

Resilience

ACFR ANNUAL COMPREHENSIVE
FINANCIAL REPORT **2022**



MURIEL BOWSER
MAYOR

GLEN LEE
CHIEF FINANCIAL OFFICER

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

YEAR ENDED SEPTEMBER 30, 2022





MURIEL BOWSER
MAYOR

January 24, 2023

Dear Washingtonians:

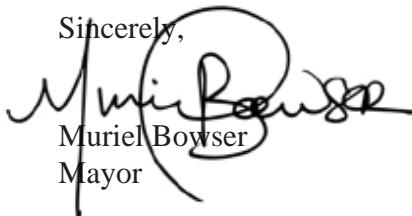
On behalf of the Government of the District of Columbia, I am proud to present the District of Columbia (District) Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR). For the twenty-sixth consecutive year, the audit opinion is unqualified (unmodified).

The District's finances continue to be the envy, and among the strongest, of any jurisdiction in the nation. As of September 30, 2022, the District had 60 days of operating cash in its reserve funds. Throughout everything we have been through over the past three years, our strong reserves provided greater financial flexibility and protection and this cushion has allowed us to continue to provide essential support to residents and businesses during challenging times.

We made significant investments to provide residents and businesses with the tools and resources necessary for economic recovery, while we also focused on reducing the disparities further exacerbated by the global health pandemic. And as a result, we were the first in the region to reopen our schools to in-person learning, our population growth has rebounded, and our embattled hospitality and tourism industry continues its strong recovery. And now, we continue to focus on our comeback—including building back the downtown that has supported critical investments across all eight wards. Most importantly, our work continues to support and grow the middle class and secure a fair shot for all residents, to protect our democracy, and to build safer, stronger neighborhoods.

In 2023, we will continue our comeback together, and the financial strength demonstrated in this ACFR will help us do so equitably. With your support, I am confident that we will achieve a healthier, safer, stronger, more prosperous, and resilient Washington, DC.

Sincerely,



Muriel Bowser
Mayor

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



Glen Lee
Chief Financial Officer

January 24, 2023

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 ended September 30, 2022 (FY 2022). Due to economic declines associated with the pandemic and ongoing uncertainty about their impact, the District continued to face challenges in FY 2022. I am happy to report, however, that the District's financial position remained strong. This was due to 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, a team of independent certified public accountants, audited the FY 2022 ACFR, with the assistance of Regis & Associates, PC and the WERS Group. This was the third year in which this team 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 2022 financial statements.

The auditors, however, were unable to issue an opinion on the financial statements of the Washington Convention and Sports Authority (Events DC), a financial component unit of the District. During the fiscal year, Events DC was the subject of a ransom ware attack which resulted in the encryption and loss of a significant amount of detailed financial data from FY 2022. The auditors determined that without access to these data, they could not verify the accuracy of Events DC financial statements. This determination only applies to Events DC financial statements since financial data for the District and its other component units are stored in different information systems.

The unmodified opinion by the auditor on the District's financial statements indicates that the auditors found no material misstatements or errors in the statements of the primary government. Consequently, District residents and other stakeholders can be assured that the primary government's accounting and financial management practices are soundly based, and the information presented in the ACFR is reliable.

As the FY 2022 ACFR indicates, the District's finances remained strong due to several factors. The District continued to use prudent business and financial management practices throughout the year. Such practices along with the availability of healthy reserves and federal relief payments helped to sustain the local economy and District government operations. As a result, the District was able to appropriately address unforeseen needs and make needed services and programs available to District residents and businesses.

Key economic data indicate that the District's economic outlook has weakened. The District's population declined in 2022 by 18,328 or 2.7%, and we anticipate only modest population growth over the next five years without significant unforeseen demographic or economic developments. Employment within the District is not expected to reach 2019 (pre-pandemic) levels in the next five years due to slower growth in the hospitality sector and weak growth in federal, professional, and technical jobs. However, the District's unemployment rate improved in 2022. As of September 2022, the District's unemployment rate was 4.7 percent, down 1.8 percent from the revised seasonally adjusted rate of 6.5 percent reported a year earlier. Although this decline in unemployment is positive, tourism remained below pre-pandemic levels in FY 2022. Consequently, business activity in the hospitality sector (hotels, restaurants, entertainment, and other retail sales), continued to be negatively impacted.

Because the District's financial health is strong, the city is better equipped to address these economic challenges and other potential issues which may arise. The District's bond ratings in FY 2022 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 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 is also an indicator of the city's financial strength. As of September 30, 2022, the District's liquidity funds (federally and locally mandated reserves) totaled \$1.679 billion. At this level, the District has the necessary resources to meet obligations and continue operations for a period of two months during times of emergency or to respond to unexpected events.

I would like to express my gratitude to all program and financial staff across the District, as well as other partners and stakeholders who worked closely with us to manage and account for the District's financial resources. As a result of the collective hard work, we were able to operate within budgetary constraints, close the primary government's books, complete the annual financial audit, and prepare and issue the FY 2022 ACFR on time with an unmodified (clean) audit opinion. I am confident that District leaders will remain vigilant in using sound and proven financial management practices to promote financial strength and stability in the coming years.

Sincerely,



Glen Lee
Chief Financial Officer

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022**

Muriel Bowser
Mayor

Glen Lee
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DISTRICT OF COLUMBIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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Introductory Section



Government of the District of Columbia



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

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January 24, 2023

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, 2022, 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) in the United States of America for state and local governments as promulgated by the Governmental Accounting Standards Board (GASB) and includes all disclosures necessary for readers to gain an understanding of the 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, 2022. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In addition to issuing an opinion on the financial statements of the District, the independent public accountants, McConnell & Jones LLP, issued a report in conjunction with the ACFR, which discussed the consideration by the independent public accountants of the internal controls of the District over financial reporting and the outcome of the 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 2022 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 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, on page 72 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 61. 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 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 reporting. The District has no significant timing differences between its budgetary practices and the GAAP presentation of its financial statements.

Transparency in Government Operations and Financial Reporting

The District has taken measures to make financial and non-financial information available to the general public. For instance, the Office of Open Government (OOG), 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, on a regular basis, the District provided guidance on how to reduce the spread of COVID-19. As required by circumstances faced, the Mayor and other District officials provided press briefings, press releases, and newsletters regarding case numbers, safety protocols, restrictions and policy changes, and modifications to government operations and services. In March 2022, the Mayor extended the public emergency for COVID-19 through April 16, 2022. The District is currently in Phase III of its opening plan which establishes the availability of therapeutics, vaccines and other protections prior to lifting all restrictions. Information regarding COVID-19 can be accessed via a separate website, <https://coronavirus.dc.gov>. This website includes a wealth of information for District residents and others regarding COVID-19. Some of the information presented includes health guidance, locations of vaccination clinics and testing sites, key metrics, and information on how to sign up for the DC COVID Alert Notice (DC CAN) app. The District also instituted a web-based portal, MyIR.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) continues to promote transparency in financial reporting. The

District continues to open its books to the public by posting online: the Annual Operating Budget and Capital Plan, the 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

The District continues to face challenges as it recovers from the negative economic impact of the coronavirus pandemic. Working with residents, retailers, and others in the business community, the city is committed to reverse the recent negative economic trends stemming from this public health crisis. Although office building usage and overall economic activity are below pre-pandemic levels, the District economy continues to show signs of improvement. To address the reduction in office building usage, many office buildings in the District have been converted to residential properties. In addition, the District has been soliciting feedback from residents and business leaders on ways to reduce office vacancy rates and address the potential reduction in commercial property tax assessments, which can lead to declining real property taxes.

Throughout fiscal year 2022, the District continued to exercise prudent fiscal management to ensure the ability to timely address any unforeseen needs related to the ongoing pandemic. Such practices, combined with the availability of strong reserves; the implementation of a hybrid work environment for District employees (combining telework and in-person service); and federal relief payments helped to sustain businesses and District government operations as well as the local economy.

For the year ended September 30, 2022, federal civilian employment accounted for 24.90% of all wage and salary jobs located in the District and 27.60% 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 1st of the calendar year and officially revises such estimates annually. The annual population estimates are based on birth and death records, changes in tax return filings, and estimates of the number of immigrants who move in and out of the District each year. On a quarterly basis, the U.S. Bureau of Economic Analysis (BEA) releases population data based on information provided by the U.S. Census Bureau.

Highlights: The District Economy

Due to the ongoing COVID-19 pandemic in the first half of fiscal year 2022, jobs in the hospitality and business service sectors in the District had not recovered to pre-pandemic levels. Population has also declined and remote work has weakened the outlook for commercial property. Highlights of these and other recent trends in the District economy are presented below:

- In the three months ended September 2022, there were 19,167, or 2.60%, more wage and salary jobs located in the District than in the same period a year earlier. However, this level was almost 32,000 below the same period in 2019, before the pandemic. Hospitality and retail jobs, including amusement and recreation positions, have not recovered, growing by 14,100 jobs in September 2022 when compared to September 2021, but still about 15,333 below pre-COVID-19 levels. Of concern, federal jobs have started declining and in September 2022 were 3.80% below September 2021.
- District resident employment in the three months ended September 2022 was 1,437, or 0.40%, higher than a year earlier.
- As of September 2022, the unemployment rate within the District decreased to the seasonally adjusted rate of 4.70%, down from the September 2021 revised seasonally adjusted rate of 6.50%.
- Overall wages earned in the District grew 4.90% in the quarter ended September 30, 2022, 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 2022 were down 12.20% from a year ago while the average selling price was 5.70% lower. Condominium sales decreased by 12.90%, and the average selling price was 3.60% higher than a year ago. The value of all home sale settled contracts for the three-month period ended September 2022 was 8.50% lower than a year ago.
- Commercial office base rents in the quarter ending September 2022 were essentially flat over the past year and average vacancy was 15.10%. Leased space in September 2022 was down by 0.40% from a year ago.
- Hotel room-days sold for the three months ended September 2022 were up 84.10% from the prior year and hotel room revenues almost tripled during that period. Room-days sold and room revenue 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. Hotel occupancy was 71.20% in September 2022, similar to pre-pandemic levels.

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. However, population growth has slowed in recent years. According to data released by the Bureau of Economic Analysis (BEA), between 2016 and 2021, the population of the District declined by 18,785. Based on BEA's most recent data, the District's population was estimated to be 649,509 as of September 2022; however, this estimate is subject to change. Each year in December, the U.S. Census Bureau issues a revised population estimate as of July 1st of the same year and BEA issues population data based on that estimate. In December 2022, the U.S. Census Bureau issued an updated population estimate which shows that the District's population grew from 668,791 to 671,803, a net gain of 3,012, during the period July 2021 to July 2022. Revised BEA population data that is based on the most recent information released by the U.S. Census Bureau will not be available until later in calendar year 2023.

Chart T-1 presents the population trends of the District as of the third quarter of calendar years 2018 through 2022, using annually revised population data.

**Chart T-1
Population Trends - Number of Residents
District of Columbia Population as of the Third Quarter of Each Calendar Year (2018 - 2022)**



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

Source:
U.S. Bureau of Economic Analysis (BEA)

Income Trends

Despite the ongoing COVID-19 pandemic, income grew 4.90% in the District during fiscal year 2022. Most of the federal relief to address the pandemic was distributed in fiscal year 2021, increasing income on a one-time basis. Inflation, however, resulted in real income contracting in fiscal year 2022.

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 2022; however, for 2021, the median household income within the District of \$93,547 was 35.50% above the U.S. average. The U.S. Census Bureau estimates that 16.50% of the population of the District was below the poverty line in 2021 as compared to 11.60% for the entire country.

Employment Trends

Total wage and salary employment in the Washington Metropolitan Area (Metropolitan Area) increased to approximately 3,315,200 (not in thousands) at the end of fiscal year 2022 from the revised 3,232,100 (not in thousands) for fiscal year 2021, representing a 2.57% 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 2021 employment numbers may differ from those presented in the fiscal year 2021 ACFR because of updates and revisions.

Table T-2 presents a comparison of September 2022 and 2021 labor market data for the District and the surrounding Metropolitan Area.

Table T-2
Comparison of September 2022 and 2021 Labor Market Data for the District and Surrounding Metropolitan Area (000s)

	District of Columbia				Metropolitan Area			
	FY 2022 Level	FY 2021 Level	1 Year Change	1 Year Change %	FY 2022 Level	FY 2021 Level	1 Year Change	1 Year Change %
Employed residents	359.3	358.0	1.3	0.4	3,250.8	3,196.1	54.7	1.7
Labor force	376.5	383.0	(6.5)	(1.7)	3,354.1	3,344.0	10.1	0.3
Total wage and salary employment	768.5	752.8	15.7	2.1	3,315.2	3,232.1	83.1	2.6
Federal government	191.1	199.6	(8.5)	(4.3)	367.2	377.5	(10.3)	(2.7)
Local government	41.8	41.8	-	-	344.8	335.7	9.1	2.7
Leisure and hospitality	69.6	58.8	10.8	18.4	307.5	276.7	30.8	11.1
Trade	26.3	25.0	1.3	5.2	326.5	316.8	9.7	3.1
Education and health	123.8	120.5	3.3	2.7	438.6	425.0	13.6	3.2
Professional, business, and other services	175.5	167.6	7.9	4.7	802.1	782.8	19.3	2.5
Other private	140.4	139.5	0.9	0.6	728.5	717.6	10.9	1.5
Unemployed	17.2	25.1	(7.9)	(31.5)	103.3	147.9	(44.6)	(30.2)
New unemployment claims	0.9	22.3	(21.4)	(96.0)	(a)	(a)	(a)	(a)

Notes:

FY 2022 Level - Data presented is preliminary, not seasonally adjusted amounts for September 2022.

FY 2021 Level - Data presented is seasonally adjusted and will differ from those presented in the fiscal year 2021 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 2022, total wage and salary employment within the District was 23.18% of the total wage and salary employment for the Washington Metropolitan Area. As of September 2022, the unemployment rate within the District decreased to the seasonally adjusted rate of 4.70%, down from the September 2021 revised seasonally adjusted rate of 6.50%.

Total employment within the District increased to approximately 768,500 (not in thousands) as of September 2022 from the revised 752,800 (not in thousands) as of September 2021. The leisure and hospitality industry continued to improve and experienced growth of 18.37% during fiscal year 2022. Other sectors such as retail and wholesale trade, education and health, professional and business

services, and other private sectors also experienced growth in fiscal year 2022 compared to fiscal year 2021. As a result, the change in new unemployment insurance claims which was 218.57% in September 2021 went down to 95.96% in September 2022.

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 2022 in the Washington Metropolitan Area was 367,200 (not in thousands); with approximately 191,100 (not in thousands) federal employees located in Washington, D.C. and 176,100 (not in thousands) additional federal employees who worked elsewhere in the Washington Metropolitan Area.

Minimum Wage Rate

Beginning July 1, 2022, the minimum wage in the District of Columbia increased from \$15.20 per hour to \$16.10 per hour for all workers. The base minimum wage for tipped employees increased from \$5.05 per hour to \$5.35 per hour. These increases are due to provisions of the Fair Shot Minimum Wage Amendment Act of 2016 that tie the minimum wage of the District to the Consumer Price Index.

Living Wage Rate

Pursuant to the Living Wage Act of 2006, effective June 8, 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 July 1, 2022, the living wage rate increased from \$15.50 per hour to \$16.10 per hour.

Tourism and Hospitality

Millions of U.S. citizens and international tourists visit the more than 400 museums, monuments, war memorials, and other historical landmarks each year in the District. The presence of foreign embassies, recognized diplomatic missions, and other international organizations help boost tourism in the District. In 2021, the District began to see a rise in visitors traveling to the nation’s capital following the decline in 2020 due to the COVID-19 pandemic. In calendar year 2021, there were approximately 19.1 million total visitors compared to 13.3 million total visitors in 2020. Out of the 19.1 million total visitors, 18.8 million were domestic visitors while only 300 thousand were international visitors that traveled to the District.

Chart T-2 presents the trends in tourism for calendar years 2017 through 2021.

**Chart T-2
Trends in District Tourism
Total Visitation to the District (2017 - 2021)**



Note:
Tourism data for calendar year 2022 was not available at the publication date.

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

In 2021, the rise in visitors traveling to the District following the decline in 2020, positively affected visitor spending. Visitor spending totaled \$5.36 billion in 2021 compared to \$3.69 billion in 2020. A breakdown of visitor spending in 2021 is as follows: \$2.04 billion for lodging; \$1.59 billion for food and beverage; \$724.70 million for entertainment; \$585.10 million for retail; and \$428.00 million for transportation. Tourism also supported 57,933 jobs in the District. Hotel occupancy, which is historically at 75%, was at 41.30% occupancy in 2021.

Tourism data for calendar year 2022 was not available at the time of this report.

Construction

Commercial Office Space

Office space under construction as of September 30, 2022, totaled 1.76 million square feet in 12 buildings.

The office vacancy rate rose to 15.10% and the average base rent declined minimally by 0.10%. Occupancy increased slightly over the past year for Class A properties although it declined for Class B properties. The vacancy rate for Class A space was 16.00% in September 2022, up from 14.80% a year ago. The vacancy rate for Class B office space was slightly lower than that for Class A office space.

Housing Units

For the 12-month period ended September 30, 2022, 6,730 housing unit building permits were issued. This represents a 9.80% increase over the prior 12-month period.

In calendar year 2022, there were 221,016 apartment units and condominiums in the District. As of September 30, 2022, 16,242 apartment units and condominiums were under construction.

Table T-3 presents the number of apartment units and condominiums located in the District in 2018 through 2022.

**Table T-3
District Apartment Units and Condominiums (2018 - 2022)**

	2018	2019	2020	2021	2022
Inventory	188,626	194,061	199,373	209,351	221,016
Occupied Units	135,386	139,511	138,288	146,764	157,352

Note:
2019 through 2022 numbers for occupied units only include apartments because CoStar discontinued the reporting of occupied condominium numbers. Data for prior years is unadjusted.

Source:
CoStar

Housing Production Trust Fund

The Department of Housing and Community Development (DHCD) administers the Housing Production Trust Fund (HPTF), a special revenue fund which was established in 1988 to produce and preserve affordable housing in the District by providing various forms of assistance in support of housing production for low- and moderate-income households. 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 2022, dedicated tax revenues increased by approximately 24.00% as the impact of COVID-19 on overall real estate activity was mitigated.

In fiscal year 2022, HPTF financed 10 projects that produced or preserved 707 housing units in the District. The total amount of HPTF funding obligated in fiscal year 2022 was approximately \$129 million. The projects financed included four new construction projects, two substantial rehabilitation projects, two pre-development projects, one acquisition-only project, and a Faith-Based Development Initiative grant.

At the end of fiscal year 2022, DHCD had 44 additional housing projects in its underwriting pipeline that will produce or preserve approximately 4,283 housing units when completed. The total estimated amount of HPTF funding to be committed for these projects is approximately \$541 million. The 44 projects include 34 new construction projects, eight substantial rehabilitation projects, and two pre-development projects. The number of projects in the pipeline and the viability of those projects have not changed significantly due to the impact of COVID-19 on the economy. However, construction and financing costs have dramatically increased requiring larger contributions of gap financing for each 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 ratings remained unchanged 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 (2018 - 2022)

	General Obligation Bonds				
	2018	2019	2020	2021	2022
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				
	2018	2019	2020	2021	2022
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 2022, the District faced significant challenges in maintaining its most vital infrastructure as the local economy began to recover from the negative economic impact of COVID-19. Due, in part, to the significant amount of federal funding received and its strong financial position prior to the onset of the pandemic, the city was in a far better position to address the economic contraction. While the economy of the District has improved, it still has not fully recovered. For the long-term, the District recognizes its internal and external challenges, such as a tightening monetary policy, supply chain disruptions, labor shortages, as well as geopolitical crises and the lingering after-effects of the COVID-19 pandemic. These, among other challenges, could negatively impact the continued growth in District revenues. Nevertheless, due to prudent financial management practices over the last twenty-plus years, the District has fully funded pensions, maintained strong reserves, and achieved high 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 2022 Long-Range Capital Financial Plan Report in October 2022. 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 as the pandemic continues and the economy slowly improves, it will fund roughly \$10.9 billion of its highest-priority capital needs through 2028. However, the overall need for new or replacement facilities and maintenance of existing facilities far exceeds this funding level. CARSS analysis identified \$3.5 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, 2022.

Table T-5
Projects Completed by Economic Sector

Project	Location	Square Footage/ Units	Estimated Value (\$000s)	Delivery Date (Calendar Year Basis)
Retail				
Eckington Yards	1611-1625 Eckington Place, NE	67,264	\$ 265,000	4th Qtr 2021
City Ridge	3900 Wisconsin Avenue, NW	196,000	715,000	2nd Qtr 2022
Skyland Town Center (Block 3)	Alabama Avenue & Naylor Road, SE	42,390	17,000	3rd Qtr 2022
NoMa CNTR	1005 1st Street, NE	39,900	Not available	3rd Qtr 2022
Office				
The Bank Building	699 14th Street, NW	138,209	Not available	4th Qtr 2021
The Mills Building	1700 Pennsylvania Avenue, NW	193,000	70,000	1st Qtr 2022
City Ridge	3900 Wisconsin Avenue, NW	196,000	715,000	2nd Qtr 2022
2100 Pennsylvania Avenue	2100 Pennsylvania Avenue, NW	467,000	360,000	2nd Qtr 2022
Residential				
Eckington Yards	1611-1625 Eckington Place, NE	67,264	265,000	4th Qtr 2021
City Ridge	3900 Wisconsin Avenue, NW	756 units	715,000	2nd Qtr 2022
Armature Works	1200 3rd Street, NE	635 units	400,000	2nd Qtr 2022
Illume	809 & 853 New Jersey Avenue, SE	500 units	Not available	2nd Qtr 2022
NoMa CNTR	1005 1st Street, NE	500 units	Not available	3rd Qtr 2022
Hospitality				
AC Marriott	867 New Jersey Avenue, SE	200 rooms	Not available	4th Qtr 2021
CitizenM Hotel	1222 1st Street, NE	296 rooms	Not available	2nd Qtr 2022
Armature Works - Morrow Hotel	1200 3rd Street, NE	203 rooms	400,000	2nd Qtr 2022
NoMa CNTR - Marriott Hotel	1005 1st Street, NE	235 rooms	Not available	3rd Qtr 2022
Education/Quality of Life				
Lamond Riggs Library	5401 South Dakota Avenue, NE	20,000	20,000	2nd Qtr 2022
School within School at Goding Modernization	920 F Street, NE	74,000	52,000	3rd Qtr 2022
Smothers Elementary School Modernization	4400 Brooks Street, NE	66,100	55,000	3rd Qtr 2022

Source:

Washington, DC Development Report 2021/2022 Edition, published by Washington DC Economic Partnership

**Table T-6
Projects Under Construction by Economic Sector**

Project	Location	Square Footage/ Units	Estimated Value (\$000s)	Estimated Delivery Date (Calendar Year Basis)
Retail				
Waterfront Station II	1000 4th Street, SW	29,000	\$ 179,000	4th Qtr 2023
Upton Place	4000 Wisconsin Avenue, NW	100,000	290,000	1st Qtr 2024
ART Place at Fort Totten (Phase II)	5300 South Dakota Avenue, NE	64,038	Not available	4th Qtr 2024
Saint Elizabeths East (Parcel 13)	Saint Elizabeths East Campus	21,000	Not available	4th Qtr 2024
Office				
20 Massachusetts Avenue	20 Massachusetts Avenue, NW	183,500	200,000	1st Qtr 2023
Reunion Square (Building 4)	Shannon Place & W Street, SE	224,610	Not available	3rd Qtr 2023
17xM	1700 M Street, NW	317,000	216,000	2nd Qtr 2024
Residential				
Waterfront Station II	1000 4th Street, SW	449 units	179,000	4th Qtr 2023
Upton Place	4000 Wisconsin Avenue, NW	689 units	290,000	1st Qtr 2024
The Hale	1150 First Street, NE	500 units	Not available	4th Qtr 2023
Hospitality				
Holiday Inn Express	303-317 K Street, NW	247 rooms	93,000	1st Qtr 2023
20 Massachusetts Avenue - Royal Sonesta Hotel	20 Massachusetts Avenue, NW	271 rooms	200,000	1st Qtr 2023
Milken Center for Advancing the American Dream	1501-1505 Pennsylvania Avenue, NW	70,000	Not available	2nd Qtr 2024
Education and Medical/Quality of Life				
Medstar Georgetown University Hospital Pavilion	3800 Reservoir Road, NW	497,000	560,000	1st Qtr 2023
Johns Hopkins University	555 Pennsylvania Avenue, NW	400,000	200,000	3rd Qtr 2023
Bard Early College High School	1351 Alabama Avenue, SE	108,200	90,000	3rd Qtr 2023
Raymond Elementary School Modernization	915 Spring Road, NW	85,000	62,000	3rd Qtr 2023

Source:

Washington, DC Development Report 2021/2022 Edition, published by Washington DC Economic Partnership

Office, Residential, Medical and Hospitality Projects

The Wharf Phase II

The opening of the Wharf in 2017 has reestablished Washington, DC as a waterfront city and destination. While the Wharf has become one of the most popular neighborhoods to live, work, eat, shop, and visit in the District, construction of the second and final phase of the Wharf is underway. The Wharf Phase II will deliver an additional 1.15 million square feet of mixed-use space to complete the mile-long waterfront experience on the Potomac River. New elements in Phase II will include:

- An expanded marina adding 100 new boat slips
- Two twin mirrored glass buildings occupied by a law firm
- A 170-unit apartment complex
- A curved luxury condominium building
- A 131-room European-inspired hotel
- A celebrity chef restaurant
- Parks and public spaces to the Southwest Waterfront

In October 2022, the Wharf developers hosted a grand opening to celebrate the substantial completion of Phase II and mark exactly five years after the opening of Phase I. Certain properties opened later in the year and some will open in 2023.

City Ridge

The former Fannie Mae Headquarters, located at 3900 Wisconsin Avenue, NW has been transformed into a new, vibrant walkable neighborhood with a mix of residential, commercial, and retail uses. The ten-acre site, now known as City Ridge, called for the repurposing of the historic 3900 Wisconsin Avenue building, which includes 100,000 square feet of office space, and the construction of six new buildings. These six buildings include 62,000 square feet of additional office space, four residential buildings, and 154,000 square feet of retail and hospitality space. The retail space includes an 82,000 square foot Wegman's grocery store, the first in Washington, DC, which opened in July 2022. City Ridge is expected to become fully operational beginning in the second quarter of 2022 through early 2023.

The Parks at Walter Reed

Construction is continuing in its fifth year at the former Walter Reed Army Medical Center campus located in the Northwest quadrant between 16th Street and Georgia Avenue. The Parks at Walter Reed is a redevelopment project of 66 acres of land acquired from the U.S. Army. When complete, the development will include more than 3.1 million square feet of new construction and adaptive reuse of historic structures.

Improvements to the infrastructure of the historic campus and the demolition of the 2.7 million square-foot antiquated hospital building have been completed. This prepared the site for the construction of a new Town Center, which will house The Hartley Apartments, the Kite House Condos, Aspen Square Townhomes, and a Whole Foods Market, all to be delivered in 2023. Completed and currently selling and leasing are The Brooks Condos, The Vale Apartments and assisted living units at Abrams Hall. The Parks at Walter Reed will be a dynamic community with over 2,200 distinctive residences, including apartments, townhomes, and condos. It is designed to provide social opportunities for an upscaled living experience. Construction will be phased over a 10 to 15 year period.

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

In February 2022, city and health officials broke ground to build a new hospital located at the St. Elizabeths East Campus in Southeast, DC. Named after the nearby 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 \$375 million project includes a state-of-the-art 136-bed full-service hospital with a level-three trauma center, a 500-car garage, and a helipad for emergency transports. Services at the new 365,000 square foot medical center will include:

- Newborn delivery with a neonatal intensive care unit
- Academic medicine and pediatric care
- Women's health services
- Adult and children emergency departments
- Behavioral and mental health
- Operating rooms
- Full range of specialty care

The new hospital is scheduled to open by the end of 2024 and will replace the United Medical Center located in Southeast, DC which will remain open until Cedar Hill Regional Medical Center, GW Health is completed.

Transportation and Other Projects

Transportation

The District Department of Transportation (DDOT) manages hundreds of projects across the city. Much of this work, spread across all eight wards, is federally funded which ensures the District's transportation network is properly maintained and improved on an ongoing basis.

South Capitol Street Corridor Project

DDOT is in the final phase of construction of the South Capitol Street Corridor Project which included replacing a 70-year-old bridge and reconstruction of the Suitland Parkway/I-295 interchange. In September 2021, the bridge deck opening of the new Frederick Douglass Memorial Bridge marked approximately 90 percent completion of the bridge and 75 percent completion of this phase of the project. Some key features that followed the bridge opening include:

- East and west traffic ovals are fully open to traffic
- Interstate 295 is in its final lane configuration
- Topsoil, trees, shrubs, and flowering plants are being installed throughout the project
- LED light fixtures were installed on the bridge which illuminate the arches at night

The South Capitol Street Corridor Project was completed in the Fall of 2022.

Rock Creek Park Multi-Use Trail Rehabilitation Project

Construction is continuing at the Rock Creek Trail to rehabilitate and build more than 3.7 miles of the paved multi-use trail. This project is designed to improve the overall condition and connectivity of the deteriorating Rock Creek Park multi-use trail system in order to enhance visitor use and experience and improve bicycle and pedestrian safety. The key features of the project are:

- Rehabilitation and expansion of existing trails
- Construction of new Rock Creek Park trails
- Creation of a new 110-foot pedestrian bridge
- Reconstruction of traffic signals
- Restoration of the stream bank and improvements to the storm drain
- Reconditioning of landscaping and preservation of trees

DDOT is working with the National Park Service (NPS) and the Federal Highway Administration (FHWA) on this project. Although the 2,896-acre Rock Creek Park is under the jurisdiction of the NPS, the project is managed by DDOT and funded by FHWA. Stage 5 of seven stages of construction began in June 2022;

the entire project is expected to be completed in the Spring 2023.

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

Office of the Deputy Mayor for Planning and Economic Development

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

Office of Planning

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

Office of Tax and Revenue

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

Department of General Services

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

Department of Housing and Community Development

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

Department of Parks and Recreation

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

District Department of Transportation

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

AWARDS AND ACKNOWLEDGMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District of Columbia for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. The District has received this award for 38 of the last 40 years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the fiscal year 2022 ACFR continues to meet the requirements of the Certificate of Achievement Program and we are submitting it to the GFOA to determine its eligibility for another certificate.

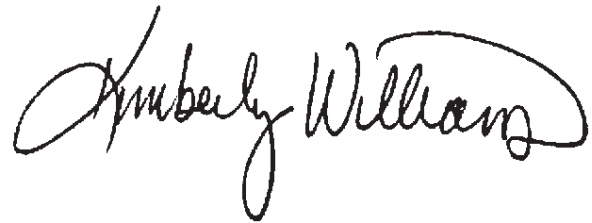
The District also earned an award from the GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended September 30, 2021, for the nineteenth consecutive year. The PAFR presents the financial results of the District in a format and language that allows information to be more easily understood by the general public. The PAFR is not required to present the same level of detail as the ACFR. It contains very few financial statements, less technical language, and more graphics and photographs.

Like the Certificate of Achievement, the Award for Popular Annual Financial Reporting is valid for one year only. The District expects that the fiscal year 2022 PAFR, which will be issued within 30 days after the ACFR is completed, will conform to the Award for Popular Annual Financial Reporting Program requirements. It will also be submitted to the GFOA to determine its eligibility for another award.

Acknowledgments

I would like to express my sincere appreciation to all staff who contributed to this report, especially my immediate staff, *Diji Omisore, Cassandra Butler, Mulu Kahsay, Ranjan Raval, Randolph David, 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, 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.

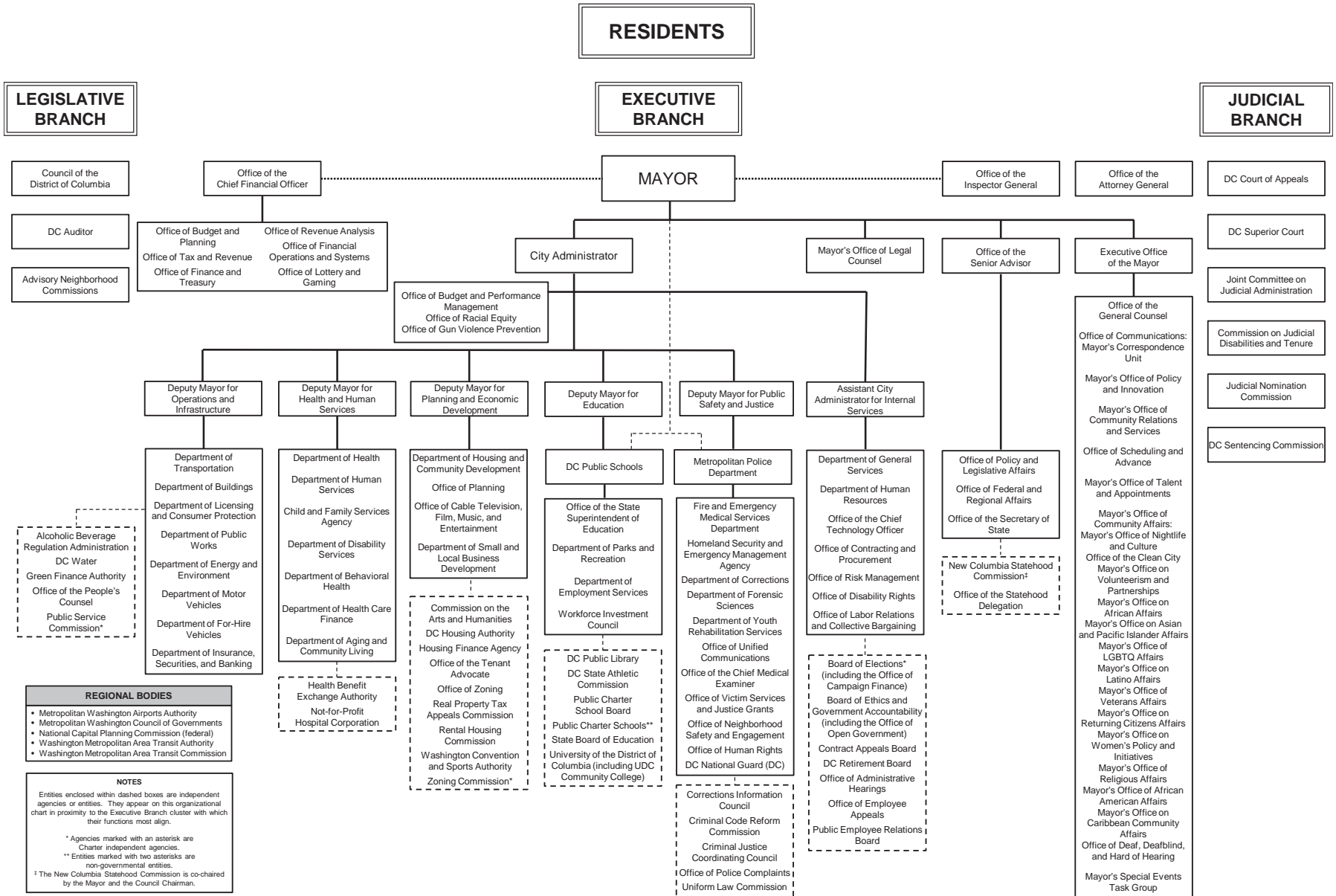
Respectfully submitted,



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



GOVERNMENT OF THE DISTRICT OF COLUMBIA



DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS

September 30, 2022

ELECTED OFFICIALS

	Name	Position	First Took Office	Term Expires
Executive Office of the Mayor	Muriel Bowser	Mayor	2015	2023
Office of the Attorney General	Karl A. Racine	Attorney General	2015	2023
Council	Phil Mendelson	Chairman	1999	2023
	Anita Bonds	At Large	2012	2023
	Christina D. Henderson	At Large	2021	2025
	Elissa Silverman	At Large	2015	2023
	Robert C. White, Jr.	At Large	2016	2025
	Brianne K. Nadeau	Ward 1	2015	2023
	Brooke Pinto	Ward 2	2020	2025
	Mary M. Cheh	Ward 3	2007	2023
	Janeese Lewis George	Ward 4	2021	2025
	Kenyan R. McDuffie	Ward 5	2012	2023
	Charles Allen	Ward 6	2015	2023
	Vincent C. Gray	Ward 7	2005	2025
	Trayon White, Sr.	Ward 8	2017	2025
House of Representatives	Eleanor Holmes Norton	Delegate	1991	2023

EXECUTIVE OFFICERS

Name	Position
Daniel W. Lucas	Inspector General
Kevin Donahue	City Administrator
Lewis D. Ferebee	Chancellor for D.C. Public Schools
Kimberly A. Bassett	Secretary of the District of Columbia
Paul Kihn	Deputy Mayor for Education
John Falcicchio	Deputy Mayor for Planning and Economic Development
Christopher Geldart	Deputy Mayor for Public Safety and Justice
Wayne Turnage	Deputy Mayor for Health and Human Services
Lucinda M. Babers	Deputy Mayor for Operations and Infrastructure
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 Deputy
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	Interim Associate CFO, Education
Frank Suarez	Executive Director, Lottery and Gaming

DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS

January 03, 2023

ELECTED OFFICIALS

	Name	Position	First Took Office	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	1999	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	2005	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
Dr. Lewis Ferebee	Chancellor for D.C. Public Schools
Kimberly A. Bassett	Secretary of the District of Columbia
Paul Kihn	Deputy Mayor for Education
John Falcicchio	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
Lucinda M. Babers	Deputy Mayor for Operations and Infrastructure
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	Interim Associate CFO, Education
Frank Suarez	Executive Director, Lottery and Gaming



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Government of the District of Columbia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO



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Financial Section



INDEPENDENT AUDITORS' REPORT



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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, 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, 2022, and the related notes to the financial statements. We were engaged to audit the financial statements of the aggregate discretely presented component units. 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, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2022, 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.

Disclaimer of Opinion on Aggregate Discretely Presented Component Units

We were engaged to audit the accompanying financial statements of the aggregate discretely presented component units of the District, as of and for the year ended September 30, 2022, and the related notes to the financial statements.

We do not express an opinion on the accompanying financial statements of the aggregate discretely presented component units of the District. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on Aggregate Discretely Presented Component Units section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

Basis for Disclaimer of Opinion on Aggregate Discretely Presented Component Units

During the fiscal year ended September 30, 2022, the Washington Convention and Sports Authority, a major component unit of the District, was subjected to a ransomware cyber-attack, which resulted in a significant amount of financial data of the Authority being encrypted and made unavailable for access by the Authority. As a result of this situation, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Authority's financial statements as of and for the year ended September 30, 2022.

5101 Wisconsin Ave., NW
Suite 210
Washington, DC 20016
Phone: 202.207.3570
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Diverse Thinking | Unique Perspectives



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Because the Authority is a material part of the District's discretely presented component units, we are unable to render an opinion on the District's aggregate discretely presented component units' financial statements as of and for the year ended September 30, 2022.

Report on Summarized Comparative Information

We have previously audited the District's 2021 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the and the aggregate remaining fund information in our report dated January 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 12 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.

Our responsibility is to conduct an audit of the District's financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and to issue an auditor's report.

However, because of the matter described in the Basis for Disclaimer of Opinion on Aggregate Discretely Presented Component Units section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units financial statements.

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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



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- 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 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.

Emphasis of Matter

As discussed in note IY to the financial statements in the year 2022, the District adopted the provisions of GASB Statement No. 87, *Leases*. As a result of the implementation of GASB Statement No. 87, the District showed the cumulative effect of the recognition of the right-to use assets, lease liabilities, leases receivables, and deferred inflows of resources related to the lease contracts and did not restate the fiscal year 2021 amounts. Our opinion is not modified with respect to matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 27 to 50), schedules of employer contributions – Pension (pages 159 and 160), and schedules of changes in net pension liability (asset) and related ratios (pages 161 and 162) for the Teachers' Retirement Fund and the Police Officers' and Firefighters' Retirement Fund, and schedule of employer contributions – Other Post Employment Benefits (OPEB) (page 164) and schedule of changes in net OPEB liability (asset) and related ratios (page 165) 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 170 to 172), nonmajor governmental funds (pages 178 to 180), fiduciary funds (pages 182 to 183), and budgetary supporting schedules (pages 188 to 198) 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



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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 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, 2023, 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.

Washington, D.C.
January 24, 2023



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MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2022

(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, 2022, which includes a narrative overview and analysis of the District's financial activities. This information should be read in conjunction with the letter of transmittal, located in the Introductory Section of this report, and the District's basic financial statements and notes to the basic financial statements, which follow this discussion and analysis.

Fiscal year 2022 continued to be impacted by the Coronavirus-19 (COVID-19) global pandemic, though less than in fiscal year 2021. Prior to the onset of this unprecedented public health crisis, the District experienced many positive trends such as job growth in the private sector, strong upward trends in tourism, and steady increases in key general tax revenues. The District took immediate actions when the pandemic began and has continued to proactively address and respond to circumstances resulting from this public health crisis. During fiscal year 2022, the District continued re-opening and by the end of fiscal year 2022, there were signs of economic recovery in the hospitality industry and entertainment and retail sectors although increased remote work opportunities led to an increase in commercial office space vacancies. Prudent management practices employed by the District have largely mitigated the financial impact of COVID-19 and operating results for the year ending September 30, 2022 continued to be strong.

FINANCIAL HIGHLIGHTS

- During fiscal year 2022, total District revenues increased by \$991,914. This change was caused by an increase of \$1,113,485 in general revenues which was offset by a decrease of \$121,571 in program revenues. The most significant decrease in program revenues occurred in operating grants and contributions and capital grants and contributions, both of which fell by a combined total of \$270,265. The decrease was due primarily to the reduction in financial support received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the expiration of certain stimulus funding offered through the American Rescue Plan Act of 2021 (ARPA). (See **Table MDA-3**)

As previously noted, general revenues increased by \$1,113,485, or 11.43% in fiscal year 2022. The most significant dollar increases in general revenues were in income and franchise tax which increased by \$615,820 or 17.66%, and in sales and use tax, which increased by \$503,925 or 38.46%. The increase in sales and use tax revenues was mainly due to steady performance of retail sales and the strong rebound in hotel and restaurant tax revenues. Further, a strong job market and high inflation rates have helped retail revenues achieve steady growth over the last year. Solid economic and stock market performance in fiscal year 2021 resulting in income tax return payments in fiscal year 2022 from high capital gains contributed to the increase in income and franchise tax revenues for fiscal year 2022. (See **Table MDA-3**)
- Total expenses increased by \$668,052, or 3.81%, during fiscal year 2022. The most significant increases in expenses were in Human Support Services, which rose by \$718,606 or 11.90% over the one-year period, and the Public Education System which increased by \$533,851, or 15.70%, over the same period. The primary increase in Human Support Services expenses reflects the impact of higher enrollment in the Medicaid program along with higher Medicaid rates and related expenditures. The increase in Public Education System expenses was due to a myriad of factors, including the associated costs of transitioning from a mostly virtual learning environment to in-person learning. These expenditures, along with other increases in total expenditures, were partially offset by a decrease in Unemployment compensation expenses. Unemployment compensation expenses decreased by \$1,457,804, or 97.33%, during fiscal year 2022 primarily due to an overall reduction in unemployment benefit claims under the CARES Act and ARPA. The seasonally adjusted September 2022 unemployment rate in the District declined to 4.70% compared to the September 2021 revised seasonally adjusted rate of 6.50%. Decreased unemployment and the expiration of certain federal unemployment benefits offered through ARPA resulted in a decline in unemployment benefit payments. (See **Table MDA-3**)

- Total net position increased by \$1,149,723 to \$8,477,639 or 15.69%, over the prior year. This increase was led largely by an overall increase in tax revenues, particularly from income and franchise taxes, and sales and use taxes. Total expenditures rose, although less sharply than total revenues, due to increased enrollment of Medicaid participants, and the associated program expenditures, and increased costs of moving from a remote work environment to the reopening of schools, offices and retail in the District. Overall, District revenues from taxes and other sources were higher in fiscal year 2022 due to stronger economic performance, resulting in an increased net position for the District by the end of fiscal year 2022. (See **Table MDA-2**)
- The District's total long-term liabilities increased by \$1,941,599, or 13.09%, from the prior year. The increase was mainly due to the District issuing General Obligation Bonds and Income Tax Secured Revenue Bonds to finance capital project expenditures under the capital improvement plan of the District. In addition, the increases in liabilities from right-to-use leased assets, District retirement funds, and other postemployment benefits (OPEB) contributed to the increase in long-term liabilities. The District retirement funds and OPEB reported a combined net liability in this fiscal year compared to none in the prior fiscal year. (See **Table MDA-2**)
- The combined fund balances of the governmental funds increased by \$2,022,453, to \$5,866,712 in fiscal year 2022. The most significant increase in fund balance was in the General Fund, and this was caused by higher revenues reported in the income and franchise tax and sales and use tax sources in fiscal year 2022. Further, the combined fund balance in total also increased due to a positive swing in the General Capital Improvements Fund, primarily from proceeds from the sale of bonds used to fund capital projects in fiscal year 2022. (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, 2022. 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 56 and 57, 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 58 through 60.

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

The financial statements of the District's proprietary funds, which present the changes in financial position and condition of these three proprietary funds, are presented in Exhibits 3-a, 3-b, and 3-c on pages 62 through 64.

Financial Statements of the Fiduciary Funds

Financial statements of the fiduciary funds are comprised of the Pension and Other Employee Benefits Trust Funds, Private-Purpose Trust Fund, and Custodial Fund. The financial statements of all 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 65 and 66, 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 67 and 68, 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 69, 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 165 through 171.

Financial statements of individual funds, combining statements (including nonmajor governmental funds), and supporting schedules are presented in the other supplementary information section presented on pages 173 through 203.

OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND OPERATIONS

The District's overall financial position remained strong despite the economic and financial impacts of COVID-19. The District's financial position and operations for the past two fiscal years are summarized in **Tables MDA-2** and **MDA-3**. The information for fiscal years 2022 and 2021 is based on the government-wide financial statements presented on pages 56 and 57.

Table MDA-2
Net Position as of September 30, 2022 and 2021 (\$000s)

	Governmental activities		Business-type activities		Totals		Variance
	2022	2021, as restated	2022	2021, as restated	2022	2021, as restated	
ASSETS							
Current and other assets	\$ 10,917,043	\$ 11,395,534	\$ 288,659	\$ 234,536	\$ 11,205,702	\$ 11,630,070	\$ (424,368)
Capital assets, net	17,410,338	16,747,455	52,142	66,593	17,462,480	16,814,048	648,432
Total assets	28,327,381	28,142,989	340,801	301,129	28,668,182	28,444,118	224,064
DEFERRED OUTFLOWS OF RESOURCES	1,363,465	110,109	-	-	1,363,465	110,109	1,253,356
LIABILITIES							
Long-term liabilities	16,751,402	14,803,987	20,135	25,951	16,771,537	14,829,938	1,941,599
Other liabilities	3,396,333	3,955,230	89,939	156,374	3,486,272	4,111,604	(625,332)
Total liabilities	20,147,735	18,759,217	110,074	182,325	20,257,809	18,941,542	1,316,267
DEFERRED INFLOWS OF RESOURCES	1,296,199	2,284,769	-	-	1,296,199	2,284,769	(988,570)
NET POSITION							
Net investment in capital assets	3,138,401	3,944,820	49,487	62,610	3,187,888	4,007,430	(819,542)
Restricted	2,341,832	2,374,782	165,212	45,158	2,507,044	2,419,940	87,104
Unrestricted	2,766,679	889,510	16,028	11,036	2,782,707	900,546	1,882,161
Total net position	\$ 8,246,912	\$ 7,209,112	\$ 230,727	\$ 118,804	\$ 8,477,639	\$ 7,327,916	\$ 1,149,723

Table MDA-3
Change in Net Position for the Fiscal Year Ended September 30, 2022 and 2021 (\$000s)

	Governmental activities		Business-type activities		Totals		Variance
	2022	2021	2022	2021	2022	2021	
REVENUES							
Program revenues							
Charges for services	\$ 948,767	\$ 824,720	\$ 383,985	\$ 359,338	\$ 1,332,752	\$ 1,184,058	\$ 148,694
Operating grants and contributions	6,941,860	5,870,607	25,264	1,267,261	6,967,124	7,137,868	(170,744)
Capital grants and contributions	209,696	309,217	-	-	209,696	309,217	(99,521)
General revenues							
Property taxes	2,876,250	3,152,529	-	-	2,876,250	3,152,529	(276,279)
Sales and use taxes	1,814,079	1,310,154	-	-	1,814,079	1,310,154	503,925
Income and franchise taxes	4,102,718	3,486,898	-	-	4,102,718	3,486,898	615,820
Other taxes	1,145,764	958,678	136,267	145,775	1,282,031	1,104,453	177,578
Non-tax revenues	774,483	683,438	2,849	1,453	777,332	684,891	92,441
Total revenues	18,813,617	16,596,241	548,365	1,773,827	19,361,982	18,370,068	991,914
EXPENSES							
Governmental direction and support	1,654,463	1,412,671	-	-	1,654,463	1,412,671	241,792
Economic development and regulation	858,316	722,913	-	-	858,316	722,913	135,403
Public safety and justice	2,242,005	1,880,627	-	-	2,242,005	1,880,627	361,378
Public education system	3,933,866	3,400,015	-	-	3,933,866	3,400,015	533,851
Human support services	6,759,631	6,041,025	-	-	6,759,631	6,041,025	718,606
Operations and infrastructure	1,531,347	1,338,065	-	-	1,531,347	1,338,065	193,282
Public transportation	447,069	458,346	-	-	447,069	458,346	(11,277)
Interest on long-term debt	367,790	424,627	-	-	367,790	424,627	(56,837)
Office of lottery and gaming	-	-	234,895	218,086	234,895	218,086	16,809
Unemployment compensation	-	-	39,994	1,497,798	39,994	1,497,798	(1,457,804)
Not-for-profit hospital corporation	-	-	142,883	150,034	142,883	150,034	(7,151)
Total expenses	17,794,487	15,678,289	417,772	1,865,918	18,212,259	17,544,207	668,052
Increase (decrease) in net position before transfers	1,019,130	917,952	130,593	(92,091)	1,149,723	825,861	323,862
Transfers in (out)	18,670	(43,679)	(18,670)	43,679	-	-	-
Change in net position	1,037,800	874,273	111,923	(48,412)	1,149,723	825,861	323,862
Net position - October 1	7,209,112	6,334,839	118,804	167,216	7,327,916	6,502,055	825,861
Net position - September 30	\$ 8,246,912	\$ 7,209,112	\$ 230,727	\$ 118,804	\$ 8,477,639	\$ 7,327,916	\$ 1,149,723

Note:

Refer to Note 1W - Reconciliation of Government-Wide and Fund Financial Statements, on page 91 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 increased by \$991,914 while expenses increased by \$668,052 in fiscal year 2022 compared to the prior year.

General revenues, which are derived primarily from taxes and represented 56.05% of the District's total revenues in fiscal year 2022, increased by \$1,113,485, or 11.43%, over the prior fiscal year. The increase resulted primarily from higher sales and use tax, individual income tax, and franchise tax revenues during fiscal year 2022. As the District continued to recover from the pandemic, the city experienced increases in all tax categories, except property taxes, with the biggest growth being in sales and use tax and income and franchise tax revenues. Sales and use tax revenues grew as result of a strong retail revenue performance and a rapid rebound in the hospitality industry, primarily in hotel and restaurant tax collections. A robust job market in the District also helped retail revenue achieve steady growth over the last two years. Individual income taxes grew in large part by the extraordinary economic and stock market performance of fiscal year 2021 that resulted in historic high capital gains income tax payments in 2022. In addition, inflation positively impacted nominal wages while unemployment levels remained low contributing to greater tax withholding throughout the fiscal year. General revenues also increased in fiscal year 2022 as a result of a rise in franchise taxes for both corporations and unincorporated businesses. The increase in franchise tax revenues was driven by stronger corporate profits and a robust stock market performance during fiscal year 2021. The increase in general revenues was offset, however, by a reduction in property tax revenues in fiscal year 2022. The negative growth in real property tax collection was mainly due to a decline in assessed values for commercial properties, particularly office buildings valued above \$50 million as vacancy rates remained high due to the expansion of remote work. Deed tax revenues were higher in fiscal year 2022 compared to the prior year as a result of a few high-dollar real estate transactions and a strong residential market. This increase in deed tax revenues also led to the increase in the District's general revenues.

Program revenues, which accounted for 43.95% of the District's total revenues in fiscal year 2022, decreased by \$121,571, or 1.41%. Grants and contributions decreased as a result of the expiration of federal Coronavirus relief funding and financial resources provided under the ARPA late in fiscal year 2021. These funds were used to support the city's response to and recovery from the COVID-19 public health emergency.

The Coronavirus relief funding was used to support a number of District programs and activities including but not limited to: unemployment benefit payments, bridge initiatives and other emergency rental assistance, affordable housing for low-and moderate-income households, higher Medicaid provider payments, cash assistance and homeless services, education system's distance learning and reopening efforts, and increased SNAP benefits. Increased revenues from charges for services helped to offset the overall decline in Program revenues. Expansion of business activities in the District and an increased number of visitors to the city resulted in an increase in parking meter collections in fiscal year 2022. These factors led to an increase in charges for services when compared to the prior year.

The District's expenses grew by \$668,052 in fiscal year 2022 because of increases in expenses across most of the governmental activities functional areas. The most significant increases were reported in the areas of Human Support Services, Public Education System and Public Safety and Justice. However, the business-type activities expenses decreased in fiscal year 2022 mainly due to a substantial decrease in Unemployment Compensation Fund expenses and a relatively smaller decrease in Not-for-Profit Hospital Corporation expenses. These decreases were not sufficient to offset the increase in expenses of the Office of Lottery and Gaming.

Human Support Services expenses increased in part due to an increase in the average enrollment in the Medicaid program by approximately 15,000 beneficiaries in fiscal year 2022. Furthermore, the inflation rate in fiscal year 2022 rose higher than it was in fiscal year 2021 and, consequently, Medicaid rates and related expenditures also increased. Expenses also increased from the prior year due to increased spending on Temporary Assistance for Needy Families (TANF) support in the form of cash and resources for domestic violence services and an increase in applications for Supplemental Nutrition Assistance Program (SNAP).

Public Safety and Justice expenses increased mainly due to an increase in approved COVID-19 grant projects funded by the Federal Emergency Management Agency (FEMA). This increased funding was used to support the management, control and reduction of immediate threats to public health and safety; emergency medical care; security and law enforcement; communications of general health and safety information to the public; and search and rescue operations to locate and recover members of the population requiring assistance. Expenses for activities associated with community policing and programming and growing participation in the law school internship program contributed to the increased expenses compared to the prior fiscal year.

Public education system expenses increased mainly due to the move from mostly virtual learning to in-person learning, and the accompanying costs associated with that decision. A primary driver of the increased costs was attributed to expenses for contractual services for in-school health providers, such as nurses, contact tracers and patient care technicians. Higher expenses were also due to increased nutrition and programming claims as activity began to return to normal levels during fiscal year 2022. Increased spending also occurred on the Teachers Incentive Fund grant and on Head Start programs, 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). Increased spending was also attributed to the DC Future Program which provides tuition assistance to District college students towards completing their degrees; the Charter Schools Reopening Facilities Grant for facilities-related expenses that schools incurred over the year to create safe learning spaces as a result of the pandemic; and the Positive Case Response and Clinical Support Grant which supports schools in their response to positive cases of COVID-19 and supports the provision of clinical assessment and services for students with symptoms.

The District's combined net position (governmental and business-type activities) increased by \$1,149,723, or 15.69%, to \$8,477,639 in fiscal year 2022 from \$7,327,916 in fiscal year 2021. Most of this increase was attributed to governmental activities, even though the net position for business-type activities increased by 94.21% due to a significant decrease in unemployment compensation expenses in fiscal year 2022. Specifically, the overall change in net position was impacted by a higher rate of increase in total revenues over total expenses mainly due to higher revenues from taxes as the District economy recovers from the effects of the pandemic.

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 increased by \$87,104, or 3.60%, in fiscal year 2022. The most significant increase in restricted net position was due to the increases in amounts set aside for payments of benefits in the unemployment compensation and Universal Paid Leave programs. The amount set aside for unemployment compensation and Universal Paid Leave benefit payments increased due to excess employer contributions over benefit payments expenditures in fiscal year 2022. The increase was offset by a decrease in the amount set aside for expenses related to the pension and OPEB funds as a result of losses on the investment of the funds resources in fiscal year 2022 caused by the decline in stock market performance.

Unrestricted net position increased by \$1,882,161 to \$2,782,707 in fiscal year 2022. The increase is mostly due to the higher revenues from sales and use, and income and franchise taxes.

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 2022 and 2021, the Lottery transferred \$40,670 and \$48,150 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)

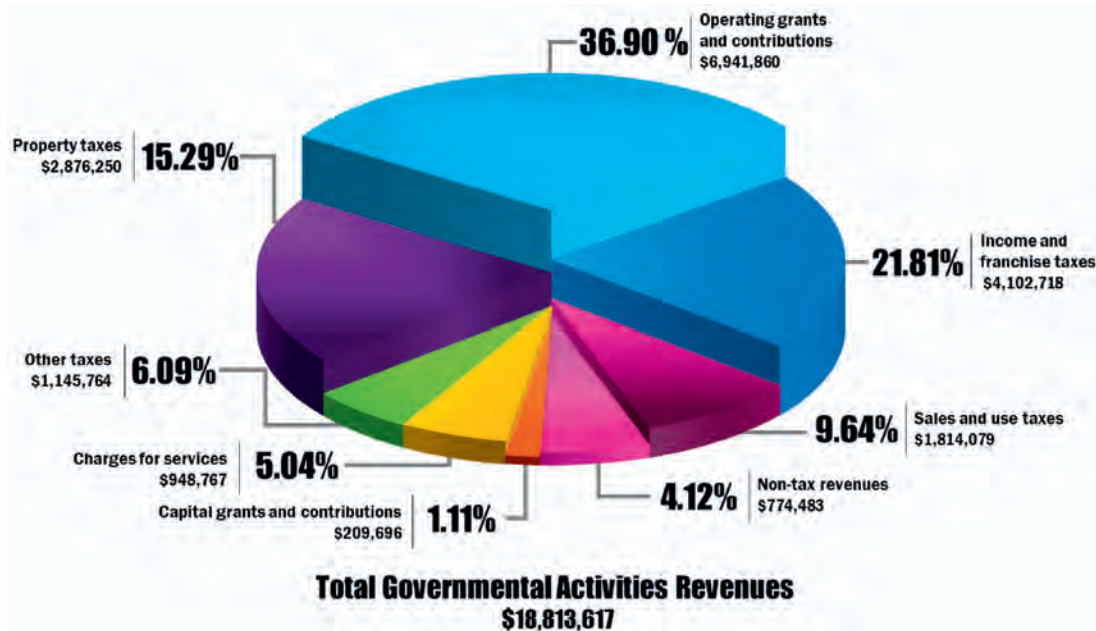
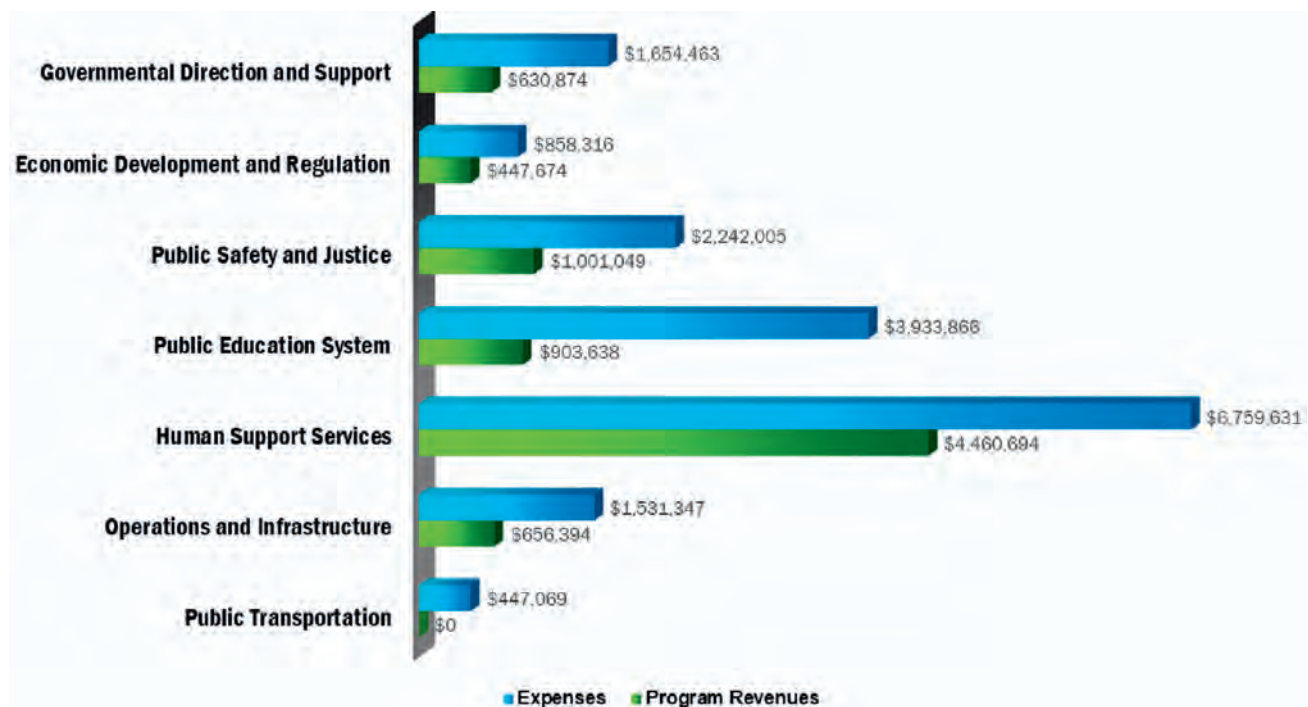


Chart MDA-2 graphically displays both expenses and program revenues of the governmental activities for fiscal year 2022. Functional areas of the governmental activities are Governmental Direction and Support, Economic Development and Regulation, Public Safety and Justice, Public Education System, Human 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 \$8,246,912 in fiscal year 2022, which was \$1,037,800, or 14.40%, higher than the amount in the prior year. This increase resulted from several factors, including higher individual income, franchise, and sales and use tax revenues; and an excess of revenues collected over benefit payments for the Universal Paid Leave program in fiscal year 2022.

Net position of business-type activities increased by \$111,923, or 94.21%, between fiscal year 2022 and 2021. The overall increase was mainly attributed to an increase in net position of \$122,864 from the Unemployment Compensation Fund. New unemployment claims in the District decreased considerably in fiscal year 2022. The decrease was primarily due to fewer claims filed and the expiration of expanded unemployment programs that existed as a result of the pandemic.

The Office of Lottery and Gaming contributed marginally to the overall increase in net position. Prizes paid and other related expenses, which represented 83.79% of the Lottery's operating expenses, increased by \$21,490 or 12.28%. The Lottery's change in net position was \$59 for fiscal year 2022, after transferring \$40,670 to the General Fund of the District.

The overall increase in net position of the business-type activities was offset by a decrease in net position attributed to the Not-for-Profit Hospital Corporation. Although there was an increase in operating revenues compared to the prior year, driven mainly by an increase in charges for services by \$16,161, or 17.37%, expenses exceeded revenues and transfers by \$11,000. In fiscal year 2022, the General Fund of the District transferred \$22,000 to the Hospital. The vast majority of the Hospital's patient service revenue, which comprises 51.38% of its total operating revenues for fiscal year 2022, is received from governmental payors (Medicare and Medicaid). Patient service revenues, net of provision for bad debt, remained relatively stable from the prior year. Although buoyed by an increase of \$15,890, or 99.59%, in funding received for the treatment of indigent patients, operating revenues decreased by 4.14% due to a reduction in operating grants and contributions.

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 184 and 185.

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 58 and 59, provide information about these funds.

Fund Balances

The governmental funds reported a combined fund balance of \$5,866,712 in fiscal year 2022 and \$3,844,259 in fiscal year 2021, which represents an increase of \$2,022,453, or 52.61%, 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 2022 and FY 2021 Fund Balances: Governmental Funds (\$000s)

Governmental funds	2022	2021	Variance	Variance %
General	\$ 4,892,305	\$ 3,598,706	\$ 1,293,599	35.95%
Federal and private resources	(333,650)	(129,843)	(203,807)	(156.96)
Housing production trust	403,002	266,441	136,561	51.25
General capital improvements	153,058	(598,339)	751,397	125.58
Nonmajor governmental funds	751,997	707,294	44,703	6.32
Total fund balances	\$ 5,866,712	\$ 3,844,259	\$ 2,022,453	52.61

The negative fund balance in the Federal and Private Resources Fund increased by \$203,807, or 156.96%, between fiscal years 2022 and 2021. 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 2022. 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 - unavailable revenues related to the grants increased by \$151,496, or 32.26% compared to the prior year.

Although fund balance decreased, revenue of the Federal and Private Resources Fund increased by \$1,020,977 or 17.49% over the one-year period while expenditures increased by \$703,318 or 12.26%. The increase in revenue was mainly due to increases in federal contributions and operating grants totaling \$675,570 and \$306,951, respectively, which outpaced the growth in expenditures, resulting in excess revenue over expenditures in fiscal year 2022. However, the fund reimbursed the General Fund in the amount of \$623,074 for ARPA revenue loss replacement and for eligible FEMA Public Assistance related costs that were covered by the General Fund in fiscal year 2021.

Expenditures in Human Support Services, which account for 69.16% of the total expenditures in the Federal and Private Resources Fund, increased by \$435,982 or 10.85%. This was due to an increase in the average enrollment of Medicaid program participants which saw an increase of 15,000 beneficiaries during fiscal year 2022, up from 230,000 beneficiaries from the prior year. Along with the increased number of participants, Medicaid rates increased from the prior year. Medicaid rates are tied to the living wage which is associated with the consumer price index. Higher inflation rates in fiscal year 2022 led to increased Medicaid rates and consequently, higher expenditures. Another factor that contributed to the increased

expenditures was an increase in services related to homelessness and TANF cash for District residents impacted by the COVID-19 pandemic.

Fund balance in the Housing Production Trust Fund increased by \$136,561, or 51.25%, between fiscal years 2022 and 2021. 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 second largest increase in the governmental fund balance was in the General Capital Improvements Fund, which reported a positive fund balance of \$153,058 as of September 30, 2022. This significant increase of \$751,397, or 125.58%, from the prior year's negative fund balance of \$598,339, was a consequence of the District issuing new General Obligation and Income Tax Secured bonds in fiscal year 2022, and therefore, generating sufficient revenues to cover expenditures for this fund.

Fund balance in the Nonmajor Governmental Funds increased by \$44,703 or 6.32% between fiscal years 2022 and 2021. This increase was mainly attributed to revenues exceeding benefit payments in the Universal Paid Leave program, offset by decreases in the Tax Increment Financing Program and Highway Trust Fund. The decrease in fund balance for the Tax Increment Financing Program was due to higher prepayments made for debt services in fiscal year 2022. The decrease in fund balance for the Highway Trust Fund was caused by expenditures exceeding the motor fuel tax revenues dedicated for the fund.

The most significant increase in fund balance within the governmental funds was in the General Fund. Fund balance in the General Fund, which is the primary operating fund of the District, increased by \$1,293,599, or 35.95% over the one-year period. A detailed discussion of the District's General Fund follows.

Revenues

General Fund revenues totaled \$11,126,770, an increase of \$1,321,304, or 13.48%, in fiscal year 2022. **Table MDA-5** presents the most significant variances in General Fund revenues.

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

Revenue category	2022	2021	Variance	Variance %
Property taxes	\$ 2,952,304	\$ 3,048,594	\$ (96,290)	(3.16)%
Sales and use taxes	1,769,133	1,293,992	475,141	36.72
Income and franchise taxes	4,108,313	3,506,271	602,042	17.17
Other taxes	642,691	508,219	134,472	26.46
Total	\$ 9,472,441	\$ 8,357,076	\$ 1,115,365	13.35

Property Taxes

Real property tax revenues decreased in fiscal year 2022 compared to fiscal year 2021 because of negative growth in real property tax collections in fiscal year 2022, mainly due to a decline in the assessed values of commercial properties. The assessed values assigned to office buildings, especially those assessed above \$50 million (not in thousands), decreased as vacancy rates, which impact property values, remain high due to the expansion of remote work.

Sales and Use Taxes

The District reported a significant increase in sales and use taxes in fiscal year 2022. Steady revenue performance of retail businesses and strong rebound in hotel and restaurants resulted in increased general sales taxes collections. Strong job market and historic high inflation have helped retail revenue achieve steady growth in the last two years.

Income and Franchise Taxes

The District experienced double digit percentage growth in income taxes in fiscal year 2022 driven in large part by the extraordinary economic and stock market performance of fiscal year 2021 that resulted in historic high capital gains income tax final return payments in fiscal year 2022. In addition, inflation positively impacted nominal wages and unemployment levels remained low contributing to strong withholding tax collection throughout the fiscal year.

Other Taxes

Revenues from other taxes increased in fiscal year 2022 compared to fiscal year 2021 due to growth in deed taxes, which includes deed recordation, transfer taxes, and economic interest taxes, driven by certain high dollar real estate transactions. Deed taxes of properties valued above \$50 million (not in thousands), which primarily consist of large office buildings, and strong residential market buildings are the main contributors for the increase.

Dedicated Revenues

The dedicated portions of tax revenues related to the special revenue funds are recorded directly in those funds. However, dedicated taxes for the Washington Convention and Sports Authority and the Highway Trust Fund are transferred out of the local fund. Healthcare Program activities are recorded in a segregated fund within the General Fund. In fiscal year 2022, the District dedicated a total of \$783,817 in tax revenues, which was 25.96% higher compared to the prior year, to fund the projects presented in **Table MDA-6**. The highest increase were reported in revenues from taxes

dedicated to the Washington Convention and Sports Authority. The dedicated sales and use tax revenues significantly increased due to a strong rebound in hotel and restaurant tax collections. During fiscal year 2022, 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 \$67,349 or 122.60%, compared to fiscal year 2021.

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	\$ -	\$ 122,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,281
Department of General Services	-	-	-	361	361	-	-	722
Walter Reed Development Fund	853	117	-	-	-	-	-	970
Healthcare programs	-	2,229	-	-	-	-	100,929	103,158
Highway Trust Fund	-	-	-	-	-	28,290	-	28,290
WMATA	-	242,672	-	-	-	-	-	242,672
Healthy schools	-	5,690	-	-	-	-	-	5,690
Alcoholic Beverage Regulation Administration	-	1,170	-	-	-	-	-	1,170
Arts and Humanities	-	41,688	-	-	-	-	-	41,688
Sports Wagering - DBH Gambling	-	-	200	-	-	-	-	200
Addiction Treatment	-	-	-	-	-	-	-	-
HPTF debt service	-	-	-	3,771	-	-	-	3,771
Total general fund	853	415,847	200	4,132	361	28,290	100,929	550,612
Special revenue funds								
Tax increment financing program	19,796	17,963	-	-	-	-	-	37,759
PILOT special revenue	21,619	14,555	-	-	-	-	-	36,174
Baseball project	-	12,429	51,350	-	-	-	-	63,779
Housing Production Trust	-	-	-	53,763	40,672	-	1,058	95,493
Total special revenue funds	41,415	44,947	51,350	53,763	40,672	-	1,058	233,205
Total dedicated taxes	\$ 42,268	\$ 460,794	\$ 51,550	\$ 57,895	\$ 41,033	\$ 28,290	\$ 101,987	\$ 783,817

Expenditures

The District's General Fund expenditures, excluding debt service, increased by \$1,840,587 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	2022	2021	Variance	Variance %
Governmental direction and support	\$ 2,427,677	\$ 1,125,114	\$ 1,302,563	115.77%
Economic development and regulation	436,343	321,227	115,116	35.84
Public safety and justice	1,358,284	1,329,700	28,584	2.15
Public education system	2,834,576	2,722,845	111,731	4.10
Human support services	2,165,073	1,978,088	186,985	9.45
Operations and infrastructure	685,534	578,649	106,885	18.47
Public transportation	447,069	458,346	(11,277)	(2.46)
Total functional expenditures	\$ 10,354,556	\$ 8,513,969	\$ 1,840,587	21.62

Explanations for variances between fiscal years 2022 and 2021 in General Fund functional expenditures are presented below:

Governmental Direction and Support

Governmental Direction and Support expenditures significantly increased in fiscal year 2022 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, in fiscal year 2022. The Department of General Services centrally administers the majority of property lease contracts of the District and, as a result, recorded an increase of \$1,160,566 in non-budgetary lease expenditures that represents the present value of all future lease payments. Purchases of materials needed to safely reopen schools and businesses contributed to the increased expenditures in fiscal year 2022 as well. Further, the surge in COVID-19 variants led to additional spending for emergency supplies and services at COVID-19 testing centers which were set up within various wards of the District. In preparation for the General Election that was held in November 2022, the District incurred additional expenditures in fiscal year 2022 to facilitate fair elections in the District. The Office of Campaign Finance (OCF) administers and enforces the Campaign Finance Laws of the District, which include the provisions of the Fair Elections Act. The Fair Elections Program is a voluntary public financing program for local political campaigns in the District. This program made available a combination of matching funds and lump sum base payments to candidates. Increases in personal service expenditures were driven by increased staffing levels, and salary and cost of living adjustments across all programs. Additional contributing factors for the increase in the Governmental Direction and Support expenditures included:

- Higher energy costs (electricity, natural gas, steam, etc.);
- Increased expenditures resulting from subsidies to support the Cure the Street Violence Interruption Program for the Office of the Attorney General;

- Increased expenditures for contractual costs related to warehouse services and other services related to the procurement automated support system (PASS);
- Increased fixed costs primarily in rent and security services;
- Increased supplies for building maintenance (belts, filters, plumbing, electrical, etc.);
- Higher telecommunication expenditures due to the increase in wireless services for remote work, data bandwidth expansions and upgrades; and
- Increased expenditures for software and hardware licenses and maintenance for IT Development and Operations, Citywide Email and Collaborations, and Security Operations.

Economic Development and Regulation

The increase in expenditures in Economic Development and Regulation resulted mostly from the use of increased funding under American Rescue Plan Act (ARPA). In fiscal year 2022, certain ARPA funding sources became available, and the majority was utilized to offset increased expenditures in Business Development for food access programs, Destination DC, local job creation programs and the cost of hosting events in the District. Spending also rose to support local initiatives, such as Streets for People, and the Woodley Park and Cleveland Park design guidelines being conducted through the Office of Planning. Increased spending for the employer-assisted housing program and the Preservation Fund for the Small Buildings program also accounted for the increase in the Economic Development and Regulation expenditures. Other factors which contributed to this increase were the:

- Issuance of a new loan for the innovation finance program and the expansion of banking programs;
- Additional spending for grants to the District Arts communities; and
- Additional full-time equivalents, cost-of-living adjustments, and approved bonus payments.

Public Safety and Justice

Public Safety and Justice expenditures increased slightly during fiscal year 2022 primarily for 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. Other increases in Public Safety and Justice expenditures resulted from a new facility lease for the Emergency Operations Center (EOC) located on Half Street, Southeast to accommodate expansion, technology, and strategic location. The terms of the lease require higher amounts to be paid for the first two years, and then a reduction in lease payments. In addition, increased expenditures resulted from the associated community programming and events under Justice Grants and Victim Services in fiscal year 2022. Additional full-time equivalents, cost-of-living adjustments and bonus payments also contributed to the overall increase in Public Safety and Justice expenditures.

Public Education System

Public Education System expenditures rose in fiscal year 2022 primarily because of an increase in the Uniform Per Student Funding Formula rate, increased student enrollment, and the fact that District of Columbia Public Schools (DCPS) and District of Columbia Public Charter Schools moved from primarily remote learning to primarily in-person learning during fiscal year 2022. Many services that were suspended due to COVID-19 were largely operating as they would in a normal pre-pandemic fiscal year. Increased spending for food services and afterschool programs further contributed to the increase. In addition, spending on the COVID-19 response, increased subsidy payments for early learning within the Licensing and Compliance Unit for childcare providers, higher spending in Recreation Services and Programming, increased spending in Transitional Employment, District of Columbia Career Connections, Paid Family Leave Administration, Talent and Client Services, and Poverty Commission programs, as well as higher personal service expenditures for cost-of-living adjustments and additional compensation payments, 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, 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 2021 to fiscal year 2022. Average enrollment in the Medicaid program grew from approximately 230,000 beneficiaries in fiscal year 2021 to approximately 245,000 beneficiaries in fiscal year 2022. Additionally, enrollment in the locally funded Alliance program, which provides medical assistance for low-income District residents ineligible for Medicaid, grew by 19%. Moreover, the inflation rate in fiscal year 2022 rose higher than it was in fiscal year 2021 and, consequently, Medicaid rates and related expenditures also increased. Higher spending for the Homeless Assistance Program, helping homeless families, individuals, and youth move into transitional and permanent housing; and increased Temporary Assistance for Needy Families (TANF) support in the form of cash and resources for domestic violence services and an increase in applications for SNAP also contributed to the increase in expenditures in Human Support Services. 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; the securing of protective security services; investments in the enterprise-wide security operation; and planning capital projects.

Operations and Infrastructure

Operations and Infrastructure expenditures increased during fiscal year 2022 due to increased spending for fuel contracts for the Department of Public Works. Higher costs associated with hauling, disposal, and recycling of District waste, and cleaning public spaces throughout the District also contributed to the increase. Other factors contributing to the increase included additional personal spending for field operations and traffic safety and standards for school crossing guards and traffic control officers, as well as non-personal spending for Transportation Management and Curbside Management under the Parking Ground Transportation Division. Increased spending was also driven by the Department of Energy and Environment (DOEE) towards enhancing the illegal dumping enforcement program known as "Dump Busters" using funding received from ARPA. The Dump Busters program was created to help reduce the prevalence of illegally dumped trash and debris in public and private spaces throughout the District. In addition, DOEE increased spending on a Kingman Rangers Program for underemployed young adults that train, employ, and provide wraparound services for certain full-time and seasonal Rangers to conduct

environmental restoration, educate District students, serve as interpretive hosts, and maintain amenities at Kingman and Heritage Islands. In addition, increased spending occurred in fiscal year 2022 for the DC School Connect program, a relatively new initiative that provides transportation services to a select number of District public and charter school students in safe passage zones in Wards 7 and 8. This program was ramped up in fiscal year 2022 with more participating taxi and limousine drivers, and consequently, higher expenditures for waivers for registration and other fees paid by participants.

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 2022 were slightly lower than in previous years due to shortfall in revenues and decrease in service levels, which contributed to the overall decrease in Public Transportation expenditures during fiscal year 2022.

Capital Expenditures and Financing

During fiscal year 2022, the District spent \$1,603,224 on general capital improvements which exceeded the general capital improvements revenues of \$211,246 by \$1,391,978. This deficiency was partially financed with a net total of \$2,143,375 from bond proceeds and other financing sources. The net change in fund balance was an increase of \$751,397, which resulted in a cumulative positive fund balance of \$153,058.

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 2022, the Housing Production Trust Fund (HPTF) long-term loans receivable balance was \$1,161,151, an increase of \$105,483 or 9.99% 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, 2022, the net balance was \$63,802.

Table MDA-8 presents the Housing Production Trust Fund long-term loan receivable balances and the corresponding allowance for doubtful accounts for fiscal years 2018 through 2022.

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

	2018	2019	2020	2021	2022
HPTF long-term loans receivable	\$ 722,295	\$ 850,280	\$ 1,054,156	\$ 1,055,668	\$ 1,161,151
Less: allowance for doubtful accounts	624,559	756,321	954,974	964,025	1,097,349
Net long-term loans receivable (other long-term assets)	\$ 97,736	\$ 93,959	\$ 99,182	\$ 91,643	\$ 63,802

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 total assets of the Lottery decreased by \$1,848, or 6.95%, compared to the prior year, primarily due to the amortization of right-to-use leased assets as a result of implementing GASB Statement No. 87 in fiscal year 2022.

During fiscal year 2022, the Unemployment Compensation Fund’s total assets increased by \$60,414, or 36.74%, primarily as a result of employer tax collections and governmental contributions exceeding the unemployment benefit payments. Cash

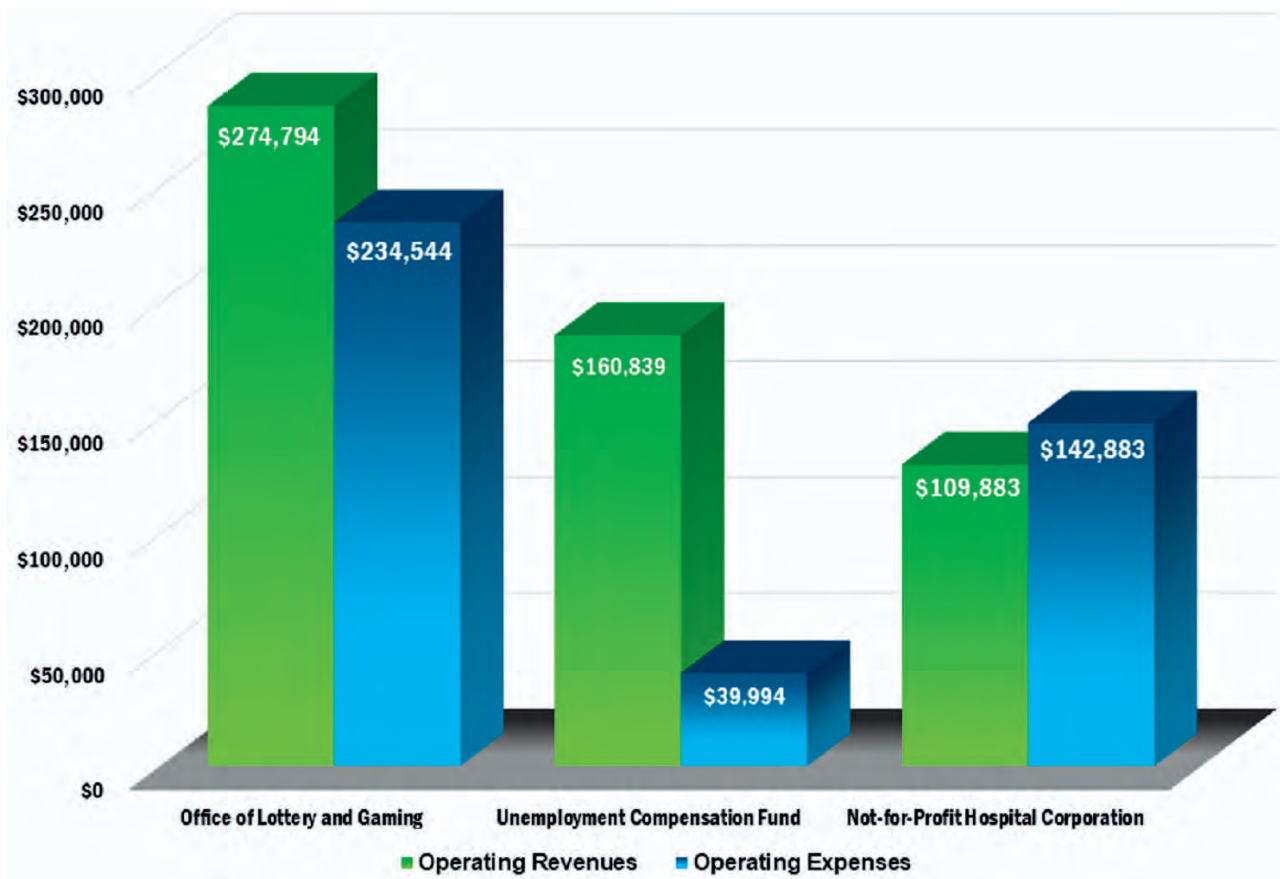
held with U.S. Treasury, which represented 77.95% of the Fund’s total assets, increased by \$125,234 or 250.33% from the prior year. This increase is primarily due to cash receipts from employer taxes and government contributions significantly exceeding the unemployment benefit payments.

The total assets of the Not-for-Profit Hospital Corporation decreased by \$19,953, or 15.79%, primarily as a result of a decrease in grants and subsidies from the District.

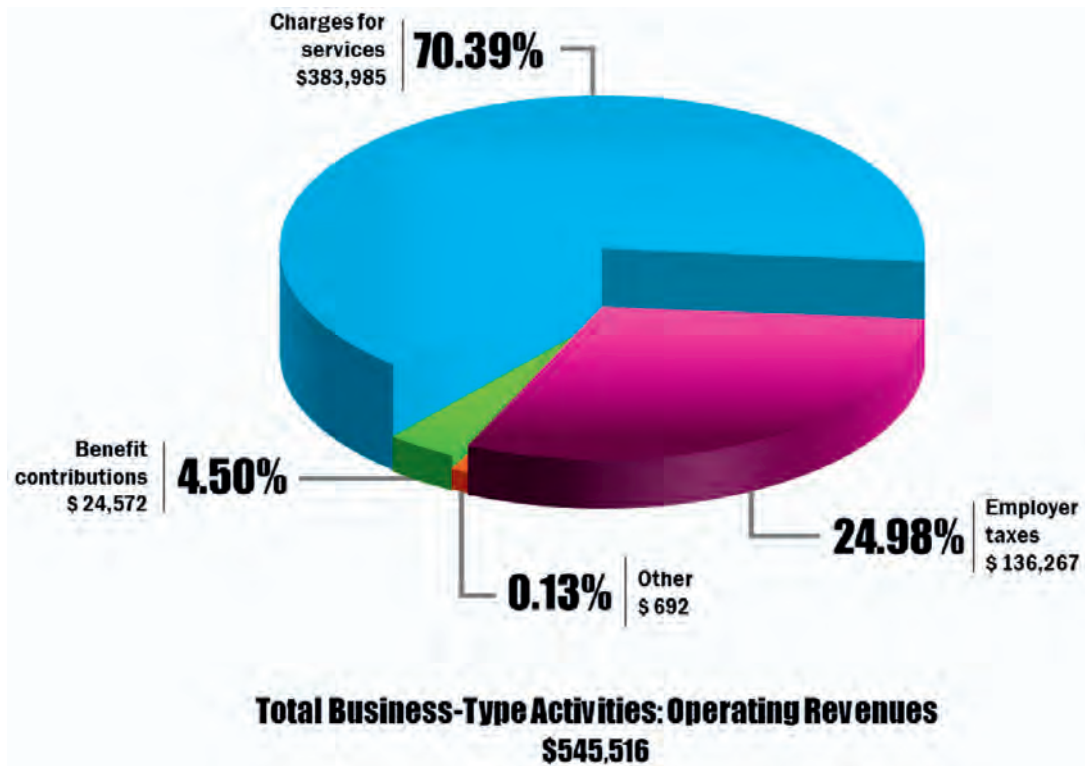
Total net position of the District’s proprietary funds increased by \$111,923, or 94.21%, over the prior year. Exhibits 3-a, 3-b, and 3-c on pages 62 through 64 present the financial statements of the proprietary funds.

Charts MDA-3 and MDA-4 graphically present comparisons of revenues and expenses of District proprietary funds, based on information contained in the Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds, shown on page 63.

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 65 and

66, respectively. Exhibits C-1 and C-2, presented on pages 188 and 189, 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 the 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	2022	2021, as restated	Variance	Variance %
Police officers and fire fighters pension	\$ 6,900,445	\$ 7,991,135	\$ (1,090,690)	(13.65)%
Teachers pension	2,572,925	2,944,567	(371,642)	(12.62)
Other postemployment benefits	1,650,287	2,025,062	(374,775)	(18.51)
401(a) Defined Contribution Plan	1,242,464	1,484,608	(242,144)	(16.31)
457(b) Deferred Compensation Plan	1,118,750	1,245,773	(127,023)	(10.20)
403(b) Tax-Sheltered Annuity Plan	318,887	268,283	50,604	18.86
Total	\$ 13,803,758	\$ 15,959,428	\$ (2,155,670)	(13.51)

Net position of the fiduciary funds decreased mainly because of weak market conditions and below average stock market performance in 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 67 and 68, respectively, present the component units' financial information for fiscal year 2022. Information presented in these exhibits was extracted from each entity's separately issued financial statements.

During the fiscal year ended September 30, 2022, Washington Convention and Sports Authority (Authority) was subjected to a ransomware cyber attack, which resulted in a significant amount of financial data of the Authority being encrypted and made unavailable for their access. As a result, the independent auditors of the Authority were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Authority's financial statements as of and for the year ended September 30, 2022.

Long-term Debt

The District is empowered by law (Section 461 of the District of Columbia Home Rule Act, as amended) to issue General Obligation Bonds for the payment of the costs of acquiring capital assets or undertaking various capital projects and to refund indebtedness of the District. The District also issues Income Tax Secured Revenue Bonds pursuant to the Bond Authorization Act of 2008 (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, Qualified Zone Academy Bonds (QZAB), and other revenue bonds.

As of September 30, 2022, the District (including its business-type activities) had \$16,771,537 in long-term debt outstanding, of which \$12,419,623, or 74.05%, was in the form of bonds and notes. Of the outstanding bonds, \$6,002,310, or 48.33% were General Obligation Bonds, and \$5,216,810, or 42.00% were Income Tax Secured Revenue Bonds.

Table MDA-10 presents the outstanding bonds and notes of the District as of September 30, 2022.

Table MDA-10
Outstanding Bonds and Notes as of September 30, 2022 (\$000s)

Type of bonds and notes	2022	2021	Variance	Variance %
General obligation bonds - publicly offered	\$ 5,169,010	\$ 4,683,745	\$ 485,265	10.36%
General obligation bonds - direct placements	833,300	519,005	314,295	60.56
Income tax secured revenue bonds	5,216,810	4,954,180	262,630	5.30
Other bonds:				
Qualified zone academy bonds (QZAB) - direct placements	829	1,105	(276)	(24.98)
Tobacco settlement asset-backed bonds	458,029	487,644	(29,615)	(6.07)
Tax increment financing bonds - publicly offered	88,088	105,803	(17,715)	(16.74)
Tax increment financing bonds - direct placements	18,778	17,400	1,378	7.92
Ballpark revenue bonds	179,205	183,200	(3,995)	(2.18)
Federal highway grant anticipation revenue bonds (GARVEE)	266,505	280,675	(14,170)	(5.05)
Deed tax revenue bonds (housing production trust fund program)	32,795	35,215	(2,420)	(6.87)
PILOT revenue bonds - publicly offered	132,060	136,765	(4,705)	(3.44)
PILOT revenue bonds and notes - direct placements	24,214	37,431	(13,217)	(35.31)
Total outstanding bonds and notes - governmental activities	\$ 12,419,623	\$ 11,442,168	\$ 977,455	8.54

During fiscal year 2022, the District issued \$1,348,430 in General Obligation Bonds and \$1,423,495 in Income Tax Secured Revenue Bonds. Those debt issuances are as follows:

- In November 2021, the District issued \$170,610 Series 2021A and \$174,675 Series 2021B Multimodal GO Refunding Bonds. The Series 2021A and Series 2021B Bonds were issued to current refund the 2016B and Series 2016C Multimodal GO Bonds. The issuance established a new mandatory tender date for the refunded Series 2016B and Series 2016C Multimodal GO Bonds, extending the date from December 2021 to June 2027.
- In November 2021, the District issued \$350,000 Series 2021C Multimodal GO Bonds and \$401,715 Series 2021D GO Bonds. The proceeds of both bonds were used to finance capital project expenditures under the capital improvements plan of the District and pay the costs and expenses of issuing the Bonds. In addition, the proceeds of the 2021D GO Bonds were also used to refinance GO Bond Anticipation Notes. Interest rates on the Series 2021C Bonds are variable, based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index plus spread. Interest rates on the Series 2021D Bonds range from 4.00% to 5.00%.
- In November 2021, the District issued \$251,430 Series 2021E GO Refunding Bonds. The Series 2021E Bonds current refunded all or a portion of the outstanding Income Tax Secured Revenue Bonds, Series 2011A, Series 2011F, Series 2011G, Series 2012A, Series 2012C, and Series 2012D of the District, and paid the costs and expenses of issuing and delivering the Series 2021E Bonds.
- In July 2022, the District issued \$648,860 Series 2022A Tax-Exempt Income Tax Secured Revenue Bonds and \$139,305 Series 2022B Taxable Income Tax Secured Revenue Bonds. The proceeds of the bonds were used to finance capital project expenditures under the capital improvements plan of the District and pay the costs and expenses of issuing the bonds. Interest rates on the bonds range from 3.42% to 5.50%.
- In September 2022, the District issued \$635,330 Series 2022C Tax-Exempt Income Tax Secured Revenue Refunding Bonds. Proceeds were used to advance refund the Series 2012A, 2012B, 2012C and 2012D Income Tax Secured Revenue Bonds and pay the costs of issuance.

For more information on the long-term debt activity of the District, refer to Note 7, Long-Term Liabilities, on pages 128 through 142.

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 assets. In fiscal year 2022, total net capital assets (capital assets less accumulated depreciation and amortization) increased by \$648,432, or 3.86%, over the prior year. Total capital assets increased because of the recognition of right-to-use leased assets and 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. 87 in fiscal year 2022 caused the addition of right-to-use leased assets to the capital assets, contributing to the increase in net capital assets.

As of September 30, 2022, net capital assets totaled \$17,462,480. Net capital assets of the governmental activities totaled \$17,410,338 and net capital assets of the business-type activities totaled \$52,142. The governmental activities depreciation and amortization charges for fiscal year 2022 totaled \$675,923 compared to the prior year's amount of \$516,510. The business-type activities depreciation and amortization charges for fiscal year 2022 totaled \$15,684 compared to the prior year's amount of \$14,871.

Table MDA-11 presents information on the District's net capital assets by class as of September 30, 2022.

Table MDA-11
Net Capital Assets by Asset Class as of September 30, 2022 (\$000s)

Asset class	Governmental Activities		Business-type Activities		Totals	
	2022	2021, as restated	2022	2021, as restated	2022	2021, as restated
Land	\$ 966,846	\$ 1,028,470	\$ 8,100	\$ 8,100	\$ 974,946	\$ 1,036,570
Buildings	8,660,741	8,480,882	35,621	41,640	8,696,362	8,522,522
Infrastructure	4,468,913	4,342,701	-	-	4,468,913	4,342,701
Right-to-use leased buildings	1,053,207	785,212	-	-	1,053,207	785,212
Right-to-use leased equipment	13,401	8,204	2,655	3,983	16,056	12,187
Equipment	628,559	449,744	5,766	10,939	634,325	460,683
Construction in progress	1,618,671	1,652,242	-	1,931	1,618,671	1,654,173
Total net capital assets	\$ 17,410,338	\$ 16,747,455	\$ 52,142	\$ 66,593	\$ 17,462,480	\$ 16,814,048

Note:

Additional information on the District's capital assets is presented in Note 5, Capital Assets, on pages 117 through 121.

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, 2022.

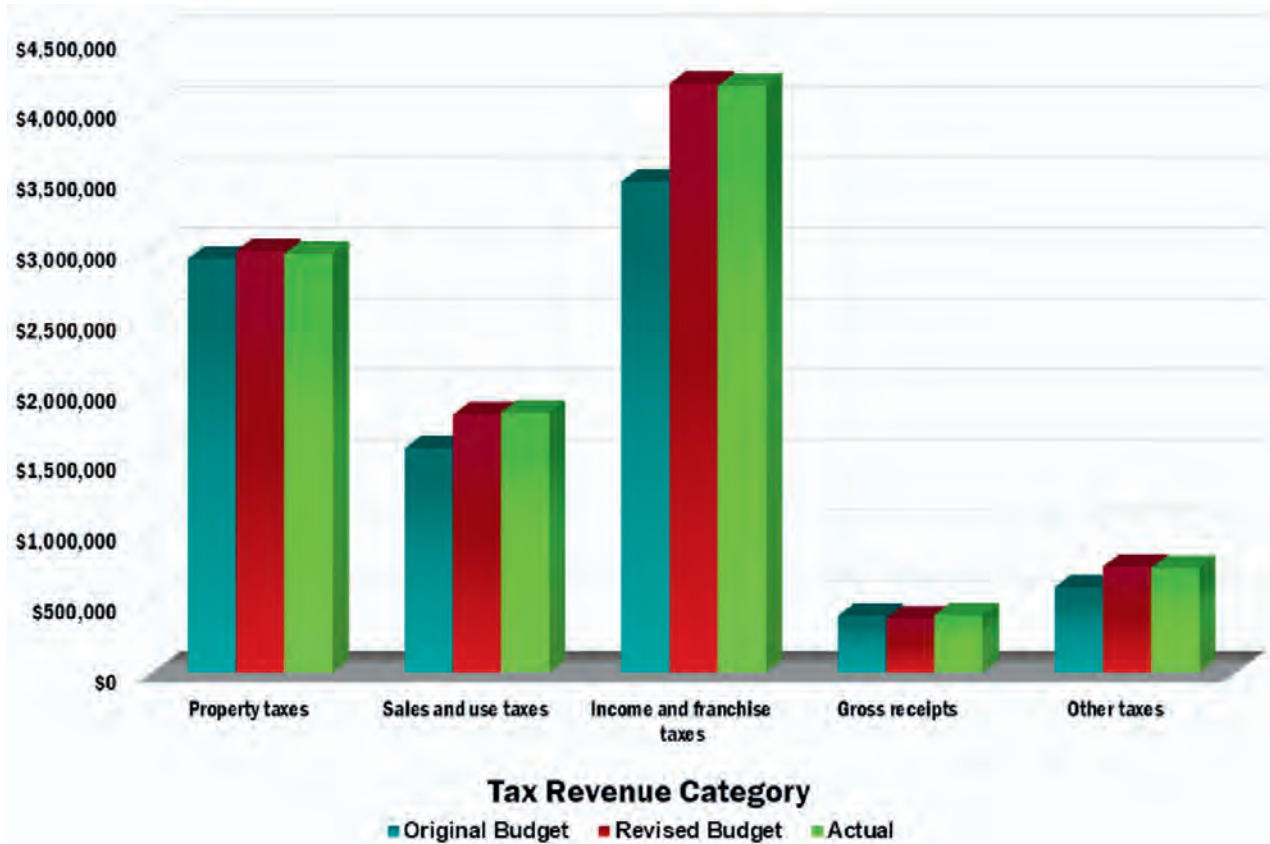
Table MDA-12
Schedule of General Fund Budgetary Basis Revenues and Expenditures (\$000s)

	Original Budget	Revised Budget	Actual	Variance (Actual to Revised Budget)
Revenues and other sources				
Taxes	\$ 8,600,031	\$ 9,697,717	\$ 9,767,811	\$ 70,094
Licenses and permits	131,317	136,330	135,008	(1,322)
Fines and forfeitures	138,654	158,480	161,321	2,841
Charges for services	63,894	77,262	78,407	1,145
Miscellaneous	122,440	170,643	249,429	78,786
Other sources	733,443	671,475	669,671	(1,804)
Bond proceeds	10,000	10,000	4,009	(5,991)
Fund balance released from restrictions	224,767	362,432	362,432	-
Interfund transfer from office of lottery and gaming	51,373	37,899	40,670	2,771
Interfund transfer - others	641,021	799,345	870,204	70,859
Total revenues and other sources	10,716,940	12,121,583	12,338,962	217,379
Expenditures and other uses				
Governmental direction and support	962,418	1,150,560	1,121,938	28,622
Economic development and regulation	491,948	650,932	588,717	62,215
Public safety and justice	1,361,105	1,370,494	1,358,055	12,439
Public education system	2,906,403	2,897,588	2,836,418	61,170
Human support services	2,226,568	2,294,297	2,162,304	131,993
Operations and infrastructure	1,140,928	1,132,967	1,093,022	39,945
Repayment of bonds and interest	864,055	826,169	825,644	525
Other expenditures and uses	755,642	868,354	715,308	153,046
Total expenditures and other uses	10,709,067	11,191,361	10,701,406	489,955
Excess of revenues and other sources over expenditures and other uses - budgetary basis	\$ 7,873	\$ 930,222	\$ 1,637,556	\$ 707,334

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 2022.

Chart MDA-5
FY 2022 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 180.

As presented in **Table MDA-12**, actual General Fund revenues and other sources were \$217,379, or 1.79%, more than the revised budget. This variance was primarily due to higher than expected property tax, sales and use tax, individual and franchise tax 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

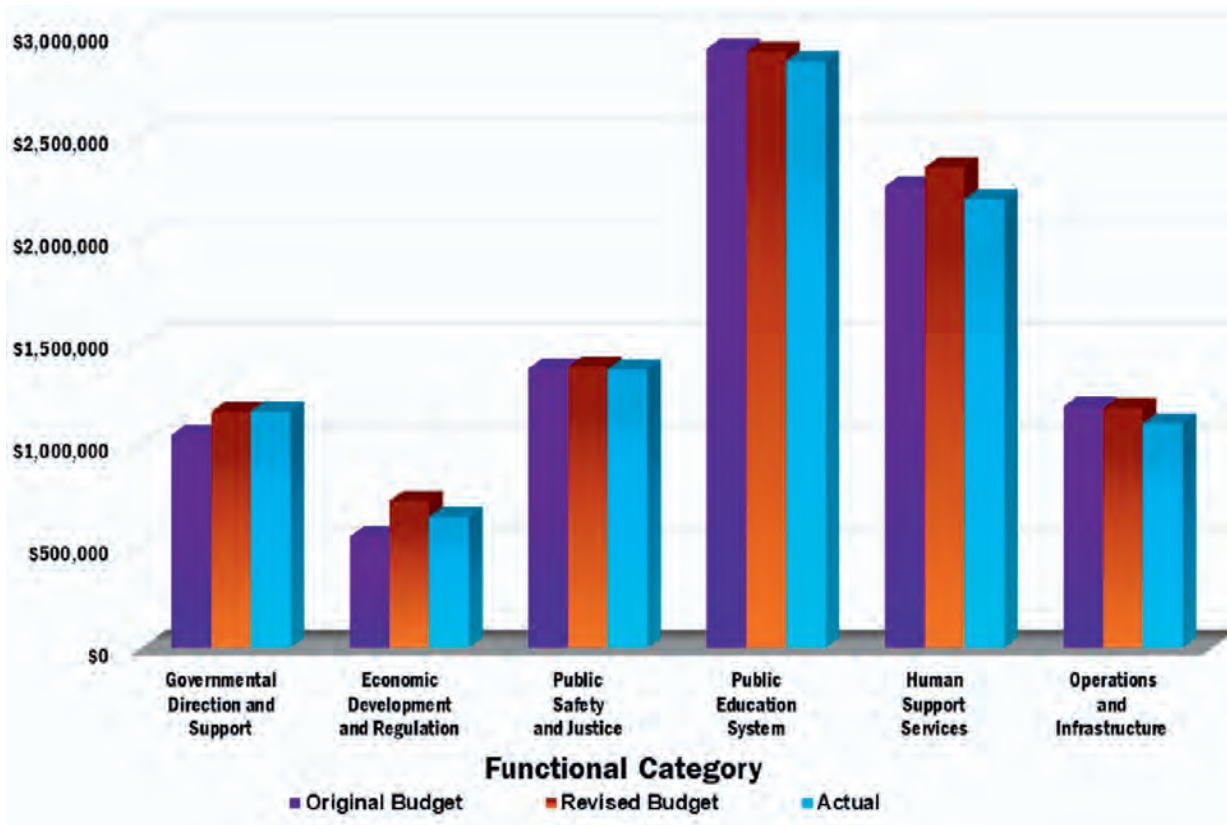
the imposed conditions have been met, allowing the assets to become available for use. In other words, this amount of fund balance was budgeted to help finance current year’s operations. As presented in **Table MDA-12**, the District utilized the fund balance by drawing on its available reserves to finance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

During fiscal year 2022, actual tax revenues comprised 79.16% 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 2022.

Chart MDA-6
FY 2022 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 182.

Actual General Fund expenditures and other uses were \$489,955, or 4.38%, less than the revised budget. As presented in **Table MDA-12**, this variance was primarily due to underspending in the areas of Human Support Services, Public Education System and Economic Development and Regulation. In addition, the dedicated tax transfer to the Washington Convention and Sports Authority was lower than anticipated. The Washington Convention and Sports Authority receives a portion of the District’s tax revenues which are generated by activities within the hospitality industry (hotels, restaurants, entertainment, and other

retail). Because the hospitality sector continued to be affected by the pandemic, associated taxes generated were lower than expected. Moreover, 20.87% of the underspending was caused by the amount budgeted for workforce investments. The District budgets an amount for workforce investments which is used for pay increases and reforms that are expected in the budgeted year but are not finalized.

Expenditures in Public Education, Human Support Services, and Public Safety and Justice comprised 59.40% of the total actual General Fund expenditures and other uses.

SUBSEQUENT EVENTS**Income Tax Secured Bond Anticipation Notes**

In November 2022, the District increased the maximum combined principal amount of its revolving credit facility with U.S. Bank National Association supporting the Income Tax Secured Bond Anticipation Notes, Series

2021A and Series 2021B. The facility was increased by \$100,000 and allows the District to draw a combined outstanding principal that does not exceed \$300,000. As of September 30, 2022, \$13,665 of Series 2021B Notes were outstanding. The facility expires in March 2024.

CONTACT INFORMATION FOR THE OFFICE OF THE CHIEF FINANCIAL OFFICER

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

Office of the Chief Financial Officer

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

BASIC FINANCIAL STATEMENTS

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

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

Exhibit 1-a

DISTRICT OF COLUMBIA
STATEMENT OF NET POSITION
September 30, 2022
(With Comparative Totals at September 30, 2021)
(\$000s)

	Primary Government		Totals		Component Units
	Governmental Activities	Business-Type Activities	2022	2021, as restated	
ASSETS					
Cash and cash equivalents	\$ 4,507,519	\$ 61,629	\$ 4,569,148	\$ 1,721,973	\$ 148,309
Investments	-	-	-	-	320,070
Taxes receivable, net	587,446	-	587,446	613,094	-
Accounts receivable, net	333,650	-	333,650	419,140	32,117
Other receivables	-	-	-	-	17,469
Due from federal government	1,033,956	53,889	1,087,845	865,217	3
Lease receivable	426,360	5,439	431,799	380,835	38,056
Due from component units	3,225	-	3,225	3,118	-
Due from primary government	-	-	-	-	31,531
Internal balances	14,410	(14,410)	-	-	-
Inventories	72,083	3,899	75,982	48,854	-
Other current assets	16,492	2,951	19,443	29,766	8,757
Derivative instrument assets	47	-	47	516	-
Cash and cash equivalents (restricted)	3,230,734	175,262	3,405,996	4,412,319	92,633
Investments (restricted)	4,576	-	4,576	281,001	426,507
Other long-term assets	424,318	-	424,318	484,236	215,055
Net pension and OPEB assets	262,227	-	262,227	2,370,001	-
Depreciable and amortizable capital assets, net	14,824,821	44,042	14,868,863	14,123,305	733,609
Non-depreciable capital assets	2,585,517	8,100	2,593,617	2,690,743	54,724
Total assets	28,327,381	340,801	28,668,182	28,444,118	2,118,840
DEFERRED OUTFLOWS OF RESOURCES					
Derivative instrument - hedge	4,202	-	4,202	19,686	-
Pension and OPEB	1,359,263	-	1,359,263	87,111	-
Advance refunding loss	-	-	-	3,312	10,575
Total deferred outflows of resources	1,363,465	-	1,363,465	110,109	10,575
LIABILITIES					
Accounts payable	1,083,182	42,800	1,125,982	1,058,906	57,362
Compensation payable	265,414	6,276	271,690	303,417	17,481
Due to federal government	-	25,681	25,681	15,717	61
Due to component units	31,531	-	31,531	26,181	-
Due to primary government	-	-	-	-	3,225
Accrued liabilities	422,340	12,254	434,594	388,492	9,550
Accrued interest payable	164,447	-	164,447	173,947	-
Unearned revenues	1,335,782	89	1,335,871	2,042,140	16,965
Other current liabilities	89,435	2,839	92,274	83,118	149,113
Derivative instrument liabilities	4,202	-	4,202	19,686	-
Long-term liabilities:					
Due within one year	1,174,775	1,649	1,176,424	959,925	12,638
Due in more than one year	15,576,627	18,486	15,595,113	13,870,013	754,688
Total liabilities	20,147,735	110,074	20,257,809	18,941,542	1,021,083
DEFERRED INFLOWS OF RESOURCES					
Leases and loans	812,013	-	812,013	676,022	-
Pension and OPEB	424,052	-	424,052	1,608,747	37,163
Advance refunding gain	60,134	-	60,134	-	-
Total deferred inflows of resources	1,296,199	-	1,296,199	2,284,769	37,163
NET POSITION					
Net investment in capital assets	3,138,401	49,487	3,187,888	4,007,430	509,471
Restricted for:					
Expendable					
Pension and OPEB	725,937	-	725,937	848,365	-
Debt service	436,791	-	436,791	375,673	-
Benefit payments	-	157,532	157,532	34,668	-
Capital projects	8,382	7,680	16,062	36,293	-
Purpose restrictions	99,666	-	99,666	154,942	-
Emergency and contingency reserves	495,389	-	495,389	475,641	-
Universal paid leave	543,007	-	543,007	457,189	-
Other	32,660	-	32,660	37,169	194,073
Nonexpendable	-	-	-	-	31,426
Unrestricted	2,766,679	16,028	2,782,707	900,546	336,199
Total net position	\$ 8,246,912	\$ 230,727	\$ 8,477,639	\$ 7,327,916	\$ 1,071,169

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

DISTRICT OF COLUMBIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022
(With Comparative Totals for the Year Ended September 30, 2021)
(\$000s)

Exhibit 1-b

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Units
	Expenses	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2022	2021	
GOVERNMENTAL ACTIVITIES									
Governmental direction and support	\$ 1,654,463	\$ 65,599	\$ 565,275	\$ -	\$ (1,023,589)		\$ (1,023,589)	\$ (1,219,970)	
Economic development and regulation	858,316	364,051	83,623	-	(410,642)		(410,642)	(88,500)	
Public safety and justice	2,242,005	149,941	851,108	-	(1,240,956)		(1,240,956)	(959,164)	
Public education system	3,933,866	12,303	891,335	-	(3,030,228)		(3,030,228)	(2,804,680)	
Human support services	6,759,631	3,639	4,440,416	16,639	(2,298,937)		(2,298,937)	(1,960,462)	
Operations and infrastructure	1,531,347	353,234	110,103	193,057	(874,953)		(874,953)	(757,996)	
Public transportation	447,069	-	-	-	(447,069)		(447,069)	(458,346)	
Interest on long-term debt	367,790	-	-	-	(367,790)		(367,790)	(424,627)	
Total governmental activities	17,794,487	948,767	6,941,860	209,696	(9,694,164)		(9,694,164)	(8,673,745)	
BUSINESS-TYPE ACTIVITIES									
Office of lottery and gaming	234,895	274,794	-	-	-	\$ 39,899	39,899	48,222	
Unemployment compensation	39,994	-	24,572	-	-	(15,422)	(15,422)	(235,081)	
Not-for-profit hospital corporation	142,883	109,191	692	-	-	(33,000)	(33,000)	(52,460)	
Total business-type activities	417,772	383,985	25,264	-	-	(8,523)	(8,523)	(239,319)	
Total primary government	\$ 18,212,259	\$ 1,332,752	\$ 6,967,124	209,696	(9,694,164)		(9,702,687)	(8,913,064)	
COMPONENT UNITS									
Health benefit exchange authority	\$ 46,470	\$ 3,638	\$ 487	\$ -					\$ (42,345)
Convention center	154,202	25,400	-	-					(128,802)
Green finance authority	4,890	514	-	-					(4,376)
Housing finance agency	34,982	29,403	-	-					(5,579)
University of the District of Columbia	197,628	22,547	51,511	18,792					(104,778)
Total component units	\$ 438,172	\$ 81,502	\$ 51,998	18,792					(285,880)
GENERAL REVENUES:									
Taxes:									
Property					2,876,250	-	2,876,250	3,152,529	-
Sales and use					1,814,079	-	1,814,079	1,310,154	-
Income and franchise					4,102,718	-	4,102,718	3,486,898	-
Gross receipts					407,580	-	407,580	373,421	-
Other					738,184	136,267	874,451	731,032	-
Investment earnings					40,787	2,849	43,636	9,742	(10,780)
Miscellaneous					733,696	-	733,696	675,149	125,538
Subsidy from primary government					-	-	-	-	237,034
Transfer in (out)					18,670	(18,670)	-	-	-
Total general revenues and transfers					10,731,964	120,446	10,852,410	9,738,925	351,792
Change in net position					1,037,800	111,923	1,149,723	825,861	65,912
Net position as of October 1, as restated					7,209,112	118,804	7,327,916	6,502,055	1,005,257
Net position as of September 30					\$ 8,246,912	\$ 230,727	\$ 8,477,639	\$ 7,327,916	\$ 1,071,169

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

Exhibit 2-a

DISTRICT OF COLUMBIA
BALANCE SHEET
Governmental Funds
September 30, 2022
(With Comparative Totals at September 30, 2021)
(\$000s)

	General	Federal and Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total	
						2022	2021, as restated
ASSETS							
Cash and cash equivalents	\$ 4,507,519	\$ -	\$ -	\$ -	\$ -	\$ 4,507,519	\$ 1,657,401
Taxes receivable, net	582,127	-	-	-	5,319	587,446	613,094
Accounts receivable, net	294,368	5,017	-	-	34,265	333,650	370,035
Due from federal government	720	927,431	-	105,805	-	1,033,956	836,711
Lease receivable	407,133	19,227	-	-	-	426,360	380,835
Due from other funds	71,882	14,866	5,826	-	4,397	96,971	1,284,040
Due from component units	1,524	36	-	-	1,665	3,225	3,118
Inventories	47,652	24,431	-	-	-	72,083	42,809
Other current assets	14,002	2,476	-	-	14	16,492	26,976
Cash and cash equivalents (restricted)	944,688	732,832	407,669	356,665	788,880	3,230,734	4,362,291
Investments (restricted)	2,837	1,739	-	-	-	4,576	280,591
Other long-term assets	71,116	184,967	63,802	104,433	-	424,318	484,236
Total assets	<u>\$ 6,945,568</u>	<u>\$ 1,913,022</u>	<u>\$ 477,297</u>	<u>\$ 566,903</u>	<u>\$ 834,540</u>	<u>\$ 10,737,330</u>	<u>\$ 10,342,137</u>
LIABILITIES							
Accounts payable	\$ 640,287	\$ 191,168	\$ 10,493	\$ 229,287	\$ 11,947	\$ 1,083,182	\$ 941,053
Compensation payable	237,157	24,108	-	3,914	235	265,414	295,137
Due to other funds	21,802	38	-	-	60,721	82,561	1,317,120
Due to component units	25,211	3,721	-	1,477	1,122	31,531	26,181
Accrued liabilities	245,270	116,374	-	-	311	361,955	318,090
Unearned revenue	45,806	1,289,958	-	18	-	1,335,782	2,042,043
Other current liabilities	70,531	217	-	13,287	5,965	90,000	78,830
Total liabilities	<u>1,286,064</u>	<u>1,625,584</u>	<u>10,493</u>	<u>247,983</u>	<u>80,301</u>	<u>3,250,425</u>	<u>5,018,454</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	767,199	621,088	63,802	165,862	2,242	1,620,193	1,479,424
FUND BALANCES							
Nonspendable	47,652	24,431	-	-	-	72,083	42,809
Restricted	1,064,506	-	403,002	153,058	751,997	2,372,563	2,017,160
Committed	3,780,147	-	-	-	-	3,780,147	2,463,172
Assigned	-	-	-	-	-	-	49,300
Unassigned	-	(358,081)	-	-	-	(358,081)	(728,182)
Total fund balances (deficits)	<u>4,892,305</u>	<u>(333,650)</u>	<u>403,002</u>	<u>153,058</u>	<u>751,997</u>	<u>5,866,712</u>	<u>3,844,259</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,945,568</u>	<u>\$ 1,913,022</u>	<u>\$ 477,297</u>	<u>\$ 566,903</u>	<u>\$ 834,540</u>		<u>\$ 10,342,137</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

17,410,338

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)

\$ 146,745

Other general fund unavailable revenues (Exhibit A-1)

620,454

Unavailable revenues - federal and private resources (Exhibit 2-a)

621,088

Unavailable revenues - housing production trust (Exhibit 2-a)

63,802

Unavailable revenues - general capital improvements (Exhibit 2-a)

165,862

Unavailable revenues - nonmajor funds (Exhibit 2-a)

2,242

Net unavailable revenue

1,620,193

Deferred inflows of resources - lease and loans (Exhibit 1-a)

(812,013)

Deferred inflows of resources - pension and OPEB (Exhibit 1-a)

(424,052)

Deferred outflows of resources - pension and OPEB (Exhibit 1-a)

1,359,263

Net pension and OPEB asset (Exhibit 1-a)

262,227

Retainage liability not to be paid with current resources

(60,383)

Advance refunding gain (Exhibit 1-a)

(60,134)

Derivative instrument asset (Exhibit 1-a)

47

Certain liabilities are not due and payable in the current period:

General obligation bonds (Note 7, Table N7-1)

\$ (6,002,310)

Income tax revenue bonds (Note 7, Table N7-1)

(5,216,810)

Tobacco settlement bonds (Note 7, Table N7-1)

(458,029)

TIF bonds (Note 7, Table N7-1)

(106,866)

GARVEE (Note 7, Table N7-1)

(266,505)

Ballpark bonds (Note 7, Table N7-1)

(179,205)

QZAB (Note 7, Table N7-1)

(829)

Accrued interest payable (Exhibit 1-a)

(164,447)

Deed tax revenue bonds (Note 7, Table N7-1)

(32,795)

PILOT revenue bonds and notes (Note 7, Table N7-1)

(156,274)

Other long-term liabilities (Note 7, Table N7-1)

(4,331,216)

Total liabilities not due and payable in the current period:

(16,915,286)

Net position of governmental activities

\$ 8,246,912

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, 2022
(With Comparative Totals for the Year Ended September 30, 2021)
(\$000s)

	General	Federal and Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total	
						2022	2021
REVENUES							
Taxes:							
Property taxes	\$ 2,952,304	\$ -	\$ -	\$ -	\$ 41,415	\$ 2,993,719	\$ 3,091,809
Sales and use taxes	1,769,133	-	-	-	44,947	1,814,080	1,310,269
Income and franchise taxes	4,108,313	-	-	-	-	4,108,313	3,506,271
Gross receipts taxes	356,230	-	-	-	51,350	407,580	373,420
Other taxes	642,691	-	95,493	-	-	738,184	585,256
Fines and forfeitures	169,382	-	-	-	-	169,382	145,147
Licenses and permits	156,512	-	-	-	-	156,512	141,467
Charges for services	285,443	3,211	-	1,000	335,551	625,205	578,968
Miscellaneous	652,049	81,748	17,614	505	54,214	806,130	669,761
Investment earnings	34,713	1,644	-	46	4,383	40,786	8,289
Federal contributions	-	1,614,737	-	-	-	1,614,737	1,307,786
Operating grants	-	5,158,207	-	209,695	-	5,367,902	4,791,855
Total revenues	11,126,770	6,859,547	113,107	211,246	531,860	18,842,530	16,510,298
EXPENDITURES							
Current:							
Governmental direction and support	2,427,677	144,804	-	-	53,836	2,626,317	1,343,298
Economic development and regulation	436,343	88,329	143,230	-	80,231	748,133	646,196
Public safety and justice	1,358,284	755,050	-	-	-	2,113,334	2,063,113
Public education system	2,834,576	903,764	-	-	-	3,738,340	3,321,561
Human support services	2,165,073	4,454,567	-	-	-	6,619,640	5,996,673
Operations and infrastructure	685,534	74,735	-	-	-	760,269	624,524
Public transportation	447,069	-	-	-	-	447,069	458,346
Debt service:							
Principal	434,410	3,847	-	14,170	77,832	530,259	422,540
Interest	484,898	16,223	-	13,720	38,930	553,771	543,675
Fiscal charges	13,155	-	-	-	-	13,155	2,317
Capital outlay	-	-	-	1,575,334	40,362	1,615,696	1,742,521
Total expenditures	11,287,019	6,441,319	143,230	1,603,224	291,191	19,765,983	17,164,764
Excess (deficiency) of revenues over (under) expenditures	(160,249)	418,228	(30,123)	(1,391,978)	240,669	(923,453)	(654,466)
OTHER FINANCING SOURCES (USES)							
Debt issuance	6,880	-	-	1,508,077	9,963	1,524,920	193,073
Refunding debt issuance	1,377,969	-	-	-	-	1,377,969	-
Premium on sale of bonds	148,346	-	-	201,623	-	349,969	-
Payment to refunded bond escrow agent	(1,522,911)	-	-	-	-	(1,522,911)	-
Leases (as lessee)	1,178,412	1,039	-	-	-	1,179,451	-
Transfers in	910,874	-	166,684	434,610	37,545	1,549,713	771,572
Transfers out	(646,222)	(623,074)	-	(18,273)	(243,474)	(1,531,043)	(815,251)
Sale of capital assets	500	-	-	17,338	-	17,838	1,000
Total other financing sources (uses)	1,453,848	(622,035)	166,684	2,143,375	(195,966)	2,945,906	150,394
Net change in fund balances	1,293,599	(203,807)	136,561	751,397	44,703	2,022,453	(504,072)
Fund balances as of October 1	3,598,706	(129,843)	266,441	(598,339)	707,294	3,844,259	4,348,331
Fund balances (deficits) as of September 30	\$ 4,892,305	\$ (333,650)	\$ 403,002	\$ 153,058	\$ 751,997	\$ 5,866,712	\$ 3,844,259

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, 2022
(\$000s)

Net change in fund balances - total governmental funds \$ 2,022,453

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)	\$ 982,789	
Depreciation/amortization expense (Note 5, Table N5-1)	(675,923)	
Depreciable/amortizable capital asset additions (Note 5, Table N5-1)	449,689	
Transfers/dispositions, net (Note 5, Table N5-1)	<u>(93,672)</u>	
Net adjustment		662,883

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	1,620,193	
Prior year deferred inflows of resources	(1,098,589)	
Leases and loans	<u>(516,828)</u>	
Net adjustment		4,776

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	(4,603,489)	
Long-term liabilities reductions	<u>2,656,074</u>	
Net adjustment		(1,947,415)

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 - teachers fund (Note 8, Table N8-6)	(246,266)	
Change in net pension assets - police officers and fire fighters' fund (Note 8, Table N8-6)	(1,548,153)	
Change in net OPEB assets - OPEB fund (Note 9, Table N9-5)	(313,355)	
Increase in deferred outflows of resources - teachers fund over prior year (Note 8, Table N8-8)	238,158	
Increase in deferred outflows of resources - police officers and fire fighters over prior year (Note 8, Table N8-8)	726,113	
Increase in deferred outflows of resources - OPEB fund over prior year (Note 9, Table N9-8)	307,880	
Decrease in deferred inflows of resources - teachers' retirement fund over prior year (Note 8, Table N8-8)	287,529	
Decrease in deferred inflows of resources - police officers and fire fighters' fund over prior year (Note 8, Table N8-8)	773,328	
Decrease in deferred inflows of resources - OPEB fund over prior year (Note 9, Table N9-8)	<u>123,839</u>	
Net adjustment		349,073

Other adjustments include:

Change in advance refunding loss amortization over prior year (Exhibit 1-a)	(63,446)	
Decrease in long-term accrued interest payable over prior year (Exhibit 1-a)	9,500	
Increase in retainage payables over prior year	(120)	
Other	<u>566</u>	
Net adjustment		(53,500)

Investment income from investment derivative instruments (Note 2, Table N2-13)	<u>(470)</u>	
Change in net position of governmental activities		<u>\$ 1,037,800</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, 2022
(\$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	\$ 2,831,855	\$ 2,889,342	\$ 2,895,064	\$ 5,722	\$ -	\$ -	\$ -	\$ -	\$ 2,831,855	\$ 2,889,342	\$ 2,895,064	\$ 5,722
Sales and use taxes	1,534,296	1,728,217	1,768,751	40,534	-	-	-	-	1,534,296	1,728,217	1,768,751	40,534
Income and franchise taxes	3,378,613	4,099,115	4,108,313	9,198	-	-	-	-	3,378,613	4,099,115	4,108,313	9,198
Gross receipts and other taxes	855,267	981,043	995,683	14,640	-	-	-	-	855,267	981,043	995,683	14,640
Total taxes	8,600,031	9,697,717	9,767,811	70,094	-	-	-	-	8,600,031	9,697,717	9,767,811	70,094
Licenses and permits	131,317	136,330	135,008	(1,322)	-	-	-	-	131,317	136,330	135,008	(1,322)
Fines and forfeitures	138,654	158,480	161,321	2,841	-	-	-	-	138,654	158,480	161,321	2,841
Charges for services	63,894	77,262	78,407	1,145	-	-	-	-	63,894	77,262	78,407	1,145
Miscellaneous	122,440	170,643	249,429	78,786	-	-	-	-	122,440	170,643	249,429	78,786
Other sources	733,443	671,475	669,671	(1,804)	-	-	-	-	733,443	671,475	669,671	(1,804)
Federal contributions	-	-	-	-	939,931	1,066,687	1,075,243	8,556	939,931	1,066,687	1,075,243	8,556
Operating grants	-	-	-	-	3,768,073	5,987,788	4,627,687	(1,360,101)	3,768,073	5,987,788	4,627,687	(1,360,101)
Bond proceeds	10,000	10,000	4,009	(5,991)	-	-	-	-	10,000	10,000	4,009	(5,991)
Fund balance released from restrictions	224,767	362,432	362,432	-	-	-	-	-	224,767	362,432	362,432	-
Interfund transfer-from office of lottery and gaming	51,373	37,899	40,670	2,771	-	-	-	-	51,373	37,899	40,670	2,771
Interfund transfer-others	641,021	799,345	870,204	70,859	-	-	-	-	641,021	799,345	870,204	70,859
Total revenues and other sources	10,716,940	12,121,583	12,338,962	217,379	4,708,004	7,054,475	5,702,930	(1,351,545)	15,424,944	19,176,058	18,041,892	(1,134,166)
EXPENDITURES AND OTHER USES												
Governmental direction and support	962,418	1,150,560	1,121,938	28,622	33,576	511,800	501,716	10,084	995,994	1,662,360	1,623,654	38,706
Economic development and regulation	491,948	650,932	588,717	62,215	280,566	189,647	87,998	101,649	772,514	840,579	676,715	163,864
Public safety and justice	1,361,105	1,370,494	1,358,055	12,439	186,755	705,151	562,066	143,085	1,547,860	2,075,645	1,920,121	155,524
Public education system	2,906,403	2,502,095	2,440,925	61,170	627,330	1,265,970	715,546	550,424	3,533,733	3,768,065	3,156,471	611,594
Public education AY23 expenditure	-	395,493	395,493	-	-	-	-	-	-	395,493	395,493	-
Human support services	2,226,568	2,294,297	2,162,304	131,993	3,124,951	4,182,943	3,895,691	287,252	5,351,519	6,477,240	6,057,995	419,245
Operations and infrastructure	1,140,928	1,132,967	1,093,022	39,945	138,897	115,198	74,734	40,464	1,279,825	1,248,165	1,167,756	80,409
Repayment of loans and interest	847,305	817,580	817,580	-	18,465	18,465	15,733	2,732	865,770	836,045	833,313	2,732
Debt service - issuance costs	10,000	6,000	5,475	525	-	-	-	-	10,000	6,000	5,475	525
Commercial paper program	6,750	2,589	2,589	-	-	-	-	-	6,750	2,589	2,589	-
Settlements and judgments fund	28,025	14,625	13,535	1,090	-	-	-	-	28,025	14,625	13,535	1,090
Wilson building	4,887	4,887	3,957	930	-	-	-	-	4,887	4,887	3,957	930
D.C. retiree health contribution	50,300	53,000	53,000	-	-	-	-	-	50,300	53,000	53,000	-
Repayment of revenue bonds	3,781	3,781	3,771	10	-	-	-	-	3,781	3,781	3,771	10
Convention center transfer	180,283	180,191	157,563	22,628	-	40,000	40,000	-	180,283	220,191	197,563	22,628
Highway transportation fund	26,706	22,928	22,928	-	-	-	-	-	26,706	22,928	22,928	-
Emergency planning and security fund	-	22,400	20,945	1,455	25,000	25,301	25,301	-	25,000	47,701	46,246	1,455
Workforce investments	72,449	102,264	-	102,264	-	-	-	-	72,449	102,264	-	102,264
Emergency and contingency reserve funds	-	9,556	-	9,556	-	-	-	-	-	9,556	-	9,556
Pay-as-you-go capital fund	354,794	434,611	434,611	-	-	-	-	-	354,794	434,611	434,611	-
Unemployment insurance trust and transfer	5,000	4,998	4,998	-	-	-	-	-	5,000	4,998	4,998	-
Non-departmental	29,417	15,113	-	15,113	272,464	-	-	-	301,881	15,113	-	15,113
Total expenditures and other uses	10,709,067	11,191,361	10,701,406	489,955	4,708,004	7,054,475	5,918,785	1,135,690	15,417,071	18,245,836	16,620,191	1,625,645
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ 7,873	\$ 930,222	\$ 1,637,556	\$ 707,334	\$ -	\$ -	\$ (215,855)	\$ (215,855)	\$ 7,873	\$ 930,222	\$ 1,421,701	\$ 491,479

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, 2022
(With Comparative Totals for the Year Ended September 30, 2021)
(\$000s)

	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2022	2021, as restated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 18,210	\$ -	\$ 43,419	\$ 61,629	\$ 64,572
Accounts receivable, net	3,696	43,353	6,840	53,889	49,105
Due from federal government	-	5,439	-	5,439	28,506
Due from other funds	-	775	2	777	49,326
Inventories	-	-	3,899	3,899	6,045
Other current assets	4	-	2,947	2,951	2,790
Cash and cash equivalents (restricted)	-	175,262	-	175,262	50,028
Investments (restricted)	-	-	-	-	410
Total current assets	21,910	224,829	57,107	303,846	250,782
Noncurrent assets:					
Depreciable/amortizable capital assets, net	2,825	-	41,217	44,042	56,562
Non-depreciable capital assets	-	-	8,100	8,100	10,031
Total noncurrent assets	2,825	-	49,317	52,142	66,593
Total assets	24,735	224,829	106,424	355,988	317,375
LIABILITIES					
Current liabilities:					
Accounts payable	3,228	26,568	13,004	42,800	117,853
Accrued compensation	568	-	5,708	6,276	8,280
Due to federal government	-	25,681	-	25,681	15,717
Due to other funds	-	15,048	139	15,187	16,246
Accrued liabilities	12,254	-	-	12,254	10,139
Unearned revenues	89	-	-	89	97
Other current liabilities	-	-	2,839	2,839	4,288
Long-term liabilities due within one year	1,649	-	-	1,649	3,250
Total current liabilities	17,788	67,297	21,690	106,775	175,870
Noncurrent liabilities:					
Long-term liabilities due in more than one year	2,031	-	16,455	18,486	22,701
Total noncurrent liabilities	2,031	-	16,455	18,486	22,701
Total liabilities	19,819	67,297	38,145	125,261	198,571
NET POSITION					
Net investment in capital assets	170	-	49,317	49,487	62,610
Restricted - expendable	-	157,532	7,680	165,212	45,158
Unrestricted	4,746	-	11,282	16,028	11,036
Total net position	\$ 4,916	\$ 157,532	\$ 68,279	\$ 230,727	\$ 118,804

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, 2022
(With Comparative Totals for the Year Ended September 30, 2021)
(\$000s)

	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2022	2021
OPERATING REVENUES					
Employer taxes	\$ -	\$ 136,267	\$ -	\$ 136,267	\$ 145,775
Charges for services	274,794	-	109,191	383,985	359,338
Benefit contributions - CARES ACT	-	14,817	-	14,817	1,250,025
Benefit contributions - other	-	9,755	-	9,755	12,692
Operating grants and contributions	-	-	692	692	4,544
Total operating revenues	<u>274,794</u>	<u>160,839</u>	<u>109,883</u>	<u>545,516</u>	<u>1,772,374</u>
OPERATING EXPENSES					
Benefits	-	39,994	12,539	52,533	1,510,853
Prizes and other expenses	196,534	-	-	196,534	175,044
Personnel services	10,362	-	44,171	54,533	60,775
Supplies	-	-	12,466	12,466	14,261
Utilities	-	-	3,114	3,114	3,613
Insurance	-	-	8,677	8,677	4,877
Rent	-	-	335	335	301
Repairs and maintenance	-	-	1,429	1,429	3,485
Other expenses	-	-	503	503	342
Contractual services	26,177	-	45,437	71,614	77,496
Depreciation and amortization	1,471	-	14,212	15,683	14,871
Total operating expenses	<u>234,544</u>	<u>39,994</u>	<u>142,883</u>	<u>417,421</u>	<u>1,865,918</u>
Operating income (loss)	<u>40,250</u>	<u>120,845</u>	<u>(33,000)</u>	<u>128,095</u>	<u>(93,544)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest, investment and other income	830	2,019	-	2,849	1,453
Lease expense – interest	(351)	-	-	(351)	-
Total nonoperating revenues	<u>479</u>	<u>2,019</u>	<u>-</u>	<u>2,498</u>	<u>1,453</u>
Income (loss) before transfers	40,729	122,864	(33,000)	130,593	(92,091)
Transfer in (out)	(40,670)	-	22,000	(18,670)	43,679
Change in net position	59	122,864	(11,000)	111,923	(48,412)
Net position as of October 1	4,857	34,668	79,279	118,804	167,216
Net position as of September 30	<u>\$ 4,916</u>	<u>\$ 157,532</u>	<u>\$ 68,279</u>	<u>\$ 230,727</u>	<u>\$ 118,804</u>

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, 2022
(With Comparative Totals for the Year Ended September 30, 2021)
(\$000s)

	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Totals	
				2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers/employers	\$ 274,431	\$ 129,493	\$ 61,895	\$ 465,819	\$ 481,228
Cash receipts from governmental contributions	-	96,166	-	96,166	1,270,340
Other cash receipts	550	5,231	42,120	47,901	32,512
Cash payments to vendors	(30,464)	-	(68,641)	(99,105)	(123,844)
Cash payments to employees	(10,401)	-	(58,764)	(69,165)	(77,537)
Cash payments to claimants	-	(107,675)	-	(107,675)	(1,544,716)
Other cash payments, including prizes	(192,712)	-	-	(192,712)	(173,534)
Net cash provided (used) by operating activities	41,404	123,215	(23,390)	141,229	(135,551)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payment for lease liability interest	(1,334)	-	-	(1,334)	-
Interfund transfers in (out)	(40,670)	-	-	(40,670)	40,850
Net cash provided (used) by noncapital financing activities	(42,004)	-	-	(42,004)	40,850
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	-	(1,233)	(1,233)	(7,345)
Interfund transfers in	-	-	22,000	22,000	2,829
Net cash provided (used) by capital and related financing activities	-	-	20,767	20,767	(4,516)
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts of interest and dividends	279	2,019	-	2,298	1,453
Net cash provided by investing activities	279	2,019	-	2,298	1,453
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	(321)	125,234	(2,623)	122,290	(97,764)
Cash and cash equivalents at October 1	18,531	50,028	46,041	114,600	212,364
Cash and cash equivalents at September 30	\$ 18,210	\$ 175,262	\$ 43,418	\$ 236,890	\$ 114,600
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 40,250	\$ 120,845	\$ (33,000)	\$ 128,095	\$ (93,544)
Depreciation and amortization	1,471	-	14,212	15,683	14,871
Provision for bad debt expense	2	-	-	2	-
Decrease (increase) in current assets:					
Accounts receivable	(356)	41,753	2,346	43,743	(58,068)
Other current assets	-	23,067	2,005	25,072	54,217
Increase (decrease) in current liabilities:					
Accounts payable	(2,247)	(62,450)	(1,578)	(66,275)	(31,871)
Accrued liabilities	2,173	-	(2,054)	119	(4,799)
Unearned revenues	(8)	-	-	(8)	36
Other current liabilities	119	-	(5,321)	(5,202)	(16,393)
Net cash provided (used) by operating activities	\$ 41,404	\$ 123,215	\$ (23,390)	\$ 141,229	\$ (135,551)

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, 2022
(\$000s)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Fund	Custodial Fund
ASSETS			
Cash and cash equivalents	\$ 285,176	\$ 1,576	\$ 78,114
Investments			
Equities	7,517,058	487,890	-
Fixed income securities	3,065,327	253,144	-
Guaranteed investment contracts	-	203,984	-
Real estate	1,261,274	-	-
Private equity	1,198,075	-	-
Commodities	58,116	-	-
Money market funds	409,352	-	-
Total investments	<u>13,509,202</u>	<u>945,018</u>	<u>-</u>
Receivables			
Accounts receivable	-	2,207	64,501
Loan receivable	2,224	-	-
Benefit contributions receivable	47,024	-	-
Other receivables	28,897	-	-
Due from federal government	972	-	-
Total receivables	<u>79,117</u>	<u>2,207</u>	<u>64,501</u>
Depreciable capital assets, net	<u>10,384</u>	<u>-</u>	<u>-</u>
Total assets	<u>13,883,879</u>	<u>948,801</u>	<u>142,615</u>
LIABILITIES			
Accounts payable	35,387	458	1,366
Due to federal government	658	-	-
Other current liabilities	32,774	-	-
Other long-term liabilities	11,302	-	-
Total liabilities	<u>80,121</u>	<u>458</u>	<u>1,366</u>
NET POSITION			
Restricted for:			
Pensions	9,473,370	-	-
Other postemployment benefits	1,650,287	-	-
Other employee benefits	2,680,101	-	-
Other purpose	-	948,343	141,249
Net position restricted for pension, other employee benefits, and other purposes	<u>\$ 13,803,758</u>	<u>\$ 948,343</u>	<u>\$ 141,249</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, 2022
(\$000s)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Fund	Custodial Fund
ADDITIONS			
Contributions:			
Employer	\$ 320,833	\$ -	\$ -
Plan members	238,800	133,156	-
Tax sale deposit	-	-	69,647
Other contributions	-	-	27,235
Total contributions	<u>559,633</u>	<u>133,156</u>	<u>96,882</u>
Investment earnings (loss):			
Net decrease in fair value of investments	(2,435,741)	(141,650)	-
Other revenue	263	-	-
Interest and dividends	147,586	7,216	-
Net investment loss	(2,287,892)	(134,434)	-
Less: investment expenses	(36,438)	(812)	-
Net investment loss	<u>(2,324,330)</u>	<u>(135,246)</u>	<u>-</u>
Other	96,637	-	-
Total additions	<u>(1,668,060)</u>	<u>(2,090)</u>	<u>96,882</u>
DEDUCTIONS			
Benefits	466,973	-	-
Administrative expenses	19,116	3,235	-
Distributions to participants	-	65,153	-
Other distributions	-	-	33,113
Other	1,521	-	-
Total deductions	<u>487,610</u>	<u>68,388</u>	<u>33,113</u>
Change in net position	(2,155,670)	(70,478)	63,769
Net position as of October 1, as restated	15,959,428	1,018,821	77,480
Net position as of September 30	<u>\$ 13,803,758</u>	<u>\$ 948,343</u>	<u>\$ 141,249</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, 2022
(With Comparative Totals at September 30, 2021)
(\$000s)

	Health Benefit Exchange Authority	Washington Convention and Sports Authority	Green Finance Authority	Housing Finance Agency	University of the District of Columbia	Totals	
						2022	2021, as restated
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 57,507	\$ 16,971	\$ 12,770	\$ 38,181	\$ 22,880	\$ 148,309	\$ 116,724
Investments	-	207,362	4,870	67,159	40,679	320,070	216,882
Receivables, net:							
Accounts	1,509	6,008	14,773	-	9,827	32,117	16,431
Lease receivable	-	-	-	-	4,340	4,340	3,206
Other	649	957	-	4,752	11,111	17,469	12,093
Due from federal government	3	-	-	-	-	3	445
Due from primary government	81	17,536	5,000	2,893	6,021	31,531	26,181
Other current assets	-	4,420	65	1,799	2,473	8,757	9,047
Restricted cash	47	10,058	21,599	57,636	3,293	92,633	63,526
Restricted investments	52,711	175,351	-	165,599	32,846	426,507	500,362
Total current assets	112,507	438,663	59,077	338,019	133,470	1,081,736	964,897
Noncurrent assets:							
Loans receivable	-	-	-	204,599	-	204,599	209,405
Lease receivable	-	17,850	-	-	15,866	33,716	38,567
Other	-	10,164	-	-	292	10,456	11,864
Total noncurrent assets	-	28,014	-	204,599	16,158	248,771	259,836
Capital assets, net							
Property and equipment	35,391	436,371	-	1,732	260,115	733,609	823,999
Non-depreciable capital assets	-	26,286	-	573	27,865	54,724	43,667
Total assets	147,898	929,334	59,077	544,923	437,608	2,118,840	2,092,399
DEFERRED OUTFLOWS OF RESOURCES							
	-	10,575	-	-	-	10,575	11,141
LIABILITIES							
Current liabilities:							
Payables:							
Accounts	34,783	13,293	447	243	8,596	57,362	42,035
Compensation	1,369	1,563	355	559	13,635	17,481	17,471
Due to federal government	61	-	-	-	-	61	1,539
Due to primary government	877	2,276	-	-	72	3,225	3,118
Accrued liabilities	1,008	8,542	-	-	-	9,550	9,146
Current maturities	-	10,705	-	1,933	-	12,638	17,724
Unearned revenue	-	8,164	183	-	8,618	16,965	15,730
Other current liabilities	412	36,413	-	101,478	10,810	149,113	168,143
Total current liabilities	38,510	80,956	985	104,213	41,731	266,395	274,906
Noncurrent liabilities:							
Long-term debt:							
Bonds payable	-	437,163	-	276,069	-	713,232	728,848
Other long-term liabilities	-	5,934	1,025	119	34,378	41,456	52,839
Total noncurrent liabilities	-	443,097	1,025	276,188	34,378	754,688	781,687
Total liabilities	38,510	524,053	2,010	380,401	76,109	1,021,083	1,056,593
DEFERRED INFLOW OF RESOURCES - LEASES							
	-	16,957	-	-	20,206	37,163	41,690
NET POSITION							
Net investment in capital assets	35,391	224,365	-	2,149	247,566	509,471	534,547
Restricted - expendable	47	131,060	20,056	40,233	2,677	194,073	180,975
Restricted - nonexpendable	-	-	-	-	31,426	31,426	32,271
Unrestricted	73,950	43,474	37,011	122,140	59,624	336,199	257,464
Total net position	\$ 109,388	\$ 398,899	\$ 57,067	\$ 164,522	\$ 341,293	\$ 1,071,169	\$ 1,005,257

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

Exhibit 5-b

DISTRICT OF COLUMBIA
COMBINING STATEMENT OF ACTIVITIES
Discretely Presented Component Units
For the Year Ended September 30, 2022
(With Comparative Totals for the Year Ended September 30, 2021)
(\$000s)

	Health Benefit Exchange Authority	Washington Convention and Sports Authority	Green Finance Authority	Housing Finance Agency	University of the District of Columbia	Totals	
						2022	2021, as restated
EXPENSES	\$ 46,470	\$ 154,202	\$ 4,890	\$ 34,982	\$ 197,628	\$ 438,172	\$ 394,297
Program revenues:							
Charges for services, fees, fines, and forfeitures	3,638	25,400	514	29,403	22,547	81,502	71,814
Operating grants and contributions	487	-	-	-	51,511	51,998	34,135
Capital grants and contributions	-	-	-	-	18,792	18,792	16,444
Net expense	<u>(42,345)</u>	<u>(128,802)</u>	<u>(4,376)</u>	<u>(5,579)</u>	<u>(104,778)</u>	<u>(285,880)</u>	<u>(271,904)</u>
GENERAL REVENUES							
Investment earnings (loss)	322	1,082	(42)	2,960	(15,102)	(10,780)	18,835
Miscellaneous	32,305	67,849	-	11,583	13,801	125,538	69,309
Subsidy from primary government	-	122,281	20,794	-	93,959	237,034	164,015
Total general revenues	<u>32,627</u>	<u>191,212</u>	<u>20,752</u>	<u>14,543</u>	<u>92,658</u>	<u>351,792</u>	<u>252,159</u>
Change in net position	(9,718)	62,410	16,376	8,964	(12,120)	65,912	(19,745)
Net position as of October 1	119,106	336,489	40,691	155,558	353,413	1,005,257	1,025,002
Net position as of September 30	<u>\$ 109,388</u>	<u>\$ 398,899</u>	<u>\$ 57,067</u>	<u>\$ 164,522</u>	<u>\$ 341,293</u>	<u>\$ 1,071,169</u>	<u>\$ 1,005,257</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

September 30, 2022

(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) 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, which became effective on January 2, 1975, 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 and Vice-President of the United States but not for members of Congress. The District does, however, have an elected, non-voting Delegate to the United States House of Representatives.

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

B. FINANCIAL REPORTING ENTITY

Primary Government

A financial reporting entity consists of a primary government and its component units. Accordingly, for financial reporting purposes, the primary government is the District, 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 above criteria are included in the financial reporting entity of the District as discretely presented component units. Legally separate organizations that do not otherwise meet the criteria for inclusion as a component unit may be included in the financial reporting entity, if it is determined that their exclusion would render the financial statements misleading. This determination is based on the nature and significance of the 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

During the fiscal year ended September 30, 2022, the Authority was subjected to a ransomware cyber attack, which resulted in a significant amount of financial data of the Authority being encrypted and made unavailable for their access. As a result, the independent auditors of the Authority were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Authority's financial statements as of and for the year ended September 30, 2022.

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 are 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 Tiber Hudson
Attorney for Green Finance Authority
1900 M Street, NW, 3rd Floor
Washington, DC 20036
<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 29, 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:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**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 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; therefore, the District provides financial support to the Not-for-Profit Hospital Corporation to help sustain its operations, creating a financial benefit or burden relationship between the District and the Not-for-Profit Hospital Corporation. In addition, the District is able to impose its will on the Not-for-Profit Hospital Corporation because the District has the ability to modify or approve the budget for the Not-for-Profit Hospital 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

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 accountability of the District for these organizations does not extend beyond these appointments.

Joint Ventures

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

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

Pursuant to P.L. 111-62, which revised the WMATA compact agreement, WMATA is governed by 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

activities of the joint venture in its financial statements. Condensed financial statements for WMATA are presented in Note 12 on page 158.

C. BASIS OF PRESENTATION

Government-Wide Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. All District employees that are able to contribute a minimum of \$20 per pay period are automatically enrolled in the deferred compensation program.

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.

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 presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended September 30, 2021, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Proprietary Funds; Pension and Other Employee Benefits Trust Funds; Private-Purpose Trust Fund; and Discretely Presented Component Units

The proprietary funds, Pension and Other Employee Benefits Trust Funds, Private-Purpose Trust Fund, and discretely presented component units are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on their respective statements of net position.

Net position of the proprietary funds is segregated into net investment in capital assets, restricted, and unrestricted components. Under the accrual basis of accounting, revenues are recognized in the fiscal year earned and expenses are recognized in the fiscal year incurred. The related operating statements of proprietary funds present increases (revenues) and decreases (expenses) in net position. Operating statements of pension and private-purpose trust funds present additions and deductions in fiduciary net position.

Proprietary funds classify revenues and expenses as either operating or nonoperating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with 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 Reporting Temporary Act of 2011, effective February 24, 2012 (DC Law 19- 91; DC Code § 47-501), the revenue budget for personal property tax is formulated with the understanding that 100% of collections are to be allocated for the year in which the tax was collected.

Other Taxes and Revenues

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

Intergovernmental Revenues

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

Supplemental Nutrition Assistance Program

The District participates in the 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., the food purchase) occur.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenues Susceptible to Accrual

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

Revenues Not Susceptible to Accrual

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

E. BASIS OF BUDGETING AND BUDGETARY CONTROL POLICIES

Process

On or about March 30th of each year, at the direction of the Council, the Mayor submits to the Council an annual budget for the District, which includes: (1) the budget for the forthcoming fiscal year, commencing October 1, specifying the agencies and purposes for which funds are being requested; (2) an annual budget message; (3) a multi-year plan for all agencies of the District; and (4) a multi-year capital improvements plan by project for all agencies of the District. The Council holds public hearings and adopts the budget through passage of a Local Budget Act and a Federal Portion Budget Request Act. The Mayor may not forward, and the Council may not adopt, any budget for which expenditures and other financing uses exceed revenues and other financing sources.

On or about May 25th of each year, after receipt of the budget proposal from the Mayor, and after the public hearings, the Council adopts the annual budget for the District of Columbia government. The Mayor submits the Federal Portion Budget Request Act to the President of the United States for transmission to Congress. Congress then approves the federal portion of the budget through an appropriations act. The Chairman of the Council submits the Local Budget Request Act to Congress, which then becomes law upon expiration of a 30-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 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 61, 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 59 due to basis differences. Basis differences arise because the basis of budgeting differs from the basis of accounting prescribed by GAAP as indicated in Note 1X on page 91.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Encumbrances

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

As of September 30, 2022, the Capital Projects Improvement Fund had an encumbrance balance of \$995,323. 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 Deposits and Investment Act of 2006 (DC Code §§ 47-351.01 to 47-351.08) effective June 16, 2006, and the District Investment Policy, as adopted in September 2021. As of September 30, 2022, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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, 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. 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

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

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

Asset Class	Estimated Useful Life
Buildings	15-60 years
Right-to-use leased buildings	Lesser of lease term and 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 and 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 Governmental Accounting Standards Board (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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 lease 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. 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 April 2024.

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 Firefighters' 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.

P. 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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Appreciation Bonds

Capital Appreciation Bonds (CABs) are original issue discount bonds with deferred debt service. The District has three CABs: Mandarin Oriental Hotel Tax Increment Financing (TIF) Revenue Bonds Series 2002, Tobacco Settlement Asset-Backed Bonds Series 2006, and Union Market Tax Increment Revenue Bonds Series 2021A. The Mandarin TIF CABs were issued to fund the Mandarin Oriental Hotel Project. Scheduled principal payments for the Mandarin TIF CABs began in July 2005 and the bonds matured on July 1, 2022. No interest was due on the Mandarin TIF CABs until maturity in 2022. Interest is compounded semi-annually and accrues to full value at maturity. The District of Columbia Tobacco Settlement Financing Corporation issued the Tobacco CABs in connection with a Master Settlement Agreement. The Tobacco CABs have deferred principal and interest payments. Interest on the Tobacco CABs is also compounded semi-annually and accrues to full value at maturity in 2046 and 2055. 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 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.

Q. 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.

R. ADOPTION OF NEW ACCOUNTING STANDARDS

During fiscal year 2022, the District adopted the following four new accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 87, *Leases*, as amended by GASB Statement No. 95, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset; and a lessor is required to recognize a lease receivable and deferred inflows of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of GASB Statement No. 87, as amended, led to a restatement of the fiscal year 2021 government-wide financial statements. The cumulative effect of the change in accounting principle on the net position is presented in Note 1Y on page 92.
- Statement No. 92, *Omnibus 2020*, as amended, addresses practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports; (2) reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; (3) the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; (4) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; (5) measurement of liabilities (and assets, if any) related to asset retirement obligations in a government acquisition; (6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and (8) terminology used to refer to derivative instruments. The implementation of GASB Statement No. 92, as amended, had no impact on the fiscal year 2022 financial statements of the District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, requires an Internal Revenue Code (IRC) Section 457 plan to be classified as either a pension plan or other employee benefit plan depending on whether the plan meets the definition of a pension plan. It also requires that Statement No. 84, as amended, be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The implementation of the requirements for all paragraphs of this Statement, except for paragraphs 4 and 5 which were implemented during fiscal year 2021, had no impact on the fiscal year 2022 financial statements of the District.
- 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 extending the use of LIBOR; (2) accounting for SNAP distributions; (3) disclosures of nonmonetary transactions; (4) pledges of future revenues by pledging governments; (5) clarification of certain provisions in Statement 34, as amended; and (6) terminology updates related to Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The implementation of these requirements had no impact on the fiscal year 2022 financial statements of the District.

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

S. NEW ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN THE FUTURE

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

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

and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

As amended by GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is fiscal year 2023 for 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 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, as amended.

As amended by GASB Statement No. 99, the requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is fiscal year 2023 for 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is fiscal year 2023 for 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-use subscription asset (intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

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

- 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 requirements of these provisions of the Statement are effective for reporting periods beginning after June 15, 2022, which is fiscal year 2023 for the District.

Further, this Statement addresses 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.

The District has not determined the impact, if any, that the implementation of Statement Nos. 91, 93, 94, 96, 99, 100, and 101 will have on its financial statements. Accordingly, no determination has been made regarding the materiality of impact. The District has determined, however, that Statement Nos. 94 and 96 will have an impact on the way the District reports on its PPPs and SBITAs. The District has been collecting data, reviewing the arrangements, and developing a reliable methodology for implementation.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

T. NET POSITION AND FUND BALANCE**Net Position**

Net position, for government-wide reporting, proprietary funds, and fiduciary funds is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three 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. 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, 2022, 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, 2022, 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 89.

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 grants and other revenues with externally imposed restrictions on how the District may expend the funds. Other revenues include, but are not limited to: resources restricted for Workers' Compensation Special Fund; Credit Enhancement Fund established for DC public charter schools; resources collected for Pepco Cost-Sharing Fund for the District of Columbia Power Line Undergrounding (DC PLUG); and Stormwater Permit Compliance Enterprise Fund established for reducing stormwater pollution.

Payment in Lieu of Taxes (PILOT)

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

Tobacco Settlement

This portion of the fund balance is restricted to pay future debt service and related expenses associated with the 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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, 2022, 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 90.

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 90.

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 2022 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.

Housing Production Trust Fund

This portion of the fund balance, which represents 50.00% of all unassigned amounts in the unrestricted fund balance of the General Fund, is to be deposited in the Housing Production Trust Fund, provided that, at the close of a fiscal year, the District has fully funded the Emergency, Contingency, Fiscal Stabilization and Cash Flow Reserves.

Pay-as-you-go Capital Projects

This portion of the fund balance, which represents 50.00% of all unassigned amounts in the fund balance of the General Fund, is reserved for Pay-as-you-go (Paygo) capital projects, provided that, at the close of a fiscal year, the District has fully funded the Emergency, Contingency, Fiscal Stabilization and Cash Flow Reserves.

Other Special Purposes

This portion of the fund balance is committed to activities financed by specific sources of revenues as authorized by formal action of the Council. For example, the Renewable Energy Development Fund, which is administered by the Department of Energy and Environment, was established to support the creation of new solar energy sources, including the use of electrical upgrades, structural improvements, 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2022, the unassigned fund balance of the District included:

Federal and Private Resources

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

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.

Additional information about fund balances of the District is presented in **Table N10-1** on page 156.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 contingency cash reserve to the required 2.00% balance. The District should choose the option that involves the lesser amount.
- If the District replenishes only 50.00% 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.

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.

U. POSTEMPLOYMENT BENEFITS

Defined Benefit Pension Plans

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

The 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 page 143 through 150.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

retirement programs sponsored by the District such as IRC Section 403(b) and IRC Section 457 are presented in Note 8 on pages 143 through 150.

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 151 through 155.

V. USE OF ESTIMATES

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

W. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds Balance Sheet includes a reconciliation between total fund balances of governmental funds and net position of governmental activities as reported in the government-wide Statement of Net Position. This reconciliation is presented in Exhibit 2-a on page 58.

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 60.

X. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

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

Table N1-2
Reconciliation of Budgetary Basis to GAAP Basis (\$000s)

	General Fund	Federal and Private Resources
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	\$ 1,637,556	\$ (215,855)
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	4,801	24,431
Transfers/Reclassifications	13,674	(12,383)
Fund balance released from restrictions - a funding source for budgetary purposes but not revenue on a GAAP basis	(362,432)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses - GAAP basis	\$ 1,293,599	\$ (203,807)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Y. RESTATEMENT

The District implemented GASB Statement No. 87, *Leases*, in fiscal year 2022. As a result of this implementation, beginning balances of right-to-use assets, long-term lease liabilities, long-term lease receivables and deferred inflows of resources for leases were established at October 1, 2021. **Table N1-3, N1-4, and N1-5** present the cumulative effects of the change in accounting principle for the primary government, component units, and fiduciary funds, respectively.

These changes are the result of the cumulative effect of the recognition of the right-to-use assets, lease liabilities, lease receivables, and deferred inflows of resources related to lease contracts the District entered into both as a lessee and a lessor. The District did not

restate the fiscal year 2021 amounts as shown in the summarized comparative totals column within the statements of flow of resources, as it was not practical.

In fiscal year 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The District inadvertently did not report the custodial fund in accordance with GASB Statement No. 84 in fiscal year 2021. In fiscal year 2022, the District undertook corrective actions to properly present the fund in accordance with GASB Statement No. 84. As a result of the cumulative effect of the error correction, the net position for the custodial fund increased by \$77,480 on October 1, 2021.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Table N1-3
Cumulative effect of GASB Statement No. 87 - Primary Government (\$000s)

	Primary Government								
	Governmental Activities			Business-Type Activities			Total		
	Balance October 1, 2021, as reported	Restatement	Balance October 1, 2021, as restated	Balance October 1, 2021, as reported	Restatement	Balance October 1, 2021, as restated	Balance October 1, 2021, as reported	Restatement	Balance October 1, 2021, as restated
Capital assets, net	\$ 15,954,039	\$ 793,416	\$ 16,747,455	\$ 62,610	\$ 3,983	\$ 66,593	\$ 16,016,649	\$ 797,399	\$ 16,814,048
Lease receivables	-	380,835	380,835	-	-	-	-	380,835	380,835
Long-term liabilities	14,010,571	793,416	14,803,987	21,968	3,983	25,951	14,032,539	797,399	14,829,938
Deferred inflows of resources - leases and loans	295,187	380,835	676,022	-	-	-	295,187	380,835	676,022

Table N1-4
Cumulative effect of GASB Statement No. 87 - Component Units (\$000s)

	Component Units											
	Housing Finance Agency			Washington Convention and Sports Authority			University of the District of Columbia			Total		
	Balance October 1, 2021, as reported	Restatement	Balance October 1, 2021, as restated	Balance October 1, 2021, as reported	Restatement	Balance October 1, 2021, as restated	Balance October 1, 2021, as reported	Restatement	Balance October 1, 2021, as restated	Balance October 1, 2021, as reported	Restatement	Balance October 1, 2021, as restated
Lease receivables - current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,206	\$ 3,206	\$ -	\$ 3,206	\$ 3,206
Capital assets, net	2,198	196	2,394	-	-	-	247,487	47,812	295,299	819,658	48,008	867,666
Lease receivables - noncurrent	-	-	-	83	18,278	18,361	-	20,206	20,206	83	38,484	38,567
Other current liabilities	151,244	37	151,281	-	-	-	2,474	6,554	9,028	161,552	6,591	168,143
Other long-term liabilities	-	156	156	-	-	-	-	41,257	41,257	11,426	41,413	52,839
Deferred inflows of resources	-	-	-	-	18,278	18,278	-	23,412	23,412	-	41,690	41,690
Net position	155,554	4	155,558	336,490	-	336,490	353,413	-	353,413	1,005,253	4	1,005,257

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. 87.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Table N1-5
Cumulative effect of GASB Statement No. 87 - Fiduciary Funds - Pension (and Other Employee Benefit) Trust Funds (\$000s)**

	Fiduciary Funds - Pension (and Other Employee Benefit) Trust Funds								
	Police Officers and FireFighters			Teachers			Total		
	Balance October 1, 2021, as reported	Restatement	Balance October 1, 2021, as restated	Balance October 1, 2021, as reported	Restatement	Balance October 1, 2021, as restated	Balance October 1, 2021, as reported	Restatement	Balance October 1, 2021, as restated
Capital assets, net	\$ 55	\$ 8,471	\$ 8,526	\$ 20	\$ 3,156	\$ 3,176	\$ 75	\$ 11,627	\$ 11,702
Other long-term liabilities (effect of lease liability)	-	9,328	9,328	-	3,475	3,475	-	12,803	12,803
Net position	7,991,994	(857)	7,991,137	2,944,884	(319)	2,944,565	15,960,604	(1,176)	15,959,428

Note:
Total column consists of all Fiduciary Funds - Pension (and Other Employee Benefit) Trust Funds presented on Exhibit C-1, including those that did not require restatement for the implementation of GASB Statement No. 87.

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, 2022, 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 1997 (DC Law 12-56). As of September 30, 2022, the carrying amount of cash and cash equivalents was \$7,975,144 for the primary government, \$240,942 for the component units, and \$364,866 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 1997 (DC Law 12-56) 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 2022, 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, 2022.

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

	Exhibit 1-a			Exhibit 4-a				
	Primary Government	Component Units	Total Government Wide	Pension/ Other Employee Benefits Trust Funds	Private-Purpose Trust Fund	Custodial Fund	Total Fiduciary Funds	Total
Cash and cash equivalents	\$ 4,569,148	\$ 148,309	\$ 4,717,457	\$ -	\$ -	\$ -	\$ -	\$ 4,717,457
Investments	-	320,070	320,070	-	-	-	-	320,070
Cash and cash equivalents (restricted)	3,405,996	92,633	3,498,629	285,176	1,576	78,114	364,866	3,863,495
Investments (restricted)	4,576	426,507	431,083	13,509,202	945,018	-	14,454,220	14,885,303
Total	\$ 7,979,720	\$ 987,519	\$ 8,967,239	\$ 13,794,378	\$ 946,594	\$ 78,114	\$ 14,819,086	\$ 23,786,325

NOTE 2. CASH AND INVESTMENTS

Table N2-2 presents the District's cash, cash equivalents and investment balances by category as of September 30, 2022.

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

	Primary Government	Component Units	Fiduciary Funds	Total
Cash and cash equivalents	<u>\$ 7,975,144</u>	<u>\$ 240,942</u>	<u>\$ 364,866</u>	<u>\$ 8,580,952</u>
Investments				
U.S. government securities	-	11,870	-	11,870
U.S. treasury securities	-	169,878	-	169,878
Certificates of deposit	-	7,462	-	7,462
Mortgage-backed securities	2,837	12,390	-	15,227
Guaranteed investment contracts	-	-	203,984	203,984
Repurchase agreements	-	32,821	-	32,821
Exchange traded funds	1,531	-	-	1,531
Alternative investments	-	5,273	-	5,273
Commodities	-	1,465	58,116	59,581
Equity securities	208	42,560	8,004,948	8,047,716
Fixed income securities	-	15,865	3,318,471	3,334,336
Real estate	-	1,473	1,261,274	1,262,747
Private equity	-	-	1,198,075	1,198,075
Corporate securities	-	43,029	-	43,029
Investment contracts	-	147,867	-	147,867
Money market funds	-	253,001	409,352	662,353
Mutual funds	-	1,623	-	1,623
Total investments	<u>4,576</u>	<u>746,577</u>	<u>14,454,220</u>	<u>15,205,373</u>
Total cash, cash equivalents and investment	<u>\$ 7,979,720</u>	<u>\$ 987,519</u>	<u>\$ 14,819,086</u>	<u>\$ 23,786,325</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, 2022 and 2021.

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

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Cash and cash equivalents	\$ 228,526	\$ 87,331
Investments		
Domestic equity	2,011,329	2,648,381
International equity	2,411,300	3,209,598
Fixed income	2,383,938	3,073,368
Real assets	1,261,119	1,002,358
Private equity	1,198,075	943,089
Total investments	<u>9,265,761</u>	<u>10,876,794</u>
Total cash, cash equivalents and investments	<u>\$ 9,494,287</u>	<u>\$ 10,964,125</u>

Other Postemployment Benefits Fund

During fiscal year 2022, the OPEB Fund maintained certain cash, cash equivalents and investment balances.

Table N2-5 presents the OPEB Fund cash, cash equivalents and investment balances as of September 30, 2022 and 2021.

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

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Cash and cash equivalents	\$ 56,650	\$ 57,134
Investments		
Equities	964,758	1,256,183
Debt securities	581,958	670,064
Commodities	58,116	51,585
Total investments	<u>1,604,832</u>	<u>1,977,832</u>
Total cash, cash equivalents and investments	<u>\$ 1,661,482</u>	<u>\$ 2,034,966</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, 2022, 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 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 2022 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, 2022, the OPEB Fund had custodial credit risk exposure totaling \$56,650.

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, 2022, 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, 2022, 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 Barclays Capital U.S. Universal Index. To mitigate interest rate risk, the fixed income segment is expected to maintain a weighted average duration (sensitivity to interest rate changes) within +/-2 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)

As of September 30, 2022, the District had no exposure to foreign currency risk.

District Retirement Funds

As a general policy of DCRB, investment managers with authority to invest in 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, 2022.

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

Foreign currency	Private Equity	Real Assets	Short-Term and Other	Total
Euro	\$ 116,211	\$ 60,386	\$ 42	\$ 176,639
Canadian dollar	50,631	-	-	50,631
British pound sterling	30,020	-	8,316	38,336
Total foreign currency	\$ 196,862	\$ 60,386	\$ 8,358	\$ 265,606

NOTE 2. CASH AND INVESTMENTS

OPEB Fund

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

Table N2-7 presents OPEB Fund investments denominated in a currency other than the United States dollar as of September 30, 2022.

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

International securities	Short-Term and Cash	Convertible and Fixed Income	Total
Australian dollar	\$ 1,113	\$ 5,993	\$ 7,106
Brazilian real	210	-	210
British pound sterling	(157)	5,164	5,007
Canadian dollar	207	4,516	4,723
Chilean peso	116	-	116
Chinese yuan renminbi	-	160	160
Euro	159	50,228	50,387
Indian rupee	24	-	24
Indonesian rupiah	6	1,537	1,543
Japanese yen	286	26,372	26,658
Malaysian ringgit	12	873	885
Mexican peso	(26)	-	(26)
New Taiwan dollar	231	-	231
New Zealand dollar	214	305	519
Polish zloty	30	-	30
Russian ruble	58	-	58
Singapore dollar	(3)	-	(3)
South African rand	132	-	132
South Korean won	752	8,265	9,017
Swiss Franc	95	-	95
Thai Baht	-	646	646
Total international securities	\$ 3,459	\$ 104,059	\$ 107,518

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, 2022.

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

	September 30, 2022	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	\$ 208	\$ 208	\$ -	\$ -
Exchange traded funds				
U.S. government bond funds	364	364	-	-
International equity funds	191	191	-	-
U.S. equity funds	233	233	-	-
Corporate bond funds	580	580	-	-
High yield bond funds	73	73	-	-
Commodity funds	90	90	-	-
Total exchange traded funds	<u>1,531</u>	<u>1,531</u>	<u>-</u>	<u>-</u>
Non-exchange traded funds				
Mortgage-backed securities	2,837	-	2,837	-
Commercial paper	7,879	-	7,879	-
Total non-exchange traded funds	<u>10,716</u>	<u>-</u>	<u>10,716</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 12,455</u>	<u>\$ 1,739</u>	<u>\$ 10,716</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. A basket of assets that is traded like an index fund.

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.

Commercial Paper

Commercial paper is an unsecured short-term promissory note for a specific amount, maturing on a specific day, and is rated by all nationally recognized rating agencies.

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, 2022.

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

	September 30, 2022	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	\$ 256,673	\$ 236,079	\$ 8,322	\$ 12,272
International equity	208,485	6,913	-	201,572
Fixed income	694,966	-	296,952	398,014
Real assets	1,062,838	-	-	1,062,838
Private equity	1,198,075	-	-	1,198,075
Total investments by fair value level	3,421,037	\$ 242,992	\$ 305,274	\$ 2,872,771
Investments measured at the net asset value (NAV)				
Domestic equity	1,754,656			
International equity	2,202,815			
Fixed income	1,688,972			
Real assets	198,281			
Total investments measured at the net asset value (NAV)	5,844,724			
Total investments measured at fair value	\$ 9,265,761			

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.

Real Assets

Real assets investments are generally valued using the income approach by internal manager reviews or independent external appraisers. The private equity program spans a range of underlying strategies including buyouts, growth equity/venture, private debt, secondaries, and fund-of-funds. The real asset program includes investments in a broad range of real estate strategies (i.e., core, value-added, opportunistic), infrastructure, and natural resources funds.

NOTE 2. CASH AND INVESTMENTS

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

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

	September 30, 2022	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at the NAV				
Domestic equity	\$ 1,754,656	\$ -	Daily, quarterly	0-5 days
International equity	2,202,815	-	Daily, monthly	1-10 days
Fixed income	1,688,972	-	Daily, monthly	0-5 days
Real assets	198,281	-	Daily, quarterly	0-45 days
Total investments measured at the NAV	\$ 5,844,724	\$ -		

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, 2022, 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, 2022.

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

	September 30, 2022	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	\$ 107,919	\$ 107,919	\$ -	\$ -
Consumer retail	68,867	68,867	-	-
Information technology	85,871	85,871	-	-
Financial institutions	76,011	76,011	-	-
Healthcare	58,196	58,196	-	-
International equities (by Industry)				
Industrials	4,402	4,402	-	-
Consumer retail	18,287	18,287	-	-
Healthcare	4,480	4,480	-	-
Real estate investment trust securities	12,208	12,208	-	-
Total equity securities	<u>436,241</u>	<u>436,241</u>	<u>-</u>	<u>-</u>
Debt securities				
U.S. government issues	104,220	-	104,220	-
Corporate bonds	41,983	-	41,983	-
Credit card/automotive receivables	11,852	-	11,852	-
U.S. state and local government bonds	4,538	-	4,538	-
International debt securities				
Government issues	78,258	-	78,258	-
Corporate bonds	34,863	-	34,863	-
Credit card/automotive receivables	1,663	-	1,663	-
Other government bonds	1,719	-	1,719	-
Mutual funds	29,650	29,650	-	-
Total debt securities	<u>308,746</u>	<u>29,650</u>	<u>279,096</u>	<u>-</u>
Commodity investments				
Gresham commodities fund	58,116	-	-	58,116
Total commodity investments	<u>58,116</u>	<u>-</u>	<u>-</u>	<u>58,116</u>
Total investments by fair value level	<u>803,103</u>	<u>\$ 465,891</u>	<u>\$ 279,096</u>	<u>\$ 58,116</u>
Investments measured at the Net Asset Value (NAV)				
SSgA emerging market index fund	67,236			
SSgA Russell 1000 growth fund	237,604			
SSgA Russell 2000 index fund	96,586			
SSgA U.S. aggregate bond index fund	246,061			
Baillie Gifford international growth equity	63,694			
Artisan international value equity	63,397			
BlueBay emerging market bond	27,152			
Total investments measured at the NAV	<u>801,730</u>			
Total investments measured at fair value	<u>\$ 1,604,833</u>			
Investment derivative instruments				
Interest rate swaps	\$ (68)	\$ -	\$ (68)	\$ -
Credit defaults swaps	(5)	-	(5)	-
Foreign exchange forwards	(966)	-	(966)	-
Total investment derivative instruments	<u>\$ (1,039)</u>	<u>\$ -</u>	<u>\$ (1,039)</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 are 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 the NAV

This investment category consists of seven funds that include relative return and absolute return type funds. The absolute return type funds employ dynamic trading strategies aimed at achieving 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 the NAV per share of the investments.

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

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

	September 30, 2022	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at the NAV				
SSgA emerging market index fund	\$ 67,236	\$ -	Daily	N/A
SSgA Russell 1000 growth fund	237,604	-	Daily	N/A
SSgA Russell 2000 index fund	96,586	-	Daily	N/A
SSgA U.S. aggregate bond index fund	246,061	-	Daily	N/A
Baillie Gifford international growth equity	63,694	-	Monthly	5 days
Artisan international value equity	63,397	-	Monthly	5 days
BlueBay emerging market bond	27,152	-	Daily	N/A
Total investments measured at the NAV	\$ 801,730	\$ -		

SSgA Emerging Market Index Fund

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

SSgA Russell 1000 Growth Fund

This fund is managed using an “indexing” investment approach, by which SSgA attempts to match, before expenses, the performance of the Russell 1000 Growth Index over the long term. SSgA will typically attempt to invest in the equity securities comprising the Index, in approximately the same proportions as they are represented in the Index. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. The strategy may purchase securities in their initial public offerings (IPOs). In some cases, it may not be possible or practicable to purchase all the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. The strategy may 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.

NOTE 2. CASH AND INVESTMENTS

SSgA Russell 2000 Index Fund

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

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.

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, 2022, 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, 2022 (\$000s)

	Changes in Fair Value		Fair Value at September 30, 2022		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	\$ (1,530)	Swap	\$ (420)	\$ 14,818
2021B (formerly Series 2002-2008C, 2014B, then 2016C) Swap	Deferred outflows	(13,769)	Swap	(3,782)	133,358
Derivative instrument liabilities at end of year				\$ (4,202)	
Floating to floating interest rate swaps:					
2001C/D Basis Swap	Investment revenue	\$ (470)	Swap	\$ 47	\$ 76,055
Derivative instrument assets at end of year				\$ 47	

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 expected swap cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the yield curve are the market best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the swaps, where future amounts (the expected swap cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of non-performance associated with the cash flows, and time value of money. Where applicable under the income approach, the option pricing model technique, such as the Black-Derman-Toy model or other appropriate option pricing model, is used. The observability of inputs used to perform the measurement results in the swap fair values were categorized as Level 2.

NOTE 2. CASH AND INVESTMENTS

Objectives and Terms of Hedging Derivative Instruments

Table N2-14 presents the objectives and terms of the hedging derivative instruments outstanding for the District as of September 30, 2022, along with the credit rating of the associated counterparty.

Table N2-14
Objectives and Terms: District Hedging Derivative Instruments Outstanding
as of September 30, 2022 (\$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)	\$ 14,818	10/15/2002	06/01/2027	Pay fixed rate of 3.615%; receive 67% of 1-month LIBOR	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)	133,358	10/15/2002	06/01/2027	Pay fixed rate of 3.615%; receive 67% of 1-month LIBOR	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	76,055	06/02/2003	06/01/2029	Pay 67% of LIBOR; receive variable rate as a percentage of the actual LIBOR reset each month ranging from 60% to 90% of LIBOR	Aa2/A+/AA

NOTE 2. CASH AND INVESTMENTS

Risks

Credit Risk

The interest rate swaps mark-to-market values represent the obligation of the District to the respective counterparties at termination of the swap agreements. The District is exposed to credit risk when hedging derivative instruments have positive mark-to-market values (or are in asset positions). To minimize its exposure to loss related to credit risk, the District diversified its counterparties and as such, has a different counterparty for each of its outstanding swaps. The credit ratings of each of the counterparties as of September 30, 2022, were as presented in **Table N2-14**.

As of September 30, 2022, the District was not exposed to credit risk on the two floating to fixed swaps with an aggregate negative mark-to-market of \$4,202 because each of these swaps had a negative mark-to-market value. However, should interest rates change and the mark-to-market value of any of these swaps become positive, the District would be exposed to credit risk in the amount of the positive mark-to-market value. The District was exposed to credit risk on the floating-to-floating interest rate swap with a positive mark-to-market value of \$47. Any positive mark-to-market value represents the approximate loss that would be recognized if the counterparty to the District failed to perform as contracted. In each of the District swap agreements, the payments are netted against the obligations within each swap. As such, if the District is owed any payment due to an event of default by the counterparty, that payment can be netted against any outstanding obligations within that specific swap agreement.

Interest Rate Risk

The District is exposed to interest rate risk on its interest rate swaps. As the LIBOR or the Securities Industry and Financial Markets Association (SIFMA) swap index decreases, the District net payment on its pay-fixed receive variable interest rate swaps increases.

The District entered into a floating-to-floating rate swap in connection with its \$214,155 Multimodal General Obligation Bonds, Series 2001C and its \$69,715 Multimodal General Obligation Refunding Bonds, Series 2001D (2001C/D Swap). As of September 30, 2022, the notional amount of the 2001C/D Swap was \$76,055. The District pays the counterparty 67% of LIBOR, and the counterparty pays the District a variable rate as a percentage of the actual LIBOR reset each month. The original swap agreement was executed on December 6, 2001, and the District entered into an enhanced swap agreement on June 2, 2003. The

2001C/D swap matures in June 2029. As of September 30, 2022, this interest rate swap had a fair value of \$47.

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 LIBOR as is the variable swap rate received. Consequently, as of September 30, 2022, 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 2022.

NOTE 2. CASH AND INVESTMENTS

District of Columbia Fiduciary Funds

District Retirement Funds Derivative Instruments

During fiscal year 2022, 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, 2022.

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

Type of Derivative Instruments	Market Value at September 30, 2022
Forwards	\$ 43,038
Liabilities - forwards	(43,219)
Rights/warrants	11,632
Swaps	(394)
Total	\$ 11,057

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

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

Other Postemployment Benefits Fund 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. Derivative instruments are financial contracts, the values of which depend on the value of one or more underlying assets, reference rates, or financial indices. During fiscal year 2022, the OPEB Fund invested directly in forward currency contracts.

As of September 30, 2022, OPEB had two types of off-balance sheet derivative financial instruments outstanding: swaps and currency forwards. The interest rate swaps and credit default swaps are used to hedge interest rate and credit exposure risks. Currency forwards represent foreign exchange contracts that are used to affect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies, against fluctuations in the exchange rates of those currencies; or to gain exposure to the change in market value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over the counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates.

All OPEB derivative instruments include provisions that require OPEB to post collateral in the event that its credit rating falls below "AA" as issued by Standard & Poor's, or "Aa" as issued by Moody's Investors Services. The collateral posted is to be in the form of U.S. Treasury funds in the amount of the fair value of hedging derivative instruments in liability positions, net of the effect of applicable netting arrangements. If OPEB does not post collateral, the counterparty may terminate the hedging derivative instrument. If the collateral posting requirements were triggered, OPEB would be required to post the aggregate fair value in collateral to its counterparties. The District had a rating of "Aaa" for both fiscal years 2022 and 2021; therefore, no collateral had been required to be posted as of September 30, 2022. The net unrealized loss on foreign currency forward contracts for the year ended September 30, 2022 was \$966.

NOTE 2. CASH AND INVESTMENTS

Table N2-16 presents a list of the OPEB Fund derivative instruments aggregated by type as of September 30, 2022.

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, 2022		Notional
	Classification	Amount	Classification	Amount	
Credit default swaps written	Investment revenue	\$ 319	Swaps	\$ (5)	\$ 148,014
Fixed income futures long	Investment revenue	(768)	Futures	-	-
Fixed income futures short	Investment revenue	11	Futures	-	-
Foreign exchange forwards	Investment revenue	(1,004)	Forwards	(966)	180,642
Pay fixed interest rate swaps	Investment revenue	754	Swaps	1,458	-
Receive fixed interest rate swaps	Investment revenue	(1,057)	Swaps	(1,526)	-
Total		\$ (1,745)		\$ (1,039)	

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 2022, the District Retirement Funds did not participate in any securities lending transactions.

NOTE 3. RESTRICTED ASSETS

As of September 30, 2022, restricted assets of the primary government, component units, and fiduciary funds totaled \$18,748,798.

Table N3-1 presents a summary of District restricted assets as of September 30, 2022.

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	\$ 436,791	\$ -	\$ -	\$ -	\$ -	\$ 436,791
Capital projects	-	-	-	356,665	16,271	372,936
Emergency cash reserves	165,130	-	-	-	-	165,130
Contingency cash reserves	330,259	-	-	-	-	330,259
Other	15,345	734,571	407,669	-	772,609	1,930,194
Total	\$ 947,525	\$ 734,571	\$ 407,669	\$ 356,665	\$ 788,880	\$ 3,235,310

	Business-Type Activities Proprietary Funds			
	Unemployment Compensation	Total	Fiduciary Funds	Component Units
Bond escrow accounts	\$ -	\$ -	\$ -	\$ 259,766
University endowment	-	-	-	36,139
Benefits	175,262	175,262	14,819,086	-
Purpose restrictions	-	-	-	223,235
Total	\$ 175,262	\$ 175,262	\$ 14,819,086	\$ 519,140

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, 2022.

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

	General	Federal and Private Resources	General Capital Improvements	Nonmajor Governmental Funds	Office of Lottery and Gaming	Unemployment Compensation	Not-for-Profit Hospital Corporation	Fiduciary Funds
Gross Receivables								
Taxes	\$ 582,127	\$ -	\$ -	\$ 5,319	\$ -	\$ -	\$ -	\$ -
Accounts and other	1,128,277	5,017	6,870	34,265	3,696	83,484	27,648	144,853
Lease receivable	407,133	19,227	-	-	-	-	-	-
Federal	720	927,431	105,805	-	-	5,439	-	972
Total gross receivables	2,118,257	951,675	112,675	39,584	3,696	88,923	27,648	145,825
Less: allowance for doubtful accounts	833,909	-	6,870	-	-	40,131	20,808	-
Total net receivables	\$ 1,284,348	\$ 951,675	\$ 105,805	\$ 39,584	\$ 3,696	\$ 48,792	\$ 6,840	\$ 145,825

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, 2022.

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

Transfer From (Out)	Transfer To (In)							Total
	General	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds	Unemployment Compensation	Not-for-Profit Hospital Corporation	
General Fund								
Motor fuel taxes dedicated to the Highway Trust Fund	\$ -	\$ -	\$ -	\$ 22,928	\$ 22,928	\$ -	\$ -	\$ 22,928
Paygo - projects financed by the General Fund	-	-	66,196	-	66,196	-	-	66,196
Capital Improvements Fund	-	-	368,414	-	368,414	-	-	368,414
Funds for housing projects and services	-	166,684	-	-	166,684	-	-	166,684
Operating subsidies	-	-	-	-	-	-	22,000	22,000
Total General Fund	-	166,684	434,610	22,928	624,222	-	22,000	646,222
Federal and Private Resources								
FEMA Public Assistance	165,988	-	-	-	165,988	-	-	165,988
American Rescue Plan Act (ARPA)	457,086	-	-	-	457,086	-	-	457,086
Total Federal and Private Resources	623,074	-	-	-	623,074	-	-	623,074
General Capital Improvements								
Unspent capital paygo transferred back to the General Fund	18,273	-	-	-	18,273	-	-	18,273
Total General Capital Improvements	18,273	-	-	-	18,273	-	-	18,273
Nonmajor Governmental Funds								
Excess collections above TIF debt service requirements	1,000	-	-	-	1,000	-	-	1,000
Funds for baseball debt service payments	56,395	-	-	14,617	71,012	-	-	71,012
Paid Family Leave Fund transfer to General Fund & Unemployment Compensation Fund	171,462	-	-	-	171,462	-	-	171,462
Total Nonmajor Governmental Funds	228,857	-	-	14,617	243,474	-	-	243,474
Total Governmental Funds	870,204	166,684	434,610	37,545	1,509,043	-	22,000	1,531,043
Office of Lottery and Gaming	40,670	-	-	-	40,670	-	-	40,670
Total Interfund Transfers	\$ 910,874	\$ 166,684	\$ 434,610	\$ 37,545	\$ 1,549,713	\$ -	\$ 22,000	\$ 1,571,713

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, 2022. 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	\$ 1,524	\$ 25,211	\$ 71,882	\$ 21,802
Federal and private resources	36	3,721	14,866	38
Housing production trust	-	-	5,826	-
General capital improvements	-	1,477	-	-
Nonmajor funds				
Tax increment financing	1,000	1,122	1,636	1,000
PILOT special revenue	-	-	1,422	-
Baseball special revenue	665	-	1,339	56,395
Universal paid leave fund	-	-	-	2,455
Highway trust	-	-	-	871
Proprietary funds				
Unemployment compensation	-	-	775	15,048
Not-for-profit hospital corporation	-	-	2	139
Component unit				
Health Benefit Exchange Authority	81	877	-	-
Washington Convention and Sports Authority	17,536	2,276	-	-
District of Columbia Green Finance Authority	5,000	-	-	-
Housing Finance Agency	2,893	-	-	-
University of the District of Columbia	6,021	72	-	-
Total	\$ 34,756	\$ 34,756	\$ 97,748	\$ 97,748

Note:

The above balances represent the impact of transactions among the funds and component units, which will be settled during fiscal year 2023.

NOTE 5. CAPITAL ASSETS

A. CAPITAL OUTLAYS

Capital outlays reported in the General Capital Improvements and Highway Trust Funds totaled \$1,615,696 during the fiscal year ended September 30, 2022. 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, 2021, as restated	Additions	Transfers	Dispositions	CIP Transfers In (Out)	Balance September 30, 2022
Non-depreciable capital assets						
Land	\$ 1,028,470	\$ 1,809	\$ -	\$ (87,560)	\$ 24,127	\$ 966,846
Construction in progress	1,652,242	980,980	-	-	(1,014,551)	1,618,671
Total non-depreciable capital assets	2,680,712	982,789	-	(87,560)	(990,424)	2,585,517
Depreciable/amortizable capital assets						
Infrastructure	7,899,349	-	-	-	333,398	8,232,747
Buildings	11,398,066	56,275	-	(5,658)	355,332	11,804,015
Equipment	2,103,130	7,333	-	(19,113)	301,694	2,393,044
Right-to-use leased buildings	785,212	375,304	-	-	-	1,160,516
Right-to-use leased equipment	8,204	10,777	-	-	-	18,981
Total depreciable/amortizable capital assets	22,193,961	449,689	-	(24,771)	990,424	23,609,303
Less accumulated depreciation/amortization						
Infrastructure	(3,556,648)	(207,186)	-	-	-	(3,763,834)
Buildings	(2,917,184)	(227,458)	-	1,368	-	(3,143,274)
Equipment	(1,653,386)	(128,390)	-	17,291	-	(1,764,485)
Right-to-use leased buildings	-	(107,309)	-	-	-	(107,309)
Right-to-use leased equipment	-	(5,580)	-	-	-	(5,580)
Total accumulated depreciation/amortization	(8,127,218)	(675,923)	-	18,659	-	(8,784,482)
Total depreciable/amortizable capital assets, net	14,066,743	(226,234)	-	(6,112)	990,424	14,824,821
Net governmental activities capital assets	\$ 16,747,455	\$ 756,555	\$ -	\$ (93,672)	\$ -	\$ 17,410,338

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, 2021, as restated	Additions	Transfers	Dispositions	CIP Transfers In (Out)	Balance September 30, 2022
Governmental direction and support	\$ 3,826,977	\$ 394,110	\$ -	\$ (227)	\$ 63,604	\$ 4,284,464
Economic development and regulation	638,447	39,426	-	(87,560)	23,476	613,789
Public safety and justice	1,410,157	4,221	-	(2,864)	42,846	1,454,360
Public education system	7,565,084	13,204	-	(9,537)	234,640	7,803,391
Human support services	890,694	41	-	-	295,077	1,185,812
Operations and infrastructure	8,891,072	496	-	(12,143)	354,908	9,234,333
Construction in progress	1,652,242	980,980	-	-	(1,014,551)	1,618,671
Total	\$ 24,874,673	\$ 1,432,478	\$ -	\$ (112,331)	\$ -	\$ 26,194,820

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, 2021	Additions	Transfers	Dispositions	Balance September 30, 2022
Accumulated depreciation/amortization					
Governmental direction and support	\$ 1,400,241	\$ 171,631	\$ -	\$ (95)	\$ 1,571,777
Economic development and regulation	77,997	7,684	-	-	85,681
Public safety and justice	663,980	43,590	-	(2,536)	705,034
Public education system	1,602,309	161,165	-	(8,529)	1,754,945
Human support services	367,516	50,564	-	-	418,080
Operations and infrastructure	4,015,175	241,289	-	(7,499)	4,248,965
Total accumulated depreciation/amortization	\$ 8,127,218	\$ 675,923	\$ -	\$ (18,659)	\$ 8,784,482

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, 2021, as restated	Additions	Transfers/ Dispositions	Balance September 30, 2022
Non-depreciable capital assets:				
Land	\$ 8,100	\$ -	\$ -	\$ 8,100
Construction in progress	1,931	18	(1,949)	-
Total non-depreciable capital assets	10,031	18	(1,949)	8,100
Depreciable/amortizable capital assets:				
Buildings and improvements	87,461	120	1,949	89,530
Equipment	69,226	1,095	(2,882)	67,439
Right-to-use leased equipment	3,983	-	-	3,983
Total depreciable/amortizable capital assets	160,670	1,215	(933)	160,952
Less accumulated depreciation/amortization for:				
Buildings and improvements	(45,821)	(8,088)	-	(53,909)
Equipment	(58,287)	(6,268)	2,882	(61,673)
Right-to-use leased equipment	-	(1,328)	-	(1,328)
Total accumulated depreciation/amortization	(104,108)	(15,684)	2,882	(116,910)
Total depreciable/amortizable, net	56,562	(14,469)	1,949	44,042
Net capital assets	\$ 66,593	\$ (14,451)	\$ -	\$ 52,142

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, 2021	Additions/ Adjustments	CIP Transfers/ Dispositions	Balance September 30, 2022
Primary government				
Governmental direction and support				
Finance	\$ 38,597	\$ 25,414	\$ -	\$ 64,011
Legislative	1,838	(1,768)	(70)	-
Administrative	102,030	58,719	(63,535)	97,214
Executive	485	1,253	-	1,738
Elections	232	742	-	974
Total	<u>143,182</u>	<u>84,360</u>	<u>(63,605)</u>	<u>163,937</u>
Economic development and regulation				
Community development	148,532	36,837	(23,476)	161,893
Economic regulation	2,431	366	-	2,797
Total	<u>150,963</u>	<u>37,203</u>	<u>(23,476)</u>	<u>164,690</u>
Public safety and justice				
Police	14,434	19,418	(12,935)	20,917
Fire	16,938	21,845	(16,152)	22,631
Corrections	10,636	9,200	(13,758)	6,078
Protection	-	244	-	244
Health and welfare	223	326	-	549
Total	<u>42,231</u>	<u>51,033</u>	<u>(42,845)</u>	<u>50,419</u>
Public education system				
Schools	38,093	232,873	(165,696)	105,270
Culture	40,987	22,475	(6,863)	56,599
Employment services	10,239	5,824	(355)	15,708
Recreation	52,936	40,048	(61,727)	31,257
Total	<u>142,255</u>	<u>301,220</u>	<u>(234,641)</u>	<u>208,834</u>
Human support services				
Health and welfare	284,260	100,600	(295,077)	89,783
Human relations	1,029	1,051	-	2,080
Total	<u>285,289</u>	<u>101,651</u>	<u>(295,077)</u>	<u>91,863</u>
Operations and infrastructure				
Environmental	887,552	404,721	(354,907)	937,366
Economic regulation	770	792	-	1,562
Total	<u>888,322</u>	<u>405,513</u>	<u>(354,907)</u>	<u>938,928</u>
Total construction in progress	<u>\$ 1,652,242</u>	<u>\$ 980,980</u>	<u>\$ (1,014,551)</u>	<u>\$ 1,618,671</u>

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, 2021, as restated	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2022
Non-depreciable capital assets					
Land	\$ 12,814	\$ -	\$ -	\$ -	\$ 12,814
Artwork	3,222	-	-	-	3,222
Construction in progress	27,631	21,364	-	(10,307)	38,688
Total non-depreciable capital assets	43,667	21,364	-	(10,307)	54,724
Depreciable/amortizable capital assets					
Buildings and improvements	1,459,099	3,161	(33,425)	10,307	1,439,142
Equipment	216,044	4,305	(776)	-	219,573
Right-to-use leased land	8,012	-	-	-	8,012
Right-to-use leased buildings	58,439	-	-	-	58,439
Right-to-use leased equipment	2,693	-	-	-	2,693
Total depreciable/amortizable capital assets	1,744,287	7,466	(34,201)	10,307	1,727,859
Less accumulated depreciation/amortization					
Buildings and improvements	(770,224)	(54,732)	9,100	-	(815,856)
Equipment	(139,095)	(21,203)	776	-	(159,522)
Right-to-use leased land	(122)	(142)	3	-	(261)
Right-to-use leased buildings	(10,435)	(7,297)	-	-	(17,732)
Right-to-use leased equipment	(412)	(467)	-	-	(879)
Total accumulated depreciation/amortization	(920,288)	(83,841)	9,879	-	(994,250)
Total depreciable/amortizable capital assets, net	823,999	(76,375)	(24,322)	10,307	733,609
Net governmental activities capital assets	\$ 867,666	\$ (55,011)	\$ (24,322)	\$ -	\$ 788,333

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, 2021, as restated	Additions	Transfers/ Dispositions	Balance September 30, 2022	Balance October 1, 2021, as restated	Additions	Transfers/ Dispositions	Balance September 30, 2022	Balance October 1, 2021, as restated	Additions	Transfers/ Dispositions	Balance September 30, 2022
Health Benefit Exchange Authority	\$ 122,899	\$ -	\$ -	\$ 122,899	\$ (75,218)	\$ (12,290)	\$ -	\$ (87,508)	\$ 47,681	\$ (12,290)	\$ -	\$ 35,391
Washington Convention and Sports Authority	1,162,554	9,923	(33,425)	1,139,052	(640,262)	(45,234)	9,100	(676,396)	522,292	(35,311)	(24,325)	462,656
Housing Finance Agency	7,688	248	(776)	7,160	(5,294)	(337)	776	(4,855)	2,394	(89)	-	2,305
University of the District of Columbia	494,813	18,659	-	513,472	(199,514)	(25,980)	3	(225,491)	295,299	(7,321)	3	287,981
Total	\$ 1,787,954	\$ 28,830	\$ (34,201)	\$ 1,782,583	\$ (920,288)	\$ (83,841)	\$ 9,879	\$ (994,250)	\$ 867,666	\$ (55,011)	\$ (24,322)	\$ 788,333

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, 2022, the aggregate outstanding principal amount associated with the Industrial Revenue Bond Program was approximately \$4,441,309. Such amounts are not reflected as liabilities of the District in the accompanying government-wide Statement of Net Position as of September 30, 2022.

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, 2022, the aggregate outstanding principal amount for Enterprise Zone Facility Bonds was \$6,989. Such amounts are not reflected as liabilities of the District in the accompanying government-wide Statement of Net Position as of September 30, 2022.

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, 2022, the aggregate outstanding principal amount for TIF Notes was \$36,893. 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, 2022.

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. 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, which are subordinate to the pledge of such revenues to the TIF Bonds that were issued to finance the Mandarin Oriental Hotel. In fiscal year 2022, the District prepaid \$12,100 of principal on the Series 2007A Note. The additional payment was made from excess incremental revenues previously accrued within the Verizon Revenue Fund. As of September 30, 2022, the outstanding principal amount for the DC Arena L.P. Project was \$35,230.

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, 2022, the outstanding principal amount for the Georgia Avenue Retail Project was \$1,663.

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 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, 2022, the aggregate outstanding principal amount for PILOT Notes was \$4,210. 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, 2022.

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, 2022, the outstanding principal amount for the Foundry Lofts Project was \$4,210.

Rhode Island Metro Plaza Project PILOT Note

In August 2011, the Mayor executed a revised PILOT Revenue Note for the Rhode Island Metro Plaza Project, Series 2010, in the amount of \$7,200. The Note had an interest rate of 5.78%. The Note allowed prepayment of principal from PILOT revenues in excess of scheduled debt service. As a result of principal prepayments, the Note was fully paid in fiscal year 2022.

Southwest Waterfront Project Revenue Bonds

In August 2022, the District issued \$3,763 in Southwest Waterfront Project Revenue Bonds Series 2022 (The Wharf Project Bonds). The Wharf Project Bonds were issued as developer-held bonds with an interest rate of 2.85% and a maturity date of November 30, 2022. The Wharf Project Bonds were fully paid off in fiscal year 2022 with excess incremental revenues previously accrued into the Redemption Fund. Proceeds from the Wharf Project Bonds funded the construction of infrastructure within the Wharf Phase II project.

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%

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

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

Pursuant to an agreement dated October 26, 2010, the District and the Washington Convention and Sports Authority (WCSA), t/a Events DC, as landlords, leased land to HQ Hotel, LLC (tenant) for a period of 99 years in connection with the development and operation of a convention center hotel. The lease payments were structured to repay the District and WCSA for their costs of acquiring the land and structures for the hotel. All lease payments were dedicated to the repayment of the WCSA bonds issued to finance the hotel. The land is to be continuously used for the operation of the hotel, including any associated ancillary uses and amenities.

In accordance with this lease agreement, the tenant exercised a purchase option, and ownership of the land was conveyed to HQ Hotel, LLC in June 2022.

- Lease payments to the District began on June 1, 2017. The final monthly payment in June 2022 was \$364.
- Lease payments to WCSA began on October 1, 2014. The final monthly payment in June 2022 was \$236.

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

The District, through its Office of the State Superintendent of Education (OSSE), Office of Public Charter School Financing and Support, provides enhanced credit, lease guarantees, and access to financial assistance to eligible public charter schools for the acquisition, renovation, and/or construction of school facilities. As of September 30, 2022, the total outstanding guaranteed amount under credit enhancement facility agreements was \$4,200.

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 2022, 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, 2022, 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, 2022
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, National Association	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
Total outstanding guarantee amount						\$ 4,200

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, 2022.

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

Project	Type of Financing	Issuance Date	Maturity Date	Original Amount	Estimated Future Outflows at September 30, 2022
Capital One Arena (formerly the Verizon Center)	TIF Notes	December 2007	08/15/2047	\$ 50,000	\$ 2,957
				Total	\$ 2,957

Note:

Estimated 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, 2022, the total outstanding guaranteed amount under the cash collateral agreements by DCCSP was \$6,195.

During fiscal year 2022, 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, 2022, 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)

Borrower	Lender	Effective Date	Termination/ Maturity Date	Guarantee Amount	Outstanding Guarantee Amount at September 30, 2022
Line of credit					
Broughton Construction Company, LLC	Industrial Bank	04/01/2013	08/01/2029	\$ 750	\$ 630
Forney Enterprises, Inc.	Industrial Bank	04/15/2013	03/29/2023	500	474
Union Kitchen, LLC	Sandy Spring Bank	10/23/2015	12/01/2022	75	50
SwatchRoom, LLC	FVC Bank	06/20/2016	07/20/2023	150	150
Union Kitchen, LLC	Sandy Spring Bank	06/22/2016	06/22/2023	275	124
Lydia's House in Southeast	Industrial Bank	04/03/2017	07/03/2023	75	75
Broughton Construction Company, LLC	Industrial Bank	08/06/2019	08/06/2024	628	148
Swann Construction, Inc.	City First Enterprises, Inc.	08/30/2021	09/17/2023	75	75
Max Cybersecurity, LLC	City First Enterprises, Inc.	07/08/2021	12/27/2022	30	30
Core Architecture + Design, Inc	Sandy Spring Bank	03/04/2022	03/04/2023	200	200
Broughton Construction Company, LLC	Industrial Bank	04/05/2022	04/04/2025	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
David's Stars Child Development Center, Inc.	Latino Economic Development Corporation	09/06/2016	12/01/2022	25	25
VOW Transportation, LLC	City First Enterprises, Inc.	02/28/2017	12/01/2022	21	16
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 Enterprises, Inc.	04/12/2021	04/11/2026	150	150
Union Kitchen, LLC	Sandy Spring Bank	09/09/2021	08/20/2028	600	600
Push Studio LLC	City First Enterprises, Inc.	12/02/2021	12/02/2025	25	25
National Children's Museum	United Bank	11/29/2021	11/28/2028	890	890
National Children's Museum	United Bank	11/29/2021	11/28/2028	890	890
Total outstanding guarantee amount					\$ 6,195

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, 2022.

**Table N7-1
Summary of Long-Term Liabilities Outstanding as of September 30, 2022 (\$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	\$ 165
2010A	12/22/2010	181,330	06/01/2023	1.91% - 5.92%	Build America Bonds - finance capital project expenditures	4,010
2013A	12/18/2013	495,425	06/01/2030	2.00% - 5.00%	Finance capital project expenditures	290,095
2014C	10/23/2014	379,355	06/01/2038	3.00% - 5.00%	Finance capital project expenditures	378,725
2014D	10/23/2014	136,190	06/01/2033	1.00% - 5.00%	Refund GO Bond Series 2008A and 2008D	90,805
2015A	06/24/2015	500,000	06/01/2040	4.00% - 5.00%	Finance capital project expenditures	443,905
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	384,970
2016D	12/20/2016	398,910	06/01/2041	3.00% - 5.00%	Finance capital project expenditures	366,160
2016E	12/20/2016	190,635	06/01/2033	5.00%	Advance Refund GO Bond Series 2007C	131,160
2017A	06/01/2017	563,520	06/01/2037	3.00% - 5.00%	Refund GO Bond Series 2007A and 2007B	545,530
2017D	12/21/2017	521,705	06/01/2042	4.00% - 5.00%	Finance capital project expenditures	491,630
2018A	08/01/2018	214,525	06/01/2043	5.00%	Finance capital project expenditures	202,010
2018B	08/01/2018	301,160	06/01/2033	3.00% - 5.00%	Refund GO Bond Series 2008E and 2008F	214,835
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	937,675
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	251,430
Total publicly offered						5,169,010

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 (2.46% as of September 30, 2022)	Finance capital project expenditures	99,985
2017C	11/21/2017	99,935	06/01/2033	Adjusted SIFMA Rate (2.46% as of September 30, 2022)	Refund IT Bond Series 2011E and 2014B	65,005
2021A	11/12/2021	170,610	06/01/2039	Adjusted SIFMA Rate (2.46% as of September 30, 2022)	Refund GO Bond Series 2016B	170,135
2021B	11/12/2021	174,675	06/01/2027	Adjusted SIFMA Rate (2.46% as of September 30, 2022)	Refund GO Bond Series 2016C	148,175
2021C	11/30/2021	350,000	11/01/2046	Adjusted SIFMA Rate (2.46% as of September 30, 2022)	Finance capital project expenditures	350,000
Total direct placements						<u>833,300</u>
Total general obligation bonds						<u>\$ 6,002,310</u>
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.	\$ 829
Total direct placements						<u>829</u>
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	\$ 409,375
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.	342,615
2012A-B	05/16/2012	314,110	12/01/2027	2.00% - 5.00%	Refund GO Bond Series 2002C, 2004A, 2005A. Pay for and/or reimburse capital projects costs and pay for the costs and expenses of delivering the bonds	27,765
2012C-D	11/28/2012	775,770	12/01/2037	2.00% - 5.00%	Finance capital project expenditures; current refund PILOT Revenue BANS, Series 2010; and pay for the costs and expenses of delivering the Bonds.	25,095
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	66,275

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
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	718,845
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	52,995
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	505,415
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	566,110
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	423,270
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	392,770
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	229,840
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						<u>\$ 5,216,810</u>
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	\$ 209,765
2006	08/30/2006	248,264	06/15/2055	6.25% - 7.25%	Pay the cash portion of the purchase price for the Residual Tobacco Assets, and pay certain costs of issuing the Bonds	248,264
Total tobacco settlement asset-backed bonds						<u>\$ 458,029</u>

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	\$ 35,430
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	20,580
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	17,300
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>88,088</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	16,718
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	2,060
Total direct placements						<u>18,778</u>
Total tax increment financing (TIF) bonds						<u><u>\$ 106,866</u></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	\$ 133,250
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						\$ 179,205
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	\$ 28,075
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	20,685
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	217,745
Total federal highway grant anticipation revenue bonds (GARVEE)						\$ 266,505
Deed tax revenue bonds (Housing production trust fund program)						
2010A-C	08/24/2010	53,190	06/01/2032	3.39% - 5.00%	Finance, refinance, reimburse a portion of the costs of the New Communities Initiatives and satisfy the debt service reserve requirement. The outstanding balance is related to Series 2010B.	\$ 1,445
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	31,350
Total deed tax revenue bonds (Housing production trust fund program)						\$ 32,795

NOTE 7. LONG-TERM LIABILITIES

Series	Issue Date	Issue Amount	Maturity Date	Interest Rate	Purpose	Balance
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)	\$ 132,060
Total publicly offered						<u>132,060</u>
Direct placements:						
Southwest Federal Center PILOT Revenue Note (The Yards Project) Series 2014	12/18/2014 12/17/2019 amended	62,800	12/01/2037	75.00% of the LIBOR 30-day index plus 1.70%	Financed with U.S. Bank National Association, to reimburse Forest City SEFC, LLC (Structured as a 5-year interest-only 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, 2022 is \$56,510).	24,214
Total direct placements						<u>24,214</u>
Total payment in lieu of taxes revenue bonds and notes						<u>\$ 156,274</u>
Total bonds and notes						<u>\$ 12,419,623</u>
Other long-term liabilities						
225 Virginia Avenue lease						\$ 65,714
Premium on long-term debt						1,340,661
Bond anticipation notes						134,665
Accreted interest						450,858
Lease liability						1,104,597
Long-term tax refunds						224,059
Annual leave						373,519
Disability compensation						66,242
Grant disallowances						2,945
Claims and judgments						97,018
Net pension liability						298,308
Net OPEB liability						173,193
Total other long-term liabilities						<u>\$ 4,331,779</u>
Total long-term liabilities – governmental activities						<u>\$ 16,751,402</u>
BUSINESS-TYPE ACTIVITIES						
Compensated absences						\$ 1,015
Lease liability						2,665
Estimated third-party settlements						10,547
Malpractice loss reserves						5,908
Total long-term liabilities – business-type activities						<u>\$ 20,135</u>

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 N7-20 present annual debt service requirements to maturity for the outstanding long-term liabilities of the District as of September 30, 2022.

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 183,035	\$ 249,926	\$ 432,961
2024	188,700	240,722	429,422
2025	202,055	231,106	433,161
2026	214,515	221,086	435,601
2027	214,230	210,403	424,633
2028-2032	1,275,350	879,972	2,155,322
2033-2037	1,634,190	525,451	2,159,641
2038-2042	948,000	186,990	1,134,990
2043-2046	308,935	24,357	333,292
Total	\$ 5,169,010	\$ 2,770,013	\$ 7,939,023

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 51,055	\$ 27,823	\$ 78,878
2024	43,080	28,617	71,697
2025	57,755	26,323	84,078
2026	46,245	24,049	70,294
2027	48,120	22,082	70,202
2028-2032	36,390	100,090	136,480
2033-2037	14,865	94,496	109,361
2038-2042	292,135	74,887	367,022
2043-2047	243,655	18,893	262,548
Total	\$ 833,300	\$ 417,260	\$ 1,250,560

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

Year Ended September 30	Principal
2023	\$ 276
2024	276
2025	277
Total	\$ 829

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 232,560	\$ 228,999	\$ 461,559
2024	253,395	228,537	481,932
2025	267,195	215,866	483,061
2026	265,765	203,302	469,067
2027	288,185	189,939	478,124
2028-2032	1,444,000	741,433	2,185,433
2033-2037	1,171,215	424,335	1,595,550
2038-2042	750,530	208,585	959,115
2043-2047	543,965	58,448	602,413
Total	\$ 5,216,810	\$ 2,499,444	\$ 7,716,254

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 63,520	\$ 14,104	\$ 77,624
2024	33,635	9,872	43,507
2025	34,145	7,601	41,746
2026	78,465	5,296	83,761
2046	159,733	1,697,592	1,857,325
2055	88,531	2,478,469	2,567,000
Total	\$ 458,029	\$ 4,212,934	\$ 4,670,963

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 850	\$ 1,763	\$ 2,613
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
2028-2032	8,265	6,620	14,885
2033-2037	10,530	4,353	14,883
2038-2041	10,520	1,382	11,902
Total	\$ 35,430	\$ 20,663	\$ 56,093

NOTE 7. LONG-TERM LIABILITIES

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 2,780	\$ 1,029	\$ 3,809
2024	2,920	890	3,810
2025	3,065	744	3,809
2026	3,215	591	3,806
2027	3,380	430	3,810
2028-2029	5,220	345	5,565
Total	\$ 20,580	\$ 4,029	\$ 24,609

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 510	\$ 734	\$ 1,244
2024	535	708	1,243
2025	565	681	1,246
2026	590	653	1,243
2027	620	624	1,244
2028-2032	3,575	2,643	6,218
2033-2037	4,380	1,844	6,224
2038-2042	5,330	895	6,225
2043	1,195	48	1,243
Total	\$ 17,300	\$ 8,830	\$ 26,130

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

Year Ended September 30	Principal	Interest	Total
2026	\$ -	\$ 365	\$ 365
2027	503	814	1,317
2028-2032	2,797	3,786	6,583
2033-2037	3,357	3,225	6,582
2038-2042	4,135	2,448	6,583
2043-2046	3,986	1,280	5,266
Total	\$ 14,778	\$ 11,918	\$ 26,696

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 709	\$ 645	\$ 1,354
2024	737	616	1,353
2025	766	587	1,353
2026	796	556	1,352
2027	828	524	1,352
2028-2032	4,654	2,093	6,747
2033-2037	5,646	1,082	6,728
2038-2039	2,582	103	2,685
Total	\$ 16,718	\$ 6,206	\$ 22,924

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

Year Ended September 30	Principal	Interest	Total
2023	\$ -	\$ 52	\$ 52
2024	-	52	52
2025	-	52	52
2026	2,060	44	2,104
Total	\$ 2,060	\$ 200	\$ 2,260

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 4,525	\$ 10,360	\$ 14,885
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
2028-2032	51,825	25,487	77,312
2033-2036	56,865	7,373	64,238
Total	\$ 179,205	\$ 76,459	\$ 255,664

NOTE 7. LONG-TERM LIABILITIES

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 14,880	\$ 13,010	\$ 27,890
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
2028-2032	106,210	33,235	139,445
2033-2035	77,710	5,958	83,668
Total	\$ 266,505	\$ 96,056	\$ 362,561

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 2,535	\$ 1,230	\$ 3,765
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
2028-2032	7,050	4,187	11,237
2033-2037	8,325	2,923	11,248
2038-2042	10,015	1,234	11,249
Total	\$ 32,795	\$ 13,704	\$ 46,499

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 4,970	\$ 6,218	\$ 11,188
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
2028-2032	33,000	22,942	55,942
2033-2037	41,795	14,145	55,940
2038-2040	30,445	3,120	33,565
Total	\$ 132,060	\$ 69,333	\$ 201,393

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

Year Ended September 30	Principal	Interest	Total
2023	\$ -	\$ 977	\$ 977
2024	-	1,008	1,008
2025	24,214	300	24,514
Total	\$ 24,214	\$ 2,285	\$ 26,499

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 4,991	\$ 4,283	\$ 9,274
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
2028-2032	37,035	6,241	43,276
Total	\$ 65,714	\$ 23,930	\$ 89,644

Table N7-19 presents aggregate debt service requirements and net receipts/payments on the associated hedging derivative instruments as of September 30, 2022. Interest payments on variable rate bonds and net receipts/payments on hedging derivative instruments will vary. However, the amounts presented in the table below assume that current interest rates and the current reference rates of hedging derivative instruments will remain the same for their term. The District presents information on derivative instruments in Note 2 which begins on page 109.

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

Year Ended September 30	Principal	Interest	Hedging Derivative Instruments, Net	Total
2023	\$ 27,475	\$ 4,052	\$ 1,264	\$ 32,791
2024	28,350	3,278	1,009	32,637
2025	29,625	2,430	793	32,848
2026	30,725	1,577	538	32,840
2027	32,000	687	273	32,960
Total	\$ 148,175	\$ 12,024	\$ 3,877	\$ 164,076

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, 2022.

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

	Balance October 1, 2021, as restated	Additions	Reductions	Balance September 30, 2022	Due Within One Year
Governmental Activities					
General obligation bonds - publicly offered	\$ 4,683,745	\$ 653,145	\$ (167,880)	\$ 5,169,010	\$ 183,035
General obligation bonds - direct placements	519,005	695,285	(380,990)	833,300	51,055
Qualified zone academy bonds (QZAB) - direct placements	1,105	-	(276)	829	276
Income tax secured revenue bonds	4,954,180	1,423,495	(1,160,865)	5,216,810	232,560
Tobacco settlement asset-backed bonds	487,644	-	(29,615)	458,029	63,520
Tax increment financing bonds - publicly offered	105,803	-	(17,715)	88,088	4,140
Tax increment financing bonds - direct placements	17,400	2,060	(682)	18,778	709
Ballpark revenue bonds	183,200	-	(3,995)	179,205	4,525
Federal highway grant anticipation revenue bonds (GARVEE)	280,675	-	(14,170)	266,505	14,880
Deed tax revenue bonds (housing production trust fund program)	35,215	-	(2,420)	32,795	2,535
PILOT revenue bonds - publicly offered	136,765	-	(4,705)	132,060	4,970
PILOT revenue bonds and notes - direct placements	37,431	7,903	(21,120)	24,214	-
225 Virginia Avenue lease	70,380	-	(4,666)	65,714	4,991
Premium on long-term debt	1,214,119	349,970	(223,428)	1,340,661	135,465
Bond anticipation notes	163,665	121,000	(150,000)	134,665	-
Accreted interest	407,223	43,635	-	450,858	-
Lease liability	793,416	386,471	(75,290)	1,104,597	98,983
Long-term tax refunds	218,463	5,596	-	224,059	-
Long-term payroll accrual	1,217	-	(1,217)	-	-
Annual leave	322,978	394,576	(344,035)	373,519	373,131
Disability compensation	68,800	-	(2,558)	66,242	-
Grant disallowances	11,970	-	(9,025)	2,945	-
Claims and judgments	89,588	48,852	(41,422)	97,018	-
Net pension liability	-	298,308	-	298,308	-
Net OPEB liability	-	173,193	-	173,193	-
Total long-term liabilities - governmental activities	\$ 14,803,987	\$ 4,603,489	\$ (2,656,074)	\$ 16,751,402	\$ 1,174,775
Business-Type Activities					
Obligation for unpaid prizes	\$ 410	\$ -	\$ (410)	\$ -	\$ -
Compensated absences	1,104	750	(839)	1,015	320
Lease liability	3,983	-	(1,318)	2,665	1,329
Estimated third-party settlements	18,762	315	(8,530)	10,547	-
Malpractice loss reserves	1,692	4,216	-	5,908	-
Total long-term liabilities - business-type activities	\$ 25,951	\$ 5,281	\$ (11,097)	\$ 20,135	\$ 1,649

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, 2022, total bonds and notes outstanding totaled \$12,419,623.

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, 2022, the legal debt service cost limit was \$1,448,645, and the debt service cost applicable to the limit was \$980,984, which represents 67.72% 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 Bond and Bond Anticipation Note 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 \$465,413 in fiscal year 2022. As of September 30, 2022, the total GO Bonds outstanding is \$6,002,310.

New General Obligation Bond Issuance

In November 2021, the District issued \$350,000 in Series 2021C Multimodal GO Bonds. The proceeds of the bonds were used to finance capital project expenditures under the capital improvements plan of the District. Interest rates on the Series 2021C Bonds are variable, based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index plus spread.

Also in November 2021, the District issued \$401,715 in Series 2021D GO Bonds. The proceeds of the bonds were used to finance capital project expenditures under the capital improvements plan of the District, refinance GO bond anticipation notes and pay the costs and expenses of issuing the bonds. Interest rates on the Series 2021D Bonds range from 4.00% to 5.00%.

General Obligation Refunding Bonds

In November 2021, the District issued \$170,610 in Series 2021A and \$174,675 in Series 2021B Multimodal GO Refunding Bonds. The Series 2021A and Series 2021B Bonds were issued to current refund the 2016B and Series 2016C Multimodal GO Bonds. The issuance established a new mandatory tender date for the refunded Series 2016B and Series 2016C Multimodal GO Bonds, extending the date from December 2021 to June 2027. The refunding did not produce an economic gain or loss.

Also in November 2021, the District issued \$251,430 in Series 2021E GO Refunding Bonds. The Series 2021E Bonds current refunded all or a portion of the outstanding Income Tax Secured Revenue Bonds, Series 2011A, Series 2011F, Series 2011G, Series 2012A, Series 2012C, and Series 2012D of the District, and paid the costs and expenses of issuing and delivering the Series 2021E Bonds. The refunding produced an aggregate difference in debt service of \$60,173 and an economic gain of \$59,858.

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 \$367,623 in fiscal year 2022. As of September 30, 2022, the total ITS Revenue Bonds outstanding is \$5,216,810.

New Income Tax Secured Revenue Bonds

In July 2022, the District issued \$648,860 in Series 2022A Tax-Exempt Income Tax Secured Revenue Bonds and \$139,305 in Series 2022B Taxable Income Tax Secured Revenue Bonds. The proceeds of the bonds were used to finance capital project expenditures under the capital improvements plan of the District and pay the costs and expenses of issuing the bonds. Interest rates on the bonds range from 3.42% to 5.00%.

Income Tax Secured Revenue Refunding Bonds

In September 2022, the District issued \$635,330 in Series 2022C Tax-Exempt Income Tax Secured Revenue Refunding Bonds. Proceeds were used to advance refund the Series 2012A, 2012B, 2012C and 2012D Income Tax Secured Revenue Bonds and pay the costs of issuance. The refunding produced an aggregate difference in debt service of \$81,629 and an economic gain of \$73,897.

NOTE 7. LONG-TERM LIABILITIES

Pledged Tax Revenues for Debt Service on ITS Revenue Bonds

The ITS Bond Act pledges the income and business franchise taxes of the District, pledged revenue, to pay principal and interest on ITS revenue bond debt. 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 2022, the District collected \$4,108,313 in pledged revenue and debt service on ITS bonds totaled \$367,623. The debt service coverage ratio was 11.18 to 1.

On September 30, 2022, pledged revenue in the amount of \$227,908 was held in escrow for the payment of debt service on the ITS revenue bonds. Payments were made on October 1, 2022, for \$100,730, November 1, 2022 for \$9,264, December 1, 2022 for \$100,965, and January 1, 2023 for \$5,441.

Table N7-21 presents the pledged revenue held in bond escrow as of September 30, 2022.

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

Available Tax Revenues Collected in FY 2022	
Individual income	\$ 3,116,991
Business franchise	991,322
Total	\$ 4,108,313
Amount held in escrow for FY 2023 debt service	(a) 227,908
ITS Debt Service Requirement	(b) 216,400
Rate of coverage (c)=(a)/(b)	(c) 105.32%

Tax Increment Financing and Payments in Lieu of Taxes

The Tax Increment Financing Act 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, 2022, the TIF and PILOT debt outstanding totaled \$263,140.

New TIF Revenue Bond and Note Issuance

In June 2022, the District issued \$15,100 in Reunion Square Project Tax Increment Revenue Bonds Series 2022 (the Reunion Square TIF Bonds). The Reunion Square TIF Bonds were issued as drawdown bonds. Proceeds from the Reunion Square TIF Bonds will fund the construction of infrastructure, relocation of utilities and other development costs within the Reunion Square TIF Area. The Bonds are secured by certain sales taxes and real property taxes generated in the Reunion Square TIF Area, in addition to the security from the Available Increment.

TIF Bond Redemption

In fiscal year 2022, the District paid \$10,065 of principal on outstanding Gallery Place Project Tax Increment Revenue Refunding Bonds Series 2012 (Gallery Place Bonds). The additional payments were made from excess incremental revenues previously accrued within the Gallery Place Project Revenue Fund.

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, 2022, the Ballpark Revenue Bonds outstanding totaled \$179,205.

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, 2022, the GARVEE bonds outstanding totaled \$266,505.

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, 2022, Deed Tax Revenue Bonds outstanding totaled \$32,795.

NOTE 7. LONG-TERM LIABILITIES

Bond Anticipation Notes

The District issues Bond Anticipation Notes (BANs) in the form of commercial paper (CP) and other notes to provide interim financing for capital project expenditures. The District issues CP notes maturing between one and 270 days. Interest on outstanding CP notes is paid at maturity and principal is paid with newly issued CP notes, referred to as a rollover, or with proceeds from the issuance of long-term bonds. The revolving note facility agreement allows the District to issue Notes held by the credit provider. Interest due on outstanding Notes is based on a spread to the LIBOR index and is paid monthly. The LIBOR index on the revolving note facility will be changed to another non-LIBOR index before the LIBOR cessation deadline on June 30, 2023. 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 revolving credit facility with U.S. Bank National Association. The facility allows the District to draw up to a maximum principal amount of \$200,000 in the form of GO Bond Anticipation Notes (2021 Notes) held by U.S. Bank National Association. The facility expires in March 2024. As of September 30, 2022, \$13,665 in notes were outstanding.

New Income Tax Secured Revenue Notes BAN

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, 2022, \$121,000 notes drawn against this credit facility 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, 2022, 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, 2022.

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 LIBOR Index Bonds pay the holder a floating index rate based on BBA LIBOR Index plus spread. The LIBOR index on Series 2021B will be changed to another non-LIBOR index before

the LIBOR cessation deadline on June 30, 2023. As of September 30, 2022, the outstanding variable rate GO Bonds direct placements totaled \$833,300.

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, 2022, the QZAB Bonds outstanding totaled \$829.

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), Southwest Waterfront Project PILOT Revenue Bond Series 2020 (The Wharf Project), and the Reunion Square TIF Bond Series 2022 were sold as direct placements. The Anacostia Waterfront Corporation PILOT Revenue Bond Series 2007 and Southwest Waterfront Project PILOT Revenue Bond Series 2020 were fully paid off in fiscal year 2022. As of September 30, 2022, TIF Bonds and PILOT revenue notes issued as direct placements outstanding balance totaled \$42,992.

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, 2022, The Yards Note and the Reunion Square Bond had an unused line of credit in the amount of \$6,290 and \$13,040, 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

NOTE 7. LONG-TERM LIABILITIES

insolvency of the District; the long-term GO bond or note rating of the District is withdrawn or suspended for credit-related reasons, or downgraded below certain thresholds; or the District fails to satisfy non-appealable monetary judgments above a certain amount.

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

F. COMPONENT UNITS

Washington Convention and Sports Authority

On 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, 2022.

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.

Table N7-22 presents the debt service requirements to maturity for the outstanding bonds for WCSA as of September 30, 2022.

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 10,705	\$ 17,083	\$ 27,788
2024	13,040	16,571	29,611
2025	13,570	16,120	29,690
2026	16,285	15,631	31,916
2027	34,940	15,075	50,015
2028-2032	169,735	49,535	219,270
2033-2037	67,845	21,700	89,545
2038-2041	63,130	6,267	69,397
Subtotal	389,250	157,982	547,232
Add:			
Unamortized bond premium	58,618	-	58,618
Total	\$ 447,868	\$ 157,982	\$ 605,850

For more information on the long-term debt activity of WCSA, refer to the separately issued financial statements for fiscal year 2022. The contact information can be found in Note 1 on page 73.

Housing Finance Agency

The Housing Finance Agency (HFA) issues bonds primarily to finance District housing programs. Such bonds are collateralized by: (a) mortgage-backed securities in connection with underlying loans; (b) mortgage loans made on the related multi-family developments or single-family residential mortgage loans purchased; or (c) investment of bond proceeds, debt service reserves and escrow accounts, and all revenues, mortgage payments, and recovery payments received by the Agency from investments, mortgage loans, and mortgage-backed securities in connection with the related developments.

Bonds issued by HFA are special obligations and are payable from the revenue and special funds of the applicable indentures. The bonds and notes do not constitute debt of and are not guaranteed by the District or any other program of the District. All mortgage revenue bonds for multi-family projects financed to date have been issued by the Agency as standalone pass-through financings with no direct economic recourse to the Agency as the issuer.

The provisions of the various bond indentures require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and mortgage-backed securities. All outstanding bonds are subject to redemption at the option of HFA or the borrower, in whole or in part at any time, after certain dates, as specified in the respective bond indentures and bond resolutions, at prescribed

NOTE 7. LONG-TERM LIABILITIES

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 2022, 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, 2022.

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 1,933	\$ 8,649	\$ 10,582
2024	2,065	8,483	10,548
2025	19,249	8,375	27,624
2026	3,937	8,087	12,024
2027	11,747	7,977	19,724
2028-2032	43,549	35,085	78,634
2033-2037	23,599	30,950	54,549
2038-2042	126,780	20,366	147,146
2043-2047	16,186	6,261	22,447
2048-2052	22,276	2,861	25,137
2053-2057	5,960	884	6,844
2058-2062	675	15	690
Subtotal	277,956	137,993	415,949
Add:			
Unamortized bond premium	46	-	46
Total	\$ 278,002	\$ 137,993	\$ 415,995

For more information on the long-term debt activity of HFA, refer to the separately issued financial statements for fiscal year 2022. The contact information can be found in Note 1 on page 73.

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 \$458,029 in bonds outstanding as of September 30, 2022.

Events of Default and Remedies

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

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

NOTE 8. RETIREMENT PROGRAMS

A. DEFINED BENEFIT PENSION PLANS

District full-time employees receive pension benefits through the federally administered Civil Service Retirement System (CSRS), the Social Security System, or the District Retirement Funds.

Civil Service Retirement System

Plan Description

The District contributes to the CSRS, a defined benefit, contributory retirement system, administered by the federal government's Office of Personnel Management (OPM). CSRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. Permanent full-time District employees hired before October 1, 1987, except those covered by the District Retirement Funds, are covered by CSRS. As of September 30, 2022, there were 765 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, 2022, 2021, and 2020, were \$5,447, \$6,236, and \$6,985, 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 \$147,000 (not in thousands)

for 2022, 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, 2022, 2021, and 2020, were \$129,100, \$117,998, and \$115,193, respectively. In addition, District contributions for Medicare for fiscal years 2022, 2021, and 2020, were \$47,464, \$44,750, and \$43,717, 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, 2022 and 2021.

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

	2022	2021
Teachers' Retirement Fund		
Inactive plan members	4,065	4,072
Active plan members	6,088	6,050
Vested terminations	1,718	1,514
Total	11,871	11,636
Police Officers and Fire Fighters' Retirement Fund		
Inactive plan members	4,373	4,115
Active plan members	5,133	5,242
Vested terminations	356	342
Total	9,862	9,699

Notes:

Plan members: Numbers are not expressed in thousands.

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

Contributions

The District is required to contribute the amounts necessary to finance the plan benefits of its members through annual contributions at actuarially determined amounts in accordance with the provisions of the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act effective on September 18, 1998. The amount of the District's contributions for fiscal years 2022 and 2021 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 2022 and 2021.

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

Year Ended September 30	Teachers' Retirement Fund	Police Officers and Fire Fighters' Retirement Fund
2022	\$ 75,060	\$ 108,965
2021	70,478	109,933

NOTE 8. RETIREMENT PROGRAMS

Net Pension Liability

The District net pension liability (asset) was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of September 30, 2022. **Table N8-3** presents the aggregate amounts of the District Retirement Funds as of September 30, 2022.

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

	Teachers' Retirement Fund	Police Officers and Fire Fighters' Retirement Fund	Total
Total pension liabilities	\$ 2,871,570	\$ 6,639,124	\$ 9,510,694
Pension net position	2,573,262	6,901,351	9,474,613
Deferred outflows of resources	264,088	726,113	990,201
Deferred inflows of resources	53,583	242,557	296,140
Pension expense	93,946	157,677	251,623
Net pension liabilities (assets)	298,308	(262,227)	36,081

Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation as of September 30, 2022, using actuarial assumptions presented in **Table N8-4**. The assumptions were applied to all periods included in the measurement as of September 30, 2022.

Table N8-4
District Retirement Funds: Summary of Actuarial Assumptions Used to Determine Total Pension Liability as of September 30, 2022

	Teachers' Retirement Fund	Police Officers and Fire Fighters' Retirement Fund
Inflation	3.00%	3.00%
Salary increases	4.00% - 7.10%	6.25% - 7.25% for police, 4.50% - 6.05% for firefighters
Investment rate of return	6.25%, net of pension plan investment expense	6.25%, net of pension plan investment expense
Mortality	<p>Healthy: Pub-2010 General Employee and Healthy Retiree Mortality with generational projection using MP-2021 improvement scale</p> <p>Disabled: Pub-2010 General Disabled Retiree Mortality with generational projection using MP-2021 improvement scale</p>	<p>Healthy: Pub-2010 Public Safety Employee and Healthy Retiree Mortality with males set forward 1 year, with generational projection using MP-2021 improvement scale</p> <p>Disabled: Pub-2010 Public Safety Disabled Retiree Mortality with generational projection using MP-2021 improvement scale</p>
Cost of living adjustments	3.00% for members hired on or after November 1, 1996	3.00% for members hired on or after November 1, 1996

The actuarial assumptions used in the September 30, 2022 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, 2022.

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%	6.80%
International developed equity	16.00	7.50
Emerging market equity	10.00	8.40
U.S. core fixed income	7.00	2.40
U.S. long-term government bonds	3.00	2.80
Treasury inflation-protected securities	5.00	2.40
Bank loans	2.00	4.00
Emerging markets debt	4.00	4.20
High yield bonds	2.00	4.40
Foreign bonds	2.00	2.30
Private equity	9.00	10.00
Private credit	3.00	7.10
Real estate	8.00	7.10
Infrastructure	6.00	7.30
Natural resources	2.00	8.50
Cash	1.00	1.70
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.25% for both fiscal years 2022 and 2021. 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, 2022.

**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, 2021	<u>\$ 2,698,618</u>	<u>\$ 2,944,884</u>	<u>\$ (246,266)</u>	<u>\$ 6,181,614</u>	<u>\$ 7,991,994</u>	<u>\$ (1,810,380)</u>
Changes for the year						
Service cost	88,666	-	88,666	203,080	-	203,080
Interest	165,520	-	165,520	380,658	-	380,658
Difference between expected and actual experience	19,354	-	19,354	55,933	-	55,933
Contributions - employer	-	75,060	(75,060)	-	108,965	(108,965)
Contributions - employees	-	46,914	(46,914)	-	36,997	(36,997)
Net investment income	-	(389,391)	389,391	-	(1,044,735)	1,044,735
Benefit payments, including refunds of employee contributions	(100,588)	(100,588)	-	(182,161)	(182,161)	-
Administrative expenses	-	(4,488)	4,488	-	(12,047)	12,047
Other income	-	871	(871)	-	2,338	(2,338)
Net Changes	<u>172,952</u>	<u>(371,622)</u>	<u>544,574</u>	<u>457,510</u>	<u>(1,090,643)</u>	<u>1,548,153</u>
Balances at September 30, 2022	<u>\$ 2,871,570</u>	<u>\$ 2,573,262</u>	<u>\$ 298,308</u>	<u>\$ 6,639,124</u>	<u>\$ 6,901,351</u>	<u>\$ (262,227)</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 the Plans' 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	\$ 808,893	\$ 298,308	\$ (105,854)
Police officers and fire fighters' retirement fund	867,473	(262,227)	(1,163,603)

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, 2022, the District recognized pension expenses of \$93,946 and \$157,677 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, 2022.

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	\$ 14,515	\$ 8,881	\$ 46,611	\$ 177,560
Changes of assumptions	-	44,702	-	64,997
Net difference between projected and actual earnings on plan investments	249,573	-	679,502	-
Total	\$ 264,088	\$ 53,583	\$ 726,113	\$ 242,557

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
2023	\$ 30,407	\$ 85,191
2024	20,306	57,193
2025	45,754	62,753
2026	114,038	269,097
2027	-	9,322

Payable to the Pension Plans

District contributions for fiscal years 2022, 2021 and 2020 were equal to the recommendation by the independent actuary; therefore, there were no outstanding amounts due to the plans as of September 30, 2022.

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, 2022, there were 19,278 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, 2022, 2021, and 2020, District contributions to the plan were \$84,945, \$82,993, and \$79,311, respectively.

This plan also covers employees of the D.C. Housing Authority and the Health Benefit Exchange Authority, while the 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 \$20,500 (not in thousands) of their annual compensation for calendar year 2022. Employees with 15 years of service or more were able to defer an additional amount, not to exceed the lesser of: (a) \$3,000 (not in thousands) in additional contributions; (b) \$15,000 (not in thousands) reduced by amounts contributed under this special provision in prior years; or (c) \$5,000 (not in thousands) times the number of years of service less the total elective deferrals from previous years. In addition, employees who were 50 years old or older by the end of the plan year were able to defer an additional amount as a catch-up contribution. The maximum amount for such catch-up contributions was \$6,500 (not in thousands) in 2022. As of September 30, 2022, there were 3,294 employees participating in the Section 403(b) plan. District employees contributed \$23,747 to this annuity plan in fiscal year 2022. 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 \$20,500 (not in thousands) or 100% of includable compensation in calendar year 2022. A special catch-up provision is also available to participants that allows them to “make up” or “catch-up” for prior years in which they did not contribute the maximum amount to the plan. The “catch-up” limit is the lesser of: (a) twice the annual contribution limit, \$41,000 (not in thousands); or (b) the annual contribution limit for the year plus underutilized amounts from prior taxable years. An additional deferral of \$6,500 (not in thousands) is available to participants who are at least 50 years old before the end of the calendar year.

As described in the Legislative Branch Employee Retirement Benefits Match Amendment Act of 2017 (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, 2022, there were 21,290 active employees participating in the Section 457 plan. District employees contributed \$114,049 to this plan in fiscal year 2022. 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 and as an independent source, provides information on investment transactions, thereby confirming or disputing information provided by the investment managers of the plan.

Benefits Provided

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 \$.0433 per thousand dollars of life insurance coverage until age 65 for the 75% reduction option, with no contributions required thereafter. Participants can also elect a 50% or 0% reduction of life insurance benefits, which require additional contributions.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

Table N9-1 presents the number of OPEB plan members that were covered by the benefit terms as of September 30, 2022 and 2021.

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

	<u>2022</u>	<u>2021</u>
Inactive OPEB plan members	3,172	2,805
Total	<u>3,172</u>	<u>2,805</u>

Note:
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 2022 and 2021 contribution amounts

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, then updated using actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date as of September 30, 2022.

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, 2022**

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	14 years beginning with fiscal year end 2022
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 PUB2010 General Headcount-Weighted tables for Employees, Healthy Retirees, and Disabled Retirees, projected fully generational with Scale MP-2020.

The actuarial valuation for the fiscal year ended September 30, 2022, was based on the actuarial valuation performed as of September 30, 2021.

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

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 2022 and 2021.

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

<u>Year ended September 30</u>	<u>Amount</u>
2022	\$ 53,000
2021	53,600

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of September 30, 2021 and rolled forward to the measurement date.

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, 2022.

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

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return %
U.S. equity	45.00%	4.80%
International equity	9.00	5.20
Emerging market equity	4.00	5.70
Core fixed income	24.00	1.70
Developed markets fixed income	10.00	1.10
Emerging market debt	3.00	3.80
Commodities	5.00	3.80
Cash	-	0.90
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based

on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability (Asset)

Table N9-5 presents changes in the net OPEB liability (asset) for the year ended September 30, 2022.

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, 2021	\$ 1,711,707	\$ 2,025,062	\$ (313,355)
Changes for the year			
Service cost	60,548	-	60,548
Interest	110,365	-	110,365
Difference between expected and actual experience	35,532	-	35,532
Changes in assumptions	(66,664)	-	(66,664)
Insurance carrier premiums net of retiree contributions	(28,008)	-	(28,008)
Contributions - employer and annuitants	-	54,280	(54,280)
Net investment income	-	(398,893)	398,893
Benefit payments, including refunds of employee contributions	-	(29,288)	29,288
Administrative expenses	-	(874)	874
Net changes	111,773	(374,775)	486,548
Balances at September 30, 2022	\$ 1,823,480	\$ 1,650,287	\$ 173,193

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)	\$ 454,438	\$ 173,193	\$ (54,139)

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)	\$ (84,337)	\$ 173,193	\$ 500,819

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, 2022, the District recognized OPEB expense of \$107,830. **Table N9-8** presents deferred outflows of resources and deferred inflows of resources related to OPEB as of September 30, 2022.

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	\$ 62,296	\$ 273
Changes of assumptions	19,103	127,638
Net difference between projected and actual earnings on plan investments	287,663	-
Total	\$ 369,062	\$ 127,911

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.

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

<u>Year Ending</u> <u>September 30</u>	<u>OPEB Expense Amount</u>
2023	\$ 63,977
2024	48,931
2025	50,640
2026	100,797
2027	(5,461)
Thereafter	(17,733)

Payable to the OPEB Plan

District contributions for fiscal years 2022, 2021, and 2020 were equal to recommendations from the independent actuary. Therefore, there were no outstanding amounts due to the OPEB pension plan as of September 30, 2022.

NOTE 10. FUND BALANCE / NET POSITION

A. FUND BALANCE

Table N10-1 presents the District fund balances as of September 30, 2022.

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

	General Fund	Federal and Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable						
Inventory	\$ 47,652	\$ 24,431	\$ -	\$ -	\$ -	\$ 72,083
Total nonspendable fund balance	<u>47,652</u>	<u>24,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,083</u>
Restricted for:						
Emergency cash reserve	165,130	-	-	-	-	165,130
Contingency cash reserve	330,259	-	-	-	-	330,259
Debt service - bond escrow	436,791	-	-	-	-	436,791
Purpose restrictions	99,666	-	-	-	-	99,666
Payment in lieu of taxes	-	-	-	-	61,684	61,684
Tobacco settlement	-	-	-	-	75,914	75,914
Tax increment financing program	32,660	-	-	-	38,176	70,836
Housing production trust	-	-	403,002	-	-	403,002
Capital projects	-	-	-	153,058	-	153,058
Highway projects	-	-	-	-	8,382	8,382
Baseball project	-	-	-	-	24,834	24,834
Universal paid leave	-	-	-	-	543,007	543,007
Total restricted fund balance	<u>1,064,506</u>	<u>-</u>	<u>403,002</u>	<u>153,058</u>	<u>751,997</u>	<u>2,372,563</u>
Committed to:						
Cash flow reserve	932,240	-	-	-	-	932,240
Fiscal stabilization reserve	250,413	-	-	-	-	250,413
Subsequent years expenditures	1,457,318	-	-	-	-	1,457,318
Budget support act	316,941	-	-	-	-	316,941
Dedicated taxes	36,042	-	-	-	-	36,042
Housing production trust fund	219,782	-	-	-	-	219,782
Pay-as-you-go capital projects	219,782	-	-	-	-	219,782
Washington Convention and Sports Authority	20,000	-	-	-	-	20,000
Unemployment Insurance transfer	113,000	-	-	-	-	113,000
Other special purposes	214,629	-	-	-	-	214,629
Total committed fund balance	<u>3,780,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,780,147</u>
Unassigned fund balance (deficit)	<u>-</u>	<u>(358,081)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(358,081)</u>
Total fund balances (deficits)	<u>\$ 4,892,305</u>	<u>\$ (333,650)</u>	<u>\$ 403,002</u>	<u>\$ 153,058</u>	<u>\$ 751,997</u>	<u>\$ 5,866,712</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, 2022.

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	\$ 170	\$ -	\$ 49,317	\$ -
Restricted	-	157,532	7,680	14,893,350
Unrestricted	4,746	-	11,282	-
Total net position	<u>\$ 4,916</u>	<u>\$ 157,532</u>	<u>\$ 68,279</u>	<u>\$ 14,893,350</u>

NOTE 11. TAX ABATEMENTS

Tax Abatements

DC Code §§ 2-1201.01 et seq., 47-1001 et seq., and 47-4601 et seq. establishes the Special Tax Incentives Program whereby the District provides tax abatements. 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 tax abatement programs meet the criteria established by GASB Statement No. 77 where the District agreed to a reduction of taxes before an entity fulfilled the promise to take specific actions that contribute to the economic development of the District.

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, 2022, and 2021, the District abated taxes (real property taxes and possessory interest taxes) totaling \$10,283 and \$10,690, respectively.

Table N11-1 presents the amount of real property taxes and possessory interest taxes abated in fiscal years 2022 and 2021.

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

	Year Ended September 30, 2022	Year Ended September 30, 2021
Special tax incentives program		
Real property tax	\$ 8,284	\$ 8,661
Possessory interest tax	1,999	2,029
Total	\$ 10,283	\$ 10,690

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, 2022.

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

	<u>Local</u>	<u>Capital</u>
Operating grants	\$ 425,604	\$ -
School transit subsidy	21,465	-
Capital grants	-	327,664
Total	\$ 447,069	\$ 327,664

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, 2022.

**Table N12-2
Summary of Financial Statements for WMATA as of and for the year ended June 30, 2022 (\$000s)**

FINANCIAL POSITION	
Total assets	\$ 15,698,023
Total deferred outflows of resources	794,293
Total liabilities	(6,345,795)
Total deferred inflows of resources	(1,572,401)
Net position	\$ 8,574,120
OPERATING RESULTS	
Operating revenues	\$ 264,714
Operating expenses	(3,137,561)
Nonoperating revenues, net	1,642,153
Revenue from capital contributions	1,307,935
Change in net position	\$ 77,241
CHANGE IN NET POSITION	
Net position, beginning of year, as restated	\$ 8,496,879
Change in net position	77,241
Net position, end of year	\$ 8,574,120

B. SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS

During fiscal year 2022, 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, \$122,281; District of Columbia Green Finance Authority, \$20,794; and the University of the District of Columbia \$112,751. 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 annual federal payment was repealed and replaced by a federal contribution to cover special purpose and other unusual costs imposed on the District by the federal government. Federal contributions to the District for the year ended September 30, 2022 totaled \$1,614,737, which is comprised of \$539,512 in on-behalf payments to the DC Federal Pension Fund, \$61,636 in Coronavirus relief funding, \$941,221 in American Rescue Plan Act (ARPA) and \$72,368 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 2022.

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.

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 2022 was \$3,336.

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 2022 was \$9,277.

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 2022 was \$5,932.

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 2022, SNAP expenditures totaled \$506,630.

Federal Lost Wages Assistance

The Federal Emergency Management Agency approved funding in the form of a grant to provide \$300 (not in thousands) per week in Lost Wages Assistance to eligible District workers for five weeks. Lost Wages Assistance is not an unemployment insurance program. It is a Federal Emergency Management Agency program that provides a supplemental payment on top of the unemployment benefits an eligible claimant receives from the District. Federal Lost Wages Assistance program was effective for the period August 1, 2020 through December 27, 2020. The total benefits paid under this program for fiscal year 2022 was \$121.

NOTE 14. LEASES

A. LEASE RECEIVABLES

The District has entered into contractual agreements as a lessor for various land and facility space throughout the District of Columbia. The District's leases for facility space currently extend to no longer than 97 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 leases receivable reported at the end of the fiscal year.

The District recognized \$5,600 and \$5,445 in lease revenue and interest revenue, respectively, during the fiscal year ended September 30, 2022.

As of September 30, 2022, lease receivable totaled \$426,360 and the deferred inflows of resources balance reported at year end totaled \$426,360.

B. LEASE LIABILITIES

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 27 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, 2022, the lease liability totaled \$1,107,262. The value of the right-to-use assets for governmental and business-type activities was \$1,183,480 with an accumulated amortization of \$114,217 as of September 30, 2022. Refer to Note 5 starting on page 117 for additional information on the right-to-use assets.

Table N14-1 presents the expected future minimum principal and interest lease payments of the District for fiscal year ending September 30, 2022.

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
2023	\$ 98,983	\$ 20,305	\$ 119,288	\$ 1,329	\$ 10	\$ 1,339
2024	94,956	18,836	113,792	1,336	3	1,339
2025	90,433	17,391	107,824	-	-	-
2026	84,970	15,938	100,908	-	-	-
2027	76,664	14,510	91,174	-	-	-
2028-2032	311,069	52,577	363,646	-	-	-
2033-2037	240,438	23,964	264,402	-	-	-
2038-2042	105,690	3,698	109,388	-	-	-
2043-2047	911	121	1,032	-	-	-
2048-2049	483	14	497	-	-	-
Total	\$ 1,104,597	\$ 167,354	\$ 1,271,951	\$ 2,665	\$ 13	\$ 2,678

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, 2022. As a result, information regarding potential disallowances arising from noncompliance with applicable grant agreements and other federal requirements is not available for fiscal year 2022. However, based on prior experience and resolutions reached with grantor agencies, the District determined that as of September 30, 2022, 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, 2022, the aggregate fair value of all hedging derivative instruments (floating to fixed swaps) with collateral posting provisions was \$4,202 as indicated in **Table N2-13** on page 109. 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, 2022.

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, 2022.

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 \$72,250.

In fiscal year 2022, there was a \$3,005 net decrease in the accrual related to pending or unresolved property tax appeals made by District property owners.

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

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

	<u>2022</u>	<u>2021</u>
Liability at October 1	\$ 89,588	\$ 95,275
Claims incurred		
Lawsuits	11,600	10,673
Property tax appeals	37,252	37,303
Claims payments/ adjustments		
Lawsuits	(1,165)	(1,620)
Property tax appeals	(40,257)	(52,043)
Liability at September 30	\$ 97,018	\$ 89,588

NOTE 15. COMMITMENTS AND CONTINGENCIES

E. DISABILITY COMPENSATION

The District, through its Office of Risk Management, administers a disability compensation program under Title XXIII of the District of Columbia Compensation Merit Personnel Act of 1978. This program covers all District employees hired under the District of Columbia Compensation Merit Personnel Act and provides compensation for lost wages, medical expenses, and other limited rehabilitation expenses to eligible employees and/or their dependents where a work-related injury or illness results in disability or death. The benefits are funded on a pay-as-you-go basis. The present value of projected disability compensation, using a discount rate of 1.75%, is accrued in the government-wide financial statements.

Table N15-2 presents a summary of changes in the disability compensation accrual.

**Table N15-2
Summary of Changes in Disability
Compensation Accrual (\$000s)**

	<u>2022</u>	<u>2021</u>
Liability at October 1	\$ 68,800	\$ 69,444
Claims/adjustments	12,772	14,123
Benefit payments	(15,330)	(14,767)
Liability at September 30	\$ 66,242	\$ 68,800

NOTE 16. SUBSEQUENT EVENTS

INCOME TAX SECURED BOND ANTICIPATION NOTES

In November 2022, the District increased the maximum combined principal amount of its revolving credit facility with U.S. Bank National Association supporting the Income Tax Secured Bond Anticipation Notes, Series 2021A and Series 2021B. The facility was increased by \$100,000 and allows the District to draw a combined outstanding principal that does not exceed \$300,000. As of September 30, 2022, \$13,665 of Series 2021B Notes were outstanding; there were no amounts outstanding under the Series 2021A Notes. The facility expires in March 2024.



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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information presents additional information as mandated by current governmental financial reporting standards.

Exhibit RSI-1
Schedule of Employer Contributions - Teachers' Retirement Fund
Last Ten Fiscal Years (\$000s)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 75,060	\$ 70,478	\$ 58,888	\$ 53,343	\$ 59,046	\$ 56,781	\$ 44,469	\$ 39,513	\$ 31,636	\$ 6,407
Contributions in relation to actuarially determined contribution	75,060	70,478	58,888	53,343	59,046	56,781	44,469	39,513	31,636	6,407
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 575,288	\$ 538,565	\$ 490,756	\$ 466,792	\$ 470,749	\$ 447,762	\$ 438,079	\$ 417,090	\$ 378,926	\$ 369,071
Contributions as a percentage of covered payroll	13.05%	13.09%	12.00%	11.43%	12.54%	12.68%	10.15%	9.47%	8.35%	1.74%

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 2022:

Actuarial cost method: Entry age normal

Amortization method: Level dollar, closed

Remaining amortization period: Ranges from 11 to 20 years

Asset valuation method: 5-year smoothed market

Inflation: 3.50%

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

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

Mortality: Pre-retirement and post-retirement mortality rates were based on the RPH 2014 Blue Collar Mortality Table projected generationally with Scale BB, set back 1 year for males. Post-disability mortality rates were based on the RPH-2014 Disabled Mortality Table set back 6 years for males and set forward 7 years for females.

Cost of living adjustments: Increases 3.00% per year for all members

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 108,965	\$ 109,933	\$ 93,061	\$ 91,284	\$ 105,596	\$ 145,631	\$ 136,115	\$ 103,430	\$ 110,766	\$ 96,314
Contributions in relation to actuarially determined contribution	108,965	109,933	93,061	91,284	105,596	145,631	136,115	103,430	110,766	96,314
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 528,910	\$ 516,881	\$ 473,513	\$ 460,686	\$ 454,209	\$ 441,904	\$ 438,114	\$ 446,201	\$ 426,135	\$ 413,380
Contributions as a percentage of covered payroll	20.60%	21.27%	19.65%	19.81%	23.25%	32.96%	31.07%	23.18%	25.99%	23.30%

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 2022:

Actuarial cost method: Entry age normal

Amortization method: Level dollar, closed

Remaining amortization period: Ranges from 11 to 20 years

Asset valuation method: 5-year smoothed market

Inflation: 3.50%

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

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

Mortality: Pre-retirement and post-retirement mortality rates were based on the RPH 2014 Blue Collar Mortality Table projected generationally with Scale BB, set back 1 year for males. Post-disability mortality rates were based on the RPH-2014 Disabled Mortality Table set back 6 years for males and set forward 7 years for females.

Cost of living adjustments: 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

Exhibit RS1-3
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Teachers' Retirement Fund
Last Nine Fiscal Years (\$000s)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service cost	\$ 88,666	\$ 87,984	\$ 80,242	\$ 72,429	\$ 67,877	\$ 65,911	\$ 61,599	\$ 53,297	\$ 50,409
Interest	165,520	168,636	159,186	144,165	137,704	131,657	124,370	118,378	112,204
Differences between expected and actual experience	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	(100,588)	(92,821)	(90,552)	(87,889)	(84,556)	(78,235)	(75,298)	(69,652)	(65,622)
Net change in total pension liability	172,952	57,815	146,512	232,424	101,520	96,209	113,327	94,777	96,991
Total pension liability-beginning	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)	\$ 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	\$ 75,060	\$ 70,478	\$ 58,888	\$ 53,343	\$ 59,046	\$ 56,781	\$ 44,469	\$ 39,513	\$ 31,636
Contributions - employees	46,914	45,689	42,356	40,432	40,324	34,364	33,591	31,621	28,751
Net investment income (loss)	(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	(100,588)	(92,821)	(90,552)	(87,889)	(84,556)	(78,235)	(75,298)	(69,652)	(65,622)
Administrative expenses	(4,488)	(4,127)	(3,511)	(3,440)	(4,474)	(4,721)	(4,746)	(4,543)	(3,787)
Other	871	953	803	883	1,038	907	1,033	385	522
Net change in plan fiduciary net position	(371,622)	533,494	146,908	88,376	105,507	248,650	151,311	(75,323)	123,586
Plan fiduciary net position-beginning	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
Plan fiduciary net position-ending (b)	\$ 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)	\$ 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)	89.61%	109.13%	91.31%	90.79%	96.21%	95.85%	88.27%	85.64%	94.07%
Covered payroll	\$ 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	51.85%	(45.73)%	46.75%	49.23%	18.22%	20.04%	55.28%	67.17%	29.05%

Notes:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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 Firefighters' Retirement Fund
Last Nine Fiscal Years (\$000s)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service cost	\$ 203,080	\$ 217,495	\$ 209,411	\$ 180,928	\$ 182,641	\$ 196,629	\$ 198,020	\$ 192,114	\$ 176,102
Interest	380,658	386,386	359,706	338,288	318,719	300,626	282,285	257,943	235,097
Differences between expected and actual experience	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	(182,161)	(158,875)	(141,280)	(122,875)	(108,374)	(94,184)	(81,316)	(65,030)	(54,421)
Net change in total pension liability	457,510	157,771	419,270	338,699	308,534	281,778	292,149	382,550	356,778
Total pension liability-beginning	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)	\$ 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	\$ 108,965	\$ 109,933	\$ 93,061	\$ 91,284	\$ 105,596	\$ 145,631	\$ 136,115	\$ 103,430	\$ 110,766
Contributions - employees	36,997	37,433	37,880	38,243	34,478	33,424	32,785	33,679	32,821
Net investment income	(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	(182,161)	(158,875)	(141,280)	(122,875)	(108,374)	(94,184)	(81,316)	(65,030)	(54,421)
Administrative expenses	(12,047)	(11,208)	(9,648)	(9,481)	(11,570)	(12,838)	(12,918)	(11,939)	(9,730)
Other	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	(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	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
Plan fiduciary net position-ending (b)	\$ 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)	\$ (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)	103.95%	129.29%	109.90%	111.63%	114.39%	114.67%	105.97%	101.79%	114.68%
Covered payroll	\$ 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	(49.58)%	(350.25)%	(125.94)%	(141.48)%	(166.86)%	(164.54)%	(63.70)%	(17.61)%	(137.81)%

Notes:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 53,000	\$ 53,600	\$ 47,300	\$ 46,000	\$ 44,500	\$ 31,000	\$ 29,000	\$ 91,400	\$ 86,600	\$ 85,200
Contributions in relation to actuarially determined contribution	53,000	53,600	47,300	46,000	44,500	31,000	29,000	91,400	86,600	107,778
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,578)
Covered payroll	\$ 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	\$ 1,441,100
Contributions as a percentage of covered payroll	2.17%	2.30%	2.18%	2.26%	2.29%	1.70%	1.64%	5.68%	5.83%	5.91%

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 2022:

Actuarial cost method: Entry age normal

Amortization method: Level percent of pay, closed

Remaining amortization period: 13 years beginning with fiscal year end 2022

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-2021 Improvement Scale, fully generational RP-2014 Disabled Life Mortality Table for disabled lives.

Exhibit RS1-6
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Last Six Fiscal Years (\$000s)

	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY						
Service cost	\$ 60,548	\$ 58,067	\$ 54,832	\$ 50,106	\$ 52,835	\$ 49,610
Interest	110,365	104,625	94,484	89,812	79,095	72,123
Differences between expected and actual experience	35,532	12,737	30,163	1,627	(729)	(539)
Changes in assumptions	(66,664)	(60,919)	-	(49,000)	50,940	-
Insurance carrier premiums net of retiree contributions	(28,008)	(24,437)	(22,547)	(18,844)	(15,740)	(12,370)
Net change in total OPEB liability	111,773	90,073	156,932	73,701	166,401	108,824
Total OPEB liability-beginning	1,711,707	1,621,634	1,464,702	1,391,001	1,224,600	1,115,776
Total OPEB liability-ending (a)	\$ 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	\$ 54,280	\$ 54,516	\$ 48,189	\$ 46,834	\$ 45,206	\$ 31,522
Net investment income (loss)	(398,893)	355,888	107,412	20,647	67,386	150,515
Insurance carrier premiums (benefits payments)	(29,288)	(25,353)	(23,437)	(19,678)	(16,447)	(12,892)
Administrative expenses	(874)	(671)	(585)	(730)	(397)	(304)
Net change in plan fiduciary net position	(374,775)	384,380	131,579	47,073	95,748	168,841
Plan fiduciary net position-beginning	2,025,062	1,640,682	1,509,103	1,462,030	1,366,282	1,197,441
Plan fiduciary net position-ending (b)	\$ 1,650,287	\$ 2,025,062	\$ 1,640,682	\$ 1,509,103	\$ 1,462,030	\$ 1,366,282
District's net OPEB liability (asset) - ending (a)-(b)	\$ 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)	90.50%	118.31%	101.17%	103.03%	105.11%	111.57%
Covered payroll	\$ 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	7.10%	(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, 2022
(With Comparative Totals at September 30, 2021)
(\$000s)**

	2022	2021, as restated
ASSETS		
Cash and cash equivalents	\$ 4,507,519	\$ 1,657,401
Receivables (net of allowances for doubtful accounts):		
Intergovernmental	720	111
Lease receivable	407,133	360,844
Taxes	582,127	607,556
Accounts	294,368	314,135
Due from component units	1,524	1,453
Interfund	71,882	1,250,243
Inventories	47,652	42,809
Other current assets	14,002	8,708
Cash and cash equivalents (restricted)	944,688	1,064,590
Investments (restricted)	2,837	276,200
Total current assets	6,874,452	5,584,050
Long-term assets	71,116	113,625
Total assets	\$ 6,945,568	\$ 5,697,675
LIABILITIES		
Accounts payable	\$ 640,287	\$ 537,165
Compensation payable:		
Salaries and wages	225,043	256,868
Employee benefits	7,427	3,767
Payroll taxes	1,292	1,163
Other deductions	3,395	3,345
Interfund	21,802	27,760
Due to component units	25,211	19,540
Unearned revenue	45,806	74,376
Other	55,791	53,418
Accrued liabilities:		
Medicaid	156,330	176,354
Tax refunds	88,940	78,189
Other current liabilities	14,740	10,008
Total liabilities	1,286,064	1,241,953
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues:		
Property taxes	146,745	263,787
Lease related	407,133	360,844
Others	213,321	232,385
Total deferred inflows of resources	767,199	857,016
FUND BALANCE		
Nonspendable		42,809
Restricted	47,652	1,043,425
Committed	1,064,506	2,463,172
Assigned	3,780,147	49,300
Total fund balance	4,892,305	3,598,706
Total liabilities, deferred inflows of resources and fund balance	\$ 6,945,568	\$ 5,697,675

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, 2022
 (With Comparative Totals for the Year Ended September 30, 2021)
 (\$000s)

	2022	2021
REVENUES		
Taxes	\$ 9,828,671	\$ 8,683,959
Fines and forfeitures	169,382	145,147
Licenses and permits	156,512	141,467
Charges for services:		
Public	284,506	258,484
Intergovernmental	937	9,456
Miscellaneous:		
Public	652,049	561,581
Investment income	34,713	5,372
Total revenues	<u>11,126,770</u>	<u>9,805,466</u>
EXPENDITURES		
Current:		
Governmental direction and support	2,427,677	1,125,114
Economic development and regulation	436,343	321,227
Public safety and justice	1,358,284	1,329,700
Public education system	2,834,576	2,722,845
Human support services	2,165,073	1,978,088
Operations and infrastructure	685,534	578,649
Public transportation	447,069	458,346
Debt service:		
Principal	434,410	332,526
Interest	484,898	469,540
Fiscal charges	13,155	2,317
Total expenditures	<u>11,287,019</u>	<u>9,318,352</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(160,249)</u>	<u>487,114</u>
OTHER FINANCING SOURCES (USES):		
Debt issuance	6,880	-
Refunding debt issuance	1,377,969	-
Premium on sale of bonds	148,346	-
Payment to refunded bond escrow agent	(1,522,911)	-
Leases (as lessee)	1,178,412	-
Transfers in	910,874	245,618
Transfers out	(646,222)	(394,860)
Sale of capital assets	500	1,000
Total other financing sources (uses)	<u>1,453,848</u>	<u>(148,242)</u>
Excess of revenues and other sources over expenditures and other uses	1,293,599	338,872
Fund Balance as of October 1	3,598,706	3,259,834
Fund Balance as of September 30	<u>\$ 4,892,305</u>	<u>\$ 3,598,706</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, 2022
(With Comparative Totals for the Year Ended September 30, 2021)
(\$000s)

Function and Subfunction	Personnel Services	Contractual Services	Supplies	Occupancy	Miscellaneous	Totals	
						2022	2021
Governmental direction and support							
Legislative	\$ 31,430	\$ 2,667	\$ 54	\$ 900	\$ 21,790	\$ 56,841	\$ 50,872
Executive	116,124	44,593	323	8,647	9,312	178,999	186,709
Finance	137,731	54,106	581	112	158,969	351,499	264,849
Personnel	15,021	259	10	27	34	15,351	14,034
Administrative	145,388	223,870	260	258,031	1,168,982	1,796,531	595,026
Elections	11,791	4,831	196	2	11,636	28,456	13,624
Total	457,485	330,326	1,424	267,719	1,370,723	2,427,677	1,125,114
Economic development and regulation							
Community development	43,000	11,550	117	102	352,791	407,560	303,020
Public housing	-	-	-	-	-	-	18,207
Economic regulation	18,908	4,873	100	1,467	3,435	28,783	-
Total	61,908	16,423	217	1,569	356,226	436,343	321,227
Public safety and justice							
Police	553,515	54,224	9,161	32	169,876	786,808	876,043
Fire	230,176	20,098	4,019	31	13,799	268,123	249,287
Corrections	186,987	52,902	3,530	33	25,410	268,862	180,588
Protection	17,068	7,144	209	13	400	24,834	14,069
Law	8,931	534	50	-	80	9,595	9,615
Judicial	-	62	-	-	-	62	98
Total	996,677	134,964	16,969	109	209,565	1,358,284	1,329,700
Public education system							
Schools	871,710	71,194	6,650	34,983	1,134,193	2,118,730	2,042,829
Culture	186,484	31,597	595	6,845	310,373	535,894	524,458
Employment benefits	52,438	8,135	2,565	12	6,387	69,537	2,167
Employment services	55,479	22,889	80	4,108	27,859	110,415	153,391
Total	1,166,111	133,815	9,890	45,948	1,478,812	2,834,576	2,722,845
Human support services							
Health and welfare	375,164	123,594	5,206	34,795	1,527,619	2,066,378	1,884,135
Human relations	10,657	6,410	81	331	28,216	45,695	40,353
Employment benefits	-	-	-	-	53,000	53,000	53,600
Total	385,821	130,004	5,287	35,126	1,608,835	2,165,073	1,978,088
Operations and infrastructure							
Public transportation	326,595	234,097	7,632	5,247	111,963	685,534	578,649
Debt service	-	-	-	-	447,069	447,069	458,346
Net financing (sources) uses	-	-	-	-	932,463	932,463	804,383
Total expenditures and net uses	\$ 3,394,597	\$ 979,629	\$ 41,419	\$ 355,718	\$ 5,061,808	\$ 9,833,171	\$ 9,466,594

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 [\$157,690]
 Payment for Department of General Services [\$1,162,032]
 Payment for Office of the Attorney General [\$7,992]
 Payment for Office of Campaign Finance [\$11,243]
 Payment for Mayor's Office on Latino Affairs [\$5,271]
 Payment for Emergency Planning and Security Cost [\$20,945]

Economic Development and Regulation:

Payment for Deputy Mayor for Planning and Economic Development [\$73,908]
 Transfer to Housing Authority Subsidy [\$169,156]
 Payment for Commission on Arts and Humanities [\$37,594]
 Payment for Business Improvement Districts [\$35,774]
 Payment for Department of Small and Local Business Development [\$17,392]
 Payment for Department of Housing and Community Development [\$10,674]

Public Safety and Justice:

Payment for Police/Firefighters Retirement System [\$108,965]
Payment for Office of Victim Services and Justice Grants [\$50,468]
Payment for Fire and Emergency Medical Services [\$13,799]
Payment for Neighborhood Safety and Engagement [\$5,466]
Payment for Department of Youth Rehabilitation Services [\$24,789]

Public Education System:

Transfer to Public Charter Schools [\$1,028,050]
Transfer to UDC Subsidy [92,907]
Payment for Office of the State Superintendent of Education (OSSE) [\$159,986]
Payment for Teachers' Retirement System [\$74,635]
Payment for Office for Non-Public Tuition [\$47,837]
Payment for Department of Employment Services [\$27,859]
Payment for District of Columbia Public Schools [16,658]
Payment for Office of the Deputy Mayor for Education [\$14,019]
Payment for DC Public Library [\$9,620]

Human Support Services:

Payment for Department of Health Care Finance [\$878,120]
Payment for Department of Human Services [\$372,527]
Payment for Department of Behavioral Health [\$88,831]
Payment for Department on Disability Services [\$88,025]
Payment for Child and Family Services Agency [\$57,354]
Payment for District Retiree Health Contribution [\$53,000]
Payment for Department of Health [\$42,763]
Payment for Department of Aging and Community Living [\$28,216]

Operations and Infrastructure and Public Transportation:

Payment for District Department of Transportation [\$24,425]
Payment for Mass Transit Subsidies [\$447,069]
Payment for Department of Energy and Environment [\$71,951]
Payment for Department of For-Hire Vehicles [\$6,879]

Debt Service and Net Financing:

Payment for Repayment of Loans and Interest [\$919,308]

Exhibit A-4

DISTRICT OF COLUMBIA
SCHEDULE OF LOCAL SOURCE REVENUES
Budget and Actual (Budgetary Basis)
General Fund
Year Ended September 30, 2022
(\$000s)

Source	Budget		Actual	Variance
	Original	Revised		
Taxes:				
Property:				
Real	\$ 2,726,189	\$ 2,762,482	\$ 2,773,119	\$ 10,637
Personal	69,990	83,760	82,885	(875)
Public space rental	35,676	43,100	39,060	(4,040)
Total	<u>2,831,855</u>	<u>2,889,342</u>	<u>2,895,064</u>	<u>5,722</u>
Sales and use:				
General	1,437,805	1,616,136	1,657,437	41,301
Alcoholic beverages	6,199	6,334	6,919	585
Cigarette	22,479	22,074	22,465	391
Motor vehicles	41,107	60,085	59,002	(1,083)
Motor fuel tax	26,706	23,588	22,928	(660)
Total	<u>1,534,296</u>	<u>1,728,217</u>	<u>1,768,751</u>	<u>40,534</u>
Income and franchise:				
Individual income	2,610,357	3,076,666	3,116,991	40,325
Corporation franchise	603,219	743,978	728,036	(15,942)
Unincorporated business	165,037	278,471	263,286	(15,185)
Total	<u>3,378,613</u>	<u>4,099,115</u>	<u>4,108,313</u>	<u>9,198</u>
Gross receipts:				
Public utility	151,798	123,521	126,274	2,753
Toll telecommunication	32,585	42,427	44,408	1,981
Insurance companies	71,433	63,204	81,381	18,177
Health care providers	36,631	35,268	37,110	1,842
Health care related incomes	56,339	65,618	63,819	(1,799)
Total	<u>348,786</u>	<u>330,038</u>	<u>352,992</u>	<u>22,954</u>
Other:				
Deed recordation	253,043	331,287	329,797	(1,490)
Deed transfers	195,305	229,395	230,475	1,080
Inheritance and estate	37,143	54,662	48,202	(6,460)
Economic interests	20,990	35,661	34,217	(1,444)
Total	<u>506,481</u>	<u>651,005</u>	<u>642,691</u>	<u>(8,314)</u>
Total taxes	<u>8,600,031</u>	<u>9,697,717</u>	<u>9,767,811</u>	<u>70,094</u>
Licenses and permits:				
Business licenses	96,110	104,199	105,746	1,547
Nonbusiness permits	35,207	32,131	29,262	(2,869)
Total	<u>131,317</u>	<u>136,330</u>	<u>135,008</u>	<u>(1,322)</u>
Fines and forfeitures	<u>138,654</u>	<u>158,480</u>	<u>161,321</u>	<u>2,841</u>
Charges for services	<u>63,894</u>	<u>77,262</u>	<u>78,407</u>	<u>1,145</u>
Miscellaneous:				
Interest	3,145	26,500	28,027	1,527
Other	119,295	144,143	221,402	77,259
Total	<u>122,440</u>	<u>170,643</u>	<u>249,429</u>	<u>78,786</u>
Total local revenues	<u>9,056,336</u>	<u>10,240,432</u>	<u>10,391,976</u>	<u>151,544</u>
Other sources:				
General obligation bonds	10,000	10,000	4,009	(5,991)
Fund balance released from restrictions	157,797	262,024	262,024	-
Interfund transfer	692,394	837,244	910,874	73,630
Total other sources	<u>860,191</u>	<u>1,109,268</u>	<u>1,176,907</u>	<u>67,639</u>
Total local revenues and other sources	<u>\$ 9,916,527</u>	<u>\$ 11,349,700</u>	<u>\$ 11,568,883</u>	<u>\$ 219,183</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, 2022
(\$000s)

	Local Source				Other Source				Totals			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
REVENUES AND OTHER SOURCES												
Taxes												
Property taxes	\$ 2,831,855	\$ 2,889,342	\$ 2,895,064	\$ 5,722	\$ -	\$ -	\$ -	\$ -	\$ 2,831,855	\$ 2,889,342	\$ 2,895,064	\$ 5,722
Sales and use taxes	1,534,296	1,728,217	1,768,751	40,534	-	-	-	-	1,534,296	1,728,217	1,768,751	40,534
Income and franchise taxes	3,378,613	4,099,115	4,108,313	9,198	-	-	-	-	3,378,613	4,099,115	4,108,313	9,198
Gross receipts and other taxes	855,267	981,043	995,683	14,640	-	-	-	-	855,267	981,043	995,683	14,640
Total taxes	8,600,031	9,697,717	9,767,811	70,094	-	-	-	-	8,600,031	9,697,717	9,767,811	70,094
Licenses and permits	131,317	136,330	135,008	(1,322)	-	-	-	-	131,317	136,330	135,008	(1,322)
Fines and forfeitures	138,654	158,480	161,321	2,841	-	-	-	-	138,654	158,480	161,321	2,841
Charges for services	63,894	77,262	78,407	1,145	-	-	-	-	63,894	77,262	78,407	1,145
Miscellaneous	122,440	170,643	249,429	78,786	-	-	-	-	122,440	170,643	249,429	78,786
Other sources	-	-	-	-	733,443	671,475	669,671	(1,804)	733,443	671,475	669,671	(1,804)
Bond proceeds	10,000	10,000	4,009	(5,991)	-	-	-	-	10,000	10,000	4,009	(5,991)
Fund balance released from restrictions	157,797	262,024	262,024	-	66,970	100,408	100,408	-	224,767	362,432	362,432	-
Interfund transfer-from office of lottery and gaming	51,373	37,899	40,670	2,771	-	-	-	-	51,373	37,899	40,670	2,771
Interfund transfer-others	641,021	799,345	870,204	70,859	-	-	-	-	641,021	799,345	870,204	70,859
Total revenues and other sources	9,916,527	11,349,700	11,568,883	219,183	800,413	771,883	770,079	(1,804)	10,716,940	12,121,583	12,338,962	217,379
EXPENDITURES AND OTHER USES												
Governmental direction and support	868,170	1,092,751	1,066,892	25,859	94,248	57,809	55,046	2,763	962,418	1,150,560	1,121,938	28,622
Economic development and regulation	418,650	545,816	526,865	18,951	73,298	105,116	61,852	43,264	491,948	650,932	588,717	62,215
Public safety and justice	1,300,069	1,314,778	1,306,078	8,700	61,036	55,716	51,977	3,739	1,361,105	1,370,494	1,358,055	12,439
Public education system	2,810,715	2,429,096	2,372,002	57,094	95,688	72,999	68,923	4,076	2,906,403	2,502,095	2,440,925	61,170
Public education AY23 expenditure	-	395,493	395,493	-	-	-	-	-	-	395,493	395,493	-
Human support services	2,181,621	2,256,278	2,129,737	126,541	44,947	38,019	32,567	5,452	2,226,568	2,294,297	2,162,304	131,993
Operations and infrastructure	851,806	871,863	861,415	10,448	289,122	261,104	231,607	29,497	1,140,928	1,132,967	1,093,022	39,945
Repayment of loans and interest	839,216	809,491	809,491	-	8,089	8,089	8,089	-	847,305	817,580	817,580	-
Debt service - issuance costs	10,000	6,000	5,475	525	-	-	-	-	10,000	6,000	5,475	525
Commercial paper program	6,750	2,589	2,589	-	-	-	-	-	6,750	2,589	2,589	-
Settlements and judgments fund	28,025	14,625	13,535	1,090	-	-	-	-	28,025	14,625	13,535	1,090
Wilson building	4,887	4,887	3,957	930	-	-	-	-	4,887	4,887	3,957	930
D.C. retiree health contribution	50,300	53,000	53,000	-	-	-	-	-	50,300	53,000	53,000	-
Repayment of revenue bonds	3,781	3,781	3,771	10	-	-	-	-	3,781	3,781	3,771	10
Convention center transfer	175,977	176,977	154,349	22,628	4,306	3,214	3,214	-	180,283	180,191	157,563	22,628
Highway transportation fund	26,706	22,928	22,928	-	-	-	-	-	26,706	22,928	22,928	-
Emergency planning and security fund	-	22,400	20,945	1,455	-	-	-	-	-	22,400	20,945	1,455
Workforce investments	72,449	102,264	-	102,264	-	-	-	-	72,449	102,264	-	102,264
Emergency and contingency reserve funds	-	9,556	-	9,556	-	-	-	-	-	9,556	-	9,556
Pay-as-you-go capital fund	241,765	281,063	281,063	-	113,029	153,548	153,548	-	354,794	434,611	434,611	-
Unemployment insurance trust and transfer	5,000	4,998	4,998	-	-	-	-	-	5,000	4,998	4,998	-
Non-departmental	19,024	15,113	-	15,113	10,393	-	-	-	29,417	15,113	-	15,113
Total expenditures and other uses	9,914,911	10,435,747	10,034,583	401,164	794,156	755,614	666,823	88,791	10,709,067	11,191,361	10,701,406	489,955
Excess of revenues and other sources over expenditures and other uses	\$ 1,616	\$ 913,953	\$ 1,534,300	\$ 620,347	\$ 6,257	\$ 16,269	\$ 103,256	\$ 86,987	\$ 7,873	\$ 930,222	\$ 1,637,556	\$ 707,334

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, 2022
(\$000s)

	Original Budget	Revisions	Revised Budget	Actual	Variance (Actual To Original Budget)
REVENUES AND OTHER SOURCES					
Taxes:					
Property taxes	\$ 2,831,855	\$ 57,487	\$ 2,889,342	\$ 2,895,064	\$ 63,209
Sales and use taxes	1,534,296	193,921	1,728,217	1,768,751	234,455
Income and franchise taxes	3,378,613	720,502	4,099,115	4,108,313	729,700
Gross receipts and other taxes	855,267	125,776	981,043	995,683	140,416
Total taxes	8,600,031	1,097,686	9,697,717	9,767,811	1,167,780
Licenses and permits	131,317	5,013	136,330	135,008	3,691
Fines and forfeitures	138,654	19,826	158,480	161,321	22,667
Charges for services	63,894	13,368	77,262	78,407	14,513
Miscellaneous	122,440	48,203	170,643	249,429	126,989
Other sources	733,443	(61,968)	671,475	669,671	(63,772)
Bond proceeds	10,000	-	10,000	4,009	(5,991)
Fund balance released from restrictions	224,767	137,665	362,432	362,432	137,665
Interfund transfer-from office of lottery and gaming	51,373	(13,474)	37,899	40,670	(10,703)
Interfund transfer-others	641,021	158,324	799,345	870,204	229,183
Total revenues and other sources	10,716,940	1,404,643	12,121,583	12,338,962	1,622,022
EXPENDITURES AND OTHER USES					
Governmental direction and support	962,418	188,142	1,150,560	1,121,938	(159,520)
Economic development and regulation	491,948	158,984	650,932	588,717	(96,769)
Public safety and justice	1,361,105	9,389	1,370,494	1,358,055	3,050
Public education system	2,906,403	(404,308)	2,502,095	2,440,925	465,478
Public education AY23 expenditure	-	395,493	395,493	395,493	(395,493)
Human support services	2,226,568	67,729	2,294,297	2,162,304	64,264
Operations and infrastructure	1,140,928	(7,961)	1,132,967	1,093,022	47,906
Repayment of loans and interest	847,305	(29,725)	817,580	817,580	29,725
Debt service - issuance costs	10,000	(4,000)	6,000	5,475	4,525
Commercial paper program	6,750	(4,161)	2,589	2,589	4,161
Settlements and judgments fund	28,025	(13,400)	14,625	13,535	14,490
Wilson building	4,887	-	4,887	3,957	930
D.C. retiree health contribution	50,300	2,700	53,000	53,000	(2,700)
Repayment of revenue bonds	3,781	-	3,781	3,771	10
Convention center transfer	180,283	(92)	180,191	157,563	22,720
Highway transportation fund	26,706	(3,778)	22,928	22,928	3,778
Emergency planning and security fund	-	22,400	22,400	20,945	(20,945)
Workforce investments	72,449	29,815	102,264	-	72,449
Emergency and contingency reserve funds	-	9,556	9,556	-	-
Pay-as-you-go capital fund	354,794	79,817	434,611	434,611	(79,817)
Unemployment insurance trust and transfer	5,000	(2)	4,998	4,998	2
Non-departmental	29,417	(14,304)	15,113	-	29,417
Total expenditures and other uses	10,709,067	482,294	11,191,361	10,701,406	7,661
Excess of revenues and other sources over expenditures and other uses	\$ 7,873	\$ 922,349	\$ 930,222	\$ 1,637,556	\$ 1,629,683

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, 2022
(With Comparative Totals at September 30, 2021)
(\$000s)**

	Special Revenue Funds					Debt Service Fund	Capital Project Fund Highway Trust	Totals	
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT	Universal Paid Leave	Baseball Project			2022	2021
ASSETS									
Current assets:									
Receivables (net of allowances for doubtful accounts):									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,341	\$ -	\$ 2,978	\$ 5,319	\$ 5,538
Accounts	17	27,696	-	6,552	-	-	-	34,265	31,387
Due from component units	1,000	-	-	-	665	-	-	1,665	1,665
Due from other funds	1,636	-	1,422	-	1,339	-	-	4,397	10,007
Other current assets	-	14	-	-	-	-	-	14	228
Restricted cash and cash equivalents	37,645	48,204	60,266	547,056	79,438	-	16,271	788,880	825,848
Restricted investments	-	-	-	-	-	-	-	-	2,415
Total assets	\$ 40,298	\$ 75,914	\$ 61,688	\$ 553,608	\$ 83,783	\$ -	\$ 19,249	\$ 834,540	\$ 877,088
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE									
Current liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ 3,374	\$ -	\$ -	\$ 8,573	\$ 11,947	\$ 9,343
Compensation payable	-	-	-	53	-	-	182	235	202
Due to other funds	1,000	-	-	2,455	56,395	-	871	60,721	151,663
Due to component units	1,122	-	-	-	-	-	-	1,122	198
Other current liabilities	-	-	4	4,719	1	-	1,241	5,965	4,586
Accrued liabilities	-	-	-	-	311	-	-	311	1,134
Total liabilities	2,122	-	4	10,601	56,707	-	10,867	80,301	167,126
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenues	-	-	-	-	2,242	-	-	2,242	2,668
FUND BALANCES									
Restricted	38,176	75,914	61,684	543,007	24,834	-	8,382	751,997	707,294
Total fund balances	38,176	75,914	61,684	543,007	24,834	-	8,382	751,997	707,294
Total liabilities, deferred inflows of resources and fund balances	\$ 40,298	\$ 75,914	\$ 61,688	\$ 553,608	\$ 83,783	\$ -	\$ 19,249	\$ 834,540	\$ 877,088

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, 2022
(With Comparative Totals for the Year Ended September 30, 2021)
(\$000s)

	Special Revenue Funds					Debt Service Fund	Capital Project Fund	Totals	
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT	Universal Paid Leave	Baseball Project		Highway Trust	2022	2021
REVENUES									
Property taxes	\$ 19,796	\$ -	\$ 21,619	\$ -	\$ -	\$ -	\$ -	\$ 41,415	\$ 43,215
Sales and use taxes	17,963	-	14,555	-	12,429	-	-	44,947	16,277
Gross receipts taxes	-	-	-	-	51,350	-	-	51,350	46,537
Charge for services	-	-	-	335,551	-	-	-	335,551	308,151
Interest	1,718	338	251	1,959	104	-	13	4,383	1,959
Tobacco settlement revenue	-	48,083	-	-	-	-	-	48,083	41,541
Other	-	-	-	-	6,131	-	-	6,131	6,173
Total revenues	39,477	48,421	36,425	337,510	70,014	-	13	531,860	463,853
EXPENDITURES									
Governmental direction and support	39,279	242	12,360	-	1,955	-	-	53,836	46,854
Economic development and regulation	-	-	-	80,231	-	-	-	80,231	61,201
Capital outlay	-	-	-	-	-	-	40,362	40,362	36,147
Bond principal payment	18,397	29,615	25,825	-	-	3,995	-	77,832	76,519
Interest	5,237	16,029	7,042	-	-	10,622	-	38,930	42,988
Total expenditures	62,913	45,886	45,227	80,231	1,955	14,617	40,362	291,191	263,709
Excess (deficiency) of revenues over (under) expenditures	(23,436)	2,535	(8,802)	257,279	68,059	(14,617)	(40,349)	240,669	200,144
OTHER FINANCING SOURCES (USES)									
Bond issuance	2,060	-	7,903	-	-	-	-	9,963	29,408
Transfers in	-	-	-	-	-	14,617	22,928	37,545	43,538
Transfers out	(1,000)	-	-	(171,462)	(71,012)	-	-	(243,474)	(206,761)
Total other financing sources (uses)	1,060	-	7,903	(171,462)	(71,012)	14,617	22,928	(195,966)	(133,815)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(22,376)	2,535	(899)	85,817	(2,953)	-	(17,421)	44,703	66,329
Fund Balances as of October 1	60,552	73,379	62,583	457,190	27,787	-	25,803	707,294	640,965
Fund Balances as of September 30	\$ 38,176	\$ 75,914	\$ 61,684	\$ 543,007	\$ 24,834	\$ -	\$ 8,382	\$ 751,997	\$ 707,294

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, 2022
(With Comparative Totals at September 30, 2021)
(\$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	2022	2021, as restated
ASSETS								
Cash and cash equivalents	\$ 166,484	\$ 62,042	\$ 56,650	\$ -	\$ -	\$ -	\$ 285,176	\$ 144,465
Investments								
Equities	3,222,109	1,200,520	964,759	1,109,696	731,081	288,893	7,517,058	9,575,330
Fixed income securities	1,736,819	647,119	581,958	25,524	46,292	27,615	3,065,327	3,837,599
Real estate	918,789	342,330	-	-	-	155	1,261,274	1,002,491
Private equity	872,858	325,217	-	-	-	-	1,198,075	943,089
Commodities	-	-	58,116	-	-	-	58,116	51,585
Money market funds	-	-	-	106,000	303,352	-	409,352	401,504
Total investments	<u>6,750,575</u>	<u>2,515,186</u>	<u>1,604,833</u>	<u>1,241,220</u>	<u>1,080,725</u>	<u>316,663</u>	<u>13,509,202</u>	<u>15,811,598</u>
Receivables								
Loan receivable	-	-	-	-	-	2,224	2,224	2,187
Benefit contributions receivable	1,951	2,576	-	3,567	38,930	-	47,024	47,314
Other receivables	9,493	3,537	15,767	64	36	-	28,897	16,184
Due from federal government	708	264	-	-	-	-	972	1,825
Total receivables	<u>12,152</u>	<u>6,377</u>	<u>15,767</u>	<u>3,631</u>	<u>38,966</u>	<u>2,224</u>	<u>79,117</u>	<u>67,510</u>
Depreciable capital assets, net	<u>7,565</u>	<u>2,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,384</u>	<u>11,702</u>
Total assets	<u>6,936,776</u>	<u>2,586,424</u>	<u>1,677,250</u>	<u>1,244,851</u>	<u>1,119,691</u>	<u>318,887</u>	<u>13,883,879</u>	<u>16,035,275</u>
LIABILITIES								
Accounts payable	6,165	2,259	26,963	-	-	-	35,387	31,762
Due to federal government	479	179	-	-	-	-	658	624
Other current liabilities	21,453	7,993	-	2,387	941	-	32,774	30,658
Other long-term liabilities	8,234	3,068	-	-	-	-	11,302	12,803
Total liabilities	<u>36,331</u>	<u>13,499</u>	<u>26,963</u>	<u>2,387</u>	<u>941</u>	<u>-</u>	<u>80,121</u>	<u>75,847</u>
NET POSITION								
Restricted for:								
Pensions	6,900,445	2,572,925	-	-	-	-	9,473,370	10,935,702
Other postemployment benefits	-	-	1,650,287	-	-	-	1,650,287	2,025,062
Other employee benefit	-	-	-	1,242,464	1,118,750	318,887	2,680,101	2,998,664
Net position restricted for pension, other employee benefit, and other purposes	<u>\$ 6,900,445</u>	<u>\$ 2,572,925</u>	<u>\$ 1,650,287</u>	<u>\$ 1,242,464</u>	<u>\$ 1,118,750</u>	<u>\$ 318,887</u>	<u>\$ 13,803,758</u>	<u>\$ 15,959,428</u>

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

Exhibit C-2

DISTRICT OF COLUMBIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Pension (and Other Employee Benefit) Trust Funds
For the Year Ended September 30, 2022
(With Comparative Totals for the Year Ended September 30, 2021)
(\$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	2022	2021, as restated
ADDITIONS								
Contributions:								
Employer	\$ 108,965	\$ 75,060	\$ 53,000	\$ 83,808	\$ -	\$ -	\$ 320,833	\$ 315,911
Plan members	36,997	46,914	1,280	-	126,566	27,043	238,800	228,127
Total contributions	145,962	121,974	54,280	83,808	126,566	27,043	559,633	544,038
Investment earnings:								
Net increase (decrease) in fair value of investments	(1,095,540)	(408,303)	(412,078)	(268,055)	(203,654)	(48,111)	(2,435,741)	2,670,178
Other revenue	-	-	263	-	-	-	263	425
Interest and dividends	66,820	24,879	17,314	9,198	26,151	3,224	147,586	104,191
Total investment gain (loss)	(1,028,720)	(383,424)	(394,501)	(258,857)	(177,503)	(44,887)	(2,287,892)	2,774,794
Less: investment expenses	(16,015)	(5,967)	(4,392)	(4,144)	(5,920)	-	(36,438)	(42,054)
Net investment earnings (loss)	(1,044,735)	(389,391)	(398,893)	(263,001)	(183,423)	(44,887)	(2,324,330)	2,732,740
Other	2,338	871	-	-	1,170	92,258	96,637	4,942
Total additions	(896,435)	(266,546)	(344,613)	(179,193)	(55,687)	74,414	(1,668,060)	3,281,720
DEDUCTIONS								
Benefits	182,161	100,588	29,288	61,481	70,327	23,128	466,973	414,411
Administrative expenses	12,094	4,508	874	870	458	312	19,116	18,829
Other	-	-	-	600	551	370	1,521	1,707
Total deductions	194,255	105,096	30,162	62,951	71,336	23,810	487,610	434,947
Change in net position	(1,090,690)	(371,642)	(374,775)	(242,144)	(127,023)	50,604	(2,155,670)	2,846,773
Net position as of October 1	7,991,135	2,944,567	2,025,062	1,484,608	1,245,773	268,283	15,959,428	13,112,655
Net position as of September 30	\$ 6,900,445	\$ 2,572,925	\$ 1,650,287	\$ 1,242,464	\$ 1,118,750	\$ 318,887	\$ 13,803,758	\$ 15,959,428

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, 2022
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Governmental direction and support				
Board of elections	\$ 12,185	\$ 15,643	\$ 14,546	\$ 1,097
Board of ethics and government accountability	3,705	3,590	3,516	74
Captive insurance agency	5,886	8,496	8,085	411
Contract appeals board	1,897	1,956	1,942	14
Council of the District of Columbia	30,582	29,024	29,024	-
Department of human resources	12,245	12,779	12,627	152
Department of general services	307,003	417,380	411,936	5,444
Employees' compensation fund	22,147	22,147	18,559	3,588
Executive office of the mayor	17,241	19,550	17,275	2,275
Mayor's office of legal counsel	1,638	1,638	1,506	132
Metropolitan washington council of governments	595	595	555	40
Office of advisory neighborhood commissions	1,912	1,937	1,343	594
Office of campaign finance	23,439	23,439	15,306	8,133
Office of contracting and procurement	30,152	141,686	140,445	1,241
Office of disability rights	1,982	2,139	1,662	477
Office of employee appeals	2,234	2,388	2,381	7
Office of finance and resource management	31,824	31,988	31,547	441
Office of labor relations and collective bargaining	2,586	2,586	2,359	227
Office of risk management	4,104	4,276	4,272	4
Office of the attorney general for the District of Columbia	143,139	143,887	135,979	7,908
Office of the chief financial officer	193,859	634,183	631,903	2,280
Office of the chief technology officer	85,815	89,125	89,057	68
Office of the city administrator	10,814	7,555	7,504	51
Office of the District of Columbia auditor	6,876	6,632	5,257	1,375
Office of the inspector general	22,684	19,245	17,196	2,049
Office of the secretary	4,535	4,690	4,573	117
Office of the senior advisor	3,409	3,323	3,118	205
Office of veterans' affairs	1,130	1,125	957	168
Office on asian and pacific islander affairs	1,385	1,385	1,307	78
Office on latino affairs	6,386	6,361	6,351	10
Public employee relations board	1,315	1,250	1,227	23
Statehood initiatives	241	289	268	21
Tax revision commission	989	13	13	-
Uniform law commission	60	60	58	2
Total governmental direction and support	<u>995,994</u>	<u>1,662,360</u>	<u>1,623,654</u>	<u>38,706</u>
Economic development and regulation				
Business improvement districts transfer	50,250	50,540	35,774	14,766
Commission on the arts and humanities	38,284	49,130	44,963	4,167
Department of housing and community development	135,231	153,458	56,796	96,662
Department of small and local business development	21,721	25,035	24,425	610
Housing authority subsidy	175,252	182,110	169,156	12,954
Housing production trust fund subsidy	166,684	166,684	166,684	-
Office of cable television, film, music and entertainment	14,771	14,150	14,132	18
Office of planning	17,620	16,201	15,432	769
Office of the deputy mayor for planning and economic development	141,571	172,485	138,782	33,703
Office of the tenant advocate	4,136	3,761	3,672	89
Office of zoning	3,858	3,899	3,891	8
Real property tax appeals commission	1,776	1,776	1,714	62
Rental housing commission	1,360	1,350	1,294	56
Total economic development and regulation	<u>772,514</u>	<u>840,579</u>	<u>676,715</u>	<u>163,864</u>

Exhibit D-1

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
For the Year Ended September 30, 2022
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Public safety and justice				
Commission on judicial disabilities and tenure	395	473	462	11
Corrections information council	893	909	906	3
Criminal code reform commission	907	897	848	49
Criminal justice coordinating council	3,836	3,873	3,720	153
Department of corrections	187,221	186,796	182,310	4,486
Department of forensic sciences	28,927	32,085	31,177	908
Department of youth rehabilitation services	85,461	83,398	83,232	166
District of Columbia national guard	16,204	16,987	15,142	1,845
District of Columbia sentencing commission	1,628	1,631	1,629	2
Fire and emergency medical services department	268,729	272,732	269,683	3,049
Homeland security and emergency management agency	107,624	638,630	506,077	132,553
Judicial nomination commission	308	308	308	-
Metropolitan police department	505,946	524,656	519,474	5,182
Office of administrative hearings	10,935	10,395	10,172	223
Office of human rights	8,966	7,754	7,065	689
Office of neighborhood safety and engagement	28,710	21,008	20,364	644
Office of police complaints	2,892	2,817	2,660	157
Office on returning citizen affairs	2,533	2,224	2,065	159
Office of the chief medical examiner	13,970	13,734	13,277	457
Office of the deputy mayor for public safety and justice	2,399	3,125	3,109	16
Office of unified communications	54,466	51,535	50,812	723
Office of victim services and justice grants	105,944	90,712	86,663	4,049
Police officers' and fire fighters' retirement system	108,966	108,966	108,966	-
Total public safety and justice	<u>1,547,860</u>	<u>2,075,645</u>	<u>1,920,121</u>	<u>155,524</u>
Public education system				
Department of employment services	224,917	211,196	181,153	30,043
Department of parks and recreation	69,251	72,957	71,645	1,312
District of Columbia public charter school board	11,588	11,034	10,486	548
District of Columbia public charter schools	1,011,334	1,018,224	1,018,224	-
AY23 public charter school advance appropriations	-	9,995	9,995	-
District of Columbia public schools	1,046,975	692,957	659,553	33,404
AY23 public school advance appropriations	-	385,498	385,498	-
District of Columbia public library	75,357	76,109	73,929	2,180
District of Columbia state athletics commission	1,270	1,190	1,190	-
Non-public tuition	58,454	58,274	49,744	8,530
Office of the deputy mayor for education	47,636	35,081	33,995	1,086
Office of the state superintendent of education	702,954	1,315,325	781,573	533,752
Special education commission	107,782	102,096	101,913	183
State board of education	2,361	2,330	2,314	16
Teachers' retirement system	75,060	75,060	74,635	425
Unemployment compensation fund	5,480	2,451	2,392	59
University of the District of Columbia subsidy account	93,314	93,781	93,725	56
Total public education system	<u>3,533,733</u>	<u>4,163,558</u>	<u>3,551,964</u>	<u>611,594</u>
Human support services				
Child and family services agency	218,548	233,323	213,878	19,445
D.C. health benefit exchange subsidy	-	1,600	1,600	-
Department of aging and community living	57,454	65,446	57,949	7,497
Department of behavioral health	342,824	361,583	336,460	25,123
Department of health	280,805	477,758	301,506	176,252
Department of health care finance	3,515,661	4,140,596	4,021,133	119,463
Department of human services	719,987	1,002,492	939,779	62,713
Department on disability services	196,547	169,095	161,545	7,550
Not-for-profit hospital corporation subsidy	15,000	22,000	22,000	-
Office for the deaf, deafblind, and hard of hearing	835	835	-	835
Office of the deputy mayor for health and human services	2,923	2,148	2,096	52
Office of the ombudsperson for children	935	364	49	315
Total human support services	<u>5,351,519</u>	<u>6,477,240</u>	<u>6,057,995</u>	<u>419,245</u>

Exhibit D-1

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
For the Year Ended September 30, 2022
(\$000s)

	Budget		Actual	Variance
	Original	Revised		
Operations and infrastructure				
Alcoholic beverage regulation administration	10,495	10,501	9,719	782
Department of consumer and regulatory affairs	90,589	77,132	71,264	5,868
Department of energy and environment	239,742	232,573	195,507	37,066
Department of for-hire vehicles	22,649	20,448	18,557	1,891
Department of insurance, securities and banking	34,025	31,885	29,633	2,252
Department of motor vehicles	48,281	47,025	44,889	2,136
Department of public works	175,958	183,504	176,421	7,083
District department of transportation	170,096	164,939	146,273	18,666
Office of the deputy mayor for operations and infrastructure	1,244	1,244	1,244	-
Office of the people's counsel	11,010	10,158	10,138	20
Public service commission	18,045	17,321	16,876	445
Washington metropolitan area transit authority	166	166	166	-
Washington metropolitan area transit commission	457,525	451,269	447,069	4,200
Total operations and infrastructure	<u>1,279,825</u>	<u>1,248,165</u>	<u>1,167,756</u>	<u>80,409</u>
Other				
Repayment of loans and interest	865,770	836,045	833,313	2,732
Debt service - issuance costs	10,000	6,000	5,475	525
Commercial paper program	6,750	2,589	2,589	-
Settlements and judgments fund	28,025	14,625	13,535	1,090
Inaugural expenses	-	-	-	-
Wilson building	4,887	4,887	3,957	930
D.C. retiree health contribution	50,300	53,000	53,000	-
Repayment of revenue bonds	3,781	3,781	3,771	10
Convention center transfer	180,283	220,191	197,563	22,628
Highway transportation fund	26,706	22,928	22,928	-
Emergency planning and security fund	25,000	47,701	46,246	1,455
Workforce investments	72,449	102,264	-	102,264
Emergency and contingency reserve funds	-	9,556	-	9,556
Pay-as-you-go capital fund	354,794	434,611	434,611	-
Unemployment insurance trust and transfer	5,000	4,998	4,998	-
Non-departmental	301,881	15,113	-	15,113
Total other	<u>1,935,626</u>	<u>1,778,289</u>	<u>1,621,986</u>	<u>156,303</u>
Total	<u>\$ 15,417,071</u>	<u>\$ 18,245,836</u>	<u>\$ 16,620,191</u>	<u>\$ 1,625,645</u>

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



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**DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2022
(\$000s)**

	Local Source				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support								
Board of elections	\$ 12,185	\$ 13,462	\$ 13,150	\$ 312	\$ -	\$ -	\$ -	\$ -
Board of ethics and government accountability	3,517	3,517	3,460	57	188	73	56	17
Captive insurance agency	5,213	7,933	7,796	137	673	505	231	274
Contract appeals board	1,897	1,956	1,942	14	-	-	-	-
Council of the District of Columbia	30,582	29,024	29,024	-	-	-	-	-
Department of human resources	11,495	11,305	11,153	152	750	590	590	-
Department of general services	300,962	408,526	403,103	5,423	6,041	3,576	3,555	21
Employees' compensation fund	22,147	22,147	18,559	3,588	-	-	-	-
Executive office of the mayor	13,118	13,718	13,360	358	-	-	-	-
Mayor's office of legal counsel	1,638	1,638	1,506	132	-	-	-	-
Metropolitan washington council of governments	595	595	555	40	-	-	-	-
Office of advisory neighborhood commissions	1,912	1,937	1,343	594	-	-	-	-
Office of campaign finance	23,439	23,439	15,306	8,133	-	-	-	-
Office of contracting and procurement	28,276	139,496	138,304	1,192	1,876	1,608	1,559	49
Office of disability rights	1,349	1,349	1,270	79	-	-	-	-
Office of employee appeals	2,234	2,388	2,381	7	-	-	-	-
Office of finance and resource management	31,581	31,779	31,343	436	243	209	204	5
Office of labor relations and collective bargaining	2,586	2,586	2,359	227	-	-	-	-
Office of risk management	4,104	4,276	4,272	4	-	-	-	-
Office of the attorney general for the District of Columbia	92,816	91,770	90,265	1,505	25,621	20,512	20,286	226
Office of the chief financial officer	147,888	158,856	158,747	109	45,521	17,791	15,622	2,169
Office of the chief technology officer	72,928	73,138	73,070	68	12,230	11,987	11,987	-
Office of the city administrator	10,814	7,553	7,504	49	-	-	-	-
Office of the District of Columbia auditor	6,876	6,632	5,257	1,375	-	-	-	-
Office of the inspector general	19,673	16,234	14,967	1,267	-	-	-	-
Office of the secretary	3,435	3,732	3,617	115	1,100	958	956	2
Office of the senior advisor	3,409	3,323	3,118	205	-	-	-	-
Office of veterans' affairs	1,125	1,125	957	168	5	-	-	-
Office on asian and pacific islander affairs	1,385	1,385	1,307	78	-	-	-	-
Office on latino affairs	6,386	6,361	6,351	10	-	-	-	-
Public employee relations board	1,315	1,250	1,227	23	-	-	-	-
Statehood initiatives	241	248	248	-	-	-	-	-
Tax revision commission	989	13	13	-	-	-	-	-
Uniform law commission	60	60	58	2	-	-	-	-
Total governmental direction and support	868,170	1,092,751	1,066,892	25,859	94,248	57,809	55,046	2,763
Economic development and regulation								
Business improvement districts transfer	250	550	550	-	50,000	49,990	35,224	14,766
Commission on the arts and humanities	37,523	42,323	38,535	3,788	-	4,309	4,309	-
Department of housing and community development	33,447	18,123	17,163	960	6,100	4,720	3,007	1,713
Department of small and local business development	21,150	20,981	20,896	85	-	3,549	3,035	514
Housing authority subsidy	175,252	182,110	169,156	12,954	-	-	-	-
Housing production trust fund subsidy	-	166,684	166,684	-	-	-	-	-
Office of cable television, film, music and entertainment	2,754	2,934	2,916	18	12,017	11,216	11,216	-
Office of planning	16,964	15,134	14,727	407	100	32	32	-
Office of the deputy mayor for planning and economic development	121,058	86,797	86,214	583	4,613	30,832	4,620	26,212
Office of the tenant advocate	3,258	3,155	3,125	30	468	468	409	59
Office of zoning	3,858	3,899	3,891	8	-	-	-	-
Real property tax appeals commission	1,776	1,776	1,714	62	-	-	-	-
Rental housing commission	1,360	1,350	1,294	56	-	-	-	-
Total economic development and regulation	418,650	545,816	526,865	18,951	73,298	105,116	61,852	43,264

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
 Year Ended September 30, 2022
 (\$000s)

	Private Grants				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support								
Board of elections	\$ -	\$ -	\$ (6)	\$ 6	\$ -	\$ 2,181	\$ 1,402	\$ 779
Board of ethics and government accountability	-	-	-	-	-	-	-	-
Captive insurance agency	-	-	-	-	-	58	58	-
Contract appeals board	-	-	-	-	-	-	-	-
Council of the District of Columbia	-	-	-	-	-	-	-	-
Department of human resources	-	-	-	-	-	884	884	-
Department of general services	-	117	117	-	-	5,161	5,161	-
Employees' compensation fund	-	-	-	-	-	-	-	-
Executive office of the mayor	-	896	247	649	4,123	4,936	3,668	1,268
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	-	-	-	-	-	582	582	-
Office of disability rights	-	-	-	-	633	790	392	398
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	568	719	614	105	24,134	30,886	24,814	6,072
Office of the chief financial officer	-	-	-	-	450	457,536	457,534	2
Office of the chief technology officer	-	-	-	-	657	4,000	4,000	-
Office of the city administrator	-	2	-	2	-	-	-	-
Office of the District of Columbia auditor	-	-	-	-	-	-	-	-
Office of the inspector general	-	-	-	-	3,011	3,011	2,229	782
Office of the secretary	-	-	-	-	-	-	-	-
Office of the senior advisor	-	-	-	-	-	-	-	-
Office of veterans' affairs	-	-	-	-	-	-	-	-
Office on asian and pacific islander affairs	-	-	-	-	-	-	-	-
Office on latino affairs	-	-	-	-	-	-	-	-
Public employee relations board	-	-	-	-	-	-	-	-
Statehood initiatives	-	41	20	21	-	-	-	-
Tax revision commission	-	-	-	-	-	-	-	-
Uniform law commission	-	-	-	-	-	-	-	-
Total governmental direction and support	568	1,775	992	783	33,008	510,025	500,724	9,301
Economic development and regulation								
Business improvement districts transfer	-	-	-	-	-	-	-	-
Commission on the arts and humanities	-	98	88	10	761	2,400	2,031	369
Department of housing and community development	-	-	-	-	95,684	130,615	36,626	93,989
Department of small and local business development	-	15	15	-	571	490	479	11
Housing authority subsidy	-	-	-	-	-	-	-	-
Housing production trust fund subsidy	-	-	-	-	166,684	-	-	-
Office of cable television, film, music and entertainment	-	-	-	-	-	-	-	-
Office of planning	10	53	43	10	546	982	630	352
Office of the deputy mayor for planning and economic development	-	-	-	-	15,900	54,856	47,948	6,908
Office of the tenant advocate	-	-	-	-	410	138	138	-
Office of zoning	-	-	-	-	-	-	-	-
Real property tax appeals commission	-	-	-	-	-	-	-	-
Rental housing commission	-	-	-	-	-	-	-	-
Total economic development and regulation	10	166	146	20	280,556	189,481	87,852	101,629

**DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2022
(\$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	65	65	54	11	-	-	-	-
Corrections information council	893	909	906	3	-	-	-	-
Criminal code reform commission	907	897	848	49	-	-	-	-
Criminal justice coordinating council	1,536	1,460	1,408	52	-	-	-	-
Department of corrections	162,704	160,152	159,649	503	24,517	25,630	22,267	3,363
Department of forensic sciences	28,433	30,666	30,324	342	-	-	-	-
Department of youth rehabilitation services	85,071	82,822	82,809	13	-	60	54	6
District of Columbia national guard	5,237	5,670	5,430	240	148	146	145	1
District of Columbia sentencing commission	1,628	1,631	1,629	2	-	-	-	-
Fire and emergency medical services department	267,743	270,301	268,549	1,752	986	576	567	9
Homeland security and emergency management agency	5,667	9,667	9,634	33	-	-	-	-
Judicial nomination commission	8	8	8	-	-	-	-	-
Metropolitan police department	493,814	512,300	510,491	1,809	5,932	3,673	3,673	-
Office of administrative hearings	10,785	9,792	9,595	197	-	-	-	-
Office of human rights	8,561	7,157	6,959	198	-	-	-	-
Office of neighborhood safety and engagement	14,780	10,699	10,055	644	-	-	-	-
Office of police complaints	2,892	2,817	2,660	157	-	-	-	-
Office on returning citizen affairs	1,916	1,765	1,606	159	-	-	-	-
Office of the chief medical examiner	13,445	13,232	12,944	288	-	-	-	-
Office of the deputy mayor for public safety and justice	2,399	3,125	3,109	16	-	-	-	-
Office of unified communications	29,569	27,730	27,704	26	24,897	23,305	22,945	360
Office of victim services and justice grants	53,050	52,947	50,741	2,206	4,556	2,326	2,326	-
Police officers' and fire fighters' retirement system	108,966	108,966	108,966	-	-	-	-	-
Total public safety and justice	1,300,069	1,314,778	1,306,078	8,700	61,036	55,716	51,977	3,739
Public education system								
Department of employment services	56,589	63,315	61,894	1,421	69,890	50,678	47,850	2,828
Department of parks and recreation	61,156	65,720	64,504	1,216	2,059	2,933	2,845	88
District of Columbia public charter school board	-	-	-	-	10,588	10,072	9,524	548
District of Columbia public charter schools	1,011,334	1,018,224	1,018,224	-	-	-	-	-
AY23 public charter school advance appropriations	-	-	-	-	-	-	-	-
District of Columbia public schools	1,006,498	615,105	593,810	21,295	10,128	7,081	6,821	260
AY23 public school advance appropriations	-	385,498	385,498	-	-	-	-	-
District of Columbia public library	71,726	72,565	71,326	1,239	1,300	372	255	117
District of Columbia state athletics commission	1,170	1,090	1,090	-	100	100	100	-
Non-public tuition	58,454	58,274	49,744	8,530	-	-	-	-
Office of the deputy mayor for education	25,336	20,469	19,383	1,086	-	-	-	-
Office of the state superintendent of education	234,895	238,755	217,187	21,568	1,623	1,763	1,528	235
Special education commission	107,782	102,096	101,913	183	-	-	-	-
State board of education	2,361	2,330	2,314	16	-	-	-	-
Teachers' retirement system	75,060	75,060	74,635	425	-	-	-	-
Unemployment compensation fund	5,480	2,451	2,392	59	-	-	-	-
University of the District of Columbia subsidy account	92,874	93,642	93,586	56	-	-	-	-
Total public education system	2,810,715	2,824,589	2,767,495	57,094	95,688	72,999	68,923	4,076
Human support services								
Child and family services agency	144,992	146,296	146,204	92	1,000	871	871	-
D.C. health benefit exchange subsidy	-	-	-	-	-	-	-	-
Department of aging and community living	45,860	46,468	45,695	773	-	-	-	-
Department of behavioral health	287,559	289,683	288,571	1,112	2,687	1,635	1,604	31
Department of health	88,876	90,139	89,219	920	19,171	22,856	20,135	2,721
Department of health care finance	950,448	1,041,019	942,007	99,012	6,434	4,487	2,021	2,466
Department of human services	510,129	513,359	490,097	23,262	900	23	10	13
Department on disability services	134,064	103,967	103,799	168	14,755	8,147	7,926	221
Not-for-profit hospital corporation subsidy	15,000	22,000	22,000	-	-	-	-	-
Office for the deaf, deafblind, and hard of hearing	835	835	-	835	-	-	-	-
Office of the deputy mayor for health and human services	2,923	2,148	2,096	52	-	-	-	-
Office of the ombudsperson for children	935	364	49	315	-	-	-	-
Total human support services	2,181,621	2,256,278	2,129,737	126,541	44,947	38,019	32,567	5,452

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2022
(\$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	408	408	-
Corrections information council	-	-	-	-	-	-	-	-
Criminal code reform commission	-	-	-	-	-	-	-	-
Criminal justice coordinating council	-	-	-	-	2,300	2,413	2,312	101
Department of corrections	-	458	161	297	-	556	233	323
Department of forensic sciences	-	916	844	72	494	503	9	494
Department of youth rehabilitation services	-	17	17	-	390	499	352	147
District of Columbia national guard	-	-	-	-	10,819	11,171	9,567	1,604
District of Columbia sentencing commission	-	-	-	-	-	-	-	-
Fire and emergency medical services department	-	-	-	-	-	1,855	567	1,288
Homeland security and emergency management agency	-	-	-	-	101,957	628,963	496,443	132,520
Judicial nomination commission	-	-	-	-	300	300	300	-
Metropolitan police department	-	303	121	182	6,200	8,380	5,189	3,191
Office of administrative hearings	-	217	191	26	150	386	386	-
Office of human rights	-	-	-	-	405	597	106	491
Office of neighborhood safety and engagement	-	-	-	-	13,930	10,309	10,309	-
Office of police complaints	-	-	-	-	-	-	-	-
Office on returning citizen affairs	-	-	-	-	617	459	459	-
Office of the chief medical examiner	-	-	-	-	525	502	333	169
Office of the deputy mayor for public safety and justice	-	-	-	-	-	-	-	-
Office of unified communications	-	-	-	-	-	500	163	337
Office of victim services and justice grants	-	-	-	-	48,338	35,439	33,596	1,843
Police officers' and fire fighters' retirement system	-	-	-	-	-	-	-	-
Total public safety and justice	-	1,911	1,334	577	186,755	703,240	560,732	142,508
Public education system								
Department of employment services	928	1,729	633	1,096	97,510	95,474	70,776	24,698
Department of parks and recreation	-	10	3	7	6,036	4,294	4,293	1
District of Columbia public charter school board	-	-	-	-	1,000	962	962	-
District of Columbia public charter schools	-	-	-	-	-	-	-	-
AY23 public charter school advance appropriations	-	-	-	-	-	-	-	-
District of Columbia public schools	2,650	10,444	3,859	6,585	27,699	60,327	55,063	5,264
AY23 public school advance appropriations	-	-	-	-	-	-	-	-
District of Columbia public library	17	20	3	17	2,314	3,152	2,345	807
District of Columbia state athletics commission	-	-	-	-	-	-	-	-
Non-public tuition	-	-	-	-	-	-	-	-
Office of the deputy mayor for education	115	115	115	-	22,185	14,497	14,497	-
Office of the state superintendent of education	147	338	133	205	466,289	1,074,469	562,725	511,744
Special education commission	-	-	-	-	-	-	-	-
State board of education	-	-	-	-	-	-	-	-
Teachers' retirement system	-	-	-	-	-	-	-	-
Unemployment compensation fund	-	-	-	-	-	-	-	-
University of the District of Columbia subsidy account	-	-	-	-	440	139	139	-
Total public education system	3,857	12,656	4,746	7,910	623,473	1,253,314	710,800	542,514
Human support services								
Child and family services agency	329	531	466	65	72,227	85,625	66,337	19,288
D.C. health benefit exchange subsidy	-	-	-	-	-	1,600	1,600	-
Department of aging and community living	-	-	-	-	11,594	18,978	12,254	6,724
Department of behavioral health	647	706	220	486	51,931	69,559	46,065	23,494
Department of health	43	349	241	108	172,715	364,414	191,911	172,503
Department of health care finance	-	-	-	-	2,558,779	3,095,090	3,077,105	17,985
Department of human services	-	5	5	-	208,958	489,105	449,667	39,438
Department on disability services	-	-	-	-	47,728	56,981	49,820	7,161
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	1,019	1,591	932	659	3,123,932	4,181,352	3,894,759	286,593

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2022
(\$000s)

	Local Source				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Operations and infrastructure								
Alcoholic beverage regulation administration	1,550	1,617	1,236	381	8,945	8,884	8,483	401
Department of consumer and regulatory affairs	47,843	38,815	37,572	1,243	42,746	38,317	33,692	4,625
Department of energy and environment	22,229	53,912	53,004	908	98,116	87,547	73,538	14,009
Department of for-hire vehicles	13,702	14,154	13,507	647	8,797	6,294	5,050	1,244
Department of insurance, securities and banking	1,695	1,207	1,207	-	32,330	29,934	28,216	1,718
Department of motor vehicles	38,965	39,002	38,065	937	8,986	7,693	6,803	890
Department of public works	161,359	173,461	172,066	1,395	14,599	9,964	4,355	5,609
District department of transportation	132,853	124,391	123,674	717	18,818	18,212	17,596	616
Office of the deputy mayor for operations and infrastructure	1,244	1,244	1,244	-	-	-	-	-
Office of the people's counsel	675	625	605	20	10,335	9,533	9,533	-
Public service commission	-	-	-	-	17,450	16,726	16,341	385
Washington metropolitan area transit authority	166	166	166	-	-	-	-	-
Washington metropolitan area transit commission	429,525	423,269	419,069	4,200	28,000	28,000	28,000	-
Total operations and infrastructure	851,806	871,863	861,415	10,448	289,122	261,104	231,607	29,497
Other								
Repayment of loans and interest	839,216	809,491	809,491	-	8,089	8,089	8,089	-
Debt service - issuance costs	10,000	6,000	5,475	525	-	-	-	-
Commercial paper program	6,750	2,589	2,589	-	-	-	-	-
Settlements and judgments fund	28,025	14,625	13,535	1,090	-	-	-	-
Wilson building	4,887	4,887	3,957	930	-	-	-	-
D.C. retiree health contribution	50,300	53,000	53,000	-	-	-	-	-
Repayment of revenue bonds	3,781	3,781	3,771	10	-	-	-	-
Convention center transfer	175,977	176,977	154,349	22,628	4,306	3,214	3,214	-
Highway transportation fund	26,706	22,928	22,928	-	-	-	-	-
Emergency planning and security fund	-	22,400	20,945	1,455	-	-	-	-
Workforce investments	72,449	102,264	-	102,264	-	-	-	-
Emergency and contingency reserve funds	-	9,556	-	9,556	-	-	-	-
Pay-as-you-go capital fund	241,765	281,063	281,063	-	113,029	153,548	153,548	-
Unemployment insurance trust and transfer	5,000	4,998	4,998	-	-	-	-	-
Non-departmental	19,024	15,113	-	15,113	10,393	-	-	-
Total other	1,483,880	1,529,672	1,376,101	153,571	135,817	164,851	164,851	-
Total	\$ 9,914,911	\$ 10,435,747	\$ 10,034,583	\$ 401,164	\$ 794,156	\$ 755,614	\$ 666,823	\$ 88,791

Exhibit D-2

DISTRICT OF COLUMBIA
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2022
(\$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 consumer and regulatory affairs	-	-	-	-	-	-	-	-
Department of energy and environment	2,556	3,373	158	3,215	116,841	87,741	68,807	18,934
Department of for-hire vehicles	-	-	-	-	150	-	-	-
Department of insurance, securities and banking	-	-	-	-	-	744	210	534
Department of motor vehicles	-	-	-	-	330	330	21	309
Department of public works	-	79	-	79	-	-	-	-
District department of transportation	-	-	-	-	18,425	22,336	5,003	17,333
Office of the deputy mayor for operations and infrastructure	-	-	-	-	-	-	-	-
Office of the people's counsel	-	-	-	-	-	-	-	-
Public service commission	14	14	6	8	581	581	529	52
Washington metropolitan area transit authority	-	-	-	-	-	-	-	-
Washington metropolitan area transit commission	-	-	-	-	-	-	-	-
Total operations and infrastructure	2,570	3,466	164	3,302	136,327	111,732	74,570	37,162
Other								
Repayment of loans and interest	-	-	-	-	18,465	18,465	15,733	2,732
Debt service - issuance costs	-	-	-	-	-	-	-	-
Commercial paper program	-	-	-	-	-	-	-	-
Settlements and judgments fund	-	-	-	-	-	-	-	-
Wilson building	-	-	-	-	-	-	-	-
D.C. retiree health contribution	-	-	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-	-	-
Convention center transfer	-	-	-	-	-	40,000	40,000	-
Highway transportation fund	-	-	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	25,000	25,301	25,301	-
Workforce investments	-	-	-	-	-	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	-	-	-	-	-
Unemployment insurance trust and transfer	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	272,464	-	-	-
Total other	-	-	-	-	315,929	83,766	81,034	2,732
Total	\$ 8,024	\$ 21,565	\$ 8,314	\$ 13,251	\$ 4,699,980	\$ 7,032,910	\$ 5,910,471	\$ 1,122,439

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

**DISTRICT OF COLUMBIA
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2022
(\$000s)**

	Local Source			Other Sources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
REVENUES AND OTHER SOURCES						
Taxes:						
Property taxes	\$ 2,831,855	\$ 57,487	\$ 2,889,342	\$ -	\$ -	\$ -
Sales and use taxes	1,534,296	193,921	1,728,217	-	-	-
Income and franchise taxes	3,378,613	720,502	4,099,115	-	-	-
Gross receipts and other taxes	855,267	125,776	981,043	-	-	-
Total taxes	8,600,031	1,097,686	9,697,717	-	-	-
Licenses and permits	131,317	5,013	136,330	-	-	-
Fines and forfeitures	138,654	19,826	158,480	-	-	-
Charges for services	63,894	13,368	77,262	-	-	-
Miscellaneous	122,440	48,203	170,643	-	-	-
Other sources	-	-	-	733,443	(61,968)	671,475
Federal contributions	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-
Bond proceeds	10,000	-	10,000	-	-	-
Fund balance released from restrictions	157,797	104,227	262,024	66,970	33,438	100,408
Interfund transfer-from office of lottery and gaming	51,373	(13,474)	37,899	-	-	-
Interfund transfer-others	641,021	158,324	799,345	-	-	-
Total revenues and other sources	9,916,527	1,433,173	11,349,700	800,413	(28,530)	771,883
EXPENDITURES AND OTHER USES						
Governmental direction and support	868,170	224,581	1,092,751	94,248	(36,439)	57,809
Economic development and regulation	418,650	127,166	545,816	73,298	31,818	105,116
Public safety and justice	1,300,069	14,709	1,314,778	61,036	(5,320)	55,716
Public education system	2,810,715	(381,619)	2,429,096	95,688	(22,689)	72,999
Public education AY23 expenditure	-	395,493	395,493	-	-	-
Human support services	2,181,621	74,657	2,256,278	44,947	(6,928)	38,019
Operations and infrastructure	851,806	20,057	871,863	289,122	(28,018)	261,104
Repayment of loans and interest	839,216	(29,725)	809,491	8,089	-	8,089
Debt service - issuance costs	10,000	(4,000)	6,000	-	-	-
Commercial paper program	6,750	(4,161)	2,589	-	-	-
Settlements and judgments fund	28,025	(13,400)	14,625	-	-	-
Inaugural expenses	-	-	-	-	-	-
Wilson building	4,887	-	4,887	-	-	-
D.C. retiree health contribution	50,300	2,700	53,000	-	-	-
Repayment of revenue bonds	3,781	-	3,781	-	-	-
Convention center transfer	175,977	1,000	176,977	4,306	(1,092)	3,214
Highway transportation fund	26,706	(3,778)	22,928	-	-	-
Emergency planning and security fund	-	22,400	22,400	-	-	-
Workforce investments	72,449	29,815	102,264	-	-	-
Emergency and contingency reserve funds	-	9,556	9,556	-	-	-
Pay-as-you-go capital fund	241,765	39,298	281,063	113,029	40,519	153,548
Unemployment insurance trust and transfer	5,000	(2)	4,998	-	-	-
Non-departmental	19,024	(3,911)	15,113	10,393	(10,393)	-
Total expenditures and other uses	9,914,911	520,836	10,435,747	794,156	(38,542)	755,614
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ 1,616	\$ 912,337	\$ 913,953	\$ 6,257	\$ 10,012	\$ 16,269

Exhibit D-3

**DISTRICT OF COLUMBIA
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2022
(\$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	-	-	-	939,931	126,756	1,066,687
Operating grants	8,024	13,541	21,565	3,760,049	2,206,174	5,966,223
Bond proceeds	-	-	-	-	-	-
Fund balance released from restrictions	-	-	-	-	-	-
Interfund transfer-from office of lottery and gaming	-	-	-	-	-	-
Interfund transfer-others	-	-	-	-	-	-
Total revenues and other sources	8,024	13,541	21,565	4,699,980	2,332,930	7,032,910
EXPENDITURES AND OTHER USES						
Governmental direction and support	568	1,207	1,775	33,008	477,017	510,025
Economic development and regulation	10	156	166	280,556	(91,075)	189,481
Public safety and justice	-	1,911	1,911	186,755	516,485	703,240
Public education system	3,857	8,799	12,656	623,473	629,841	1,253,314
Public education AY23 expenditure	-	-	-	-	-	-
Human support services	1,019	572	1,591	3,123,932	1,057,420	4,181,352
Operations and infrastructure	2,570	896	3,466	136,327	(24,595)	111,732
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	-	-	-	-	40,000	40,000
Highway transportation fund	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	25,000	301	25,301
Workforce investments	-	-	-	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	-	-	-
Unemployment insurance trust and transfer	-	-	-	-	-	-
Non-departmental	-	-	-	272,464	(272,464)	-
Total expenditures and other uses	8,024	13,541	21,565	4,699,980	2,332,930	7,032,910
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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



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Statistical Section



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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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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 2,849,043	\$ 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
Restricted	1,264,682	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
Unrestricted (deficit)	(632,045)	(456,827)	(134,430)	170,315	132,888	(44,334)	698,133	1,210,924	889,510	2,766,679
Total governmental activities net position	3,481,680	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
Business-type activities										
Net investment in capital assets	427	270	169	330	79,700	72,469	68,849	70,136	62,610	49,487
Restricted	241,952	260,645	312,483	364,237	416,373	459,203	503,431	90,550	45,158	165,212
Unrestricted	3,911	4,012	4,271	4,184	11,185	4,240	13,711	6,530	11,036	16,028
Total business-type activities net position	246,290	264,927	316,923	368,751	507,258	535,912	585,991	167,216	118,804	230,727
Primary government										
Net investment in capital assets	2,849,470	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
Restricted	1,506,634	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
Unrestricted (deficit)	(628,134)	(452,815)	(130,159)	174,499	144,073	(40,094)	711,844	1,217,454	900,546	2,782,707
Total primary government net position	\$ 3,727,970	\$ 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

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GOVERNMENTAL ACTIVITIES										
Expenses										
Governmental direction and support	\$ 993,774	\$ 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
Economic development and regulation	460,082	416,670	474,493	548,314	591,861	724,404	700,346	574,303	722,913	858,316
Public safety and justice	1,497,016	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
Public education system	2,224,946	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
Human support services	4,086,722	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
Operations and infrastructure	603,423	651,221	705,766	701,559	758,431	812,726	860,918	1,279,342	1,338,065	1,531,347
Public transportation	284,851	309,436	335,703	359,097	368,014	419,198	425,753	424,271	458,346	447,069
Interest on long-term debt	382,530	396,754	404,130	392,638	446,621	435,006	425,812	430,752	424,627	367,790
Total governmental activities expenses	10,533,344	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
Program revenues										
Charges for services, fees, fines, and forfeitures:										
Economic development and regulation	136,436	146,067	167,841	172,898	180,307	181,857	268,190	490,046	324,049	364,051
Operations and infrastructure	170,810	189,566	165,931	183,592	185,842	191,000	229,398	153,533	290,497	353,234
Others	223,969	165,753	205,189	242,257	228,173	235,193	372,156	248,010	210,174	231,482
Operating grants and contributions	3,277,118	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
Capital grants and contributions	270,813	178,218	224,891	167,948	219,751	261,450	258,500	278,833	309,217	209,696
Total governmental activities program revenues	4,079,146	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
Net expenses	(6,454,198)	(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)
General revenues										
Taxes:										
Property taxes	2,012,788	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
Sales and use taxes	1,247,374	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
Income and franchise taxes	2,094,179	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
Gross receipts taxes	345,852	389,539	361,293	365,305	364,791	368,446	397,684	374,112	373,421	407,580
Other taxes	400,308	423,354	528,866	498,161	502,117	508,151	583,429	489,988	585,257	738,184
Investment earnings	6,071	6,810	5,855	11,601	9,288	36,273	53,941	30,176	8,289	40,787
Miscellaneous	580,097	499,235	406,914	510,330	527,920	500,442	610,479	616,477	675,149	733,696
Transfers in (out)	68,314	54,966	55,586	53,287	29,616	12,080	8,740	3,381	(43,679)	18,670
Total governmental activities general revenues and transfers	6,754,983	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
Change in net position - governmental activities	\$ 300,785	\$ 87,056	\$ 53,519	\$ 347,219	\$ 428,936	\$ 134,116	\$ 921,545	\$ 261,893	\$ 874,273	\$ 1,037,800

(Continued)

Exhibit S-1B
Changes in Net Position - Last Ten Fiscal Years
Accrual Basis of Accounting (\$000s)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
BUSINESS-TYPE ACTIVITIES										
Expenses										
Office of lottery and gaming	\$ 173,927	\$ 161,144	\$ 156,762	\$ 174,882	\$ 173,241	\$ 161,397	\$ 168,454	\$ 176,987	\$ 218,086	\$ 234,895
Unemployment compensation	255,645	160,403	119,267	114,633	143,942	131,764	120,010	1,568,065	1,497,798	39,994
Not-for-profit hospital corporation	-	-	-	-	134,104	149,194	149,736	160,055	150,034	142,883
Total business-type activities expenses	429,572	321,547	276,029	289,515	451,287	442,355	438,200	1,905,107	1,865,918	417,772
Program revenues										
Charges for services, fees, fines, and forfeitures:										
Office of lottery and gaming	242,460	216,040	212,495	228,183	218,732	210,264	213,072	214,933	266,308	274,794
Not-for-profit hospital	-	-	-	-	123,679	96,925	110,335	98,474	93,030	109,191
Operating grants and contributions	32,790	9,766	14,561	12,028	25,217	20,789	18,319	1,025,633	1,267,261	25,264
Total business-type activities program revenues	275,250	225,806	227,056	240,211	367,628	327,978	341,726	1,339,040	1,626,599	409,249
Net expenses	(154,322)	(95,741)	(48,973)	(49,304)	(83,659)	(114,377)	(96,474)	(566,067)	(239,319)	(8,523)
General revenues										
Other taxes	131,025	141,760	148,889	145,887	143,728	144,068	142,877	139,833	145,775	136,267
Investment earnings	7,723	7,340	7,666	8,532	9,645	11,043	12,416	10,840	1,453	2,849
Miscellaneous	96,161	20,244	-	-	-	-	-	-	-	-
Transfers	(68,314)	(54,966)	(55,586)	(53,287)	(29,616)	(12,080)	(8,740)	(3,381)	43,679	(18,670)
Total business-type activities general revenues and transfers	166,595	114,378	100,969	101,132	123,757	143,031	146,553	147,292	190,907	120,446
Change in net position - business-type activities	\$ 12,273	\$ 18,637	\$ 51,996	\$ 51,828	\$ 40,098	\$ 28,654	\$ 50,079	\$ (418,775)	\$ (48,412)	\$ 111,923
PRIMARY GOVERNMENT										
Expenses	\$ 10,962,916	\$ 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
Program revenues	4,354,396	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
Net expenses	(6,608,520)	(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)
General revenues	6,921,578	6,983,807	7,517,428	7,913,080	8,216,144	8,546,363	9,366,105	9,061,957	9,738,925	10,852,410
Change in net position - primary government	\$ 313,058	\$ 105,693	\$ 105,515	\$ 399,047	\$ 469,034	\$ 162,770	\$ 971,624	\$ (156,882)	\$ 825,861	\$ 1,149,723

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 16,015	\$ 25,668	\$ 12,734	\$ 11,631	\$ 14,969	\$ 8,270	\$ 10,303	\$ 47,769	\$ 42,809	\$ 47,652
Restricted	976,071	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
Committed	659,567	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
Assigned	97,275	120,331	80,827	20,668	-	27,247	69,250	-	49,300	-
Total general fund	\$ 1,748,928	\$ 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
All other governmental funds										
Nonspendable	\$ -	\$ 9,736	\$ 3,752	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,431
Restricted	717,664	639,604	821,872	754,029	675,825	639,734	704,749	1,127,035	973,735	1,308,057
Unassigned	-	(114,248)	-	(228,870)	(642,032)	(522,345)	(378,421)	(38,538)	(728,182)	(358,081)
Total all other governmental funds	\$ 717,664	\$ 535,092	\$ 825,624	\$ 525,161	\$ 33,793	\$ 117,389	\$ 326,328	\$ 1,088,497	\$ 245,553	\$ 974,407

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES										
Taxes	\$ 6,128,210	\$ 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
Fines and forfeitures	178,708	143,124	129,283	202,314	176,351	168,486	202,194	158,030	145,147	169,382
Licenses and permits	105,081	102,242	119,658	123,029	127,546	133,938	172,493	141,007	141,467	156,512
Charges for services	247,426	256,020	290,020	273,404	290,425	305,626	377,699	580,623	578,968	625,205
Miscellaneous	511,582	552,455	414,500	457,163	470,392	514,926	591,665	585,022	669,761	806,130
Investment earnings	6,608	6,810	5,855	11,601	14,039	36,273	53,944	30,176	8,289	40,786
Federal contributions	555,038	519,846	554,342	521,828	535,131	528,300	556,431	920,806	1,307,786	1,614,737
Operating grants	2,992,893	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
Total revenues	10,725,546	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
EXPENDITURES										
Governmental direction and support	810,803	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
Economic development and regulation	383,143	411,812	448,244	560,365	578,242	665,315	708,236	523,294	646,196	748,133
Public safety and justice	1,513,469	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
Public education system	2,084,613	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
Human support services	4,042,204	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
Operations and infrastructure	287,598	329,355	354,686	365,437	390,741	418,694	461,413	610,507	624,524	760,269
Public transportation	284,851	309,436	335,703	359,097	368,014	419,198	425,753	424,271	458,346	447,069
Debt service:										
Principal	254,312	306,498	301,001	361,375	333,305	402,532	440,980	481,987	422,540	530,259
Interest	410,020	422,450	421,549	449,347	470,307	477,632	481,189	540,051	543,675	553,771
Fiscal charges	8,640	4,895	8,311	3,732	7,849	7,322	6,368	19,525	2,317	13,155
Total debt service	672,972	733,843	730,861	814,454	811,461	887,486	928,537	1,041,563	968,532	1,097,185
Subtotal expenditures	10,079,653	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
Capital outlay	1,208,481	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
Total expenditures	11,288,134	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
Deficiency of revenues under expenditures	(562,588)	(800,348)	(661,523)	(675,396)	(707,767)	(1,126,719)	(529,149)	(1,346,149)	(654,466)	(923,453)
OTHER FINANCING SOURCES (USES)										
Debt issuance	833,286	597,230	1,034,252	431,815	398,911	1,157,635	1,048,405	1,645,737	193,073	1,524,920
Refunding debt issuance	25,005	475,305	231,255	95,575	1,168,615	401,095	290,000	1,647,745	-	1,377,969
Premium on sale of bonds	154,681	85,679	155,540	84,235	177,402	163,318	157,045	663,009	-	349,969
Payment to refunded bond escrow agent	(28,929)	(503,439)	(256,765)	(95,120)	(1,287,378)	(444,960)	(290,000)	(1,850,494)	-	(1,522,911)
Leases (as lessee)	-	-	-	-	-	-	-	-	-	1,179,451
Equipment financing program	41,016	31,716	25,590	11,368	-	-	-	-	-	-
Transfers in	364,563	331,676	358,736	460,462	358,002	342,751	385,159	497,905	771,572	1,549,713
Transfers out	(296,249)	(276,710)	(303,150)	(407,175)	(312,402)	(330,671)	(376,419)	(494,523)	(815,251)	(1,531,043)
Sale of capital assets	3,913	1,050	-	15,800	451	21,239	831	5,457	1,000	17,838
Total other financing sources	1,097,286	742,507	1,245,458	596,960	503,601	1,310,407	1,215,021	2,114,836	150,394	2,945,906
Net change in fund balances	\$ 534,698	\$ (57,841)	\$ 583,935	\$ (78,436)	\$ (204,166)	\$ 183,688	\$ 685,872	\$ 768,687	\$ (504,072)	\$ 2,022,453
Total capitalized expenditures	\$ 925,053	\$ 893,504	\$ 905,635	\$ 936,960	\$ 1,031,265	\$ 1,197,775	\$ 1,235,887	\$ 1,297,730	\$ 1,164,815	\$ 1,432,478
Total debt service excluding fiscal charges as a percentage of non-capital expenditures	6.41%	6.72%	6.34%	6.85%	6.52%	6.85%	6.91%	6.94%	6.04%	5.91%

Source:

Information for each fiscal year was extracted from Exhibit 2-b, Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

Exhibit S-1E
Tax Revenues by Source - Governmental Funds - Last Ten Fiscal Years
Modified Accrual Basis of Accounting (\$000s)

Fiscal Year	Property Tax				Sales and Use	Income and Franchise	Gross Receipts	Other Taxes	Total
	Real	Personal	Rental	Total					
2013	\$ 1,940,169	\$ 54,878	\$ 45,450	\$ 2,040,497	\$ 1,247,374	\$ 2,094,179	\$ 345,852	\$ 400,308	\$ 6,128,210
2014	2,037,905	55,413	41,719	2,135,037	1,282,573	2,094,754	389,539	423,354	6,325,257
2015	2,219,859	57,225	79,243	2,356,327	1,425,525	2,316,727	361,293	528,866	6,988,738
2016	2,386,010	59,101	58,780	2,503,891	1,451,441	2,464,330	365,305	498,161	7,283,128
2017	2,500,732	63,305	53,066	2,617,103	1,527,120	2,512,522	364,791	502,117	7,523,653
2018	2,579,542	72,268	56,628	2,708,438	1,597,939	2,641,586	368,446	508,151	7,824,560
2019	2,725,774	92,065	57,338	2,875,177	1,707,745	2,941,982	397,684	583,429	8,506,017
2020	2,869,204	77,698	56,716	3,003,618	1,317,112	3,104,933	374,112	489,989	8,289,764
2021	2,949,356	80,479	61,974	3,091,809	1,310,269	3,506,271	373,420	585,256	8,867,025
2022	2,849,757	82,885	61,077	2,993,719	1,814,080	4,108,313	407,580	738,184	10,061,876

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					
2013	\$ 70,337,945	\$ 81,406,777	\$ 151,744,722	\$ 84,690,034	\$ 236,434,756	\$ 1.23	35.82%
2014	74,834,806	85,465,264	160,300,070	87,287,954	247,588,024	1.24	35.26
2015	82,287,797	94,623,356	176,911,153	90,854,809	267,765,962	1.32	33.93
2016	86,644,638	102,457,968	189,102,606	91,429,157	280,531,763	1.32	32.59
2017	89,970,074	111,600,290	201,570,364	96,439,565	298,009,929	1.22	32.36
2018	91,138,075	120,243,383	211,381,458	99,987,708	311,369,166	1.28	32.11
2019	94,454,918	125,671,114	220,126,032	102,087,904	322,213,936	1.28	31.68
2020	95,678,551	133,008,766	228,687,317	108,517,588	337,204,905	1.29	32.18
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

Notes:

Assessed value is 100% of estimated market value.

Residential Property: After Homestead Deductions and other credits were applied against tax for 2013 - 2022; Does not reflect the 2013 - 2022 Cap Assessment of 10% for Class 01 with Homestead Deductions; 2022 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	
2013	1.12	0.11	1.23
2014	1.13	0.11	1.24
2015	1.18	0.14	1.32
2016	1.16	0.16	1.32
2017	1.08	0.14	1.22
2018	1.14	0.14	1.28
2019	1.13	0.15	1.28
2020	1.12	0.17	1.29
2021	1.24	0.16	1.40
2022	1.28	0.16	1.44

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				
	Owner occupied	Tenant occupied	Unimproved	Hotels	Improved	Unimproved		
2013	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40	
2014	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40	
2015	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40	
2016	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40	
2017	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40	
2018	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.85/5.00/10.00	1.65/1.85/5.00/10.00	1.65/1.85	3.40	
2019	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.77/1.89/5.00/10.00	1.65/1.77/1.89/5.00/10.00	1.65/1.77/1.89	3.40	
2020	0.85/5.00/10.00	0.85/5.00/10.00	0.85	1.65/1.77/1.89/5.00/10.00	1.65/1.77/1.89/5.00/10.00	1.65/1.77/1.89	3.40	
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	

Fiscal Year	Sales and Use			Income and Franchise		Gross Receipts Public Utility	
	General	Cigarette	Motor Fuel	Individual	Business	Commercial	Residential
	2013	0.0600	2.86/3.57	0.24	0.04-0.09	0.10	0.11
2014	0.0575	2.86/3.57	0.24	0.04-0.09	0.10	0.11	0.10
2015	0.0575	2.90/3.62	0.24	0.04-0.09	0.09	0.11	0.10
2016	0.0575	2.91/3.63	0.24	0.04-0.09	0.09	0.11	0.10
2017	0.0575	2.92	0.24	0.04-0.09	0.09	0.11	0.10
2018	0.0575	2.94	0.24	0.04-0.09	0.08	0.11	0.10
2019	0.0600	4.94	0.24	0.04-0.09	0.08	0.11	0.10
2020	0.0600	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

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 2022, \$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 2013 - FY 2018 properties reverted to their native Class and rate.

Sales and Use Tax:

General: Of sales value

Cigarette: FY 2017 - FY 2022, 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)**

	2022			2013		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
1100 15th Street LLC	\$ 830,446	1	0.33%	***	****	****
CC Owner LLC	716,891	2	0.29	\$ 573,487	2	0.38%
CARR CRHP Properties LLC	576,118	3	0.23	481,205	4	0.32
Washington Square LLC	567,426	4	0.23	411,014	5	0.27
555 12th REIT LLC	516,240	5	0.21	***	****	****
United Brotherhood of Carpenters and Joiners of America	514,003	6	0.21	400,025	6	0.26
2000 L Owner LLC	501,535	7	0.20	***	****	****
District of Columbia/CCDC Office LLC **	457,473	8	0.18	***	****	****
13th & F Associates LP & WMATA	446,562	9	0.18	345,600	9	0.23
President & Directors of Georgetown University	415,457	10	0.17	***	****	****

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 2013.

**** 2013 exact rank cannot be determined.

Source:

Office of Tax and Revenue

**Exhibit S-2E
Ten Highest Assessed Values for Tax Exempt Properties
Current Year (\$000s)**

	Value
International Finance Corporation	\$ 719,377
Inter-American Development Bank	680,378
International Bank for Reconstruction and Development	635,119
Protestant Episcopal Cathedral Foundation DC	540,438
Gallaudet University	463,034
Catholic University of America	431,035
Howard University (Land Only)	425,958
International Monetary Fund	368,034
International Monetary Fund	350,749
The Johns Hopkins University	308,976

Note:

Duplicate property listings result from owners with multiple properties.

Source:

Office of Tax and Revenue

**Exhibit S-2F
Property Tax Levies and Collections
Last Ten Fiscal Years (\$000s)**

Fiscal Year	Current Levy			Prior Years			Total		
	Levy	Collections	Percent Collected	Outstanding Balances Billed	Collections	Percent Collected	Billed	Collections	Percent Collected
2013	\$ 1,909,967	\$ 1,872,534	98.04%	\$ 145,546	\$ 82,977	57.01%	\$ 2,055,513	\$ 1,955,511	95.13%
2014	2,000,814	1,969,905	98.46	139,400	80,076	57.44	2,140,214	2,049,981	95.78
2015	2,220,771	2,180,283	98.18	119,381	68,945	57.75	2,340,152	2,249,228	96.11
2016	2,357,764	2,317,713	98.30	94,796	76,119	80.30	2,452,560	2,393,832	97.61
2017	2,517,747	2,423,501	96.26	98,206	77,186	78.60	2,615,953	2,500,687	95.59
2018	2,499,134	2,451,269	98.08	135,611	89,575	66.05	2,634,745	2,540,844	96.44
2019	2,712,296	2,681,270	98.86	145,863	97,073	66.55	2,858,159	2,778,343	97.21
2020	2,844,258	2,725,243	95.82	158,155	102,544	64.84	3,002,413	2,827,787	94.18
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

Source:
Office of Tax and Revenue

**Exhibit S-2G
Personal Income Tax Rates
Last Ten Fiscal Years**

Fiscal Year	Top Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of Listed Amounts			Average Effective Rate
		Single	Married Filing Jointly	Head of Household	
2013	8.95%	\$ 350,000	\$ 350,000	\$ 350,000	5.60%
2014	8.95	350,000	350,000	350,000	6.33
2015	8.95	350,000	350,000	350,000	6.66
2016	8.95	1,000,000	1,000,000	1,000,000	6.28
2017	8.95	1,000,000	1,000,000	1,000,000	6.12
2018	8.95	1,000,000	1,000,000	1,000,000	6.19
2019	8.95	1,000,000	1,000,000	1,000,000	6.38
2020	8.95	1,000,000	1,000,000	1,000,000	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	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**

	2022				2013			
	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	100,920	27.34%	\$ 2,114,849,405	84.36%	60,131	18.10%	\$ 1,126,172,958	73.03%
\$75,001 - \$100,000	36,289	9.83	157,968,400	6.30	27,630	8.32	133,237,507	8.64
\$50,001 - \$75,000	54,060	14.64	140,680,839	5.61	47,686	14.35	142,215,463	9.22
\$25,001 - \$50,000	71,119	19.26	81,118,141	3.24	80,705	24.29	111,836,261	7.25
\$10,001 - \$25,000	50,125	13.58	11,356,859	0.45	68,652	20.66	26,634,065	1.73
\$10,000 and lower	56,680	15.35	868,196	0.03	47,441	14.28	1,976,085	0.13
Total	369,193	100.00%	\$ 2,506,841,840	100.00%	332,245	100.00%	\$ 1,542,072,339	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
2013	\$ 2,245,185	\$ 46,952	\$ 2,292,137	\$ 151,744,722	1.51%	\$ 3,548
2014	2,790,935	89,232	2,880,167	160,300,070	1.80	4,390
2015	3,530,770	229,585	3,760,355	176,911,153	2.13	5,640
2016	3,829,305	287,639	4,116,944	189,102,606	2.18	6,101
2017	4,078,160	430,941	4,509,101	201,570,364	2.24	6,615
2018	4,827,105	542,610	5,369,715	211,381,458	2.54	7,828
2019	5,611,815	649,007	6,260,822	220,126,032	2.84	9,102
2020	5,396,870	596,131	5,993,001	228,687,317	2.62	8,715
2021	5,202,750	544,789	5,747,539	244,414,935	2.35	8,606
2022	6,002,310	640,834	6,643,144	248,762,508	2.67	10,228

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. Bureau of Economic Analysis (BEA) population estimates as of the third quarter of each calendar year.

**Exhibit S-3B
Pledged-Revenue Coverage
Last Ten Fiscal Years (\$000s)**

Fiscal Year	Tax Increment Financing Debts					Income Tax Secured Revenue Bonds				
	Sales	Real Property	Debt Service		Coverage %	Individual	Business	Debt Service		Coverage %
	Tax Increment	Tax Increment	Principal	Interest		Income Tax	Franchise Tax	Principal	Interest	
2013	\$ 11,238	\$ 7,119	\$ 4,203	\$ 6,496	171.58%	\$ 1,640,899	\$ 453,280	\$ 117,740	\$ 193,898	671.99%
2014	7,178	10,324	3,973	6,719	163.69	1,679,173	415,581	148,120	205,724	592.00
2015	9,133	12,328	3,914	6,785	200.59	1,868,037	447,805	138,580	204,933	674.16
2016	8,203	10,132	4,073	6,839	168.03	1,907,862	556,468	88,155	179,702	920.02
2017	10,686	8,953	4,136	6,852	178.73	1,958,277	554,245	119,300	200,542	785.55
2018	10,630	7,678	7,180	6,860	130.40	2,066,842	574,745	154,505	193,535	758.99
2019	9,865	11,072	4,284	7,629	175.75	2,299,326	642,656	159,030	186,052	852.55
2020	6,025	8,075	4,398	7,919	114.48	2,377,236	727,697	149,970	207,163	869.41
2021	3,101	14,185	6,099	6,582	136.31	2,643,213	863,057	131,285	231,220	967.23
2022	6,360	8,396	18,397	5,237	62.44	3,116,991	991,322	154,265	213,358	1,117.53

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 128 through 142).

Exhibit S-3C
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (\$000s, Except Per Capita)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
General obligation bonds	\$ 2,292,137	\$ 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
Income tax secured bonds	4,682,049	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
TIF bonds	113,945	109,488	105,108	100,443	95,885	108,702	104,037	119,385	127,531	109,898
Qualified zone academy bonds	6,682	5,736	4,791	3,845	3,155	2,466	2,012	1,558	1,105	829
Certificates of participation	211,586	-	-	-	-	-	-	-	-	-
Bond anticipation notes	-	-	-	-	-	275,000	375,000	-	163,665	132,060
Capital leases	11,024	8,162	5,105	1,837	-	-	-	-	-	-
Ballpark bonds	507,916	479,704	472,273	374,514	336,406	287,022	230,864	186,963	183,400	179,351
HPTF bonds	123,044	120,476	117,814	114,994	112,109	109,104	105,965	38,535	36,144	33,642
PILOT revenue bonds	82,207	70,030	215,647	214,213	205,696	219,698	198,678	197,791	174,196	156,274
GARVEE bonds	130,112	122,144	114,001	104,634	96,201	87,560	78,661	356,937	336,486	315,609
Tobacco bonds	643,803	628,074	613,600	598,710	581,533	559,559	537,395	515,360	486,924	487,139
Total Debt	\$ 8,804,505	\$ 9,121,182	\$ 9,987,139	\$ 10,029,834	\$ 10,064,466	\$ 10,855,532	\$ 11,557,838	\$ 13,044,734	\$ 12,621,127	\$ 13,689,397
Personal income	\$ 43,728,400	\$ 47,193,700	\$ 50,598,200	\$ 52,803,600	\$ 54,782,000	\$ 57,238,500	\$ 58,426,000	\$ 63,083,400	\$ 64,524,500	\$ 64,962,200
Total debt percentage of personal income	20.13%	19.33%	19.74%	18.99%	18.37%	18.97%	19.78%	20.68%	19.56%	21.07%
Total debt per capita	\$ 13,628	\$ 13,903	\$ 14,979	\$ 14,864	\$ 14,766	\$ 15,826	\$ 16,802	\$ 18,969	\$ 18,899	\$ 21,077
Total "tax supported debt" per capita	\$ 12,430	\$ 12,759	\$ 13,888	\$ 13,821	\$ 13,772	\$ 14,883	\$ 15,907	\$ 17,701	\$ 17,666	\$ 19,841

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 2022.

Prior years' debt per capita amounts were updated to reflect the U.S. Bureau of Economic Analysis (BEA) population estimates as of the third quarter of each calendar year.

Tobacco and GARVEE bonds are not supported by general tax revenues and are not included in the Total "tax supported debt" per capita calculation.

**Exhibit S-3D
Legal Debt Margin Information
Last Ten Fiscal Years (\$000s)**

Debt Service Cost Margin Calculation for Fiscal Year 2022:

General fund revenue	<u>\$ 11,126,770</u>
Debt service cost limitation (17% of general fund revenue)	\$ 1,891,551
Debt expenditure applicable to limit:	
Principal	\$ 434,410
Interest	<u>484,898</u>
Subtotal for current year	<u>919,308</u>
Highest debt service cost	<u>919,308</u>
Total debt service cost subject to the limitation	<u>919,308</u>
Debt service cost margin	<u>\$ 972,243</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt service cost limitation	\$ 1,165,281	\$ 1,206,218	\$ 1,302,425	\$ 1,372,556	\$ 1,412,132	\$ 1,472,209	\$ 1,612,296	\$ 1,562,922	\$ 1,666,929	\$ 1,891,551
Highest debt service cost	<u>513,639</u>	<u>576,273</u>	<u>596,468</u>	<u>591,653</u>	<u>644,703</u>	<u>704,403</u>	<u>726,519</u>	<u>846,056</u>	<u>846,056</u>	<u>919,308</u>
Debt service cost margin	<u>\$ 651,642</u>	<u>\$ 629,945</u>	<u>\$ 705,957</u>	<u>\$ 780,903</u>	<u>\$ 767,429</u>	<u>\$ 767,806</u>	<u>\$ 885,777</u>	<u>\$ 716,866</u>	<u>\$ 820,873</u>	<u>\$ 972,243</u>
Total debt service cost subject to the limit as a percentage of debt service cost limit	<u>44.08%</u>	<u>47.78%</u>	<u>45.80%</u>	<u>43.11%</u>	<u>45.65%</u>	<u>47.85%</u>	<u>45.06%</u>	<u>54.13%</u>	<u>50.76%</u>	<u>48.60%</u>
Debt limit ratio	<u>7.49%</u>	<u>8.12%</u>	<u>7.79%</u>	<u>7.33%</u>	<u>7.76%</u>	<u>8.13%</u>	<u>7.66%</u>	<u>9.20%</u>	<u>8.63%</u>	<u>8.26%</u>

Note:

Under the District of Columbia Self-Government and Governmental Reorganization Act, no long-term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long-term debt to exceed 17% of the revenues of the fiscal year in which the debt is issued. The debt limit ratio is calculated using the highest fiscal year debt service divided by the total revenues.

**Exhibit S-3E
Limitation on Borrowing (\$000s)**

General fund expenditures (1):	\$ 11,287,019
General fund transfers out (1):	646,222
Adjustment for transfer to component unit (UDC) (1):	32,304
Adjustment for TIF and PILOT bonds and notes debt service transfers (1):	87,011
Adjustment for ballpark revenue bond debt service transfers (1):	14,617
Adjustment for convention center hotel debt service transfers (1):	4,869
Total (a)	<u>\$ 12,072,042</u>
Limitation on borrowing (12%):	\$ 1,448,645
FY 2022 debt service cost (b):	980,984
Margin on limitation:	<u>\$ 467,661</u>
FY 2022 debt service percentage (b/a):	8.13%

Debt Service Expenditures by Fiscal Year

	2022			2023			2024			2025		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Long-Term Debt												
General obligation bonds (2)	\$ 203,585	\$ 261,828	\$ 465,413	\$ 234,090	\$ 277,749	\$ 511,839	\$ 231,780	\$ 269,339	\$ 501,119	\$ 259,810	\$ 257,429	\$ 517,239
QZAB	276	-	276	276	-	276	276	-	276	277	-	277
Income tax secured revenue bonds (2)	154,265	213,358	367,623	232,560	228,999	461,559	253,395	228,537	481,932	267,195	215,866	483,061
TIF bonds (3)	18,397	5,237	23,634	4,849	4,251	9,100	5,342	4,114	9,456	5,701	3,946	9,647
TIF notes (4)	18,155	11,739	29,894	8,168	5,102	13,270	720	4,967	5,687	803	4,920	5,723
Ballpark revenue bonds	3,995	10,622	14,617	4,525	10,360	14,885	17,215	9,761	26,976	18,735	8,800	27,535
HPTF revenue bonds	2,420	1,351	3,771	2,535	1,230	3,765	1,150	1,103	2,253	1,190	1,057	2,247
PILOT bonds (5)	25,825	7,042	32,867	4,970	7,195	12,165	5,150	7,046	12,196	29,564	6,140	35,704
PILOT notes (6)	388	228	616	183	215	398	193	205	398	203	195	398
225 Virginia Avenue lease	4,666	4,608	9,274	4,991	4,283	9,274	5,338	3,935	9,273	5,710	3,564	9,274
Bond anticipation notes	-	183	183	-	3,750	3,750	-	7,500	7,500	-	7,500	7,500
Washington convention and sports authority	16,235	16,581	32,816	10,705	17,083	27,788	13,040	16,571	29,611	13,570	16,120	29,690
Total	<u>\$ 448,207</u>	<u>\$ 532,777</u>	<u>\$ 980,984</u>	<u>\$ 507,852</u>	<u>\$ 560,217</u>	<u>\$ 1,068,069</u>	<u>\$ 533,599</u>	<u>\$ 553,078</u>	<u>\$ 1,086,677</u>	<u>\$ 602,758</u>	<u>\$ 525,537</u>	<u>\$ 1,128,295</u>

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 3.00%.
- (3) TIF Bonds include the Gallery Place, Mandarin, City Market at O Street, Skyland Town Center, Bryant Street and Reunion Square projects. Union Market bonds were issued in FY 2021 as convertible capital appreciation bonds that do not have principal or interest payments during the time period above. Mandarin Oriental Hotel matured in FY 2022. There was an optional redemption (prepayment) of \$12 million of Gallery Place principal in FY 2022. Reunion Square was issued as a variable rate draw down bond in FY 2022 with a capitalized interest period; interest payments assume periodic draws that increase the outstanding balance.
- (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 FY 2022 and FY 2023 to date.
- (5) PILOT Bonds include Anacostia Waterfront Corp. (AWC), the Yards, and the Wharf. The Yards was refinanced in 2019 as a variable-rate drawdown bond; it does not require principal payments until maturity in fiscal year 2025, but the estimates include payment of principal through level debt service payments. Wharf 2020 and 2022 and AWC were paid off in FY 2022.
- (6) PILOT Notes include Rhode Island Place and Foundry Lofts projects. Adjustments are made to PILOT Notes to reflect actual principal prepayment. Rhode Island Place was paid off in FY 2022.

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
2013	646,041	\$ 43,728,400	\$ 67,687	33.80	741,300	8.60%	28,727	10,347
2014	656,064	47,193,700	71,935	33.80	746,400	7.90	28,995	9,921
2015	666,745	50,598,200	75,888	33.80	759,300	7.20	23,903	6,570
2016	674,792	52,803,600	78,252	33.90	774,800	6.30	24,320	3,265
2017	681,598	54,782,000	80,373	34.00	782,700	6.20	25,132	3,455
2018	685,919	57,238,500	83,448	33.90	791,200	5.70	23,981	2,996
2019	687,865	58,426,000	84,938	34.30	796,300	5.50	24,943	3,624
2020	687,679	63,083,400	91,734	N/A	762,800	7.20	99,247	58,535
2021	667,837	64,524,500	96,617	34.80	734,600	7.10	51,692	53,991
2022	649,509	64,962,200	100,017	N/A	764,000	5.70	42,579	51,581

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. Bureau of Economic Analysis. Presentation of prior years' data has been revised to reflect totals as of the third quarter of calendar year 2022. Quarterly estimates for 2013-2022 reflect unpublished monthly population estimates available as of December 2022. Quarterly estimates are based on information issued annually by the U.S. Census Bureau. Quarterly estimates based on most recent U.S. Census data to be released later in 2023.

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 2022. Quarterly estimates for 2013-2022 reflect unpublished monthly population estimates available as of December 2022. 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 2022. 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). Updated per capita personal income based on most recent U.S. Census population data is not yet available; however, intercensal population estimates developed by the U.S. Bureau of Economic Analysis were used. Quarterly estimates for 2013-2022 reflect unpublished monthly population estimates available as of December 2022. Per capita income amounts are not presented in thousands.

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**

	2022			2012		
	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	*	*	6	*
Georgetown University Hospital	*	6	*	*	7	*
Booz Allen & Hamilton Inc	*	7	*	*	11	*
Insperty Peo Services LP	*	8	*	*	26	*
Universal Protection Service LLC	*	9	*	*	N/A	*
Howard University	*	10	*	*	5	*
Medstar Medical Group LLC	*	11	*	*	1,042	*
George Washington University Hospital	*	12	*	*	14	*
Red Coats	*	13	*	*	12	*
Catholic University of America	*	14	*	*	10	*
Sibley Memorial Hospital	*	15	*	*	16	*
Total	55,930		10.94	47,324		10.01

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	Aa2	Aa1	Aa1	Aa1	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)	\$ 13,083	\$ 13,717	\$ 14,659	\$ 15,270	\$ 16,654	\$ 17,190	\$ 18,231	\$ 16,102	\$ 16,529	\$ 21,695
Commercial construction units	96	327	97	125	179	222	197	147	116	39
Commercial construction value (\$000s)	\$ 954,718	\$ 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
Residential construction units	1,199	1,369	1,121	1,304	1,227	1,183	1,539	1,374	1,173	1,230
Residential construction value (\$000s)	\$ 382,192	\$ 425,194	\$ 391,467	\$ 433,979	\$ 445,223	\$ 404,858	\$ 449,587	\$ 482,369	\$ 462,807	\$ 556,648
HOUSING FINANCE AGENCY (3)										
Number of single-family units financed	2	192	236	205	199	106	69	245	277	176
Amount of single-family financing provided (\$000s)	\$ 619	\$ 53,068	\$ 65,183	\$ 62,902	\$ 52,538	\$ 34,662	\$ 22,444	\$ 86,531	\$ 103,698	\$ 59,125
Number of multi-family units financed	939	1,008	1,325	2,090	899	1,653	1,635	1,689	966	1,160
Amount of multi-family financing provided (\$000s)	\$ 139,347	\$ 194,600	\$ 171,401	\$ 294,735	\$ 168,960	\$ 325,440	\$ 301,210	\$ 317,547	\$ 245,368	\$ 294,569
Total number of housing units financed	941	1,200	1,561	2,295	1,098	1,759	1,704	1,934	1,243	1,336
Total amount of housing financing provided (\$000s)	\$ 139,966	\$ 247,668	\$ 236,584	\$ 357,637	\$ 221,498	\$ 360,102	\$ 323,654	\$ 404,078	\$ 349,066	\$ 353,694
PUBLIC SAFETY AND JUSTICE (4)										
Police										
Crime index offenses	35,752	37,662	37,471	35,714	34,774	33,031	33,902	29,639	27,836	27,875
Number of police officers	4,010	3,971	3,839	3,737	3,821	3,855	3,810	3,799	3,580	3,460
Fire and EMS										
Number of operational personnel	1,998	1,877	1,864	1,875	1,892	1,927	1,939	1,848	1,855	1,863
Total number of incidents	167,335	179,319	197,092	205,988	201,404	207,492	212,459	201,130	190,561	196,151
Total number of fire/rescue incidents	29,823	32,313	34,924	34,840	35,712	39,390	39,454	37,132	37,184	40,575
Number of medical incidents	137,512	147,006	162,168	171,148	165,692	168,102	173,005	163,998	153,377	155,576
Total number of transports	102,987	109,044	115,262	92,695	55,078	53,322	54,725	45,346	41,724	46,801
Number of inspections	12,482	13,159	10,148	11,814	12,181	10,931	10,579	9,976	12,273	12,170
PUBLIC LIBRARY (5)										
Number of volumes	1,491,914	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

**Exhibit S-5A
Operating Indicators by Function/Program
Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PUBLIC EDUCATION SYSTEM										
D.C. Public School System (6)										
Number of school teachers	3,392	3,585	3,684	3,999	3,996	4,121	4,320	4,522	4,639	4,479
Number of school students	45,557	46,393	47,548	48,757	48,555	48,144	49,056	51,060	49,890	50,097
Number of high school graduates	2,864	2,702	2,784	2,764	2,844	2,273	2,170	2,180	2,063	2,062
University of the District of Columbia (7)										
Number of teachers	250	223	230	237	235	232	230	236	232	202
Number of students	5,490	5,355	4,923	5,118	4,604	4,527	4,500	4,456	3,953	3,476
Number of graduates	832	866	795	852	817	702	782	839	761	728
OPERATIONS AND INFRASTRUCTURE (8)										
Street resurfaced (miles)	19	27	42	30	33	40	84	132	100	75
Potholes repaired	24,718	65,332	72,719	75,417	15,799	31,570	62,509	27,768	20,526	25,064
Refuse collected (tons per day)	361	354	340	386	328	369	363	377	370	234
Recyclables collected (tons per day)	145	130	116	96	115	102	102	105	101	68
Tons of bulk trash removed	2,594	2,558	2,597	3,612	2,977	2,603	2,130	2,403	1,803	1,930
Tons of leaves removed	5,920	6,054	5,798	7,221	6,110	5,803	7,497	8,001	6,657	5,312
DEPARTMENT OF MOTOR VEHICLES (9)										
Number of motor vehicle registrations (1/1 - 12/31)	289,028	296,210	303,039	309,332	310,031	310,334	307,479	301,768	298,400	290,261
Number of operator licenses issued (1/1 - 12/31)	119,303	81,656	80,459	125,901	139,587	134,504	148,270	130,399	125,801	129,269
Number of operator licenses outstanding (1/1 - 12/31)	411,356	416,289	448,304	466,293	475,834	482,808	487,293	451,343	435,445	445,864
CONVENTION CENTER (10)										
Conferences held	209	204	233	217	184	167	151	57	24	N/A
Attendees	1,089,116	1,280,256	1,120,398	1,465,820	1,163,753	1,563,622	1,066,175	569,524	118,119	N/A

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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police (1)										
Police stations including satellites	11	11	11	11	11	10	10	10	10	10
Number of police vehicles	1,197	1,224	1,259	1,240	1,245	1,240	1,250	1,257	1,258	1,263
Fire (2)										
Number of fire and EMS stations	34	34	34	34	34	34	34	34	34	34
Number of front-line emergency vehicles	123	124	94	114	168	168	168	168	168	168
EMS (2)										
Number of ambulances	110	98	86	88	96	100	100	92	85	91
D.C. Public School System (3)										
Number of schools	122	112	112	115	115	116	116	117	117	117
Number of school buses	880	799	601	626	808	743	639	664	809	677
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	931
Number of recreation and community centers	74	73	73	74	73	74	74	74	75	75
Number of day camps	96	96	82	84	119	113	130	58	101	461
Number of outdoor swimming pools	22	22	22	23	21	22	22	22	22	23
Number of indoor swimming pools	8	11	11	15	11	11	11	11	11	11
Operations and Infrastructure (6)										
Number of refuse collection trucks	64	69	68	74	81	102	102	103	126	141
Primary street miles	135	134	134	134	134	134	135	134	134	135
Secondary street miles	1,007	1,009	1,117	1,117	1,117	1,018	1,018	1,018	1,019	1,022
Number of street lights	70,182	70,828	70,809	69,708	74,188	75,703	75,875	76,335	77,328	77,328
Number of signalized intersections	1,645	1,652	1,524	1,403	1,528	1,535	1,685	1,692	1,710	1,723
Number of trees	147,276	147,376	153,990	150,288	148,726	156,763	164,878	167,134	175,631	185,589
DC Water (7)										
Miles of water mains	1,300	1,300	1,300	1,300	1,350	1,350	1,350	1,300	1,300	1,305
Miles of sewer mains	1,800	1,800	1,800	1,800	1,800	1,900	1,900	1,900	1,900	1,963

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental direction and support	3,014	3,069	3,178	3,191	3,252	3,369	3,447	3,485	3,592	3,735
Economic development and regulation	1,181	1,282	1,305	1,363	1,493	1,596	1,709	1,769	424	433
Public safety and justice	8,230	8,192	8,247	8,308	8,653	8,935	9,095	9,233	9,884	9,777
Public education system	8,959	8,701	9,558	9,499	9,530	9,943	9,894	10,422	12,301	12,507
Human support services	3,822	3,992	4,141	4,208	4,498	4,456	4,788	4,798	3,370	3,436
Operations and infrastructure	2,196	2,324	2,397	2,414	2,437	2,530	2,490	2,594	3,422	3,667
Total	27,402	27,560	28,826	28,983	29,863	30,829	31,423	32,301	32,993	33,555

Note:
 Operations and Infrastructure formerly known as Public Works prior to 2020

Source:
 Office of Budget and Planning



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

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YEAR ENDED SEPTEMBER 30, 2022