,941,860	6,701,581
Capital grants and contributions	178,218	224,891	167,948	219,751	261,450	258,500	278,833	309,217	209,696	219,345
Total governmental activities program revenues	4,048,169	4,228,598	4,343,786	4,646,894	4,543,519	5,044,684	5,996,736	7,004,544	8,100,323	7,699,082
Net expenses	(6,782,373)	(7,362,940)	(7,464,729)	(7,663,451)	(8,269,216)	(8,298,007)	(8,652,772)	(8,673,745)	(9,694,164)	(11,171,575)
General revenues										
Taxes:										
Property taxes	2,118,198	2,315,693	2,504,617	2,651,688	2,713,310	2,888,245	3,061,745	3,152,529	2,876,250	3,049,854
Sales and use taxes	1,282,573	1,425,525	1,451,441	1,527,120	1,597,940	1,707,745	1,317,113	1,310,154	1,814,079	2,011,790
Income and franchise taxes	2,094,754	2,316,727	2,417,206	2,479,847	2,666,690	2,969,289	3,021,673	3,486,898	4,102,718	4,157,773
Gross receipts taxes	389,539	361,293	365,305	364,791	368,446	397,684	374,112	373,421	407,580	409,178
Other taxes	423,354	528,866	498,161	502,117	508,151	583,429	489,988	585,257	738,184	433,162
Investment earnings	6,810	5,855	11,601	9,288	36,273	53,941	30,176	8,289	40,787	241,249
Miscellaneous	499,235	406,914	510,330	527,920	500,442	610,479	616,477	675,149	733,696	725,465
Transfers in (out)	54,966	55,586	53,287	29,616	12,080	8,740	3,381	(43,679)	18,670	(101,550)
Total governmental activities general revenues and transfers	6,869,429	7,416,459	7,811,948	8,092,387	8,403,332	9,219,552	8,914,665	9,548,018	10,731,964	10,926,921
Change in net position - governmental activities	\$ 87,056	\$ 53,519	\$ 347,219	\$ 428,936	\$ 134,116	\$ 921,545	\$ 261,893	\$ 874,273	\$ 1,037,800	\$ (244,654)

(Continued)

Exhibit S-1B
Changes in Net Position - Last Ten Fiscal Years
Accrual Basis of Accounting (\$000s)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BUSINESS-TYPE ACTIVITIES										
Expenses										
Office of lottery and gaming	\$ 161,144	\$ 156,762	\$ 174,882	\$ 173,241	\$ 161,397	\$ 168,454	\$ 176,987	\$ 218,086	\$ 234,895	\$ 258,014
Unemployment compensation	160,403	119,267	114,633	143,942	131,764	120,010	1,568,065	1,497,798	39,994	89,251
Not-for-profit hospital corporation	-	-	-	134,104	149,194	149,736	160,055	150,034	142,883	125,713
Total business-type activities expenses	321,547	276,029	289,515	451,287	442,355	438,200	1,905,107	1,865,918	417,772	472,978
Program revenues										
Charges for services, fees, fines, and forfeitures:										
Office of lottery and gaming	216,040	212,495	228,183	218,732	210,264	213,072	214,933	266,308	274,794	289,927
Not-for-profit hospital	-	-	-	123,679	96,925	110,335	98,474	93,030	109,191	94,285
Operating grants and contributions	9,766	14,561	12,028	25,217	20,789	18,319	1,025,633	1,267,261	25,264	14,186
Total business-type activities program revenues	225,806	227,056	240,211	367,628	327,978	341,726	1,339,040	1,626,599	409,249	398,398
Net expenses	(95,741)	(48,973)	(49,304)	(83,659)	(114,377)	(96,474)	(566,067)	(239,319)	(8,523)	(74,580)
General revenues										
Other taxes	141,760	148,889	145,887	143,728	144,068	142,877	139,833	145,775	136,267	127,721
Investment earnings	7,340	7,666	8,532	9,645	11,043	12,416	10,840	1,453	2,849	7,272
Miscellaneous	20,244	-	-	-	-	-	-	-	-	-
Transfers	(54,966)	(55,586)	(53,287)	(29,616)	(12,080)	(8,740)	(3,381)	43,679	(18,670)	101,550
Total business-type activities general revenues and transfers	114,378	100,969	101,132	123,757	143,031	146,553	147,292	190,907	120,446	236,543
Change in net position - business-type activities	\$ 18,637	\$ 51,996	\$ 51,828	\$ 40,098	\$ 28,654	\$ 50,079	\$ (418,775)	\$ (48,412)	\$ 111,923	\$ 161,963
PRIMARY GOVERNMENT										
Expenses										
Program revenues	\$ 11,152,089	\$ 11,867,567	\$ 12,098,030	\$ 12,761,632	\$ 13,255,090	\$ 13,780,891	\$ 16,554,615	\$ 17,544,207	\$ 18,212,259	\$ 19,343,630
Net expenses	4,273,975	4,455,654	4,583,997	5,014,522	4,871,497	5,386,410	7,335,776	8,631,143	8,509,572	8,097,480
General revenues	(6,878,114)	(7,411,913)	(7,514,033)	(7,747,110)	(8,383,593)	(8,394,481)	(9,218,839)	(8,913,064)	(9,702,687)	(11,246,155)
Change in net position - primary government	\$ 105,693	\$ 105,515	\$ 399,047	\$ 469,034	\$ 162,770	\$ 971,624	\$ (156,882)	\$ 825,861	\$ 1,149,723	\$ (82,691)

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)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 25,668	\$ 12,734	\$ 11,631	\$ 14,969	\$ 8,270	\$ 10,303	\$ 47,769	\$ 42,809	\$ 47,652	\$ 15,402
Restricted	983,011	1,026,396	1,030,895	1,120,068	1,105,718	1,132,630	1,018,627	1,043,425	1,064,506	1,121,654
Committed	744,649	1,047,105	1,325,895	1,541,254	1,635,148	2,041,133	2,193,438	2,463,172	3,780,147	3,779,849
Assigned	120,331	80,827	20,668	-	27,247	69,250	-	49,300	-	-
Total general fund	\$ 1,873,659	\$ 2,167,062	\$ 2,389,089	\$ 2,676,291	\$ 2,776,383	\$ 3,253,316	\$ 3,259,834	\$ 3,598,706	\$ 4,892,305	\$ 4,916,905
All other governmental funds										
Nonspendable	\$ 9,736	\$ 3,752	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,431	\$ 44,147
Restricted	639,604	821,872	754,029	675,825	639,734	704,749	1,127,035	973,735	1,308,057	1,083,899
Unassigned	(114,248)	-	(228,870)	(642,032)	(522,345)	(378,421)	(38,538)	(728,182)	(358,081)	(766,511)
Total all other governmental funds	\$ 535,092	\$ 825,624	\$ 525,161	\$ 33,793	\$ 117,389	\$ 326,328	\$ 1,088,497	\$ 245,553	\$ 974,407	\$ 361,535

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)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Taxes	\$ 6,325,257	\$ 6,988,738	\$ 7,283,128	\$ 7,523,653	\$ 7,824,560	\$ 8,506,017	\$ 8,289,764	\$ 8,867,025	\$ 10,061,876	\$ 10,053,179
Fines and forfeitures	143,124	129,283	202,314	176,351	168,486	202,194	158,030	145,147	169,382	166,825
Licenses and permits	102,242	119,658	123,029	127,546	133,938	172,493	141,007	141,467	156,512	165,931
Charges for services	256,020	290,020	273,404	290,425	305,626	377,699	580,623	578,968	625,205	449,185
Miscellaneous	552,455	414,500	457,163	470,392	514,926	591,665	585,022	669,761	806,130	735,118
Investment earnings	6,810	5,855	11,601	14,039	36,273	53,944	30,176	8,289	40,786	241,249
Federal contributions	519,846	554,342	521,828	535,131	528,300	556,431	920,806	1,307,786	1,614,737	1,834,494
Operating grants	3,026,937	3,135,295	3,223,211	3,517,441	3,407,169	3,594,143	3,967,059	4,791,855	5,367,902	5,080,654
Total revenues	10,932,691	11,637,691	12,095,678	12,654,978	12,919,278	14,054,586	14,672,487	16,510,298	18,842,530	18,726,635
EXPENDITURES										
Governmental direction and support	920,513	1,027,473	1,068,253	1,070,683	1,095,013	1,111,281	1,241,170	1,343,298	2,626,317	1,544,315
Economic development and regulation	411,812	448,244	560,365	578,242	665,315	708,236	523,294	646,196	748,133	867,767
Public safety and justice	1,515,470	1,521,196	1,671,804	1,596,144	1,621,278	1,649,122	2,016,966	2,063,113	2,113,334	2,232,250
Public education system	2,128,137	2,246,209	2,309,778	2,500,267	2,735,135	2,789,110	3,143,611	3,321,561	3,738,340	4,191,245
Human support services	4,261,400	4,438,448	4,514,647	4,814,189	4,758,686	5,089,527	5,208,828	5,996,673	6,619,640	6,922,955
Operations and infrastructure	329,355	354,686	365,437	390,741	418,694	461,413	610,507	624,524	760,269	770,881
Public transportation	309,436	335,703	359,097	368,014	419,198	425,753	424,271	458,346	447,069	479,610
Debt service:										
Principal	306,498	301,001	361,375	333,305	402,532	440,980	481,987	422,540	530,259	668,472
Interest	422,450	421,549	449,347	470,307	477,632	481,189	540,051	543,675	553,771	605,402
Fiscal charges	4,895	8,311	3,732	7,849	7,322	6,368	19,525	2,317	13,155	6,306
Total debt service	733,843	730,861	814,454	811,461	887,486	928,537	1,041,563	968,532	1,097,185	1,280,180
Subtotal expenditures	10,609,966	11,102,820	11,663,835	12,129,741	12,600,805	13,162,979	14,210,210	15,422,243	18,150,287	18,289,203
Capital outlay	1,123,073	1,196,394	1,107,239	1,233,004	1,445,192	1,420,756	1,808,426	1,742,521	1,615,696	1,817,853
Total expenditures	11,733,039	12,299,214	12,771,074	13,362,745	14,045,997	14,583,735	16,018,636	17,164,764	19,765,983	20,107,056
Deficiency of revenues under expenditures	(800,348)	(661,523)	(675,396)	(707,767)	(1,126,719)	(529,149)	(1,346,149)	(654,466)	(923,453)	(1,380,421)
OTHER FINANCING SOURCES (USES)										
Debt issuance	597,230	1,034,252	431,815	398,911	1,157,635	1,048,405	1,645,737	193,073	1,524,920	564,395
Refunding debt issuance	475,305	231,255	95,575	1,168,615	401,095	290,000	1,647,745	-	1,377,969	359,059
Premium on sale of bonds	85,679	155,540	84,235	177,402	163,318	157,045	663,009	-	349,969	92,978
Payment to refunded bond escrow agent	(503,439)	(256,765)	(95,120)	(1,287,378)	(444,960)	(290,000)	(1,850,494)	-	(1,522,911)	(380,024)
Leases (as lessee)	-	-	-	-	-	-	-	-	1,179,451	257,291
Equipment financing program	31,716	25,590	11,368	-	-	-	-	-	-	-
Transfers in	331,676	358,736	460,462	358,002	342,751	385,159	497,905	771,572	1,549,713	2,059,239
Transfers out	(276,710)	(303,150)	(407,175)	(312,402)	(330,671)	(376,419)	(494,523)	(815,251)	(1,531,043)	(2,160,789)
Sale of capital assets	1,050	-	15,800	451	21,239	831	5,457	1,000	17,838	-
Total other financing sources	742,507	1,245,458	596,960	503,601	1,310,407	1,215,021	2,114,836	150,394	2,945,906	792,149
Net change in fund balances	\$ (57,841)	\$ 583,935	\$ (78,436)	\$ (204,166)	\$ 183,688	\$ 685,872	\$ 768,687	\$ (504,072)	\$ 2,022,453	\$ (588,272)
Total capitalized expenditures	\$ 893,504	\$ 905,635	\$ 936,960	\$ 1,031,265	\$ 1,197,775	\$ 1,235,887	\$ 1,297,730	\$ 1,164,815	\$ 1,432,478	\$ 1,267,272
Total debt service excluding fiscal charges as a percentage of non-capital expenditures	6.72%	6.34%	6.85%	6.52%	6.85%	6.91%	6.94%	6.04%	5.91%	6.76%

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					
2014	\$ 2,037,905	\$ 55,413	\$ 41,719	\$ 1,282,573	\$ 2,094,754	\$ 389,539	\$ 423,354	\$ 6,325,257
2015	2,219,859	57,225	79,243	1,425,525	2,316,727	361,293	528,866	6,988,738
2016	2,386,010	59,101	58,780	1,451,441	2,464,330	365,305	498,161	7,283,128
2017	2,500,732	63,305	53,066	1,527,120	2,512,522	364,791	502,117	7,523,653
2018	2,579,542	72,268	56,628	1,597,939	2,641,586	368,446	508,151	7,824,560
2019	2,725,774	92,065	57,338	1,707,745	2,941,982	397,684	583,429	8,506,017
2020	2,869,204	77,698	56,716	1,317,112	3,104,933	374,112	489,989	8,289,764
2021	2,949,356	80,479	61,974	1,310,269	3,506,271	373,420	585,256	8,867,025
2022	2,849,757	82,885	61,077	1,814,080	4,108,313	407,580	738,184	10,061,876
2023	2,876,153	83,902	64,460	2,011,790	4,174,533	409,178	433,162	10,053,179

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					
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
2021	112,714,515	131,700,420	244,414,935	110,856,650	355,271,585	1.40	31.20
2022	102,668,201	146,094,307	248,762,508	106,983,246	355,745,754	1.44	30.07
2023	101,175,637	153,433,839	254,609,476	106,833,726	361,443,202	1.43	29.56

Notes:

Assessed value is 100% of estimated market value.

Residential Property: After Homestead Deductions and other credits were applied against tax for 2014 - 2023; Does not reflect the 2014 - 2023 Cap Assessment of 10% for Class 01 with Homestead Deductions; 2023 reflects Taxable Assessed Value.

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	Direct Property Tax Rate		Total Direct
	Basic Rate	General Obligation Debt Service	
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
2021	1.24	0.16	1.40
2022	1.28	0.16	1.44
2023	1.25	0.18	1.43

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**

Fiscal Year	Property (per \$100 of assessed value)							Personal
	Residential			Commercial			Unimproved	
	Owner occupied	Tenant occupied	Unimproved	Hotels	Improved	Unimproved		
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	
2021	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	
2022	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	
2023	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	

Fiscal Year	Sales and Use			Income and Franchise		Gross Receipts Public Utility	
	General	Cigarette	Motor Fuel	Individual	Business	Commercial	Residential
	2014	0.0575	2.86/3.57	0.24	0.04-0.09	0.10	0.11
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	4.98	0.24	0.04-0.09	0.08	0.11	0.10
2021	0.0600	5.00	0.29	0.04-0.09	0.08	0.11	0.10
2022	0.0600	5.01	0.29	0.04-0.1075	0.08	0.11	0.10
2023	0.0600	5.02	0.34	0.04-0.1075	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 2023, \$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 valued above \$10 million.

Commercial Unimproved: For FY 2014 - FY 2018 properties reverted to their native Class and rate.

Sales and Use Tax:

General: Of sales value

Cigarette: FY 2017 - FY 2023, 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)**

	2023			2014		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
1100 15th Street LLC	\$ 781,758	1	0.31%	***	****	****
CC Owner LLC	751,621	2	0.30	\$ 725,843	1	0.45%
CARR CRHP Properties LLC	598,825	3	0.24	516,653	4	0.32
Washington Square LLC	546,214	4	0.21	476,951	5	0.29
555 12th REIT LLC	516,587	5	0.20	543,860	3	0.33
United Brotherhood of Carpenters and Joiners of America	499,212	6	0.20	446,115	6	0.27
2000 L Owner LLC	491,304	7	0.19	***	****	****
District of Columbia/CCDC Office LLC **	451,621	8	0.18	***	****	****
13th & F Associates LP & WMATA	439,222	9	0.17	***	****	****
President & Directors of Georgetown University	415,457	10	0.16	***	****	****

Notes:

** District of Columbia/CCDC Office LLC: Property is jointly owned. The District of Columbia is exempt from taxes. Taxable portion relates to the CCDC Office LLC.

*** Taxable assessed value not available as property square and lot were not active in 2014.

**** 2014 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
Inter-American Development Bank	\$ 671,688
International Bank for Reconstruction and Development	646,673
Protestant Episcopal Cathedral Foundation DC	544,861
Gallaudet University	472,295
Howard University (Land Only)	436,606
Catholic University of America	431,035
International Monetary Fund	387,896
International Monetary Fund	377,789
The Johns Hopkins University	299,707
President and Directors of Gonzaga College	287,812

Note:

Duplicate property listings result from owners with multiple properties.

Source:

Office of Tax and Revenue

**Exhibit S-2F
Property Tax Levies and Collections
Last Ten Fiscal Years (\$000s)**

Fiscal Year	Current Levy			Outstanding Balances			Prior Years			Total		
	Levy	Collections	Percent Collected	Billed	Collections	Percent Collected	Billed	Collections	Percent Collected	Collections	Percent Collected	
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			
2021	3,011,545	2,868,380	95.25	271,394	60,971	22.47	3,282,939	2,929,351	89.23			
2022	2,938,299	2,818,101	95.91	253,930	129,490	50.99	3,192,229	2,947,591	92.34			
2023	2,942,475	2,821,602	95.89	412,485	113,236	27.45	3,354,960	2,934,838	87.48			

Source:
Office of Tax and Revenue

Notes:
Approximately 45% of real property tax collections are deposited with fiscal agents, such as commercial banks, for payment of matured bonds and interest.
Subsequent year collections relate to collections on prior year levies.

Current year tax levy amounts include new billings for prior year penalties and interest. Subsequent year collections relate to collections on prior year levies.

**Exhibit S-2G
Personal Income Tax Rates
Last Ten Fiscal Years**

Top Income Tax Rate is Applied to Taxable Income in Excess of Listed Amounts

Fiscal Year	Top Rate	Listed Amounts			Average Effective Rate
		Single	Married Filing Jointly	Head of Household	
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	6.29
2021	8.95	1,000,000	1,000,000	1,000,000	6.81
2022	10.75	1,000,000	1,000,000	1,000,000	6.87
2023	10.75	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.
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**

	2023				2014			
	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	102,770	29.05%	\$ 1,782,403,254	81.65%	62,809	18.76%	\$ 1,088,707,666	72.08%
\$75,001 - \$100,000	37,903	10.72	165,303,431	7.57	28,437	8.49	137,690,310	9.12
\$50,001 - \$75,000	55,374	15.65	143,983,635	6.60	48,151	14.38	145,105,042	9.61
\$25,001 - \$50,000	71,010	20.07	80,670,423	3.70	79,844	23.84	111,589,005	7.39
\$10,001 - \$25,000	47,818	13.52	9,834,100	0.45	65,875	19.67	25,547,157	1.69
\$10,000 and lower	38,857	10.98	678,660	0.03	49,741	14.85	1,831,532	0.12
Total	353,732	100.00%	\$ 2,182,873,503	100.00%	334,857	100.00%	\$ 1,510,470,712	100.00%

Note:
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	Unamortized Premiums	Outstanding GO Bonds, Net of Related Premiums	Actual Value of Taxable Property	GO Bonds as a Percentage of Actual Value of Taxable Property %	GO Debt Per Capita
2014	\$ 2,790,935	\$ 89,232	\$ 2,880,167	\$ 160,300,070	1.80%	\$ 4,340
2015	3,530,770	229,585	3,760,355	176,911,153	2.13	5,554
2016	3,829,305	287,639	4,116,944	189,102,606	2.18	5,988
2017	4,078,160	430,941	4,509,101	201,570,364	2.24	6,469
2018	4,827,105	542,610	5,369,715	211,381,458	2.54	7,626
2019	5,611,815	649,007	6,260,822	220,126,032	2.84	8,840
2020	5,396,870	596,131	5,993,001	228,687,317	2.62	8,934
2021	5,202,750	544,789	5,747,539	244,414,935	2.35	8,591
2022	6,002,310	640,834	6,643,144	248,762,508	2.67	9,901
2023	6,329,085	656,571	6,985,656	254,609,476	2.74	10,289

Notes:

The net position restricted for debt services shown on Exhibit 1-a did not have any portion restricted for principal payment of the general bonded debt. The GO amount restricted covers interest payments for the 6 months following the fiscal year end.

GO Debt Per Capita: Prior years' debt per capita amounts were updated to reflect the U.S. Census Bureau estimates.

**Exhibit S-3B
Pledged-Revenue Coverage
Last Ten Fiscal Years (\$000s)**

Fiscal Year	Sales			Tax Increment Financing Debts			Income Tax Secured Revenue Bonds			Coverage %
	Tax Increment	Real Property Tax Increment	Debt Service	Individual Income Tax	Business Franchise Tax	Debt Service	Principal	Interest	Coverage %	
2014	\$ 7,178	\$ 10,324	\$ 3,973	\$ 1,679,173	\$ 415,581	\$ 148,120	\$ 205,724		592.00%	
2015	9,133	12,328	3,914	1,868,037	447,805	138,580	204,933		674.16	
2016	8,203	10,132	4,073	1,907,862	556,468	88,155	179,702		920.02	
2017	10,686	8,953	4,136	1,958,277	554,245	119,300	200,542		785.55	
2018	10,630	7,678	7,180	2,066,842	574,745	154,505	193,535		758.99	
2019	9,865	11,072	4,284	2,299,326	642,656	159,030	186,052		852.55	
2020	6,025	8,075	4,398	2,377,236	727,697	149,970	207,163		869.41	
2021	3,101	14,185	6,099	2,643,213	863,057	131,285	231,220		967.23	
2022	6,360	8,396	18,397	3,116,991	991,322	154,265	213,358		1,117.53	
2023	24,664	15,198	4,849	3,048,229	1,126,304	232,560	229,030		904.38	

Note: Details regarding the outstanding debt of the District can be found in the Notes to the Basic Financial Statements (Note 7 presented on pages 124 through 138).

Exhibit S-3C
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (\$000s, Except Per Capita)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
General obligation bonds	\$ 2,880,167	\$ 3,760,355	\$ 4,116,944	\$ 4,509,101	\$ 5,369,715	\$ 6,260,822	\$ 5,993,001	\$ 5,747,539	\$ 6,643,174	\$ 6,985,656
Income tax secured bonds	4,697,201	4,578,445	4,399,700	4,124,380	3,836,706	3,664,404	5,635,204	5,364,137	5,631,421	5,310,005
TIF bonds	109,488	105,108	100,443	95,885	108,702	104,037	119,385	127,531	109,898	104,913
Qualified zone academy bonds	5,736	4,791	3,845	3,155	2,466	2,012	1,558	1,105	829	552
Bond anticipation notes	-	-	-	-	275,000	375,000	-	163,665	132,060	113,219
Capital leases	8,162	5,105	1,837	-	-	-	-	-	-	-
Ballpark bonds	479,704	472,273	374,514	336,406	287,022	230,864	186,963	183,400	179,351	174,773
HPTF bonds	120,476	117,814	114,994	112,109	109,104	105,965	38,535	36,144	33,642	31,031
PILOT revenue bonds	70,030	215,647	214,213	205,696	219,698	198,678	197,791	174,196	156,274	146,327
GARVEE bonds	122,144	114,001	104,634	96,201	87,560	78,661	356,937	336,486	315,609	294,266
Tobacco bonds	628,074	613,600	598,710	581,533	559,559	537,395	515,360	486,924	487,139	430,042
Total Debt	\$ 9,121,182	\$ 9,987,139	\$ 10,029,834	\$ 10,064,466	\$ 10,855,532	\$ 11,557,838	\$ 13,044,734	\$ 12,621,127	\$ 13,669,397	\$ 13,590,804
Personal income	\$ 46,523,400	\$ 49,975,800	\$ 52,344,000	\$ 54,495,700	\$ 56,933,800	\$ 57,644,400	\$ 61,375,700	\$ 65,064,100	\$ 65,008,000	\$ 69,191,300
Total debt percentage of personal income	19.61%	19.98%	19.16%	18.47%	19.07%	20.05%	21.25%	19.40%	21.06%	19.64%
Total debt per capita	\$ 13,745	\$ 14,752	\$ 14,587	\$ 14,438	\$ 15,417	\$ 16,319	\$ 19,445	\$ 18,865	\$ 20,403	\$ 20,017
Total "tax supported debt" per capita	\$ 12,614	\$ 13,677	\$ 13,564	\$ 13,466	\$ 14,498	\$ 15,449	\$ 18,145	\$ 17,634	\$ 19,207	\$ 18,950

Notes:

Outstanding debt was updated to show amounts net of related premiums 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 totals revised as of the third quarter of calendar year 2023. Prior years' debt per capita amounts were updated to reflect U.S. Census Bureau population estimates.

**Exhibit S-3E
Limitation on Borrowing (\$000s)**

General fund expenditures (1):	\$ 11,617,270
General fund transfers out (1):	1,026,416
Adjustment for transfer to component unit (UDC) (1):	28,365
Adjustment for TIF and PILOT bonds and notes debt service transfers (1):	49,666
Adjustment for ballpark revenue bond debt service transfers (1):	14,885
Adjustment for convention center hotel debt service transfers (1):	5,766
Total (a)	\$ 1,529,084
Limitation on borrowing (12%):	1,087,770
FY 2023 debt service cost (b):	\$ 441,314
Margin on limitation:	8.54%
FY 2023 debt service percentage (b/a):	

Debt Service Expenditures by Fiscal Year

	2023			2024			2025			2026		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Long-Term Debt	\$ 234,396	\$ 286,202	\$ 520,598	\$ 232,735	\$ 298,563	\$ 531,298	\$ 260,815	\$ 285,683	\$ 546,498	\$ 261,915	\$ 273,354	\$ 535,269
General obligation bonds (2)	277	-	277	276	-	276	276	-	276	-	-	-
OZAB	232,560	229,030	461,590	253,395	228,570	481,965	267,195	215,899	483,094	265,765	203,335	469,100
Income tax secured revenue bonds (2)	4,849	4,239	9,088	15,017	4,174	19,191	5,701	3,849	9,550	21,071	3,828	24,899
TIF bonds (3)	14,394	5,102	19,496	8,511	4,733	13,244	803	4,597	5,400	896	4,545	5,441
TIF notes (4)	4,525	10,360	14,885	17,215	9,761	26,976	18,735	8,800	27,535	20,350	7,753	28,103
Ballpark revenue bonds (5)	2,535	1,230	3,765	1,150	1,103	2,253	1,190	1,057	2,247	1,240	1,010	2,250
HPTF revenue bonds	13,408	7,276	20,684	10,015	7,234	17,249	6,436	7,085	13,521	6,710	6,810	13,520
PILOT bonds (6)	183	215	398	193	205	398	203	195	398	213	185	398
PILOT notes (7)	4,991	4,283	9,274	5,338	3,935	9,273	5,710	3,564	9,274	6,107	3,166	9,273
225 Virginia Avenue lease	-	183	183	-	7,500	7,500	-	7,500	7,500	-	7,500	7,500
Bond anticipation notes	10,705	16,827	27,532	13,040	16,120	29,160	13,570	15,631	29,201	16,285	15,075	31,360
Washington convention and sports authority												
Total	\$ 522,823	\$ 564,947	\$ 1,087,770	\$ 556,885	\$ 581,898	\$ 1,138,783	\$ 580,634	\$ 553,860	\$ 1,134,494	\$ 600,552	\$ 526,561	\$ 1,127,113

Notes:

- (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 3.50%.
- (3) TIF Bonds include the Gallery Place, City Market at O Street, Skyland Town Center, Bryant Street, Reunion Square, and Union Market projects. Adjustments made to TIF notes in fiscal year 2024 to reflect actual principal prepayments. Union Market bonds were issued in fiscal year 2021 as convertible capital appreciation bonds and will have its first interest payment in fiscal year 2026, but will not have a principal payment until fiscal year 2027. Reunion Square was issued as a variable rate draw down bond in fiscal year 2022 with a capitalized interest period; capitalized interest payments assume periodic draws that increase the outstanding balance in fiscal year 2024, with a refinancing of that balance after fiscal year 2026.
- (4) TIF Notes include Georgia Avenue CVS, Capital One Arena (formerly known as the Verizon Center), and the Convention Center Hotel. Adjustments are made to TIF Notes to reflect actual principal prepayment in fiscal years 2023 and 2024.
- (5) Fiscal year 2024 includes a prepayment of \$8.4 million scheduled for 2/1/2024.
- (6) PILOT Bonds include the Yards and the Wharf. Adjustments are made to PILOT Notes to reflect actual principal prepayment. The Yards was refinanced in 2019 as a variable-rate drawdown bond; it does not require principal payments until maturity in fiscal year 2025, after which estimates include payment of principal through level debt service payments.
- (7) PILOT Notes include only the Foundry Lofts project.

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
2014	663,603	\$ 46,523,400	\$ 70,107	33.80	746,400	7.90%	28,995	9,921
2015	677,014	49,975,800	73,818	33.80	759,300	7.20	23,903	6,570
2016	687,576	52,344,000	76,128	33.90	774,800	6.30	24,320	3,265
2017	697,079	54,495,700	78,177	34.00	782,700	6.20	25,132	3,455
2018	704,147	56,933,800	80,855	33.90	791,300	5.70	23,981	2,996
2019	708,253	57,644,400	81,390	34.30	796,200	5.60	24,943	3,624
2020	670,839	61,375,700	91,491	N/A	762,200	7.20	99,247	58,535
2021	669,037	65,064,100	97,250	34.80	729,000	7.20	51,692	53,991
2022	670,949	65,008,000	96,890	34.90	761,100	5.10	42,579	21,581
2023	678,972	69,191,300	101,906	N/A	773,400	4.70	24,128	5,708

Notes:

For some measures in Exhibit S-4A, updates are made each year to prior year numbers. Therefore, prior year numbers may not match the numbers in ACFR tables from previous years.

N/A: Not available

Population: Source: U.S. Census Bureau. Population data is based on estimates as of July 1 each year. Presentation of prior years' data is adjusted for Census updates.

Personal Income: Source: 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 2023. Quarterly estimates for 2014-2023 reflect unpublished monthly population estimates available as of December 2023. 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 2023. Per capita personal income is total personal income divided by total population estimates (which are based on population data released annually by the U.S. Census Bureau).

Median Age: Source: 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 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 DC Department of Employment Services, Office of Labor Market Research and Performance (OLMRP).

**Exhibit S-4B
Principal Employers
Current Year and Ten Years Ago**

	2023			2013		
	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	*	*	5	*
Georgetown University Hospital	*	6	*	*	7	*
Booz Allen & Hamilton Inc	*	7	*	*	8	*
Universal Protection Service LLC	*	8	*	*	N/A	*
Insperity Peo Services LP	*	9	*	*	21	*
Howard University	*	10	*	*	6	*
Medstar Medical Group LLC	*	11	*	*	966	*
Catholic University Of America	*	12	*	*	10	*
George Washington University Hospital	*	13	*	*	15	*
Red Coats	*	14	*	*	14	*
Sibley Memorial Hospital	*	15	*	*	16	*
Total	57,191		10.85	51,136		10.53

Notes:

* This data is produced through the Quarterly Covered Employment and Wage (QCEW) Program, a U.S. 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, only rank and total employment information is presented for the top fifteen principal employers.

N/A: Not available

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GOVERNMENTAL DIRECTION AND SUPPORT (1)										
General obligation bonds										
Bond rating by Fitch Ratings	AA	AA	AA	AA	AA+	AA+	AA+	AA+	AA+	AA+
Bond rating by Moody's Investors Service	Aa2	Aa1	Aa1	Aa1	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Bond rating by Standard & Poor's Global Ratings	AA	AA	AA	AA	AA+	AA+	AA+	AA+	AA+	AA+
Income tax secured revenue bonds										
Bond rating by Fitch Ratings	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+
Bond rating by Moody's Investors Service	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
Bond rating by Standard & Poor's Global Ratings	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
ECONOMIC DEVELOPMENT AND REGULATION (2)										
Taxable sales and use (\$ millions)	\$ 13,717	\$ 14,659	\$ 15,270	\$ 16,654	\$ 17,190	\$ 18,231	\$ 16,102	\$ 16,529	\$ 21,695	\$ 23,454
Commercial construction units	327	97	125	179	222	197	147	116	39	32
Commercial construction value (\$000s)	\$ 2,542,032	\$ 1,902,211	\$ 1,701,364	\$ 2,448,918	\$ 2,649,201	\$ 3,240,162	\$ 2,427,201	\$ 2,358,144	\$ 2,133,632	\$ 2,047,745
Residential construction units	1,369	1,121	1,304	1,227	1,183	1,539	1,374	1,173	1,230	1,089
Residential construction value (\$000s)	\$ 425,194	\$ 391,467	\$ 433,979	\$ 445,223	\$ 404,858	\$ 449,587	\$ 482,369	\$ 462,807	\$ 556,648	\$ 593,742
HOUSING FINANCE AGENCY (3)										
Number of single-family units financed	192	236	205	199	106	69	245	277	176	128
Amount of single-family financing provided (\$000s)	\$ 53,068	\$ 65,183	\$ 62,902	\$ 52,538	\$ 34,662	\$ 22,444	\$ 86,531	\$ 103,698	\$ 59,125	\$ 30,964
Number of multi-family units financed	1,008	1,325	2,090	899	1,653	1,635	1,689	966	1,160	2,695
Amount of multi-family financing provided (\$000s)	\$ 194,600	\$ 171,401	\$ 294,735	\$ 168,960	\$ 325,440	\$ 301,210	\$ 317,547	\$ 245,368	\$ 294,569	\$ 683,377
Total number of housing units financed	1,200	1,561	2,295	1,098	1,759	1,704	1,934	1,243	1,336	2,823
Total amount of housing financing provided (\$000s)	\$ 247,668	\$ 236,584	\$ 357,637	\$ 221,498	\$ 360,102	\$ 323,654	\$ 404,078	\$ 349,066	\$ 353,694	\$ 714,341
PUBLIC SAFETY AND JUSTICE (4)										
Police										
Crime index offenses	37,662	37,471	35,714	34,774	33,031	33,902	29,639	27,836	27,875	32,842
Number of police officers	3,971	3,839	3,737	3,821	3,855	3,810	3,799	3,580	3,460	3,337
Fire and EMS										
Number of operational personnel	1,877	1,864	1,875	1,892	1,927	1,939	1,848	1,855	1,863	1,938
Total number of incidents	179,319	197,092	205,988	201,404	207,492	212,459	201,130	190,561	196,151	209,895
Total number of fire/rescue incidents	32,313	34,924	34,840	35,712	39,390	39,454	37,132	37,184	40,575	43,900
Number of medical incidents	147,006	162,168	171,148	165,692	168,102	173,005	163,998	153,377	155,576	165,995
Total number of transports	109,044	115,262	92,695	55,078	53,322	54,725	45,346	41,724	48,801	54,546
Number of inspections	13,159	10,148	11,814	12,181	10,931	10,579	9,976	12,273	12,170	10,901
PUBLIC LIBRARY (5)										
Number of volumes	1,536,820	1,376,418	1,304,305	1,055,037	1,023,079	965,471	1,038,742	997,369	1,160,472	1,204,557

**Exhibit S-5A
Operating Indicators by Function/Program
Last Ten Fiscal Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PUBLIC EDUCATION SYSTEM										
D.C. Public School System (6)										
Number of school teachers	3,585	3,684	3,999	3,996	4,121	4,320	4,522	4,639	4,479	4,747
Number of school students	46,393	47,548	48,757	48,555	48,144	49,056	51,060	49,890	50,131	51,285
Number of high school graduates	2,702	2,784	2,764	2,844	2,273	2,170	2,180	2,063	2,062	2,379
University of the District of Columbia (7)										
Number of teachers	223	230	237	235	232	230	236	232	202	200
Number of students	5,355	4,923	5,118	4,604	4,527	4,500	4,456	3,953	3,476	3,577
Number of graduates	866	795	852	817	702	782	839	761	728	785
OPERATIONS AND INFRASTRUCTURE (8)										
Street resurfaced (miles)	27	42	30	33	40	84	132	100	75	70
Potholes repaired	65,332	72,719	75,417	15,799	31,570	62,509	27,768	20,526	25,064	17,222
Refuse collected (tons per day)	354	340	386	328	369	363	377	370	234	258
Recyclables collected (tons per day)	130	116	96	115	102	102	105	101	68	94
Tons of bulk trash removed	2,558	2,597	3,612	2,977	2,603	2,130	2,403	1,803	1,930	2,197
Tons of leaves removed	6,054	5,798	7,221	6,110	5,803	7,497	8,001	6,657	5,312	8,468
DEPARTMENT OF MOTOR VEHICLES (9)										
Number of motor vehicle registrations (1/1 - 12/31)	296,210	303,039	309,332	310,031	310,334	307,479	301,768	298,400	290,261	281,117
Number of operator licenses issued (1/1 - 12/31)	81,656	80,459	125,901	139,587	134,504	148,270	130,399	125,801	129,269	132,009
Number of operator licenses outstanding (1/1 - 12/31)	416,289	448,304	466,293	475,834	482,808	487,293	451,343	435,445	445,864	452,643
CONVENTION CENTER (10)										
Conferences held	204	233	217	184	167	151	57	24	N/A	117
Attendees	1,280,256	1,120,398	1,465,820	1,163,753	1,563,622	1,066,175	569,524	118,119	N/A	702,051

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 ACFR tables from previous years.
Operations and Infrastructure formerly known as Public Works prior to 2020
Street resurfaced (miles): Includes reconstruction, regular cover, and pavement restorations
N/A: Not available

- 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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police (1)										
Police stations including satellites	11	11	11	11	10	10	10	10	10	10
Number of police vehicles	1,224	1,259	1,240	1,245	1,240	1,250	1,257	1,258	1,263	1,289
Fire (2)										
Number of fire and EMS stations	34	34	34	34	34	34	34	34	34	34
Number of front-line emergency vehicles	124	94	114	168	168	168	168	168	168	168
EMS (2)										
Number of ambulances	98	86	88	96	100	100	92	85	91	100
D.C. Public School System (3)										
Number of schools	112	112	115	115	116	116	117	117	117	117
Number of school buses	799	601	626	808	743	639	664	809	677	674
Public Library (4)										
Number of main and branch buildings	26	26	26	26	26	26	26	26	26	26
Parks and Recreation (5)										
Acreage	931	931	931	931	931	931	931	931	931	851
Number of recreation and community centers	73	73	74	73	74	74	74	75	75	78
Number of day camps	96	82	84	119	113	130	58	101	461	540
Number of outdoor swimming pools	22	22	23	21	22	22	22	22	23	23
Number of indoor swimming pools	11	11	15	11	11	11	11	11	11	11
Operations and Infrastructure (6)										
Number of refuse collection trucks	69	68	74	81	102	102	103	126	141	141
Primary street miles	134	134	134	134	134	135	134	134	135	135
Secondary street miles	1,009	1,117	1,117	1,117	1,018	1,018	1,018	1,019	1,022	1,022
Number of street lights	70,828	70,809	69,708	74,188	75,703	75,875	76,335	77,328	77,328	77,795
Number of signalized intersections	1,652	1,524	1,403	1,528	1,535	1,685	1,692	1,710	1,723	1,728
Number of trees	147,376	153,990	150,288	148,726	156,763	164,878	167,134	175,631	185,589	189,103
DC Water (7)										
Miles of water mains	1,300	1,300	1,300	1,350	1,350	1,350	1,300	1,300	1,305	1,299
Miles of sewer mains	1,800	1,800	1,800	1,800	1,900	1,900	1,900	1,900	1,963	1,942

Notes:
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 ACFR tables from previous years.
Operations and Infrastructure formerly known as Public Works prior to 2020

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) DC Water

**Exhibit S-5C
Budgeted Full-Time Equivalent District Government Employees by Function - General Operating Funds
Last Ten Fiscal Years**

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental direction and support	3,069	3,178	3,191	3,252	3,369	3,447	3,485	3,592	3,735	3,967
Economic development and regulation	1,282	1,305	1,363	1,493	1,596	1,709	1,769	424	433	453
Public safety and justice	8,192	8,247	8,308	8,653	8,935	9,095	9,233	9,884	9,777	9,924
Public education system	8,701	9,558	9,499	9,530	9,943	9,894	10,422	12,301	12,507	13,411
Human support services	3,992	4,141	4,208	4,498	4,456	4,788	4,798	3,370	3,436	3,627
Operations and infrastructure	2,324	2,397	2,414	2,437	2,530	2,490	2,594	3,422	3,667	4,098
Total	27,560	28,826	28,983	29,863	30,829	31,423	32,301	32,993	33,555	35,480

Note:
Operations and Infrastructure formerly known as Public Works prior to 2020

Source:
Office of Budget and Planning



**GOVERNMENT OF THE
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YEAR ENDED SEPTEMBER 30, 2023