



CAFER

2015

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT



MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

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

Year Ended September 30, 2015





MURIEL BOWSER
MAYOR

January 27, 2016

Dear Residents of the District of Columbia,

I am pleased to present the District of Columbia's (District's) Fiscal Year 2015 Comprehensive Annual Financial Report (CAFR). For the nineteenth consecutive year, the audit opinion is unqualified (unmodified), and for the first time during that period the auditor found no significant deficiencies or material weaknesses. The District's finances continue to be amongst the strongest of any jurisdiction in the nation, and this has allowed us in Fiscal Year 2016 to create pathways to the middle class by increasing funding to public education, homeless services, affordable housing, and public safety. We have made these investments while also ensuring the city's long-term financial stability and viability.

The District also continues to make significant investments in our neighborhoods and in development projects that enhance the overall quality of life of our residents and those that do business within our borders. Our population continues to grow at a record pace because of the public and private investments that are being made across the city. Washington, DC continues to be a great place to live and work. My administration works every day to ensure that our growing prosperity provides opportunities to succeed for all residents in all neighborhoods.

With your support, we will continue working to lift communities in every ward to build a more prosperous, equitable, and sustainable District of Columbia.

Sincerely,

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

Muriel Bowser

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



Jeffrey S. DeWitt
Chief Financial Officer

January 27, 2016

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

Dear Mayor Bowser:

I am pleased to present the District of Columbia's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2015. As required by District law, the city's FY 2015 financial statements were examined by independent auditors. Based on the outcome of their audit, SB & Company, LLC issued an unqualified (clean) opinion (currently termed as an unmodified opinion) on the District's FY 2015 financial statements. This is the 19th consecutive year in which the District has received such an opinion on its annual financial statements.

The District's financial position and economic condition remained strong during FY 2015. Job growth continued to be on the rise as the population and number of households within the District grew. In fact, during FY 2015, the District's unemployment rate decreased from 7.9% in the prior year to 6.7%.

The District was also able to strengthen its financial reserves. As of September 30, 2015, the District's "rainy day" funds increased by \$121 million and our cumulative General Fund balance was \$2.17 billion, up from \$1.87 billion in FY 2014. The District's healthy financial position in FY 2015 was also evidenced by its strong bond ratings, which in FY 2015, were as follows: General Obligation (GO) Bonds: AA (Fitch Ratings), Aa1 (Moody's Investors Service), and AA (Standard & Poor's Rating Service) and Income Tax Secured (ITS) Revenue Bonds: AA+ (Fitch Ratings), Aa1 (Moody's Investors Service) and AAA (Standard & Poor's Rating Service). With these strong ratings, the District was able to access the credit markets and issue \$1.05 billion in GO Bonds and \$216 million in ITS revenue bonds at very low interest rates, which allowed more funding to be available for needed programs and services for District residents. The proceeds of these bonds were used to finance economic development, infrastructure improvements and other capital projects.

As we move forward, the District's ability to continue to benefit from having "healthy finances" will require that we continue to utilize sound financial management practices and maintain fiscal discipline. As such, the Office of the Chief Financial Officer (OCFO) will continue to develop balanced budgets to ensure that the District stays on a path of financial success. We will manage the District's financial resources wisely by using sound business practices that incorporate effective systems of accountability and internal controls. In addition, we will make every effort to maximize operational efficiency by producing accurate and reliable financial information, complying with applicable laws and regulations and providing quality service to District residents.

The District's financial success is due, in large part, to the dedication and hard work of its elected officials and their staffs, as well as agency financial staff and OCFO central office personnel. I would like to thank all who have contributed to the successful management of and accounting for the city's financial resources during the past year. Through our collaborative efforts, the District was able to operate within budgetary constraints and timely issue its FY 2015 CAFR with a clean audit opinion.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey S. DeWitt". The signature is fluid and cursive, with the first name "Jeffrey" being more prominent and the last name "DeWitt" following in a similar style.

Jeffrey S. DeWitt
Chief Financial Officer

**Government of the District of Columbia
Comprehensive Annual Financial Report
Year Ended September 30, 2015**

**Muriel Bowser
Mayor**

**Jeffrey S. DeWitt
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**DISTRICT OF COLUMBIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2015**

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

Year Ended September 30, 2015



Government of the District of Columbia



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

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January 27, 2016

Mr. Jeffrey S. DeWitt
Chief Financial Officer

The Comprehensive Annual Financial Report (CAFR) of the Government of the District of Columbia (District) for the fiscal year ended September 30, 2015, is herewith submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with District management and the Office of the Chief Financial Officer (OCFO). To the best of my knowledge and belief, the enclosed financial statements and schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the District.

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

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

Due to certain inherent limitations, such as prohibitive costs, judgment errors, or potential for management override and collusion, internal control can only provide reasonable assurance that management's objectives will be achieved. However, routine periodic audits help management assess, on an on-going basis, the adequacy of the District's internal controls. In accordance with D.C. Code § 47-119, independent public accountants audited the District's financial statements for the year ended September 30, 2015. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In addition to issuing an opinion on the District's financial statements, the independent public accountants, SB & Company, LLC, prepared a report, which was issued in conjunction with the CAFR, that discussed the auditor's consideration of the District's internal control over financial reporting and the outcome of the auditor's tests of the District's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other related requirements. This report is commonly referred to as the Yellow Book Report.

Moreover, an audit of compliance with the Federal Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is also performed annually and a separate report, often referred to as the Single Audit Report, is issued by the independent public accountants. The District's fiscal year 2015 Single Audit Report will be issued at a later date.

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

PROFILE OF THE GOVERNMENT

Overview: Historical Background of the District

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

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

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

February 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. A non-voting delegate to Congress was also established.
1874	The territorial government of the District of Columbia was abolished and the provision for a non-voting delegate to Congress was eliminated.
1878	The power to elect a territorial governor and council was eliminated. Congress established a three-member Board of Commissioners to govern the District of Columbia.
1961	The 23rd Amendment to the U.S. Constitution was ratified. Citizens of the District of Columbia were granted the right to vote in a presidential election.
1967	President Lyndon B. Johnson appointed Walter E. Washington Mayor of the District of Columbia.
1970	Congress passed the District of Columbia Delegate Act.
1971	Walter Fauntroy became the first Congressional Delegate to represent the District of Columbia.
1973	Congress passed the District of Columbia Home Rule Act, which provides for a popularly elected mayor and a 13-member Council.

Although Congress passed the Home Rule Act in 1973, Congress retained and continues to retain the right to review and overturn the legislative acts of the Council if both houses of Congress vote within 30 legislative days to do so. In addition, the budget for the District of Columbia government must be approved by Congress and the President of the United States.

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

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

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

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

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

- Introduced a bill that would permanently allow the District government to spend its local funds at the start of each fiscal year, thereby, preventing District government shutdowns if Congress does not sign the District's appropriations bill into law. Congresswoman Norton has continuously worked on multiple fronts, which proved to be successful in preventing shutdown of the District government during the federal government shutdown of 2013 and exempting the District government from shutdowns in fiscal years 2015 and 2016. Prior to the passage of the associated shutdown exemption bills, the District had to prepare shutdown contingency plans and

consistent threats of shutdowns harmed the credit rating of the District government. A permanent shutdown exemption would give D.C. an essential element of budget autonomy and statehood.

- Introduced the District of Columbia National Guard Home Rule Act to give the District home-rule authority over the D.C. National Guard and strengthen the Guard itself. The District of Columbia National Guard Home Rule Act would extend to the Mayor of the District of Columbia the same level of authority that governors have in their states over their Guards with respect to administration of the National Guard and deployment of the D.C. National Guard during local emergencies. Such emergencies may include natural disasters and civil disturbances unrelated to national or homeland security. Deployment of the D.C. National Guard would occur after consultation with the Commanding General of the D.C. National Guard. Currently, only the President and the Commanding General of the D.C. National Guard have the authority to deploy the D.C. National Guard for national and local purposes, respectively.
- Introduced the Federal Employee Short-Term Disability Insurance Act of 2015 to offer voluntary insurance to Federal employees for protection against the loss of pay resulting from: 1) short-term injury or disability; 2) short-term leave taken for the purpose of caring for a family member; 3) the birth of a child of such an employee; or 4) making arrangements to adopt a child or to become a foster parent. If federal employees elect to purchase the short-term insurance, the disability insurance benefits would replace a portion of their lost income for up to one year. In addition, the bill requires participating insurance companies to cover employees regardless of pre-existing conditions.

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

Financial Reporting Entity

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

one blended component unit, the Tobacco Settlement Financing Corporation. 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, page 58 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 for the upcoming fiscal year to the Council for review and approval. The Council holds public hearings and adopts the budget (including a multi-year capital improvement plan, by project, for all District agencies) through passage of a 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, it is forwarded to the President of the United States (the President) and then to Congress for approval. Congress enacts the District's budget through passage of an appropriations bill, which is signed into law by the President.

The legally adopted budget is the annual Appropriations Act passed by Congress and signed by the President. The Appropriations Act authorizes expenditures at the agency level and by appropriation title (function), such as Public Safety and Justice; Human Support Services; or Public Education. To revise planned expenditures for any function, Congress must enact the appropriate legislation. However, the District may reallocate budgeted amounts using the District's reprogramming process in accordance with applicable legal requirements.

In April, 2013, the Local Budget Autonomy Amendment Act of 2012 was approved by District voters. This Act would grant the District the right to enact and appropriate its local funds budget without the need for active approval by the United States Congress. The legal validity of this Act was then challenged in the U.S. District Court for the

District of Columbia ("District Court"), which concluded that this Act is unlawful and permanently enjoined its enforcement. On appeal, the U.S. Court of Appeals for the District of Columbia, without ruling on the merits of this Act, issued a summary order vacating the District Court's judgment and ordering the District Court to remand the case to the District of Columbia Superior Court ("Superior Court"). Subsequently, the case was remanded to the Superior Court where it is currently pending.

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

The "*District Anti-Deficiency Act of 2002*," which became effective on April 4, 2003, introduced additional budgetary control requirements. This Act requires District managers to develop spending projections, by source of funds, on a monthly basis, which show year-to-date spending, approved budget, year-end projected spending, explanations of variances greater than 5.00% or \$1 million, and planned corrective actions for instances of overspending. Spending projections are required to be submitted to the agency head and the Agency Fiscal Officer. Summarized spending projections must be submitted to the District's Chief Financial Officer (CFO) no later than 30 days after the end of each month.

Other reporting requirements have also been established to enhance the District's budgetary control policies and practices. Consistent with D.C. Code § 47-355.04, agency heads and Agency Fiscal Officers are to submit jointly a monthly spending plan for the fiscal year to the District's CFO by October 1st of each fiscal year. In addition, pursuant to D.C. Code § 47-355.05, the District's CFO is to submit quarterly reports to the Council and the Mayor that present each agency's actual expenditures, encumbrances, and commitments, each by source of funds, compared to each agency's approved spending plan. This report is required to be accompanied by the District CFO's observations regarding spending patterns and steps being taken to ensure that spending remains within the approved budget. These reports are used by the District's Anti-Deficiency Review Board to assess cases of overspending.

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

Fund Balance Reserves:

Congressionally Mandated

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

Mandated by the District

Fiscal Stabilization Reserve

The fiscal stabilization reserve may be used by the Mayor for the same purposes for which the contingency reserve was established. However, this reserve may not be used for cash flow management purposes. At full funding, the fiscal stabilization reserve must equal 2.34% of the District's General Fund operating expenditures for each fiscal year.

Cash Flow Reserve

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

District Accounting and Financial System

Accounting System

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

Measurement Focus and Basis of Accounting

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

- The government-wide financial statements focus on all of the District's economic resources and use the full accrual basis of accounting.
- Fund financial statements focus primarily on the sources, uses, and balances of current financial resources and use the modified accrual basis of accounting.
- Specialized accounting and reporting principles and practices apply to governmental funds. Proprietary funds, component units and pension trust funds are accounted for in the same manner as business enterprises.
- The budgetary basis of accounting is used to prepare the Budgetary Comparison Statement presented in Exhibit 2-d found on page 49. This basis of accounting differs from the GAAP basis as described below:
 - **Basis Differences** - The District uses the purchase method for budgetary purposes and the consumption method for GAAP basis accounting for inventories. Under the purchase method, purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Under the consumption method, an expenditure is recognized only when the inventory items are used rather than purchased.
 - **Entity Differences** - This basis relates to inclusion or exclusion of certain activities for budgetary purposes as opposed to those included or excluded on a GAAP basis for reporting

purposes. Such activities primarily include the following:

1. Fund balance released from restrictions
 2. Proceeds from debt restructuring
 3. Accounts receivable allowance
 4. Operating surplus from enterprise funds
- **Perspective Differences** – Perspective differences exist when the structure of financial information for budgetary purposes differs from the fund structure that is used to construct the basic financial statements. The District does not have any significant budgetary perspective differences that limit its ability to present budgetary comparisons of its general fund. The District's Budgetary Comparison Statement is presented as part of the basic financial statements in Exhibit 2-d on page 49.
 - **Timing Differences** – Timing differences can exist when there are significant variances between budgetary practices and GAAP, which may include continuing appropriations, project appropriations, automatic re-appropriations, and biennial budgeting. The District has no significant timing differences between its budgetary practices and its GAAP presentation of its financial statements.

Transparency in Financial Reporting

The OCFO continues to promote openness in government and transparency in financial reporting. Over the last decade, the District has opened its books to the public by posting online the annual operating budget and capital plan, the comprehensive annual financial report, and the popular annual financial report. In addition, the OCFO's website provides information that allows taxpayers to review and assess the District's financial status, programs, activities and services, and determine how their tax dollars are being used. This information includes: operating financial status reports; capital financial status reports; quarterly revenue estimates; monthly cash reports; monthly/annual economic indicators and other reports; Featured News (including press releases and Council Hearing written testimonies); and links to other useful information, such as the Taxpayer Service Center, the D.C. College Savings Plan, Unclaimed Property Division, and Invest in DC Bonds. The investor information portion of the OCFO website consolidates much of the information listed above, as well as other financial information pertinent to investors in the District's bonds and members of the public.

ECONOMIC CONDITION AND OUTLOOK

In fiscal year (FY) 2015, the rate of employment within the District increased significantly from the prior year, all in the private sector. Resident employment also grew. Population growth continues to be a major factor in increasing the District's income, property, and sales tax bases, and is one of the driving forces behind rising home values. In the last four years (between 2011 and 2015), the District's population has grown by approximately 52,000 residents, an increase that has averaged about 1,080 residents per month over that period of time. In addition, developments in the national economy (such as continued economic growth and low interest rates) have contributed to the District's growing tax base.

Federal civilian employment accounts for 26% of all wage and salary jobs located in the District and 32% of the wages and salaries that are generated in the city. Approximately 25% of employed District residents work for the federal government. Furthermore, federal contracting accounts for additional jobs and income in the area, which also contribute to the District's tax base. With such a dominant federal presence, significant changes in federal spending can have a major impact on the District's economy and revenues.

Pursuant to a law which became effective on March 1, 2013, all federal discretionary spending is subject to reduction, known as sequestration, from previously expected levels. Congress has, however, waved some of the limits in approving appropriations bills, most recently for FY 2016 spending. While the FY 2016 budget tempers some of the uncertainty around federal fiscal policy through 2016, the agreement leaves in place much of the sequestration limits on federal spending through FY 2023. The budget agreement also leaves unresolved the most feasible approach for reducing federal debt.

Federal government expansion cushioned the District and metropolitan area economies from the worst effects of the national recession over the past several years. The federal government will no doubt continue to anchor the District's economy, but given the ongoing federal fiscal policy uncertainties, the federal government can no longer be counted on to be a source of significant growth.

Highlights: The District's Economy

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

- Job growth has picked up since last year. In the three months ended September 2015, there were 12,933 (1.70%) more wage and salary jobs located in the District than a year earlier. Of particular note, there were 900 more federal government jobs in September

than there were a year earlier, while the private sector jobs increased by 11,767 (2.30%).

- District resident employment in the three months ended September 2015 was 10,079 (2.90%) more than a year earlier.
- The September unemployment rate was 6.70% (seasonally adjusted), a decrease from the revised 7.90% a year ago.
- Wages earned in the District of Columbia grew 6.10% in the quarter ending September 30, 2015, compared to the same quarter a year ago. D.C. personal income was 4.80% higher.
- Home sales and prices increased in both single family homes and condominiums. Single family sales for the three-month period ended September 2015 were up 3.90% from a year ago, and there was a 7.90% increase in the average selling price. Condominium sales were up 13.40%, and the average price was 5.60% higher. The value of all home sale settled contracts for the three-month period ended September 2015 was 14.90% more than a year ago.
- Commercial office effective rents edged up over the past year. Leased space in September 2015 was up 0.70% from a year ago, while the vacancy rate fell over the past year from 10.50% to 10.40%.
- Hotel room-days sold for the three months ended September 2015 were 2.50% below the prior year, and hotel room revenues were down by 2.80%.

Key Factors in the District's Economy

Population

The U.S. Census Bureau estimated that there were 672,228 residents in the District of Columbia, as of July 1, 2015. This represents an increase of 12,392, or 1.88%, from the revised July 1, 2014 estimate of 659,836. Annual census estimates are based on birth and death records, changes in tax return filings, and estimates of the number of immigrants who move into the District each year. **Chart T1** presents the District's population trends for calendar years 2011 through 2015.

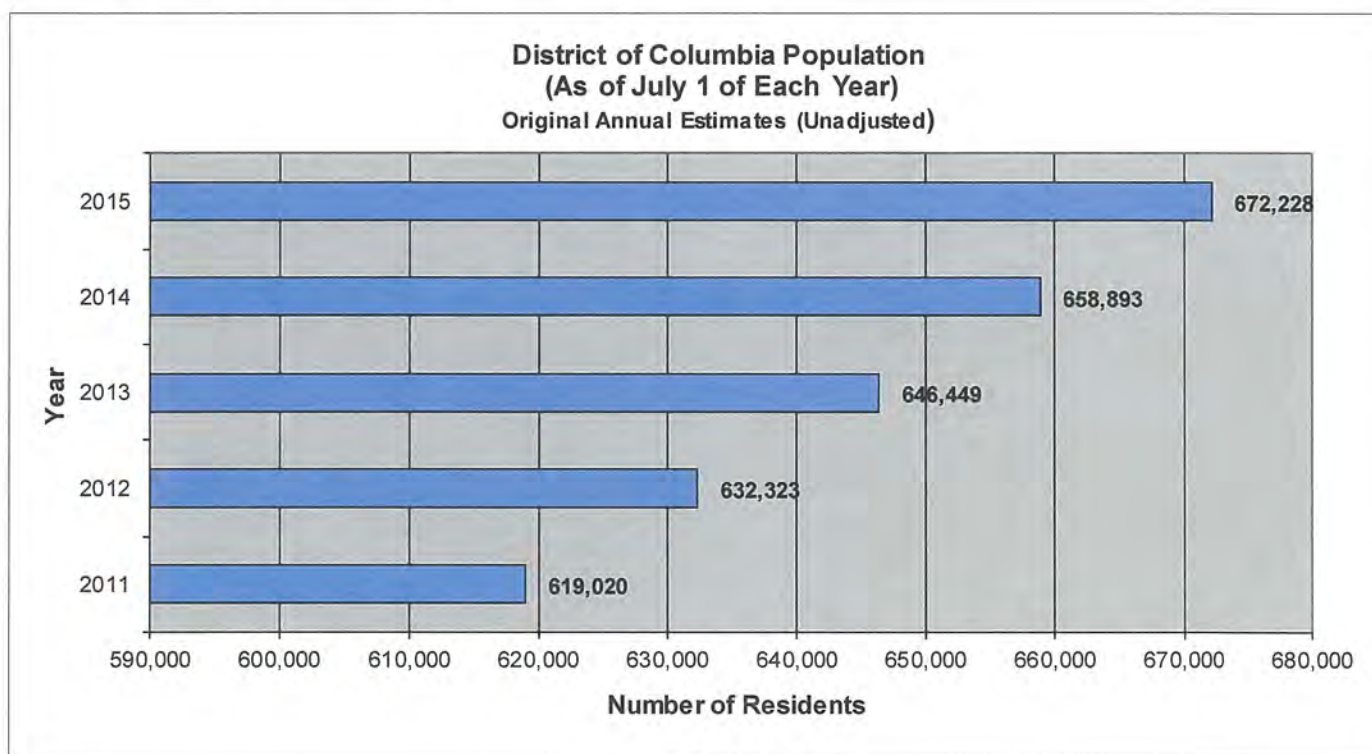
Income Trends

Income has grown considerably in the District in recent years. From the third quarter of 2010 to the third quarter of 2015, personal income grew approximately 25.10 % in the District as compared to 23.30% nationally.

The distribution of income in the District differs from that of the nation as a whole, with larger portions of District residents being in the higher and lower income brackets and a significantly smaller portion being within the middle income levels. Median household income data is not yet available for 2015; however, for the two-year period 2013 and 2014, the District's average median household income of \$64,167 was 20.21% above the U.S. average. The

Census Bureau estimates that 18.20% of the District's population was below the poverty line in 2014 as compared to 15.60% for all of the U.S.

Chart T1 – Population Trends (2011 – 2015)



Source: U.S. Census Bureau

Employment Trends

Total wage and salary employment in the Washington metropolitan area increased to approximately 3,172,000 in fiscal year 2015 from the revised 3,118,700 for fiscal year 2014, representing a 1.70% 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 2014 employment numbers may differ from those presented in the fiscal year 2014 CAFR because of updates and revisions. **Table T2** presents 2015 labor market data for the District and the metropolitan region.

Total wage and salary employment within the District increased slightly to 24.10% of the metropolitan area's total wage and salary employment. The seasonally adjusted September 2015 unemployment rate in the

District was 6.70%, compared to the September 2014 revised seasonally adjusted rate of 7.90%.

Total employment within the District increased to 764,700 as of September 2015 from the revised 757,500 as of September 2014. As the nation's capital, Washington, D.C. is the seat of the federal government and headquarters for most federal departments and agencies. The total September 2015 federal workforce in the Washington metropolitan area was 363,700; with approximately 198,300 federal employees located in Washington, D.C. and 165,400 additional federal employees who worked elsewhere in the Washington metropolitan area.

Minimum Wage Rate

Historically, District law has required that the minimum wage rate for District employees be at least \$1.00 per hour more than the Federal minimum wage. Beginning on July

24, 2009, the Federal minimum wage rate was increased to \$7.25 per hour and has not been revised since that time. Therefore, effective July 24, 2009, the District's minimum wage rate increased to \$8.25 per hour.

In December 2013, the Council approved a measure to raise the District's minimum wage limit to \$11.50 per hour

over three years as follows: \$9.50 per hour, effective July 1, 2014; \$10.50 per hour, effective July 1, 2015; and \$11.50 per hour, effective July 1, 2016. In January 2014, the Mayor signed the associated bill into law. Consequently, beginning in July 2015, the District's minimum wage limit increased to \$10.50 per hour.

Table T2— 2015 Labor Market Data for the District and Surrounding Metropolitan Area

Labor Market (000s): FY 2015

Item	District of Columbia			Metropolitan Area		
	Level	1 yr. change (number)	1 yr. change (%)	Level	1 yr. change (number)	1 yr. change (%)
Employed residents	357.7	7.7	2.2	3,121.3	44.4	1.4
Labor force	384.3	3.9	1.0	3,261.3	23.0	0.7
Total wage and salary employment	764.7	7.4	1.0	3,172.0	53.3	1.7
Federal government	198.3	0.9	0.5	363.7	0.4	0.1
Local government	36.6	-0.8	-2.1	329.4	5.4	1.7
Leisure & hospitality	70.0	-0.9	-1.3	307.8	5.7	1.9
Trade	26.5	0.3	1.1	333.3	1.1	0.3
Education and health	131.5	2.7	2.1	420.3	15.0	3.7
Prof., bus., and other services	233.5	4.5	2.0	920.1	21.5	2.4
Other private	68.3	0.7	1.0	497.1	4.2	0.9
Unemployed	26.6	-3.8	-12.4	140.0	-21.3	-13.2
New Unemployment Claims	1.3	-0.1	-9.7	(a)	(a)	(a)

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

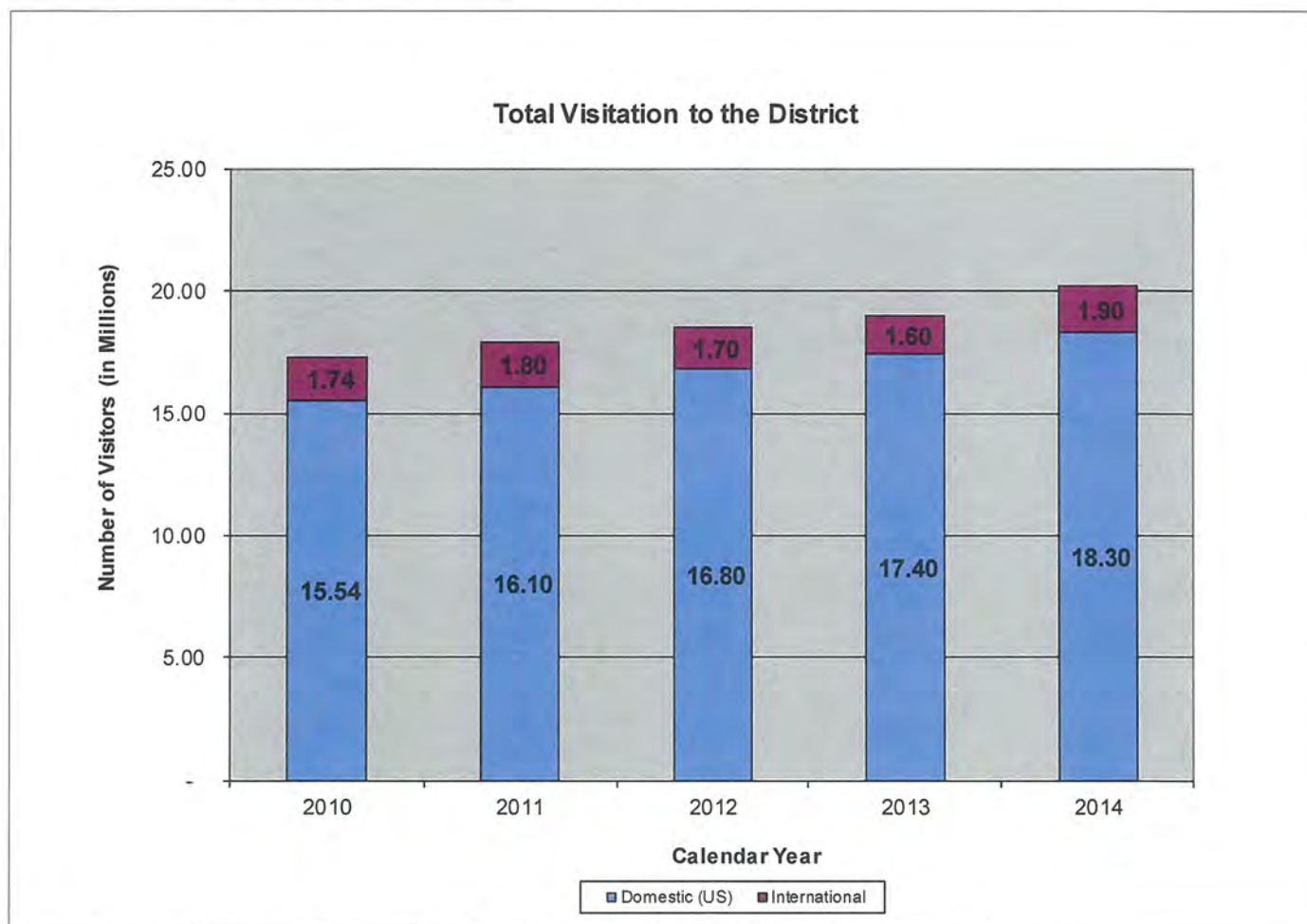
All data are monthly averages for the fiscal year and are preliminary, not seasonally adjusted.

(a) Unemployment claims for metropolitan area not available

Tourism and Hospitality

Millions of U.S. citizens and international tourists visit the District's more than 400 museums and other historical landmarks each year. Popular attractions include sites along the National Mall, numerous monuments to U.S. presidents, war memorials, and other museums. The presence of a large number of foreign embassies, recognized diplomatic missions, and other international organizations in the District helps to boost tourism. In calendar year 2014, approximately 18.3 million domestic visitors and 1.9 million international visitors traveled to the District. During calendar year 2014, the District was the eighth most visited destination in the U.S. for international travelers. **Chart T2** presents the trends in tourism for calendar years 2010 through 2014. Tourism data for calendar year 2015 is not yet available.

Visitor spending, which totaled approximately \$6.81 billion in 2014, generated additional business activity in related industries (e.g., hotel, restaurant, and retail) and continues to help sustain the local and regional economies. The distribution of visitor spending in 2014 (by category) was as follows: \$2.29 billion for Lodging; \$1.94 billion for Food and Beverage; \$1.14 billion for Entertainment; \$838 million for Shopping/Retail; and \$605 million for Transportation. Total visitor spending increased by \$125 million, or 1.87%, over the prior year. Hotel occupancy was approximately 81.40% as of September 30, 2015. Travel and tourism supported 74,570 jobs in the District, generating approximately \$3.86 billion in wages.

Chart T2 – Trends in District Tourism (2010 – 2014)

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

Construction - Commercial Real Estate

Construction of commercial real estate surged during calendar year 2015. As of September 30, 2015, commercial space under construction in the District totaled 3.24 million square feet as compared to 1.27 million square feet at the end of September 2014. Over the one-year period between 2014 and 2015, occupied commercial office space increased from 81.75 million square feet to 82.45 million square feet and the vacancy rate (including sublet) within the District decreased from 11.60% at the end of 2014 to 11.40% at the end of 2015.

Construction – Housing Units

For the 12-month period ended September 30, 2015, 4,131 housing unit building permits were issued. This represents a 7.50% decrease over the prior 12-month period. **Table T3** presents the number of apartment units located in the District in 2011 through 2015.

In calendar year 2015, there were 100,939 apartment units in the District, of which 93,537, or 92.70%, were occupied. It is anticipated that approximately 3,557 new apartment units will be added to the inventory between calendar years 2015 and 2016, and occupancy will grow by 2,674 units.

Table T3 - District Apartment Units (2011 – 2015)

	2011	2012	2013	2014	2015
Inventory	88,817	91,008	93,574	97,260	100,939
Occupied Units	84,632	86,819	88,501	90,657	93,537

Note: Prior Year's data has been revised

THE DISTRICT'S BOND RATINGS

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

The three primary agencies that rate municipal debt are: (1) Fitch Ratings; (2) Moody's Investors Service; and (3) Standard & Poor's Rating Service. The District's ratings for its bonds have remained high over the last several years. **Table T4** presents the District's ratings for the past five years for its General Obligation Bonds and Income Tax Secured Revenue Bonds. Moody's Investors Service upgraded the District's General Obligation Bonds from Aa2 to Aa1 in September of 2015.

LONG-TERM FINANCIAL PLANNING

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

Table T4 – Bond Rating History (Last Five Fiscal Years)

	General Obligation Bonds				
	2011	2012	2013	2014	2015
Fitch Ratings	AA-	AA-	AA-	AA	AA
Moody's Investors Service	Aa2	Aa2	Aa2	Aa2	Aa1
Standard & Poor's Rating Service	A+	A+	AA-	AA	AA

	Income Tax Secured Revenue Bonds				
	2011	2012	2013	2014	2015
Fitch Ratings	AA+	AA+	AA+	AA+	AA+
Moody's Investors Service	Aa1	Aa1	Aa1	Aa1	Aa1
Standard & Poor's Rating Service	AAA	AAA	AAA	AAA	AAA

MAJOR INITIATIVES

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

Table T5 – Top Projects Completed (by Economic Sector)

Project	Location	Square Footage/Units	Estimated Value (in \$000s)	Delivery Date (Calendar Year Basis)
Retail:				
Hecht Warehouse District	1401 New York Avenue, N.E.	200,800	Not provided	4th Qtr 2014
2251 Wisconsin Avenue	2251-2255 Wisconsin Avenue, N.W.	28,277	\$ 32,000	1st Qtr 2015
Fort Totten Square	South Dakota Avenue & Riggs Road, N.E.	130,000	\$ 120,000	2nd Qtr 2015
The Shops at Dakota Crossing (Phase II)	New York Avenue & South Dakota Avenue, N.E.	266,000	\$ 40,000	3rd Qtr 2015
Office:				
National Square	500 D Street, S.W.	342,000	\$ 140,000	3rd Qtr 2015
Residential:				
415 L Street	415 L Street, N.W.	393 units	\$ 100,000	4th Qtr 2014
Station House	701 2nd Street, N.E.	375 units	\$ 100,000	1st Qtr 2015
Park Chelsea	880 New Jersey Avenue, S.E.	429 units	\$ 150,000	2nd Qtr 2015
Atlantic Plumbing (Parcel A & B)	2030 & 2112 8th Street, N.W.	372 units	\$ 124,000	2nd Qtr 2015
Fort Totten Square	South Dakota Avenue & Riggs Road, N.E.	345 units	\$ 120,000	2nd Qtr 2015
Hospitality:				
Williams Arena	701 Mississippi Avenue, S.E.	48,000	\$ 18,000	4rd Qtr 2014
Hyatt Place	1522 K Street, N.W.	164 units	\$ 40,000	1st Qtr 2015
Homewood Suites & Hampton Inn	501 New York Avenue, N.E.	230 units	Not provided	2nd Qtr 2015
The Watergate	2650 Virginia Avenue, N.W.	348 units	\$ 85,000	3rd Qtr 2015
Education and Medical:				
Science & Engineering Hall	22nd & H Streets, N.W.	290,000	\$ 275,000	1st Qtr 2015
Ballou Senior High School	3401 4th Street, S.E.	365,000	\$ 413,000	2nd Qtr 2015
Washington College of Law	Tenley Campus	322,300	\$ 125,000	3rd Qtr 2015

Table T6 – Projects Under Construction

Project	Location	Square Footage/Units	Estimated Value (in \$000s)	Estimated Delivery Date (Calendar Year Basis)
Retail:				
800 New Jersey Avenue	New Jersey Avenue & H Street, S.E.	35,000	\$ 135,000	3rd Qtr 2016
Apollo	610 H Street, N.E.	75,000	\$ 190,000	4th Qtr 2016
ART Place at Fort Totten (Phase I)	5180 South Dakota Avenue, N.E.	104,000	\$ 117,000	2nd Qtr 2017
The Wharf (Phase I)	Southwest Waterfront	190,000	\$ 806,000	4th Qtr 2017
Office:				
601 Massachusetts Avenue	601 Massachusetts Avenue, N.W.	460,500	\$ 150,000	4th Qtr 2015
2001 M Street	2001 M Street, N.W.	285,000	Not provided	4th Qtr 2015
Department of the Interior (Phase VI)	1849 C Street, N.W.	250,000	\$ 60,000	1st Qtr 2016
600 Massachusetts Avenue	600 Massachusetts Avenue, N.W.	381,592	\$ 206,000	3rd Qtr 2016
Lafayette Building	811 Vermont Avenue, N.W.	466,818	\$ 112,000	1st Qtr 2017
Capitol Crossing (North Block)	I-395 at 3rd St. & Massachusetts Avenue,	936,000	Not provided	2017
The Wharf (Phase I)	Southwest Waterfront	230,000	\$ 806,000	4th Qtr 2017
Residential:				
Camden NoMa (Phase II)	60 L Street, N.E.	406 units	\$ 130,000	1st Qtr 2016
Apollo	610 H Street, N.E.	431 units	\$ 190,000	4th Qtr 2016
ART Place at Fort Totten (Phase I)	5180 South Dakota Avenue, N.E.	520 units	\$ 117,000	2nd Qtr 2017
The Wharf (Phase I)	Southwest Waterfront	872 units	\$ 806,000	4th Qtr 2017
Hospitality:				
Hampton Inn & Suites Washington, DC Ballpark	1st & N Streets, S.E.	168 units	Not provided	3rd Qtr 2016
The Wharf (Phase I)	Southwest Waterfront	683 rooms	\$ 806,000	4th Qtr 2017
Museum of the Bible	300 D Street, S.W.	430,000	\$ 800,000	4th Qtr 2017
Education and Medical:				
AU East Campus	3501 Nebraska Ave., N.W.	340,000	\$ 100,000	3rd Qtr 2016
New Residence Hall on Square 77	2121 H Street, N.W.	330,000	\$ 130,000	3rd Qtr 2016

Office and Hospitality Projects:

- Capitol Crossing**

In May 2015, the District broke ground on one of the District's largest private development projects, the Capitol Crossing. The Capitol Crossing development effort is a \$1.3 billion project featuring a 2.2 million square feet complex of five mixed-use buildings. The project will create three new city blocks by transforming seven acres of land above I-395 into a platform that will bridge the East End of downtown with Capitol Hill.

The Capitol Crossing will be comprised of 1.9 million square feet of office space, 63,000 square feet of retail space, 150 residential units and a new Jewish Historical Society Synagogue. The project is expected to generate about \$40 million in property tax revenue every year, once it is completed. In addition, some of the project's anticipated benefits include the creation of 4,000 construction jobs, 8,000 permanent jobs, and \$120 million in payments to the District for the air

rights. Phase I of the project, the first building, is expected to be completed in 2017.

- The Wharf – Washington, D.C. Waterfront**

The Wharf is one of the region's largest redevelopment opportunities which will transform the underutilized Southwest Waterfront into an urban destination centrally located on the Potomac River, along the historic Washington Channel, a short distance from the National Mall, the White House, the Capitol and Smithsonian Museums.

The \$2 billion world-class, mixed-use project is comprised of 27 acres of land and more than 50 acres of water. When complete, the Wharf will feature 3.2 million square feet of new restaurants, shops, condominiums, hotels, high-quality entertainment venues, marinas, a waterfront park, and an expanded riverfront promenade with public access to the water. The waterfront area will be bike and pedestrian-friendly and is expected to become a commercial anchor for the community and those who visit the nation's capital's monuments and museums.

Phase I, with a building area of more than 1.9 million square feet, is projected to open in 2017 and is expected to cost about \$775 million. It will include: 620 apartments; 290 condominiums; 175,000 square feet of retail; an 11-story office building; and three hotels, including a 268-room InterContinental Hotel. Phase I will also include 20 bars, restaurants, and cafes, a movie theater, and a 6,000-seat concert hall.

- **D.C. United Soccer Stadium**

The Council of the District of Columbia has approved the use of public funds to help build a world-class stadium for Major League Soccer's D.C. United. This soccer stadium is to be located in the Buzzard Point area of Southwest D.C., adjacent to the Fort McNair Army base, bounded by Half Street and Second Street, S.W.

Approximately \$140 million in District funding for the stadium project has been approved, comprised of \$33 million in shifts from other projects and \$106 million in new borrowing. This funding is intended to cover roughly \$89 million in land acquisition costs, plus \$46 million in costs to clear the stadium site and prepare the necessary infrastructure. Also included are \$4.5 million in community benefits, which accommodates the establishment of a Circulator bus route in the area. The public cost for the land and infrastructure is capped at \$150 million; however, the latest estimate of such costs is \$133 million. The team's owners are to finance the construction of the stadium. The total investment for the project (infrastructure and construction) is estimated to be \$300 million.

On September 30, 2015, the District filed for eminent domain to acquire site control at Buzzard Point in preparation for construction of the new soccer stadium. The 17,000-25,000-seat facility is planned to open prior to the 2018 season.

- **New Entertainment and Sports Arena – St. Elizabeth's East Campus**

In September 2015, the Mayor along with sponsors, Monumental Sports & Entertainment and Events DC, announced plans to build a new, state-of-the-art Entertainment and Sports Arena at St. Elizabeth's East Campus located in Ward 8. This \$55 million joint venture will build the future practice facility for the Washington Wizards NBA team, home court of the Washington Mystics WNBA team and a premier concert/entertainment venue. The new 5,000-seat facility is projected to produce \$90 million in new tax revenues over 20 years and will also attract over 350,000 new visitors annually.

The total construction cost of \$55 million will be funded by the sponsors as follows: Events DC, \$27 million, the District, \$23 million, and Monumental, \$5 million. Events DC will be responsible for the construction of the new facility. The District will own the facility and retain Events DC as the company responsible for operations and management of the facility under a 19-year lease, at no costs to the District.

Construction is scheduled to begin in July 2016 with completion in fall of 2018.

- **McMillan Sand Filtration Site**

The 25-acre historic McMillan Sand Filtration Site, located at North Capitol Street and Michigan Avenue, is expected to be redeveloped into a mixed-use project that will include historic preservation, open space, residential, retail, and office uses. The old McMillan Sand filters (owned by the federal government) served as the District's water purification system for approximately 80 years until operations were ceased in 1986. Subsequently, the surplus land was sold to the District in 1987 for the purpose of redevelopment. Since the sale of the property, the McMillan Site has been the subject of numerous studies and development proposals. In 2007, Vision McMillan Partners was selected to advise the District on the land development which has resulted in today's "master plan". The District and Vision McMillan Partners will create a large public park, community center with water recreation features, neighborhood-serving retail, housing for all income levels, and state-of-the-art healthcare facilities. The official groundbreaking is scheduled for mid-2016.

Transportation Projects:

- **D.C. Streetcar**

Although it has been over 50 years since streetcars last operated in the District, their return is now within sight. The H Street/Benning Road line (in the Northeast area of the District) will be the first segment of the DC Streetcar system to offer passenger service. In 2013, the roadway construction along the H Street/Benning Road line was completed, and currently the streetcar vehicles are being tested along the route. Also, construction is complete at the Testing and Commissioning site in Anacostia, and planning is underway for additional segments throughout the District.

The District currently owns six streetcars that will ultimately serve the system. They are approximately eight feet wide and approximately 66 feet long, about 10 inches narrower than, and one-third the length of, a light rail double car train. The modern streetcars are able to operate in mixed traffic and can easily accommodate existing curbside parking and loading.

DC Streetcar will facilitate travel for District residents, workers and visitors by complementing existing transit options and by creating neighborhood connections where they currently do not exist. Additional information on this line and other planned streetcar lines within the District may be obtained from the District Department of Transportation, 55 M Street, S.E., Suite 400, Washington, D.C. 20003 or by visiting the following website: <http://ddot.dc.gov>.

- **Capital Bikeshare**

In September 2010, the District launched Capital Bikeshare, a regional bike sharing network which now includes over 3,000 bicycles throughout the District; Arlington, and Alexandria, Virginia; and Montgomery County, Maryland. Bikes are docked at bike stations where they remain locked to racks until a Capital Bikeshare member releases one for use. Anyone can become a Bikeshare member by paying the following fees: for 24 hours, \$8; for 3 days, \$17; 30 days, \$28; or for a full year, \$85. An annual membership which will be paid in monthly installments costs \$96 (\$8 per month.)

Members who sign up for longer than a day receive palm-size bar-coded cards. These cards are slipped into a slot to release a bike. For non-frequent users, a Day-Key membership option is available for \$10 granting them 24-hour access. The first 30 minutes of each ride are free, after which an additional fee consistent with the Capital Bikeshare fee schedule is assessed.

For more information on Capital Bikeshare, including membership and fees, visit:

<http://capitalbikeshare.com>.

- **South Capitol Street Corridor Project**

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

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

Preliminary engineering and Right of Way land acquisition for the project have been underway since January 2012. Construction is scheduled to begin in 2017 and completion of this project is projected for the end of 2020.

- **11th Street Bridge Project**

The 11th Street Bridge Project, which began in December 2009, was by far the largest project undertaken by the District Department of Transportation (DDOT) in recent years.

The project entailed replacing two bridges built in the 1960s with three new bridges that separate local and freeway traffic. The new freeway bridges also provide the missing interstate connections between I-695 (also known as the Southeast-Southwest Freeway) and DC-

295, fixing a long-standing deficiency that forced motorists to use local streets to connect to and from both freeways.

Phase 1, which included constructing the three new bridges and a new 14-foot pedestrian and bicycle sidewalk on the local bridge, was completed in July 2013. Phase 2, which further improved connections along the I-695 and laid the groundwork for its reconstruction to a level Boulevard between 8th Street S.E. and Barney Circle, was completed in mid-2015. The 11th Street Bridge Project has replaced the dilapidated, two-lane I-695 outbound flyover bridge (over M Street) with a new, three-lane bridge. In addition, it raises the SE/SW freeway approximately 20 feet between 8th and 13th Streets to provide better access to Capitol Hill and Historic Anacostia via new ramps on 11th Street from the I-695 (aka SE/SW Freeway) and Boulevard.

The District has also implemented projects and initiatives that focus on protecting the environment. One such initiative is described below:

- **Anacostia River Clean Up and Protection Fund/ Carryout Bag Fees:**

During fiscal year 2010, the District established the Anacostia River Clean Up and Protection Fund, which is to be used solely to fund efforts to clean and protect the Anacostia River and the other impaired waterways.

In January 2010, to help fund such efforts, the District began levying a five-cent “bag tax” on District consumers. A consumer making a purchase from a retail establishment within the District must pay, at the time of purchase, a fee of five cents for each disposable carryout bag he or she receives. During fiscal year 2015, the District collected approximately \$2.2 million in bag taxes. Since the inception of the tax in 2010, the District has collected more than \$11.7 million in such taxes.

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

- **Office of the Deputy Mayor for Planning & Economic Development**
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 317
Washington, DC 20004
Telephone: (202) 727-6365
Website: <http://dmped.dc.gov>
- **District Department of Transportation**
55 M Street, S.E., Suite 400
Washington, DC 20003
Telephone: (202) 673-6813
Website: <http://ddot.dc.gov>
- **Office of Planning**
1100 Fourth Street, S.W., Suite E650
Washington, DC 20024
Telephone: (202) 442-7600
Website: <http://planning.dc.gov>
- **Department of Parks and Recreation**
1250 U Street, N.W.
Washington, DC 20009
Telephone: (202) 673-7647
Website: <http://dpr.dc.gov>
- **Department of General Services**
2000 14th Street, N.W., 8th Floor
Washington, DC 20009
Telephone: (202) 727-2800
Website: <http://dgs.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 comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. The District has received this award for 31 of the last 33 years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the fiscal year 2015 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also earned an award from GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended September 30, 2014, for the twelfth consecutive year. The PAFR presents the District's financial results in a format and language that allows information to be more easily understood by the general public. The PAFR is not required to present the same level of detail as the CAFR. It contains very few financial statements, less technical language, and more graphics and photographs.

Like the Certificate of Achievement, the Award for Popular Annual Financial Reporting is valid for one year only. The District expects that the fiscal year 2015 PAFR, which will be issued within 30 days after the CAFR is completed, will conform to the Award for Popular Annual Financial Reporting Program requirements. It will also be submitted to the GFOA to determine its eligibility for another award.

Acknowledgments

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

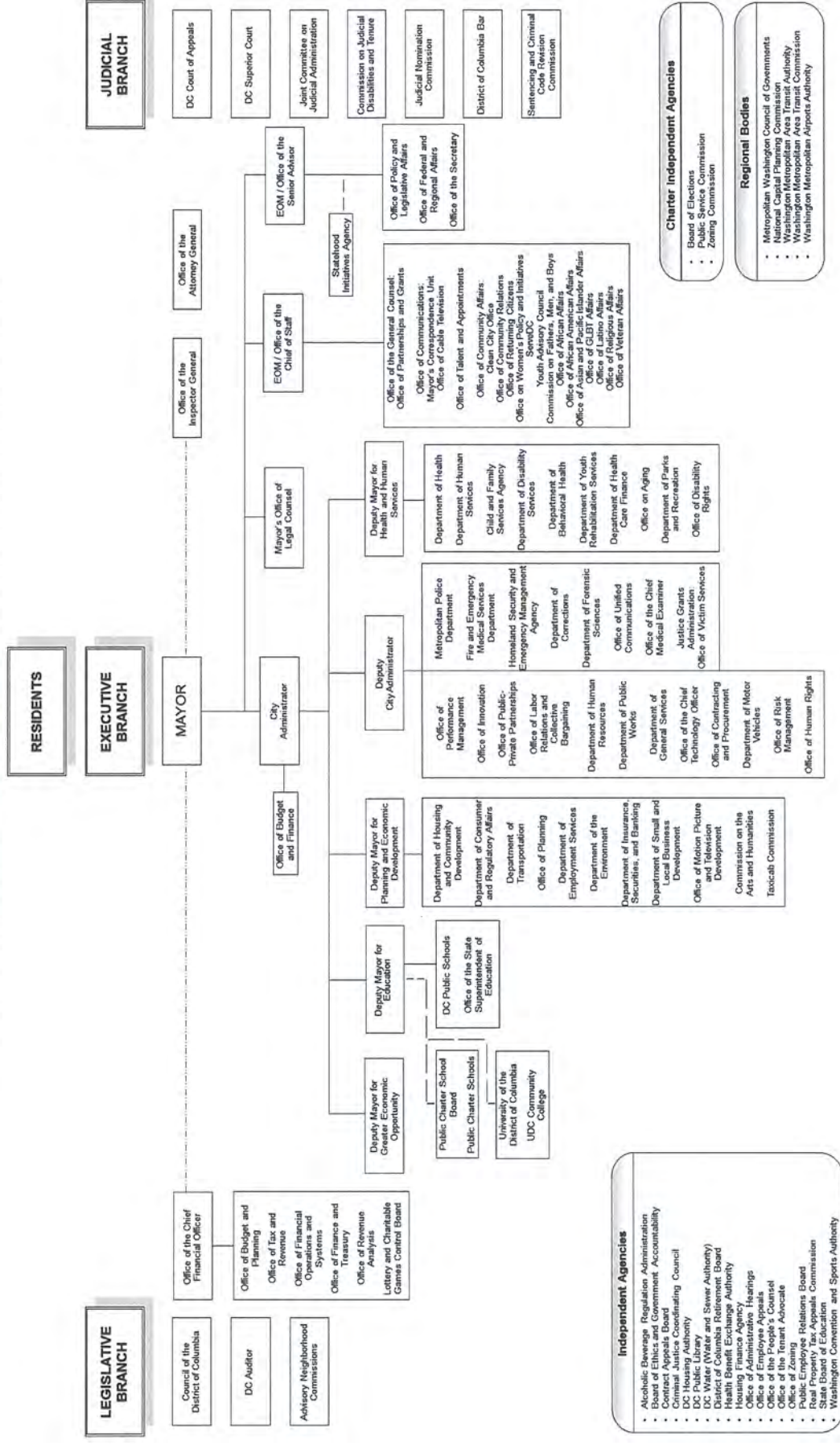
Respectfully submitted,



Bill Slack
Deputy Chief Financial Officer
Financial Operations and Systems



GOVERNMENT OF THE DISTRICT OF COLUMBIA



DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS
September 30, 2015

ELECTED OFFICIALS			
Name	Position	First Took Office	Term Expires
Chief Executive Officer			
Muriel Bowser	Mayor	2015	2019
Council			
Phil Mendelson	Chairman	1999	2019
Anita Bonds	At Large	2012	2019
David Grosso	At Large	2013	2017
Vincent Orange	At Large	2011	2017
Elissa Silverman	At Large	2015	2019
Brianne Nadeau	Ward 1	2015	2019
Jack Evans	Ward 2	1991	2017
Mary M. Cheh	Ward 3	2007	2019
Brandon T. Todd	Ward 4	2015	2017
Kenyan McDuffie	Ward 5	2012	2019
Charles Allen	Ward 6	2015	2019
Yvette M. Alexander	Ward 7	2007	2017
LaRuby May	Ward 8	2015	2017
House of Representatives			
Eleanor Holmes Norton	Delegate	1991	2017

EXECUTIVE OFFICERS	
Name	Position
Karl A. Racine	Attorney General
Daniel W. Lucas	Inspector General
Rashad M. Young	City Administrator
Kaya Henderson	Chancellor for D.C. Public Schools
Lauren C. Vaughan	Secretary of the District of Columbia
Abigail Smith	Deputy Mayor for Education
Susan Longstreet	Interim Deputy Mayor for Planning and Economic Development
Jeffrey S. DeWitt	Chief Financial Officer
Angell Jacobs	Deputy CFO/Chief of Staff
Gordon McDonald	Deputy CFO, Budget and Planning
Bill Slack	Deputy CFO, Financial Operations and Systems
Jeffrey Barnette	Deputy CFO, Finance and Treasury
Fitzroy Lee	Deputy CFO, Revenue Analysis
Stephen Cordi	Deputy CFO, Tax and Revenue
Cyril Byron, Jr.	Associate CFO, Economic Development and Regulation
Mohamed Mohamed	Associate CFO, Governmental Operations
George Dines	Associate CFO, Government Services
Delicia Moore	Associate CFO, Human Support Services
Angelique Rice	Associate CFO, Public Safety and Justice
Deloras A. Shepherd	Associate CFO, Education
Tracey Cohen	Interim Executive Director, D.C. Lottery



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**Government of the District
of Columbia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

A handwritten signature in black ink, reading 'Jeffrey R. Egan', is positioned above the title of the signatory.

Executive Director/CEO



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CAFER 2015

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT



MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

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

Year Ended September 30, 2015



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS



INDEPENDENT PUBLIC ACCOUNTANTS REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the budgetary comparison statement, each major fund, and the aggregate remaining fund information of the Government of the District of Columbia (the District), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison statement for the general and Federal and private resources funds for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Emphasis of Matter

As discussed in Note 1Y to the financial statements, during the year ended September 30, 2015, the District adopted new accounting guidance from Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

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



SB & COMPANY, LLC
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The other supplementary information in the financial section (Exhibits A-1 through A-6 and B-1 and B-2) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information in the financial section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The 2014 summarized comparative information included in the basic financial statements and other supplementary information has been derived from the District's 2014 audited financial statements which was audited by other auditors' whose reported dated January 28, 2015, who expressed an unmodified opinion on the respective financial statements. Such summarized comparative information does not include sufficient detail to constitute a complete presentation of the 2014 financial statements in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements as of and for the year ended September 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2016, 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 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 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, DC
January 27, 2016

SB & Company, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

(Dollar amounts expressed in thousands)

The following is a discussion and analysis of the District of Columbia's (the District's) financial performance for the fiscal year ended September 30, 2015, which includes a narrative overview and analysis of the District's financial activities. This information should be read in conjunction with the transmittal letter, located in the Introductory Section of this report, and the District's basic financial statements and note disclosures, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

- As of September 30, 2015, the District's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources by \$4,416,371. The District had a negative unrestricted net position in fiscal year 2015 of \$130,159, an improvement of \$322,656 over the previous year. Negative unrestricted net position resulted from the recognition of certain long-term liabilities, such as compensated absences and claims and judgments, for which resources are appropriated only during the period when they become due for payment. (See **Table MDA-1**)
- Total District revenues increased by \$715,300 as a result of increases in all revenue categories except nontax revenues. Decreases in nontax revenues unrelated to grants were largely offset by strong gains in income and franchise taxes, property taxes, and sales and use taxes. In addition, revenues derived from operating grants and contributions increased significantly over the one-year period. (See **Table MDA-2**)
- District expenses increased by \$715,478 during fiscal year 2015 due mainly to increased spending for Public Education, Public Safety and Justice and Human Support Services. (See **Table MDA-2**)
- The District's total net position (revenues over expenses) increased by \$105,515 (0.89% above expenses) indicating that revenues and expenses were positively balanced for the year. (See **Table MDA-2**)
- As of September 30, 2015, total governmental funds reported ending fund balances of \$2,992,686, an increase of \$583,935 in comparison with the prior year. The most significant fund balance increase within the governmental funds was in the General Fund, the District's primary operating fund. The General Fund reported an increase in fund balance of \$293,403 to \$2,167,062. The increase in the fund balance of total governmental funds is mostly related to activities of the general fund, including higher than anticipated tax revenues, and bond proceeds received to fund future capital projects. (See **Table MDA-3**)
- The District's total long-term liabilities increased by \$905,036, or 8.85%, during fiscal year 2015. This increase resulted, in large part, from the District's issuance of General Obligation Bonds during the year to fund infrastructure improvements and other capital projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements

In general, the purpose of financial reporting is to provide users of financial statements with information that will help them make decisions or reach conclusions about a reporting entity. Many parties use the District's financial statements; however, they do not always use them for the same purpose. In order to address the needs of as many financial statement users as possible, the District, in accordance with generally accepted accounting principles (GAAP) presents: (1) government-wide financial

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

Government-Wide Financial Statements

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

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

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

The *statement of activities* summarizes both the gross and net cost of the governmental activities and business-type activities. Governmental activities include the District's basic functional services which are generally financed through taxes, intergovernmental revenues and other revenues. Business-type activities include enterprise operations which are primarily funded by fees for services which are expected to cover all or most of the costs of operations, including depreciation. Program or functional expenses are reduced by program-specific earned revenues, and by grants and contributions.

The District's government-wide financial statements are presented on pages 44 and 45 of this report.

Fund Financial Statements

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

Financial statements of the governmental funds consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. These statements are prepared using a basis of accounting which

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

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

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

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

The financial statements of the District's governmental funds are presented on pages 46 through 49 of this report.

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

The District's proprietary funds are used to account for the activities of District entities that charge customers fees

for the services provided. The financial statements of the District's proprietary funds present the changes in financial position and condition of the District's two major proprietary funds, the D.C. Lottery and Charitable Games Control Board and the Unemployment Compensation Fund.

The Unemployment Compensation Fund is reported as a proprietary fund similar to a public entity risk pool because the District is required by law to recover its costs.

The financial statements of the District's proprietary funds are presented on pages 50 through 52 of this report.

Financial statements of the fiduciary funds (comprised of the Pension and OPEB Trust Funds, Private Purpose Trust Fund, and Agency Funds) consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. These statements are prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements. Assets held by the District (either as a trustee or as an agent) for other parties, that cannot be used to finance the District's operating programs, are reported in the fiduciary funds. The District is responsible for ensuring that the activities reported in the fiduciary funds are consistent with each fund's intended purpose.

The financial statements of the District's fiduciary funds are presented on pages 53 and 54 of this report.

Component Units

Combining financial statements, presented on pages 55 and 56 report the financial data for the District's discretely presented component units.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements, which begin on page 57, present additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress toward funding its obligation to provide pension and other postemployment benefits to District employees. Required supplementary information can be found on pages 137 through 143 of this report.

Financial statements of individual funds, combining statements (in connection with nonmajor governmental funds), and supporting schedules are presented immediately following the required supplementary information. Financial statements of individual funds and combining statements and schedules can be found in the other supplementary information section presented on pages 145 through 171 of this report.

OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND OPERATIONS

The District's overall financial position improved as a result of the year's activities. The District's financial position and operations for the past two fiscal years are summarized in **Tables MDA-1 and MDA-2**. The

information for fiscal years 2014 and 2015 is based on the government-wide financial statements presented on pages 44 and 45 of this report.

Table MDA-1 - Net Position as of September 30, 2015

	Governmental activities		Business-type activities		Totals	
	2015	2014, as restated	2015	2014	2015	2014, as restated
Current and other assets	\$ 5,007,806	\$ 4,904,586	\$ 363,154	\$ 317,918	\$ 5,370,960	\$ 5,222,504
Capital assets	11,917,024	11,410,052	169	270	11,917,193	11,410,322
Total assets	16,924,830	16,314,638	363,323	318,188	17,288,153	16,632,826
Deferred outflow of resources	593,369	55,067	-	-	593,369	55,067
Long-term liabilities	11,130,901	10,223,046	3,861	6,680	11,134,762	10,229,726
Other liabilities	2,244,928	2,065,207	42,539	46,581	2,287,467	2,111,788
Total liabilities	13,375,829	12,288,253	46,400	53,261	13,422,229	12,341,514
Deferred inflow of resources	42,922	35,523	-	-	42,922	35,523
Net position:						
Net investment in capital assets	2,639,069	2,830,199	169	270	2,639,238	2,830,469
Restricted	1,594,809	1,672,557	312,483	260,645	1,907,292	1,933,202
Unrestricted	(134,430)	(456,827)	4,271	4,012	(130,159)	(452,815)
Total net position	\$ 4,099,448	\$ 4,045,929	\$ 316,923	\$ 264,927	\$ 4,416,371	\$ 4,310,856

Table MDA- 2 - Change in Net Position for the year ended September 30, 2015

	Governmental activities		Business-type activities		Totals		Variance
	2015	2014, as restated	2015	2014	2015	2014, as restated	
Revenues:							
Program revenues:							
Charges for services	\$ 538,961	\$ 501,386	\$ 212,495	\$ 216,040	\$ 751,456	\$ 717,426	\$ 34,030
Operating grants and contributions	3,464,746	3,368,565	14,561	9,766	3,479,307	3,378,331	100,976
Capital grants and contributions	224,891	178,218	-	-	224,891	178,218	46,673
General revenues:							
Property taxes	2,315,693	2,118,198	-	-	2,315,693	2,118,198	197,495
Sales and use taxes	1,425,525	1,282,573	-	-	1,425,525	1,282,573	142,952
Income and franchise taxes	2,316,727	2,094,754	-	-	2,316,727	2,094,754	221,973
Other taxes	890,159	812,893	148,889	141,760	1,039,048	954,653	84,395
Non tax revenues	412,769	506,045	7,666	27,584	420,435	533,629	(113,194)
Total revenues	11,589,471	10,862,632	383,611	395,150	11,973,082	11,257,782	715,300
Expenses:							
Governmental direction and support	912,698	929,313	-	-	912,698	929,313	(16,615)
Economic development and regulation	474,493	416,670	-	-	474,493	416,670	57,823
Public safety and justice	1,715,161	1,568,899	-	-	1,715,161	1,568,899	146,262
Public education system	2,558,644	2,221,519	-	-	2,558,644	2,221,519	337,125
Human support services	4,484,943	4,336,730	-	-	4,484,943	4,336,730	148,213
Public works	705,766	651,221	-	-	705,766	651,221	54,545
Public transportation	335,703	309,436	-	-	335,703	309,436	26,267
Interest on long-term debt	404,130	396,754	-	-	404,130	396,754	7,376
Lottery and games	-	-	156,762	161,144	156,762	161,144	(4,382)
Unemployment compensation	-	-	119,267	160,403	119,267	160,403	(41,136)
Total expenses	11,591,538	10,830,542	276,029	321,547	11,867,567	11,152,089	715,478
Increase (decrease) in net position before transfers	(2,067)	32,090	107,582	73,603	105,515	105,693	(178)
Transfers in (out)	55,586	54,966	(55,586)	(54,966)	-	-	-
Change in net position	53,519	87,056	51,996	18,637	105,515	105,693	(178)
Net position - Oct 1, as restated	4,045,929	3,958,873	264,927	246,290	4,310,856	4,205,163	105,693
Net position - Sept 30	\$ 4,099,448	\$ 4,045,929	\$ 316,923	\$ 264,927	\$ 4,416,371	\$ 4,310,856	\$ 105,515

Please refer to Note 1W – Reconciliation of Government-Wide and Fund Financial Statements, on page 77 for additional information on the differences between the two bases of accounting that the District used in this report.

Financial Analysis of the Government as a Whole

The District's combined net position (governmental and business-type activities) increased by \$105,515 or 2.45%, from \$4,310,856 in fiscal year 2014 to \$4,416,371 in fiscal year 2015. Revenues increased by \$715,300 while expenses increased by \$715,478. Program revenues, which were approximately 37.21% of the District's total revenues in fiscal year 2015, increased by \$181,679, or 4.25%. This increase was due primarily to increases in operating and capital grants and contributions. Such grants and contributions were used in support of programs and services in three key areas: Public Education, Human Support Services, and Public Works.

The D.C. Public Schools received increased federal funding for school improvement from the U.S. Department of Education through the D.C. School Choice Incentive Program grant. In addition, the D.C. Public Charter Schools received increased financial support through certain federally funded programs offered by the Office of the State Superintendent for Education (OSSE). Such programs include the Credit Enhancement Fund, the Direct Loan Fund, the City Build Program, and the Incubator Initiative.

Increased grant revenues in fiscal year 2015 were also attributable to: increases in federal funds for Medicaid and other human support service programs, including the Temporary Assistance for Needy Families (TANF), Refugee Resettlement and Supplemental Nutrition Assistance programs; and a number of road, street and streetscape projects across the city.

General revenues, derived primarily from taxes, represented approximately 62.79% of the District's total revenues in fiscal year 2015. Such revenues increased by \$533,621, or 7.64%, due to higher assessed values of commercial properties and/or increased rate of collection of property taxes, sales and use taxes, and income and franchise taxes, compared to the prior year.

The most significant increase in expenses was in public education, which grew by \$337,125, or 15.18%, due to several factors including: higher equipment dispositions in fiscal year 2015 when compared to the prior year and the recognition of Teachers' pension expenses incurred due to the implementation of GASB Statement No. 68 in fiscal year 2015. Other contributing factors included increased enrollment and the resetting of the Uniform Per Student Funding Formula, which created a new category of expenses for At-Risk students. Using this formula, increased expenditures were incurred by the public schools and the public charter schools to address the needs of at-risk students and those with disabilities.

Restricted net position represents assets that are subject to use constraints imposed either: (a) externally by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments; or (b) by law, through constitutional provisions or enabling legislation. Restricted net position totaled \$1,907,292 in fiscal year 2015 and \$1,933,202 in fiscal year 2014, representing a decrease of \$25,910, or 1.34%.

Total net position of governmental activities was \$4,099,448 in fiscal year 2015, which was \$53,519, or 1.32% higher than prior year, indicating that revenues remained above expenses. This increase mainly resulted from increases in revenues from property taxes, sales and use taxes, and income and franchise taxes combined with effective management of expenses.

Unrestricted net position improved significantly in fiscal year 2015, by \$322,656 to negative \$130,159 in fiscal year 2015 compared to negative \$452,815 in fiscal year 2014. Even though unrestricted net position improved, it continued to be negative in fiscal year 2015 because the District has certain long-term liabilities such as compensated absences and claims and judgments, that are incurred in the current fiscal year but are not funded until they mature or come due for payment in future periods. In addition, the unrestricted net position is impacted by increases or decreases in the other components of net position, such as restricted net position and net investment in capital assets.

The Lottery and Charitable Games Control Board (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 2015 and 2014, the Lottery transferred \$55,586 and \$54,966 to the District's General Fund, respectively.

Chart MDA-1 graphically depicts the District's sources of revenues in its governmental activities as presented in **Table MDA-2, Change in Net Position for the year ended September 30, 2015**, found on page 28.

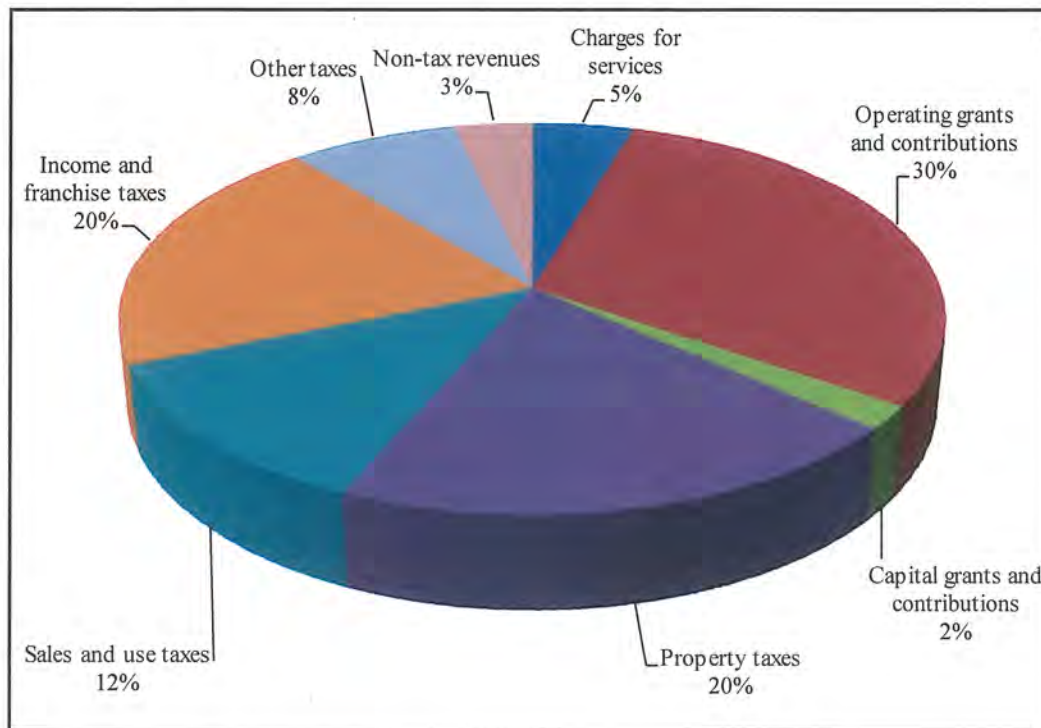
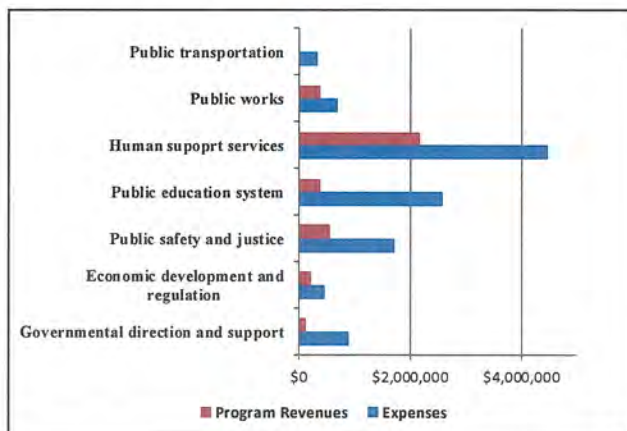
Chart MDA-1 – Revenues by Source – Governmental Activities

Chart MDA-2 displays both expenses and program revenues of selected governmental activities for the fiscal year. The governmental activities are: governmental direction and support, economic development and regulation, public safety and justice, public education system, human support services, public works, and public transportation.

Chart MDA-2 – Governmental Activities Expenses and Program Revenues

Net position of the business type activities increased by \$51,996, or 19.62%, between fiscal year 2014 and 2015. Net position increased principally as a result of increases in revenues from employer taxes and governmental

contributions combined with a decline in the payment of benefits resulting from a decrease in unemployment.

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 fund is classified as a major fund if the fund has revenues, expenditures/ expenses, assets plus deferred outflows of resources, or liabilities (excluding extraordinary items) plus deferred inflows of resources that are at least 10% of the corresponding totals for all governmental funds and at least 5% of the aggregate amount for all governmental and proprietary funds for the same item. Major funds, as required by generally accepted accounting principles (GAAP), are presented individually with nonmajor governmental funds 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 156 and 157 of this report.

Governmental Funds

The District's governmental funds provide information that is useful when assessing the District's financing needs, such as data pertaining to near-term inflows, outflows, and balances of spendable resources. Most basic services are reported in the governmental funds,

which are further classified as General, Federal and Private Resources, Housing Production Trust, General Capital Improvements, and Nonmajor Governmental Funds. Please refer to Exhibits 2-a and 2-b presented on pages 46 and 47 for more detailed information about these funds.

Fund Balances: The governmental funds reported a combined fund balance of \$2,992,686 in fiscal year 2015

and \$2,408,751 in fiscal year 2014, which represents an increase of \$583,935, or 24.24%, from the prior year. The components of the combined fund balance of the governmental funds are presented in **Table MDA-3**.

Table MDA-3 – Comparison of FY 2015 and FY 2014 Fund Balance

Governmental Fund	FY 2015 Balance	FY 2014 Balance	Dollar Variance	Percentage Variance
General	\$ 2,167,062	\$ 1,873,659	\$ 293,403	15.66%
Federal and private resources	167,215	164,485	2,730	1.66%
Housing production trust	185,496	173,863	11,633	6.69%
General capital improvements	35,805	(114,248)	150,053	-131.34%
Nonmajor governmental funds	437,108	310,992	126,116	40.55%
Total Fund Balance	\$ 2,992,686	\$ 2,408,751	\$ 583,935	24.24%

Fund balance in the Federal and Private Resources Fund increased by \$2,730 or 1.66% between fiscal years 2014 and 2015. This relatively moderate increase in fund balance was due to a 2.42% increase in total revenues, primarily in operating grants, which was nearly offset by a 2.17% increase in expenditures, primarily in human support services. Total revenues in the Federal and Private Resources Fund increased by \$82,587 while expenditures increased by \$74,202.

Fund balance in the Housing Production Trust Fund increased by \$11,633, or 6.69% between fiscal years 2014 and 2015. This increase was due primarily to increases in deed recordation and deed transfer taxes which were dedicated to this Fund.

Fund balance in the General Capital Improvements Fund increased by \$150,053, from negative \$114,248 in fiscal year 2014 to positive \$35,805 in fiscal year 2015. This increase was due to a significant increase in grant funding received to support capital improvements as well as the issuance of bonds, the proceeds of which were used to fund capital projects.

The most significant fund balance increase within the governmental funds, which totaled \$293,403, was in the General Fund, the District's primary operating fund. A more detailed discussion of the District's General Fund follows.

Revenues: General Fund revenues increased by \$565,925 in fiscal year 2015. **Table MDA-4** presents the most significant one-year variances in General Fund revenues.

Table MDA-4 – Changes in Major General Fund Revenues

Revenue Category	Fiscal Year 2015	Fiscal Year 2014	Dollar Variance	Percentage Variance
Property taxes	\$ 2,316,147	\$ 2,104,902	\$ 211,245	10.04%
Sales and use taxes	1,373,066	1,245,015	128,051	10.29%
Income and franchise taxes	2,316,727	2,094,754	221,973	10.60%
Total	\$ 6,005,940	\$ 5,444,671	\$ 561,269	10.31%

Property tax. Increases in property tax revenues were due primarily to higher assessed values of commercial properties and an increased rate of collection of associated taxes. The District also experienced an upswing in personal property tax revenues. Although the national housing crisis, recession and slow economic recovery resulted in declines in residential property values and associated tax assessments, these conditions improved significantly in recent years. In fiscal year 2014, the District more than recovered the lost value in residential property. That recovery, along with modest economic growth, resulted in increased collections of residential property taxes in fiscal year 2015.

Sales and use tax. A significant portion of the increased sales and use taxes was related to hotel room taxes associated with a settlement reached by the District and online travel companies. Improved economic conditions, which resulted in increased consumer spending, also contributed to increased sales and use tax revenues in fiscal year 2015. In addition, revenues generated from some excise taxes, such as those imposed on purchases of alcoholic beverages and motor vehicles, also increased between fiscal year 2014 and 2015.

Income and franchise taxes. As evidenced by the decline in unemployment and an increase in population, more individuals joined the workforce during fiscal year 2015. This resulted in strong increases in total salaries and wages thereby increasing the amount of salary/wage-related taxes. Capital gains realizations also led to increases in individual income taxes. Moreover, strong growth in corporate profits during fiscal year 2015 contributed to increases in business franchise tax revenues.

Dedicated Revenues

The dedicated portions of tax revenues related to the special revenue funds are recorded directly in those funds. However, dedicated taxes for the Convention Center, Healthcare Programs and Highway Trust Fund are transferred out of the local fund (the major component of the general fund). Healthcare Program activities are recorded in a segregated fund within the general fund. In fiscal year 2015, the District dedicated a total of \$484,647 in tax revenues to fund the projects shown in **Table MDA-5**.

Expenditures: The District's general fund expenditures, excluding debt service, increased by \$341,482 from the previous year. Variances by program or function are presented in **Table MDA-6**.

Table MDA-5 – Dedicated Local Tax Revenues

	Total Dedicated Taxes	General Fund							Special Revenue Funds			
		Convention Center	Healthcare Programs	Highway Trust Fund	WMATA	Healthy Schools	Alcoholic Beverage Regulation Administration	HPHF Debt Service	Tax Increment Financing Program	PILOT Special Revenue	Baseball Project	Housing Production Trust Fund
Property taxes	\$ 40,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,383	\$ 18,797	\$ -	\$ -
Sales and use taxes	241,788	116,448	-	-	67,446	4,265	1,170	-	37,555	-	14,904	-
Deed recordation	38,680	-	-	-	-	-	-	6,081	-	-	-	32,599
Gross receipts taxes	46,304	-	-	-	-	-	-	-	-	-	46,304	-
Deed transfers	29,747	-	-	-	-	-	-	1,748	-	-	-	27,999
Motor fuel taxes	25,256	-	-	25,256	-	-	-	-	-	-	-	-
Other taxes	62,692	-	62,692	-	-	-	-	-	-	-	-	-
Total taxes	\$ 484,647	\$ 116,448	\$ 62,692	\$ 25,256	\$ 67,446	\$ 4,265	\$ 1,170	\$ 7,829	\$ 58,938	\$ 18,797	\$ 61,208	\$ 60,598

Table MDA-6 – General Fund FY 2015 Expenditure Variances by Function

Program/ Functional Area	Fiscal Year 2015	Fiscal Year 2014	Dollar Variance	Percentage Variance
Governmental direction and support	\$ 870,067	\$ 841,765	\$ 28,302	3.36%
Economic development and regulation	309,346	288,002	21,344	7.41%
Public safety and justice	1,044,356	1,049,808	(5,452)	-0.52%
Public education system	1,866,863	1,752,794	114,069	6.51%
Human support services	1,954,001	1,822,322	131,679	7.23%
Public works	328,787	303,514	25,273	8.33%
Public transportation	335,703	309,436	26,267	8.49%
Total Functional Expenditures	\$ 6,709,123	\$ 6,367,641	\$ 341,482	5.36%

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

Governmental Direction and Support – Increased expenditures in Governmental Direction and Support were largely the result of rising costs associated with managing and maintaining District properties, including providing protective services and the fixed energy costs in District facilities. In addition, spending in this functional area increased as a result of new and ongoing communications and technology projects and activities.

Economic Development and Regulation – Several factors contributed to increased Economic Development and Regulation expenditures, including resource and program enhancements designed to preserve and increase the supply of quality affordable housing for low income persons, particularly those with serious and persistent mental or emotional illness and senior citizens. A \$5.2 million expansion of the Marion Barry Summer Youth Employment Program up to the age of 24 years, the Contingency Fund repayment to the Workers' Compensation Fund for disallowed costs and increased staffing levels within the Department of Employment Services, Unemployment Insurance Division also contributed to the increased expenditures.

In addition, higher personnel costs also led to an overall increase in expenditures in this functional area. Additional resources were needed to improve the administration of the Community Development Block Grant and the Home Program Related Activities (HOME) grant. Other contributing factors were step increases and increased fringe benefits.

Public Safety and Justice – The decrease in Public Safety and Justice expenditures was due, in large part, to reductions in spending related to the Automated Traffic Enforcement Program and efforts made by the Metropolitan Police Department (MPD) to streamline its operations. A reduction in MPD's fixed costs also contributed to the decrease in public safety and justice

expenditures. Other reductions in personnel costs (salary lapses, reduced fringe benefits and the elimination of vacant positions) within public safety and justice agencies and a slight decrease in the actuarially required contribution to the Police Officers' and Fire Fighters' Retirement System also led to the overall decrease in expenditures in this functional area.

Public Education – Increases in Public Education expenditures were attributable to several factors, some of which included: the resetting of the Uniform Per Student Funding Formula, which now includes a category for At-Risk students; the effects of increased student enrollment; and other enhancements to educational services and support programs offered by the District's public schools and public charter schools.

Human Support Services – The agencies within the Human Support Services Agencies continue to provide an array of services to sustain, support and/or assist the District's most vulnerable residents. In fiscal year 2015, there was an increase in the following services: Medicaid, homelessness, substance and mental abuse, Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP) and the prevention and promotion of health and wellness which directly impacted the increase in expenditures.

Public Works – The increase in Public Works expenditures was due to several factors, including costs associated with cleaning public spaces throughout the District, purchasing equipment and software upgrades for the devices used by parking regulation enforcement personnel, and managing the city's fleet operations. Moreover, implementation of and other enhancements to programs designed to promote environmental stewardship, innovation, pollution prevention, and resource conservation also led to increased public works expenditures.

Public Transportation – The District, along with other jurisdictions in the metropolitan region, provide funding to support the operations of the Washington Metropolitan Area Transit Authority (WMATA). Public Transportation expenditures rose in fiscal year 2015 as a result of increases in WMATA's operating cost, thereby increasing the subsidies paid by the District. Expansion of Circulator bus services and the implementation of a number of streetscape improvements also contributed to increased public transportation expenditures.

Capital Expenditures and Financing

The District's investments in capital improvements are based on need rather than available current year revenues. It is the District's financial policy to issue bonds to support the expenditures associated with its Capital Improvements Program. In order to minimize the cost of carrying debt, the District has instituted the practice of issuing bonds based on actual expenditures, in some cases, as well as 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.

The District spent \$1,172,725 on general capital improvements which exceeded the general capital improvements revenues of \$227,167 by \$945,558. This deficiency was subsequently financed with a total of \$1,095,611 from bond proceeds and other financing sources. The net change in the General Capital Improvements fund balance was an increase of \$150,053, which resulted in a fund balance of \$35,805.

Proprietary Funds

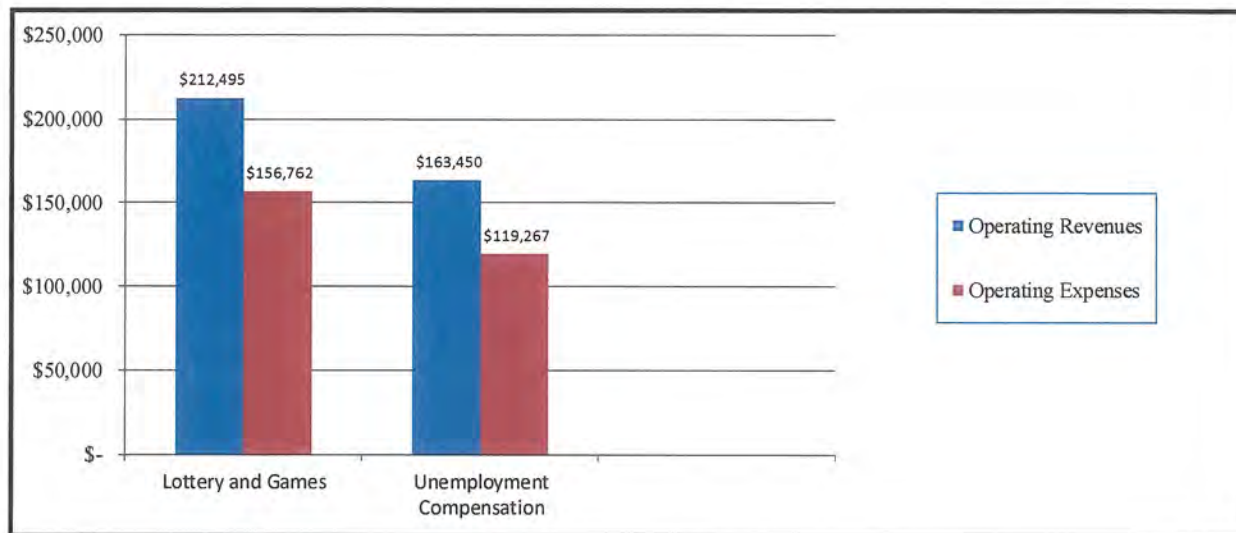
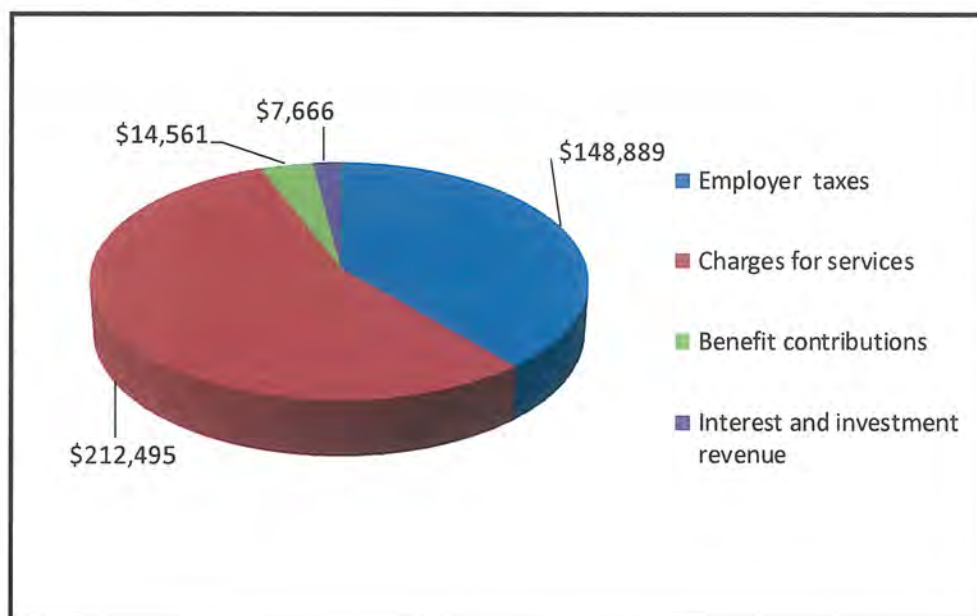
The District currently has two major Proprietary Funds: the D.C. Lottery and Charitable Games Board (Lottery), and the Unemployment Compensation Fund (Unemployment).

The total assets for the Lottery decreased by \$1,387 or 6.73%, over the prior year, due to scheduled payments to long-term prize winners.

Total assets for Unemployment increased by \$39,801, or 12.07%, due primarily to cash receipts from employer taxes and governmental agencies exceeding the unemployment benefits payments while amounts due to the Fund from the federal government decreased.

Overall total net position of the District's proprietary funds increased by \$51,996, or 19.63%, over the prior year. Exhibits 3-a, 3-b, and 3-c on pages 50 through 52 present the financial statements of the proprietary funds.

Charts MDA-3 and MDA-4 graphically present comparisons of the revenues and expenses of the District's proprietary funds, based on information contained in the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds, shown on page 51 of this report.

Chart MDA-3 – Operating Revenues and Expenses – Business-type Activities**Chart MDA-4 – Revenues by Source – Business-type Activities**

Fiduciary Funds

The *Trust and Agency Funds* are used to account for assets held by the District as trustee for individuals, private organizations, or other governments. The District is the *trustee* or *fiduciary* for its employees' pension plans and other postemployment benefits (OPEB). All fiduciary activities are reported in Exhibit 4-a, *Statement of Fiduciary Net Position* and Exhibit 4-b, *Statement of Changes in Fiduciary Net Position* on pages 53 and 54 respectively. Exhibits C-1, C-2, and C-3, presented on pages 160, 161, and 162 respectively, provide additional information. These activities are excluded from the

District's governmental and business-type activities because resources of fiduciary funds are restricted and are not available to support the District's operations. The changes in the net position of the Pension Trust Funds and OPEB Trust Fund are presented in **Table MDA-7**.

Net position of the fiduciary funds decreased due mainly to loss on investments.

Table MDA-7 - Variances in Net Position of Pension and OPEB Trust Funds

Trust Fund	Fiscal Year 2015	Fiscal Year 2014	Dollar Variance	Percentage Variance
Police and Firefighters Pension	\$ 4,461,998	\$ 4,588,129	\$ (126,131)	-2.75%
Teachers Pension	1,670,638	1,745,961	(75,323)	-4.31%
Other Postemployment Benefits	1,076,551	1,051,359	25,192	2.40%
Total Net Assets	\$ 7,209,187	\$ 7,385,449	\$ (176,262)	-2.39%

Private-purpose trust funds are used to report any trust arrangement not reported in the pension or OPEB trust funds under which principal and income benefit specific individuals, private organizations, or other governments. The District's 529 College Savings Investment Plan, which is designed to help families save for the higher education expenses of designated beneficiaries, comprises the Private-Purpose Trust Fund.

Component Units

Discretely presented component units are legally separate organizations that meet the following criteria: (a) the District appoints a voting majority of the entity's governing board and (b) there is a financial benefit/burden relationship between the District and the entity or the District is able to impose its will on the entity. Consistent with these criteria, the District reports five discretely presented component units: (1) Health Benefit Exchange Authority; (2) Washington Convention and Sports Authority (t/a Events DC); (3) Not-For-Profit Hospital Corporation (d/b/a United Medical Center); (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 either: (a) 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; or (b) the entity's total debt outstanding is expected to be repaid entirely or almost entirely with District resources.

The District reports one blended component unit, the Tobacco Settlement Financing Corporation (Tobacco Corporation). The Tobacco Corporation is a blended

component unit because: (a) the District appoints the Tobacco Corporation's board; (b) the District is legally entitled to and can otherwise access the Tobacco Corporation's resources which constitutes a benefit/burden relationship; and (c) the District has the ability to modify or approve the Tobacco Corporation's budget, which gives the District the ability to impose its will on the Tobacco Corporation. In addition, the Tobacco Corporation provides services entirely to the District.

Each of the component units prepares its own independently audited financial statements, which are accompanied by their respective Management's Discussion and Analysis. Exhibits 5-a and 5-b on pages 55 and 56 respectively, present more detailed financial information on the District's component units.

Short-Term Debt

The District issues short-term debt primarily to finance seasonal cash flow needs. This need occurs due to time lags between the receipt of taxes, grants and other revenues, and the outflow of funds for governmental operations and required disbursements. The District issued \$400,000 in Tax Revenue Anticipation Notes (TRANS) on November 18, 2014, at an interest rate of 1.50%. The District is required by law to repay any short-term debt in its entirety by September 30 of the fiscal year in which the debt was incurred. Accordingly, by September 30, 2015, the District had repaid these outstanding TRANS.

Long-Term Debt

The District is empowered by law (Section 461 of the District of Columbia Home Rule Act, as amended) to issue general obligation bonds for the payment of the costs of acquiring capital assets or undertaking various capital projects and to refund indebtedness of the District. The District also issues income tax secured revenue bonds pursuant to the Bond Authorization Act of 2008 (D.C. Code §§ 47-340.26 to 47-340.36). The payment of principal and interest on these bonds comes solely from the associated trust estate and the available pledged tax revenues. The income tax secured revenue bonds are

without recourse to the District, and are not a pledge of, and do not involve the full faith and credit or the taxing power of the District.

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

As of September 30, 2015, the District had \$11,134,762 (including business activities) in long term debt outstanding, of which \$9,483,682, or 85.17%, was in the form of bonds. Of the outstanding bonds, \$3,530,770, or 37.23%, were general obligation bonds, and \$4,327,855, or 45.63%, were income tax secured revenue bonds. **Table MDA-8** presents the District's outstanding bonds as of September 30, 2015.

Table MDA-8 – Outstanding Bonds as of September 30, 2015 and 2014

Outstanding Bond Debt				
Type of Bonds	2015	2014	Dollar Variance	Percentage Variance
General Obligation Bonds	\$ 3,530,770	\$ 2,790,935	\$ 739,835	26.51%
Income Tax Secured Revenue Bonds	4,327,855	4,465,820	(137,965)	-3.09%
Other Bonds:				
Qualified Zone Academy Bonds	4,791	5,736	(945)	-16.47%
Tobacco Bonds	616,404	631,294	(14,890)	-2.36%
TIF Bonds	100,895	104,809	(3,914)	-3.73%
Ballpark Bonds	467,360	474,420	(7,060)	-1.49%
GARVEE Revenue Bonds	104,395	111,110	(6,715)	-6.04%
HPTF Bonds	115,565	118,055	(2,490)	-2.11%
PILOT Revenue Bonds	215,647	70,030	145,617	207.94%
Total	\$ 9,483,682	\$ 8,772,209	\$ 711,473	8.11%

The \$739,835 increase in General Obligation Bonds is due primarily to the following bond issuances made in fiscal year 2015:

- In October 2014, the District issued \$379,355 in General Obligation Bonds, Series 2014C and \$136,190 in General Obligation Refunding Bonds, Series 2014D. The proceeds of the Series 2014C Bonds were used to: (1) finance capital project expenditures under the District's capital improvements plan, and (2) pay the costs and expenses of issuing and delivering the Series 2014C Bonds. The proceeds of the Series 2014D Bonds were used, together with other available funds of the District, to: (1) refund all of the District's outstanding Multimodal General Obligation Refunding Bonds (Variable Rate Demand Obligations), Series 2008A and Multimodal General Obligation Refunding Bonds (Variable Rate Demand Obligations), Series 2008D, and (2) pay the costs and expenses of issuing and delivering the Series 2014D Bonds.
- In June 2015, the District issued \$500,000 in General Obligation Bonds, Series 2015A and \$34,190 in General Obligation Refunding Bonds, Series 2015B. The proceeds of the Series 2015A Bonds were used

to: (1) finance capital project expenditures under the District's capital improvements plan, and (2) pay the costs and expenses of issuing and delivering the Series 2015A Bonds. The proceeds of the Series 2015B Bonds will be used to: (1) refund a portion of the District's outstanding General Obligation Refunding Bonds, Series 2005B and (2) pay the costs and expenses of issuing and delivering the Series 2015B Bonds.

The District also issued \$60,875 in Income Tax Secured Revenue Refunding Bonds, Series 2014B. The proceeds of the Series 2014B Bonds were used to: (a) currently refund \$60,260 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2013A which matured on December 1, 2014, and (b) pay the costs and expenses of issuing and delivering the Series 2014B Bonds. The payment of certain outstanding debt resulted in a reduction of \$137,965 in the principal amount of outstanding Income Tax Secured Revenue Bonds.

For more detailed information on the District's long-term debt activity, refer to Note 8, Long-Term Liabilities, found on pages 103 through 119.

Capital Assets

The General Capital Improvements Fund is used to account for the purchase or construction of capital assets financed by transfers, capital grants, and debt. Capital assets include, but are not limited to: land, buildings, police and fire equipment, office equipment, park facilities, roads, and bridges. In fiscal year 2015, total net capital assets (capital assets less depreciation) increased by \$506,871, or 4.44%, over the prior year. Total overall capital assets has continued to increase because the District has been investing resources in the construction of new assets and the rehabilitation of existing infrastructure, such as roads, streets, and bridges.

As of September 30, 2015, total net capital assets (capital assets less depreciation) was \$11,917,193. Net capital assets of the governmental activities totaled \$11,917,024 and the net capital assets of the business-type activities totaled \$169. The governmental activities depreciation charges for fiscal year 2015 totaled \$391,147 compared to the prior year's amount of \$414,748. **Table MDA-9** presents more detailed information on the District's net capital assets.

Table MDA-9 – Net Capital Assets as of September 30, 2015

Asset Category	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 933,835	\$ 929,519	\$ -	\$ -	\$ 933,835	\$ 929,519
Buildings	5,991,316	5,765,400	-	-	5,991,316	5,765,400
Infrastructure	3,324,697	3,117,119	-	-	3,324,697	3,117,119
Equipment	341,558	354,552	169	270	341,727	354,822
Construction in progress	1,325,618	1,243,462	-	-	1,325,618	1,243,462
Total net capital assets	\$ 11,917,024	\$ 11,410,052	\$ 169	\$ 270	\$ 11,917,193	\$ 11,410,322

Note: For more detailed information on the District's capital asset activity, refer to Note 5, Capital Assets, found on pages 92 through 96.

REPORTING THE DISTRICT'S BUDGET

Overview in Brief

D.C. Code § 47-392.01(c) (1) (A) requires the District to prepare a balanced budget each year. Consistent with D.C. Code §47-392.02, the Mayor is required to submit the budget to Council for review, approval, and submission to Congress. The District's budget is subject to revision and approval by Congress and the President of the United States. As the budget moves through the budgetary process, there may be changes in both amounts and purposes.

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 at regular intervals throughout the fiscal year 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 is also 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-10** presents a Schedule of Budgetary Basis Revenues and Expenditures for the General Fund for the fiscal year ended September 30, 2015.

Table MDA-10 – Schedule of General Fund Budgetary Basis Revenues and Expenditures

	Original Budget	Revised Budget	Actual	Variance positive (negative)
Revenues and Other Sources:				
Taxes	\$ 6,440,052	\$ 6,679,732	\$ 6,717,301	\$ 37,569
Licenses and permits	74,156	78,772	88,788	10,016
Fines and forfeits	226,228	127,910	117,199	(10,711)
Charges for services	68,774	77,238	94,399	17,161
Miscellaneous	83,839	118,547	116,171	(2,376)
Other sources	585,045	480,197	524,826	44,629
Bond proceeds	6,000	6,000	4,894	(1,106)
Fund balance released from restrictions	120,291	268,531	60,410	(208,121)
Interfund transfer from lottery and games	66,000	54,967	55,586	619
Interfund transfer - others	25,815	69,352	57,583	(11,769)
Total revenues and other sources	7,696,200	7,961,246	7,837,157	(124,089)
Expenditures and Other Uses:				
Governmental direction and support	732,614	700,424	674,877	25,547
Economic development and regulation	373,644	359,194	320,080	39,114
Public safety and justice	1,060,064	1,062,644	1,045,398	17,246
Public education	1,879,150	1,867,669	1,853,130	14,539
Human support services	1,893,776	1,887,265	1,857,487	29,778
Public works	688,344	678,469	653,044	25,425
Repay bonds and interest	617,033	582,683	582,321	362
Other expenditures and uses	445,837	567,841	486,151	81,690
Total expenditures and other uses	7,690,462	7,706,189	7,472,488	233,701
Excess of Revenues and Other Sources Over Expenditures and Other Uses - Budgetary Basis				
	\$ 5,738	\$ 255,057	\$ 364,669	\$ 109,612

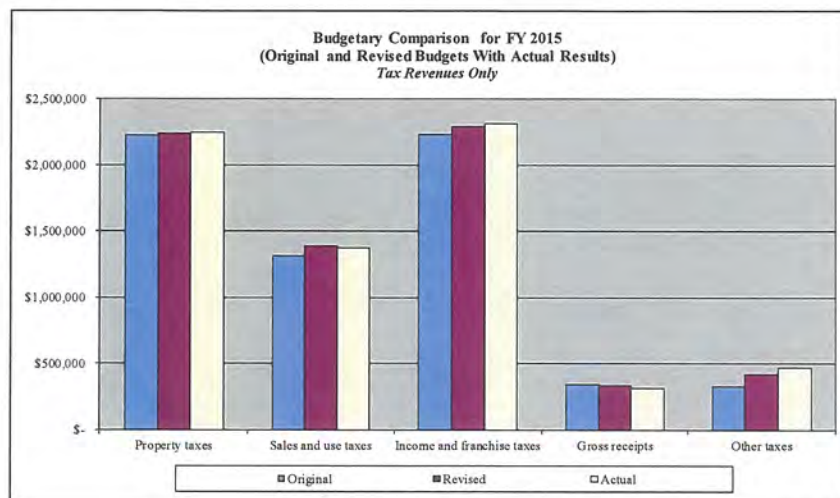
Revenues and Other Sources

As presented in **Table MDA-10**, actual General Fund revenues and other sources were \$124,089 less than the revised budget. This variance was primarily due to the use of excess revenues instead of the planned use of fund balance to finance certain activities.

Fund Balance Released from Restrictions - Fund balance released from restrictions represents the portion of assets that were 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 used to finance current year's operations. As shown in **Table**

MDA-10, actual fund balance released from restrictions was \$208,121 less than anticipated for fiscal year 2015.

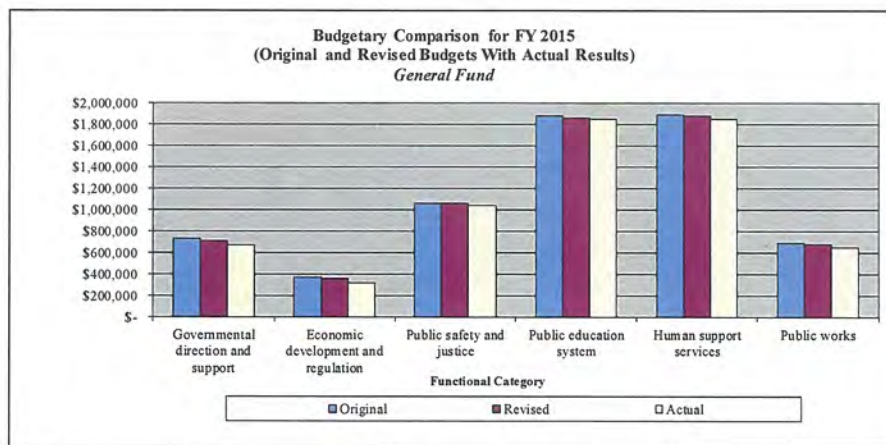
As presented in **Table MDA-10**, approximately 85.71% of the General Fund's revenues and other sources are derived from taxes. **Chart MDA-5** graphically presents differences between the General Fund's original budget, final revised budget and actual revenues (by type of tax) for fiscal year 2015.

Chart MDA-5 – Budgetary Comparison – FY 2015 Tax Revenues**Expenditures and Other Uses**

Actual General Fund expenditures and other uses were \$233,701 less than the revised budget. As presented in **Table MDA-10**, this variance was primarily due to underspending in the areas of Economic Development and Regulation, Human Support Services, Governmental Direction and Support, and Public Works.

More than 63.65% of the General Fund's expenditures were in the areas of Human Support Services, Public Education, and Public Safety and Justice combined.

Chart MDA-6 graphically presents differences between the General Fund's original budget, revised budget, and actual expenditures (by functional category) for fiscal year 2015.

Chart MDA-6 – General Fund Expenditures (by Function)

For more detailed information, refer to the budgetary schedules for the General Fund, Exhibits A-4 to A-6 which are presented on pages 151 through 153.

SUBSEQUENT EVENTS**Short-Term Debt**

In December 2015, the District issued \$250,000 in Tax Revenue Anticipation Notes (TRANs) as a means of financing, on a short-term basis, the District's general governmental expenses in anticipation of receiving or collecting revenues for fiscal year 2016. These fixed rate TRANs were issued at an interest rate of 1.50% and mature on September 30, 2016. By law, the District must repay any short-term debt in its entirety by September 30 of the fiscal year of issuance.

Income Tax Secured Revenue Refunding Bonds

In November 2015, the District issued \$95,575 in Income Tax Secured Revenue Refunding Bonds, Series 2015A, at a variable interest rate equal to the Adjusted SIFMA rates (the SIFMA rates plus the per annum spread of 12 basis points). The proceeds of the Series 2015A Bonds were used to: (a) currently refund \$39,900 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011B, maturing on December 1, 2015; (b) currently refund \$55,220 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011E, maturing on December 1, 2015; and (c) pay the costs and expenses of issuing and delivering the Series 2015A Bonds.

These and other subsequent events are presented in more detail in Note 16, found on pages 135 through 136.

CONTACTING THE DISTRICT'S OFFICE OF THE CHIEF FINANCIAL OFFICER

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

Office of the Chief Financial Officer
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 209
Washington, D.C. 20004
(202) 727-2476
www.cfo.dc.gov



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BASIC FINANCIAL STATEMENTS

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

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

Exhibit 1-a

District of Columbia
Statement of Net Position
September 30, 2015
(With Comparative Totals at September 30, 2014)
(\$000s)

	Primary Government					Component Units
	Governmental Activities	Business-Type Activities	Totals			
			2015	2014, as restated		
ASSETS						
Cash and cash equivalents	\$ 1,729,830	\$ 10,289	\$ 1,740,119	\$ 1,126,578	\$ 138,346	
Investments	-	-	-	-	134,175	
Due from federal government	555,039	795	555,834	505,033	-	
Taxes receivable, net	324,997	-	324,997	486,344	-	
Accounts receivable, net	186,547	15,710	202,257	206,383	23,174	
Other receivables	-	-	-	-	14,165	
Due from primary government	-	-	-	-	37,419	
Due from component units	17,502	-	17,502	37,702	-	
Due from fiduciary funds	1,595	-	1,595	1,587	314	
Internal balances	24,967	(24,967)	-	-	-	
Inventories	16,486	-	16,486	35,404	1,460	
Other current assets	3,474	2	3,476	4,966	38,797	
Derivative instrument assets	605	-	605	-	-	
Cash and cash equivalents (restricted)	1,711,930	357,903	2,069,833	1,797,333	176,482	
Investments (restricted)	92,182	3,422	95,604	100,921	299,386	
Other long-term assets	264,067	-	264,067	332,987	895,014	
Net pension assets	78,585	-	78,585	587,266	-	
Depreciable capital assets, net	9,657,571	169	9,657,740	9,237,341	835,981	
Non-depreciable capital assets	2,259,453	-	2,259,453	2,172,981	32,523	
Total assets	16,924,830	363,323	17,288,153	16,632,826	2,627,236	
DEFERRED OUTFLOW OF RESOURCES						
Derivative instrument - hedge	53,571	-	53,571	48,030	-	
Pension	533,423	-	533,423	-	-	
Advance refunding loss	6,375	-	6,375	7,037	15,919	
Total deferred outflow of resources	593,369	-	593,369	55,067	15,919	
Total assets and deferred outflow of resources	17,518,199	363,323	17,881,522	16,687,893	2,643,155	
LIABILITIES						
Accounts payable	783,453	34,110	817,563	815,496	48,543	
Compensation payable	204,680	1,145	205,825	217,482	19,691	
Due to primary government	-	-	-	-	17,502	
Due to component units	37,419	-	37,419	35,021	-	
Unearned revenues	223,239	34	223,273	242,606	15,705	
Accrued liabilities	461,332	7,250	468,582	458,528	16,944	
Accrued interest payable	142,447	-	142,447	128,828	-	
Other current liabilities	58,614	-	58,614	56,183	141,321	
Derivative instrument liabilities	53,571	-	53,571	47,571	-	
Net pension liabilities	280,173	-	280,173	110,073	-	
Long-term liabilities:						
Due within one year	533,212	1,160	534,372	545,356	53,733	
Due in more than one year	10,597,689	2,701	10,600,390	9,684,370	1,550,685	
Total liabilities	13,375,829	46,400	13,422,229	12,341,514	1,864,124	
DEFERRED INFLOW OF RESOURCES						
Capital lease gain	33,712	-	33,712	35,523	-	
Pension	9,210	-	9,210	-	-	
Total deferred inflow of resources	42,922	-	42,922	35,523	-	
Total liabilities and deferred inflow of resources	13,418,751	46,400	13,465,151	12,377,037	1,864,124	
NET POSITION						
Net investment in capital assets	2,639,069	169	2,639,238	2,830,469	465,278	
Restricted for:						
Expendable						
Pension	322,625	-	322,625	477,193	-	
Debt service	397,557	-	397,557	437,786	-	
Benefit payments	-	312,483	312,483	260,645	-	
Capital projects	102,320	-	102,320	61,708	-	
Grants and special purposes	167,215	-	167,215	164,485	-	
Budget reserves	24,598	-	24,598	23,239	-	
Purpose restriction	144,146	-	144,146	137,707	-	
Emergency reserves	366,249	-	366,249	355,417	-	
FEMS Settlement	47,000	-	47,000	-	-	
Other	23,099	-	23,099	15,022	173,158	
Nonexpendable	-	-	-	-	7,568	
Unrestricted (deficit)	(134,430)	4,271	(130,159)	(452,815)	133,027	
Total net position	\$ 4,099,448	\$ 316,923	\$ 4,416,371	\$ 4,310,856	\$ 779,031	

The accompanying notes are an integral part of this statement.

Exhibit 1-b

District of Columbia
Statement of Activities
For the Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)
(\$000s)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Primary Government		Component Units
	Charges for Services, Fees, Fines & Forfeits	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Governmental direction and support	\$ 912,698	\$ 36,463	\$ -	\$ (774,126)	\$ (814,559)	
Economic development and regulation	474,493	60,405	96	(246,151)	(213,460)	
Public safety and justice	1,715,161	476,593	-	(1,145,016)	(1,020,845)	
Public education system	2,558,644	390,226	-	(2,166,985)	(1,878,325)	
Human support services	4,484,943	2,475,403	26,904	(1,974,541)	(1,871,090)	
Public works	705,766	25,656	197,891	(316,288)	(277,904)	
Public transportation	335,703	-	-	(335,703)	(309,436)	
Interest on long-term debt	404,130	-	-	(404,130)	(396,754)	
Total governmental activities	11,591,538	3,464,746	224,891	(7,362,940)	(6,782,373)	
Business-type activities:						
Lottery and games	156,762	-	-	\$ 55,733	54,896	
Unemployment compensation	119,267	14,561	-	(104,706)	(150,637)	
Total business-type activities	276,029	14,561	-	(48,973)	(95,741)	
Total primary government	\$ 11,867,567	\$ 3,479,307	\$ 224,891	(7,362,940)	(7,411,913)	
Component units:						
Health benefit exchange	\$ 47,488	\$ 53,119	\$ -	-	-	\$ 5,631
Convention center	130,727	-	-	-	-	(102,123)
Not-for-profit hospital corporation	122,175	4,162	-	-	-	(19,221)
Housing finance	48,563	32,097	-	-	-	(16,466)
University	139,524	21,677	42,779	-	-	(43,711)
Total component units	\$ 488,477	\$ 78,958	\$ 42,779			(175,890)
General revenues:						
Taxes:						
Property taxes	-	-	-	2,315,693	2,315,693	-
Sales and use taxes	-	-	-	1,425,525	1,425,525	-
Income and franchise taxes	-	-	-	2,316,727	2,094,754	-
Gross receipts taxes	-	-	-	361,293	389,539	-
Other taxes	-	-	-	677,755	565,114	-
Investment earnings	-	-	-	148,889	14,150	6,495
Miscellaneous	-	-	-	7,666	13,521	105,405
Subsidy from primary government	-	-	-	406,914	519,479	217,698
Transfer in (out)	-	-	-	-	-	-
				55,586	(55,586)	-
Total general revenues and transfers				7,416,459	7,517,428	329,598
Change in net position						
Net position at October 1, as restated				53,519	105,515	153,708
Net position at September 30				4,045,929	4,310,856	625,323
				\$ 4,099,448	\$ 4,416,371	\$ 779,031

The accompanying notes are an integral part of this statement.

Exhibit 2-a

District of Columbia
Balance Sheet
Governmental Funds
September 30, 2015
(With Comparative Totals at September 30, 2014)
(\$000s)

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds	
						2015	2014
ASSETS							
Cash and cash equivalents	\$ 1,729,830	\$ -	\$ -	\$ -	\$ -	\$ 1,729,830	\$ 1,117,260
Due from federal government	3,744	466,552	-	84,743	-	555,039	504,178
Taxes receivable, net	321,475	-	-	-	3,522	324,997	486,344
Accounts receivable, net	143,209	10,017	270	2,494	30,557	186,547	189,871
Due from component units	16,695	-	-	142	665	17,502	37,702
Due from other funds	276,005	24,696	6,318	-	8,717	315,736	312,157
Inventories	12,734	3,752	-	-	-	16,486	35,404
Other current assets	2,330	1,114	-	-	30	3,474	4,963
Cash and cash equivalents (restricted)	763,806	116,020	176,846	244,156	411,102	1,711,930	1,480,161
Investments (restricted)	78,880	-	2,147	-	11,155	92,182	94,639
Other long-term assets	110,818	100,276	42,297	10,676	-	264,067	332,987
Total assets	\$ 3,459,526	\$ 722,427	\$ 227,878	\$ 342,211	\$ 465,748	\$ 5,217,790	\$ 4,595,666
LIABILITIES							
Accounts payable	\$ 452,647	\$ 116,689	\$ 85	\$ 175,006	\$ 5,157	\$ 749,584	\$ 743,608
Compensation payable	177,850	23,435	-	3,237	158	204,680	216,489
Due to other funds	15,570	155,538	-	98,542	19,524	289,174	278,346
Due to component units	13,463	10,400	-	12,065	1,491	37,419	35,021
Unearned revenue	63,985	104,882	42,297	12,075	-	223,239	242,540
Accrued liabilities	316,645	144,266	-	-	421	461,332	451,929
Other current liabilities	52,985	2	-	4,981	646	58,614	56,183
Total liabilities	1,093,145	555,212	42,382	305,906	27,397	2,024,042	2,024,116
DEFERRED INFLOW OF RESOURCES							
Unavailable revenues	199,319	-	-	500	1,243	201,062	162,799
FUND BALANCE							
Nonspendable	12,734	3,752	-	-	-	16,486	35,404
Restricted	1,026,396	163,463	185,496	35,805	437,108	1,848,268	1,622,615
Committed	1,047,105	-	-	-	-	1,047,105	744,649
Assigned	80,827	-	-	-	-	80,827	120,331
Unassigned	-	-	-	-	-	-	(114,248)
Total fund balances	2,167,062	167,215	185,496	35,805	437,108	2,992,686	2,408,751
Total liabilities, deferred inflow of resources and fund balances	\$ 3,459,526	\$ 722,427	\$ 227,878	\$ 342,211	\$ 465,748		\$ 4,595,666

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

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

11,917,024

Certain long term assets are not available to pay current period expenditures and are therefore not recognized as revenues in the funds:

Unavailable Tax revenue (Exhibit A-1) 92,357
Other General Fund unavailable revenues (Exhibit A-1) 106,962
Unavailable revenues - General Capital Improvements (Exhibit 2- 500
Unavailable revenues - Non-Major Funds (Exhibit 2-a) 1,243

201,062

Deferred inflow of resources - Capital lease gain (Exhibit 1-a)

(33,712)

Deferred inflow of resources - pension (Exhibit 1-a)

(9,210)

Deferred outflow of resources - pension (Exhibit 1-a)

533,423

Net pension asset (Exhibit 1-a)

78,585

Retainage liability not to be paid with current resources

(33,869)

Advanced refunding loss (Exhibit 1-a)

6,375

Derivative instrument asset (exhibit 1-a)

605

Certain liabilities (such as bonds payable and accrued expenses) are not due and payable in the current period:

General obligation bonds (Note 8, Table N27) 3,530,770
Income tax revenue bonds (Note 8, Table N27) 4,327,855
Tobacco settlement bonds (Note 8, Table N27) 616,404
TIF bonds (Note 8, Table N27) 100,895
Net pension liabilities (Exhibit 1-a) 280,173
Ballpark bonds (Note 8, Table N27) 467,360
QZAB (Note 8, Table N27) 4,791
Accrued interest payable (Exhibit 1-a) 142,447
Capital leases (Note 8, Table N27) 5,105
Other long-term liabilities (Note 8, Table N27) 2,077,721

(11,553,531)

Net position of governmental activities

\$ 4,099,448

The accompanying notes are an integral part of this statement.

Exhibit 2-b

District of Columbia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)
(\$000s)

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds	
						2015	2014
REVENUES							
Taxes:							
Property taxes	\$ 2,316,147	\$ -	\$ -	\$ -	\$ 40,180	\$ 2,356,327	\$ 2,135,037
Sales and use taxes	1,373,066	-	-	-	52,459	1,425,525	1,282,573
Income and franchise taxes	2,316,727	-	-	-	-	2,316,727	2,094,754
Gross receipts taxes	314,989	-	-	-	46,304	361,293	389,539
Other taxes	468,268	-	60,598	-	-	528,866	423,354
Fines and forfeitures	129,283	-	-	-	-	129,283	143,124
Licenses and permits	119,658	-	-	-	-	119,658	102,242
Charges for services	286,031	3,989	-	-	-	290,020	256,020
Investment earnings	1,814	646	1	19	3,375	5,855	6,810
Miscellaneous	335,342	28,738	3,945	2,257	44,218	414,500	552,455
Federal contributions	-	554,342	-	-	-	554,342	519,846
Operating grants	-	2,910,404	-	224,891	-	3,135,295	3,026,937
Total revenues	7,661,325	3,498,119	64,544	227,167	186,536	11,637,691	10,932,691
EXPENDITURES							
Current:							
Governmental direction and support	870,067	43,063	-	-	114,343	1,027,473	920,513
Economic development and regulation	309,346	65,888	73,010	-	-	448,244	411,812
Public safety and justice	1,044,356	476,840	-	-	-	1,521,196	1,515,470
Public education system	1,866,863	379,346	-	-	-	2,246,209	2,128,137
Human support services	1,954,001	2,484,447	-	-	-	4,438,448	4,261,400
Public works	328,787	25,899	-	-	-	354,686	329,355
Public transportation	335,703	-	-	-	-	335,703	309,436
Debt service:							
Principal	259,142	-	-	6,715	35,144	301,001	306,498
Interest	337,326	18,440	-	5,053	60,730	421,549	422,450
Fiscal charges	7,260	-	-	-	1,051	8,311	4,895
Capital outlay	-	-	-	1,160,957	35,437	1,196,394	1,123,073
Total expenditures	7,312,851	3,493,923	73,010	1,172,725	246,705	12,299,214	11,733,039
Excess (deficiency) of revenues over (under) expenditures	348,474	4,196	(8,466)	(945,558)	(60,169)	(661,523)	(800,348)
OTHER FINANCING SOURCES (USES)							
Debt issuance	4,894	-	-	874,461	154,897	1,034,252	597,230
Refunding debt issuance	231,255	-	-	-	-	231,255	475,305
Premium on sale of bonds	27,099	-	-	128,441	-	155,540	85,679
Payment to refunded bond escrow agent	(256,765)	-	-	-	-	(256,765)	(503,439)
Equipment financing program	-	-	-	25,590	-	25,590	31,716
Transfers in	114,901	-	20,099	136,245	87,491	358,736	331,676
Transfers out	(176,455)	(1,466)	-	(69,126)	(56,103)	(303,150)	(276,710)
Sale of capital assets	-	-	-	-	-	-	1,050
Total other financing sources (uses)	(55,071)	(1,466)	20,099	1,095,611	186,285	1,245,458	742,507
Net change in fund balances	293,403	2,730	11,633	150,053	126,116	583,935	(57,841)
Fund balances at October 1,	1,873,659	164,485	173,863	(114,248)	310,992	2,408,751	2,466,592
Fund balances at September 30	\$ 2,167,062	\$ 167,215	\$ 185,496	\$ 35,805	\$ 437,108	\$ 2,992,686	\$ 2,408,751

The accompanying notes are an integral part of this statement.

Exhibit 2-c

District of Columbia
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended September 30, 2015
 (\$000s)

Net change in fund balances - total governmental funds \$ 583,935

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

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

Capital outlay capitalized (Note 5, table N15)	\$ 887,787	
Depreciation expense (Note 5, table N15)	(391,147)	
Depreciable capital asset additions (Note 5, table N15)	17,848	
Transfers/Dispositions (Note 5, table N15)	<u>(7,516)</u>	
		506,972

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

Current year deferred inflow reported in Exhibit 2-a	201,062	
Prior year deferred inflow	<u>(162,799)</u>	
		38,263

Proceeds from long-term liabilities provide current financial resources to governmental funds, but issuing debt increases 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 8, table N44)

Long-term liabilities additions	(1,716,322)	
Long-term liabilities reductions	<u>808,467</u>	
		(907,855)

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

Increase in net pension liabilities - Teachers retirement fund (Note 9, Table N53)	(170,100)	
Decrease in net pension assets - Police & Firefighters retirement fund (Note 9, Table N53)	(508,681)	
Change in deferred outflow of resources - Teachers retirement fund (Note 9, Table N55)	146,989	
Change in deferred outflow of resources - Police & Firefighters retirement fund (Note 9, Table N55)	386,434	
Change in deferred inflow of resources - Teachers retirement fund (Note 9, Table N55)	(6,863)	
Change in deferred inflow of resources - Police & Firefighters retirement fund (Note 9, Table N55)	<u>(2,347)</u>	
		(154,568)

Other adjustments include:

Advance refunding loss amortization	(662)	
Realized capital lease gain	1,811	
Increase in long term accrued interest liabilities	(13,619)	
Increase in retainage payables	<u>(904)</u>	
		(13,374)

Investment income from investment derivative instrument		<u>146</u>
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Change in net position of governmental activities		<u>\$ 53,519</u>
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The accompanying notes are an integral part of this statement.

Exhibit 2-d

District of Columbia
Budgetary Comparison Statement
For the Year Ended September 30, 2015
(\$000s)

	General Fund			Federal and Private Resources			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	Original	Revised	Positive (Negative)	Original	Revised	Positive (Negative)	Original	Revised	Positive (Negative)
Revenues and Sources:									
Taxes:									
Property taxes	\$ 2,221,788	\$ 2,241,687	\$ 5,980	\$ -	\$ -	\$ -	\$ 2,221,788	\$ 2,241,687	\$ 5,980
Sales and use taxes	1,311,945	1,393,309	(20,873)	-	-	-	1,311,945	1,393,309	(20,873)
Income and franchise taxes	2,234,006	2,290,437	25,405	-	-	-	2,234,006	2,290,437	25,405
Other taxes	672,313	754,299	27,057	-	-	-	672,313	754,299	27,057
Total taxes	6,440,052	6,679,732	37,569	-	-	-	6,440,052	6,679,732	37,569
Licenses and permits	74,156	88,788	10,016	-	-	-	74,156	88,788	10,016
Fines and forfeitures	226,228	127,910	(10,711)	-	-	-	226,228	127,910	(10,711)
Charges for services	68,774	77,238	17,161	-	-	-	68,774	77,238	17,161
Miscellaneous	83,839	118,547	(2,376)	-	-	-	83,839	118,547	(2,376)
Other sources	585,045	480,197	44,629	-	-	-	585,045	480,197	44,629
Bond proceeds	6,000	6,000	(1,106)	-	-	-	6,000	6,000	(1,106)
Federal contributions	-	-	-	80,400	92,190	(25,340)	80,400	92,190	(25,340)
Operating grants	-	-	-	3,019,581	2,799,906	(75,621)	3,019,581	2,799,906	(75,621)
Fund balance released from restrictions	120,291	268,531	(208,121)	-	-	-	120,291	277,247	(208,121)
Interfund transfer from lottery and games	66,000	54,967	619	-	-	-	66,000	54,967	619
Interfund transfer from others	25,815	69,352	(11,769)	-	-	-	25,815	69,352	(11,769)
Total revenues and other sources	7,696,200	7,961,246	(124,089)	3,099,981	2,900,812	(100,961)	10,796,181	10,862,058	(225,050)
Expenditures and Other Uses:									
Governmental direction and support	732,614	700,424	25,547	28,221	28,571	3,529	760,835	728,995	29,076
Economic development and regulation	373,644	359,104	39,114	106,666	68,923	2,351	480,310	428,117	41,465
Public safety and justice	1,060,064	1,062,644	1,045,398	132,217	95,374	3,652	1,192,281	1,158,018	20,898
Public education system	1,879,150	1,652,588	1,638,049	309,546	331,941	55,658	2,188,696	1,984,529	70,197
Public education AY16 expenditure	-	215,081	215,081	-	-	-	-	215,081	-
Human support services	1,893,776	1,887,265	1,857,487	2,481,844	2,296,626	2,259,451	4,375,620	4,183,891	66,953
Public works	688,344	678,469	653,044	28,987	26,305	406	717,331	704,774	25,831
Workforce investments	42,052	98	98	-	-	-	42,052	98	-
Wilson building	4,469	4,469	4,336	-	-	-	4,469	4,336	133
Repayment of loans and interest	600,694	568,131	568,131	-	-	-	600,694	568,571	-
Repayment of revenue bonds	7,839	7,829	7,829	-	-	-	7,839	7,829	-
Debt service - insurance costs	6,000	6,000	5,638	-	-	-	6,000	5,638	362
Interest expense on short-term borrowing	2,500	723	723	-	-	-	2,500	723	-
Certificates of participation	22,670	-	-	-	-	-	22,670	-	-
Settlements and judgments fund	21,292	21,292	4,070	-	-	-	21,292	17,222	4,070
Section 103 - financing and other funds	-	21,100	21,100	-	-	-	-	21,100	-
Convention center transfer	115,719	120,448	552	-	-	-	115,719	120,448	552
Highway transportation fund	37,685	42,910	2,700	-	-	-	37,685	42,910	2,700
TIF and PILOT transfer	-	9,907	9,907	-	-	-	-	9,907	-
Emergency planning and security fund	-	-	-	12,500	34,632	15,623	12,500	34,632	15,623
Operating lease-equipment	51,548	43,778	43,778	-	-	-	51,548	43,778	-
Emergency and contingency reserve funds	-	61,067	61,067	-	-	-	-	61,067	-
Pay-as-you-go capital fund	28,937	136,245	136,245	-	-	-	28,937	136,245	-
Schools modernization fund	-	11,412	11,412	-	-	-	-	11,412	-
D.C. retiree health contribution	91,400	91,400	91,400	-	-	-	91,400	91,400	-
Non-departmental	18,653	3,163	3,163	-	-	-	18,653	3,163	-
Total expenditures and other uses	7,690,462	7,706,189	233,701	3,099,981	2,900,812	118,394	10,790,443	10,607,001	352,095
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - BUDGETARY BASIS	\$ 5,738	\$ 255,057	\$ 109,612	\$ -	\$ -	\$ 17,433	\$ 5,738	\$ 255,057	\$ 127,045
The accompanying notes are an integral part of this statement.									

Exhibit 3-a

District of Columbia
Statement of Net Position
Proprietary Funds
September 30, 2015
(With Comparative Totals at September 30, 2014)
(\$000s)

			Totals	
	Lottery and Games	Unemployment Compensation	2015	2014
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 10,289	\$ -	\$ 10,289	\$ 9,318
Due from federal government	-	795	795	855
Accounts receivable, net	5,350	10,360	15,710	16,512
Due from other funds	-	536	536	-
Other current assets	2	-	2	3
Cash and cash equivalents (restricted)	-	357,903	357,903	317,172
Total current assets	15,641	369,594	385,235	343,860
Noncurrent assets:				
Investments (restricted)	3,422	-	3,422	6,282
Capital assets, net	169	-	169	270
Total noncurrent assets	3,591	-	3,591	6,552
Total assets	19,232	369,594	388,826	350,412
LIABILITIES				
Current liabilities				
Accounts payable	2,502	31,608	34,110	38,923
Accrued compensated absences	1,145	-	1,145	993
Due to other funds	-	25,503	25,503	32,224
Unearned revenues	34	-	34	66
Accrued liabilities	7,250	-	7,250	6,599
Long-term liabilities due within one year	1,160	-	1,160	2,962
Total current liabilities	12,091	57,111	69,202	81,767
Noncurrent liabilities				
Long-term liabilities due in more than one year	2,701	-	2,701	3,718
Total noncurrent liabilities	2,701	-	2,701	3,718
Total liabilities	14,792	57,111	71,903	85,485
NET POSITION				
Net investment in capital assets	169	-	169	270
Restricted - expendable	-	312,483	312,483	260,645
Unrestricted	4,271	-	4,271	4,012
Total net position	\$ 4,440	\$ 312,483	\$ 316,923	\$ 264,927

The accompanying notes are an integral part of this statement.

Exhibit 3-b

District of Columbia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)
(\$000s)

	<u>Lottery and Games</u>	<u>Unemployment Compensation</u>	<u>Totals</u>	
			<u>2015</u>	<u>2014</u>
Operating revenues:				
Employer taxes	\$ -	\$ 148,889	\$ 148,889	\$ 141,760
Charges for services	212,495	-	212,495	216,040
Benefit contributions	-	14,561	14,561	9,766
Total operating revenues	<u>212,495</u>	<u>163,450</u>	<u>375,945</u>	<u>367,566</u>
Operating expenses:				
Benefits	-	119,267	119,267	160,403
Prizes and other expenses	125,296	-	125,296	131,678
Personnel services	7,009	-	7,009	6,731
Contractual services	24,323	-	24,323	22,578
Depreciation	134	-	134	157
Total operating expenses	<u>156,762</u>	<u>119,267</u>	<u>276,029</u>	<u>321,547</u>
Operating income	<u>55,733</u>	<u>44,183</u>	<u>99,916</u>	<u>46,019</u>
Nonoperating revenues:				
Interest and investment revenue	11	7,655	7,666	7,340
Federal contribution	-	-	-	20,244
Total nonoperating revenues	<u>11</u>	<u>7,655</u>	<u>7,666</u>	<u>27,584</u>
Income before transfers	<u>55,744</u>	<u>51,838</u>	<u>107,582</u>	<u>73,603</u>
Transfer out	(55,586)	-	(55,586)	(54,966)
Change in net position	<u>158</u>	<u>51,838</u>	<u>51,996</u>	<u>18,637</u>
Net position at October 1	<u>4,282</u>	<u>260,645</u>	<u>264,927</u>	<u>246,290</u>
Net position at September 30	<u>\$ 4,440</u>	<u>\$ 312,483</u>	<u>\$ 316,923</u>	<u>\$ 264,927</u>

The accompanying notes are an integral part of this statement.

Exhibit 3-c

District of Columbia
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)
(\$000s)

	Lottery and Games	Unemployment Compensation	Totals 2015	2014
Cash flows from operating activities:				
Cash receipts from customers/employers	\$ 211,712	\$ 164,380	\$ 376,092	\$ 377,857
Other cash receipts	98	-	98	22
Cash payments to vendors	(19,914)	-	(19,914)	(19,725)
Cash payments to employees/claimants	(6,911)	(131,304)	(138,215)	(189,223)
Other cash payments, including prizes	(128,406)	-	(128,406)	(135,729)
Net cash provided by operating activities	<u>56,579</u>	<u>33,076</u>	<u>89,655</u>	<u>33,202</u>
Cash flows from noncapital financing activities:				
Intergovernmental grants	-	-	-	20,244
Interfund transfers out	(55,586)	-	(55,586)	(54,966)
Net cash used in noncapital financing activities	<u>(55,586)</u>	<u>-</u>	<u>(55,586)</u>	<u>(34,722)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(33)	-	(33)	-
Net cash used in capital and related financing activities	<u>(33)</u>	<u>-</u>	<u>(33)</u>	<u>-</u>
Cash flows from investing activities:				
Receipts of interest and dividends	11	7,655	7,666	7,340
Net cash provided by investing activities	<u>11</u>	<u>7,655</u>	<u>7,666</u>	<u>7,340</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	971	40,731	41,702	5,820
Cash and cash equivalents at October 1	<u>9,318</u>	<u>317,172</u>	<u>326,490</u>	<u>320,670</u>
Cash and cash equivalents at September 30	<u>\$ 10,289</u>	<u>\$ 357,903</u>	<u>\$ 368,192</u>	<u>\$ 326,490</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income	\$ 55,733	\$ 44,183	\$ 99,916	\$ 46,019
Depreciation	134	-	134	157
Decrease (increase) in assets:				
Accounts receivable	(604)	870	266	1,030
Other current assets	1	60	61	9,359
Increase (decrease) in liabilities:				
Accounts payable	503	(12,037)	(11,534)	(22,847)
Accrued liabilities	651	-	651	(280)
Unearned revenues	(32)	-	(32)	(70)
Other current liabilities	193	-	193	(166)
Net cash provided by operating activities:	<u>\$ 56,579</u>	<u>\$ 33,076</u>	<u>\$ 89,655</u>	<u>\$ 33,202</u>

The accompanying notes are an integral part of this statement.

Exhibit 4-a

District of Columbia
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015
(\$000s)

	Pension/OPEB Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 121,151	\$ -	\$ 62,121
Investments:			
Equities	3,681,979	260,812	-
Fixed income securities	2,271,671	124,787	-
Real estate	395,430	-	-
Private equity	708,607	-	-
Commodities	44,001	-	-
Accounts receivable	-	362	-
Due from federal government	900	-	20,551
Benefit contributions receivable	4,479	-	-
Other receivables	-	-	3,529
Other current assets	24,960	-	-
Total assets	<u>7,253,178</u>	<u>385,961</u>	<u>\$ 86,201</u>
LIABILITIES			
Accounts payable	33,668	405	\$ 373
Due to component units	-	-	314
Due to other funds	1,456	-	139
Other current liabilities	8,867	-	85,375
Total liabilities	<u>43,991</u>	<u>405</u>	<u>\$ 86,201</u>
NET POSITION			
Held in trust for pension, OPEB benefits and other purposes	<u>\$ 7,209,187</u>	<u>\$ 385,556</u>	

The accompanying notes are an integral part of this statement.

Exhibit 4-b

District of Columbia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2015
(S000s)

	Pension/OPEB Trust Funds	Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 234,343	\$ -
Plan members	65,711	56,276
Total contributions	<u>300,054</u>	<u>56,276</u>
Investment earnings:		
From investment activities		
Net increase/(decrease) in fair value of investments	(358,798)	957
Other revenue	304	-
Interest and dividends	56,642	5,969
Total investment gain	(301,852)	6,926
Less - investment expenses	(17,660)	(3,328)
Net gain/(loss) from investing activities	<u>(319,512)</u>	<u>3,598</u>
From securities lending activities		
Securities lending income	87	-
Less: securities lending expenses	(19)	-
Net income from securities lending activities	68	-
Net investment gain/(loss)	<u>(319,444)</u>	<u>3,598</u>
Other Income	1,397	-
Total	<u>(17,993)</u>	<u>59,874</u>
DEDUCTIONS		
Benefits	141,422	-
Administrative expenses	16,847	918
Distributions to participants	-	21,873
Total deductions	<u>158,269</u>	<u>22,791</u>
Change in net position	<u>(176,262)</u>	<u>37,083</u>
Net position at October 1	<u>7,385,449</u>	<u>348,473</u>
Net position at September 30	<u>\$ 7,209,187</u>	<u>\$ 385,556</u>

The accompanying notes are an integral part of this statement.

Exhibit S-a

District of Columbia
Discretely Presented Component Units
Combining Statement of Net Position
September 30, 2015
(With Comparative Totals at September 30, 2014)
(\$000s)

	Health Benefit Exchange Authority	Washington Convention and Sports Authority	Not-for-Profit Hospital Corporation	Housing Finance Agency	University of the District of Columbia	Totals	
						2015	2014
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 45,575	\$ 13,162	\$ 22,829	\$ 40,170	\$ 16,610	\$ 138,346	\$ 84,778
Investments	-	99,912	-	3,427	30,836	134,175	117,989
Receivables, net:							
Accounts	2,341	1,845	10,804	-	8,184	23,174	25,593
Other	3,733	219	-	5,354	4,859	14,165	32,782
Due from primary government	9,287	11,258	-	-	16,874	37,419	35,021
Due from fiduciary fund	-	-	147	-	167	314	-
Inventories	-	-	1,460	-	-	1,460	1,415
Other current assets	-	275	1,795	33,685	3,042	38,797	24,010
Restricted cash	6,071	7,094	-	158,284	5,033	176,482	120,459
Restricted investments	-	200,860	-	90,958	7,568	299,386	283,229
Total current assets	67,007	334,625	37,035	331,878	93,173	863,718	725,276
Noncurrent assets:							
Loans receivable	-	-	-	846,923	-	846,923	712,921
Other	-	47,000	837	145	109	48,091	48,569
Total long-term assets	-	47,000	837	847,068	109	895,014	761,490
Capital assets, net							
Property and equipment	54,059	547,298	49,195	1,440	183,989	835,981	759,973
Non-depreciable capital assets	-	7,527	13,045	573	11,378	32,523	78,845
Total assets	121,066	936,450	100,112	1,180,959	288,649	2,627,236	2,325,584
Deferred Outflows of Resources							
	-	15,688	-	231	-	15,919	17,110
LIABILITIES							
Current liabilities:							
Payables:							
Accounts	18,384	5,209	9,813	513	14,624	48,543	37,553
Compensation	-	1,572	7,134	311	10,674	19,691	19,303
Due to primary government	694	1,703	-	-	15,105	17,502	37,702
Accrued liabilities	618	16,326	-	-	-	16,944	16,867
Unearned revenue	-	3,486	-	-	12,219	15,705	15,077
Current maturities	-	18,900	159	34,674	-	53,733	41,040
Other current liabilities	43	8,631	2,237	123,226	7,184	141,321	90,563
Total current liabilities	19,739	55,827	19,343	158,724	59,806	313,439	258,105
Noncurrent liabilities:							
Long-term debt:							
Bonds payable	-	613,708	-	925,344	-	1,539,052	1,424,988
Other long-term liabilities	-	4,827	6,806	-	-	11,633	8,730
Refundable advances	-	-	-	-	-	-	184
Total long-term liabilities	-	618,535	6,806	925,344	-	1,550,685	1,433,902
Total liabilities	19,739	674,362	26,149	1,084,068	59,806	1,864,124	1,692,007
Deferred Inflow of Resources							
	-	-	-	-	-	-	25,364
NET POSITION							
Net investment in capital assets	54,059	151,890	61,949	2,013	195,367	465,278	417,716
Restricted - expendable	-	114,030	13,606	40,559	4,963	173,158	159,193
Restricted - nonexpendable	-	-	-	-	7,568	7,568	7,568
Unrestricted	47,268	11,856	(1,592)	54,550	20,945	133,027	40,846
Total net position	\$ 101,327	\$ 277,776	\$ 73,963	\$ 97,122	\$ 228,843	\$ 779,031	\$ 625,323

The accompanying notes are an integral part of this statement.

District of Columbia
Discretely Presented Component Units
Combining Statement of Activities
For the Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)
(\$000s)

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTES TO THE BASIC FINANCIAL STATEMENTS

September 30, 2015

(Dollar amounts expressed in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND AND HISTORY OF THE GOVERNMENTAL UNIT

General Operations

The District of Columbia (the District) was created on March 30, 1791, from territory ceded by Maryland and Virginia. Article 1, Section 8, Clause 17 of the United States Constitution empowered Congress to establish the seat of government for the United States. Pursuant to the cited Constitutional provisions, the District was established as the nation's capital on December 1, 1800.

On January 2, 1975, Congress granted the District a Home Rule Charter, which became effective through the enactment of the District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198. Pursuant to its charter, the District is a municipal corporation, which operates under an elected Mayor-Council form of government. Accordingly, an Act of the Council, other than a Budget Request Act, becomes law unless Congress and the President of the United States disapprove it after it has been adopted. Citizens residing in the District have the right to vote for the President and Vice-President of the United States but not for members of Congress. The District does, however, have an elected, non-voting Delegate to the United States House of Representatives.

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

B. FINANCIAL REPORTING ENTITY

Component Units

A financial reporting entity consists of a primary government and its component units. Accordingly, for financial reporting purposes, the primary government is the District of Columbia, including all of the agencies that make up its legal entity. The criteria used to determine whether organizations are to be included as component units within the District's financial reporting entity are as follows:

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

Organizations meeting the above criteria are included in the District's financial reporting entity as discretely presented component units. Entities which meet any one of the following in addition to the above criteria are considered to be blended component units of the District:

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

Legally separate organizations that do not otherwise meet the criteria for inclusion as a component unit may be included in the financial reporting entity if it is determined that their exclusion would render the financial statements misleading. This determination is based on the nature and significance of the organization's relationship with the District.

Based on the application of the criteria outlined above, the District includes five discretely presented component units in its reporting entity: Health Benefit Exchange Authority, Housing Finance Agency, Not-for-Profit Hospital Corporation (d/b/a United Medical Center), University of the District of

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Columbia, and Washington Convention and Sports Authority (t/a Events DC). Each of these organizations is a legally separate entity with a governing board that is appointed by the Mayor, with the advice and consent of the Council. In addition, with respect to each of these entities, one or both of the following conditions exists: (a) there is a financial benefit or burden relationship between the District and the organization or (b) the District is able to impose its will on the organization. Each entity's relationship with the District is discussed briefly below:

- **Health Benefit Exchange Authority** – The District has the ability to impose its will on the Health Benefit Exchange Authority because the District is able to approve or modify the entity's budgets and may overrule, veto, or modify certain decisions made by the Authority's governing board (i.e., the awarding of contracts valued at \$1 million or more.) In addition, the Council must approve or disapprove the rules adopted by the Authority; therefore, the District has the ability to modify or approve the rates or fees charged by the Authority.
- **Housing Finance Agency** – The District is able to impose its will on the Housing Finance Agency because the Council has the ability to modify the financing for Housing Finance Agency projects and, consequently, has the ability to affect the Agency's budget. In addition, the District has the authority to approve or modify rental rates and may overrule certain decisions made by the Agency's Board (i.e., contracts valued at \$1 million or more.)
- **Not-For-Profit Hospital Corporation** – There is a financial benefit/burden relationship between the District and the Corporation because the District has assumed the obligation to provide financial support to the Corporation to help sustain the hospital's operations. In addition, the District is able to impose its will on the Corporation because the District has the ability to modify or approve the Corporation's budget.
- **University of the District of Columbia** – A financial benefit/burden relationship exists between the University and the District because the District provides financial support to the University in the form of subsidy payments. In addition, the District is able to impose its will on the University because the District has the ability to approve and/or modify the

University's budget.

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

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

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

Health Benefit Exchange Authority

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

Housing Finance Agency

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

Not-For-Profit Hospital Corporation

d/b/a United Medical Center
Chief Executive Officer
1310 Southern Avenue, S.E.
Washington, DC 20032
<http://oig.dc.gov>

University of the District of Columbia

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Washington Convention and Sports Authority**

t/a Events DC

General Manager

801 Mount Vernon Place, N.W.

Washington, DC 20001

<http://eventsdc.com/>

The District of Columbia Tobacco Settlement Financing Corporation (the Tobacco Corporation) was created by the Tobacco Settlement Financing Act of 2000 as a special purpose, independent instrumentality of the District government. The Tobacco Corporation, which is legally separate from the District, was established to purchase all of the District's rights, title, and interest in the Master Settlement Agreement executed by participating cigarette manufacturers, states and other jurisdictions. The Tobacco Corporation issued bonds in FY 2001 to finance the purchase of the District's securitized right, title and interest in the tobacco settlement revenues.

The Tobacco Corporation is a blended component unit because: (a) the District appoints the Tobacco Corporation's Board; (b) the District is legally entitled to and can otherwise access the Tobacco Corporation's resources, thereby establishing a benefit/burden relationship; (c) the District has the ability to modify or approve the Tobacco Corporation's budget, thereby, giving the District the ability to impose its will on the Tobacco Corporation; and (d) the Tobacco Corporation provides services entirely to the District.

Separate audited financial statements for the Tobacco Corporation are available at the Office of the Chief Financial Officer, Office of Finance and Treasury, 1101 4th Street, S.W., Suite 800, Washington, DC 20024.

Related Organizations

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

Joint Venture

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 general public or specific service recipients.

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

Pursuant to P.L. 111-62, which revised the WMATA compact agreement, WMATA is governed by an eight-member board and eight alternates, comprised of two directors and two alternates for Maryland, Virginia, the District of Columbia, and the federal government. The directors and alternates for Maryland are appointed by the Washington Suburban Transit Commission from among its members; for Virginia, by the Northern Virginia Transportation Commission from among its members; for the District of Columbia, by the Council from its members and mayoral nominees; and for the federal government, by the Administrator for General Services. The District does not have explicit measurable equity interest in the joint venture; accordingly, the District does not include the financial activities of the joint venture in its financial statements. However, condensed financial statements are presented as disclosures. Further information regarding this joint venture is presented in Note 12 found on page 131.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. BASIS OF PRESENTATION

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

- **Statement of Net Position** – The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District's governmental and business-type activities and its discretely presented component units. The District reports all debts and capital assets, including infrastructure, in the government-wide Statement of Net Position. The District reports net position in three distinct categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.
- **Statement of Activities** – The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include fines and forfeitures; charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The District also reports depreciation expense (the cost of "using up" capital assets) in the Statement of Activities.

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

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

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

The District reports the following major governmental funds:

- **General Fund** - used to account for all financial resources not accounted for in other funds.
- **Federal and Private Resources Fund** - used to account for proceeds of intergovernmental grants and other federal payments, private grants and private contributions that are legally restricted to expenditure for specified purposes.
- **Housing Production Trust Fund** - used to account for the financial resources which provide financial assistance to a variety of affordable housing programs and opportunities across the District such as: (a) initiatives to build affordable housing; (b) homeownership opportunities for low income families; and (c) preservation of existing federally assisted housing. The Housing Production Trust Fund is administered by the Department of Housing and Community Development.
- **General Capital Improvements Fund** - used to account for the purchase or construction of capital assets financed by operating transfers, capital grants and debt proceeds.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District's proprietary funds include two major proprietary funds which are discussed below:

- *Lottery and Games Fund* - used to account for revenues from lotteries and daily numbers games operated by the District, and from the issuance of licenses to conduct bingo games and raffles, and related prizes, expenses and capital outlays. Gaming activities are administered by the Lottery and Charitable Games Control Board, which consists of five members appointed by the Mayor with the consent of the Council.
- *Unemployment Compensation Fund* - 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 fixed by law, and by the federal government on a reimbursable basis. The administrative costs of the program are accounted for in the General Fund.

Unemployment Insurance in general is a federal-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.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. The District reports the following fiduciary funds:

- *Pension and Other Postemployment Benefits Trust Funds* - used to report the activities of the District's retirement funds/systems, which accumulate financial resources for pension benefit payments to

eligible District employees and assets that are accumulated and benefits that are paid for postemployment healthcare and life insurance.

- *Private Purpose Trust Fund* - used to report trust arrangements not reported in pension trust funds under which principal and income benefit individuals, private organizations, or other governments. The District uses this fund to account for amounts held in its 529 College Savings Investment Plan, which was established to help families save for qualified college education expenses while also receiving certain tax benefits.
- *Agency Funds* - used to report those resources which are held by the District in a purely custodial capacity and do not involve measurement of results of operations.

Fiduciary funds are not included in the government-wide financial statements because the resources cannot be used for operations of the government.

Prior Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include sufficient details to constitute a presentation in conformity with U.S. generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the District's financial statements for the year ended September 30, 2014, from which such summarized information was derived.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Government-Wide Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

of resources, and net position.

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

Fund Financial Statements

Governmental Funds

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

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

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

Service payment 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 within the period. Otherwise, such activity is reported in the government-wide financial statements as incurred.

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**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 assessed as of the preceding January 1. The tax levy is due and collectible in two equal installments on March 31 and September 15. After these dates, the bill becomes 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, the personal property tax is self-assessed. Each year, on or before July 31, property owners must file a personal property tax return covering the tax year beginning July 1 and ending June 30 of the next year. The return should report the remaining cost of all tangible personal property as of July 1 that is taxable in the District of Columbia. Property taxes are levied after the returns are filed. If a taxpayer fails to pay the levied taxes when due, the District would have a legal claim to the taxpayer's property. Pursuant to the Clarification of Personal Property Tax Revenue Reporting Act of 2011, the revenue budget for Personal Property Tax is formulated with the understanding that 100% of collections are to be allocated for the year in which the tax was levied.

Other Taxes and Revenues

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

Intergovernmental Revenues

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

Supplemental Nutrition Assistance Program (SNAP)

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

Revenues Susceptible To Accrual

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

Revenues Not Susceptible To Accrual

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

E. BASIS OF BUDGETING AND BUDGETARY CONTROL POLICIES**Process**

On or about March 30th of each year, at the direction of the Council, the Mayor submits to the Council an annual budget for the District of Columbia government, which includes: (1) the budget for the forthcoming fiscal year, commencing October 1, specifying the agencies and purposes for which funds are being requested; (2) an annual budget message; (3) a multi-year plan for all agencies of the District government; and (4) a multi-year capital improvement plan by project for all agencies of the District government. The Council holds public hearings and adopts the budget through passage of a 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 budget to the President of the United

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

States for transmission by him to Congress. After public hearings, Congress enacts the budget through an appropriations act.

Appropriations Act

The Congressional Appropriations Act authorizes District government expenditures at the function level or by appropriation title, such as Public Safety and Justice, Human Support Services, or Public Education. In general, after enactment of the annual Appropriations Act by Congress, the District may transmit amendments or supplements to the budget by submitting a request for supplemental appropriation to the President and Congress. However, within certain limits, pursuant to D.C. Code §47-369.02, the District may supplement its General Fund budget simply by sending notification to Congress 30 days in advance of the changes taking place.

Pursuant to Home Rule Act § 446 and the Reprogramming Policy Act (D. C. Official Code §47-363 (2001), as amended), the District may reallocate budget amounts. The appropriated budget amounts in the Budgetary Comparison Statement (Exhibit 2-d found on page 49) include all approved reallocations and other budget changes. This statement reflects budget to actual comparisons at the function (or appropriation title) level as well as by agency. 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 Anti-Deficiency Act (31 U.S.C. §§1341, 1342, 1349, 1351, 1511-1519 (2008)); the District of Columbia Anti-Deficiency Act (D.C. Official Code §§47-355.01-355.08, (2001)); and Section 446 of the Home Rule Act, (D.C. Official Code § 1-204.46). In addition, a negative expenditure variance for a particular agency within an appropriation title is also a violation of the D.C. Anti-Deficiency Act.

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

By law, for budgeting purposes, the general fund includes the federal and private resources fund as presented in the Budgetary Comparison Statement in Exhibit 2-d found on page 49. The budgetary basis of accounting used to prepare this statement differs from

the GAAP basis used to prepare the general fund and federal and private resources fund statements presented in Exhibit 2-b found on page 47 due to the following differences:

- *Basis Differences* – which arise because the basis of budgeting differs from the basis of accounting prescribed by GAAP as indicated in Note 1X on page 77.
- *Entity Differences* – which result from the inclusion or exclusion of certain activities for budgetary purposes as opposed to those included or excluded on a GAAP basis as indicated in Note 1X on page 77.

Budgetary Controls

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

Encumbrances

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

Encumbered amounts at year-end have been included within the restricted fund balance in **Table N60a** – Schedule of FY 2015 Fund Balance found on page 130.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

account by each participating fund. If a fund overdraws its share of the pooled cash, that fund reports a liability (Due To) to the General Fund, which is deemed to have loaned the cash to the overdrawn fund. The General Fund reports a receivable (Due From) from the overdrawn fund.

The District's cash management pool is considered a cash equivalent. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in such a short period of time that changes in interest rates have little or no impact on the value of the securities. For an investment to be considered a cash equivalent, it must have a maturity date no greater than three months after the date it was purchased.

Investments

Cash that is not needed for immediate disbursement is invested to generate investment income. The District purchases legally authorized investments consistent with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56, D.C. Official Code §47-351.01, et seq.), which became effective March 18, 1998, and the District's Investment Policy, adopted November 2008. As of September 30, 2015, the District invested primarily in securities backed by the U.S. government which included obligations of Government Sponsored Entities (GSEs) that have the explicit and implicit guarantee of the U.S. federal government. Such investments are considered to be cash equivalents if they mature within 90 days after the date of purchase. The Pension Trust Funds are authorized to invest in fixed income, equity securities and other types of investments. Also, the Private Purpose Trust Fund and Other Postemployment Benefits Trust Funds are authorized to invest monies consistent with the District's Investment Policy. Historically, these Funds' investments have been comprised of equities, balanced funds, and fixed income securities.

The Pension Trust Funds' investments are reported at fair value. All investments, with the exception of real assets, hedge funds, and private equity, are valued based on closing market prices or broker quotes. Securities not having a quoted market price are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of investments in real assets, hedge funds or private equity, in the absence of a readily ascertainable market value, are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners.

Portfolio investments of the Private Purpose Trust Fund are valued at the closing net asset value per share (unit) of each underlying fund on the day of valuation. 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 on the ex-dividend date.

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 have a maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. Other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment purchases and sales are recorded as of the trade date. These transactions are not finalized until the settlement date. Cash received as collateral on securities lending transactions and investments made are reported as assets and related liabilities for collateral received.

G. INVENTORY

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**H. RESTRICTED ASSETS**

Certain governmental and proprietary fund assets, some assets reported by the component units, and all fiduciary fund assets are restricted as to use by legal or contractual requirements. Any excess of restricted assets, deferred outflows of resources over liabilities, deferred inflows of resources from restricted assets 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 cash deposited in bank accounts legally restricted for certain purposes such as the payment of bond principal and interest.

I. PREPAID ITEMS

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

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

J. RECEIVABLES AND PAYABLES

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

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

K. TRANSFERS AND OTHER TRANSACTIONS BETWEEN FUNDS

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

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

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

L. CAPITAL ASSETS

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

Assets acquired through capital leases are stated at the lesser of the present value of the lease payments or the fair value of the asset at the date of lease inception. Donated capital assets are stated at their

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

estimated fair market value on the date received. The cost of maintenance and repairs that do not add to the value of the assets or materially extend their useful lives is not capitalized. Betterments are capitalized as separate assets. Capital asset purchases are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds and component units' financial statements.

Intangible assets are legal rights which lack physical substance; have a useful life of more than one reporting year; meet the capitalization threshold; and are nonfinancial in nature. For financial reporting purposes, the District includes such assets in Construction-in-Progress (CIP) until completion.

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

Capitalization and Depreciation Policies

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

Table N1 – Estimated Useful Lives (by Asset Class)

	<u>Useful life</u>
Storm Drains	45 years
Infrastructure	20-40 years
Buildings	10-60 years
Equipment and Machinery	3-10 years
Furniture and Fixtures	5 years
Vehicles (and Other Mobile Equipment)	5-12 years
Library Books	5 years
Leasehold Improvements	10 years, not to exceed term of lease

M. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net position by the District that is applicable to a future reporting period. Deferred

outflows of resources have a natural debit balance and therefore, increase net position in a manner similar to assets.

N. CAPITAL LEASES

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

- The lease transfers ownership of the property to the lessee at the end of the lease term.
- The lease contains an option to purchase the leased property at a bargain price.
- The lease term is equal to or greater than 75% of the estimated life of the leased property.
- The present value of rental and other minimum lease payments equals or exceeds 90% of the fair value of the leased property less any investment tax credit less executory cost retained by the lessor.

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

O. COMPENSATED ABSENCES

Benefit Accumulation Policies

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

Recording of Accrual for Accumulated Leave

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

P. LONG-TERM LIABILITIES

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

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

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

The District began paying principal on its 2002 Mandarin TIF Capital Appreciation Bonds (CABs) on July 1, 2002, and will make such payments annually until July 1, 2021. The CABs accrete to their full value at maturity. Interest is accreted and compounded semi-annually using rates ranging from 5.66% to 5.91%. Accreted interest is calculated throughout the maturity periods of the bonds and is recorded in the government-wide financial statements. The accreted value of such bonds is the current value, plus the interest that has been accumulating on the bonds.

The District will begin paying principal on its 2006 Tobacco CABs in June 2046 and June 2055. There are no periodic interest payments due. The CABs accrete to their full value at maturity. Interest is accreted and recorded annually using rates ranging from 6.25% to 7.25%. Accreted interest is calculated throughout the maturity periods of the bonds and is recorded in the government-wide financial statements. The accreted value of such bonds is the current value, plus the interest that has been accumulating on the bonds.

Q. DEFERRED INFLOWS OF RESOURCES

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

R. ADOPTION OF NEW ACCOUNTING STANDARDS

During the fiscal year ended September 30, 2015, the District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain specific criteria.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Statement establishes standards for measuring and recognizing liabilities/assets, deferred outflows of resources, deferred inflows of resources, and related expenses/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Statement No. 68 also addresses note disclosure and required supplementary information requirements about pensions. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified as either single employers, agent employers, or cost-sharing employers.

- Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations (i.e., mergers, acquisitions, and transfers) and disposals of government operations. This Statement also requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date –An Amendment of GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

Implementation of Statement No. 68 had a material impact on the District's fiscal year 2015 financial statements and the effect of the change is presented in

Note 1Y found on page 78. Implementation of Statements No. 69 and 71 had no material impact on the District's fiscal year 2015 financial statements.

More detailed information regarding the requirements contained in these statements may be found at the following website: www.gasb.org.

S. NEW ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN THE FUTURE

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

- Statement No. 72, *Fair Value Measurement and Application*, provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value.

Statement No. 72 establishes a hierarchy of inputs (comprised of three levels) to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2015, the District's fiscal year 2016.

- Statement 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*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. This Statement also establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also stipulates that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016, the District's fiscal year 2017.

- Statement No. 74, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*, replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet specific criteria presented in the statement. It also includes requirements related to financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016, the District's fiscal year 2017.

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than*

Pensions, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. In addition, this Statement establishes standards for recognizing and measuring liabilities/assets, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

This Statement also details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. Statement No. 75 also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the specific criteria presented in this statement.

The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2017, the District's fiscal year 2018.

- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement, which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

transaction or other event is not specified within a source of authoritative GAAP.

The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2015, the District's fiscal year 2016.

- Statement No. 77, *Tax Abatement Disclosures*, defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about: (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2015, the District's fiscal year 2017.

- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Prior to the issuance of this Statement, the requirements of

Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of Statement 68.

Statement 78 amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2015, the District's fiscal year 2017.

The District has not determined the impact, if any, that the implementation of Statement Nos. 72 through 78 will have on its financial statements; except Statement No. 75, which is anticipated to have a material impact on its financial statements.

More detailed information regarding the requirements contained in these statements may be found at the following website: www.gasb.org.

T. NET POSITION AND FUND BALANCE

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

- *Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure,

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

into one component of net position. Accumulated depreciation and the outstanding balances of debt, net of unspent proceeds, that are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

- *Restricted Net Position* - This category presents net position subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Non-expendable restricted net position represents the portion of net position that must be held in perpetuity in accordance with donor stipulations.
- *Unrestricted Net Position* - This category represents net position not restricted for any project or other purpose.

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

- *Nonspendable* - resources which cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact.
- *Restricted* - resources with use constraints which are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* - resources which can only be used for specific purposes pursuant to limitations imposed by formal action of the District government's highest level of decision-making authority. Resources can only be committed if the formal action is issued on or before the end of the fiscal year. Amounts in this category may be redeployed for other purposes with the appropriate due process. Committed amounts cannot be used for any other purpose unless the District government removes or changes the specified use by taking the same type of action it used to previously commit the amounts.
- *Assigned* - Resources neither restricted nor committed for which the District has a stated intended use as established by the highest level of decision-making authority, or a body or official to which the authority to assign amounts for specific

purposes was delegated. These are resources where the constraints/restrictions are less binding than that for committed resources. Resources may only be assigned if the intended use is determined within 60 days after the end of the fiscal year.

- *Unassigned* - Resources which cannot be classified in one of the other four categories. The general fund is the only fund that is permitted to report a positive unassigned fund balance amount. In other governmental funds, it is not possible to report a positive unassigned fund balance; if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance may be reported.

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

It is the policy of the District to use restricted resources first, followed by committed resources and then assigned resources, when expenses are incurred for purposes for which any of these resources are available. Therefore, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and considers committed fund balance to have been spent when an expenditure has been incurred for purposes for which committed, assigned, or unassigned amounts could have been used. The District does, however, reserve the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Consistent with mandates imposed by the federal government and D.C. Code §1-204.50a, the District is required to maintain cash reserves totaling 6.00% of the previous fiscal year's General Fund Local

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

expenditures less debt service costs. The 6.00% includes a contingency cash reserve of 4.00% and an emergency cash reserve of 2.00%, which are discussed further under Minimum Fund Balance Policies found on page 75.

As of September 30, 2015, the District's fund balance included the following categories (see **Table N60a** on page 130).

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Debt Service – Bond Escrow – This portion of fund balance represents that portion of investments held in escrow that is available for future debt service obligations or cash requirements.

Budget – This portion of fund balance represents unused fiscal year 2015 budget reserve amounts that are restricted for specific purposes and available for such purposes until expended.

Purpose Restrictions – This portion of fund balance represents resources from grants and other revenues with limitations on how the District may expend the funds.

Payment in Lieu of Taxes (PILOT) – This portion of fund balance is restricted for payment of future debt service associated with the PILOT Revenue Bonds.

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

Capital Projects – This portion of fund balance is restricted for the purpose of executing capital projects.

FEMS Settlement – This portion of fund balance is restricted consistent with the terms of a settlement

reached between the District and unionized firefighters regarding labor practices.

Tax Increment Financing (TIF) Program – This portion of fund balance is restricted for debt service on TIF Bonds.

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

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

Baseball Special Revenue – This portion of fund balance represents resources set aside for baseball debt service payments.

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

Committed Fund Balance

Fiscal Stabilization Reserve – This portion of fund balance is committed to purposes permitted for use of the Contingency Reserve Fund (except for cash flow management purposes).

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

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

Commodities Cost Reserve – This portion of fund balance represents unexpended funds which were appropriated for fixed costs at the end of the fiscal year pursuant to the Commodities Cost Reserve Fund Act of 2005.

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

WMATA Operations Fund – This portion of the fund is committed to support the implementation of the

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Washington Metropolitan Area Transit Authority Momentum Strategic Plan in accordance with Fiscal Year 2015 Budget Support Emergency Act of 2014 (BSA 20-0377).

Subsequent Years Expenditures – This portion of the fund balance represents amount to be used to finance certain policy initiatives and other expenditures included in the FY 2016 budget approved by the District Council.

Other Special Purposes – This portion of fund balance is committed to activities financed by specific sources of revenues as authorized by formal action of the District Council.

Assigned Fund Balance

Contractual Obligations – This portion of fund balance represents amounts set aside by the executive branch to fund other special purpose (O-Type) fund activities.

FY 15/16 Supplemental – This portion of fund balance is assigned to supplement fiscal year 2016 agency budgets in accordance with Fiscal Year 2015 and Fiscal Year 2016 Revised Budget Request Adjustment Emergency Act of 2015 (ACT 21-153), which was enacted after fiscal year-end 2015.

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

Minimum Fund Balance Policies

Restricted Fund Balances

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

Contingency Reserve

The contingency reserve may only be used for nonrecurring or unforeseen needs that arise during the fiscal year, including expenses associated with unforeseen weather conditions or other natural disasters, unexpected obligations created by federal law or new public safety or health needs or requirements that have been identified after the budget process has occurred, or opportunities to achieve cost savings. In addition, the

contingency reserve may be used, as needed, to cover revenue shortfalls experienced by the District government for three consecutive months (based on a two-month rolling average) that are 5.00% or more below the budget forecast. The contingency 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.

Each fiscal year, the District must appropriate sufficient funds during the budget process to replenish any amounts allocated from the contingency reserve fund during the preceding fiscal years. Such appropriation is necessary so that not less than 50% of any amount allocated in the preceding fiscal year or the amount necessary to restore the contingency reserve fund to the 4.00% required balance, whichever is less, is replenished by the end of the first fiscal year following such allocation. In addition, 100% of the amount allocated or the amount necessary to restore the contingency reserve fund to the 4.00% required balance, whichever is less, must be replenished by the end of the second fiscal year following each such allocation.

Emergency Reserve

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

Each fiscal year, the District must appropriate sufficient funds during the budget process to replenish any amounts used from the emergency reserve fund during the preceding fiscal years. Such appropriation is necessary so that not less than 50% of any amount allocated in the preceding fiscal year or the amount necessary to restore the emergency reserve fund to the 2.00% required balance, whichever is less, is replenished by the end of the first fiscal year following such allocation. In addition, 100% of the amount allocated or the amount necessary to restore the emergency reserve fund to the 2.00% required balance, whichever is less, must

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

be replenished by the end of the second fiscal year following each such allocation.

Committed Fund Balances

Fiscal Stabilization Reserve

The fiscal stabilization reserve may be used by the Mayor for the same purposes for which the contingency reserve was established (except for cash flow management purposes.) At full funding, this reserve must equal 2.34% of the District's General Fund operating expenditures for the current fiscal year.

Cash Flow Reserve

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

If either the fiscal stabilization reserve or the cash flow reserve is below full funding upon issuance of the Comprehensive Annual Financial Report, the District's Chief Financial Officer must commit 50% of the unassigned end-of-year fund balance to each reserve, or 100% of the end-of-year unassigned fund balance to the reserve that has not reached full capacity, to fully fund the reserves to the extent allowed by the end-of-year fund balance. Moreover, if the amount required for the contingency reserve or emergency cash reserve is reduced, the amount required to be retained in the fiscal stabilization reserve is to be increased by the same amount.

U. POSTEMPLOYMENT BENEFITS

Defined Benefit Pension Plans

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of

resources related to pensions, and pension expense, information about the fiduciary net position of the District Retirement Funds and additions to/deductions from the District Retirement Funds' fiduciary net position have been determined on the same basis as they are reported by DCRB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Further information regarding the District Retirement Funds is presented in Note 9 on page 119.

Other Postemployment Benefits (OPEB)

In addition to the pension benefits described in Note 9 and pursuant to D.C. Code §1-621.13, employees hired after September 30, 1987, who retire may be eligible to continue their healthcare benefits. Furthermore, in accordance with D.C. Code §1-622.16, these employees may convert their group life insurance to individual life insurance. The expense of providing such benefits to employees hired prior to October 1, 1987, is paid by the federal government and the District has no liability for these costs. However, the District provides health and life insurance benefits to retirees first employed by the District after September 30, 1987.

The District utilizes a graded contribution schedule whereby District contributions to the plan are based on the employee's years of creditable District service. District contributions are limited such that the District pays no more than 75% of the cost of health insurance, and 30% of the cost of life insurance for eligible retirees. Additional information regarding the OPEB contribution policy, including the District's premium for retiree's spouse and dependent health insurance coverage, is presented in Note 10, found on pages 126 through 129.

The District records a liability in its government-wide financial statements for its portion of the cost of postemployment benefits. A liability for such benefits is not recorded in the fund statements. The District funds the OPEB plan on an actuarial basis.

As of September 30, 2015, there were 995 OPEB Plan participants receiving such benefits. The participants were comprised of 765 teachers, police, and firefighters, and 230 general District retirees. During fiscal year 2015, \$7.1 million was paid from the OPEB plan for the associated insurance carrier premiums and other administrative costs.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**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 reconciliation between fund balances - total governmental funds versus net position - governmental activities as reported in the government-wide statement of net position. This reconciliation is presented in exhibit 2-a found on page 46.

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances of governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. This reconciliation is presented in exhibit 2-c found on page 48.

X. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The following presents the reconciliation of the budgetary basis operating results to the GAAP basis.

	(Dollars in \$000s)	
	GENERAL FUND	FEDERAL AND PRIVATE RESOURCES
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - BUDGETARY BASIS	\$ 364,669	\$ 17,433
Basis differences:		
Inventory is recorded using the purchase method for budgetary purposes and the consumption method on a GAAP basis	(12,933)	(5,984)
Transfers/Reclassifications	2,077	(3)
Fund balance released from restrictions - a funding source for budgetary purposes but not revenue on a GAAP basis	(60,410)	(8,716)
Federal pass-through contribution (D.C. Federal Pension Fund and SNAP)	-	711,479
Federal pass-through expenditures (D.C. Federal Pension Fund and SNAP)	-	(711,479)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - GAAP BASIS	\$ 293,403	\$ 2,730

The federal pass through contribution/expenditures are comprised of: on-behalf payment to D.C. Federal Pension Fund (\$487,492) and payments to eligible low income families under the Supplemental Nutrition Assistance Program (SNAP) (\$223,987).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Y. RESTATEMENT

Primary Government

Implementation of New Accounting Standard – GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*

Due to the implementation of GASB Statement No. 68, beginning net position of the Primary Government increased by \$477,193. This change represents a recordation of net pension liability and net pension asset related to the District of Columbia Teachers' Retirement Fund (TRF) and the District of Columbia Police Officers'

and Firefighters' Retirement Fund (POFRF), collectively referred to as District Retirement Funds.

The effect of the implementation of the new accounting standard was as follows:

	October 1, 2014
Net position, as previously reported	\$ 3,833,663
Accounting policy change	477,193
Net position, as restated	\$ 4,310,856

NOTE 2. CASH AND INVESTMENTS

A. CASH

The District of Columbia follows the practice of pooling cash and cash equivalents for some of its governmental funds and component units in order to provide better physical custody and control of cash, to enhance operational efficiency, and to maximize investment opportunities. In accordance with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56), which became effective on March 18, 1998, substantially all of the \$4,308,052 in deposits within the custody of the District as of September 30, 2015, were insured or collateralized with securities held by the District or by its agent in the District's name. As of September 30, 2015, the carrying amount of cash for the primary government including the fiduciary funds was \$3,993,224 and the carrying amount of cash (deposits) for the component units was \$314,828.

B. INVESTMENTS

The Treasurer is authorized by District laws to invest funds in a manner that will preserve principal and meet the District's anticipated daily cash requirements, while maximizing investment earnings. The District purchases legally authorized investments consistent with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56) and the District's Cash and Investment Management Policy, adopted November 2008. The District's investment policy limits investments to obligations of the United States and agencies thereof, prime commercial paper, bankers' acceptances and repurchase agreements fully collateralized in obligations of the United States government and agency securities. During the fiscal year, the District's investments (other than those held by the

District Retirement Funds, the OPEB Trust Fund and the D.C. Library Trust Fund) consisted primarily of certificates of deposit and repurchase agreements. See **Table N7a** on page 83 for details.

The District of Columbia Retirement Board (DCRB) is authorized to manage and control the investment of the District Retirement Funds' assets. DCRB may invest in fixed income, equity securities and various other types of investments. As prescribed in D.C. Code §1-907.01 (2001 ED), DCRB may not invest in debt instruments of the District, the Commonwealth of Virginia, or the State of Maryland governments, political subdivisions thereof, or any entity subject to control by them; debt instruments fully guaranteed by those governments; real property in those jurisdictions; or debt instruments secured by real property in those jurisdictions, subject to the exceptions in subsection (c) of D.C. Code §1-907.01 (2001 ED).

The fair values of the investments held in the control of DCRB as of September 30, 2015, are presented in **Table N2**.

Table N2 – Fair Values of Investments: District Retirement Funds

	(Dollars in \$000s)	
	2015	2014
Cash and short-term investments	\$ 75,492	\$ 27,400
Investments at fair value:		
Domestic equity	1,393,360	1,477,647
International equity	1,683,172	1,922,262
Fixed income	1,875,532	1,872,920
Real estate	395,430	354,593
Private equity	708,607	648,346
Total cash and investments at fair value	\$ 6,131,593	\$ 6,303,168

NOTE 2. CASH AND INVESTMENTS

The District's Annuitants' Health and Life Insurance Employer Contribution Trust Fund (OPEB Trust Fund) also held investments as of September 30, 2015. Cash and cash equivalents are maintained in six investment accounts. **Table N3** presents the Fund's cash and cash equivalents that were held in investment accounts as of September 30, 2015. **Table N4** presents the aggregate fair values of the Fund's investments based on quoted market prices as of September 30, 2015.

Table N3 – Cash and Cash Equivalents Held in Investment Accounts: OPEB Trust Fund

Fund	(Dollars in \$000s)	
	2015	2014
Cash Account	\$ 8,175	\$ 88,819
Brandywine Large Cap	4,221	7,416
ClearBridge Mid Cap	2,001	1,846
Bernstein Strategic Core	20,141	17,784
Bernstein Global Plus	1,393	1,227
FMW Large Cap Growth	9,728	7,296
Total cash and cash equivalents held in investment accounts	\$ 45,659	\$124,388

Table N4 – Aggregate Fair Values of Investments: OPEB Trust Fund

Funds	(Dollars in \$000s)	
	2015	2014
Bernstein Strategic Core	\$ 133,532	\$131,613
Brandywine Large Cap Value	147,830	162,517
FMW Large Cap Growth	139,916	134,719
Bernstein Global Plus	134,093	73,639
ClearBridge Mid Cap - PRI	107,923	101,015
SSgA Bond Index	77,066	74,839
Barclays International	92,541	86,217
State Street Emerging Market Equity	67,833	33,862
Blue Bay Emerging Market - Debt	21,129	21,731
Gresham Commodities Fund	44,001	41,703
Royce FD	49,404	64,389
Access Capital ETI - PRI	30,319	15,728
Total Aggregate Fair Value	\$1,045,587	\$941,972

Table N5 presents the debt instruments which were held by the District Retirement Funds' Investment Pool as of September 30, 2015.

Table N5 – Debt Instruments Held by the District Retirement Funds' Investment Pool as of September 30, 2015

Investment Type	Fair Value	(Dollars in \$000s)		
		% of		
		Segment	Duration	Rating*
US Agency	\$ 25,623	1.37%	4.12	AA+
Asset Backed	4,934	0.26%	2.44	AAA
Bank Loans	129,633	6.91%	4.69	NR
CMBS	16,447	0.88%	4.66	AA
Corporate	443,721	23.66%	5.42	BBB-
Foreign	369,210	19.69%	4.54	A
Mortgage Pass-Through	243,503	12.98%	3.54	AA+
Municipal	8,310	0.44%	11.27	AA-
Unclassified	1,904	0.10%	1.63	AA+
US Treasury	616,117	32.85%	6.61	AA+
Yankee	9,350	0.50%	6.88	B-
Other	6,780	0.36%	N/A	NR
Total Fixed Income	\$1,875,532	100%		

* Using quality ratings provided by Standard & Poor's

N/A - Not Available

NR - Not Rated

The District's investments and those of its discretely presented component units are subject to interest rate, credit, custodial credit, and foreign currency risks. The District, including DCRB on behalf of the District Retirement Funds, broadly diversifies the investment of District funds so as to minimize the risk of large losses, unless under the circumstances, it is clearly prudent not to do so.

The OPEB Trust Fund's investments are uninsured and unregistered and are held by the counterparty in the Plan's (or Fund's) name.

The types of risks to which the District (including the District Retirement Funds and the OPEB Trust Fund) may be exposed are described below:

- **Interest Rate Risk** – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity will have greater sensitivity to fair value changes that are related to market interest rates. As a means of limiting its exposure to fair value losses resulting from rising interest rates, the District's investment policy limits the District's portfolio to specific maturities.

The District's investment policy stipulates that for the District's authorized investments, maturities are limited as follows:

NOTE 2. CASH AND INVESTMENTS

<u>Type of Investment</u>	<u>Maturity</u>	<u>Maximum Investment</u>
U.S. Treasury Obligations	Five years	100%
Federal Agency Obligations	Five years	100%
Repurchase Agreements	90 days or less	100%
Commercial Paper	180 days or less	30%
Bankers' Acceptances	270 days or less	40%
Municipal Obligations	Five years	20%
Federally Insured or Collateralized Certificates of Deposit	N/A	30%
Money Market Mutual Funds	N/A	100%
Bank Deposits	N/A	100%

N/A - Not Applicable

DCRB monitors the interest rate risk inherent in the District Retirement Funds' portfolio by measuring the weighted average duration of the portfolio. Duration is a measure of a debt instrument's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Duration measures the sensitivity of the price of a fixed income investment to a change to interest rates expressed as a number of years. As a general rule, the risk and return of the District Retirement Funds' fixed income segment of the portfolio is compared to the Barclays Capital US 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.

The OPEB Trust Fund addresses interest rate risk through a process that focuses on the review of investment managers and fund returns. The Fund also uses an independent consultant to review assets and recommend any appropriate changes. The average duration for Sanford Bernstein US Core Plus was 5.25 years and Global XUS Plus was 6.74 years for the fiscal year ended September 30, 2015. The average duration for Access Capital was 3.79 years as

of September 30, 2015, and the duration of the SSgA Bond Index Fund was 5.59 years as of September 30, 2015. The duration of the Blue Bay Emerging Market Fund was 5.81 years as of September 30, 2015.

- **Credit Risk** – Generally, 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.

The District's Investment Policy limits investments in commercial paper, bankers' acceptances, municipal obligations, and money market mutual funds to certain ratings issued by nationally recognized credit rating agencies. District policy requires that for investments in: (a) commercial paper, the issuing corporation, or its guarantor have a short-term rating of no less than A-1 (or its equivalent) by at least two credit rating agencies; (b) bankers' acceptances, the short-term paper of the issuer be rated not lower than A-1 or the equivalent by a credit rating agency; (c) municipal obligations, such as bonds, notes, and other evidences of indebtedness, be rated in either of the two highest rating categories by a credit rating agency, without regard to gradation; (d) money market mutual funds, the fund be rated AAAM or AAAM-G or the equivalent by a credit rating agency; and (e) repurchase agreements, the counterparty has a long-term credit rating of at least AA- or the equivalent from a Nationally Recognized Statistical Rating Organization (NRSRO) 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.

Unless specifically authorized otherwise in writing by DCRB, fixed income managers invest retirement funds in investment grade instruments rated in the top four categories by a recognized statistical rating service.

The average quality of the OPEB Trust Fund's bond holdings in each investment manager's portfolio should be maintained at "A" or better. The OPEB Trust Fund does not invest more than 15% of the Fund's assets in securities rated below "A". As of September 30, 2015, the average quality rating of the SSgA was Aa2, Access Capital was AAA, and Sanford Bernstein portfolios were Core AA-, and Global Plus A+.

NOTE 2. CASH AND INVESTMENTS

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

Custodial credit risk occurs when investment securities are uninsured and/or not registered in the name of the government, and there is failure of the counterparty. In such cases, the government will not be able to recover the value of its investments or collateral securities held in the possession of an outside party. The District had no custodial credit risk exposure during the fiscal year. All District investments in fiscal year 2015 were collateralized. All collateral for investments is held in the District's name by the Federal Reserve in a custodial account. Any funds not invested at the end of the day are placed in overnight investments in the District's name.

The District Retirement Funds had no custodial credit risk exposure during the fiscal year. All investments managed and controlled by DCRB in fiscal year 2015 were collateralized. Investments held by the custodian on behalf of DCRB and the District Retirement Funds were held in an account in the name of DCRB and the District Retirement Funds. Any funds not invested at the end of the day were placed in overnight investments in DCRB's name.

The OPEB Trust Fund investments are uninsured, unregistered, and are held by the counterparty in the Fund's name. The counterparty is the party that pledges collateral or repurchase agreement securities to the government or that sells investments to or buys them for the OPEB Trust Fund.

- **Concentration of Credit Risk** – The District's investment policy does not allow for an investment in any single issuer that is in excess of five percent of the District's total investment portfolio with the following exceptions:

U.S. Treasury:	100% maximum
Each Federal Agency:	40% maximum
Each Repurchase Agreement Counterparty:	25% maximum
Each Money Market Mutual Fund:	25% maximum

As of September 30, 2015, the District was in compliance with this policy.

- **Foreign Currency Risk** – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

As a general policy of DCRB, investment managers with authority to invest in securities denominated in a foreign currency may reduce exposure to currency risk by systematically hedging foreign currency positions back to U.S. dollars through the foreign currency markets. Because the forward exchange rate is seldom equal to the spot exchange rate, forward hedging gains and losses may arise.

As of September 30, 2015, the District had exposure to foreign currency risk with respect to investments held by DCRB on behalf the District Retirement Funds and the OPEB Trust Fund. At the end of fiscal year 2015, the District Retirement Funds held investments that were denominated in a currency other than the United States dollar, as presented in **Table N6a**.

The OPEB Trust Fund does not have a formal policy for limiting its exposure to changes in exchange rates. **Table N6b** presents the OPEB Trust Fund's investments that were denominated in a currency other than the United States dollar.

NOTE 2. CASH AND INVESTMENTS

Table N6a – District Retirement Funds’ Investments Denominated in Foreign Currency

	Asset Class (in \$000s)				
	Cash	Equities	Fixed Income	Private Equity	Total
Australian Dollar	\$ (652)	\$ -	\$ 6,107	\$ -	\$ 5,455
Canadian Dollar	492	2,273	20,124	-	22,889
Danish Krone	-	9,088	-	-	9,088
Euro	16,076	290,358	15,347	261,330	583,111
Hong Kong Dollar	-	32,050	-	-	32,050
Japanese Yen	532	220,725	-	-	221,257
Mexican Peso	172	-	-	-	172
Pound Sterling	1	54,215	928	-	55,144
Singapore Dollar	-	687	-	-	687
South African Rand	-	1,040	-	-	1,040
Swedish Krona	-	30,338	-	-	30,338
Swiss Franc	-	74,634	-	-	74,634
Total Foreign Currency	\$ 16,621	\$ 715,408	\$ 42,506	\$ 261,330	\$ 1,035,865

Table N6b – OPEB Trust Fund Investments Denominated in Foreign Currency

	(Dollars in \$000s)		
	Short Term and Cash	Convertible and Fixed Income	Total
Australian Dollar	\$ 5	\$ 3,929	\$ 3,934
Brazilian Real	31	1,213	1,244
Canadian Dollar	142	17,382	17,524
Euro Currency	300	47,137	47,437
Japanese Yen	13,879	27,416	41,295
New Zealand Dollar	87	-	87
Pound Sterling	9	17,370	17,379
Singapore Dollar	-	291	291
South African Rand	15	262	277
Swedish Krona	-	1,037	1,037
Total Foreign Currency	\$ 14,468	\$ 116,037	\$ 130,505

NOTE 2. CASH AND INVESTMENTS

Table N7a – Cash and Investments Detail

	(Dollars in \$000s)	
		<u>Total Carrying Value</u>
INVESTMENTS		
Primary Government:		
U. S. government securities	\$ 3,422	
Certificates of deposit	70,100	
Mortgage-backed securities	7,669	
Guaranteed investment contracts	2,147	
Repurchase agreements	11,155	
Alternative investments	<u>1,111</u>	
Total Primary Government		\$ 95,604
Fiduciary Funds:		
Commodities	44,001	
Equity securities	3,942,791	
Fixed income securities	2,396,458	
Real estate	395,430	
Private equity	<u>708,607</u>	
Total Fiduciary Funds		7,487,287
Component Units:		
Certificates of deposit	25,698	
U. S. government securities	142,142	
Fixed income securities	5,609	
Corporate securities	2,371	
Investment contracts	15,040	
Equities	17,211	
Money market	209,906	
Alternative investments	<u>15,584</u>	
Total Component Units		433,561
Total reporting entity investments		<u>\$ 8,016,452</u>
CASH BALANCES		
Primary government	\$ 3,809,952	
Fiduciary Funds	183,272	
Component units	<u>314,828</u>	
Total cash balances		<u>\$ 4,308,052</u>
Total Cash and Investment Balances		<u>\$ 12,324,504</u>

NOTE 2. CASH AND INVESTMENTS

Table N7b – Reconciliation of the District’s Cash and Investment Balances

(Dollars in \$000s)								
Exhibit 1-a			Exhibit 4-a				Total Cash and Investment Balances	
Primary Government	Component Units	Total (Exhibit 1-a)	Pension/OPEB Trust Funds	Private Purpose Trust Fund	Agency Funds	Total (Exhibit 4-a)		
Cash and cash equivalents	\$ 1,740,119	\$ 138,346	\$ 1,878,465	\$ -	\$ -	\$ -	\$ -	\$ 1,878,465
Investments	-	134,175	134,175	-	-	-	-	134,175
Cash and cash equivalents (restricted)	2,069,833	176,482	2,246,315	121,151	-	62,121	183,272	2,429,587
Investments (restricted)	95,604	299,386	394,990	7,101,688	385,599	-	7,487,287	7,882,277
Total	\$ 3,905,556	\$ 748,389	\$ 4,653,945	\$ 7,222,839	\$ 385,599	\$ 62,121	\$ 7,670,559	\$ 12,324,504

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. Structured financial instruments are also defined as derivatives, such as mortgage-backed securities, asset-backed securities, and floating rate notes. Other common types of derivatives used by governments include: interest rate

and commodity swaps, interest rate locks, and forward contracts.

Table N8 presents the fair value balances and notional amounts of the District’s derivative instruments outstanding as of September 30, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the fiscal year 2015 financial statements.

Table N8 – Derivative Instruments Outstanding as of September 30, 2015

	(Dollars in \$000s)				
	Changes in Fair Value		Fair Value at September 30, 2015		Notional
	Classification	Amount	Classification	Amount	
Governmental Activities:					
Cash flow hedges:					
Floating to fixed interest rate swaps:					
2014B (formerly 2008C) Swap	Deferred outflows	\$8,447	Swap	(\$45,076)	\$224,300
2007 AWC Swap	Deferred outflows	274	Swap	(7,221)	62,520
2004B Swap	Deferred outflows	4	Swap	(1,274)	19,525
Derivative instrument liabilities, at end of year				(\$53,571)	
Floating to floating interest rate swaps:					
2001C/D Basis Swap	Investment revenue	\$146	Swap	\$605	\$166,770
Derivative instrument assets, at end of year				\$605	

The fair values of the interest rate swaps were provided by the counterparty to each respective swap and confirmed by the District’s financial advisor. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. The fair values of the interest rate swaps were estimated using the zero coupon discounting method. This method calculates the future payments required by

the swap, assuming that the current forward rates implied by the yield curve are the market’s best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve. The current swap and the new swap payments are present valued at the LIBOR spot rates. The difference in the present value of the cash flows will equal the fair value.

NOTE 2. CASH AND INVESTMENTS

Objective and Terms of Hedging Derivative Instruments

District's hedging derivative instruments outstanding as of September 30, 2015, along with the credit rating of the associated counterparty.

Table N9 presents the objective and terms of the

Table N9 – Objectives and Terms of Hedging Derivative Instruments Outstanding as of September 30, 2015

(Dollars in \$000s)							Counterparty Credit Rating
Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms		
Pay-Fixed Interest Rate Swaps:							
2014B (formerly 2008C) Swap	Hedge of changes in cash flows on the Series 2014B Bonds (formerly 2008C Bonds)	\$ 224,300	11/13/2002	6/1/2027	Pay fixed rate of 3.615%; receive 67% of 1-month LIBOR	A3/A-/A	
2007 AWC Swap	Hedge of changes in cash flows on the Series 2007 AWC PILOT Revenue Bonds	\$ 62,520	9/20/2007	12/1/2021	Pay fixed rate of 4.463%; receive the rate that matches the rate paid on the underlying bonds (SIFMA) plus 0.70%	Aa2/AA-/AA	
2004B Swap	Hedge of changes in cash flows on the Series 2004B General Obligation Bonds	\$ 19,525	12/8/2004	6/1/2016 6/1/2020	Pay fixed rates of 4.794% and 5.121%; 4.794% and 5.121%; receive the rate that matches the rate on the underlying bonds (Muni CPI Index)	Aa3/A+/AA-	
Pay Floating Basis Swaps:							
2001 C/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	\$ 166,770	6/2/2003	6/1/2029	Pay 67% of LIBOR; receive variable rate as a percentage of the actual LIBOR reset each month ranging from 60% to 90% of LIBOR	Aa3/A+/AA-	

NOTE 2. CASH AND INVESTMENTS**Risks***Credit Risk*

The fair market values of the interest rate swaps represent the District's obligation to the respective counterparties if the swap agreements were terminated. The District is exposed to credit risk on hedging derivative instruments that have positive fair 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, 2015, were as presented in **Table N9**.

The District was exposed to minimal credit risk because most of the interest rate swaps had negative fair values. The aggregate fair value of hedging derivative instruments in asset positions as of September 30, 2015, was \$605 (\$605 thousand). This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. In each of the District's swap agreements, the payments are netted against the obligations within each swap. As such, if the District is owed any payment due to an event of default by the counterparty, that payment can be netted against any outstanding obligations within that specific swap agreement.

Interest Rate Risk

The District is exposed to interest rate risk on its interest rate swaps. As LIBOR or the SIFMA swap index decreases, the District's net payment on its pay-fixed, receive variable interest rate swaps increases.

As of September 30, 2015, the fair value of the investments in derivative instruments subject to interest rate risk was \$605 (\$605 thousand). These investments had maturities of more than 10 years.

The District invested in a floating-to-fixed 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, 2015, the notional amount of the 2001C/D Swap was \$166,770. 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, 2015, this interest rate swap had a fair value of \$605 (\$605 thousand).

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 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 2014 B Bonds is based on a percentage of LIBOR as is the variable swap rate received. The interest paid on the Series 2007 AWC Bonds is tax-exempt and the swap variable rate received is based on SIFMA Swap Index which is tax-exempt as well. The interest paid on the Series 2004 Bonds is based on the Muni CPI Index as is the variable swap rate received from the associated swaps. Consequently, as of September 30, 2015, the District had no exposure to basis risk.

Termination Risk

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

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

Rollover Risk

The District is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity 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 instrument. In order to mitigate this risk, the District matches the maturity of each fixed to floating rate swap with the maturity date of the underlying bonds. The

NOTE 2. CASH AND INVESTMENTS

District was not exposed to rollover risk during fiscal year 2015.

District of Columbia Retirement Funds' Derivatives

During fiscal year 2015, the District's Retirement Funds, in accordance with the policies of DCRB and through the District's Retirement Funds' investment managers who have full discretion over investment decisions, invested

in various derivative instruments either to increase potential earnings or to hedge against potential losses. **Table N10a** presents the types of derivatives in which the District Retirement Funds have invested, the purpose of each derivative holding, and a brief description of the methodologies used to manage the associated risks.

Table N10a – District Retirement Funds' Derivative Holdings

Type of Derivative	Purpose	Management of Credit Risk	Management of Market Risk
To-Be-Announced Market Trades (TBAs or Dollar Rolls)	Used as an alternative to holding mortgage-backed securities outright to raise the potential yield and reduce transaction cost	By limiting transactions to primary dealers	Note: Risk not significantly different from market risk for mortgage-backed securities
Foreign Currency Forwards, Futures Contracts, and Foreign Currency Options	Used to hedge the Retirement Funds' exposure to particular currencies when significant adverse short-term movement in exchange rate levels is expected	By limiting transactions to counterparties with short-term credit ratings of A1 or P1 (investment grade ratings) or by trading on organized exchanges	Risk is limited to the purchase cost
Equity Index Futures	Used to gain exposure to equity markets in a more efficient and liquid manner than by directly investing in all of the underlying investment securities	By dealing with member firms of futures exchanges	Risks due to movements in the equity markets underlying the contracts used; notional amounts of contracts not included in the derivative holdings
Exchange-Traded and Over-the-Counter Bond Futures and Options	Used to gain exposure to fixed income markets in a more efficient and liquid manner than by purchasing the underlying bonds	By limiting transactions to counterparties with investment grade ratings or by trading with member firms of organized exchanges	Risk is limited to purchase cost
Warrants and Rights	Used to gain equity exposure and enhance performance Warrants are held for the same fundamental reasons as the original common stock and/or bond holdings	Risks are monitored and managed by external investment managers	Risk is limited to purchase cost
Swaps	Used to manage interest rate fluctuations, protect against borrower default, or gain market exposure without having to own the asset	By using credit default swaps	Use of credit default swaps limits exposure to other types of risk

NOTE 2. CASH AND INVESTMENTS

The District's Retirement Funds also hold derivative instruments indirectly by participating in pooled, commingled, or short-term funds that hold derivatives. Information regarding risks associated with these holdings is not generally available.

Additional information regarding the Retirement Funds' derivative holdings is presented in the Funds' separately issued audited financial statements which may be obtained from the District of Columbia Retirement Board, 900 7th Street, N.W., Washington, DC 20001 or by accessing the following website: <http://dcrb.dc.gov/>.

Table N10b presents a list of the District's Retirement Funds' derivatives aggregated by type as of September 30, 2015.

Table N10b – District Retirement Funds Derivative Investments Aggregated by Type

(Dollars in \$000s)					
Type of Derivative	Classification	Changes in Fair Value (4)		Fair Value at September 30, 2015 (5)	
		Amount (1)	Classification	Amount (2)	Notional (3)
Credit Default Swaps Bought	Investment Revenue	\$ (72)	Swaps	\$ -	\$ -
Credit Default Swaps Written	Investment Revenue	52	Swaps	-	-
Fixed Income Futures Long	Investment Revenue	519	Futures	-	-
Fixed Income Futures Short	Investment Revenue	(135)	Futures	-	-
Fixed Income Options Bought	Investment Revenue	(32)	Options	-	-
Fixed Income Options Written	Investment Revenue	70	Options	-	-
Foreign Currency Options Written	Investment Revenue	2	Options	-	-
FX Forwards	Investment Revenue	(49)	LT Instruments	-	-
Pay Fixed Interest Rate Swaps	Investment Revenue	(520)	Swaps	-	-
Receive Fixed Interest Rate Swaps	Investment Revenue	236	Swaps	-	-
Warrants	Investment Revenue	372	Common Stock	-	-
Grand Totals		<u>\$ 443</u>		<u>\$ -</u>	

(1) Negative values (in brackets) refer to losses

(2) Negative values refer to liabilities

(3) Notional may be a dollar amount or size of underlying futures and options contracts; negative values refer to short positions

(4) Excludes futures margin payments

(5) DCRB had no derivatives in the investment portfolio as of September 30, 2015

C. SECURITIES LENDING

District statutes and DCRB policies permit the District Retirement Funds to participate in securities lending transactions by relying on a Securities Lending Authorization Agreement, which authorizes the master custodian to lend the District Retirement Funds' securities to qualified broker-dealers and banks pursuant to a form of loan agreement.

In April 2015, DCRB, acting on behalf of the District Retirement Funds, discontinued its participation in State Street's securities lending program. As a result of several factors, the District Retirement Funds' securities lending revenues declined to a nominal level in recent years. Also in 2015, the DCRB on behalf of the District Retirement

Funds made the decision to transition custodial services from State Street to Northern Trust. As a result, DCRB made the decision to discontinue the securities lending program in order to manage the operational risks associated with the planned transition. DCRB, acting on behalf of the District Retirement Funds, may participate in securities lending through its new custodian bank in the future.

For the first six months of fiscal year 2015, the master custodian, at the direction of DCRB, loaned a portion of the District's Retirement Funds' public equity and fixed income securities secured, for which it received: collateral in the form of United States and foreign currency cash, securities issued or guaranteed by the United States government, and the sovereign debt of foreign countries

NOTE 2. CASH AND INVESTMENTS

and irrevocable bank letters of credit. This collateral could not be pledged or sold unless the borrower defaulted on the loan. Borrowers were required to deliver and maintain collateral for each loan in an amount equal to: (i) at least 102% of the market value of the loaned securities in the United States; or (ii) 105% of the market value of the loaned securities in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States.

DCRB, on behalf of the District Retirement Funds, and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool (the Quality D Fund).

Because the Quality D Fund does not meet the requirements of Securities and Exchange Commission Rule 2a-7 of the Investment Company Act of 1940, the master custodian has valued the Fund's investments at fair value for reporting purposes.

The Quality D Fund is not registered with the Securities and Exchange Commission. The master custodian, and consequently the investment vehicles it sponsors (including the Quality D Fund), are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the Funds' position in the Quality D Fund is not the same as the value of the District's Retirement Funds' shares.

There was no involuntary participation in an external investment pool by the Quality D Fund and there was no income from one fund that was assigned to another fund by the master custodian during fiscal year 2015. As of September 30, 2015, the fair value of securities on loan, associated collateral, and invested cash collateral was \$0.

At times, the market value of the shares in the Quality D Fund purchased with cash collateral by the lending agent was less than the cost. As of September 30, 2015, there were no unrealized losses.

Net security lending income is comprised of three components: gross income, broker rebates, and agent fees. Gross income is equal to earnings on cash collateral received in a security lending transaction. A broker rebate is the cost of using that cash collateral. Agent fees represent the fees paid to the agent for administering the lending program. Net security lending income is equal to gross income less broker rebates and agent fees. Security lending income for fiscal year 2015 was recorded on a cash basis which approximated the accrual basis. For the year ending September 30, 2015, securities lending income was \$87 and securities lending expense was \$19, resulting in net securities lending income of \$68.

NOTE 3. RESTRICTED ASSETS

As of September 30, 2015, restricted assets of the primary government, component units, and fiduciary funds totaled \$10,311,864 as summarized in Table N11.

Table N11 – Summary of Restricted Assets

(Dollars in \$000s)						
Governmental Funds/Governmental Activities						
	General	Federal & Private Resources	Housing Production Trust Fund	General Capital Improvements	Non-Major	Total
Bond Escrow Accounts	\$ 397,557	\$ -	\$ -	\$ -	\$ -	\$ 397,557
Capital Project	-	-	-	244,156	67,917	312,073
Emergency Cash Reserve	122,083	-	-	-	-	122,083
Contingency Cash Reserve	244,166	-	-	-	-	244,166
Others	78,880	116,020	178,993	-	354,340	728,233
Total	\$ 842,686	\$ 116,020	\$ 178,993	\$ 244,156	\$ 422,257	\$ 1,804,112
Proprietary Funds/Business-Type Activities						
	Lottery & Games	Unemployment Compensation	Total	Fiduciary Funds	Component Units	
Bond Escrow Accounts	\$ -	\$ -	\$ -	\$ -	\$ 207,954	
Unpaid Prizes	3,422	-	3,422	-	-	
University Endowment	-	-	-	-	12,601	
Benefits	-	357,903	357,903	7,670,559	-	
Purpose restrictions	-	-	-	-	249,242	
Other	-	-	-	-	6,071	
Total	\$ 3,422	\$ 357,903	\$ 361,325	\$ 7,670,559	\$ 475,868	

The bond escrow accounts in the general fund include bond escrow for capital lease payment of \$5,105.

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES**A. RECEIVABLES**

Receivables are valued at their estimated collectible amounts. These receivables are presented in various funds as shown in Table N12.

Table N12 – Receivables

(Dollars in \$000s)								
	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Lottery & Games	Unemployment Compensation	Fiduciary Funds
Gross Receivables:								
Taxes	\$ 321,475	\$ -	\$ -	\$ -	\$ 3,522	\$ -	\$ -	\$ -
Accounts and other	224,679	10,017	270	8,630	30,557	5,549	40,911	8,370
Federal	3,744	466,552	-	84,743	-	-	795	21,451
Total gross receivables	549,898	476,569	270	93,373	34,079	5,549	41,706	29,821
Less-allowance for uncollectibles	81,470	-	-	6,136	-	199	30,551	-
Total net receivables	\$ 468,428	\$ 476,569	\$ 270	\$ 87,237	\$ 34,079	\$ 5,350	\$ 11,155	\$ 29,821

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES**B. INTERFUND TRANSFERS**

Other than the transfers between the Lottery and Games Control Board and the General Fund which are reported on the Statement of Activities, all other interfund transfers are eliminated in the Government-Wide Financial Statements. **Table N13** shows a summary of interfund transfers for the fiscal year ended September 30, 2015.

Table N13 – Summary of Interfund Transfers

TRANSFER FROM (Out)	TRANSFER TO (In)	PURPOSE	AMOUNT (in \$000s)
General Fund	Highway Trust Fund	Motor fuel taxes dedicated to the Highway Trust Fund	\$25,256
General Fund	Highway Trust Fund	Right of Way fees imposed for Highway Trust Fund projects	14,954
Lottery and Games	General Fund	DC Lottery excess revenues, after operating cost	55,586
General Fund	Capital Improvements Fund	PAYGO - Projects financed by the General Fund	113,758
General Fund	Capital Improvements Fund	Right of Way fees imposed for Local Transportation projects	22,487
Capital Improvements Fund	General Fund	Capital Improvements Fund transfer to address potential budget shortfall	34,027
PILOT Special Revenue Fund	General Fund	Excess collections above PILOT debt service requirements	1,026
Tax Increment Financing Fund	General Fund	Excess collections above TIF debt service requirements	22,796
Federal and Private Resources Fund	General Fund	Revenues generated from indirect cost recovery	1,466
Baseball Special Revenue Fund	Baseball Debt Service Fund	Funds for baseball debt service payments	32,281
Capital Improvements Fund	Housing Production Trust Fund	Debt service monies refunded to Housing Production Trust Fund	20,099
Capital Improvements Fund	PILOT Special Revenue Fund	Revenues dedicated to PILOT for development of the Capper Carrollsborg Project	15,000
TOTAL INTERFUND TRANSFERS			\$ 358,736

C. RECEIVABLES AND PAYABLES BETWEEN FUNDS AND COMPONENT UNITS

Due to/Due from and interfund receivable and payable balances for each fund and individual component unit as of September 30, 2015, are shown in **Table N14**. All interfund balances within the Governmental Funds are eliminated in the Government-Wide Financial Statements.

Table N14 – Summary of Due To /Due From and Interfund Balances

Fund or Component Unit	(Dollars in \$000s)			
	Primary Government/ Component Units		Interfund	
	Receivables	Payables	Receivables	Payables
General	\$ 16,695	\$ 13,463	\$ 276,005	\$ 15,570
Federal & Private Resources	-	10,400	24,696	155,538
Housing Production Trust	-	-	6,318	-
General Capital Improvements	142	12,065	-	98,542
Nonmajor-Highway Trust	-	-	-	564
Nonmajor-Baseball Special Revenue	665	-	4,529	17,934
Nonmajor-PILOT Special Revenue	-	-	999	1,026
Nonmajor - Tax Increment Financing	-	1,491	3,189	-
Unemployment Compensation	-	-	536	25,503
Pension Trust	-	-	-	1,456
Agency Fund	-	314	-	139
Health Benefit Exchange Authority	9,287	694	-	-
Not For Profit Hospital Corporation	147	-	-	-
Washington Convention and Sports Authority	11,258	1,703	-	-
University of the District of Columbia	17,041	15,105	-	-
Total	\$ 55,235	\$ 55,235	\$ 316,272	\$ 316,272

The above balances represent the impact of transactions among the funds and component units which will be settled during fiscal year 2016.

NOTE 5. CAPITAL ASSETS

Capital Outlays

Capital outlays reported in the General Capital Improvements and Highway Trust Funds totaled \$1,196,394 during the fiscal year ended September 30, 2015. As construction progresses, capital expenditures which meet the criteria to be capitalized as set forth in

Note 1L, are capitalized as Construction in Progress (CIP) in the governmental activities column of the government-wide financial statements. Upon completion of the project, all project costs are transferred from CIP into the appropriate "in-service" capital asset account.

A. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS BY CLASS

Table N15 presents the changes in the governmental activities capital assets by class for the primary government.

Table N15 – Changes in the Governmental Activities: Capital Assets by Asset Class

Asset Class	(Dollars in \$000s)				
	Balance October 1, 2014	Additions	Transfers/ Dispositions	Transfers from CIP	Balance September 30, 2015
Non-depreciable:					
Land	\$ 929,519	\$ -	\$ (1,231)	\$ 5,547	\$ 933,835
Construction in progress	1,243,462	887,787	-	(805,631)	1,325,618
Total non-depreciable	2,172,981	887,787	(1,231)	(800,084)	2,259,453
Depreciable:					
Infrastructure	5,478,182	-	-	351,147	5,829,329
Buildings	7,428,019	-	(5,484)	373,307	7,795,842
Equipment	1,653,314	17,848	(184,198)	75,630	1,562,594
Total depreciable	14,559,515	17,848	(189,682)	800,084	15,187,765
Less accumulated depreciation for:					
Infrastructure	(2,361,063)	(143,569)	-	-	(2,504,632)
Buildings	(1,662,619)	(142,242)	335	-	(1,804,526)
Equipment	(1,298,762)	(105,336)	183,062	-	(1,221,036)
Total accumulated depreciation	(5,322,444)	(391,147)	183,397	-	(5,530,194)
Total depreciable, net	9,237,071	(373,299)	(6,285)	800,084	9,657,571
Net governmental activities capital assets	\$ 11,410,052	\$ 514,488	\$ (7,516)	\$ -	\$ 11,917,024

NOTE 5. CAPITAL ASSETS**B. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS BY FUNCTION**

Table N16 presents the changes in the governmental activities capital assets by function for the primary government.

Table N16 – Governmental Activities: Capital Assets by Function

Function	(Dollars in \$000s)				
	Balance October 1, 2014	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2015
Governmental direction and support	\$ 2,466,194	\$ 5,151	\$ 238,888	\$ 30,947	\$ 2,741,180
Economic development and regulation	532,201	3,914	(17,048)	28,037	547,104
Public safety and justice	1,102,971	4,286	(53,949)	88,326	1,141,634
Public education system	3,565,681	2,633	(268,915)	244,874	3,544,273
Human support services	1,497,848	1,291	(49,421)	48,673	1,498,391
Public works	6,324,139	573	(40,468)	364,774	6,649,018
Construction in progress	1,243,462	887,787	-	(805,631)	1,325,618
Total	\$ 16,732,496	\$ 905,635	\$ (190,913)	\$ -	\$ 17,447,218

C. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS ACCUMULATED DEPRECIATION BY FUNCTION

A summary of changes in governmental activities capital assets depreciation by function for the primary government is shown in Table N17.

Table N17 – Governmental Activities: Capital Assets Accumulated Depreciation by Function

Function	(Dollars in \$000s)			
	Balance October 1, 2014	Additions	Transfers/ Dispositions	Balance September 30, 2015
Governmental direction and support	\$ 932,190	\$ 76,060	\$ 30,252	\$ 1,038,502
Economic development and regulation	50,137	4,538	(10,446)	44,229
Public safety and justice	450,478	51,471	(52,361)	449,588
Public education system	777,864	73,060	(95,776)	755,148
Human support services	411,484	25,795	(18,830)	418,449
Public works	2,700,291	160,223	(36,236)	2,824,278
Total	\$5,322,444	\$ 391,147	\$ (183,397)	\$ 5,530,194

NOTE 5. CAPITAL ASSETS

D. BUSINESS-TYPE ACTIVITIES: CAPITAL ASSETS

Business-Type Activities Capital Assets are presented in Table N18.

Table N18 – Business-Type Activities: Capital Assets

Asset Class	(Dollars in \$000s)			
	Balance October 1, 2014	Additions	Dispositions/ Adjustments	Balance September 30, 2015
Lottery:				
Depreciable:				
Equipment	\$ 3,812	\$ 33	\$ -	\$ 3,845
Total	<u>3,812</u>	<u>33</u>	<u>-</u>	<u>3,845</u>
Total depreciable	<u>3,812</u>	<u>33</u>	<u>-</u>	<u>3,845</u>
Less accumulated depreciation for:				
Equipment	(3,542)	(134)	-	(3,676)
Total accumulated depreciation	<u>(3,542)</u>	<u>(134)</u>	<u>-</u>	<u>(3,676)</u>
Net capital assets	<u>\$ 270</u>	<u>\$ (101)</u>	<u>\$ -</u>	<u>\$ 169</u>

E. DISCRETELY PRESENTED COMPONENT UNITS: CAPITAL ASSETS

A summary of capital assets by class for the discretely presented component units is shown in Tables N19 and N20.

Table N19 – Capital Assets by Class for the Discretely Presented Component Units

Asset Class	(Dollars in \$000s)				
	Balance October 1, 2014	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2015
Non-depreciable:					
Land	\$ 20,989	\$ -	\$ -	\$ -	\$ 20,989
Artwork	2,741	-	-	-	2,741
Construction in progress	55,115	2,334	-	(48,656)	8,793
Total non-depreciable	<u>78,845</u>	<u>2,334</u>	<u>-</u>	<u>(48,656)</u>	<u>32,523</u>
Depreciable:					
Buildings and improvements	1,033,539	45,193	-	31,351	1,110,083
Equipment	294,165	32,111	(514)	17,305	343,067
Total depreciable	<u>1,327,704</u>	<u>77,304</u>	<u>(514)</u>	<u>48,656</u>	<u>1,453,150</u>
Less accumulated depreciation for:					
Buildings and improvements	(360,314)	(36,116)	-	-	(396,430)
Equipment	(207,417)	(13,836)	514	-	(220,739)
Total accumulated depreciation	<u>(567,731)</u>	<u>(49,952)</u>	<u>514</u>	<u>-</u>	<u>(617,169)</u>
Total depreciable, net	<u>759,973</u>	<u>27,352</u>	<u>-</u>	<u>48,656</u>	<u>835,981</u>
Net capital assets	<u>\$ 838,818</u>	<u>\$ 29,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 868,504</u>

NOTE 5. CAPITAL ASSETS

Table N20 – Capital Assets by Component Unit

	(Dollars in \$000s)					
	Capital Assets			Accumulated Depreciation		Net Capital Assets
Component Units	October 1, 2014	Additions	Transfers/ Dispositions	September 30, 2015	October 1, 2014	September 30, 2015
University of the District of Columbia	\$ 301,080	\$ 43,207	-	\$ 344,287	\$ (144,380)	\$ 199,907
Washington Convention and Sports Authority	973,475	4,894	-	978,369	(391,654)	586,715
Health Benefit Exchange Authority	44,964	18,174	-	63,138	(2,774)	60,912
Housing Finance Agency	6,289	7	-	6,296	(4,071)	2,225
NoI-for-Profit Hospital Corporation	80,741	13,356	(514)	93,583	(24,852)	68,731
Total	\$ 1,406,549	\$ 79,638	(514)	\$ 1,485,673	\$ (567,731)	\$ 917,942

NOTE 5. CAPITAL ASSETS

F. CONSTRUCTION IN PROGRESS

Construction in progress by function for governmental activities capital assets is shown in **Table N21**.

Table N21 – Construction in Progress by Function

Function and Sub-function	(Dollars in \$000s)			Balance September 30, 2015
	Balance October 1, 2014	Additions/ Adjustments	Transfers from CIP/Disposition	
PRIMARY GOVERNMENT				
Governmental Direction and Support				
Finance	\$ 15,063	\$ (2,321)	\$ (339)	\$ 12,403
Legislative	566	513	(160)	919
Administrative	66,452	68,903	(81,420)	53,935
Executive	512	94	-	606
Total	82,593	67,189	(81,919)	67,863
Public Safety and Justice				
Police	34,835	8,367	(38,879)	4,323
Fire	2,079	13,277	(9,883)	5,473
Corrections	8,825	16,285	(23,620)	1,490
Total	45,739	37,929	(72,382)	11,286
Economic Development and Regulation				
Community Development	56,484	1,033	(25,427)	32,090
Economic Regulation	880	2,575	(1,121)	2,334
Total	57,364	3,608	(26,548)	34,424
Public Education System				
Schools	340,876	359,097	(215,318)	484,655
Culture	8,958	15,968	(6,342)	18,584
Total	349,834	375,065	(221,660)	503,239
Human Support Services				
Health and Welfare	46,240	51,790	(813)	97,217
Recreation	20,912	44,742	(47,859)	17,795
Human Relations	-	179	-	179
Total	67,152	96,711	(48,672)	115,191
Public Works				
Environmental	640,780	307,285	(354,450)	593,615
Total	640,780	307,285	(354,450)	593,615
Totals	\$ 1,243,462	\$ 887,787	\$ (805,631)	\$ 1,325,618

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

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

A. INDUSTRIAL REVENUE BOND PROGRAM

The District has issued, under its Industrial Revenue Bond Program, private activity bonds for which the principal and interest are payable solely from defined revenues of private entities, including non-profit and for-profit organizations. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. Organizations participating in the Industrial Revenue Bond Program are allowed to borrow at the prevailing municipal bond rate. These private activity bonds provide economic incentive to construct, modernize or enhance private entity facilities in the District, thereby supporting the District's economic base. As of September 30, 2015, the aggregate outstanding principal amount for these conduit debt obligations was approximately \$5 billion.

Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2015.

B. ENTERPRISE ZONE FACILITY BONDS

Beginning January 1, 1998, businesses located in the District of Columbia Enterprise Zone (D.C. Zone) are eligible to obtain up to \$15 million of tax-exempt financing. Similar to Industrial Revenue Bonds, the principal and interest are payable solely from defined revenues of private entities, including non-profit and for-profit organizations. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. As of September 30, 2015, the aggregate outstanding principal amount for Enterprise Zone Facility Bonds was \$44.4 million.

Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2015.

C. TAX INCREMENT FINANCING (TIF) NOTES

Tax increment financing (TIF) is an economic development tool used to facilitate the financing of business investment activities within a locality. The sole

source of repayment of the TIF Notes is the incremental sales and/or real property tax revenues from the associated project or TIF area. Therefore, the District has no obligation to make any payments on the TIF Notes other than through the remittance of the incremental revenues to the paying agent. TIF Notes are not obligations of the District and are not included as long-term debt of the District.

Fort Lincoln Retail Project

In November 2011, the District issued Phase I and Phase II TIF Notes for the Fort Lincoln Retail Project in the total amount of \$10,000. The \$6,700 Phase I TIF Note was fully repaid on December 1, 2014. The \$3,300 Phase II TIF Note remains in escrow pending completion of Phase II of the retail project.

Downtown Retail Priority Area: National Crime and Punishment Museum, Madame Tussauds, Forever 21, and Clyde's

Since March 2006, the Mayor has executed several TIF Notes under the Downtown Retail Priority Area Program.

Table N22 presents a summary of the original loan amounts of the Downtown Retail Priority Area TIF Notes which remained outstanding as of September 30, 2015.

Table N22 – Downtown Retail Priority Area TIF Notes

Issuance Date	Description	Dollar Value/ Amount (in \$000s)	Terms/Other Comments
September 2008	National Crime and Punishment Museum TIF Note	\$3,000	Matures on October 1, 2018; Interest Rate: 5.50%
December 2008	Madame Tussauds TIF Note	\$1,300	Matures on December 1, 2018; Interest Rate: 4.50%
February 2011	Forever 21 TIF Note	\$4,985	Matures on February 1, 2021; Interest Rate: 6.00%
May 2011	Clyde's TIF Note	\$4,472	Matures on December 1, 2021; Interest Rate: 5.50%

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Verizon Center

In December 2007, the District issued \$50,000 in taxable financing notes to finance upgrades at the Verizon Center. The 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 2007B note was issued in the amount of \$6,430 at a fixed interest rate of 6.58% with a maturity date of August 15, 2027. These notes are a special limited obligation of the District and are secured by a portion of the taxes on certain on-site personal property, services and public ticket sales at the Verizon Center. In the event such taxes are not sufficient, the notes are further secured by incremental tax revenues from the Downtown TIF Area, which are subordinate to the pledge of such revenues to the TIF Bonds that were issued to finance the Mandarin Oriental Hotel.

Great Streets Retail Priority Areas

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

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

D. PAYMENT IN LIEU OF TAXES REVENUE NOTES

The District issues Payment in Lieu of Taxes Revenue Notes pursuant to the provisions of the District of Columbia Home Rule Act (D.C. Code § 1-201.01, et seq), the Payment in Lieu of Taxes Act of 2004 (D.C. Code § 1-308.01, et seq. (2001 ed.)), collectively referred to as the "PILOT Act", and the Payment in Lieu of Taxes Revenue Bonds Southwest Federal Center Approval Resolution of 2006 (Collectively, the "Resolution"), to assist project developers with financing, refinancing or reimbursing certain development costs. These PILOT Revenue Notes are non-recourse to the District and do not constitute a pledge of or involve the full faith and credit or taxing power of the District. Accordingly, such notes are not obligations of the District and are not reported as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2015.

Table N23 presents a summary of the original amounts of the PILOT Revenue Notes.

Table N23 – PILOT Revenue Notes

Issuance Date	Description	Dollar Value Amount (in \$000s)	Terms/Other Comments
August 2011	Rhode Island Metro Plaza Project, Series 2010	\$ 7,200	Matures on September 30, 2032; Interest Rate: 5.78%
August 2010	Foundry Lofts Project Series 2010	\$ 5,660	Matures on January 1, 2038; Interest Rate: 5.16%

Rhode Island PILOT Note

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

Southeast Federal Center PILOT Program (Foundry Lofts Project)

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

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

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

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

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

- Rental payments to the District are to begin on June 1, 2017. Over the lease period, HQ Hotel, LLC is to pay the District the net present value of \$69.7 million, which shall be paid in advance in monthly installments, consistent with the basic rent schedule established for each year of the lease. The first monthly installment will be \$46,823 (not in thousands).
- With respect to WCSA, payments began on October 1, 2014. Over the lease period, HQ Hotel, LLC is to pay WCSA the net present value of \$30.5 million, which shall be paid in advance in monthly installments, consistent with the basic rent schedule established for each year of the lease. As of the September 30, 2015, the monthly installment was \$197,416 (not in thousands).

F. NONEXCHANGE FINANCIAL GUARANTEES

Credit Enhancement Facility Agreements

In accordance with Section 603(e)(3)(c)(iii) of the Student Loan Marketing Association Reorganization Act of 1996 (20 U.S.C. 1155(e)(3)(iii)) and D.C. Code §2-301.05a, the District, through its Office of the State Superintendent for Education (OSSE), Office of Public Charter School Financing and Support, provides enhanced credit, lease guarantees, and access to financial assistance to eligible public charter schools for the acquisition, renovation, and/or construction of school facilities. As of September 30, 2015, the total outstanding guaranteed amount under credit enhancement facility agreements was \$2.5 million.

In the event that a public charter school defaults on its monetary obligations associated with its credit enhancement facility agreement, the District (OSSE) may at its sole discretion, cure the default on the school's behalf. Provisions are included in each credit enhancement facility agreement for the school to repay the District for any amounts paid on its behalf or associated costs incurred in fulfilling the guarantee. During fiscal year 2015, the District did not make any payments in connection with the credit enhancement facility agreements. In addition, as of September 30, 2015, no liability has been recorded in connection with these agreements because based on an assessment of relevant qualitative factors, these guarantees do not meet the "more likely than not" criterion. As such, the District has determined that it is not more likely than not that amounts will be paid under the outstanding guarantees.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Table N24 presents additional information regarding these guarantees.

Table N24 – Summary of OSSE Credit Enhancement Facility Agreements

School	Type of Obligation Guaranteed	Beneficiary	Guarantee Amount	Effective Date	Termination Date	Outstanding Amount at 9/30/2015 (in \$000s)
Next Step Public Charter School	Guarantee of lease payments of the school's tenant as credit enhancement to induce lender to provide loan to finance a portion of the acquisition costs for the school's facilities	Next Step Public Charter School	\$500	12/19/2011	Earlier of: (1) when the beneficiary's tenant, Career Academy Public Charter School, has achieved two consecutive years of minimum annual lease payments of \$486 (\$486 thousand) and minimum enrollment of 180 students, or (2) five years from the date of execution of the credit enhancement guarantee agreement	\$500
Paul Public Charter School	Guarantee to support the financing of facility construction and acquisition costs related to the renovation and expansion of the school's campus	Bank of America	500	4/2/2014	Five years from the date of the credit enhancement closing	500
Mundo Verde Bilingual Public Charter School	Guarantee of collection to induce United Bank to purchase the revenue bonds issued to finance a portion of the school's costs of acquiring and renovating Cook Elementary School	United Bank	1,000	1/14/2014	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, note, and deed of trust, or (2) on the fifth anniversary of the date of execution of the guarantee	1,000
Two Rivers Public Charter School	Guarantee to facilitate funding for the costs of renovation and construction of Two Rivers Public Charter School property	SunTrust Bank	500	3/5/2015	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, note, and deed of trust, or (2) on the fifteenth business day after the second anniversary of the date of execution of the guarantee	500
TOTAL OUTSTANDING GUARANTEED AMOUNT						\$ 2,500

Tax Increment Financing and the Downtown TIF Area

Tax increment financing (TIF) is a tool that is used by the District to help finance the costs of economic development business investment activities within the city. TIF Notes are special limited obligations of the District, secured by the incremental sales and/or real property tax revenues derived from the associated project. The District is not obligated to make any payments under TIF Note agreements other than through the remittance of incremental revenues to a paying agent.

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

Table N25a presents the projects, the TIF arrangements, and the estimate of future outflows as of September 30, 2015, under each TIF.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS**Table N25a – Projects with Financial Guarantee Funded by Incremental Tax Revenues from the Downtown TIF Area**

Project	Type of Financing	Date Issued	Maturity Date	Amount (in \$000s)	Estimate of Future Outflows at 9/30/2015* (in \$000s)
Verizon Center	TIF Notes	December 2007	08/15/2047	\$ 50,000	\$ 3,481
Howard Theatre	TIF Notes	May 2011	05/26/2021	4,000	350
Total					\$ 3,831

* Release of incremental taxes related to the specific project

District of Columbia Collateral Support Program

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

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

During fiscal year 2015, the District did not make any payments in connection with the District of Columbia Collateral Support Program. In addition, as of September 30, 2015, no liability has been recorded in connection with these cash collateral deposit agreements because based on an assessment of relevant qualitative factors, these guarantees do not meet the “more likely than not” criterion. As such, the District has determined that it is not more likely than not that amounts will be paid under the outstanding guarantees. As of September 30, 2015, the total outstanding guaranteed amount under cash collateral agreements by DCCSP was \$5.5 million.

Table N25b presents additional information regarding these guarantees.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS**Table N25b – District of Columbia Collateral Support Program Financial Guarantees**

Borrower	Type of Financing	Guarantee Amount (in \$000s)	Effective Date	Lender	Termination/ Maturity Date	Outstanding Amount at 9/30/2015 (in \$000s)
Broughton Construction Company, LLC	Line of Credit	\$ 750	4/1/2013	Industrial Bank	3/31/2017	\$ 750
Forney Enterprises, Inc.	Term Loan	423	4/15/2013	Industrial Bank	5/15/2018	423
Forney Enterprises, Inc.	Line of Credit	500	4/15/2013	Industrial Bank	3/31/2017	500
Bacon Funeral Home, Inc.	Term Loan	645	4/29/2013	Industrial Bank	5/29/2018	645
Broughton Construction Company, LLC	Line of Credit	150	4/11/2014	Industrial Bank	3/31/2017	150
Absolute Builders	Term Loan	72	7/1/2014	Bank of Georgetown	8/1/2016 with option for extension until March 2017	72
Baked by Yael, LLC	Term Loan	188	9/15/2014	Revere Bank	9/15/2021	188
Big City Foods III, LLC	Term Loan	120	9/24/2014	Industrial Bank	9/24/2019	120
Joon Hokim, Inc.	Term Loan	139	9/29/2014	Premara Bank	10/05/2019	139
JPN Masonry, LLC	Term Loan and Line of Credit	484	1/22/2015	City First Bank	1/22/2016 with option for extension until March 2017	484
Solar Solution, LLC	Line of Credit	300	3/18/2015	Industrial Bank	3/31/2017	300
Savage and Associates Law Group, PC	Line of Credit	125	4/13/2015	Bank of Georgetown	3/31/2017	125
Ivy and Coney, LLC	Term Loan	100	4/15/2015	Revere Bank	4/15/2020	100
Elite Physical Therapy & Wellness Center, Inc.	Term Loan and Line of Credit	61	4/27/2015	Industrial Bank	4/27/2019	61
Baked by Yael, LLC	Term Loan	25	6/8/2015	Revere Bank	6/8/2022	25
First Choice Masonry, Inc.	Line of Credit	982	8/13/2015	Bank of Georgetown	3/31/2017	982
Jubilee Housing, Inc.	Line of Credit	450	8/27/2015	United Bank	3/31/2017	450
TOTAL OUTSTANDING GUARANTEED AMOUNT						\$ 5,514

NOTE 7. SHORT – TERM LIABILITIES**TAX REVENUE ANTICIPATION NOTES**

The District issued \$400,000 in Tax Revenue Anticipation Notes (TRANs) on November 18, 2014. The TRANs are general obligations of the District, secured by the District's full faith and credit, and payable from available revenues, including tax revenues, of the District. The issuance of such notes during the first quarter of a fiscal year is a short term financing method used to provide for

seasonal cash flow needs in anticipation of the receipt of revenues for that fiscal year. Operational and other costs are covered by the proceeds from the TRANs until periodic taxes, grants, and other revenues are received. These notes, which were issued as fixed-rate notes with an interest rate of 1.50%, matured on September 30, 2015, and the District paid the notes in their entirety by the statutorily required deadline of September 30, 2015.

NOTE 7. SHORT – TERM LIABILITIES

Table N26 presents the changes in short-term liabilities during fiscal year 2015.

Table N26 – Changes in Short-Term Liabilities

(Dollars in \$000s)				
Account	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
Governmental Activities				
Tax Revenue Anticipation Notes	\$ -	\$ 400,000	\$ (400,000)	\$ -

NOTE 8. LONG – TERM LIABILITIES**A. LONG-TERM LIABILITIES OUTSTANDING**

Long-term liabilities for the District's governmental activities and the business-type activities for the year ended September 30, 2015 are presented in Table N27.

Table N27 – Summary of Long-Term Liabilities Outstanding as of September 30, 2015**Governmental Activities:**

	<u>Outstanding</u>
General Obligation (GO) Bonds:	
Series 1998B, issued on April 16, 1998, in the amount of \$451,635; final maturity date: June 1, 2021; interest rates ranging from 4.50% to 6.00%	\$52,515
Series 2004B, issued on December 8, 2004, in the amount of \$38,250; final maturity date: June 1, 2020; interest rate: MUNI-CPI Rate	19,525
Series 2005B, issued on December 15, 2005, in the amount of \$116,475, to redeem or defease a portion of the District's outstanding general obligation bonds (Series 1994B, 1997A, 1998A, 1998B and 2001B) and to pay the costs and expenses of issuing and delivering the Series 2005B Bonds; final maturity date: June 1, 2027; interest rates ranging from 4.00% to 5.25%	28,835
Series 2007A, issued on June 1, 2007, in the amount of \$576,475, to finance capital project expenditures and pay the costs and expenses of issuing and delivering the bonds; final maturity date: June 1, 2036; interest rates ranging from 3.00% to 4.75%	576,475
Series 2007B, issued on June 7, 2007, in the amount of \$251,155, to redeem or defease a portion of the District's outstanding general obligation bonds (Series 2001B, 2003A, 2003B, and 2005A) and pay the costs and expenses of issuing and delivering the Series 2007B Bonds; final maturity date: June 1, 2030; interest rates ranging from 4.50% to 5.25%	251,155
Series 2007C, issued on December 19, 2007, in the amount of \$333,840, to finance capital projects expenditures and pay the costs and expenses of issuing and delivering the Series 2007C Bonds; final maturity date: June 1, 2033; interest rates ranging from 4.00% to 5.00%	265,660

NOTE 8. LONG – TERM LIABILITIES

	<u>Outstanding</u>
Series 2008E, issued on August 27, 2008, in the amount of \$327,905, to finance capital project expenditures and pay the costs and expenses of issuing and delivering the Series 2008E Bonds; final maturity date: June 1, 2033; interest rates ranging from 4.00% to 5.00%	\$259,585
Series 2008F, issued on August 27, 2008, in the amount of \$151,615, to refund \$150,585 of outstanding 1998A and 1998B Bonds and pay the costs and expenses of issuing and delivering the Series 2008F Bonds; final maturity date: June 1, 2025; interest rates ranging from 3.00% to 5.00%	118,080
Series 2010A, Build America Bonds, issued on December 22, 2010, in the amount of \$181,330, to finance capital projects' expenditures and pay the costs and expenses of issuing and delivering the Series 2010A Bonds; final maturity date: June 1, 2023; interest ranging from 1.91% to 5.92%	122,580
Series 2013A, issued on December 18, 2013, in the amount of \$495,425, to finance capital projects' expenditures under the District's capital improvements plan, and pay the costs and expenses of issuing and delivering the Series 2013A Bonds; final maturity date: June 1, 2030; interest rates ranging from 2.00% to 5.00%	472,195
Series 2014A, issued on June 26, 2014, in the amount of \$99,985, to finance all or a portion of the costs of certain capital projects of the District; final maturity date: June 1, 2039; interest rate: variable equal to an adjusted SIFMA rate (0.38% as of September 30, 2015)	99,985
Series 2014B, issued on June 26, 2014, in the amount of \$224,315 of which \$224,300 was to refund all of the District's outstanding Multimodal General Obligation Refunding Bonds, Series 2008C, and \$15,000 to fund new capital projects; maturity date June 1, 2027; variable rate bonds bearing interest at varying monthly rates (0.55% as of September 30, 2015)	224,315
Series 2014C, issued on October 23, 2014, in the amount of \$379,355, to finance capital projects' expenditures under the District's capital improvements plan and pay the costs and expenses of issuing and delivering the Series 2014C Bonds; final maturity date: June 1, 2026; interest rates ranging from 3.00% to 5.00%	379,355
Series 2014D, issued on October 23, 2014, in the amount of \$136,190, to refund all of the District's outstanding multimodal General Obligation Refunding Bonds, Series 2008A, Series 2008D; and pay the costs and expenses of issuing and delivering the Series 2014D Bonds; final maturity date: June 1, 2023; interest rates ranging from 1.00% to 5.00%	126,320
Series 2015A, issued on June 24, 2015, in the amount of \$500,000, to finance capital projects' expenditures under the District's capital improvements plan; and pay the costs and expenses of issuing and delivering the Series 2015A Bonds; final maturity date: June 1, 2040; interest rate: 5.00%	500,000
Series 2015B, issued on June 24, 2015, in the amount of \$34,190, to refund a portion of the District's outstanding General Obligation Refunding Bonds, Series 2005B; and pay the costs and expenses of issuing and delivering the Series 2015B Bonds; final maturity date: June 1, 2027; interest rate: 5.00%	<u>34,190</u>
Total General Obligation Bonds	<u>\$3,530,770</u>

NOTE 8. LONG – TERM LIABILITIES

	<u>Outstanding</u>
Qualified Zone Academy Bonds:	
Qualified Zone Academy Bonds, issued on December 21, 2001, in the amount of \$4,665; final maturity date: December 1, 2015 (non-interest bearing)	\$256
Qualified Zone Academy Bonds, issued on December 28, 2005, in the amount of \$3,191; final maturity date: December 28, 2020 (non-interest bearing)	1,065
Qualified Zone Academy Bonds, issued on May 29, 2008, in the amount of \$2,360; final maturity date: December 1, 2017 (non-interest bearing)	708
Qualified Zone Academy Bonds, issued on June 30, 2010, in the amount of \$4,140; final maturity date: December 1, 2024 (non-interest bearing)	<u>2,762</u>
Total Qualified Zone Academy Bonds	<u>\$4,791</u>
Income Tax Secured Revenue Bonds:	
Series 2009A, issued in March 2009, in the amount of \$491,645, to provide funds for capital projects and pay for financing costs; final maturity date: December 1, 2034; interest rates ranging from 4.00% to 5.50%	\$434,635
Series 2009B, issued in March 2009, in the amount of \$309,685, to refund outstanding debt (Series 2000A, 2000B, 2003C and 2003D general obligation bonds) and pay for financing costs; final maturity date: December 1, 2029; interest rates ranging from 4.00% to 5.25%	241,300
Series 2009C, issued in September 2009, in the amount of \$270,455, to refund the District's Series 1999A and Series 1999B general obligation bonds and pay for financing costs; final maturity date: December 1, 2028; interest rates ranging from 3.00% to 5.00%	107,640
Series 2009D, issued in December 2009, in the amount of \$129,620, to provide funds for capital projects, pay for financing costs, and fund capitalized interest on the Series 2009D Bonds; final maturity date: December 1, 2017; interest rates ranging from 2.50% to 5.00%	60,595
Series 2009E Build America Bonds, issued in December 2009, in the amount of \$501,290 to provide funds for capital projects, pay for financing costs, and fund capitalized interest on the 2009E bonds; maturity date: December 1, 2034; interest rates ranging from 4.34% to 5.59%	501,290
Series 2010A, issued in March 2010, in the amount of \$694,300, to refund the following outstanding general obligation bonds: Series 1998B, Series 1999A, Series 2001B, Series 2001C, Series 2001D, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2005A, Series 2007C, Series 2008E and Series 2008F and pay for the financing costs of the Series 2010A Bonds; final maturity date: December 1, 2031; interest rates ranging from 3.00% to 5.00%	694,300
Series 2010B, issued in March 2010, in the amount of \$14,040, to terminate an interest rate swap agreement related to the Series 2002D General Obligation Bonds which were refunded by the issuance of the Series 2010A Bonds and pay the costs of issuance associated with the 2010 Bonds; final maturity date: December 1, 2017; interest rate of: 4.05%	14,040
Series 2010D Qualified School Construction Bonds, issued in June 2010, in the amount of \$32,945, to pay for the costs of Qualified School Construction projects and financing cost; final maturity date: December 1, 2026; interest rate: 5.00%	32,945

NOTE 8. LONG – TERM LIABILITIES

	<u>Outstanding</u>
Series 2010F Build America Bonds, issued in December 2010, in the amount of \$342,615, to pay for costs of capital projects and the costs and expenses of issuing and delivering the Series 2010F Bonds; final maturity date: December 1, 2035; interest rates ranging from 4.71% to 5.58%	\$342,615
Series 2011A, issued in September 2011, in the amount of \$138,470, to pay for costs of capital projects and the costs and expenses of issuing and delivering the Series 2011A Bonds; final maturity date: December 1, 2036; interest rates ranging from 1.00% to 5.00%	130,285
Series 2011B-E, \$241,735, issued in November 2011 to: (a) refund \$63,335 of the remaining outstanding principal amount of Series 2010C, Income Tax Secured Revenue Refunding Bonds; and \$31,930 of Series 2010E Income Tax Secured Revenue Refunding Bonds; (b) refund GO Bonds Series 2003A and 2003B; and (c) pay the costs and expenses of issuing and delivering the Series 2011B-C-D-E Bonds; final maturity dates: Series 2011B (December 1, 2015), Series 2011C (December 1, 2012), Series 2011D (December 1, 2013) and Series 2011E (December 1, 2017); interest rates: variable equal to an adjusted SIFMA rate (0.52% as of September 30, 2015)	160,910
Series 2011F-G Bonds, \$400,720, issued in December 2011 to pay for costs of capital projects and costs and expenses of issuing and delivering the Series F-G Bonds; final maturity date: December 1, 2036; interest rate ranging from 2.00% to 5.00%	371,330
Series 2012A-B Bonds, \$314,110, issued in May 2012 to refund a portion of the District's GO Bonds, Series 2002C, 2004A and 2005A and pay the costs and expenses of issuing and delivering the Series 2012A-B Bonds; final maturity date: December 1, 2027; interest rate ranging from 2.00% to 5.00%	295,475
Series 2012C-D Bonds, \$775,770, issued on November 28, 2012, to pay costs associated with capital projects, bond issuance costs, and refund the outstanding PILOT Revenue Bond Anticipation Notes (Arthur Capper/Carrollsborg Public Improvement Issue); final maturity date: December 1, 2037; interest rates ranging from 2.00% to 5.00%	741,420
Series 2014A, issued on September 10, 2014, in the amount of \$155,665 to currently refund the District's outstanding Certificates of Participation, Series 2003 and to advance refund the District's outstanding Certificates of Participation, Series 2006 and pay the costs and expenses of issuing and delivering the Series 2014A Bonds; final maturity date: December 1, 2025; interest rates ranging from 1.00% to 5.00%	138,200
Series 2014B, issued on November 25, 2014, in the amount of \$60,875 to currently refund the District's Income Tax Secured Revenue Refunding Bonds, Series 2013A matured December 1, 2014 and pay the costs and expenses of issuing and delivering the Series 2014B Bonds; final maturity date: December 1, 2017; variable equal to an adjusted SIFMA rate (0.52% as of September 30, 2015)	<u>60,875</u>
Total Income Tax Secured Revenue Bonds	<u>\$4,327,855</u>
Tobacco Settlement Asset-Backed Bonds:	
Series 2001, issued on February 1, 2001, in the amount of \$521,105; final maturity on May 15, 2040; interest rate ranging from 5.20% to 6.75%	\$368,140

NOTE 8. LONG – TERM LIABILITIES

	<u>Outstanding</u>
Series 2006, issued on August 30, 2006, in the amount of \$248,264; final maturity on June 15, 2055; interest rate ranging from 6.25% to 7.25%	<u>\$248,264</u>
Total Tobacco Settlement Asset-Backed Bonds	<u>\$616,404</u>
Tax Increment Financing (TIF) Bonds:	
Tax Increment Revenue Refunding Bonds (Gallery Place Project, Series 2012), issued on June 21, 2012, in the amount of \$52,365 to: (a) refund the Gallery Place Project Tax Increment Revenue Bonds, Series 2002 and (b) pay the costs and expenses of issuing and delivering the Series 2012 Bonds; final maturity: June 1, 2031; interest rates ranging from 3.00% to 5.00%	\$46,730
Mandarin Oriental Hotel TIF Bonds, issued on April 1, 2002, in the amount of \$45,995; final maturity: July 1, 2022; interest rate yields ranging from 4.26% to 5.48%	15,515
City Market at O Street TIF Bonds, issued on November 17, 2011, in the amount of \$38,650; final maturity: June 1, 2041; interest rate ranging from 3.00% to 5.13%	<u>38,650</u>
Total Tax Increment Financing (TIF) Bonds	<u>\$100,895</u>
Ballpark Revenue Bonds:	
Series 2006A, issued on May 15, 2006, \$154,835 (Taxable) to finance a portion of the cost of construction of the District's baseball stadium; final maturity date: February 1, 2036; interest rate ranging from 5.96% to 6.17%	\$152,115
Series 2006B-1, issued on May 15, 2006, \$379,665 (Tax-Exempt) to finance a portion of the cost of construction of the District's baseball stadium; final maturity date: February 1, 2036; interest rate ranging from 4.00% to 5.50%	<u>315,245</u>
Total Ballpark Revenue Bonds	<u>\$467,360</u>
Federal Highway Grant Anticipation Revenue Bonds (GARVEE):	
Series 2011, issued on February 16, 2011, in the amount of \$82,610, to: (a) finance a portion of the 11 th Street Bridge Project, (b) pay certain costs of issuing the Series 2011 Bonds, and (c) fund the Senior Lien Bonds Debt Service Reserve Subaccount; final maturity date: December 1, 2027; interest rates ranging from 2.00% to 5.25%	\$65,780
Series 2012, issued on October 10, 2012, in the amount of \$42,935, to: (a) finance Phase II of the 11 th Street Bridge Project, and (b) pay costs of issuing the Series 2012 Bonds; maturity date: December 1, 2027; interest rates ranging from 2.00% to 5.00%	<u>38,615</u>
Total Federal Highway Grant Anticipation Revenue Bonds (GARVEE)	<u>\$104,395</u>
Deed Tax Revenue Bonds (Housing Production Trust Fund Program):	
Series 2007A, issued on May 31, 2007, in the amount of \$34,105, to finance, refinance and reimburse a portion of the costs of redeveloping, constructing, acquiring, furnishing and equipping the Northwest One New Communities Project and pay the costs of issuance of the Series 2007A Bonds; final maturity date: June 1, 2037; interest rates ranging from 4.00% to 5.00%	\$29,120

NOTE 8. LONG – TERM LIABILITIES

	<u>Outstanding</u>
Series 2010A-C, issued on August 24, 2010, in the amount of \$53,190 to: (a) finance, refinance and reimburse a portion of the costs of the New Communities Initiatives, (b) satisfy the debt service reserve requirement, and (c) pay costs of issuance of the Series 2010 Bonds; final maturity date: June 1, 2040; interest rates ranging from 3.50% to 5%	\$48,730
Series 2012A-B, issued on December 6, 2012, in the amount of \$39,585 to: (a) fund portions of the New Communities Projects, (b) fund a deposit to the Debt Service Reserve Fund, and (c) pay cost of issuing the Series 2012 Bonds; final maturity date: June 1, 2042; interest rates ranging from 3.00% to 5.00%	<u>37,715</u>
Total Deed Tax Revenue Bonds (Housing Production Trust Fund Program)	<u>\$115,565</u>
PILOT Revenue Bonds and Notes:	
Anacostia Waterfront Corporation (AWC) PILOT Revenue Bonds, issued in September 2007, in the amount of \$111,550, to finance, refinance and reimburse the AWC for development costs associated with park and infrastructure projects along the Anacostia River waterfront; final maturity date: December 1, 2021; interest rate: 4.46%	\$62,520
Southeast Federal Center PILOT Revenue Note (The Yards Project) Series 2014, issued in December 2014, in the amount of \$34,800, to reimburse Forest City SEFC, LLC for public infrastructure associated with the phased development of The Yards, an approximately 42 acre site located in the southeast quadrant of the District; final maturity date: December 1, 2037; interest rate: 0.75% of the LIBOR 30-day index plus 1.70%. The note is structured as a 5-year interest-only draw-down note, with interest paid on drawn funds and has a mandatory repurchase date of December 18, 2019 when it will be extended or refinanced. Total draw-downs as of September 30, 2015 is \$9,452	7,682
Southwest Waterfront Project Revenue Bonds (The Wharf Project) Series 2015 issued in September 2015, in the amount of \$145,445, to finance construction of public infrastructure at the Southwest Waterfront (the Wharf), a 24 acre mixed use project in Southwest Washington; final maturity date: June 1, 2040; interest rates ranging from 2.82% to 5.04%	<u>145,445</u>
Total PILOT Revenue Bonds and Notes	<u>\$215,647</u>
Total Bonds and Notes	<u>\$9,483,682</u>
Other Long-Term Liabilities:	
225 Virginia Avenue lease	\$92,646
Premium on long-term debt	586,507
Equipment financing program	86,717
Accreted interest	207,315
Capital leases	5,105
Long term tax refunds	88,442
Long term payroll accrual	10,686
Annual leave	160,949
Disability compensation	127,537
Grant disallowances	70,000
Claims and judgments	201,309
OPEB liability	<u>10,006</u>
Total Other Long-Term Liabilities	<u>\$1,647,219</u>
Total Long-Term Liabilities – Governmental Activities	<u>\$11,130,901</u>

NOTE 8. LONG – TERM LIABILITIES**Business-type Activities:**

	<u>Outstanding</u>
Obligation for unpaid prizes, D.C. Lottery and Charitable Games Control Board	\$3,422
Compensated Absences	439
Total Long-Term Liabilities – Business-Type Activities	<u>\$3,861</u>

B. ANNUAL DEBT SERVICE REQUIREMENTS

Tables N28 through N42 present annual debt service requirements to maturity for the District's outstanding long-term liabilities as of September 30, 2015:

Table N28 – Debt Service Requirements to Maturity – General Obligation Bonds

(Dollars in \$000s)			
Year Ending September 30	General Obligation Bonds		
	Principal	Interest	Total
2016	\$ 133,280	\$ 167,822	\$ 301,102
2017	130,055	163,061	293,116
2018	121,340	156,777	278,117
2019	125,690	150,553	276,243
2020	167,280	144,059	311,339
2021-2025	710,945	604,975	1,315,920
2026-2030	653,180	442,975	1,096,155
2031-2035	882,700	261,652	1,144,352
2036-2040	606,300	58,866	665,166
Total	<u>\$3,530,770</u>	<u>\$2,150,740</u>	<u>\$5,681,510</u>

Table N29 – Debt Service Requirements to Maturity – Qualified Zone Academy Bonds

(Dollars in \$000s)	
Year Ending September 30	QZAB Principal
2016	\$ 946
2017	690
2018	690
2019	454
2020	454
2021-2025	1,557
Total	<u>\$ 4,791</u>

Table N30 – Debt Service Requirements to Maturity– Income Tax Secured Revenue Bonds

(Dollars in \$000s)			
Year Ending September 30	Income Tax Secured Revenue Bonds		
	Principal	Interest	Total
2016	\$ 88,155	\$ 207,562	\$ 295,717
2017	119,275	203,389	322,664
2018	202,600	197,433	400,033
2019	178,045	189,872	367,917
2020	150,435	182,457	332,892
2021-2025	1,121,000	772,487	1,893,487
2026-2030	1,285,140	457,825	1,742,965
2031-2035	932,305	177,047	1,109,352
2036-2038	250,900	14,348	265,248
Total	<u>\$4,327,855</u>	<u>\$2,402,420</u>	<u>\$6,730,275</u>

Table N31 – Debt Service Requirements to Maturity – Tobacco Settlement Asset-Backed Bonds

(Dollars in \$000s)			
Year Ending September 30	Tobacco Bonds		
	Principal	Interest	Total
2016	\$ 27,750	\$ 24,369	\$ 52,119
2017	22,740	22,594	45,334
2018	23,600	21,116	44,716
2019	25,755	19,582	45,337
2020	28,070	17,908	45,978
2021-2025	161,760	59,702	221,462
2026-2030	78,465	5,296	83,761
2046-2050	159,733	1,697,592	1,857,325
2056-2060	88,531	2,478,469	2,567,000
Total	<u>\$ 616,404</u>	<u>\$4,346,628</u>	<u>\$4,963,032</u>

NOTE 8. LONG – TERM LIABILITIES

**Table N32 – Debt Service Requirements to Maturity –
Gallery Place TIF Bonds**

Year Ending September 30	(Dollars in \$000s)		
	Gallery Place		
	Principal	Interest	Total
2016	\$ 1,975	\$ 2,337	\$ 4,312
2017	2,075	2,238	4,313
2018	2,180	2,134	4,314
2019	2,290	2,025	4,315
2020	2,400	1,911	4,311
2021-2025	13,930	7,628	21,558
2026-2030	17,775	3,779	21,554
2031-2035	4,105	205	4,310
Total	\$ 46,730	\$ 22,257	\$ 68,987

**Table N34 – Debt Service Requirements to Maturity –
City Market at O Street TIF Bonds**

Year Ending September 30	(Dollars in \$000s)		
	City Market at O Street		
	Principal	Interest	Total
2016	\$ 220	\$ 1,877	\$ 2,097
2017	300	1,871	2,171
2018	350	1,862	2,212
2019	450	1,851	2,301
2020	550	1,836	2,386
2021-2025	4,655	8,773	13,428
2026-2030	7,530	7,354	14,884
2031-2035	9,550	5,334	14,884
2036-2040	12,215	2,666	14,881
2041-2045	2,830	145	2,975
Total	\$ 38,650	\$ 33,569	\$ 72,219

**Table N33 – Debt Service Requirements to Maturity –
Mandarin Oriental Hotel TIF Bonds**

Year Ending September 30	(Dollars in \$000s)		
	Mandarin Oriental Hotel		
	Principal	Interest	Total
2016	\$ 1,878	\$ 2,626	\$ 4,504
2017	1,761	2,744	4,505
2018	1,650	2,859	4,509
2019	1,544	2,960	4,504
2020	1,448	3,057	4,505
2021-2022	7,234	1,779	9,013
Total	\$ 15,515	\$ 16,025	\$ 31,540

**Table N35 – Debt Service Requirements to Maturity –
Ballpark Revenue Bonds**

Year Ending September 30	(Dollars in \$000s)		
	Ballpark Bonds		
	Principal	Interest	Total
2016	\$ 7,925	\$ 24,816	\$ 32,741
2017	8,850	24,370	33,220
2018	9,835	23,880	33,715
2019	10,875	23,336	34,211
2020	11,980	22,734	34,714
2021-2025	79,325	102,277	181,602
2026-2030	120,125	75,826	195,951
2031-2035	175,205	36,337	211,542
2036-2040	43,240	1,123	44,363
Total	\$467,360	\$ 334,699	\$ 802,059

NOTE 8. LONG – TERM LIABILITIES**Table N36 – Debt Service Requirements to Maturity - Federal Highway Grant Anticipation Revenue Bonds (GARVEE)**

Year Ending September 30	(Dollars in \$000s)		
	Federal Highway Grant Anticipation Revenue Bonds		
	Principal	Interest	Total
2016	\$ 6,975	\$ 4,795	\$ 11,770
2017	7,250	4,523	11,773
2018	7,550	4,222	11,772
2019	7,905	3,871	11,776
2020	8,255	3,514	11,769
2021-2025	47,765	11,073	58,838
2026-2028	18,695	1,051	19,746
Total	\$ 104,395	\$ 33,049	\$137,444

Table N38 – Debt Service Requirements to Maturity – Anacostia Waterfront Corporation PILOT Revenue Bonds

Year Ending September 30	(Dollars in \$000s)		
	Anacostia Waterfront Corporation		
	Principal	Interest	Total
2016	\$ 7,845	\$ 2,705	\$ 10,550
2017	8,200	2,351	10,551
2018	8,570	1,981	10,551
2019	8,960	1,594	10,554
2020	9,360	1,190	10,550
2021-2022	19,585	988	20,573
Total	\$ 62,520	\$ 10,809	\$ 73,329

Table N37 – Debt Service Requirements to Maturity – Deed Tax Revenue Bonds (Housing Production Trust Fund Program)

Year Ending September 30	(Dollars in \$000s)		
	Housing Production Trust		
	Principal	Interest	Total
2016	\$ 2,600	\$ 5,222	\$ 7,822
2017	2,725	5,100	7,825
2018	2,850	4,972	7,822
2019	2,990	4,839	7,829
2020	3,140	4,689	7,829
2021-2025	18,075	21,046	39,121
2026-2030	22,680	16,432	39,112
2031-2035	28,105	11,014	39,119
2036-2040	28,155	4,527	32,682
2041-2042	4,245	257	4,502
Total	\$ 115,565	\$ 78,098	\$193,663

Table N39 – Debt Service Requirements to Maturity – The Yards PILOT Revenue Note

Year Ending September 30	(Dollars in \$000s)		
	The Yards Project		
	Principal	Interest	Total
2016	\$ -	\$ 145	\$ 145
2017	-	145	145
2018	-	145	145
2019	-	145	145
2020	7,682	36	7,718
Total	\$ 7,682	\$ 616	\$ 8,298

NOTE 8. LONG – TERM LIABILITIES**Table N40 – Debt Service Requirements to Maturity – Southwest Waterfront Project Revenue Bonds**

(Dollars in \$000s)			
Year Ending	The Wharf Project		
September 30	Principal	Interest	Total
2016	\$ -	\$ 4,940	\$ 4,940
2017	-	6,636	6,636
2018	-	6,636	6,636
2019	-	6,636	6,636
2020	4,330	6,636	10,966
2021-2025	24,525	30,990	55,515
2026-2030	30,255	25,691	55,946
2031-2035	37,950	17,989	55,939
2036-2040	48,385	7,557	55,942
Total	\$ 145,445	\$ 113,711	\$ 259,156

Table N42 – Debt Service Requirements to Maturity – Equipment Financing Program

(Dollars in \$000s)			
Year Ending	Equipment Financing		
September 30	Principal	Interest	Total
2016	\$ 34,763	\$ 1,521	\$ 36,284
2017	24,170	878	25,048
2018	16,417	440	16,857
2019	9,295	152	9,447
2020	2,072	18	2,090
Total	\$ 86,717	\$ 3,009	\$ 89,726

Table N41 – Debt Service Requirements to Maturity – 225 Virginia Avenue Lease

(Dollars in \$000s)			
Year Ending	225 Virginia Avenue, LLC		
September 30	Principal	Interest	Total
2016	\$ 3,116	\$ 6,158	\$ 9,274
2017	3,333	5,941	9,274
2018	3,565	5,709	9,274
2019	3,813	5,461	9,274
2020	4,078	5,195	9,273
2021-2025	25,067	21,301	46,368
2026-2030	35,096	11,272	46,368
2031-2032	14,578	878	15,456
Total	\$ 92,646	\$ 61,915	\$ 154,561

NOTE 8. LONG – TERM LIABILITIES

Table N43 presents aggregate debt service requirements and net receipts/payments on the associated hedging derivative instruments as of September 30, 2015. These amounts assume that current interest rates on variable rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term.

As these rates vary, interest payments on variable rate bonds and net receipts/payments on the hedging derivative instruments will vary. Information on the District's derivative instruments is presented in Note 2, found on page 84.

Table N43 – Aggregate Debt Service Requirements and Net Receipts/Payments on Hedging Derivative Instruments

Year Ending September 30	(Dollars in \$000s)			
	Principal	Interest	Hedging Derivatives, Net	Total
2016	\$ 18,085	\$ 1,728	\$ 10,988	\$ 30,801
2017	8,380	1,652	10,219	20,251
2018	8,760	1,589	9,912	20,261
2019	9,155	1,525	9,635	20,315
2020	19,030	1,456	9,213	29,699
2021-2025	146,750	4,272	26,440	177,462
2026-2028	92,350	491	3,291	96,132
Total	\$ 302,510	\$ 12,713	\$ 79,698	\$ 394,921

NOTE 8. LONG – TERM LIABILITIES**C. LONG TERM DEBT ACTIVITY DURING FISCAL YEAR 2015**

Table N44 presents long-term debt activity for the year ended September 30, 2015:

Table N44 – Long Term Debt Activity

	(Dollars in \$000s)				
	September 30, 2014	Additions	Reductions	September 30, 2015	Due Within One Year
Governmental activities:					
General obligation bonds (including QZAB)	\$ 2,796,671	\$ 1,049,735	\$ (310,845)	\$ 3,535,561	\$ 134,226
Income tax secured revenue bonds	4,465,820	60,875	(198,840)	4,327,855	88,155
Tobacco settlement asset-backed bonds	631,294	-	(14,890)	616,404	27,750
Tax increment financing bonds	104,809	-	(3,914)	100,895	4,073
Ballpark revenue bonds	474,420	-	(7,060)	467,360	7,925
Federal highway grant anticipation revenue bonds (GARVEE)	111,110	-	(6,715)	104,395	6,975
Deed tax revenue bonds (housing production trust fund program)	118,055	-	(2,490)	115,565	2,600
PILOT revenue bonds	70,030	154,897	(9,280)	215,647	7,845
225 Virginia Avenue lease	95,559	-	(2,913)	92,646	3,116
Premium on long-term debt	479,391	155,540	(48,424)	586,507	53,402
Equipment financing program	102,491	25,590	(41,364)	86,717	34,763
Accreted interest	180,484	26,831	-	207,315	-
Capital leases	8,162	-	(3,057)	5,105	3,268
Long-term tax refunds	-	88,442	-	88,442	-
Long-term payroll accrual	-	10,686	-	10,686	-
Annual leave	154,348	9,597	(2,996)	160,949	159,114
Disability compensation	129,001	20,389	(21,853)	127,537	-
Grant disallowances	132,203	-	(62,203)	70,000	-
Claims and judgments	159,192	113,740	(71,623)	201,309	-
OPEB liability	10,006	-	-	10,006	-
Total long-term liabilities	<u>\$ 10,223,046</u>	<u>\$ 1,716,322</u>	<u>\$ (808,467)</u>	<u>\$ 11,130,901</u>	<u>\$ 533,212</u>
Business-type activities:					
Obligation for unpaid prizes	\$ 6,282	\$ -	\$ (2,860)	\$ 3,422	\$ 1,160
Compensated absences	398	41	-	439	-
Long-term liabilities	<u>\$ 6,680</u>	<u>\$ 41</u>	<u>\$ (2,860)</u>	<u>\$ 3,861</u>	<u>\$ 1,160</u>

NEW BOND AND NOTE ISSUANCES**General Obligation Bonds**

- In October 2014, the District issued \$379,355 in General Obligation Bonds, Series 2014C and \$136,190 in General Obligation Refunding Bonds, Series 2014D. These Bonds are general obligations of the District and as such, the full faith and credit of the District is pledged to the payment of principal and interest on the Bonds when due. The Bonds are further secured by a security interest in, and a lien on, the funds derived from a special real property tax levied annually by the District, without limitation as to rate or amount, in amounts sufficient to pay the principal of and interest on the Bonds and any other outstanding general obligation parity bonds when due.

The proceeds of the Series 2014C Bonds were used to: (1) finance capital project expenditures under the District's capital improvements plan, and (2) pay the costs and expenses of issuing and delivering the Series 2014C Bonds. The proceeds of the Series 2014D Bonds were used, together with other available funds of the District, to: (1) refund all of the District's outstanding Multimodal General Obligation Refunding Bonds (Variable Rate Demand Obligations), Series 2008A and Multimodal General Obligation Refunding Bonds (Variable Rate Demand Obligations), Series 2008D, and (2) pay the costs and expenses of issuing and delivering the Series 2014D Bonds.

The interest rates pertaining to the Series 2014C Bonds range between 3.00% and 5.00%. The interest

NOTE 8. LONG – TERM LIABILITIES

rates related to the Series 2014D Bonds range between 1.00% and 5.00%.

- In June 2015, the District issued \$500,000 in General Obligation Bonds, Series 2015A and \$34,190 in General Obligation Refunding Bonds, Series 2015B. These Bonds are general obligations of the District and as such, the full faith and credit of the District is pledged to the payment of principal and interest on the Bonds when due. The Bonds are further secured by a security interest in, and a lien on, the funds derived from a special real property tax levied annually by the District, without limitation as to rate or amount, in amounts sufficient to pay the principal of and interest on the Bonds and any other outstanding general obligation parity bonds when due.

The proceeds of the Series 2015A Bonds were used to: (1) finance capital project expenditures under the District's capital improvements plan, and (2) pay the costs and expenses of issuing and delivering the Series 2015A Bonds. The proceeds of the Series 2015B Bonds were used to: (1) refund a portion of the District's outstanding General Obligation Refunding Bonds, Series 2005B and (2) pay the costs and expenses of issuing and delivering the Series 2015B Bonds.

The interest rates pertaining to the Series 2015A Bonds range between 4.00% and 5.00%. The interest rate related to the Series 2015B Bonds is 5.00%.

Income Tax Secured Revenue Bonds

In November 2014, the District issued \$60,875 in Income Tax Secured Revenue Refunding Bonds, Series 2014B. The proceeds of the Series 2014B Bonds were used to: (a) currently refund \$60,260 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2013A maturing on December 1, 2014, and (b) pay the costs and expenses of issuing and delivering the Series 2014B Bonds.

The Series 2014B Bonds bear interest at a variable rate equal to the Adjusted SIFMA rates, which equal the SIFMA rates plus the per annum spread for each maturity.

PILOT Revenue Note (The Yards Project)

In December 2014, the District issued its \$34,800 PILOT Revenue Note (the Yards Project), Series 2014. The proceeds of the Series 2014 Note are being used to fund public infrastructure costs associated with the phased development of an approximately 42 acre site located in the southeast quadrant of the District, known as The

Yards. The variable rate obligation utilizes a draw-down structure and is repaid with PILOT revenues from multiple buildings located on the site.

The Series 2014 Note bears interest at 0.75% of the LIBOR 30-day index plus 1.70%. The note is structured as a five-year interest-only note, with interest paid on drawn funds. Any and all excess PILOT revenues are available to pay down principal. The note is expected to be extended or refinanced after five years.

Southwest Waterfront Project Revenue Bonds (The Wharf Project)

In September 2015, the District issued \$145,445 in Southwest Waterfront Project Revenue Bonds (The Wharf Project) Series 2015. The proceeds of the Series 2015 Bonds provide funding for infrastructure and public space associated with Phase I development of an approximately 24 acre site located in the southwest quadrant of the District, known as The Wharf. The fixed rate obligation is repaid with TIF and PILOT revenues generated within the site. The Bonds are further guaranteed by incremental taxes of the Downtown TIF Area.

The interest rates pertaining to the Series 2015 Bonds range between 2.82% and 5.04%. Future issuances are authorized up to an additional \$52,555, and are expected to be issued within the next two years.

INTEREST RATES ON GENERAL OBLIGATION BONDS AND INCOME TAX SECURED REVENUE BONDS

The weighted average interest rate on the District's outstanding fixed-rate bonds was 4.97% in fiscal year 2015. The weighted average interest rate on the District's variable rate bonds for fiscal year 2015 was 0.52%.

PLEDGED TAX REVENUES FOR DEBT SERVICE ON INCOME TAX SECURED REVENUE BONDS

During fiscal year 2015, the District collected \$2,316,727 in Income and Business Franchise Taxes. Of this amount, \$324,413, or 14%, was held in the Fund for the payment of debt service on outstanding Income Tax Secured Revenue Bonds in fiscal year 2016. The anticipated debt service amount for fiscal year 2016 is \$295,717. Therefore, total available tax revenues collected and set aside in the Fund in fiscal year 2015 covers the total amount of anticipated debt service for fiscal year 2016 as presented in **Table N45**:

NOTE 8. LONG – TERM LIABILITIES

Table N45 – Debt Service Coverage Ratio (Income Tax Secured Revenue Bonds)

Available Tax Revenues Collected in FY 2015 (Dollars in \$000s)			
Individual Income	\$	1,868,468	
Business Franchise		448,259	
Total	\$	2,316,727	
Amount Held in Escrow for FY 2016 Debt Service (a)	\$	324,413	
FY 2016 Debt Service Amount	(b) \$	295,717	
Rate of Coverage (c)=(a)/(b)			110%

In fiscal year 2015, debt service on the Income Tax Secured Revenue Bonds totaled \$343,513. The debt service coverage ratio was 6.74 to 1: Total available taxes of \$2,316,727, divided by FY 2015 debt service of \$343,513.

REFUNDINGS AND BOND DEFEASANCES

On October 23, 2014, the District issued \$136,190 in General Obligation Refunding Bonds, Series 2014D. The proceeds of the 2014D Bonds were used to currently refund \$59,930 of the District's outstanding Multimodal General Obligation Variable Rate Demand Bonds, Series 2008A, maturing in 2034 and \$95,840 of the District's Multimodal General Obligation Variable Rate Demand Bonds, Series 2008D, maturing in 2034. Proceeds from the issuance were also used to pay cost and expenses of issuing and delivering the Series 2014D Bonds. This current refunding extended the put feature from December 2014 to December 2017 and produced no economic gain or loss.

On November 25, 2014, the District issued \$60,875 in Income Tax Secured Refunding Bonds, Series 2014B. The proceeds of the 2014B Bonds were used to currently refund \$60,260 of the District's Income Tax Secured Revenue Bonds, Series 2013A, maturing on December 1, 2014 and pay the cost of issuing and delivering the Bonds. The Series 2014B Bonds have three maturities: 2015 (\$2,715), 2016 (\$7,135) and 2017 (\$51,025). This current refunding was executed to refinance one variable-rate issue with a fixed rate issue to reduce risks. This transaction produced no economic gain or loss.

On June 24, 2015, the District issued \$34,190 in General Obligation Refunding Bonds, Series 2015B. The proceeds of the 2015B Bonds were used to currently refund a portion of the District's outstanding General Obligation Refunding Bonds, Series 2005B, maturing in 2025, 2026, and 2027, in the amounts of \$8,255, \$19,395 and \$6,540 respectively. This refunding provided the District with \$7,907 of present value (PV) savings.

As of September 30, 2015, the total amount of defeased debt outstanding held by the escrow agent was \$37,230. This amount has been removed from the government-wide financial statements.

GENERAL OBLIGATION DIRECT PURCHASE BOND PROGRAM

On October 25, 2012, the District converted its outstanding Series 2008 General Obligation Variable Rate Demand Obligations (VRDO), substituting the direct-pay letters of credit with direct purchase obligations. The Series 2008A and Series 2008D Bonds were issued in SIFMA Index mode and the Series 2008C Bonds in LIBOR Index mode as authorized under the Sixth and Seventh Supplemental Trust Indentures, respectively. The Sixth and Seventh Supplemental Indentures are by and between the District of Columbia and Wells Fargo Bank, N.A., as trustee, dated October 1, 2012. Each series had an initial put date by the purchaser of October 26, 2015, as well as additional term out provisions.

On June 26, 2014 the District issued Multimodal General Obligation Bonds, Series 2014A and Multimodal General Obligation Refunding Bonds, Series 2014B, to finance capital projects and currently refund the District's outstanding principal of \$224,300 General Obligation Series 2008C Bonds. The Series 2014A Bonds were issued in SIFMA Index Mode and the Series 2014B Bonds were issued in LIBOR Index mode as authorized under the Eighth Supplemental Indenture by and between the District of Columbia and Wells Fargo Bank, N.A., as trustee, dated June 1, 2014. Each series had an initial put date by the purchaser of June 23, 2017, as well as additional term out provisions.

The Series 2014A and Series 2014B Bonds were initially purchased by Banc of America Preferred Funding Corporation and were held at Banc of America Preferred Funding Corporation as of September 30, 2015.

On October 23, 2014, \$59,930 of General Obligation Direct Purchase Bonds, Series 2008A and \$95,840 of General Obligation Direct Purchase Bonds, Series 2008D were fully refunded by the District of Columbia General Obligation Refunding Bonds, Series 2014D.

NOTE 8. LONG – TERM LIABILITIES

Table N46 provides an overview for each of the direct purchase obligation refunding(s).

Table N46 – General Obligation Direct Purchase Bonds

Series	Par Outstanding (in \$000s)	Final Maturity	Reset Mode/ Payment Frequency	Direct Purchase Bank	Direct Purchase Agreement Date	Direct Purchase Expiration Date
2014A	\$ 99,985	6/1/2039	7-Day Reset / Monthly Pay	Banc of America Preferred Funding Corporation	10/25/2012	6/23/2017
2014B	224,315	6/1/2027	Monthly Reset/Monthly Pay	Banc of America Preferred Funding Corporation	10/25/2012	6/23/2017
Total	\$ 324,300					

D. OTHER LONG-TERM LIABILITIES

Equipment Financing Program

The District began its Master Equipment Lease Purchase Program in 1998 as a means of providing tax-exempt financing for assets with short-term to intermediate-term useful lives. District agencies use this program to procure such items as fire apparatus (trucks) and other emergency medical services equipment (ambulances); trucks and cranes used by the Department of Public Works; vehicles used by the Metropolitan Police Department; and other heavy equipment items.

As of September 30, 2015, the District had financed approximately \$526 million of its capital equipment needs through the Master Equipment Lease Purchase Program since inception, and had approximately \$86.7 million in principal outstanding. Payments are made on a quarterly basis. During the year, the average interest rate used to finance equipment through this program was 2.17%.

Obligation for Unpaid Prizes

The D.C. Lottery and Charitable Games Control Board (the Lottery) is a member of the Multi-State Lottery Association (MUSL), which is responsible for payments to Lotto-America and Powerball winners. MUSL is responsible for providing cash to the Lottery for funding these installment payments.

As of September 30, 2015, MUSL purchased for the Lottery, U.S. government securities totaling \$3,560 to fund future installment payments to winners. The market value of these securities as of September 30, 2015, was \$3,422. The Lottery has reflected the market value of the securities as restricted

investments and as corresponding obligations for unpaid prizes on the statement of net position.

E. COMPONENT UNITS

Washington Convention and Sports Authority (WCSA)

On September 28, 1998, WCSA issued \$524,500 in Senior Lien Dedicated Tax Revenue Refunding Bonds (Series 1998A bonds) to finance the construction of the new Washington Convention Center.

On February 1, 2007, WCSA issued \$492,500 of refunding bonds, Series 2007A Bonds, to refund the Series 1998A Bonds. The refunding bonds have maturities ranging from October 1, 2008 to October 1, 2036 and interest rates ranging from 3.75% to 5%. The net proceeds of these refunding bonds were used to advance refund all of the Series 1998A Bonds in the aggregate principal amount of \$480,600. As a result, the refunded bonds were considered defeased and the liabilities for those were extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was \$10,000.

Between June 2006 and July 2009, the Council passed a series of legislative Acts, which authorized the financing, construction and development of a privately owned and operated headquarters hotel for the Convention Center.

In October 2010, WCSA issued Senior Lien Dedicated Tax Revenue Bonds (Series 2010 Bonds) with face value of \$249,200, with maturities ranging from October 2015 to October 2040, at interest rates ranging from 3.10% to 7.00%. The proceeds are to

NOTE 8. LONG – TERM LIABILITIES

be used to fund as needed a portion of the costs of acquiring, developing, constructing, and equipping the Convention Center Hotel project. A portion of the proceeds was also used to defease to the earliest optional redemption date that portion of WCSA's outstanding Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A maturing on December 1, 2036 in the aggregate principal amount of \$25,400. In addition, net proceeds from the issuance of the Series 2010 Bonds were used to purchase U.S. government securities which were deposited in an irrevocable trust to provide debt service payments until the Series 2007A bonds are called or mature. Consequently, the aggregate principal amount of \$25,400 from Series 2007A Bonds is considered to be defeased and therefore has been removed as a liability from WCSA's financial statements.

Table N47 presents the debt service requirements to maturity for principal and interest for WCSA's outstanding bonds.

Table N47 – Washington Convention and Sports Authority Debt Service Requirements to Maturity

(Dollars in \$000s)			
Washington Convention and Sports Authority			
Year Ending September 30	Principal	Interest	Total
2016	\$ 18,900	\$ 32,165	\$ 51,065
2017	19,760	31,248	51,008
2018	20,655	30,283	50,938
2019	21,600	29,244	50,844
2020	23,425	28,094	51,519
2021-2025	134,740	121,411	256,151
2026-2030	185,085	81,424	266,509
2031-2035	95,320	41,180	136,500
2036-2040	87,670	16,177	103,847
2041	14,645	-	14,645
Total	\$ 621,800	\$ 411,226	\$1,033,026

Housing Finance Agency

The Housing Finance Agency (HFA) issues bonds primarily to finance the Agency's housing programs. Such bonds are collateralized by: (a) mortgage-backed securities in connection with underlying loans; (b) mortgage loans made on the related multi-family developments or single family residential mortgage loans purchased; or (c) investments 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 of the agency and are payable from the revenue and special funds of the applicable indentures. The bonds do not constitute debt of and are not guaranteed by the District or any program of the District. All mortgage revenue bonds for multifamily projects financed to date have been issued by the Agency as standalone pass-through financings with no direct economic recourse to the Agency as issuer.

The provisions of the various bond indentures require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and mortgage-backed securities. All outstanding bonds are subject to redemption at the option of HFA or the borrower, in whole or in part at any time, after certain dates, as specified in the respective bond indentures and bond resolutions, at prescribed redemption prices. The redemption premiums range up to 5.00%. Under the Multi-Family (Conduit Bond) Program, this option generally cannot be exercised until the bonds have been outstanding for ten years as provided in the various indentures. Term bonds are generally subject to redemption, without premium, from mandatory sinking fund payments.

Bond Issuances in Fiscal Year 2015

During fiscal years 2010 through 2014, HFA issued certain multifamily revenue bonds in a draw-down mode. Consequently, out of the total amount of bonds closed, only a portion may get drawn during any given reporting period.

For more information on HFA's long term debt activity during fiscal year 2015, refer to the Agency's separately issued financial statements for that year.

NOTE 8. LONG – TERM LIABILITIES

Table N48 presents the debt service requirements to maturity for principal and interest for the Housing Finance Agency's outstanding bonds.

Table N48 – Housing Finance Agency Debt Service Requirements to Maturity

(Dollars in \$000s)			
Year Ending September 30	Principal	Interest	Total
2016	\$ 34,674	\$ 34,543	\$ 69,217
2017	95,801	33,475	129,276
2018	15,488	32,377	47,865
2019	15,031	31,720	46,751
2020	15,877	31,029	46,906
2021-2025	92,530	143,358	235,888
2026-2030	93,141	121,154	214,295
2031-2035	175,081	90,919	266,000
2036-2040	122,608	64,443	187,051
2041-2045	110,738	41,147	151,885
2046-2050	170,122	10,693	180,815
2051-2055	16,194	618	16,812
2056-2060	396	8	404
Subtotal	957,681	635,484	1,593,165
Add:			
Unamortized Bond Premium - Net	2,337	-	2,337
Total	\$ 960,018	\$ 635,484	\$1,595,502

NOTE 9. RETIREMENT PROGRAMS**A. DEFINED BENEFIT PENSION PLANS**

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

*Civil Service Retirement System***Plan Description**

The District contributes to the CSRS, a defined benefit, contributory retirement system, administered by the federal government's Office of Personnel Management (OPM). Permanent full-time District employees hired before October 1, 1987, except those covered by the District Retirement Funds, are covered by CSRS, which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. In fiscal year 2015, there were

1,863 District employees who were covered by CSRS. The OPM issues a publicly available financial report that includes financial statements and required supplementary information for CSRS, which may be obtained at www.opm.gov.

Funding Policy

CSRS-covered employees contribute 7.00% of their base pay (annual salary) to CSRS and the District matches the contributions made by employees. Contribution requirements of those participating in the CSRS are established (and may be amended) by the OPM. The District contributed 100% of the required amount to the CSRS for each of the past three fiscal years. The District's CSRS contributions for the years ended September 30, 2015, 2014, and 2013, were \$10,240, \$11,030, and \$11,472, respectively.

NOTE 9. RETIREMENT PROGRAMS*Social Security System***Plan Description**

The District also contributes to the federal government's Social Security System, a program that provides benefits for retirement, disability, survivorship, and death, which is funded by dedicated payroll taxes. The Social Security Administration and the U.S. Departments of Health and Human Services, Labor, and the Treasury administer this program. The authority to establish and amend policy and benefit provisions rests with the President and Congress of the United States.

Funding Policy

Consistent with the Federal Insurance Contributions Act (FICA), a 6.20% Social Security tax is to be withheld from the gross salary/wages of District employees, up to but not exceeding the applicable social security wage base, which was \$118,500 (not in thousands) for 2015, in addition to the District's matching contribution of 6.20% FICA taxes on behalf of the District employees. Moreover, the District also pays a 1.45% payroll tax for Medicare with an additional 1.45% being withheld from each employee's salary/wages.

Beginning January 1, 2013, Additional Medicare Tax applies to an individual's Medicare wages that exceed a threshold amount based on the taxpayer's filing status. Employers, including the District, are responsible for withholding the 0.90% Additional Medicare Tax on an individual's wages paid in excess of \$200,000 in a calendar year. An employer is required to begin withholding Additional Medicare Tax in the pay period in which wages paid to an employee in the calendar year exceed \$200,000. 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, 2015 and 2014, were \$81,295 and \$75,062, respectively. In addition, District contributions for Medicare for fiscal years 2015 and 2014 were \$32,470 and \$30,007, respectively.

*District Retirement Funds***General Information about the Pension Plans**

Plan Description: The District of Columbia Retirement Board (DCRB or Board) administers the District Retirement Funds (D.C. Code §4-601, 11-1561, 31-120), which consist of two single-employer defined benefit pension plans, one established for the District's teachers (the District of Columbia Teachers' Retirement Fund or TRF), and the other for the District's police officers and

firefighters (the District of Columbia Police Officers' and Firefighters' Retirement Fund or POFRF). Each plan provides retirement, death and disability benefits, and annual cost of living adjustments to plan members and beneficiaries. Title 38, Chapter 20 of the D.C. Code (D.C. Code § 38-2001, et seq. (2001 ed.)) assigns the authority to establish and amend benefit provisions to the Council of the District of Columbia (the Council) for the Teachers' Plan. Retirement and disability benefit provisions for police and firefighters are established by the Policemen and Firemen's Retirement and Disability Act (D.C. Code §5-701 et seq. (2001 ed.)).

DCRB issues a publicly available financial report which includes financial statements and required supplementary information for the plans. This report can be obtained from the Executive Director, District of Columbia Retirement Board, 900 7th Street, N.W., 2nd Floor, Washington, DC 20001 or online at: <http://dcrb.dc.gov>.

Benefits provided:

- The District of Columbia Teachers' Retirement Fund: Permanent, temporary, part-time and probationary teachers and certain other employees of the District of Columbia public day schools are automatically enrolled in the Teachers' Retirement Fund on their date of employment. Certain D.C. Public Charter School employees are also eligible to participate. D.C. Code § 38-2021.01 et seq. (2001 Ed.) establishes benefit provisions which may be amended by the Council. For employees hired before November 1, 1996, the annual retirement benefit is the average salary, as defined, multiplied by 1.50% for each of the first five years of service, plus 1.75% for each of the second five years; plus 2.00% for each additional year over 10 years. For employees hired on or after November 1, 1996, the annual retirement benefit is the average salary, as defined, multiplied by 2.00% for each year of service. The average salary is the highest average consecutive 36 months of pay.

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

NOTE 9. RETIREMENT PROGRAMS

have five years of school service, may be eligible for retirement at any age with 25 years of service or at age 50 with 20 years of service. An involuntary retirement benefit is reduced if at the time of its commencement the participant is under the age of 55.

- The District of Columbia Police Officers' and Firefighters' Retirement Fund: A participant becomes a member when he/she begins work as a police officer or firefighter in the District. Retirement and disability benefit provisions for District of Columbia police officers and firefighters are established by the "Policemen and Firemen's Retirement and Disability Act" (D.C. Code § 5-701 et seq. (2001 Ed.)).

Members hired before February 15, 1980 are eligible for optional retirement with full benefits at any age with 20 years of departmental service, or for deferred retirement at age 55 with five years of departmental service. The annual basic retirement benefit equals 2.50% of average base pay, which is defined as the highest average consecutive 12 months of base pay, multiplied by departmental service through 20 years; plus 3.00% of average base pay multiplied by average base pay times departmental service over 20 years; plus 2.50% of average base pay multiplied by years of other creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the member's average base pay. Members terminated after five years of police or fire service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Retirement benefits are increased by the same percentage in base pay granted to active participants. Members with a service-related disability receive a disability retirement benefit of 2.50% of average base pay multiplied by the number of years of creditable service. A minimum annual disability retirement benefit of 66.67% of average base pay and a maximum annual disability retirement benefit of 70% of average base pay apply. Members with a non-service related disability and at least five years of departmental service receive a disability retirement benefit of 2.00% of average base pay multiplied by the number of years of creditable service. A minimum annual disability retirement benefit of 40% of average base pay and a maximum annual disability retirement benefit of 70% of average base pay 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 member's average base pay. Members separated from the Police or Fire Department after five years of departmental service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired or terminated vested members. Members who retired after February 15, 1980 receive annual benefit increases proportional to changes in the Consumer Price Index.

Members hired on or after November 10, 1996 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 creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the average base pay. Members separated after five years of departmental service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Members receive annual benefit increases proportional to changes in the Consumer Price Index, however, the increase is capped at 3.00%. Members with a service-related disability receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 40% of base pay applies. Members with a non-service related disability and at least five years of departmental service receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 30% of base pay applies.

Table N49a presents the number of plan members that were covered by the benefit terms as of September 30, 2014 and 2015.

NOTE 9. RETIREMENT PROGRAMS

Table N49a – District Retirement Funds’ Plan Members Covered by Benefit terms

TRF *	2015	2014
Inactive plan members (Retirees and survivors receiving benefits - post June 30, 1997)	3,718	3,601
Active plan members	4,866	4,499
Vested Terminations	1,152	969
Total	9,736	9,069
POFRF *	2015	2014
Inactive plan members (Retirees and survivors receiving benefits - post June 30, 1997)	2,609	2,365
Active plan members	5,537	5,551
Vested Terminations	319	257
Total	8,465	8,173

* Numbers not in thousands

Contributions: The District is required to contribute the amounts necessary to finance the Plan benefits of its members through annual contributions at actuarially determined amounts in accordance with the provisions of the Replacement Act. The amount of the District contributions for fiscal years 2015 and 2014 were equal to the amounts computed, if any, by the District of Columbia Retirement Board’s independent actuary. **Table N49b** presents required amounts contributed by the District to the District Retirement Funds for fiscal years 2015 and 2014. Plan members contribute by salary deductions at rates established by D.C. Code § 5-706 (2001 Ed.). Members contribute 7.00% (or 8.00% for Teachers, Police Officers and Firefighters hired on or after November 1, 1996 and November 10, 1996, respectively) of annual gross salary, including any differential for special assignment and longevity, but excluding overtime, holiday, or military pay. Contribution requirements of members are established by D.C. Code § 5-706 and requirements for District of Columbia government contributions to the Fund are established by D.C. Code § 1-907.02 (2001 Ed.), which may be amended by the Council.

Table N49b - District Retirement Funds’ Contributions

Fiscal Year Ended	(in \$000s)	
	TRF	POFRF
9/30/2015	\$ 39,513	\$ 103,430
9/30/2014	31,636	110,766

Net Pension Liability

The District’s net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014. **Table N50** presents the aggregate amounts of the District Retirement Funds as of September 30, 2015.

Table N50 – District Retirement Funds’ Aggregate Amounts

Description	(in \$000s)	
	TRF	POFRF
Total pension liabilities	\$ 1,950,811	\$ 4,383,413
Pension net position	1,670,638	4,461,998
Deferred outflows of resources	146,989	386,434
Deferred inflows of resources	6,863	2,347
Pension expense	69,489	228,023
Net pension liabilities (Assets)	280,173	(78,585)

Actuarial Assumptions: The total pension liability was determined based on an actuarial valuation as of October 1, 2014, then updated using actuarial assumptions presented in **Table N51**, applied to all periods included in the measurement and rolled forward to the measurement date of September 30, 2015. **Table N51** presents the actuarial assumptions used to determine the total pension liability.

NOTE 9. RETIREMENT PROGRAMS**Table N51 – Summary of Actuarial Assumptions Used to Determine Total Pension Liability**

	TRF	POFRF
Inflation	3.50%	3.50%
Salary increases	4.45 - 8.25%, including wage inflation of 4.25 percent	4.25 - 9.25%, including wage inflation of 4.25%
Investment rate of return	6.50%, net of pension plan investment expense, and including inflation	6.50%, net of pension plan investment expense, and including inflation
Mortality	Pre-retirement and post-retirement mortality rates were based on the RP 2000 Combined Mortality Table projected to 2015 with Projection Scale AA set back three years for females. Post-disability mortality rates were based on the RP 2000 Disabled Mortality Table set back 1 year for males and set back 5 years for females.	Pre-retirement and post-retirement mortality rates were based on the RP 2000 Combined Mortality Table projected to 2015 with Projection Scale AA set forward 1 year for females.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of the most recent actuarial experience study for the period October 1, 2006 to September 30, 2010, dated November 7, 2011.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net

of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. **Table N52** presents target allocation and best estimates of arithmetic real rates of return for each major asset class.

Table N52 – Summary of Target Allocation and Long-Term Expected Real Rate of Return by Asset class

Asset Class	District Retirement Funds	
	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.00%	5.10%
Foreign Equity (Developed)	20.00%	5.00%
Foreign Equity (Emerging)	8.00%	6.90%
Investment Grade Bonds	15.00%	0.20%
TIPs	3.00%	1.40%
High Yield Bonds	3.00%	3.70%
Foreign Bonds (Developed)	2.00%	1.00%
Emerging Markets Debt (Local)	2.00%	3.50%
Real Estate	5.00%	4.60%
Infrastructure	2.00%	5.70%
Private Equity	8.00%	7.30%
Hedge Funds	10.00%	3.40%
Total	100%	

Discount Rate: The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the District contributions will be made in accordance with the Board's funding policy adopted in 2012. Based on those assumptions, the pension

plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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 9. RETIREMENT PROGRAMS

Table N53 presents changes in the District's Net Pension Liability for the year ended September 30, 2015.

Table N53 – Changes in Net Pension Liability

	Increase (Decrease)					
	(in \$000s)					
	Teachers' Retirement Fund			Police Officers' and Firefighters' Retirement Fund		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 9/30/14	\$ 1,856,034	\$ 1,745,961	\$ 110,073	\$ 4,000,863	\$ 4,588,129	\$ (587,266)
Changes for the year						
Service Cost	53,297	-	53,297	192,114	-	192,114
Interest	118,378	-	118,378	257,943	-	257,943
Difference between expected and actual experience	(7,246)	-	(7,246)	(2,477)	-	(2,477)
Contributions - employer	-	39,513	(39,513)	-	103,430	(103,430)
Contributions - employees	-	31,621	(31,621)	-	33,679	(33,679)
Net Investment Income	-	(72,647)	72,647	-	(187,283)	187,283
Benefit payments including refunds of employee contributions	(69,652)	(69,652)	-	(65,030)	(65,030)	-
Administrative Expenses	-	(4,543)	4,543	-	(11,939)	11,939
Other Income	-	385	(385)	-	1,012	(1,012)
Net Changes	94,777	(75,323)	170,100	382,550	(126,131)	508,681
Balances at 9/30/15	\$ 1,950,811	\$ 1,670,638	\$ 280,173	\$ 4,383,413	\$ 4,461,998	\$ (78,585)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: Table N54 presents the net pension liability of the Plans, for TRF and POFRF, respectively, calculated using the discount rate of 6.50%, as well as the

Plans' net pension liability, calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

Table N54 – Sensitivity of Net Pension Liability to Changes in the Discount Rate

	(in \$000s)		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Teachers' Plan's Net Pension Liability (Asset)	\$ 598,302	\$ 280,173	\$ 23,315
Police Officers' and Firefighters' Plan's Net Pension Liability (Asset)	\$ 698,746	\$ (78,585)	\$ (704,007)

Pension Plans Fiduciary Net Position: Detailed information about the Plans' fiduciary net position is available in the separately issued District Retirement Funds financial statements and required supplementary information issued by the District of Columbia Retirement Board.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: For the year ended September 30, 2015, the District recognized pension expense of \$69,489 and \$228,023 for TRF and POFRF, respectively. Table N55 presents deferred outflows of resources and deferred inflows of resources related to pensions as of September 30, 2015.

NOTE 9. RETIREMENT PROGRAMS**Table N55 – District Retirement Funds’ Deferred Outflows of Resources and Deferred Inflows of Resources**

	(in \$000s)			
	TRF		POFRF	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,863	\$ -	\$ 2,347
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on plan investments	146,989	-	386,434	-
Total	\$ 146,989	\$ 6,863	\$ 386,434	\$ 2,347

Table N56 presents deferred outflows of resources and deferred inflows of resources that will be recognized in pension expenses in future periods.

Table N56 – Schedule of Future Pension Expenses

Year ended September 30:	(in \$000s)	
	TRF	POFRF
2016	\$ 34,327	\$ 96,239
2017	34,327	96,239
2018	35,132	96,239
2019	36,340	96,239
2020	-	(322)
2021-2022	-	(547)

Payable to the Pension Plans

The District’s contributions for fiscal years 2015, 2014, and 2013 were equal to the fund’s independent actuary’s recommendation; therefore, there were no outstanding amounts due to the plans as of September 30, 2015.

B. DEFINED CONTRIBUTION PENSION PLAN**Plan Description**

Under the provisions of D.C. Code §1-627, the District sponsors a defined contribution pension plan with a qualified trust under Internal Revenue Code (IRC) Section 401(a) for permanent full-time employees covered under the Social Security System. In fiscal year 2015, there were 16,462 employees participating in the Section 401(a) plan. New hires 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, 2015, 2014, and 2013, District contributions to the plan were \$54,174, \$50,274, and \$44,884, respectively.

This plan also covers employees of the D.C. Housing Authority and the Health Benefit Exchange Authority, while the employees of the Housing Finance Agency, Washington Convention and Sports Authority, the University of the District of Columbia, and the Not-for-Profit Hospital Corporation are covered under separate defined contribution plans.

C. DEFERRED COMPENSATION PLANS**Internal Revenue Code Section 403(b) Plan**

The District sponsors an annuity purchase plan (D.C. Code §31-1252) with insurance companies and other issuers in accordance with IRC Section 403(b) for public teachers covered by the District Retirement Program. The District does not contribute to this plan and has no liability to the plan. Under this annuity purchase plan, eligible employees were able to defer up to \$18 (\$18 thousand) of their annual compensation for calendar year 2015. Employees with 15 years of service or more were

NOTE 9. RETIREMENT PROGRAMS

able to defer an additional amount, not to exceed the lesser of: (a) \$3 (\$3 thousand) in additional contributions; (b) \$15 (\$15 thousand) reduced by amounts contributed under this special provision in prior years; or (c) \$5 (\$5 thousand) 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 (\$6 thousand) in 2015. District employees contributed \$18,728 to this annuity plan in fiscal year 2015. 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 (D.C. Code §47-3601) created in accordance with IRC Section 457. Employees, including teachers, were able to defer the lesser of \$18 (\$18 thousand) or 100% of includable compensation in calendar year 2015. 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, \$36 (\$36 thousand); or (b) the annual contribution limit for the year plus underutilized amounts from prior taxable years. An additional deferral of \$6 (\$6 thousand) is available to participants who are at least 50 years old before the end of the calendar year.

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, 2015, there were 10,586 employees participating in the Section 457 plan. District employees contributed \$48,744 to this plan in fiscal year 2015. Contributions are not assets of the District, and the District has no further liability to the plan.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Information on the District’s Postretirement Health and Life Insurance Benefit Plan is provided below.

a) Plan Description:

The District of Columbia Postretirement Health and Life Insurance Benefit Plan (the 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 Plan is administered as an irrevocable trust through which assets are accumulated and benefits are paid as they become due in accordance with the substantive plan. All employees hired after September 30, 1987, and employees who retire under the Teachers Retirement System and Police and Firefighters Retirement System or who are eligible for retirement benefits under the Social Security Act, are eligible to participate in the Plan. The Plan provides medical care and life insurance benefits to eligible employees. D.C. Code §1-621.09 authorizes the Mayor to determine the amount of 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 Plan’s administrators issue a publicly available

financial report that includes financial statements and required supplementary information for the Plan. This report may be obtained from the following location:

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

State Street serves as the Master Custodian for the OPEB Trust Fund and as an independent source, provides information on investment transactions, thereby confirming or disputing information provided by the Plan’s investment managers.

b) Summary of Significant Accounting Policies

The Plan’s financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. District contributions to the plan are recognized when due and the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Plan’s administrative costs are paid by the District.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Investments are reported at fair value with realized and unrealized gains and losses included in the Statement of Changes in Plan Net Position. Fair value of marketable securities is based on quoted market price, dealer quotes, and prices obtained from independent pricing sources. Securities for which market quotations are not readily available are valued at their fair value, as determined by the custodian under the direction of the plan or fund, with the assistance of a valuation service.

c) **Funding Policy**

The contribution requirements of plan members and the District are established by the Mayor and the Council of the District of Columbia. The Mayor and Council may also amend contribution requirements. The first actuarial valuation of the plan's assets and liabilities using GASB Statement No. 43 parameters was performed in fiscal year 2007, and the District began paying contributions based on an actuarially determined valuation using the parameters of GASB 45 in fiscal year 2008, as presented in the Schedule of Employer Contributions.

For fiscal year 2015, the District contributed \$91.4 million to the plan and retiree (participant) contributions totaled \$410,780 (\$410.8 thousand). Cost sharing arrangements for annuitants vary depending on whether the employee was a General Employee, Teacher, Police Officer or Firefighter. For General Employees and Teachers, annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 75%, reduced by an additional 2.50% for each year of creditable service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 30 or more years of creditable District service, the District pays 75% of the cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan.

Covered family members of General Employee and Teacher annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the covered family member is 80%, reduced by an additional 1.00% for each year of creditable District service

over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 40% of the cost of the selected health benefit plan for covered family members of an annuitant with 30 or more years of creditable District service and the family members of an annuitant with 30 or more years of creditable District service pays up to 60% of the cost of the selected health benefit plan.

For Police Officers and Firefighters, annuitants with at least 10 years of creditable District service but less than 25 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 70%, reduced by an additional 3.00% for each year of creditable service over 10 years up to a maximum of 15 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 25 or more years of creditable District service or police officer or firefighter annuitants who are injured in the line of duty, the District pays 75% of cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan. Special rules apply for Police and Firefighters who were hired before November 10, 1996.

Covered family members of Police Officers and Firefighter annuitants with at least 10 years of creditable District service but less than 25 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the covered family members is 75%, reduced by an additional 3.00% for each year of creditable District service over 10 years. However, the portion paid by the covered family member is never less than 40%, and the District's contribution shall not exceed 60% of the cost of the selected health benefit plan; the family member pays 40% of the cost of the selected health benefit plan for covered family members of police officer or firefighters who were hired before November 10, 1996.

The participant pays \$.0455 per \$1,000 (\$1 thousand) of life insurance coverage until age 65 for the 75% reduction option, with no contributions required thereafter. Participants can also elect a 50% or 0% reduction of life insurance benefits, which require additional contributions.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**d) Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the District's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities

(or funding excess) over a period not to exceed thirty years.

Table N57 presents the actuarial assumptions used in determining the District's annual required contribution. **Table N58** presents the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB asset or obligation to the plan.

Table N57 – Actuarial Assumptions Used in Developing Annual Required Contribution to OPEB Plan

Valuation Date	September 30, 2014 (projected from September 30, 2012 census)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	28 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Discount Rate	7.00%
Rate of Salary Increases	3.75% (plus merit scale)
Rate of Medical Inflation	8.00% (pre-Medicare) or 6.50% (post-Medicare), grading to 4.00% over 70 years

Table N58 – Annual OPEB Cost, Actual Plan Contributions, and Changes in Net OPEB Obligations

	FY 2015 (in \$000s)	FY 2014 (in \$000s)	FY 2013 (in \$000s)
Annual required contribution	\$91,400	\$86,600	\$85,200
Interest on net OPEB obligation	\$700	\$700	\$2,200
Adjustment to annual required contribution	(\$700)	(\$600)	(\$1,900)
Annual OPEB cost (expense)	\$91,400	\$86,700	\$85,500
Contributions made	\$91,400	\$86,600	\$107,800
Change in net OPEB asset/(obligation)	\$0	(\$100)	\$22,300
Net OPEB asset/(obligation) – beginning of year	(\$10,006)	(\$9,906)	(\$32,206)
Net OPEB asset/(obligation) – end of year	(\$10,006)	(\$10,006)	(\$9,906)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two preceding years are shown in **Table N59**.

Table N59 - Annual OPEB Cost, Percentage of Annual OPEB Cost Contributed, Net OPEB Obligation (Fiscal Years 2013 through 2015)

Fiscal Year Ended	Annual OPEB Cost (millions)	% Of Annual OPEB Cost Contributed	Net OPEB Obligation (millions)
09/30/15	\$91.4	100%	\$10
09/30/14	\$86.7	99.90%	\$10
09/30/13	\$85.5	126.10%	\$9.9

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**e) Funded Status and Funding Progress**

Using the most recent (September 30, 2014) actuarial valuation results, the September 30, 2014 estimated actuarial liability is \$1,188,300 and the actuarial value of the assets is \$1,036,600 resulting in an estimated unfunded actuarial accrued liability (UAAL) of \$151,700. The estimated covered payroll is \$1,484,300 and the ratio of the unfunded liability to covered payroll is 10.20%. The Plan is 87.20% funded.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The actual performance of the Fund's investments was unfavorable in comparison to the projected rate of return of 7.00% used in the actuarial valuation. The Fund as a whole had a negative rate of return of -5.24% with net investment loss of (\$59,588) during fiscal year 2015.

f) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Entry Age Normal Actuarial cost method was used to prepare the September 30, 2014 actuarial valuation. The actuarial assumptions included a 7.00% investment rate of return, a discount rate of 7.00%; a 3.75% salary increase and a medical trend rate ranging between 8.00% (pre-Medicare) and 6.50% (post-Medicare) grading to 4.00% over 70 years. Fixed dollar amounts in the health care benefits (deductibles, co-pays, benefit maximums, etc.) are assumed to increase periodically to keep pace with the medical trend. The amortization method applied was the Level Percent Closed Method. The remaining amortization period as of September 30, 2014, was 28 years and the asset valuation method used was Market Value.

NOTE 11. FUND BALANCE/NET POSITION

Fund balances as of September 30, 2015, are shown in Table N60a.

Table N60a – Schedule of FY 2015 Fund Balance

	(Dollars in \$000s)					
	General Fund	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable						
Inventory	\$ 12,734	\$ 3,752	\$ -	\$ -	\$ -	\$ 16,486
Total Nonspendable Fund Balance	<u>12,734</u>	<u>3,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,486</u>
Restricted for:						
Emergency and Contingency Cash Reserves	366,249	-	-	-	-	366,249
Debt Service - Bond Escrow	397,557	-	-	-	-	397,557
Budget	24,598	-	-	-	-	24,598
Purpose Restrictions	144,146	163,463	-	-	-	307,609
Payment-in-Lieu of Taxes	-	-	-	-	124,202	124,202
Tobacco Settlement	-	-	-	-	81,309	81,309
Capital Projects	-	-	-	35,805	-	35,805
FEMS Settlement	47,000	-	-	-	-	47,000
Tax Increment Financing Program	23,747	-	-	-	60,975	84,722
Housing Production Trust	-	-	185,496	-	-	185,496
Highway Projects	-	-	-	-	66,515	66,515
Baseball Special Revenue	-	-	-	-	104,107	104,107
Soccer Stadium	23,099	-	-	-	-	23,099
Total Restricted Fund Balance	<u>1,026,396</u>	<u>163,463</u>	<u>185,496</u>	<u>35,805</u>	<u>437,108</u>	<u>1,848,268</u>
Committed to:						
Fiscal Stabilization Reserve	174,856	-	-	-	-	174,856
Cash Flow Reserve	443,763	-	-	-	-	443,763
Budget Support Act	10,216	-	-	-	-	10,216
Commodities Cost Reserve	19,477	-	-	-	-	19,477
Dedicated Taxes	23,417	-	-	-	-	23,417
WMATA Operations Fund	57,477	-	-	-	-	57,477
Subsequent Years Expenditures	184,110	-	-	-	-	184,110
Other Special Purposes	133,789	-	-	-	-	133,789
Total Restricted Fund Balance	<u>1,047,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,047,105</u>
Assigned to:						
Contractual Obligations	17,760	-	-	-	-	17,760
FY 15/16 Supplemental	28,288	-	-	-	-	28,288
Subsequent Years' Expenditures	34,779	-	-	-	-	34,779
	<u>80,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,827</u>
Total Fund Balance	<u>\$ 2,167,062</u>	<u>\$ 167,215</u>	<u>\$ 185,496</u>	<u>\$ 35,805</u>	<u>\$ 437,108</u>	<u>\$ 2,992,686</u>

NOTE 11. FUND BALANCE/NET POSITION

Net position as of September 30, 2015, is shown in Table N60b.

Table N60b – Schedule of FY 2015 Net Position, Proprietary and Fiduciary Funds

	(Dollars in \$000s)		
	Lottery & Games	Unemployment Compensation Fund	Fiduciary Funds
Net Position			
Invested in capital assets	\$ 169	\$ -	\$ -
Restricted	-	312,483	7,594,743
Unrestricted	4,271	-	-
Total Net Position	\$ 4,440	\$ 312,483	\$ 7,594,743

NOTE 12. JOINT VENTURE AND TRANSACTIONS WITH COMPONENT UNITS**A. WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

The Washington Metropolitan Area Transit Authority (WMATA) was created by an Interstate Compact between Maryland, Virginia and the District of Columbia, pursuant to Public Law 89-774. The District's commitment or obligation to provide financial assistance to WMATA is established by annual appropriations, as approved by Congress. The District supports WMATA through operating, debt service, and capital grants. The District places the amounts to be provided to WMATA in an escrow account until such time when the funds are drawn down for use by WMATA. Operating grants may be in the form of operating and interest subsidies. WMATA records the District's operating grants as advanced contributions when received and as non-operating revenues when the related expenses are incurred. WMATA recognizes the District's capital grants as additions to construction in progress and investment in capital assets when the grant resources are expended for capital acquisitions. A summary of the grants provided to WMATA during the year ended September 30, 2015, is shown in Table N61a.

Table N61a – Summary of Grants Provided to WMATA

	(Dollars in \$000s)	
Type	Local	Capital
Operating grants	\$322,215	\$ -
School Transit Subsidy	13,488	-
Capital grants	-	139,230
Total	\$335,703	\$139,230

WMATA issues separate audited financial statements which can be requested from the General Manager, Washington Metropolitan Area Transit Authority, 600 5th Street, N.W., Washington, DC 20001. Table N61b presents information that allows financial statement users to assess whether WMATA is accumulating significant financial resources or experiencing fiscal stress that may cause additional financial benefits or burden to the District and other participating governments.

Table N61b – Summary of Financial Statements for WMATA as of and for the year ended June 30, 2015**Financial Position (in \$000s)**

Total assets	\$ 13,309,235
Total deferred outflows of resources	230,235
Total liabilities	(2,986,268)
Total deferred inflows of resources	(333,694)
Net position	\$ 10,219,508

Operating Results (in \$000s)

Operating revenues	\$ 898,644
Operating expenses	(2,547,453)
Nonoperating revenues, net	844,335
Revenue from capital contributions	4,138,387
Change in net position	\$ 3,333,913

Change in Net Position (in \$000s)

Net position, beginning of year (Restated)	\$ 6,885,595
Change in net position	3,333,913
Net position, end of year	\$ 10,219,508

NOTE 12. JOINT VENTURE AND TRANSACTIONS WITH COMPONENT UNITS

B. SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS

During fiscal year 2015, the most significant transactions between the District and its component units were in the form of subsidies. The amount of subsidies, including capital contributions paid by the District to its component

units were as follows: Washington Convention and Sports Authority, \$116,448; Not-for-Profit-Hospital Corporation, \$27,792; and the University of the District of Columbia, \$116,237. The District did not provide subsidies to the Health Benefit Exchange Authority and the Housing Finance Agency.

NOTE 13. TRANSACTIONS WITH THE FEDERAL GOVERNMENT

A. FEDERAL CONTRIBUTION

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, 2015, totaled \$554,342, comprised of \$487,492 in on-behalf payments to the DC Federal Pension fund and \$66,850 as contribution to cover costs imposed by the Federal Government.

D. GRANTS

In addition to SNAP, the District participates in a number of programs which are funded by the federal government through formula and project grants, direct and guaranteed loans, direct payments for specified and unrestricted use, and other pass-through grants.

The federal government also provides capital grants, which are used for the purchase or construction of capital assets. Federal grants and contributions are shown by function on the government-wide financial statements.

B. EMERGENCY PREPAREDNESS

The District, as the nation's capital, serves as the command post and the source of first response to any national threat or terrorist act against the nation. As of September 2015, the District received \$155,900 in federal funding for emergency preparedness. This funding was provided by the federal government to assist the District in preparing for response to potential terrorist threats or other attacks. Since 2002, the District had expended a total of \$152,262 or 98% of the federal funding received for purposes of emergency preparedness. The District did not expend any additional amounts of federal funding for such purposes during fiscal year 2015.

C. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

The District participates in the federal government's Supplemental Nutrition Assistance Program (SNAP) (food stamp program), which is designed to increase the food purchasing power of economically disadvantaged residents. SNAP expenditures totaled \$222,659 and \$223,987 in fiscal years 2014 and 2015, respectively.

NOTE 14. LEASES**A. CAPITAL LEASES**

The District leases buildings and equipment under various agreements that are accounted for as capital leases with varying terms. Capital lease commitments are recorded in the government-wide financial statements.

Capital lease payments are classified as debt service expenditures in the governmental funds. Such expenditures totaled \$3,057 in fiscal year 2015.

B. OPERATING LEASES

Operating leases are not recorded in the statement of net position. These leases contain various renewal options, the effects of which are reflected in the minimum lease payments only if the options will be exercised. Certain other operating leases contain escalation clauses and contingent rentals that are not included in the calculation of the future minimum lease payments. Operating lease expenditures recorded in governmental funds totaled \$132,648 in fiscal year 2015.

C. SCHEDULE OF FUTURE MINIMUM LEASE COMMITMENTS

Table N62 shows the present value of future minimum lease payments under capital leases and minimum lease payments for all operating leases having non-cancelable terms in excess of one year as of September 30, 2015.

Table N62 – Schedule of Future Minimum Lease Payments

Year Ending September 30	(Dollars in \$000s)		
	Primary Government		
	Capital	Operating Leases	
	Leases	Facilities	Equipment
2016	\$ 3,507	\$ 85,858	\$ 3,249
2017	1,874	79,203	2,141
2018	-	77,900	1,125
2019	-	70,379	964
2020	-	63,139	53
2021-2025	-	227,259	-
2026-2030	-	45,165	-
2031-2035	-	11,306	-
2036-2040	-	1,027	-
2041-2045	-	973	-
2046-2049	-	927	-
Minimum lease payments	\$ 5,381	\$ 663,136	\$ 7,532
Less - imputed interest	(276)		
Present value of payments	\$ 5,105		

NOTE 15. COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District pays all claim settlements and judgments from its general fund resources and reports all of its risk management activities as governmental activities in the government-wide financial statements. Claim expenditures and liabilities are reported in the government-wide financial statements when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated, and reported in the general fund when due and payable. These losses include an estimate of claims that have been incurred but not reported.

B. GRANTS AND CONTRACTS

The District has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the District. The audits of these federally assisted programs have not been conducted for the year ended September 30, 2015. As such, the District's compliance with applicable grant and federal requirements will be assessed and established at some future date. Based on prior experience and resolutions reached with grantor agencies, the District determined that as of September 30, 2015, probable cumulative expenditures that may be disallowed by grantor agencies totaled \$70,000. Accordingly, an accrual for such expenditures has been recorded in the government-wide financial statements.

C. CONTINGENCIES RELATED TO DERIVATIVE INSTRUMENTS

All of the District's derivative instruments, except the rate cap, include provisions that require the District to post collateral in the event its credit rating falls below AA as issued by Fitch Ratings and Standard and Poor's or Aa as issued by Moody's Investors Service. The collateral posted is to be in the form of U.S. treasury securities in the amount of the fair value of hedging derivative instruments in liability positions net of the effect of applicable netting arrangements. If the District does not post collateral, the hedging derivative instrument may be terminated by the counterparty. As of September 30, 2015, the aggregate fair value of all hedging derivative instruments with these collateral posting provisions was

(\$53,571) as indicated in **Table N8**. The District's general obligation credit rating is AA/Aa1/AA; therefore, no collateral had been posted as of September 30, 2015.

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, 2015.

The accrued liability is based on estimates of the payments that will be made upon judgment or resolution of the claim. This accrued amount is the minimum amount in the range of estimates that have the same probability of occurrence. The sum of the amount in excess of the minimum range of probable losses and the amount of the minimum range of losses that are reasonably possible which are not accrued is estimated to be \$54,050.

In fiscal year 2015, there was a \$15,190 net reduction in the accrual related to pending or unresolved property tax appeals made by District property owners in fiscal year 2015.

A summary of the changes in the accrued liability for claims and judgments reported in the government-wide financial statements is shown in **Table N63**.

Table N63 - Summary of Changes in Claims and Judgments Accrual

Description	(Dollars in \$000s)	
	Fiscal Year 2015	Fiscal Year 2014
Liability at October 1	\$ 159,192	\$ 207,481
Add: Claims incurred		
Lawsuits	80,565	22,278
Property tax appeals	33,175	19,777
Less: Claims payments/adjustments		
Lawsuits	(23,258)	(64,986)
Property tax appeals	(48,365)	(25,358)
Liability at September 30	\$ 201,309	\$ 159,192

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 (CMPA). This program, which covers all District employees hired under the authority of CMPA, provides compensation for lost wages, medical expenses, and other limited rehabilitation expenses to eligible employees and/or their dependents, where a work-related injury or illness results in disability or death. The benefits are funded on a pay-as-you-go basis. The present value discounted at 1.75% of projected disability compensation is accrued in the government-wide financial statements.

A summary of changes in this accrual is shown in **Table N64**.

Table N64 – Summary of Changes in Disability Compensation Accrual

Description	(Dollars in \$000s)	
	Fiscal Year 2015	Fiscal Year 2014
Liability at October 1	\$ 129,001	\$ 129,251
Claims incurred/adjustments	20,389	19,411
Less-benefit payments	(21,853)	(19,661)
Liability at September 30	<u>\$ 127,537</u>	<u>\$ 129,001</u>

NOTE 16. SUBSEQUENT EVENTS**A. TAX REVENUE ANTICIPATION NOTES**

In December 2015, the District issued \$250,000 in General Obligation Tax Revenue Anticipation Notes (TRANs). The issuance of such notes is a short term financing method used to provide for seasonal cash flow needs. Proceeds from this issuance are to be used to finance general governmental expenses of the District in anticipation of the collection or receipt of revenues for fiscal year 2016.

The TRANs are general obligations of the District secured by the District's full faith and credit and are payable from all funds of the District not otherwise legally committed. In addition, the TRANs constitute continuing obligations until paid in accordance with their terms. The District has covenanted to deposit certain receipts into a TRANs Escrow Account, a segregated special purpose account, for the purpose of paying the principal of and interest on the TRANs when due.

Under the TRANs Escrow Agreement, the District is to make deposits into the TRANs Escrow Account in accordance with the following schedule:

Date of Deposit	Amount of Deposit
September 1, 2016	20% of the outstanding principal amount
September 21, 2016	60% of the outstanding principal amount
September 29, 2016	20% of the outstanding principal amount, plus 100% of accrued interest to maturity

The TRANs were issued as fixed rate notes with an interest rate of 1.50%, and will mature on September 30, 2016.

B. INCOME TAX SECURED REVENUE REFUNDING BONDS

In November 2015, the District issued \$95,575 in Income Tax Secured Revenue Refunding Bonds, Series 2015A. The proceeds of the Series 2015A Bonds were used to: (a) currently refund \$39,900 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011B (Adjusted SIFMA Rate) maturing on December 1, 2015, (b) currently refund \$55,220 of the District's Income Tax Secured Revenue Refunding, Series 2011E (Adjusted SIFMA Rate) maturing December 1, 2015 and (c) pay the costs and expenses of issuing and delivering the Series 2015A Bonds.

The Series 2015A Bonds bear interest at a variable rate equal to the Adjusted SIFMA rates, which equal the SIFMA rate plus 0.12% (12 basis points).

NOTE 16. SUBSEQUENT EVENTS

C. COMPONENT UNITS

Housing Finance Agency

Subsequent to the end of fiscal year 2015, the following events occurred at the Housing Finance Agency (HFA):

Multifamily (Conduit Bond) Program, New Issuances:

- On October 20, 2015, \$19,500 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2015 were issued in a draw-down mode to finance the Atlantic Gardens Project.
- On October 20, 2015, \$12,600 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2015 were issued in a draw-down mode to finance the Atlantic Terrace Project.
- On October 30, 2015, \$17,700 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2015 were issued in a draw-down mode to finance the SOME Conway Center FA Project.
- On October 30, 2015, \$8,300 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2015 were issued to finance the SOME Conway Center TTEE Project.
- On December 21, 2015, \$6,550 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2015 were issued in draw-down mode to finance the Bowen Flats Project.
- Between October 1, 2015 and January 15, 2016, \$43,856 in multifamily mortgage revenue bonds were issued through draws on the draw-down bonds.

Single Family New Issue Bond Program Redemptions and Maturities:

- On December 1, 2015, \$80 in District of Columbia Housing Finance Agency Collateralized Single Family Housing Revenue Bonds 1988 Series E-4 were redeemed through prepayments.
- On December 1, 2015, \$3,245 in 1996 Single Family Revenue Bonds were redeemed.

- On December 1, 2015, \$110 in District of Columbia Housing Finance Agency Single Family Housing Revenue Bonds, Series 2009 A-1 were redeemed through sinking fund maturity and \$760 were redeemed through prepayments.

Multifamily New Issue Bond Program Redemptions and Maturities:

- Between October 1, 2015 and December 1, 2015, \$1,315 in Multifamily NIBP mortgage revenue bonds were redeemed.

Multifamily (Conduit Bond) Program, Redemptions and Maturities:

- Between October 1, 2015 and January 15, 2016, \$30,269 in multifamily mortgage revenue bonds were redeemed or matured.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Teachers' Retirement Fund
Last Ten Fiscal Years
(\$000s)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 39,513	\$ 31,636	\$ 6,407	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 14,600	\$ 15,500
Contributions in relation to the actuarially determined contribution	39,513	31,636	6,407	-	-	-	-	6,000	14,600	15,500
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 417,090	\$ 378,926	\$ 369,071	\$ 381,235	\$ 384,455	\$ 337,516	\$ 336,600	\$ 359,100	\$ 349,900	\$ 322,300
Contributions as a percentage of covered-employee payroll	9.47%	8.35%	1.74%	0.00%	0.00%	0.00%	0.00%	1.67%	4.17%	4.81%

Notes to Schedule:

Valuation date:

Actual contributions are based on valuations as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	7-year smoothed market
Inflation	3.50%
Salary increases	4.45% to 8.25%, including wage inflation of 4.25%
Investment rate of return	6.50%, net of pension plan investment expense, and including inflation
Cost of Living Adjustments	3.50% (Limited to 3.0% for those hired after 11/1/1996)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Police and Firefighters' Retirement Fund
Last Ten Fiscal Years
(\$000s)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 103,430	\$ 110,766	\$ 96,314	\$ 116,700	\$ 127,200	\$ 132,300	\$ 106,000	\$ 137,000	\$ 140,100	\$ 117,500
Contributions in relation to the actuarially determined contribution	\$ 103,430	\$ 110,766	\$ 96,314	\$ 116,700	\$ 127,200	\$ 132,300	\$ 106,000	\$ 137,000	\$ 140,100	\$ 117,500
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 446,201	\$ 426,135	\$ 413,380	\$ 414,877	\$ 421,221	\$ 423,854	\$ 436,100	\$ 421,950	\$ 396,300	\$ 351,000
Contributions as a percentage of covered-employee payroll	23.18%	25.99%	23.30%	28.13%	30.20%	31.21%	24.31%	32.47%	35.35%	33.48%

Notes to Schedule:

Valuation date:

Actual contributions are based on valuations as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	7-year smoothed market
Inflation	3.50%
Salary increases	4.25% to 9.25%, including wage inflation of 4.25%
Investment rate of return	6.50%, net of pension plan investment expense, and including inflation
Cost of Living Adjustments	3.50% (Limited to 3.0% for those hired after 11/10/1996)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Teachers' Retirement Fund

Last Two Fiscal Years

(\$000s)

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 53,297	\$ 50,409
Interest	118,378	112,204
Benefit changes	-	-
Difference between expected and actual experience	(7,246)	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(69,652)	(65,622)
Net change in total pension liability	94,777	96,991
Total pension liability - beginning	1,856,034	1,759,043
Total pension liability - ending (a)	<u>\$ 1,950,811</u>	<u>\$ 1,856,034</u>
Plan fiduciary net position		
Contributions-District Government	\$ 39,513	\$ 31,636
Contributions-District employees	31,621	28,751
Net investment (loss) income	(72,647)	132,086
Benefit payments, including refunds	(69,652)	(65,622)
Administrative expenses	(4,543)	(3,787)
Other income	385	522
Net change in plan fiduciary net position	(75,323)	123,586
Plan fiduciary net position-beginning	1,745,961	1,622,375
Plan fiduciary net position-ending (b)	<u>\$ 1,670,638</u>	<u>\$ 1,745,961</u>
Net pension liability-ending (a) - (b)	<u>\$ 280,173</u>	<u>\$ 110,073</u>
Plan fiduciary net position as a percentage of the total pension liability	85.64%	94.07%
Covered-employee payroll	417,090	378,926
Net pension liability as a percentage of covered-employee payroll	67.17%	29.05%

Note to Schedule:

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Police and Firefighters' Retirement Fund

Last Two Fiscal Years

(\$000s)

	2015	2014
Total pension liability		
Service cost	\$ 192,114	\$ 176,102
Interest	257,943	235,097
Benefit changes	-	-
Difference between expected and actual experience	(2,477)	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(65,030)	(54,421)
Net change in total pension liability	382,550	356,778
Total pension liability - beginning	4,000,863	3,644,085
Total pension liability - ending (a)	<u>\$ 4,383,413</u>	<u>\$ 4,000,863</u>
Plan fiduciary net position		
Contributions-District Government	\$ 103,430	\$ 110,766
Contributions-District employees	33,679	32,821
Net investment (loss) income	(187,283)	338,894
Benefit payments, including refunds	(65,030)	(54,421)
Administrative expenses	(11,939)	(9,730)
Other income	1,012	1,342
Net change in plan fiduciary net position	(126,131)	419,672
Plan fiduciary net position-beginning	4,588,129	4,168,457
Plan fiduciary net position-ending (b)	<u>\$ 4,461,998</u>	<u>\$ 4,588,129</u>
Net pension liability(asset)-ending (a) - (b)	<u>\$ (78,585)</u>	<u>\$ (587,266)</u>
Plan fiduciary net position as a percentage of the total pension liability	101.79%	114.68%
Covered-employee payroll	446,201	426,135
Net pension liability(asset) as a percentage of covered-employee payroll	-17.61%	-137.81%

Note to schedule:

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

ACTUARIAL ANALYSES**Other Post-Employment Benefits (OPEB) Program**

An independent actuary performed an actuarial analysis of the Plan's assets and liabilities as of September 30, 2014, September 30, 2013 and September 30, 2012 to determine the future funding status of the Plan, which is outlined below. The analysis was based on census data as of September 30, 2012.

	Valuation Date		
	September 30, 2014 (Projected from September, 2012 census)	September 30, 2013 (Projected from September, 2012 census)	September 30, 2012 (Based on September 2012 census)
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Open
Remaining Amortization Period	28 years	29 years	30 years
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment Rate of Return	7.00%	7.00%	7.00%
Discount Rate	7.00%	7.00%	7.00%
Rate of Salary Increase	3.75% (plus merit scale)	3.75% (plus merit scale)	3.75% (plus merit scale)
Rate of Medical Inflation	8.00% (pre-Medicare) or 6.50% (post-Medicare), grading to 4.00% over 70 years	8.00% (pre-Medicare) or 6.50% (post-Medicare), grading to 4.00% over 70 years	8.00% (pre-Medicare) or 6.50% (post-Medicare), grading to 4.00% over 70 years

SCHEDULE OF FUNDING PROGRESS
Other Post-Employment Benefits (OPEB) Program
(In millions)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2014	\$1,036.6	\$1,188.3	\$151.7	87.2%	\$1,484.3	10.2%
9/30/2013	897.8	1,048.0	150.2	85.7%	1,441.1	10.4%
9/30/2012	693.3	919.7	226.4	75.4%	1,399.1	16.2%
9/30/2011	511.5	866.6	355.1	59.0%	1,559.8	22.8%
9/30/2010	424.3	784.9	360.6	54.1%	1,544.5	23.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS**Other Post-Employment Benefits (OPEB) Program**

Last Three Fiscal Years

(\$000s)

	FY 2015	FY 2014	FY 2013
Annual required contribution	\$91,400	\$86,600	\$85,200
Interest on net OPEB obligation	\$700	\$700	\$2,200
Adjustment to annual required contribution	(\$700)	(\$600)	(\$1,900)
Annual OPEB cost (expense)	\$91,400	\$86,700	\$85,500
Contributions made	\$91,400	\$86,600	\$107,800
Change in Net OPEB asset/(obligation)	\$0	(\$100)	\$22,300
Net OPEB asset/(obligation) – beginning of year	(\$10,006)	(\$9,906)	(\$32,206)
Net OPEB asset/(obligation) – end of year	(\$10,006)	(\$10,006)	(\$9,906)



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OTHER SUPPLEMENTARY INFORMATION

This subsection includes the combining and individual fund statements and schedules for the following:

General Fund

Nonmajor Governmental Funds

Fiduciary Funds

Supporting Schedules



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GENERAL FUND

The General Fund is used to account for all financial resources that are not required to be accounted for in another fund.

Exhibit A-1

**GENERAL FUND
BALANCE SHEET
September 30, 2015**
(With Comparative Totals at September 30, 2014)
(\$000s)

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,729,830	\$ 1,117,260
Receivables (net of allowances for uncollectibles):		
Intergovernmental	3,744	65
Taxes	321,475	483,468
Accounts	143,209	139,519
Due from component units	16,695	37,037
Interfund	276,005	265,950
Inventories	12,734	25,668
Other current assets	2,330	4,357
Cash and cash equivalents (restricted)	763,806	789,340
Investments (restricted)	78,880	81,338
Total current assets	<u>3,348,708</u>	<u>2,944,002</u>
Long term assets	<u>110,818</u>	<u>171,974</u>
Total assets	<u>\$ 3,459,526</u>	<u>\$ 3,115,976</u>
LIABILITIES		
Liabilities:		
Payables:		
Accounts	\$ 452,647	\$ 444,084
Compensation:		
Salaries and wages	168,205	184,069
Employee benefits	2,282	2,694
Payroll taxes	1,703	621
Other deductions	5,660	4,812
Interfund	15,570	14,387
Due to component units	13,463	14,528
Unearned revenue	63,985	59,090
Other	35,770	34,872
Accrued liabilities:		
Grant disallowances	7,445	7,445
Medicaid	219,672	180,291
Tax refunds	89,528	114,895
Other current liabilities	<u>17,215</u>	<u>18,966</u>
Total liabilities	<u>1,093,145</u>	<u>1,080,754</u>
DEFERRED INFLOW OF RESOURCES		
Unavailable revenues		
Property taxes	92,357	44,549
Others	106,962	117,014
Total deferred inflow of resources	<u>199,319</u>	<u>161,563</u>
FUND BALANCE		
Nonspendable	12,734	25,668
Restricted	1,026,396	983,011
Committed	1,047,105	744,649
Assigned	80,827	120,331
Total fund balance	<u>2,167,062</u>	<u>1,873,659</u>
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 3,459,526</u>	<u>\$ 3,115,976</u>

See Accompanying Report of Independent Public Accountants.

Exhibit A-2

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)
(\$000s)

	2015	2014
Revenues:		
Taxes	\$ 6,789,197	\$ 6,166,471
Fines and forfeits	129,283	143,124
Licenses and permits	119,658	102,242
Charges for services:		
Public	285,243	251,115
Intergovernmental	788	1,961
Miscellaneous:		
Public	335,342	427,164
Investment income	1,814	3,323
Total revenues	<u>7,661,325</u>	<u>7,095,400</u>
Expenditures:		
Governmental direction and support	870,067	841,765
Economic development and regulation	309,346	288,002
Public safety and justice	1,044,356	1,049,808
Public education system	1,866,863	1,752,794
Human support services	1,954,001	1,822,322
Public works	328,787	303,514
Public transportation	335,703	309,436
Debt service:		
Principal	259,142	239,888
Interest	337,326	336,385
Fiscal charges	7,260	4,894
Total expenditures	<u>7,312,851</u>	<u>6,948,808</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>348,474</u>	<u>146,592</u>
Other Financing Sources (Uses):		
Debt issuance	4,894	4,775
Refunding debt issuance	231,255	475,305
Premium on sale of bonds	27,099	28,134
Payment to refunded bond escrow agent	(256,765)	(503,439)
Transfers in	114,901	125,193
Transfers out	(176,455)	(152,879)
Sale of capital assets	-	1,050
Total other financing uses	<u>(55,071)</u>	<u>(21,861)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>293,403</u>	<u>124,731</u>
Fund Balance at October 1,	<u>1,873,659</u>	<u>1,748,928</u>
Fund Balance at September 30	<u>\$ 2,167,062</u>	<u>\$ 1,873,659</u>

See Accompanying Report of Independent Public Accountants.

Exhibit A-3

GENERAL FUND
SCHEDULE OF EXPENDITURES AND NET FINANCING (SOURCES) USES
FUNCTION AND OBJECT - GAAP BASIS
For the Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)
(\$000s)

Function and Subfunction	Personnel	Contractual	Supplies	Occupancy	Miscel- laneous *	Totals	
	Services	Services				2015	2014
Governmental Direction and Support:							
Legislative	\$ 20,046	\$ 3,433	\$ 109	\$ 595	\$ 21,851	\$ 46,034	\$ 24,369
Executive	83,889	34,268	418	4,829	2,113	125,517	117,890
Finance	92,080	35,150	268	-	165,983	293,481	343,271
Personnel	11,110	601	6	16	14	11,747	11,526
Administrative	101,929	84,212	4,364	190,284	2,574	383,363	335,140
Elections	7,005	2,668	213	12	27	9,925	9,569
Total	316,059	160,332	5,378	195,736	192,562	870,067	841,765
Economic Development and Regulation:							
Community development	27,012	18,747	293	632	84,697	131,381	134,506
Economic regulation	65,508	20,093	433	5,287	4,035	95,356	86,002
Employment services	29,088	12,028	622	1,565	39,306	82,609	67,494
Total	121,608	50,868	1,348	7,484	128,038	309,346	288,002
Public Safety and Justice:							
Police	562,050	55,500	4,480	1,517	19,299	642,846	681,340
Fire	220,511	9,545	3,701	16	11,861	245,634	216,461
Corrections	76,448	50,773	5,360	2,796	2,245	137,622	136,720
Protection	7,029	1,871	376	21	833	10,130	8,045
Law	7,161	628	95	5	235	8,124	7,183
Judicial	-	-	-	-	-	-	59
Total	873,199	118,317	14,012	4,355	34,473	1,044,356	1,049,808
Public Education System:							
Schools	613,651	86,306	10,453	30,499	677,552	1,418,461	1,325,684
Culture	144,331	34,169	1,937	8,152	259,813	448,402	427,110
Total	757,982	120,475	12,390	38,651	937,365	1,866,863	1,752,794
Human Support Services:							
Health and welfare	312,100	148,692	10,545	55,059	1,233,733	1,760,129	1,637,597
Human relations	6,447	6,250	110	2	24,622	37,431	33,291
Employment benefits	116,351	-	-	-	-	116,351	114,550
Recreation	34,198	4,319	999	20	554	40,090	36,884
Total	469,096	159,261	11,654	55,081	1,258,909	1,954,001	1,822,322
Public Works	175,474	110,733	15,055	9,218	18,307	328,787	303,514
Public Transportation	-	-	-	-	335,703	335,703	309,436
Debt Service	-	-	-	-	603,728	603,728	581,167
Net Financing Uses	-	-	-	-	55,071	55,071	21,861
Total expenditures and net uses	\$ 2,713,418	\$ 719,986	\$ 59,837	\$ 310,525	\$ 3,564,156	\$ 7,367,922	\$ 6,970,669

See Accompanying Report of Independent Public Accountants.

*Miscellaneous column includes transfers, subsidies and other payments, the major components of which are listed below.

Transfers to: Convention Center [\$120,448], Public Charter Schools [\$660,918], UDC [\$73,458], PAYGO-Capital [\$136,245], Housing Authority [\$37,699], Mass Transit Subsidies [\$335,703], Highway Transportation Fund [\$40,210]

Payments for: Dept. of Mental Health [\$47,834], Dept. of Health Care Finance [\$798,254], Dept. of Human Services [\$167,444], Child & Family Services [\$91,198], Dept. of Youth Rehabilitation [\$43,545], Disability Services [\$94,588], State Education [\$96,246], Non-Public Tuition [\$72,603], Dept. of Employment Services [\$39,306], Equipment Lease-Capital [\$43,778], Repayment of Loans and Interest [\$568,132], Fire and Emergency Service [\$11,867], Section 103 Judgements - Finance and Other FDS [\$21,100], Business Improvement District Transfer [\$25,137], Department of the Environment [\$20,685]

Exhibit A-4

GENERAL FUND
SCHEDULE OF LOCAL SOURCE REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended September 30, 2015
(\$000s)

Source	Budget		Actual	Variance Positive (Negative)
	Original	Revised		
Taxes:				
Property:				
Real	\$ 2,130,475	\$ 2,152,357	\$ 2,154,320	\$ 1,963
Personal	56,974	55,967	57,225	1,258
Public space rental	34,339	33,363	36,122	2,759
Total	2,221,788	2,241,687	2,247,667	5,980
Sales and use:				
General	1,201,667	1,281,833	1,262,837	(18,996)
Alcoholic beverages	6,381	6,529	6,244	(285)
Cigarette	32,832	32,973	31,492	(1,481)
Motor vehicles	48,898	49,243	46,607	(2,636)
Motor fuel tax	22,167	22,731	25,256	2,525
Total	1,311,945	1,393,309	1,372,436	(20,873)
Income and franchise:				
Individual income	1,744,151	1,830,105	1,868,037	37,932
Corporation franchise	321,094	308,692	308,027	(665)
Unincorporated business	168,761	151,640	139,778	(11,862)
Total	2,234,006	2,290,437	2,315,842	25,405
Gross receipts:				
Public utility	141,857	137,718	137,171	(547)
Toll telecommunication	57,822	50,358	53,524	3,166
Insurance companies	120,631	124,573	104,507	(20,066)
Health care providers	15,117	15,117	12,854	(2,263)
Health care related incomes	5,519	5,519	5,032	(487)
Total	340,946	333,285	313,088	(20,197)
Other:				
Deed recordation	166,576	197,401	225,267	27,866
Deed transfers	114,740	154,564	170,315	15,751
Inheritance and estate	39,700	45,123	48,274	3,151
Economic interests	10,351	23,926	24,412	486
Total	331,367	421,014	468,268	47,254
Total taxes	6,440,052	6,679,732	6,717,301	37,569
Licenses and Permits:				
Business licenses	40,957	46,430	54,845	8,415
Nonbusiness permits	33,199	32,342	33,943	1,601
Total	74,156	78,772	88,788	10,016
Fines and Forfeits	226,228	127,910	117,199	(10,711)
Charges for Services	68,774	77,238	94,399	17,161
Miscellaneous:				
Interest	122	130	(566)	(696)
Other	83,717	118,417	116,737	(1,680)
Total	83,839	118,547	116,171	(2,376)
Total Local Revenues	6,893,049	7,082,199	7,133,858	51,659
Transfers and Other sources:				
General obligation bonds	6,000	6,000	4,894	(1,106)
Fund balance released from restrictions	120,291	208,121	-	(208,121)
Interfund transfer	91,815	124,319	113,169	(11,150)
Total Transfers and Other Sources	218,106	338,440	118,063	(220,377)
Total Local Revenues and Sources	\$ 7,111,155	\$ 7,420,639	\$ 7,251,921	\$ (168,718)

See Accompanying Report of Independent Public Accountants.

Exhibit A-5

GENERAL FUND
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
Year Ended September 30, 2015
(\$000s)

	Local Source			Other Source			Totals		
	Original Budget	Revised Budget	Variance	Original Budget	Revised Budget	Variance	Original Budget	Revised Budget	Variance
Revenues and Sources:									
Taxes									
Property	\$ 2,221,788	\$ 2,241,687	\$ 5,980	\$ -	\$ -	\$ -	\$ 2,221,788	\$ 2,241,687	\$ 5,980
Sales and uses	1,311,945	1,393,309	(20,873)	-	-	-	1,311,945	1,393,309	(20,873)
Income and franchise	2,234,006	2,290,437	25,405	-	-	-	2,234,006	2,290,437	25,405
Gross receipts and other taxes	672,313	754,299	27,057	-	-	-	672,313	754,299	27,057
Total taxes	6,440,052	6,679,732	37,569	-	-	-	6,440,052	6,679,732	37,569
Licenses and permits	74,156	78,772	10,016	-	-	-	74,156	78,772	10,016
Fines and forfeits	226,228	127,910	(10,711)	-	-	-	226,228	127,910	(10,711)
Charges for services	68,774	77,238	17,161	-	-	-	68,774	77,238	17,161
Miscellaneous	83,839	118,547	(2,376)	-	-	-	83,839	118,547	(2,376)
Other	-	-	-	585,045	480,197	44,629	585,045	480,197	44,629
Bond proceeds	6,000	6,000	(1,106)	-	-	-	6,000	6,000	(1,106)
Fund balance released from restrictions	120,291	208,121	(208,121)	-	60,410	-	120,291	268,531	(208,121)
Interfund transfer-from lottery and games	66,000	54,967	619	-	-	-	66,000	54,967	619
Interfund transfer-others	25,815	69,352	(11,769)	-	-	-	25,815	69,352	(11,769)
Total Revenues and Sources	7,111,155	7,420,639	(168,718)	585,045	540,607	44,629	7,696,200	7,961,246	(124,089)
Expenditures and Uses:									
Governmental direction and support	664,483	659,328	16,604	68,131	41,096	8,943	732,614	700,424	25,547
Economic development and regulation	197,104	189,244	10,568	176,540	169,950	28,546	373,644	359,194	39,114
Public safety and justice	1,006,277	1,021,690	14,449	53,787	40,954	2,797	1,060,064	1,062,644	17,246
Public education system	1,863,877	1,637,058	6,765	15,273	15,530	7,756	1,879,150	1,652,588	14,539
Public education AY16 expenditure	-	215,081	-	-	-	-	-	215,081	-
Human support services	1,861,788	1,858,110	26,044	31,988	29,155	3,734	1,893,776	1,887,265	29,778
Public works	533,844	542,232	3,547	154,500	136,237	21,878	688,344	678,469	25,425
Workforce investments	42,052	98	98	-	-	-	42,052	98	-
Wilson building	4,469	4,469	133	-	-	-	4,469	4,469	133
Repayment of loans and interest	570,776	538,213	38,229	29,918	29,918	-	600,694	568,131	-
Debt service - issuance costs	6,000	6,000	362	-	-	-	6,000	6,000	362
Interest expense on short-term borrowing	2,500	723	-	-	-	-	2,500	723	-
Certificates of participation	22,670	-	-	-	-	-	22,670	-	-
Settlements and judgments fund	21,292	21,292	4,070	-	-	-	21,292	21,292	4,070
Section 103 - financing and other funds	-	-	-	-	21,100	-	-	21,100	-
Convention center transfer	115,719	121,000	552	-	-	-	115,719	121,000	552
Highway transportation fund	22,167	27,392	2,136	15,518	15,518	564	37,685	42,910	2,700
TIF and PILOT transfer	-	9,907	9,907	-	-	-	-	9,907	9,907
Operating lease-equipment	51,548	43,778	61,067	-	-	-	51,548	43,778	-
Emergency and contingency reserve funds	-	61,067	-	-	-	-	-	61,067	-
Pay-as-you-go capital fund	5,200	98,238	-	23,737	38,007	-	28,937	136,245	-
Schools modernization fund	11,412	11,412	-	-	-	-	11,412	11,412	-
D.C. retiree health contribution	91,400	91,400	-	-	-	-	91,400	91,400	-
Non-departmental	3,000	21	21	15,653	3,142	3,142	18,653	3,163	3,163
Total Expenditures and Uses	7,105,417	7,165,582	156,323	585,045	540,607	77,378	7,690,462	7,706,189	233,701
Excess of Revenues and Sources	\$ 5,738	\$ 255,057	\$ (12,395)	\$ -	\$ -	\$ 122,007	\$ 5,738	\$ 255,057	\$ 109,612
Over Expenditures and Uses									
See Accompanying Report of Independent Public Accountants.									

Exhibit A-6

GENERAL FUND
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES
Year Ended September 30, 2015
(\$000s)

	Original Budget	Revisions	Revised Budget	Actual	Variance (Actual To Original Budget)
Revenues and Sources:					
Taxes:					
Property	\$ 2,221,788	\$ 19,899	\$ 2,241,687	\$ 2,247,667	\$ 25,879
Sales and use	1,311,945	81,364	1,393,309	1,372,436	60,491
Income and franchise	2,234,006	56,431	2,290,437	2,315,842	81,836
Other taxes	672,313	81,986	754,299	781,356	109,043
Total taxes	6,440,052	239,680	6,679,732	6,717,301	277,249
Licenses and permits	74,156	4,616	78,772	88,788	14,632
Fines and forfeits	226,228	(98,318)	127,910	117,199	(109,029)
Charges for services	68,774	8,464	77,238	94,399	25,625
Miscellaneous	83,839	34,708	118,547	116,171	32,332
Other	585,045	(104,848)	480,197	524,826	(60,219)
Bond proceeds	6,000	-	6,000	4,894	(1,106)
Fund balance released from restriction	120,291	148,240	268,531	60,410	(59,881)
Interfund transfer-from lottery and games	66,000	(11,033)	54,967	55,586	(10,414)
Interfund transfer-others	25,815	43,537	69,352	57,583	31,768
Total Revenues and Sources	7,696,200	265,046	7,961,246	7,837,157	140,957
Expenditures and Uses:					
Governmental direction and support	732,614	(32,190)	700,424	674,877	57,737
Economic development and regulation	373,644	(14,450)	359,194	320,080	53,564
Public safety and justice	1,060,064	2,580	1,062,644	1,045,398	14,666
Public education system	1,879,150	(226,562)	1,652,588	1,638,049	241,101
Public education AY16 expenditure	-	215,081	215,081	215,081	(215,081)
Human support services	1,893,776	(6,511)	1,887,265	1,857,487	36,289
Public works	688,344	(9,875)	678,469	653,044	35,300
Workforce investments	42,052	(41,954)	98	-	42,052
Wilson building	4,469	-	4,469	4,336	133
Repayment of loans and interest	600,694	(32,563)	568,131	568,131	32,563
Repayment of revenue bonds	7,839	(10)	7,829	7,829	10
Debt service - issuance costs	6,000	-	6,000	5,638	362
Interest expense on short-term borrowing	2,500	(1,777)	723	723	1,777
Certificates of participation	22,670	(22,670)	-	-	22,670
Settlements and judgments fund	21,292	-	21,292	17,222	4,070
Section 103 - financing and other funds	-	21,100	21,100	21,100	(21,100)
Convention center transfer	115,719	5,281	121,000	120,448	(4,729)
Highway transportation fund	37,685	5,225	42,910	40,210	(2,525)
TIF and PILOT transfer	-	9,907	9,907	-	-
Operating lease-equipment	51,548	(7,770)	43,778	43,778	7,770
Emergency and contingency reserve funds	-	61,067	61,067	-	-
Pay-as-you-go capital fund	28,937	107,308	136,245	136,245	(107,308)
Schools modernization fund	11,412	-	11,412	11,412	-
D.C. retiree health contribution	91,400	-	91,400	91,400	-
Non-departmental	18,653	(15,490)	3,163	-	18,653
Total Expenditures and Uses	7,690,462	15,727	7,706,189	7,472,488	217,974
Excess of Revenues and Sources Over Expenditures and Uses	\$ 5,738	\$ 249,319	\$ 255,057	\$ 364,669	\$ 358,931

See Accompanying Report of Independent Public Accountants.



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NONMAJOR GOVERNMENTAL FUNDS
(Combining Statements)**Special Revenue Funds**

The **Tax Increment Financing (TIF) Program Fund** is used to account for activities relating to various TIF development initiatives. These activities support new economic development projects.

The **Tobacco Settlement Financing Corporation (TSFC) Fund** is used to account for the tobacco litigation settlement activities of the District of Columbia.

The **PILOT Special Revenue Fund** is used to account for the proceeds of PILOT revenue to finance the development costs associated with various District development projects.

The **Baseball 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 Project 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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**
September 30, 2015
(With Comparative Totals at September 30, 2014)
(\$000s)

	Special Revenue Funds				Capital Project Fund		Totals
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT Special Revenue	Baseball Project	Debt Service Fund	Highway Trust	
ASSETS							
Current Assets:							
Receivables (net of allowances for uncollectibles):							
Taxes	\$ -	\$ -	\$ -	\$ 1,242	\$ -	\$ 2,280	\$ 3,522
Accounts	17	27,631	-	-	-	2,909	30,557
Due from other District entities	-	-	-	665	-	-	665
Interfund	3,189	-	999	4,529	-	-	8,717
Other current assets	-	30	-	-	-	-	30
Restricted cash and cash equivalents	59,260	53,755	113,074	117,096	-	67,917	411,102
Restricted investments	-	-	11,155	-	-	-	11,155
Total assets	\$ 62,466	\$ 81,416	\$ 125,228	\$ 123,532	\$ -	\$ 73,106	\$ 465,748
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE							
Current Liabilities:							
Payables:							
Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,157	\$ 5,157
Compensation payable	-	-	-	-	-	158	158
Due to other funds	-	-	1,026	17,934	-	564	19,524
Due to other District entities	1,491	-	-	-	-	-	1,491
Other current liabilities	-	-	-	1	-	645	646
Accrued liabilities	-	107	-	314	-	-	421
Total liabilities	1,491	107	1,026	18,249	-	6,524	27,397
Deferred Inflow of Resources:							
Unavailable revenues	-	-	-	1,176	-	67	1,243
Fund Balance:							
Restricted	60,975	81,309	124,202	104,107	-	66,515	437,108
Total fund balances	60,975	81,309	124,202	104,107	-	66,515	437,108
Total liabilities, deferred inflow of resources and fund balances	\$ 62,466	\$ 81,416	\$ 125,228	\$ 123,532	\$ -	\$ 73,106	\$ 465,748
Total liabilities, deferred inflow of resources and fund balances	\$ 62,466	\$ 81,416	\$ 125,228	\$ 123,532	\$ -	\$ 73,106	\$ 465,748
Total assets	\$ 62,466	\$ 81,416	\$ 125,228	\$ 123,532	\$ -	\$ 73,106	\$ 465,748
Total liabilities, deferred inflow of resources and fund balances	\$ 62,466	\$ 81,416	\$ 125,228	\$ 123,532	\$ -	\$ 73,106	\$ 465,748

See Accompanying Report of Independent Public Accountants.

Exhibit B-2

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)
(\$000s)

	Special Revenue Funds							Capital		Totals
	Tax	Tobacco	PILOT	Baseball	Debt Service	Project Fund	Highway	Trust		
	Increment Financing Program	Settlement Financing Corporation	Special Revenue	Project	Fund					
Revenues:										
Property taxes	\$ 21,383	\$ -	\$ 18,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,180	\$ 30,135
Sales and use taxes	37,555	-	-	14,904	-	-	-	-	52,459	37,558
Gross receipts taxes	-	-	-	46,304	-	-	-	-	46,304	44,908
Interest	2	2,406	921	12	-	-	34	-	3,375	3,018
Tobacco settlement revenue	-	36,731	-	-	-	-	-	-	36,731	37,787
Other	-	-	-	7,487	-	-	-	-	7,487	22,655
Total revenues	58,940	39,137	19,718	68,707	-	-	34	-	186,536	176,061
Expenditures:										
Governmental direction and support	24,004	196	86,616	3,527	-	-	-	-	114,343	45,929
Capital outlay	-	-	-	-	-	-	35,437	-	35,437	26,632
Bond principal payment	3,914	14,890	9,280	-	7,060	-	-	-	35,144	60,150
Interest	6,785	25,300	3,424	-	25,221	-	-	-	60,730	62,156
Fiscal charges	-	-	1,051	-	-	-	-	-	1,051	1
Total expenditures	34,703	40,386	100,371	3,527	32,281	-	35,437	-	246,705	194,868
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,237	(1,249)	(80,653)	65,180	(32,281)	(35,403)			(60,169)	(18,807)
Other Financing Sources (Uses):										
Bond issuance	-	-	154,897	-	-	-	-	-	154,897	-
Transfers in	-	-	15,000	-	32,281	40,210	-	-	87,491	107,719
Transfers out	(22,796)	-	(1,026)	(32,281)	-	-	-	-	(56,103)	(83,257)
Total other financing sources (uses)	(22,796)	-	168,871	(32,281)	32,281	40,210	-	-	186,285	24,462
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,441	(1,249)	88,218	32,899	-	4,807			126,116	5,655
Fund Balances at October 1	59,534	82,558	35,984	71,208	-	61,708			310,992	305,337
Fund Balances at September 30	\$ 60,975	\$ 81,309	\$ 124,202	\$ 104,107	\$ -	\$ 66,515	\$ -	\$ -	\$ 437,108	\$ 310,992

See Accompanying Report of Independent Public Accountants.



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FIDUCIARY FUNDS (Combining Statements)

The Fiduciary Funds are used to account for assets held by the District in a trustee or agency capacity. These assets cannot be used to support the District's programs.

The **Pension Trust Funds** are used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for police officers, fire fighters and public school teachers of the District. Resources are contributed by employees and by the District and federal government at amounts determined by an annual actuarial study. The funds are administered by a thirteen member Retirement Board. Three of these members are appointed by the Mayor and three by the Council. The other six members include one active and one retired representatives each, from the police officers, firefighters, and teachers. The administrative costs of the board are accounted for in the funds.

The **Other Post Employment Benefit (OPEB) Trust Fund** is used to account for the receipt of monies for post-employment healthcare and life insurance benefits provided under the Post-Retirement Health and Life Insurance Benefit Plan. Annual District contributions are actuarially determined and paid accordingly. No employee contributions are required prior to retirement to fund the OPEB plan; however, retirees make contributions as required by the associated substantive plan.

The **Agency Funds** are used to account for refundable deposits required of various licensees, monies held in escrow as an agent for individuals, private organizations or other governments.

Exhibit C-1

PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
September 30, 2015
(With Comparative Totals at September 30, 2014)
(\$000s)

	Pension Trust Funds		Other Postemployment Benefits (OPEB) Trust Fund	Totals	
	Police & Fire	Teachers		2015	2014
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 57,140	\$ 18,352	\$ 45,659	\$ 121,151	\$ 151,788
Investments	4,405,127	1,650,974	1,045,587	7,101,688	7,217,740
Collateral from securities lending transactions	-	-	-	-	24,982
Receivables:					
Due from federal government	652	248	-	900	1,402
Benefit contributions	2,226	2,253	-	4,479	4,749
Other current assets	6,361	2,384	16,215	24,960	172,146
Total assets	4,471,506	1,674,211	1,107,461	7,253,178	7,572,807
LIABILITIES					
Current Liabilities:					
Accounts payable	2,003	755	30,910	33,668	42,883
Securities lending	-	-	-	-	25,336
Due to other funds	1,055	401	-	1,456	1,476
Other current liabilities	6,450	2,417	-	8,867	117,663
Total liabilities	9,508	3,573	30,910	43,991	187,358
NET POSITION					
Net Position					
Held in trust for pension and OPEB benefits	\$ 4,461,998	\$ 1,670,638	\$ 1,076,551	\$ 7,209,187	\$ 7,385,449

See Accompanying Report of Independent Public Accountants.

Exhibit C-2

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)
(\$000s)

	Pension Trust Funds		Other Postemployment Benefit Trust Fund (OPEB)	Totals	
	Police & Fire	Teachers		2015	2014
Additions:					
Benefit contributions:					
Employer	\$ 103,430	\$ 39,513	\$ 91,400	\$ 234,343	\$ 229,002
Plan members	33,679	31,621	411	65,711	61,875
Investment income:					
From investment activities					
Net increase/(decrease) in fair value of investments	(205,187)	(76,764)	(76,847)	(358,798)	413,431
Other revenue	-	-	304	304	239
Interest and dividends	26,733	7,476	22,433	56,642	147,756
Less - investment expenses	(8,878)	(3,378)	(5,404)	(17,660)	(18,995)
Net gain/(loss) from investing activities	(187,332)	(72,666)	(59,514)	(319,512)	542,431
From securities lending activities					
Securities lending income	63	24	-	87	369
Less: securities lending expenses	(14)	(5)	-	(19)	(87)
Net income from securities lending activities	49	19	-	68	282
Net investment gain/(loss)	(187,283)	(72,647)	(59,514)	(319,444)	542,713
Other Income	1,012	385	-	1,397	1,864
Total additions	(49,162)	(1,128)	32,297	(17,993)	835,454
Deductions:					
Benefit payments	65,030	69,652	6,740	141,422	124,772
Administrative expenses	11,939	4,543	365	16,847	13,880
Total deductions	76,969	74,195	7,105	158,269	138,652
Change in net position	(126,131)	(75,323)	25,192	(176,262)	696,802
Net position held in trust for pension and OPEB benefits:					
October 1	4,588,129	1,745,961	1,051,359	7,385,449	6,688,647
September 30	\$ 4,461,998	\$ 1,670,638	\$ 1,076,551	\$ 7,209,187	\$ 7,385,449

See Accompanying Report of Independent Public Accountants.

Exhibit C-3

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended September 30, 2015
(\$000s)

	Balance October 1 2014	Additions	Deductions	Balance September 30 2015
ASSETS				
Cash and cash equivalents	\$ 80,996	\$ 87,548	\$ 106,423	\$ 62,121
Other receivables	4,998	20,552	1,470	24,080
Total assets	\$ 85,994	\$ 108,100	\$ 107,893	\$ 86,201
LIABILITIES				
Accounts payable	\$ 897	\$ 4,750	\$ 5,274	\$ 373
Due to component units	248	66	-	314
Due to other funds	111	28	-	139
Other current liabilities	84,738	13,856	13,219	85,375
Total liabilities	\$ 85,994	\$ 18,700	\$ 18,493	\$ 86,201

See Accompanying Report of Independent Public Accountants.

SUPPORTING SCHEDULES

Supporting schedules are financial presentations used to aggregate and present in greater detail information contained in the financial statements and to present additional information not disclosed in the basic financial statements.

Exhibit D-1

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
 Year Ended September 30, 2015
 (\$000s)

	Budget		Actual	Variance
	Original	Revised		
Governmental direction and support:				
Council of the district of columbia	\$ 22,505	\$ 19,511	\$ 19,511	\$ -
Office of the d.c. auditor	4,241	4,673	4,460	213
Statehood Initiative Agency	226	137	137	-
Advisory neighborhood commissions	924	924	825	99
Office of the mayor	12,317	13,401	13,340	61
Office of the secretary	3,915	4,631	4,279	352
Office of the inspector general	16,920	16,442	16,103	339
Captive insurance agency	1,600	2,211	2,211	-
City administrator	3,714	4,310	4,310	-
D.C. department of human resources	8,677	9,274	8,912	362
Office of finance & resource mgmt	21,709	21,395	19,190	2,205
Department of general services	307,185	302,570	292,066	10,504
Office of contracting and procurement	17,645	16,647	16,427	220
Contract appeals board	1,426	1,297	1,201	96
Office of the chief financial officer	158,729	130,436	128,909	1,527
Office of the attorney general for the district of columbia	89,424	86,935	83,605	3,330
Office of risk management	3,124	3,578	3,380	198
Office of disability rights	1,579	1,530	1,467	63
Uniform law commission	50	50	41	9
Office of the chief technology officer	70,116	70,310	64,673	5,637
Board of elections	7,240	11,373	7,691	3,682
Office of campaign finance	2,798	2,465	2,439	26
Public employee relations board	1,253	1,347	1,311	36
Office of employee appeals	1,570	1,570	1,525	45
Metropolitan wash council of governments	450	450	450	-
D.C. board of ethics and accountability	1,498	1,528	1,456	72
Total governmental direction and support	760,835	728,995	699,919	29,076
Economic development and regulation:				
Deputy mayor for planning & economic development	42,937	44,274	34,039	10,235
Department of small and local business development	9,446	9,305	9,006	299
Office of planning	9,949	10,108	9,947	161
Office of zoning	2,705	2,704	2,625	79
Dept. of housing and community development	62,979	48,222	42,570	5,652
Office of motion picture and television development	3,700	926	866	60
Department of employment services	150,765	125,566	113,744	11,822
Real property tax appeals commission	1,749	1,749	1,680	69
Dept. of consumer & regulatory affairs	47,701	43,534	41,623	1,911
Alcoholic beverage regulation administration	7,446	6,446	6,189	257
Office of cable tv	9,444	6,882	6,881	1
Commission on arts & humanities	16,461	15,176	14,412	764
Housing authority subsidy	45,963	37,763	37,699	64
Business improvement districts transfer	25,000	29,950	25,137	4,813
Office of the tenant advocate	2,488	2,291	2,191	100
Public service commission	12,548	13,376	13,222	154
Dept. of insurance, securities and banking	22,118	23,308	18,416	4,892
Office of people's counsel	6,911	6,537	6,405	132
Total economic development and regulation	480,310	428,117	386,652	41,465
Public safety and justice:				
Metropolitan police department	488,880	491,932	485,308	6,624
Fire and emergency medical services	204,721	219,373	219,215	158
Police officers' & fire fighters' retirement system	111,330	111,330	103,430	7,900
Office of administrative hearings	8,763	8,360	8,224	136
Criminal justice coordinating council	2,426	3,726	2,676	1,050
Department of corrections	151,409	137,253	136,250	1,003
Office of the chief medical examiner	9,519	9,458	9,245	213
D.C. national guard	12,705	12,398	10,911	1,487
Homeland security and emergency management agency	109,552	75,100	74,971	129
Commission on judicial disabilities and tenure	295	322	307	15
Judicial nomination commission	270	300	202	98
Office of police complaints	2,241	2,242	2,134	108
Office of unified communications	43,481	41,235	40,923	312
D.C. sentencing and criminal code revision commission	1,401	1,466	1,412	54
Office of the deputy mayor for public safety and justice	30,057	27,798	26,302	1,496
Department of forensic sciences	15,231	15,725	15,610	115
Total public safety and justice	1,192,281	1,158,018	1,137,120	20,898

(Continued)

Exhibit D-1

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
 Year Ended September 30, 2015
 (\$000s)

	Budget		Actual	Variance
	Original	Revised		
Public education system:				
District of Columbia public schools	763,147	759,553	754,931	4,622
AY16 public school advance appropriations	-	12,697	12,697	-
Public charter schools	675,408	458,690	458,690	-
AY16 public charter school advance appropriations	-	202,384	202,384	-
Teachers' retirement fund	39,513	39,513	39,443	70
University of the district of Columbia subsidy	72,458	73,458	73,458	-
Office of the state superintendent of education	397,730	422,031	365,986	56,045
D.C. state board of education	1,152	1,142	990	152
D.C. public library	57,728	58,043	57,422	621
D.C. public charter school board	6,741	6,741	-	6,741
Special education transportation	93,562	87,957	86,222	1,735
Non-public tuition	74,340	74,340	74,340	-
Office of the deputy mayor for education	6,917	3,061	2,850	211
Total public education system	2,188,696	2,199,610	2,129,413	70,197
Human support services:				
Department of human services	408,724	390,254	386,217	4,037
Department of health	223,215	215,003	203,293	11,710
Department of parks and recreation	43,297	41,851	40,107	1,744
D.C. office on aging	40,710	40,139	39,432	707
Unemployment compensation fund	6,887	5,087	5,065	22
Employees' compensation fund	20,221	19,886	19,886	-
Office of human rights	3,405	3,420	3,420	-
Office on latino affairs	2,769	2,759	2,670	89
Children investment trust	3,000	7,000	7,000	-
D.C. health benefit exchange subsidy	28,751	-	-	-
Child and family services agency	235,174	231,753	228,683	3,070
Department of behavioral health	257,956	264,098	255,871	8,227
Office on asian and pacific islander affairs	943	971	946	25
Office of veterans affairs	416	434	323	111
Department of youth rehabilitation services	105,899	98,104	94,967	3,137
Department on disability services	158,000	157,299	156,205	1,094
Department of health care finance	2,835,081	2,697,521	2,664,592	32,929
Deputy mayor for health and human services	1,172	1,312	1,261	51
Not-for-profit hospital corporation subsidy	-	7,000	7,000	-
Total human support services	4,375,620	4,183,891	4,116,938	66,953
Public works:				
Department of public works	128,109	133,602	130,681	2,921
Department of transportation	106,766	95,553	91,506	4,047
Taxi cab commission	8,270	9,020	7,288	1,732
Department of motor vehicles	38,848	36,712	35,196	1,516
Washington metro area transit commission	127	127	127	-
Mass transit subsidies	330,520	337,152	335,702	1,450
D.C. department of the environment	104,691	92,608	78,443	14,165
Total public works	717,331	704,774	678,943	25,831
Other:				
Repayment of loans and interest	600,694	586,571	586,571	-
Debt service - issuance costs	6,000	6,000	5,638	362
Interest expense on short-term borrowing	2,500	723	723	-
Settlements and judgments fund	21,292	21,292	17,222	4,070
Section 103 - financing and other funds	-	21,100	21,100	-
Wilson building	4,469	4,469	4,336	133
Schools modernization fund	11,412	11,412	11,412	-
D.C. retiree health contribution	91,400	91,400	91,400	-
Repayment of revenue bonds	7,839	7,829	7,829	-
Certificates of participation	22,670	-	-	-
Convention center transfer	115,719	121,000	120,448	552
Highway transportation fund	37,685	42,910	40,210	2,700
TIF and PILOT transfer	-	9,907	-	9,907
Emergency planning and security fund	12,500	34,632	19,009	15,623
Workforce investments	42,052	98	-	98
Operating lease-equipment	51,548	43,778	43,778	-
Emergency and contingency reserve funds	-	61,067	-	61,067
Pay-as-you-go capital fund	28,937	136,245	136,245	-
Non-departmental	18,653	3,163	-	3,163
Total other	1,075,370	1,203,596	1,105,921	97,675
Total	\$ 10,790,443	\$ 10,607,001	\$ 10,254,906	\$ 352,095

See Accompanying Report of Independent Public Accountants.

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2015
(S000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support:								
Council of the district of columbia	\$ 22,505	\$ 19,511	\$ 19,511	\$ -	\$ -	\$ -	\$ -	\$ -
Office of the d.c. auditor	4,241	4,673	4,460	213	-	-	-	-
Statehood Initiative Agency	226	137	137	-	-	-	-	-
Advisory neighborhood commissions	924	924	825	99	-	-	-	-
Office of the mayor	9,322	10,058	10,021	37	2,995	3,314	3,314	-
Office of the secretary	2,915	3,341	3,151	190	-	-	-	-
Office of the inspector general	14,348	14,348	14,009	339	2,572	2,094	2,094	-
Captive insurance agency	1,545	2,211	2,211	-	-	-	-	-
City administrator	3,714	3,980	3,980	-	-	-	-	-
D.C. department of human resources	8,385	8,683	8,497	186	-	-	-	-
Office of finance & resource mgmt	21,203	21,203	18,999	2,204	-	-	-	-
Department of general services	300,860	295,645	286,950	8,695	-	-	-	-
Office of contracting and procurement	17,270	16,343	16,123	220	-	-	-	-
Contract appeals board	1,426	1,297	1,201	96	-	-	-	-
Office of the chief financial officer	114,378	113,856	113,840	16	525	421	421	-
Office of the attorney general for the district of columbia	65,987	66,754	64,039	2,715	21,202	17,946	17,925	21
Office of risk management	3,124	3,578	3,380	198	-	-	-	-
Office of disability rights	1,043	1,043	980	63	536	487	487	-
Uniform law commission	50	50	41	9	-	-	-	-
Office of the chief technology officer	56,268	56,692	55,750	942	-	207	207	-
Board of elections	7,240	7,731	7,485	246	-	3,642	206	3,436
Office of campaign finance	2,798	2,465	2,439	26	-	-	-	-
Public employee relations board	1,253	1,347	1,311	36	-	-	-	-
Office of employee appeals	1,570	1,570	1,525	45	-	-	-	-
Metropolitan wash council of governments	450	450	450	-	-	-	-	-
D.C. board of ethics and accountability	1,438	1,438	1,409	29	-	-	-	-
Total governmental direction and support	664,483	659,328	642,724	16,604	27,830	28,111	24,654	3,457
Economic development and regulation:								
Deputy mayor for planning & economic development	21,049	20,912	20,186	726	1,800	2,274	450	1,824
Department of small and local business development	8,985	8,807	8,524	283	461	498	482	16
Office of planning	9,359	9,450	9,329	121	509	518	518	-
Office of zoning	2,705	2,704	2,625	79	-	-	-	-
Dept. of housing and community development	15,125	15,306	10,472	4,834	41,354	29,297	29,048	249
Office of motion picture and television development	3,605	834	782	52	-	-	-	-
Department of employment services	54,903	59,582	56,819	2,763	61,414	33,973	33,901	72
Real property tax appeals commission	1,749	1,749	1,680	69	-	-	-	-
Dept. of consumer & regulatory affairs	14,400	14,273	13,804	469	-	-	-	-
Alcoholic beverage regulation administration	1,170	1,170	925	245	-	-	-	-
Office of cable tv	-	-	-	-	-	-	-	-
Commission on arts & humanities	15,603	14,403	13,640	763	658	685	684	1
Housing authority subsidy	45,963	37,763	37,699	64	-	-	-	-
Business improvement districts transfer	-	-	-	-	-	-	-	-
Office of the tenant advocate	2,488	2,291	2,191	100	-	-	-	-
Public service commission	-	-	-	-	367	489	443	46
Dept. of insurance, securities and banking	-	-	-	-	-	792	792	-
Office of people's counsel	-	-	-	-	-	-	-	-
Total economic development and regulation	197,104	189,244	178,676	10,568	106,563	68,526	66,318	2,208
Public safety and justice:								
Metropolitan police department	477,500	482,001	478,360	3,641	4,010	2,279	1,572	707
Fire and emergency medical services	201,563	216,825	216,672	153	1,638	1,977	1,972	5
Police officers' & fire fighters' retirement system	111,330	111,330	103,430	7,900	-	-	-	-
Office of administrative hearings	8,703	8,260	8,124	136	60	100	100	-
Criminal justice coordinating council	526	526	515	11	1,900	3,185	2,159	1,026
Department of corrections	123,149	118,496	117,540	956	-	349	348	1
Office of the chief medical examiner	9,519	9,458	9,245	213	-	-	-	-
D.C. national guard	5,066	4,806	4,273	533	7,639	7,592	6,638	954
Homeland security and emergency management agency	2,085	3,735	3,725	10	107,467	71,365	71,246	119
Commission on judicial disabilities and tenure	-	-	-	-	295	322	307	15
Judicial nomination commission	-	-	-	-	270	300	202	98
Office of police complaints	2,241	2,241	2,133	108	-	-	-	-
Office of unified communications	28,250	27,353	27,090	263	-	-	-	-
D.C. sentencing and criminal code revision commission	1,401	1,466	1,412	54	-	-	-	-
Office of the deputy mayor for public safety and justice	20,472	19,916	19,517	399	8,179	7,154	6,653	501
Department of forensic sciences	14,472	15,277	15,205	72	759	416	373	43
Total public safety and justice	1,006,277	1,021,690	1,007,241	14,449	132,217	95,039	91,570	3,469

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2015
(\$000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support:								
Council of the district of columbia	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office of the d.c. auditor	-	-	-	-	-	-	-	-
Statehood Initiative Agency	-	-	-	-	-	-	-	-
Advisory neighborhood commissions	-	-	-	-	-	-	-	-
Office of the mayor	-	29	5	24	-	-	-	-
Office of the secretary	-	40	40	-	1,000	1,250	1,088	162
Office of the inspector general	-	-	-	-	-	-	-	-
Captive insurance agency	-	-	-	-	55	-	-	-
City administrator	-	-	-	-	-	330	330	-
D.C. department of human resources	-	-	-	-	292	591	415	176
Office of finance & resource mgmt	-	-	-	-	506	192	191	1
Department of general services	-	-	-	-	6,325	6,925	5,116	1,809
Office of contracting and procurement	-	-	-	-	375	304	304	-
Contract appeals board	-	-	-	-	-	-	-	-
Office of the chief financial officer	-	-	-	-	43,826	16,159	14,648	1,511
Office of the attorney general for the district of columbia	391	391	343	48	1,844	1,844	1,298	546
Office of risk management	-	-	-	-	-	-	-	-
Office of disability rights	-	-	-	-	-	-	-	-
Uniform law commission	-	-	-	-	-	-	-	-
Office of the chief technology officer	-	-	-	-	13,848	13,411	8,716	4,695
Board of elections	-	-	-	-	-	-	-	-
Office of campaign finance	-	-	-	-	-	-	-	-
Public employee relations board	-	-	-	-	-	-	-	-
Office of employee appeals	-	-	-	-	-	-	-	-
Metropolitan wash council of governments	-	-	-	-	-	-	-	-
D.C. board of ethics and accountability	-	-	-	-	60	90	47	43
Total governmental direction and support	391	460	388	72	68,131	41,096	32,153	8,943
Economic development and regulation:								
Deputy mayor for planning & economic development	-	-	-	-	20,088	21,088	13,403	7,685
Department of small and local business development	-	-	-	-	-	-	-	-
Office of planning	1	10	10	-	80	130	90	40
Office of zoning	-	-	-	-	-	-	-	-
Dept. of housing and community development	-	24	-	24	6,500	3,595	3,050	545
Office of motion picture and television development	-	-	-	-	95	92	84	8
Department of employment services	80	341	229	112	34,368	31,670	22,795	8,875
Real property tax appeals commission	-	-	-	-	-	-	-	-
Dept. of consumer & regulatory affairs	-	-	-	-	33,301	29,261	27,819	1,442
Alcoholic beverage regulation administration	-	-	-	-	6,276	5,276	5,264	12
Office of cable tv	-	-	-	-	9,444	6,882	6,881	1
Commission on arts & humanities	-	-	-	-	200	88	88	-
Housing authority subsidy	-	-	-	-	-	-	-	-
Business improvement districts transfer	-	-	-	-	25,000	29,950	25,137	4,813
Office of the tenant advocate	-	-	-	-	-	-	-	-
Public service commission	22	22	15	7	12,159	12,865	12,764	101
Dept. of insurance, securities and banking	-	-	-	-	22,118	22,516	17,624	4,892
Office of people's counsel	-	-	-	-	6,911	6,537	6,405	132
Total economic development and regulation	103	397	254	143	176,540	169,950	141,404	28,546
Public safety and justice:								
Metropolitan police department	-	282	116	166	7,370	7,370	5,260	2,110
Fire and emergency medical services	-	-	-	-	1,520	571	571	-
Police officers' & fire fighters' retirement system	-	-	-	-	-	-	-	-
Office of administrative hearings	-	-	-	-	-	-	-	-
Criminal justice coordinating council	-	15	2	13	-	-	-	-
Department of corrections	-	-	-	-	28,260	18,408	18,362	46
Office of the chief medical examiner	-	-	-	-	-	-	-	-
D.C. national guard	-	-	-	-	-	-	-	-
Homeland security and emergency management agency	-	-	-	-	-	-	-	-
Commission on judicial disabilities and tenure	-	-	-	-	-	-	-	-
Judicial nomination commission	-	-	-	-	-	-	-	-
Office of police complaints	-	1	1	-	-	-	-	-
Office of unified communications	-	-	-	-	15,231	13,882	13,833	49
D.C. sentencing and criminal code revision commission	-	-	-	-	-	-	-	-
Office of the deputy mayor for public safety and justice	-	5	1	4	1,406	723	131	592
Department of forensic sciences	-	32	32	-	-	-	-	-
Total public safety and justice	-	335	152	183	53,787	40,954	38,157	2,797

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
 Year Ended September 30, 2015
 (\$000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public education system:								
District of Columbia public schools	702,145	695,398	695,390	8	53,458	55,635	51,520	4,115
AY16 public school advance appropriations	-	12,697	12,697	-	-	-	-	-
Public charter schools	675,408	458,690	458,690	-	-	-	-	-
AY16 public charter school advance appropriations	-	202,384	202,384	-	-	-	-	-
Teachers' retirement fund	39,513	39,513	39,443	70	-	-	-	-
University of the district of Columbia subsidy	72,458	73,458	73,458	-	-	-	-	-
Office of the state superintendent of education	142,097	146,707	142,704	4,003	255,068	274,201	222,814	51,387
D.C. state board of education	1,152	1,142	990	152	-	-	-	-
D.C. public library	56,285	56,792	56,206	586	903	934	934	-
D.C. public charter school board	-	-	-	-	-	-	-	-
Special education transportation	93,562	87,957	86,222	1,735	-	-	-	-
Non-public tuition	74,340	74,340	74,340	-	-	-	-	-
Office of the deputy mayor for education	6,917	3,061	2,850	211	-	-	-	-
Total public education system	1,863,877	1,852,139	1,845,374	6,765	309,429	330,770	275,268	55,502
Human support services:								
Department of human services	236,547	235,628	233,116	2,512	170,977	153,627	153,002	625
Department of health	79,603	78,149	77,647	502	131,219	124,282	114,019	10,263
Department of parks and recreation	40,877	39,238	38,994	244	-	150	71	79
D.C. office on aging	32,974	32,334	31,633	701	7,736	7,805	7,799	6
Unemployment compensation fund	6,887	5,087	5,065	22	-	-	-	-
Employees' compensation fund	20,221	19,886	19,886	-	-	-	-	-
Office of human rights	3,138	3,134	3,134	-	267	286	286	-
Office on latino affairs	2,769	2,759	2,670	89	-	-	-	-
Children investment trust	3,000	7,000	7,000	-	-	-	-	-
D.C. health benefit exchange subsidy	28,751	-	-	-	-	-	-	-
Child and family services agency	168,378	167,791	164,796	2,995	65,555	62,739	62,664	75
Department of behavioral health	231,857	235,478	227,869	7,609	22,039	24,970	24,716	254
Office on asian and pacific islander affairs	943	971	946	25	-	-	-	-
Office of veterans affairs	411	429	323	106	-	-	-	-
Department of youth rehabilitation services	105,899	98,104	94,967	3,137	-	-	-	-
Department on disability services	115,930	114,746	113,724	1,022	34,510	37,371	37,371	-
Department of health care finance	782,431	809,064	802,035	7,029	2,049,018	1,885,163	1,859,296	25,867
Deputy mayor for health and human services	1,172	1,312	1,261	51	-	-	-	-
Not-for-profit hospital corporation subsidy	-	7,000	7,000	-	-	-	-	-
Total human support services	1,861,788	1,858,110	1,832,066	26,044	2,481,321	2,296,393	2,259,224	37,169
Public works:								
Department of public works	120,659	125,054	124,804	250	-	-	-	-
Department of transportation	80,786	76,645	75,050	1,595	3,610	5,198	5,198	-
Taxi cab commission	1,000	1,000	963	37	-	-	-	-
Department of motor vehicles	28,732	26,101	26,049	52	-	495	487	8
Washington metro area transit commission	127	127	127	-	-	-	-	-
Mass transit subsidies	284,003	294,415	292,965	1,450	-	-	-	-
D.C. department of the environment	18,537	18,890	18,727	163	24,382	20,507	20,109	398
Total public works	533,844	542,232	538,685	3,547	27,992	26,200	25,794	406
Other:								
Repayment of loans and interest	570,776	538,213	538,213	-	-	18,440	18,440	-
Debt service - issuance costs	6,000	6,000	5,638	362	-	-	-	-
Interest expense on short-term borrowing	3,500	723	723	-	-	-	-	-
Settlements and judgments fund	21,292	21,292	17,222	4,070	-	-	-	-
Section 103 - financing and other funds	-	-	-	-	-	-	-	-
Wilson building	4,469	4,469	4,336	133	-	-	-	-
Schools modernization fund	11,412	11,412	11,412	-	-	-	-	-
D.C. retiree health contribution	91,400	91,400	91,400	-	-	-	-	-
Repayment of revenue bonds	7,839	7,829	7,829	-	-	-	-	-
Certificates of participation	22,670	-	-	-	-	-	-	-
Convention center transfer	115,719	121,000	120,448	552	-	-	-	-
Highway transportation fund	22,167	27,392	25,256	2,136	-	-	-	-
TIF and PILOT transfer	-	9,907	-	9,907	-	-	-	-
Emergency planning and security fund	-	-	-	-	12,500	34,632	19,009	15,623
Workforce investments	42,052	98	-	98	-	-	-	-
Operating lease-equipment	51,548	43,778	43,778	-	-	-	-	-
Emergency and contingency reserve funds	-	61,067	-	61,067	-	-	-	-
Pay-as-you-go capital fund	5,200	98,238	98,238	-	-	-	-	-
Non-departmental	3,000	21	-	21	-	-	-	-
Total other	978,044	1,042,839	964,493	78,346	12,500	53,072	37,449	15,623
Total	\$ 7,105,417	\$ 7,165,582	\$ 7,009,259	\$ 156,323	\$ 3,097,852	\$ 2,898,111	\$ 2,780,277	\$ 117,834

See Accompanying Report of Independent Public Accountants.

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2015
(\$000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public education system:								
District of Columbia public schools	-	1,171	1,015	156	7,544	7,349	7,006	343
AY16 public school advance appropriations	-	-	-	-	-	-	-	-
Public charter schools	-	-	-	-	-	-	-	-
AY16 public charter school advance appropriations	-	-	-	-	-	-	-	-
Teachers' retirement fund	-	-	-	-	-	-	-	-
University of the district of Columbia subsidy	-	-	-	-	-	-	-	-
Office of the state superintendent of education	117	-	-	-	448	1,123	468	655
D.C. state board of education	-	-	-	-	-	-	-	-
D.C. public library	-	-	-	-	540	317	282	35
D.C. public charter school board	-	-	-	-	6,741	6,741	-	6,741
Special education transportation	-	-	-	-	-	-	-	-
Non-public tuition	-	-	-	-	-	-	-	-
Office of the deputy mayor for education	-	-	-	-	-	-	-	-
Total public education system	117	1,171	1,015	156	15,273	15,530	7,756	7,774
Human support services:								
Department of human services	-	-	-	-	1,200	999	99	900
Department of health	-	25	19	6	12,393	12,547	11,608	939
Department of parks and recreation	-	43	43	-	2,420	2,420	999	1,421
D.C. office on aging	-	-	-	-	-	-	-	-
Unemployment compensation fund	-	-	-	-	-	-	-	-
Employees' compensation fund	-	-	-	-	-	-	-	-
Office of human rights	-	-	-	-	-	-	-	-
Office on latino affairs	-	-	-	-	-	-	-	-
Children investment trust	-	-	-	-	-	-	-	-
D.C. health benefit exchange subsidy	-	-	-	-	-	-	-	-
Child and family services agency	41	23	23	-	1,200	1,200	1,200	-
Department of behavioral health	472	132	132	-	3,588	3,518	3,154	364
Office on asian and pacific islander affairs	-	-	-	-	-	-	-	-
Office of veterans affairs	-	-	-	-	5	5	-	5
Department of youth rehabilitation services	-	-	-	-	-	-	-	-
Department on disability services	10	10	10	-	7,550	5,172	5,100	72
Department of health care finance	-	-	-	-	3,632	3,294	3,261	33
Deputy mayor for health and human services	-	-	-	-	-	-	-	-
Not-for-profit hospital corporation subsidy	-	-	-	-	-	-	-	-
Total human support services	523	233	227	6	31,988	29,155	25,421	3,734
Public works:								
Department of public works	-	-	-	-	7,450	8,548	5,877	2,671
Department of transportation	-	-	-	-	22,370	13,710	11,258	2,452
Taxi cab commission	-	-	-	-	7,270	8,020	6,325	1,695
Department of motor vehicles	-	-	-	-	10,116	10,116	8,660	1,456
Washington metro area transit commission	-	-	-	-	-	-	-	-
Mass transit subsidies	-	-	-	-	46,517	42,737	42,737	-
D.C. department of the environment	995	105	105	-	60,777	53,106	39,502	13,604
Total public works	995	105	105	-	154,500	136,237	114,359	21,878
Other:								
Repayment of loans and interest	-	-	-	-	29,918	29,918	29,918	-
Debt service - issuance costs	-	-	-	-	-	-	-	-
Interest expense on short-term borrowing	-	-	-	-	-	-	-	-
Settlements and judgments fund	-	-	-	-	-	-	-	-
Section 103 - financing and other funds	-	-	-	-	-	21,100	21,100	-
Wilson building	-	-	-	-	-	-	-	-
Schools modernization fund	-	-	-	-	-	-	-	-
D.C. retiree health contribution	-	-	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-	-	-
Certificates of participation	-	-	-	-	-	-	-	-
Convention center transfer	-	-	-	-	-	-	-	-
Highway transportation fund	-	-	-	-	15,518	15,518	14,954	564
TIF and PILOT transfer	-	-	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-	-	-
Operating lease-equipment	-	-	-	-	-	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	-	23,737	38,007	38,007	-
Non-departmental	-	-	-	-	15,653	3,142	-	3,142
Total other	-	-	-	-	84,826	107,685	103,979	3,706
Total	\$ 2,129	\$ 2,701	\$ 2,141	\$ 560	\$ 585,045	\$ 540,607	\$ 463,229	\$ 77,378

See Accompanying Report of Independent Public Accountants.

Exhibit D-3

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGET REVISIONS
 Year Ended September 30, 2015
 (\$000s)

	Local Source			Federal Resources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
Revenues and Sources:						
Taxes:						
Property taxes	\$ 2,221,788	\$ 19,899	\$ 2,241,687	\$ -	\$ -	\$ -
Sales and use taxes	1,311,945	81,364	1,393,309	-	-	-
Income taxes	2,234,006	56,431	2,290,437	-	-	-
Other taxes	672,313	81,986	754,299	-	-	-
Total taxes	6,440,052	239,680	6,679,732	-	-	-
Licenses and permits	74,156	4,616	78,772	-	-	-
Fines and forfeits	226,228	(98,318)	127,910	-	-	-
Charges for services	68,774	8,464	77,238	-	-	-
Miscellaneous	83,839	34,708	118,547	-	-	-
Other	-	-	-	-	-	-
Federal contributions	-	-	-	80,400	11,790	92,190
Operating grant	-	-	-	3,017,452	(220,247)	2,797,205
Bond proceeds	6,000	-	6,000	-	-	-
Fund balance released from restrictions	120,291	87,830	208,121	-	8,716	8,716
Transfer in from lottery board	66,000	(11,033)	54,967	-	-	-
Transfer in-others	25,815	43,537	69,352	-	-	-
Total revenues and sources	7,111,155	309,484	7,420,639	3,097,852	(199,741)	2,898,111
Expenditures and Uses:						
Governmental direction and support	664,483	(5,155)	659,328	27,830	281	28,111
Economic development and regulation	197,104	(7,860)	189,244	106,563	(38,037)	68,526
Public safety and justice	1,006,277	15,413	1,021,690	132,217	(37,178)	95,039
Public education system	1,863,877	(226,819)	1,637,058	309,429	21,341	330,770
Public education AY16 expenditure	-	215,081	215,081	-	-	-
Human support services	1,861,788	(3,678)	1,858,110	2,481,321	(184,928)	2,296,393
Public works	533,844	8,388	542,232	27,992	(1,792)	26,200
Repayment of loans and interest	570,776	(32,563)	538,213	-	18,440	18,440
Debt service - issuance costs	6,000	-	6,000	-	-	-
Interest expense on short-term borrowing	2,500	(1,777)	723	-	-	-
Settlements and judgments fund	21,292	-	21,292	-	-	-
Section 103 - financing and other funds	-	-	-	-	-	-
Wilson building	4,469	-	4,469	-	-	-
Schools modernization fund	11,412	-	11,412	-	-	-
D.C. retiree health contribution	91,400	-	91,400	-	-	-
Repayment of revenue bonds	7,839	(10)	7,829	-	-	-
Certificates of participation	22,670	(22,670)	-	-	-	-
Convention center transfer	115,719	5,281	121,000	-	-	-
Highway transportation fund	22,167	5,225	27,392	-	-	-
TIF and PILOT transfer	-	9,907	9,907	-	-	-
Emergency planning and security fund	-	-	-	12,500	22,132	34,632
Workforce investments	42,052	(41,954)	98	-	-	-
Operating lease-equipment	51,548	(7,770)	43,778	-	-	-
Emergency and contingency reserve funds	-	61,067	61,067	-	-	-
Pay-as-you-go capital fund	5,200	93,038	98,238	-	-	-
Non-departmental	3,000	(2,979)	21	-	-	-
Total expenditures and uses	7,105,417	60,165	7,165,582	3,097,852	(199,741)	2,898,111
Excess of Revenues and Sources Over Expenditures and Uses	\$ 5,738	\$ 249,319	\$ 255,057	\$ -	\$ -	\$ -

See Accompanying Report of Independent Public Accountants.

Exhibit D-3

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2015
(\$000s)

	Private Grant and Contributions			Other Sources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
Revenues and Sources:						
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Other	-	-	-	585,045	(104,848)	480,197
Federal contributions	-	-	-	-	-	-
Operating grant	2,129	572	2,701	-	-	-
Bond proceeds	-	-	-	-	-	-
Fund balance released from restrictions	-	-	-	-	60,410	60,410
Transfer in from lottery board	-	-	-	-	-	-
Transfer in-others	-	-	-	-	-	-
Total revenues and sources	2,129	572	2,701	585,045	(44,438)	540,607
Expenditures and Uses:						
Governmental direction and support	391	69	460	68,131	(27,035)	41,096
Economic development and regulation	103	294	397	176,540	(6,590)	169,950
Public safety and justice	-	335	335	53,787	(12,833)	40,954
Public education system	117	1,054	1,171	15,273	257	15,530
Public education AY16 expenditure	-	-	-	-	-	-
Human support services	523	(290)	233	31,988	(2,833)	29,155
Public works	995	(890)	105	154,500	(18,263)	136,237
Repayment of loans and interest	-	-	-	29,918	-	29,918
Debt service - issuance costs	-	-	-	-	-	-
Interest expense on short-term borrowing	-	-	-	-	-	-
Settlements and judgments fund	-	-	-	-	-	-
Section 103 - financing and other funds	-	-	-	-	21,100	21,100
Wilson building	-	-	-	-	-	-
Schools modernization fund	-	-	-	-	-	-
D.C. retiree health contribution	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-
Certificates of participation	-	-	-	-	-	-
Convention center transfer	-	-	-	-	-	-
Highway transportation fund	-	-	-	15,518	-	15,518
TIF and PILOT transfer	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-
Operating lease-equipment	-	-	-	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	23,737	14,270	38,007
Non-departmental	-	-	-	15,653	(12,511)	3,142
Total expenditures and uses	2,129	572	2,701	585,045	(44,438)	540,607
Excess of Revenues and Sources Over Expenditures and Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Accompanying Report of Independent Public Accountants.



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CAER 2015

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT



MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

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

Year Ended September 30, 2015



STATISTICAL SECTION

(Unaudited)

This section contains statistical tables that reflect information on financial trends, revenue capacity, debt capacity, demographics and the economy, and other data regarding the District's operations. These tables differ from the financial statements because they usually cover more than two fiscal years and may present non-accounting data.

The Statistical Section is divided into 5 sections as follows:

<u>Section</u>	<u>Page</u>
1. Financial Trends	175
2. Revenue Capacity.....	183
3. Debt Capacity	189
4. Demographic and Economic Information	195
5. Operating Information	197



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1. Financial Trends

These schedules contain trend information, which may be used to better understand how the District's financial performance and well-being have changed over time.

Net Position By Component Last Ten Fiscal Years (accrual basis of accounting, dollars in thousands)		Exhibit S-1A									
NET POSITION		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities											
Net investment in capital assets		\$ 958,597	\$ 1,197,275	\$ 1,794,279	\$ 2,155,206	\$ 2,437,385	\$ 2,534,538	\$ 2,872,272	\$ 2,849,043	\$ 2,830,199	\$ 2,639,069
Restricted		987,650	1,269,708	1,156,213	852,061	1,117,560	963,694	1,057,582	1,264,682	1,195,364	1,594,809
Unrestricted		167,779	92,345	(404,959)	(505,804)	(739,720)	(527,647)	(601,284)	(632,045)	(456,827)	(134,430)
Total governmental activities net position		2,114,026	2,559,328	2,545,533	2,501,463	2,815,225	2,970,585	3,328,570	3,481,680	3,568,736	4,099,448
Business-type activities											
Net investment in capital assets		17,505	17,211	16,747	16,012	4,827	478	480	427	270	169
Restricted		347,938	375,148	374,282	304,773	233,296	226,229	229,930	241,952	260,645	312,483
Unrestricted		29,000	25,980	24,773	25,864	8,628	3,501	3,607	3,911	4,012	4,271
Total business-type activities net position		394,443	418,339	415,802	346,649	246,751	230,208	234,017	246,290	264,927	316,923
Primary government											
Net investment in capital assets		976,102	1,214,486	1,811,026	2,171,218	2,442,212	2,535,016	2,872,752	2,849,470	2,830,469	2,639,238
Restricted		1,335,588	1,644,856	1,530,495	1,156,834	1,350,856	1,189,923	1,287,512	1,506,634	1,456,009	1,907,292
Unrestricted		196,779	118,325	(380,186)	(479,940)	(731,092)	(524,146)	(597,677)	(628,134)	(452,815)	(130,159)
Total primary government net position		\$ 2,508,469	\$ 2,977,667	\$ 2,961,335	\$ 2,848,112	\$ 3,061,976	\$ 3,200,793	\$ 3,562,587	\$ 3,727,970	\$ 3,833,663	\$ 4,416,371

* Due to the District's policy change on the recognition of personal property tax revenues, FY2010 & 2012 information had been adjusted

** In FY2013, the District implemented GASB Statement No. 65 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2013.

*** In FY2015, the District implemented GASB Statement No. 68 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2015.

Source: Information was extracted from Exhibit 1-a, Statement of Net Position, Page 44.

Changes in Net Position Last Ten Fiscal Years

(accrual basis of accounting, dollars in thousands)

Exhibit S-1B

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities					*			**		***
Expenses										
Governmental direction and support	\$ 574,097	\$ 787,392	\$ 834,694	\$ 878,219	\$ 871,240	\$ 783,557	\$ 987,978	\$ 993,774	\$ 929,313	\$ 912,698
Economic development and regulation	391,203	509,874	499,644	470,567	374,149	370,592	353,618	460,082	416,670	474,493
Public safety and justice	1,124,896	1,264,715	1,384,517	1,407,166	1,563,505	1,521,863	1,490,423	1,497,016	1,568,899	1,715,161
Public education system	1,486,112	1,589,652	1,787,635	1,937,238	1,989,518	2,086,722	2,113,955	2,224,948	2,221,519	2,558,644
Human support services	2,967,372	2,992,805	3,285,325	3,598,570	3,677,405	3,889,812	3,925,613	4,086,722	4,336,730	4,484,943
Public works	351,917	481,702	586,649	553,233	497,027	489,304	587,002	603,423	651,221	705,766
Public transportation	187,615	198,484	214,905	230,499	243,668	257,703	221,339	284,851	309,436	335,703
Interest on long-term debt	269,725	281,918	293,339	336,536	324,319	356,164	397,216	382,530	396,754	404,130
Total governmental activities expenses	7,352,937	8,106,542	8,886,708	9,412,028	9,540,831	9,755,717	10,077,144	10,533,344	10,830,542	11,591,538
Program revenues										
Charges for services, fees, fines & forfeitures:										
Economic development and regulation	94,487	102,230	111,105	105,148	112,074	126,407	134,410	136,436	146,067	167,841
Public works	146,628	151,957	206,771	196,119	219,005	228,287	191,960	170,810	189,566	165,931
Others	84,298	80,790	61,273	98,211	118,943	135,407	211,033	223,969	165,753	205,189
Operating grants & contributions	2,155,035	2,309,495	2,178,275	2,813,568	3,321,671	3,343,747	3,190,038	3,277,118	3,368,565	3,464,746
Capital grants & contributions	119,715	130,557	175,841	180,602	259,277	172,964	261,411	270,813	178,218	224,891
Total governmental activities program revenues	2,600,163	2,775,029	2,733,265	3,393,648	4,030,970	4,006,812	3,988,852	4,079,146	4,048,169	4,228,598
Net expenses	(4,752,774)	(5,331,513)	(6,153,443)	(6,018,380)	(5,509,861)	(5,748,905)	(6,088,292)	(6,454,198)	(6,782,373)	(7,362,940)
General revenues										
Taxes:										
Property taxes	1,272,998	1,545,325	1,787,365	1,951,345	1,881,733	1,803,691	1,945,071	2,012,788	2,118,198	2,315,693
Sales and use taxes	1,004,471	1,056,780	1,101,859	1,052,011	1,081,005	1,121,257	1,218,576	1,247,374	1,282,573	1,425,525
Income and franchise taxes	1,591,483	1,736,361	1,755,894	1,478,068	1,434,131	1,656,283	1,956,590	2,094,179	2,094,754	2,316,727
Gross receipts taxes	278,453	302,768	302,873	315,976	295,531	279,002	319,036	345,852	389,539	361,293
Other taxes	390,542	498,198	413,401	261,909	264,959	403,199	404,066	400,308	423,354	528,866
Investment earnings	73,207	124,420	95,847	28,242	19,156	6,122	21,944	6,071	6,810	5,855
Miscellaneous	431,182	456,425	458,469	530,847	447,368	563,400	514,590	580,097	499,235	406,914
Special items	-	(8,838)	153,640	287,137	266,942	-	-	-	-	-
Transfers	73,800	65,376	70,300	68,775	96,624	71,311	66,404	68,314	54,966	55,586
Total governmental activities general revenues	5,116,136	5,776,815	6,139,648	5,974,310	5,787,449	5,904,265	6,446,277	6,754,983	6,869,429	7,416,459
Change in net position --- governmental activities	\$ 363,362	\$ 445,302	\$ (13,795)	\$ (44,070)	\$ 277,588	\$ 155,360	\$ 357,985	\$ 300,785	\$ 87,056	\$ 53,519

(Continued)

Statistical Section

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting, dollars in thousands)

Exhibit S-1B
(Continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
					*			**		***
Business activities										
Expenses										
Lottery and games	\$ 193,907	\$ 192,336	\$ 182,981	\$ 176,625	\$ 163,393	\$ 169,526	\$ 183,185	\$ 173,927	\$ 161,144	\$ 156,762
Unemployment compensation	102,749	99,920	150,237	370,775	480,976	408,997	344,913	255,645	160,403	119,267
Nursing home services	35,434	37,556	40,837	44,601	18,817	4,555	-	-	-	-
Total business-type activities expenses	332,090	329,812	374,055	592,001	663,186	583,078	528,098	429,572	321,547	276,029
Program revenues										
Charges for services, fees, fines & forfeitures:										
Lottery and games	266,391	256,824	252,721	245,370	230,159	231,749	249,675	242,460	216,040	212,495
Nursing home services	29,154	31,849	37,435	43,424	19,991	4,135	-	-	-	-
Operating grants & contributions	14,825	18,358	21,191	36,985	36,998	34,968	27,945	32,790	9,766	14,561
Total business-type activities program revenues	310,370	307,031	311,347	325,779	287,148	270,852	277,620	275,250	225,806	227,056
Net expenses	(21,720)	(22,781)	(62,708)	(266,222)	(376,038)	(312,226)	(250,478)	(154,322)	(95,741)	(48,973)
General revenues										
Taxes:										
Other taxes	95,888	90,117	92,733	94,622	129,471	128,875	133,618	131,025	141,760	148,889
Investment earnings	19,321	20,841	21,317	19,061	13,584	11,764	8,517	7,723	7,340	7,666
Miscellaneous	710	1,095	16,355	152,161	229,709	226,355	178,556	96,161	20,244	-
Transfers	(73,800)	(65,376)	(70,300)	(68,775)	(96,624)	(71,311)	(66,404)	(68,314)	(54,966)	(55,586)
Total business-type activities general revenues	42,119	46,677	60,105	197,069	276,140	295,683	254,287	166,595	114,378	100,969
Change in net position --- business-type activities	\$ 20,399	\$ 23,896	\$ (2,603)	\$ (69,153)	\$ (99,898)	\$ (16,543)	\$ 3,809	\$ 12,273	\$ 18,637	\$ 51,996
Total primary government										
Expenses	\$ 7,685,027	\$ 8,436,354	\$ 9,260,763	\$ 10,004,029	\$ 10,204,017	\$ 10,338,795	\$ 10,605,242	\$ 10,962,916	\$ 11,152,089	\$ 11,867,567
Program revenues	2,910,533	3,082,060	3,044,612	3,719,427	4,318,118	4,277,664	4,266,472	4,354,396	4,273,975	4,455,654
Net expenses	(4,774,494)	(5,354,294)	(6,216,151)	(6,284,602)	(5,885,899)	(6,061,131)	(6,338,770)	(6,608,520)	(6,878,114)	(7,411,913)
General revenues	5,158,255	5,823,492	6,199,753	6,171,379	6,063,589	6,199,948	6,700,564	6,921,578	6,983,807	7,517,428
Change in net position --- primary government	\$ 383,761	\$ 469,198	\$ (16,398)	\$ (113,223)	\$ 177,690	\$ 138,817	\$ 361,794	\$ 313,058	\$ 105,693	\$ 105,515

* Due to the District's policy change on the recognition of personal property tax revenues, FY2010 information had been adjusted

** In FY2013, the District implemented GASB Statement No. 65 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2013.

*** In FY2015, the District implemented GASB Statement No. 68 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2015.

Source: Information was extracted from Exhibit 1-b, Statement of Activities, Page 45.

Exhibit S-1C

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting, dollars in thousands)

	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 1,045,560	\$ 1,135,459	\$ 957,977	\$ 703,694	\$ 836,181
Unreserved	389,582	358,541	286,745	216,789	94,588
Total general fund	\$ 1,435,142	\$ 1,494,000	\$ 1,244,722	\$ 920,483	\$ 930,769
All other governmental funds					
Reserved, reported in:					
Special revenue funds	\$ 321,878	\$ 460,556	\$ 465,229	\$ 507,678	\$ 555,476
Capital project funds	732,602	835,024	629,805	417,212	137,922
Unreserved, reported in:					
Capital project funds	-	-	-	-	-
Total all other governmental funds	\$ 1,054,480	\$ 1,295,580	\$ 1,095,034	\$ 924,890	\$ 693,398

In FY 2011, the District implemented GASB Statement #54; presentation is not comparable to prior years.

	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 18,465	\$ 20,357	\$ 16,015	\$ 25,668	\$ 12,734
Restricted	756,650	856,277	976,071	983,011	1,026,396
Committed	256,287	595,008	659,567	744,649	1,047,105
Assigned	73,492	34,879	97,275	120,331	80,827
Unassigned	-	-	-	-	-
Total general fund	\$ 1,104,894	\$ 1,506,521	\$ 1,748,928	\$ 1,873,659	\$ 2,167,062
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ 9,736	\$ 3,752
Restricted	621,740	541,642	717,664	639,604	821,872
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(116,269)	-	(114,248)	-
Total all other governmental funds	\$ 621,740	\$ 425,373	\$ 717,664	\$ 535,092	\$ 825,624

* Due to the District's policy change on the recognition of personal property tax revenues, FY2010 information has been adjusted.
Source: Information was extracted from Exhibit 2-a, Balance Sheet - Governmental Funds, Page 46.

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting, dollars in thousands)

Exhibit S-1D

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	\$ 4,472,845	\$ 5,146,007	\$ 5,333,118	\$ 5,042,487	\$ 4,956,910	\$ 5,260,486	\$ 5,833,054	\$ 6,128,210	\$ 6,325,257	\$ 6,988,738
Fines and forfeits	112,919	101,971	99,452	106,169	128,473	129,448	185,771	178,708	143,124	129,283
Licenses and permits	81,222	89,072	94,988	91,230	86,951	102,769	99,300	105,081	102,242	119,658
Charges for services	131,273	143,934	184,709	202,079	234,598	257,884	252,332	247,426	256,020	290,020
Investment earnings	73,206	124,420	95,847	28,242	19,156	5,789	21,728	6,608	6,810	5,855
Miscellaneous	489,067	444,262	457,747	524,046	447,365	549,006	514,694	511,582	552,455	414,500
Federal contributions	362,075	440,962	433,206	573,446	670,186	617,845	554,979	555,038	519,846	554,342
Operating grants	1,912,675	1,999,090	1,920,910	2,420,724	2,910,762	2,898,866	2,896,470	2,992,893	3,026,937	3,135,295
Total revenues	7,635,282	8,489,718	8,619,977	8,988,423	9,454,401	9,822,093	10,358,328	10,725,546	10,932,691	11,637,691
EXPENDITURES										
Governmental direction and support	611,620	651,974	695,175	672,463	657,935	698,117	787,331	810,803	920,513	1,027,473
Economic development and regulation	348,091	444,508	461,707	405,140	388,424	351,814	318,266	383,143	411,812	448,244
Public safety and justice	1,133,800	1,241,684	1,369,907	1,381,873	1,546,473	1,517,640	1,469,727	1,513,469	1,521,196	1,521,196
Public education system	1,439,510	1,541,194	1,716,701	1,850,200	1,904,023	1,943,438	1,980,384	2,084,613	2,128,137	2,246,209
Human support services	2,952,637	2,975,821	3,222,979	3,485,267	3,669,367	3,823,317	3,881,043	4,042,204	4,261,400	4,438,448
Public works	184,200	329,942	416,982	388,713	318,590	265,750	342,215	287,598	329,355	354,686
Public transportation	187,615	198,484	214,905	230,499	243,668	257,703	221,339	284,851	309,436	335,703
Debt service:										
Principal	205,654	232,389	251,998	277,523	209,746	211,696	217,645	254,312	306,498	301,001
Interest and other charges	225,195	258,769	287,354	292,484	300,123	333,872	375,461	410,020	422,450	421,549
Fiscal charges	31,958	15,095	25,330	19,659	64,532	14,296	15,447	8,640	4,895	8,311
Total debt service	462,807	506,253	564,682	589,666	574,401	559,864	608,553	672,972	733,843	730,861
Subtotal expenditures	7,320,280	7,889,860	8,663,038	9,003,821	9,302,881	9,417,643	9,608,858	10,079,653	10,609,966	11,102,820
Capital outlay	901,204	1,024,541	1,390,415	1,130,971	1,359,488	1,189,356	1,152,943	1,208,481	1,123,073	1,196,394
Total expenditures	8,221,484	8,914,401	10,053,453	10,134,792	10,662,369	10,606,999	10,761,801	11,288,134	11,733,039	12,299,214
Excess (deficiency) of revenues over (under) expenditures	(586,202)	(424,683)	(1,433,476)	(1,146,369)	(1,207,968)	(784,906)	(403,473)	(562,588)	(800,348)	(661,523)
OTHER FINANCING SOURCES (USES)										
Debt issuance	1,342,612	610,580	664,105	491,645	750,298	745,025	439,370	833,286	597,230	1,034,252
Refunding debt issuance	116,475	251,155	675,895	580,140	835,010	63,860	608,210	25,005	475,305	231,255
Premium on sale of bonds	39,944	16,063	36,282	50,198	89,505	24,711	124,679	154,681	85,679	155,540
Payment to escrow agent	(136,137)	(264,334)	(675,385)	(607,640)	(855,011)	(63,335)	(679,843)	(28,929)	(503,439)	(256,765)
Equipment financing program	30,167	42,471	36,479	62,068	34,162	45,801	49,463	41,016	31,716	25,590
Transfers in	685,206	694,229	477,829	447,639	429,033	302,059	353,087	364,563	331,676	358,736
Transfers out	(611,406)	(628,853)	(407,529)	(378,864)	(332,409)	(230,748)	(286,683)	(296,249)	(276,710)	(303,150)
Sale of capital assets	-	12,168	726	6,800	-	-	450	3,913	1,050	-
Total other financing sources	1,466,861	733,479	808,402	651,986	950,588	887,373	608,733	1,097,286	742,507	1,245,458
Special items	-	(8,838)	175,250	-	-	-	-	-	-	-
Net change in fund balances	\$ 880,659	\$ 299,958	\$ (449,824)	\$ (494,383)	\$ (257,380)	\$ 102,467	\$ 205,260	\$ 534,698	\$ (57,841)	\$ 583,935
Total capitalized expenditures										
Debt service as a percentage of noncapital expenditures	\$ 771,069	\$ 857,739	\$ 1,402,291	\$ 1,222,453	\$ 1,455,655	\$ 936,823	\$ 999,605	\$ 925,053	\$ 893,504	\$ 905,635
	5.78%	6.10%	6.23%	6.40%	5.54%	5.64%	6.08%	6.41%	6.72%	6.34%

* Due to the District's policy change on the recognition of personal property tax revenues, FY2010 information has been adjusted.

Source: Information was extracted from Exhibit 2-b, Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, Page 47.

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting, dollars in thousands)

Exhibit S-1E

Fiscal Year	Property Tax		Rental	Sales and Use	Income and Franchise	Gross Receipts	Other Taxes	Total
	Real	Personal						
2006	\$ 1,163,598	\$ 55,548	\$ 22,336	\$ 970,885	\$ 1,591,483	\$ 278,453	\$ 390,542	\$ 4,472,845
2007	1,452,267	67,394	32,239	1,056,780	1,736,361	302,768	498,198	5,146,007
2008	1,666,315	59,690	33,086	1,101,859	1,755,894	302,873	413,401	5,333,118
2009	1,832,748	69,163	32,612	1,052,011	1,478,068	315,976	261,909	5,042,487
2010	1,790,519	56,501 *	34,264 **	1,081,005	1,434,131	295,531	264,959	4,956,910
2011	1,715,069	52,696	32,980	1,121,257	1,656,283	279,002	403,199	5,260,486
2012	1,843,918	55,734	35,134	1,218,576	1,956,590	319,036	404,066	5,833,054
2013	1,940,169	54,878	45,450	1,247,374	2,094,179	345,852	400,308	6,128,210
2014	2,037,905	55,413	41,719	1,282,573	2,094,754	389,539	423,354	6,325,257
2015	2,219,859	57,225	79,243	1,425,525	2,316,727	361,293	528,866	6,988,738

* Due to the District's policy change on the recognition of personal property tax revenues, FY2010 information has been adjusted

** Corrected to reflect proper classification

Source: Information was extracted from Exhibit 2-b, Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, Page 47.



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2. Revenue Capacity

These schedules contain information regarding the District's most significant local revenue sources: property, income, and sales and use taxes.

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands)

Exhibit S-2A

Fiscal Year	Estimated Actual Value		Total Taxable	Tax Exempt	Total Value	Total Direct Tax Rate**	Tax Exempt as a % of Total Value
	Commercial Property	Residential Property *					
2006	\$ 40,400,447	\$ 58,090,888	\$ 98,491,335	\$ 59,664,865	\$ 158,156,200	1.34	37.7%
2007	51,748,487	73,126,786	124,875,273	57,690,545	182,565,818	1.31	31.6%
2008	61,557,827	81,400,361	142,958,188	67,869,520	210,827,708	1.30	32.2%
2009	68,495,502	84,544,053	153,039,555	81,211,121	234,250,676	1.29	34.7%
2010	68,254,862	81,862,427	150,117,289	82,113,504	232,230,793	1.30	35.4%
2011	59,224,100	80,063,402	139,287,502	81,528,158	220,815,660	1.25	36.9%
2012	65,903,077	80,598,880	146,501,957	83,399,263	229,901,220	1.26	36.3%
2013	70,337,945	81,406,777	151,744,722	84,690,034	236,434,756	1.23	35.8%
2014	74,834,806	85,465,264	160,300,070	87,287,954	247,588,024	1.24	35.3%
2015	82,287,797	94,623,356	176,911,153	90,854,809	267,765,962	1.32	33.9%

* After deduction of homestead exemption and credits against tax for 2005-2007

Does not reflect the 2005 Cap Assessment of 12% for Class 01 with Homestead Exemptions

Does not reflect the 2006-2014 Cap Assessment of 10% for Class 01 with Homestead Exemptions

After deduction of Homestead Exemption for 2008-2014

**The total direct rate is the weighted rate of all taxable real property, obtained by multiplying the weighted rate by the percentage of the total value of real property for each class.

Note: Assessed value is 100 percent of estimated actual value

Source: Office of Tax and Revenue

Direct Property Tax Rates
Last Ten Fiscal Years

Exhibit S-2B

Fiscal Year	Basic Rate	Direct Property Tax Rate		Total Direct
		General Obligation Debt Service	Redevelopment Program	
2006	0.94	0.40	-	1.34
2007	0.86	0.45	-	1.31
2008	0.98	0.32	-	1.30
2009	1.01	0.28	-	1.29
2010	1.02	0.28	-	1.30
2011	0.97	0.28	-	1.25
2012	1.12	0.14	-	1.26
2013	1.12	0.11	-	1.23
2014	1.13	0.11	-	1.24
2015	1.18	0.14	-	1.32

Note:

The total direct rate is the weighted rate of all taxable real property, obtained by multiplying the weighted rate by the percentage of the total value of real property for each class.

Source: Office of Tax and Revenue

Major Tax Rates
Last Ten Fiscal Years

Exhibit S-2C

Fiscal Year	Property (per \$100 of assessed value)						Sales and Use			Income and Franchise		Gross Receipt Public Utility (6)	
	Residential		Commercial			Personal	General (1)	Cigarette (2)	Motor Fuel (3)	Individual (4)	Business (5)	Commercial	Residential
	Owner occupied	Tenant occupied	Hotels	Improved	Unimproved								
2006	0.92	0.92	1.85	1.85	5.00	3.40	0.0575	1.00	0.20	.045-.087	0.09975	0.11	0.10
2007	0.88	0.88	1.85	1.85	5.00	3.40	0.0575	1.00	0.20	.040-.085	0.09975	0.11	0.10
2008	0.85	0.85	1.85	1.85	5.00	3.40	0.0575	1.00	0.20	.040-.085	0.09975	0.11	0.10
2009	0.85	0.85	1.65/1.85*	1.65/1.85*	10.00	3.40	0.0575	2/2.5**	0.20	.040-.085	0.09975	0.11	0.10
2010	0.85	0.85	1.65/1.85	1.65/1.85	10.00	3.40	0.0600	2/2.5	0.24	.040-.085	0.09975	0.11	0.10
2011	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.5/3.13	0.24	.040-.085	0.09975	0.11	0.10
2012	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.86/3.57	0.24	.040-.089	0.09975	0.11	0.10
2013	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.86/3.57	0.24	.040-.089	0.09975	0.11	0.10
2014	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.86/3.57	0.24	.040-.089	0.09975	0.11	0.10
2015	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.90/3.62	0.24	.040-.089	0.09400	0.11	0.10

Source: Office of Tax and Revenue

*\$1.65 for Commercial Improved properties assessed at up to \$3 million; 1.85 for all residuals above \$3 million.

** \$2 per pack of 20 and \$2.50 per pack of 25

(1) Of sales value

(2) Per package of 20 & 25

(3) Per gallon

(4) Of taxable income

(5) Of net income

(6) Of gross charges (gas, lighting, telephone)

Principal Property Taxpayers
Current Year and Nine Years Ago
(dollars in thousands)

Exhibit S-2D

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
CC OWNER LLC	\$ 739,957	1	0.418%	\$ 113,146	56	0.115%
JBG/FEDERAL CENTER LLC	639,350	2	0.361%	***	***	***
CARR CRHP PROPERTIES LLC	618,030	3	0.349%	263,842	4	0.268%
WASHINGTON SQUARE LIMITED PARTNERSHIP	534,286	4	0.302%	281,135	3	0.285%
555 12TH REIT LLC	496,500	5	0.281%	348,411	1	0.354%
UNITED BROTHERHOOD CRPT JNR AM NATL H S FD	472,352	6	0.267%	205,000	9	0.208%
HQ HOTEL LLC	398,592	7	0.225%	***	***	***
WARNER INVESTMENTS LP	390,472	8	0.221%	255,096	5	0.259%
GEORGE WASHINGTON UNIVERSITY	387,640	9	0.219%	***	***	***
13th & F ASSOCIATES LP	387,634	10	0.219%	***	2	***

*** Property was not active in 2006

Source: Office of Tax and Revenue

Ten Highest Assessed Values For Tax Exempt Properties
Current Year
(dollars in thousands)

Exhibit S-2E

Property	Value
International finance corporation	\$589,792
International bank for reconstruction & development	\$564,898
Inter-american development bank	\$505,393
Protestant episcopal cathedral foundation DC	\$447,903
Catholic university of america	\$386,066
Georgetown university	\$368,584
International monetary fund	\$367,259
International monetary fund	\$366,780
The freedom forum inc	\$263,317
Gonzaga college	\$258,914

Note: Duplicate property listings result from owners with multiple properties.

Source: Office of Tax and Revenue

Property Tax Levies and Collections
Last Seven Fiscal Years
(dollars in thousands)

Exhibit S-2F

Fiscal Year Ended Sept 30	Current Levy			Prior Years			Total		
	Levy	Collections	Percent Collected	Outstanding Balances Billed	Collections	Percent Collected	Billed	Collected	Total
2009	\$ 1,861,953	\$ 1,752,290 (1)	94.1%	\$ 100,910	\$ 65,868 (1)	65.3%	\$ 1,962,863	\$ 1,818,158	92.6%
2010	1,792,100	1,735,602 (2)	96.8%	144,883	94,683 (2)	65.4%	1,936,983	1,830,285	94.5%
2011	1,639,902	1,610,533	98.2%	226,333	111,465	49.2%	1,866,235	1,721,998	92.3%
2012	1,814,958	1,784,196	98.3%	152,954	78,989	51.6%	1,967,912	1,863,185	94.7%
2013	1,909,967	1,872,534	98.0%	145,546	82,977	57.0%	2,055,513	1,955,511	95.1%
2014	2,000,814	1,969,905	98.5%	139,400	80,076	57.4%	2,140,214	2,049,981	95.8%
2015	2,220,771	2,180,283	98.2%	119,381	68,945	57.8%	2,340,152	2,249,228	96.1%

(1) Previously reported collections for 2009 included tax overpayments for both the current levy and prior years balances of \$8,648 and \$3,615 respectively.

(2) Previously reported collections for 2010 included tax overpayments for both the current levy and prior years balances of \$10,940 and \$2,361 respectively.

Note: Table reflects a modification to the tax levy data previously reported, which included new billings of prior year tax, penalty and interest amounts due. Data has been reformatted to specifically identify prior year amounts included in the annual amounts billed. The table reflects seven years of data, as the detailed information on delinquent amounts included in the tax levy for prior years are not available in the format required.

Source: Office of Tax and Revenue

**Personal Income Tax Rates
Last Ten Fiscal Years**

Exhibit S-2G

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	
2006	8.70% \$	40,000 \$	40,000 \$	40,000	6.45%
2007	8.50%	40,000	40,000	40,000	6.20%
2008	8.50%	40,000	40,000	40,000	5.93%
2009	8.50%	40,000	40,000	40,000	5.64%
2010	8.50%	40,000	40,000	40,000	5.36%
2011	8.50%	40,000	40,000	40,000	5.32%
2012	** 8.95%	350,000	350,000	350,000	5.48%
2013	8.95%	350,000	350,000	350,000	5.60%
2014	8.95%	350,000	350,000	350,000	6.33%
2015	8.95%	350,000	350,000	350,000	N/A

N/A: Not Available

* Fiscal year personal income tax collections divided by prior-year personal income.

** 2012 numbers reflect tax law changes.

Source: Office of Tax and Revenue

**Personal Income Tax Filers and Liability by Income Level
Current Year and Nine Years Ago**

Exhibit S-2H

Income Level	2015				2006			
	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	60,877	16.8%	\$ 990,188,731	68.9%	36,498	11.8%	\$ 800,336,314	64.7%
\$75,001 -- \$100,000	28,630	7.9%	142,988,382	10.0%	18,486	6.0%	102,166,029	8.3%
\$50,001 -- \$75,000	50,133	13.8%	155,428,051	10.8%	36,177	11.7%	132,366,987	10.7%
\$25,001 -- \$50,000	81,071	22.4%	117,767,806	8.2%	81,120	26.2%	151,761,913	12.3%
\$10,001 -- \$25,000	65,824	18.2%	27,734,534	1.9%	68,453	22.1%	45,258,148	3.7%
\$10,000 and lower	75,440	20.8%	2,326,217	0.2%	69,238	22.3%	4,739,612	0.4%
Total	361,975	100.0%	\$ 1,436,433,721	100.0%	309,972	100.0%	\$ 1,236,629,003	100.0%

Note: Amounts not expressed in thousands.

Source: Office of Tax and Revenue



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3. Debt Capacity

These schedules present information showing the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Ratios of General Obligation Bonds Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Exhibit S-3A

Fiscal Year	General Obligation Bonds (GO)	Actual Value of Taxable Property	GO Bonds as a Percentage of Actual Value of Taxable Property	GO Debt Per Capita *
2006	\$ 3,773,863	\$ 98,491,335	3.83%	\$ 6,462
2007	4,140,133	124,875,273	3.32%	7,060
2008	4,592,518	142,958,188	3.21%	7,917
2009	3,766,628	153,039,555	2.46%	6,281
2010	2,781,053	150,117,289	1.85%	4,595
2011	2,829,598	139,287,502	2.03%	4,561
2012	2,295,225	146,501,957	1.57%	3,614
2013	2,245,185	151,744,722	1.48%	3,459
2014	2,790,935	160,300,070	1.74%	4,236
2015	3,530,770	176,911,153	2.00%	5,252

* The prior year per capita amounts were updated to reflect the revised census population estimates.

**Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)**

Exhibit S-3B

Fiscal Year	Tax Increment Financing Debts					Income Tax Secured Revenue Bonds				
	Sales Tax Increment	Real Property Tax Increment	Debt Service		Coverage	Individual Income Tax	Business		Debt Service	Coverage
			Principal	Interest			Franchise	Principal	Interest	
2006	\$ 8,299	\$ 974	\$ 4,809	\$ 4,899	95.52%	\$ -	\$ -	\$ -	\$ -	0.00%
2007	8,948	3,516	4,666	5,042	128.39%	-	-	-	-	0.00%
2008	9,090	1,563	4,565	5,147	109.69%	-	-	-	-	0.00%
2009	10,032	4,918	4,467	5,245	153.93%	1,135,938	342,130	-	7,974	18536.09%
2010	7,529	4,431	4,390	5,320	123.17%	1,110,444	323,687	-	59,710	2401.83%
2011	10,904	3,750	4,323	5,385	150.95%	1,296,598	359,684	23,160	136,175	1039.50%
2012	9,747	9,711	8,034	6,452	134.32%	1,490,694	465,896	90,755	134,090	870.20%
2013	11,238	7,119	4,203	6,496	171.58%	1,640,899	453,280	117,740	193,898	671.99%
2014	7,178	10,324	3,973	6,719	163.69%	1,679,173	415,581	148,120	205,724	592.00%
2015	9,133	12,328	3,914	6,785	200.59%	1,868,037	447,805	138,580	204,933	674.16%

Note: Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements.

Beginning FY 2010, the District revised the presentation of the Exhibit by removing sales tax increment and real property tax increment that were dedicated to tax increment financing other than the Gallery Place TIF Bonds and the Mandarin Hotel TIF Bonds for which the principal and interest components of debt service were indicated.

Beginning FY 2012, the City Market at O Street TIF was added to the presentation

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**
(dollars in thousands, except per capita)

Exhibit S-3C

Fiscal Year	Governmental Activities												Total			
	General Obligation Bonds	Income Tax Secured Bonds	Qualified Zone Academy Bonds		Certificates of Participation	Capital Leases	Ballpark Bonds	HPTF Bonds(3)	PILOT Revenue Bond(4)	GARVEE Bonds(5)	Tobacco Bonds(1)	Total Debt				
			TIF Bonds	Bonds										Personal Income(2)	Total Debt as a Percentage of Personal Income	Total Debt Per Capita
2006	\$ 3,773,863	\$ -	\$ 109,895	\$ 5,221	\$ 278,100	\$ 67,942	\$ 534,800	\$ -	\$ -	\$ -	\$ 742,284	\$ 5,512,105	\$ 34,066,250	16.2%	\$ 9,439	\$ 8,168
2007	4,140,133	-	105,229	4,787	270,780	59,868	528,490	34,105	-	-	737,069	5,880,461	36,817,750	16.0%	10,028	8,771
2008	4,592,518	-	100,664	6,713	261,375	52,403	526,415	33,570	155,630	-	724,484	6,453,772	40,359,750	16.0%	11,126	9,877
2009	3,766,628	1,071,785	96,196	6,044	251,515	44,492	521,750	33,010	142,138	-	711,239	6,644,797	40,403,096	16.4%	11,081	9,895
2010	2,781,053	2,570,650	91,807	9,518	241,185	36,108	517,390	85,615	156,621	-	699,779	7,189,726	41,499,722	17.3%	11,880	10,723
2011	2,829,598	3,029,100	87,484	8,573	230,335	27,433	512,850	84,335	142,375	82,610	690,289	7,724,982	45,272,125	17.1%	12,451	11,205
2012	2,295,225	3,799,645	112,985	7,628	218,935	18,972	507,935	82,805	127,924	78,775	677,219	7,928,048	46,873,665	16.9%	12,484	11,294
2013	2,245,185	4,457,675	108,782	6,682	206,965	11,024	502,255	120,450	82,207	117,570	647,459	8,506,254	48,118,236	17.7%	13,104	11,926
2014	2,790,935	4,465,820	104,809	5,736	-	8,162	474,420	118,055	70,030	111,110	631,294	8,780,371	46,015,860	19.1%	13,307	12,182
2015	3,530,770	4,327,855	100,895	4,791	-	5,105	467,360	115,565	215,647	104,395	616,404	9,488,787	48,453,108	19.6%	14,115	13,043

Note: There are no business type activities with outstanding debt.

Prior year per capita amounts were updated to reflect U.S. Census Bureau population estimates.

Convention Center bonds are not included in this table.

(1) Tobacco and GARVEE bonds are not supported by general tax revenues and are not included in the Total "Tax Supported Debt" Per Capita calculation.

(2) The prior year personal income amounts were updated to reflect current methodology and further enhance the presentation of the data.

(3) HPTF - Housing Production Trust Fund

(4) PILOT - Payments in Lieu of Taxes

(5) GARVEE - Federal Highway Grant Anticipation Revenue Bonds

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

Exhibit S-3D

Debt Service Cost Margin Calculation for Fiscal Year 2015:

General fund revenue \$ 7,661,325

Debt service cost limitation (17% of general fund revenue) \$ 1,302,425

Debt expenditure applicable to limit:

Principal \$ 259,142

Interest 337,326

Subtotal for current year 596,468

Highest debt service cost \$ 596,468

Total debt service cost subject to the limitation 596,468

Debt service cost margin \$ 705,957

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt service cost limitation	\$ 875,852	\$ 1,000,684	\$ 1,039,711	\$ 1,002,774	\$ 977,459	\$ 1,019,192	\$ 1,119,360	\$ 1,165,281	\$ 1,206,218	\$ 1,302,425
Highest future year debt service cost	\$ 383,659	\$ 406,161	\$ 456,152	\$ 408,506	\$ 408,555	\$ 456,152	\$ 464,994	\$ 513,639	\$ 576,273	\$ 596,468
Debt service cost margin	\$ 492,193	\$ 594,523	\$ 583,559	\$ 594,268	\$ 568,904	\$ 563,040	\$ 654,366	\$ 651,642	\$ 629,945	\$ 705,957

Total debt service cost subject to the limit
as a percentage of debt service cost limit

	43.8 %	40.6 %	43.9 %	40.7 %	41.8 %	44.8 %	41.5 %	44.1 %	47.8 %	45.8 %
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Debt limit ratio

	7.4 %	6.9 %	7.5 %	6.9 %	7.1 %	7.6 %	7.1 %	7.5 %	8.1 %	7.8 %
--	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Note: Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term debt to exceed 17 percent of the revenues of the fiscal year in which the debt is issued. The debt service percent is calculated using the highest fiscal year debt service divided by the total revenues. The District issued more income tax revenue bonds to refund general obligation debt because the income tax revenue bonds have a higher rating, which resulted in a lower interest cost.

Limitation On Borrowing
(dollars in thousands)

Exhibit S-3E

General Fund Expenditures ¹ :	\$ 7,312,851
General Fund Transfers out ¹ :	176,455
Adjustment for Transfer to Component Agency (UDC) ¹ :	37,486
Adjustment for TIFs and PILOTs Bonds and Notes Debt Service Transfers ¹ :	31,586
Adjustment for Ballpark Revenue Bond Debt Service Transfers ¹ :	32,281
Adjustment for Convention Center Hotel Debt Service Transfers ¹ :	14,824
Total:	\$ 7,605,483

Limitation on borrowing (12%):

 \$ 912,658
 774,417

FY 2015 debt service cost:

\$ 138,241

Margin on Limitation:

FY 2015 Debt service percentage:

10.18%

	2015			2016			2017			2018		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Long Term Debt												
General Obligation Bonds ²	\$113,530	\$139,103	\$252,633	\$133,280	\$167,822	\$301,102	\$130,055	\$163,061	\$293,116	\$121,340	\$156,777	\$278,117
Income Tax Secured Revenue Bonds ³	138,580	204,933	343,513	88,155	207,562	295,717	119,275	203,389	322,664	202,600	197,433	400,033
TIF Bonds ⁴	3,914	6,785	10,699	4,073	6,840	10,913	4,136	6,853	10,989	4,180	6,855	11,035
TIF Notes ^{4,5}	2,987	4,134	7,121	1,903	936	2,839	2,210	3,918	6,128	2,442	3,875	6,317
QZAB	945	-	945	946	-	946	690	-	690	690	-	690
Capital Leases	3,057	450	3,507	3,268	239	3,507	1,837	37	1,874	-	-	-
Ballpark Revenue Bonds	7,060	25,221	32,281	7,925	24,816	32,741	8,850	24,370	33,220	9,835	23,880	33,715
Equipment Financing Program	41,364	2,152	43,516	34,763	1,521	36,284	24,170	878	25,048	16,417	440	16,857
HPTF Revenue Bonds	2,490	5,339	7,829	2,600	5,222	7,822	2,725	5,100	7,825	2,850	4,972	7,822
PILOT Bonds ⁶	9,280	3,424	12,704	7,845	7,790	15,635	8,200	9,132	17,332	8,570	8,762	17,332
PILOT Notes ⁷	451	611	1,062	422	587	1,009	446	563	1,009	472	538	1,010
225 Virginia Avenue Lease	2,913	6,361	9,274	3,116	6,158	9,274	3,333	5,941	9,274	3,565	5,709	9,274
Washington Convention and Sports Authority	16,315	33,018	49,333	18,900	32,165	51,065	19,760	31,248	51,008	20,655	30,283	50,938
Total	\$342,886	\$431,531	\$774,417	\$307,196	\$461,658	\$768,854	\$325,687	\$454,490	\$780,177	\$393,616	\$439,524	\$833,140

The purpose of this exhibit is to comply with debt limitation requirement.

Notes:

- Adjustments are made to General Fund Expenditures and Transfers to reflect Component Agencies and Debt Service Expenditures not already included.
- Interest on Floating Rate General Obligation and Income Tax Secured Revenue Bonds assumed at 1.5% through FY 2015, and 3.0% thereafter.
- TIF Bonds include the Gallery Place, Mandarin Oriental Hotel and the City Market at O Street.
- TIF Notes include the Clyde's, Forever 21, Georgia Avenue CVS, Fort Lincoln, Howard Theatre, the National Crime & Punishment Museum, Verizon Center, and City Market at O Street Note.
- Adjustments are made to TIF Notes to reflect principal prepayment and change in presentation of Convention Center Hotel debt.
- PILOT Bonds include Anacostia Waterfront Corp., the Yards and the Wharf projects.
- PILOT Notes include Rhode Island Place and Foundry Lofts projects.

Source: Office of Finance and Treasury

4. Demographic and Economic Information

These schedules offer demographic and economic data to help explain the environment within which the District's financial activities take place. This information also facilitates comparisons of financial statement information over time and among governments.

Demographic and Economic Statistics
Last Ten Fiscal Years

Exhibit S-4A

Fiscal Year	Popula- tion (1)	Personal Income (2)(3)	Per Capita Income (2)	Median Age (1a)	Employ- ment (4)	Unemploy- ment Rate (4)	Claims Accepted (5)	Claims Rejected (5)
2006	583,978	\$ 34,066,250	\$ 58,335	34.7	686,225	5.8%	17,021	6,212
2007	586,409	36,817,750	62,785	34.6	691,708	5.5%	17,111	5,918
2008	580,074	40,359,750	69,577	34.3	702,725	6.0%	20,425	7,123
2009	599,657	40,403,096	67,377	34.0	701,633	9.0%	34,668	13,697
2010	605,210	41,499,722	68,571	33.8	709,075	10.2%	34,481	10,761
2011	620,427	45,272,125	72,969	33.7	723,233	10.2%	40,113	11,578
2012	635,040	46,873,665	73,812	33.6	730,033	9.3%	42,276	14,686
2013	649,111	48,118,236	74,129	33.8	733,317	8.6%	27,665	13,237
2014	659,836	46,015,860	69,738	33.7	757,500	7.8%	28,995	9,921
2015	672,228	48,453,108	72,078	N/A	764,700	6.7%	21,290	13,141

N/A: Not Available

(1) Source: U.S. Census Bureau. Population data is based on estimates as of July 1 each year. Presentation of prior years data is adjusted for Census updates.

(1a) Median age for 2010 and years thereafter are updated each May

(2) Source: D.C. Department of Employment Services, Office of Labor Market Research and Information based on data from U.S. Bureau of Economic Analysis (BEA).

BEA uses slightly different population estimates in its calculation of per capita income. Updates are made each year to prior year numbers, which will not match prior year CAFR figures.

(3) In thousands

(4) Source: D.C. Department of Employment Services, Office of Labor Market Research and Information based on data from U.S. Bureau of Labor Statistics.

(5) Source: D.C. Department of Employment Services, Office of Unemployment Compensation

For some measures in Exhibit S-4A, updates are made each year to prior year numbers. Therefore, prior year numbers may not match the numbers in CAFR tables from previous years.

Principal Employers
Current Year and Ten Years Ago

Exhibit S-4B

Employer	2015			2005		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Georgetown University	*	1	*	*	3	*
George Washington University	*	2	*	*	2	*
Children's National Medical Center	*	3	*	*	5	*
American University	*	4	*	*	8	*
Fannie Mae	*	5	*	*	6	*
Catholic University of America	*	6	*	*	11	*
Booz Allen & Hamilton Inc.	*	7	*	*	116	*
Red Coats	*	8	*	*	101	*
Allied Barton Security Services LLC	*	9	*	*	*	*
George Washington University Hospital	*	10	*	*	15	*
Howard University Hospital	*	11	*	*	9	*
Sibley Memorial Hospital	*	12	*	*	14	*
Advisory Board Co.	*	13	*	*	13	*
George Washington Med Fac Assoc.	*	14	*	*	42	*
Insperty People Services LP	*	15	*	*	*	*
Total	50,819		10.4%	39,174		8.9%

* This data is produced through the Quarterly Covered Employment and Wage (QCEW) Program, a Bureau of Labor Statistics federal/state cooperative statistical program. Release of data under this program is subject to the Confidential Information Protection and Statistical Efficiency Act of 2002. The District cannot release company specific employment information without the written consent of each of the companies that are included in the release of such data. As a result, we are only presenting rank and total employment information for the top fifteen principal employers.

Source: Department of Employment Services, Office of Labor Market Research and Information

5. Operating Information

These schedules contain service and infrastructure data to better understand how the information in the District's financial reports relates to the services the District provides and the activities it performs.

Operating Indicators by Function/Program
Last Ten Fiscal Years

Exhibit S-5A

Function/Program	Operating Indicators									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENTAL DIRECTION AND SUPPORT										
<i>General Obligation Bonds</i>										
Bond Rating by S&P	A+	A+	A+	A+	A+	A+	A+	AA-	AA	AA
Bond Rating by Moody's	A2	A1	A1	A1	Aa2	Aa2	Aa2	Aa2	Aa2	Aa1
Bond Rating by Fitch	A	A+	A+	A+	AA-	AA-	AA-	AA-	AA	AA
<i>Income Tax Secured Revenue Bond *</i>										
Bond Rating by S&P	-	-	-	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Bond Rating by Moody's	-	-	-	Aa2	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
Bond Rating by Fitch	-	-	-	AA	AA+	AA+	AA+	AA+	AA+	AA+
*First issued in FY 2009										
ECONOMIC DEVELOPMENT AND REGULATION										
Taxable Retail Sales (\$ millions)	\$ 10,051	\$ 9,971	\$ 11,048	\$ 10,198	\$ 11,191	\$ 11,697	\$ 12,610	\$ 13,083	\$ 13,717	\$ 14,659
Commercial Construction Units	121	173	156	107	138	124	117	96	327	97
Commercial Construction Value	\$ 1,366,931	\$ 1,300,454	\$ 1,938,197	\$ 2,321,216	\$ 1,518,394	\$ 941,963	\$ 649,872	\$ 954,718	\$ 2,542,032	\$ 1,902,211
Residential Construction Units	815	664	1,237	1,003	850	899	855	1,199	1,369	1,121
Residential Construction Value	\$ 186,685	\$ 182,298	\$ 276,722	\$ 269,812	\$ 214,187	\$ 235,996	\$ 261,314	\$ 382,192	\$ 425,194	\$ 391,467
Housing Finance Agency										
Number of Single-Family Units Financed	67	273	218	109	15	53	16	2	192	236
Amount of Single-Family Financing Provided (\$ 000s)	\$ 16,820	\$ 59,070	\$ 43,795	\$ 24,750	\$ 2,704	\$ 9,897	\$ 3,604	\$ 619	\$ 53,068	\$ 65,183
Number of Multi-Family Units Financed	1,165	1,198	917	297	1,307	729	1,608	939	1,008	1,325
Amount of Multi-Family Financing Provided (\$ 000s)	\$ 71,543	\$ 118,978	\$ 91,014	\$ 28,255	\$ 137,000	\$ 78,512	\$ 183,002	\$ 139,347	\$ 194,600	\$ 171,401
Total Number of Housing Units Financed	1,232	1,471	1,135	406	1,322	782	1,624	941	1,200	1,561
Total Amount of Housing Financing Provided (\$ 000s)	\$ 88,363	\$ 178,048	\$ 134,809	\$ 53,005	\$ 139,704	\$ 88,409	\$ 186,606	\$ 139,966	\$ 247,668	\$ 236,584
PUBLIC SAFETY AND JUSTICE										
Police										
Crime Index Offenses	32,311	33,043	35,351	34,977	30,872	31,772	36,154	35,752	37,662	37,471
Number of Police Officers	3,800	3,907	4,050	4,047	3,960	3,801	3,907	4,010	3,971	3,839
Fire & EMS										
Number of Operational Personnel	1,800	1,818	1,958	1,958	1,946	1,941	1,874	1,998	1,877	1,864
Total Number of Incidents	149,395	153,788	158,919	165,725	162,440	161,795	167,939	167,335	179,319	197,092
Total Number of Fire/Rescue Incidents	32,015	32,363	32,396	30,728	31,562	31,527	30,296	29,823	32,313	34,924
Number of Medical Incidents	117,380	121,415	126,523	134,997	130,878	130,268	137,643	137,512	147,006	162,168
Total Number of Transports	75,186	76,841	81,981	86,824	94,039	97,689	101,208	102,987	109,044	115,262
Inspections	28,636	19,282	13,175	22,716	24,862	14,231	11,470	12,482	13,159	10,148
PUBLIC LIBRARY										
Number of Volumes	2,873,518	3,037,696	2,897,099	2,525,848	2,242,514	1,601,581	1,466,010	1,491,914	1,536,820	1,376,418

Operating Indicators by Function/Program
Last Ten Fiscal Years

Exhibit S-5A
(Continued)

Function/Program	Operating Indicators									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>PUBLIC EDUCATION SYSTEM</u>										
<u>D.C. Public School System</u>										
Number of School Teachers	4,614	4,509	4,328	3,722	3,758	3,850	3,775	3,392	3,585	3,684
Number of School Students	56,943	52,945	46,208	46,132	45,772	48,737	45,191	45,557	46,393	47,548
Number of High School Graduates	2,450	2,489	2,555	2,679	2,790	2,954	2,919	2,864	2,702	2,784
<u>University of the District of Columbia</u>										
Number of Teachers	215	242	247	241	231	222	260	250	223	230
Number of Students	5,772	5,612	5,595	5,260	5,855	5,286	5,490	5,352	5,118	5,118
Number of Graduates	573	475	218	711	602	641	705	832	866	795
<u>PUBLIC WORKS/PUBLIC TRANSPORTATION</u>										
Street Resurfaced (includes reconstruction); Regular Cover;										
Pavement Restoration (miles)	65.2	52.3	32.1	18.0	13.0	14.0	17.0	19.3	27.2	42.0
Potholes Repaired	3,649	6,262	2,800	2,400	5,580	6,863	26,233	24,718	65,332	72,719
Refuse Collected (tons per day)	425	406	404	378	390	393	382	361	354	340
Recyclables Collected (tons per day)	86	95	98	105	110	107	133	145	130	116
Tons of Bulk Trash Removed	4,610	4,831	4,025	4,136	3,611	3,536	2,944	2,594	2,558	2,597
Tons of Leaves Removed	9,588	7,834	10,072	8,289	8,050	6,914	5,659	5,920	6,054	5,798
Tons of Snow Removed	855,712	661,050	674,225	808,732	5,298,905	850,000	105,487	218,005	2,250,383	1,265,841
<u>Department of Motor Vehicles</u>										
Number of Motor Vehicle Registrations (1/1 - 12/31)	260,662	271,243	269,549	259,367	276,585	278,915	284,674	289,028	296,210	303,039
Number of Operator Licenses Issued (1/1 - 12/31)	90,456	117,902	112,072	110,846	109,630	111,354	120,372	119,303	81,656	80,459
Number of Operator Licenses Outstanding (1/1 - 12/31)	357,569	396,193	342,816	340,316	348,036	357,228	370,805	411,356	416,289	448,304
<u>CONVENTION CENTER</u>										
Conferences Held	106	151	183	204	214	231	201	209	204	233
Attendees	935,485	1,028,953	1,091,406	1,053,266	1,015,324	1,017,638	1,159,480	1,089,116	1,280,256	1,120,398

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Exhibit S-5B

Function/Program	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Police</u>										
Police Stations Including Satellites	16	16	17	11	11	11	11	11	11	11
Number of Patrol Cars	1,234	1,222	1,242	1,200	1,183	1,195	1,196	1,197	1,224	1,259
<u>Fire</u>										
Number of Fire and EMS stations	33	34	34	34	34	34	34	34	34	34
Number of Front-line Emergency Vehicles	107	130	111	126	126	123	123	123	124	94
<u>EMS</u>										
Number of Ambulances	91	78	79	77	78	89	73	110	98	86
<u>D.C. Public School System</u>										
Schools	144	144	144	131	122	123	122	122	112	112
Number of School Buses	712	727	727	790	753	802	838	880	799	601
<u>Public Library</u>										
Number of Main and Branch Buildings	22	22	22	24	25	25	26	26	26	26
Number of Community and Kiosk Facilities	5	5	5	0	0	0	0	0	0	0
<u>Parks and Recreation</u>										
Acreage	832	836	836	836	836	883	883	931	931	931
Number of Recreation & Community Centers	70	73	75	75	79	78	78	74	73	73
Number of Day Camps	86	86	71	68	76	91	88	96	96	82
Number of Outdoor Swimming Pools	24	26	24	24	23	23	24	22	22	22
Number of Indoor Swimming Pools	6	8	7	7	10	8	8	8	11	11
<u>Public Works/Public Transportation</u>										
Number of Refuse Collection Trucks	71	77	77	84	71	70	64	64	69	68
Primary Street Miles	126	126	126	126	126	126	126	135	134	134
Secondary Street Miles	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,009	1,117
Number of Street Lights	66,630	68,000	68,000	68,000	68,000	68,000	69,350	70,182	70,828	70,809
Number of Signalized Intersections	1,563	1,570	1,575	1,600	1,700	1,603	1,603	1,645	1,652	1,524
Number of Trees	120,934	128,540	144,000	145,312	146,920	144,000	148,980	147,276	147,376	153,990
<u>D.C. Water & Sewer Authority</u>										
Miles of Water Mains	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Miles of Sewer Mains	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800

Budgeted Full-Time Equivalent District Government Employees, by Function, General Operating Funds
Last Ten Fiscal Years
(Year ended Sept 30)

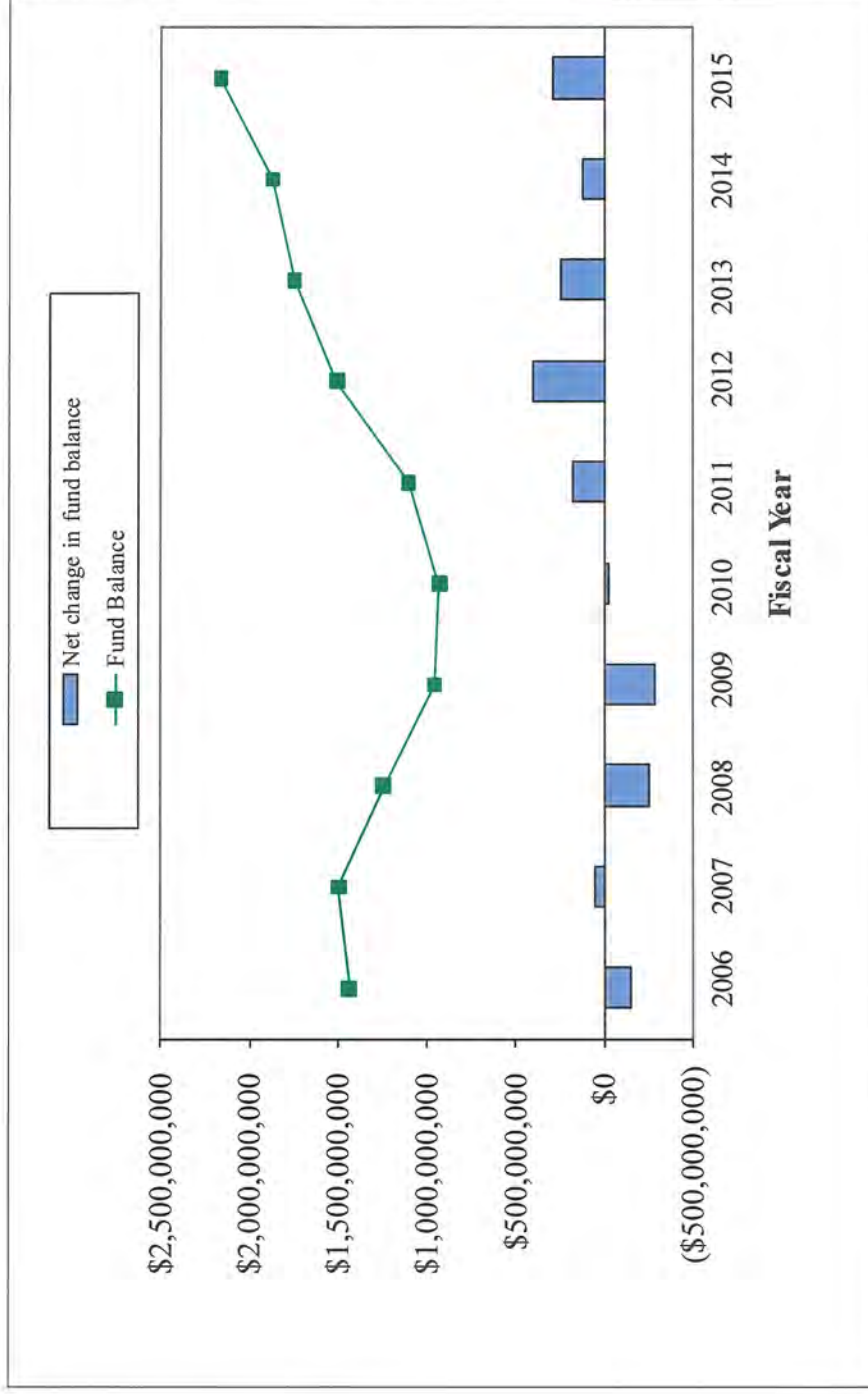
Exhibit S-5C

Function	Full-time Equivalent District Government Employees									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental direction and support	2,475	2,613	2,725	2,726	2,440	2,648	2,994	3,014	3,069	3,178
Economic development and regulation	1,104	1,157	1,220	1,230	1,128	1,040	1,041	1,181	1,282	1,305
Public safety and justice	7,919	8,234	8,720	8,728	8,586	8,505	8,313	8,230	8,192	8,247
Public education system	9,714	9,367	8,618	8,323	7,651	9,253	9,028	8,959	8,701	9,558
Human support services	4,611	4,571	4,816	4,559	3,946	3,782	3,687	3,822	3,992	4,141
Public works	1,789	1,889	2,073	2,197	2,106	2,007	2,146	2,196	2,324	2,397
Total	27,612	27,831	28,172	27,763	25,857	27,235	27,209	27,402	27,560	28,826

Source: Office of Budget and Planning

Exhibit S-5D

**General Fund
Fund Balance Trend Chart**





**GOVERNMENT OF THE
DISTRICT OF COLUMBIA**

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Chief Information Officer

YEAR ENDED SEPTEMBER 30, 2015