



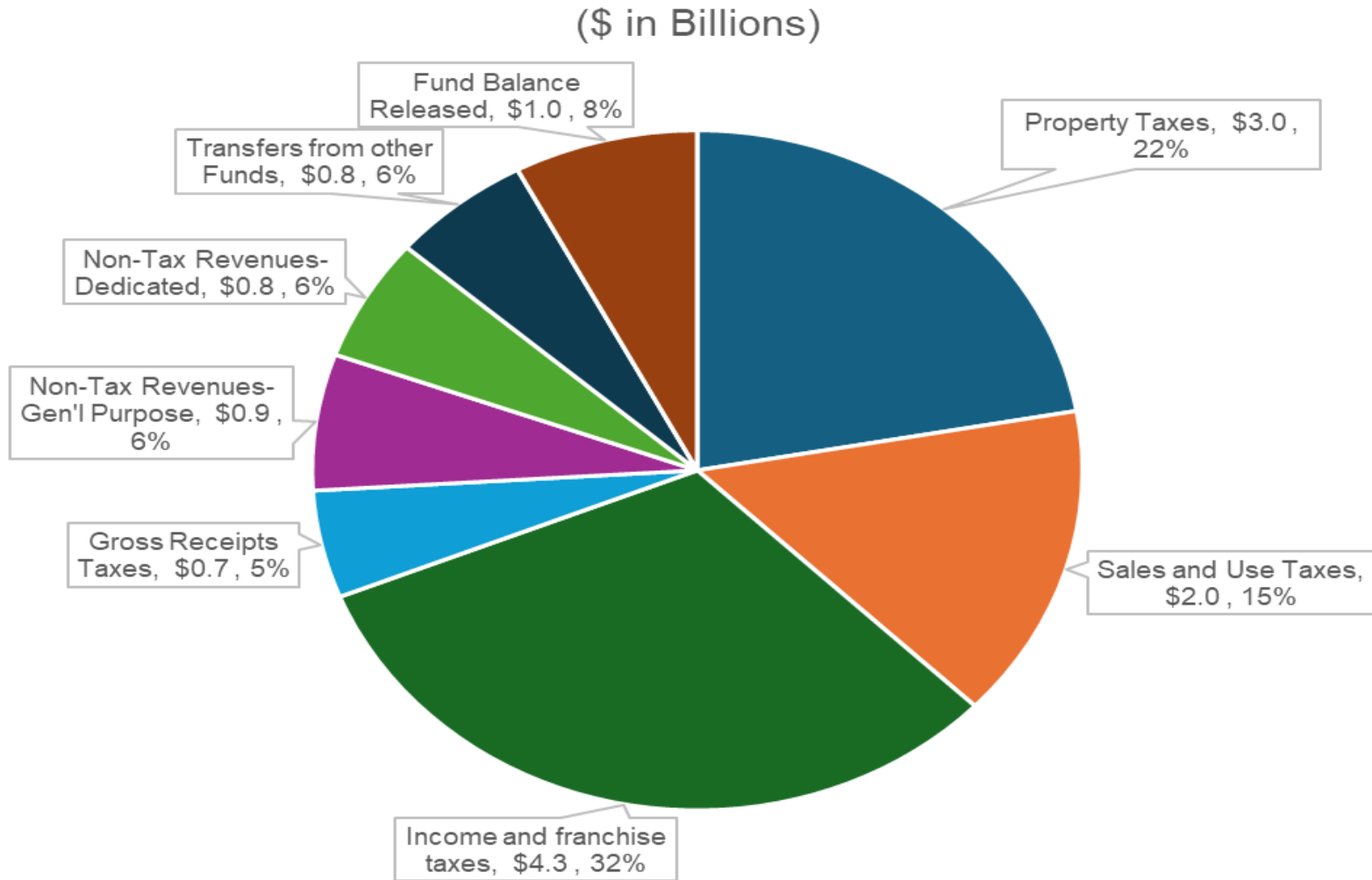
FY 2024 District of Columbia Annual Comprehensive Financial Report

ACFR Highlights



- **Clean Audit Opinion (28th Consecutive)**
 - **No Yellow Book findings**
- **Retirement and OPEB Trusts fully funded**
- **Ratings for General Obligation Bonds and Income Tax Bonds remained strong**
- **Federally and locally mandated reserves equal 52 days of working capital to operate the government and respond to unplanned events**

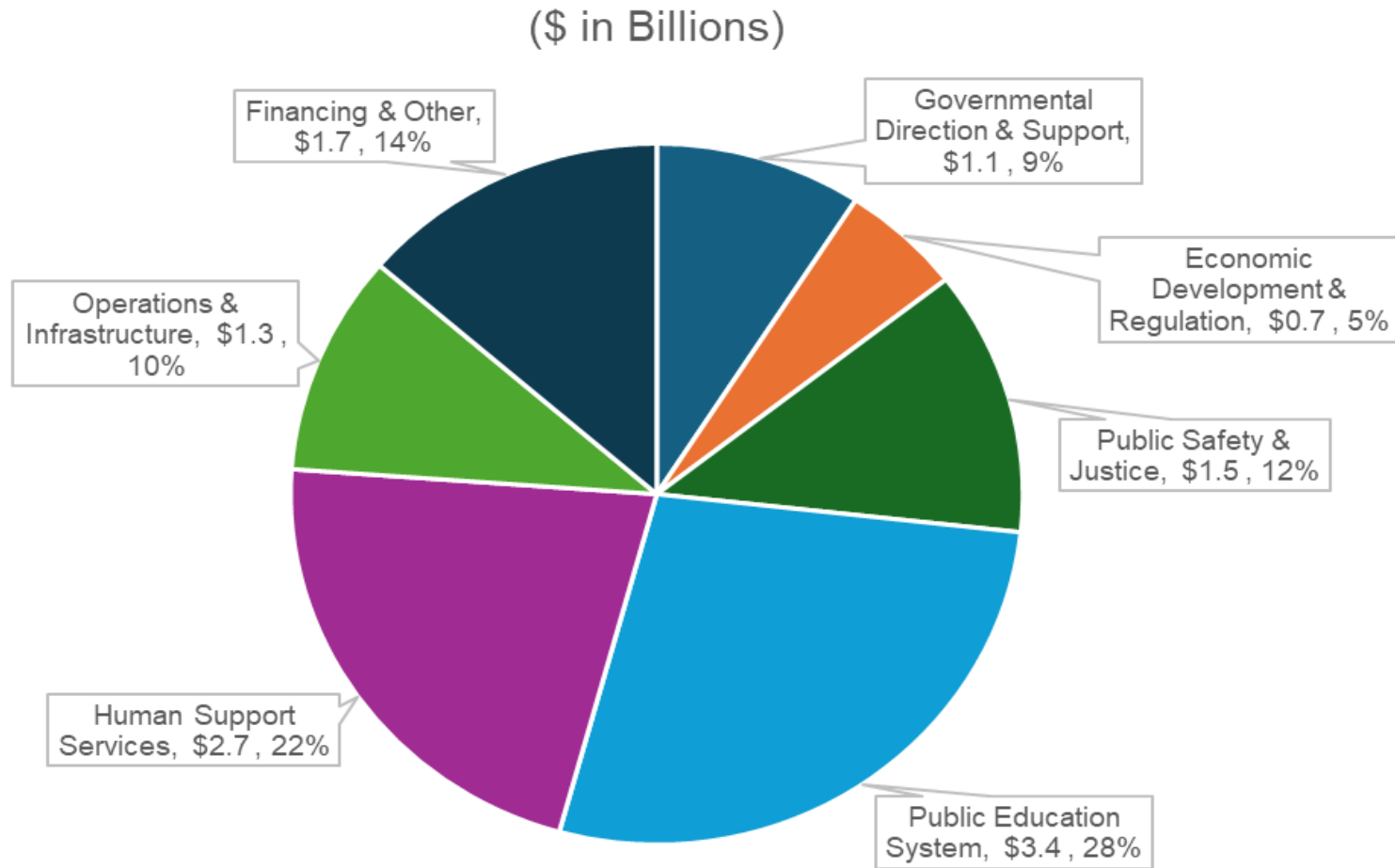
Where the Money Came From – Sources of the General Fund Revenue for FY 2024



FY 2024 Actual GF Resources = \$13.5 Billion

Does not include Federal & Private, Housing Production Trust, General Capital Improvements, Lottery, Unemployment Compensation, and Non-major Governmental Funds

Where the Money Went - Uses of General Fund Resources for FY 2024



FY 2024 Actual GF Expenditures = \$12.4 Billion

Does not include Federal & Private, Housing Production Trust, General Capital Improvements, Lottery, Unemployment Compensation, and Non-major Governmental Funds



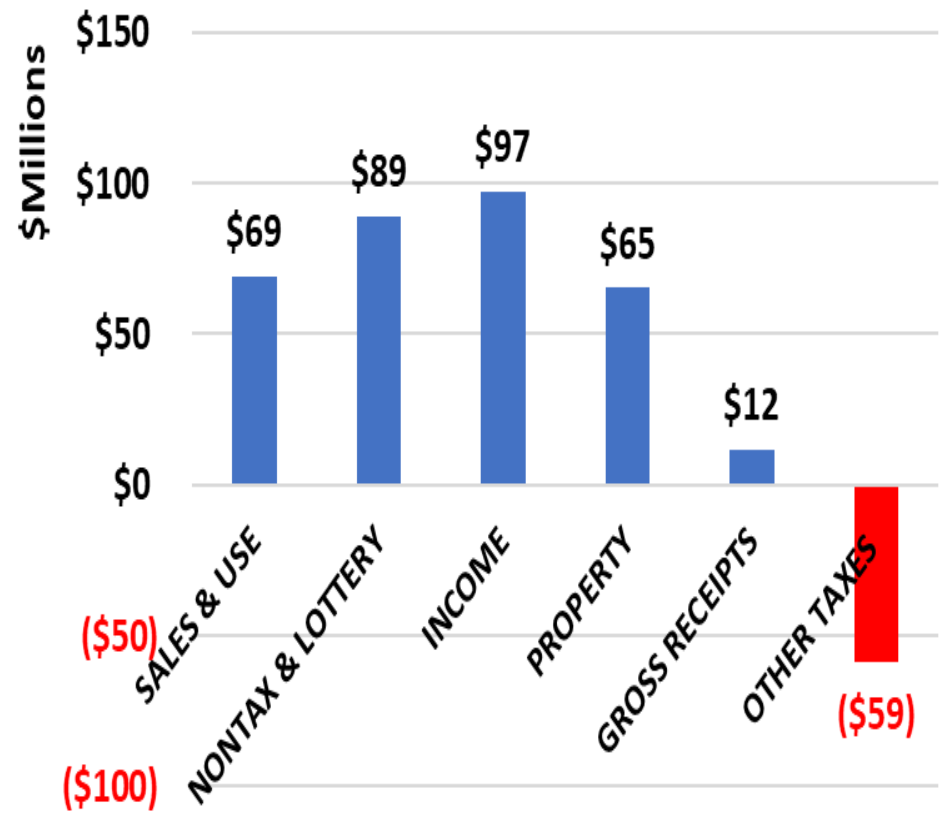
FY 2024 Revenues

Modest Revenue Growth in FY 2024



- ✓ **Income taxes** grew 2.3%, mainly due to strong withholding which benefited from higher wages.
- ✓ **Non-tax revenue** grew 10.9% benefiting from increased automatic traffic fine revenue and one-time litigation proceeds.
- ✓ **Sales taxes** grew 3.6%, mainly due to increased hotel revenue which benefited from the continued recovery of the hospitality sector.
- ✓ **Real property tax** revenue grew 2.2% due to higher property tax receipts (higher collection rate) related to Tax Year 2024 and prior-year levies.
- ✓ **Other taxes (Deed, Econ Interest & Estate taxes)** revenue declined by 15.2% due to lower deed recordation tax receipts and the absence of large estate transactions in FY 2024 relative to FY 2023.

Components of \$273.5M (2.58%)
Year-over-Year Revenue Growth



*Revenue analysis is on a budgetary basis, i.e., includes local and dedicated.

FY 2024 Revenue Forecast Revisions



FY 2024 Local Fund Revenue (\$M) Budgeted Revisions		
Estimate included in FY 2024 budget	\$9,977	
June 2024 Estimate		-
September 2024 Estimate		\$86
December 2024 Estimate		170
Amount revenue exceeded budgeted revenue		\$255

Components		
Income (Business & Individual)	11	4%
Non-tax	98	38%
Sales & Excise	32	12%
Other Taxes (Deeds, Econ & Estate)	(8)	-3%
Real property	108	42%
All other	15	6%
Total	\$255	100%

Note: Numbers may not add due to rounding



FY 2024 Underspending

Details of FY 2024 Local and Dedicated Taxes Underspending



(Dollars in Millions)

Appropriation Title	Revised Budget	Underspending	% of Revised Budget
Local Source <i>(Local Funds & Dedicated Taxes)</i>			
Governmental Direction and Support	\$ 1,067.5	\$ 9.6	0.9%
Economic Development and Regulation	600.1	1.8	0.3%
Public Safety and Justice	1,487.5	13.3	0.9%
Public Education System	3,360.1	23.6	0.7%
Human Support Services	2,667.5	5.6	0.2%
Operations and Infrastructure	970.2	6.8	0.7%
Finance and Other Uses	1,681.7	66.7	4.0%
TOTAL LOCAL SOURCE	\$ 11,834.6	\$ 127.4	1.1%



Composition of FY 2024 Budgetary Surplus

Composition of FY 2024 Budgetary Surplus



(Dollars in Thousands)

<u>Budgetary Surplus (Local & Dedicated Taxes)</u>	\$904,902
Amount Already Budgeted in FY 2025 Financial Plan	<u>(675,087)</u>
Surplus Above Previously Budgeted Amount	229,815
Sources:	
Local Fund Revenue Forecast Changes	
September 2024	85,600
December 2024	169,700
Underspending	127,400
Unbudgeted Costs (School Adv, Settlements)	(65,252)
Reduction in Transfers and Reimbursements	(82,615)
Other Adjustments	(5,018)

Note: Numbers may not add due to rounding

Use of Budgetary Fund Balance



(Dollars in Thousands)

<u>Use of Budgetary Fund Balance</u>	
Budgetary Surplus (Local & Dedicated Taxes)	\$904,902
FY 2024 Supplemental and FY 2025-2028 Plan	(675,087)
Carryforward of Non-Lapsing FY24 Underspending	(62,300)
Change in Bond Escrow Account	(46,464)
Growth in Emergency Reserve	(28,500)
Fiscal Stabilization Reserve	(89,000)
Other Restrictions and Commitments	(3,600)

Note: Numbers may not add due to rounding



Reserve Requirements

Comparison of Ending General Fund Balances

(Dollars in Thousands)

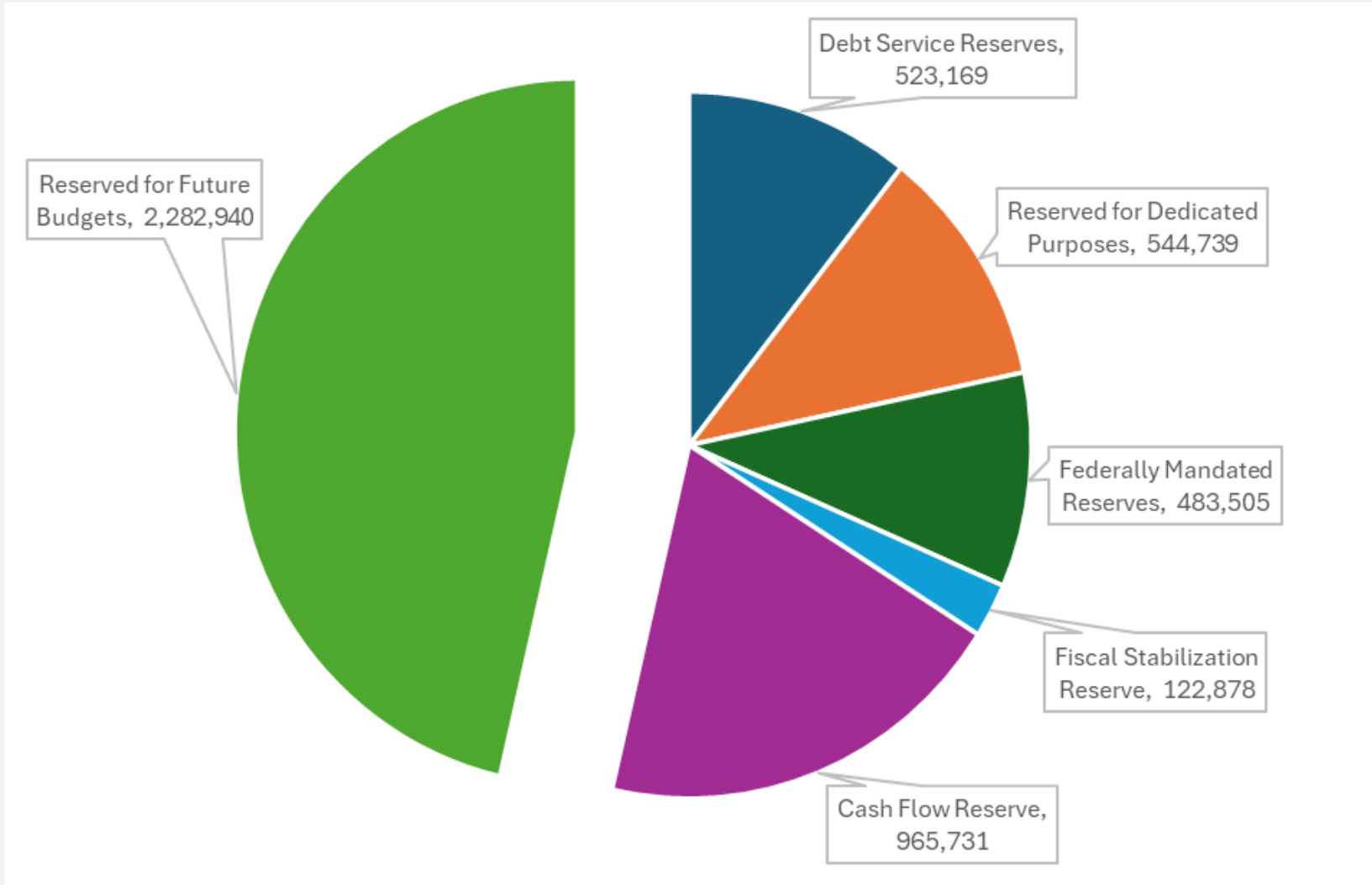


Fund Balance	FY 2024	FY 2023	Difference
Federally Mandated Reserves	\$483,505	\$553,124	(\$69,619)
Locally Mandated Reserves	1,088,609	999,222	89,387
Debt Service Reserves	523,169	476,705	46,464
Reserved for Future Budget	2,282,940	2,237,581	45,359
Reserved for Other Purposes	544,739	650,273	(105,534)
Reserved for Housing Production Trust Fund	-	-	-
Reserved for Pay-Go Capital Projects	-	-	-
TOTAL	\$4,922,962	\$4,916,905	\$6,057

- Reflects balances as of September 30, 2024, not current balances.
- Note 10 of ACFR

Composition of General Fund Balance

(Dollars in Thousands)



52 days

Total: \$4.9 Billion

Reflects balances as of September 30, 2024, not current balances. Numbers may not add due to rounding

Federally and Locally Mandated Reserves (Working Capital, Liquidity)



Reserves	% of Expenditure/ Budget	Amount (\$ in Millions)	Status	Amount Needed for Full Funding (\$ in Millions)
Emergency	2.00%	\$ 212.9	100%	-
Contingency	4.00%	\$ 270.6	64%	\$155.3
Fiscal Stabilization	2.34%	\$ 122.8	42%	\$167.5
Cash Flow	8.33%	\$ 965.7	92%	\$ 79.0
Total	16.67%	\$ 1,572.0	52 Days	\$ 401.8

*Reflects balances as of September 30, 2024, not current balances.
Numbers may not add due to rounding*

Pensions and Other Post-Employment Benefits



(Dollars in Thousands)

DCRB Trust Fund	FY 2024 Net Position	FY 2023 Net Position	Percentage Variance	Net Pension (Asset)	Percentage Funded
Police, Firefighter, and Teachers Pensions	\$12,264,006	\$10,538,080	16.4%	(\$1,145,894)	110.3%
OPEB Trust Fund	FY 2024 Net Position	FY 2023 Net Position	Percentage Variance	Net OPEB (Asset)	Percentage Funded
Other Post- Employment Benefits	\$2,285,178	\$1,843,482	24.0%	(\$173,921)	108.2%



District Financial Position Remains Strong

- **District received Clean/Unmodified Audit Opinion**
 - **No Yellow Book findings**
- **Retirement and OPEB Trusts fully funded**
- **Ratings for General Obligation Bonds and Income Tax Bonds remained strong**
- **Federally and locally mandated reserves equal 52 days of working capital. The recommended level is 60 days.**



What Does This All Mean?

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- **Future revenue growth is projected to be modest.**
- **At the end of FY 2022, all reserves were full.**
- **At the end of FY 2024, only one reserve is full.**
- **Over-performance can no longer be relied upon to refill reserves and address known year-end expenses.**
- **The FY 2025 – 2028 Financial Plan exhausts approximately \$2.3 billion of accumulated surpluses.**
- **These realities and their implications must be considered for the upcoming FY 2026 formulation process.**



QUESTIONS?