

Government Operations and Finances

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Government Operations and Finances

Department of Human Resources

The mission of the D.C. Department of Human Resources (DCHR) is to strengthen individual and organizational performance and enable the District government to attract, develop, and retain a highly qualified and diverse workforce.

The D.C. Department of Human Resources (DCHR) offers executive management to District government officials and/or agencies by providing personnel-related services to help each agency meet daily mission mandates. Specific services provided include position classification and recruitment services, the interpretation of personnel-related policy, as well as oversight control (such as the adherence to regulatory requirements) for effective recruitment and staffing, strategic and financial restructuring through realignment assistance, and resource management. In addition, the agency provides District government employees with a variety of services, including employee benefits and compensation guidance, performance management, compliance, audit assessments, legal guidance on personnel matters, and learning and development.

Office of the Director

The Office of the Director (OOD) provides executive management and recruitment; policy direction; strategic and financial planning; public relations; resource management; administrative support for DCHR and consultation to the Mayor and members of the Cabinet on human resource issues. It controls and disseminates work assignments and coordinates agency operations to ensure the attainment of the agency's strategic goals and objectives. OOD consists of the Executive and Excepted Services & Human Resource (HR) Processing Unit; the Management Support Unit; Records Management; and the Customer Care Unit (customer service). The Office of the Director provides independent and objective evaluation of the human resource functions, policies, procedures and controls of all agencies subordinate to the Mayor.

The DCHR operates through the following six divisions:

Administration for Recruitment and Classification

The Administration for Recruitment and Classification (ARC) provides position management, classification, compensation and staffing and recruitment for agencies in the District of Columbia government. ARC establishes official classifications and descriptions, designs and implements pay schedules, and develop classification, compensation, and recruitment and staffing policies, procedures, and regulations. ARC delivers expert advice to District government agencies in the areas of classification, total compensation, administration of pay schedules, merit pay, compensation and classification policies, Fair Labor Standards Act (FLSA), staffing, recruitment and retention issues. In addition, ARC provides staffing and recruitment support to subordinate agencies delegated recruitment and selection authority, as well as other subordinate and independent agencies, and conducts recruitment.

This division contains the following three divisions:

- Recruitment and Staffing – provides recruitment, selection, and placement services to client agencies and oversight controls for effective recruitment and staffing, employee relations, and auditing of subordinate agencies delegated recruitment;
- Classification – provides position management, classification and compensation support services to District government agencies. Establishes official classifications and position descriptions, designs and develops classification policies, procedures, and regulations; and
- Compensation – provides expert advice to District government management in the areas of compensation, administration of pay schedules, merit pay, compensation policies, FLSA, and recruitment/retention issues.

Legal Administration

The Legal Administration (LA) provides legal assistance and guidance on the Comprehensive Merit Personnel Act and other relevant District and federal laws, rules, and regulations. LA also provides legal advice to the agency on a variety of complex legal issues to accomplish DCHR's mission. In addition, LA provides legal advice and guidance to both subordinate and independent agencies within the District government regarding matters involving personnel and employment law.

Benefits and Retirement Administration

The Benefits and Retirement Administration (BRA) is responsible for the service delivery of the District's benefits program and policies for 32,000 benefit-eligible employees and retirees (pre- and post-October 1, 1987). This includes the plan management, contracting and communication of all health, voluntary, and retirement programs. In addition, BRA oversees the Police and Firefighters' Retirement and Relief Board, which makes determinations and decisions on all retirement and survivor benefit claims and cases.

This division contains the following 2 divisions:

- Benefits Operation Unit – provides benefits services that strengthen individuals and organizational performance and assists in enabling the District government to attract, develop, and retain a well-qualified, diverse workforce through the service delivery of the District's benefits programs to all eligible employees and retirees; and
- Police and Fire Retirement Relief Board – provides oversight and support for the Police and Firefighters Retirement Relief Board (PFRRB). The PFRRB hears and rules on optional, disability and survivor cases pertaining to sworn personnel of the Metropolitan Police Department, Fire and Emergency Medical Services Department, U.S. Park Police, and U.S. Secret Service.

Center for Learning and Development

The Center for Learning and Development (CLD) provides training, workforce planning and organizational development programs, and activities that increase the knowledge, skills, and competencies of District government employees, to enable them to provide the highest quality and most cost-effective services to the District of Columbia. CLD was formerly known as the Workforce Development Administration.

This division contains the following 6 programs:

- Training and Development – provides training, a professional forum for implementing consortiums and programs that increase knowledge, skills, and competencies of District government employees.
- Capital City Fellows (CCF) – provides central oversight for this two-year training program for recent graduates of master's degree programs in public administration, public policy, urban planning, and related fields while working for the District government.
- District Leadership Program (DLP) – is an internship program designed to provide tomorrow's leaders with the knowledge, tools, skills, and experiences that can be readily applied to their future challenges and pursuits, whether personal or professional. The DLP internship has two cycles: Summer 12 weeks (June - August) and Year Round (October - May).
- Residents For Hire Program (RHP) & L.E.A.P. Academy (Learn Earn Advance Prosper) – these programs recruit, train, develop, and retain unemployed and underemployed District of Columbia residents within District of Columbia Government agencies to perform work that would otherwise be conducted by contractors. Rather than fill these positions with temp agency employees, the RHP program and L.E.A.P. Academy work to employ DC residents with these temp and temp-to-hire

positions through partnerships with private sector employers, community-based organizations, educational institutions, and fellow District Government agencies.

- Executive Leadership Program (ELP) – provides support for the development of effective executive-level leadership among members of the Mayor’s cabinet and their senior staff. In addition, this program aims to enhance the supply of executive-level talent across the District by establishing a robust pipeline of Cabinet-ready leaders from which current and future Mayors can draw.
- Certified Public Manager® Program (CPM) – is designed to enhance the skills of the District government’s managers and provide them with the tools to be more effective leaders. The District of Columbia Department of Human Resources administers the nationally accredited CPM program. Academic rigor is brought to the program through strategic partnerships with The George Washington University, as well as renowned government, nonprofit and private-sector practitioners who bring the best of leadership and management theory and practice to the classroom.

Policy and Compliance Administration

The Policy and Compliance Administration (PCA) researches, analyzes, formulates, develops, and distributes a wide range of legal, regulatory, and procedural documents concerning the District government’s personnel management program, including amendments to the Comprehensive Merit Personnel Act and the D.C. Personnel Regulations (Title 6B of the District of Columbia Municipal Regulations). In addition, PCA focuses on three main compliance issues: Drug and Alcohol Enforcement, Criminal Background Check, Residency and Domicile Requirements, and monitors any such violations. PCA conducts HR assessment audits, reviews HR policies and procedures, conducts HR investigations, monitors internal controls, and makes conclusions and recommendations to assist in promoting optimal performance for the support of the agency.

This division contains the following 2 divisions:

- **Compliance** – conducts criminal background investigations of District government employees, applicants and volunteers. Provides drug and alcohol testing services for specified employees and applicants. The unit administers and enforces the District

Table 5.1. DC Government Active Employees by Race/Ethnicity

Race/Ethnicity	FY2011		FY 2012		FY 2013		FY 2014		FY 2015	
	Number of Employees	Percent	Number of Employees	Percent	Number of Employees	Percent	Number of Employees	Percent	Number of Employees	Percent
Black / Non-Hispanic Origin	19,784	61.28%	20,467	63.69%	20,246	61.96%	19,477	62.78%	22,519	61.86%
White / Non-Hispanic Origin	5,631	17.44%	5,461	16.99%	5,373	16.44%	5,232	16.87%	6,220	17.09%
Hispanic / Latin American	986	3.05%	977	3.04%	1,059	3.24%	1,043	3.36%	1,323	3.63%
Asian / Pacific Islander	674	2.09%	521	1.62%	593	1.81%	585	1.89%	756	2.08%
American Indian / Alaskan	106	0.33%	76	0.24%	77	0.24%	69	0.22%	81	0.22%
All Other Ethnicities	239	0.74%	223	0.69%	208	0.64%	221	0.71%	228	0.63%
Not Reported	4,862	15.06%	4,409	13.72%	5,121	15.67%	4,395	14.17%	5,278	14.50%
Grand Total	32,282	100.0%	32,134	100.0%	32,677	100.00%	31,022	100.0%	36,405	100.0%

Source: DC Department of Human Resources

Table 5.2. DC Government Active Employees by State Residency

State	FY 2011		FY 2012		FY 2013		FY 2014		FY 2015	
	Number of Employees	Percent								
District of Columbia	13,639	42%	13,723	43%	14,043	43%	13,325	42.95%	15,859	43.56%
Maryland	15,271	47%	15,085	47%	15,213	47%	14,357	46.28%	16,547	45.45%
Virginia	2,846	9%	2,936	9%	3,037	9%	2,912	9.39%	3,589	9.86%
Other	528	2%	390	1%	384	1%	428	1.38%	410	1.13%
Total	32,284	100%	32,134	100%	32,677	100%	31,022	100%	36,405	100%

Source: DC Department of Human Resources

Residency and Domicile regulations for employment programs. (See Tables 5.1 to 5.3 for data on DC Government Residency, Ethnicity, and Residency-Hires) It also investigates complaints

of violations of the District Personnel regulations and makes recommendations for corrective action; and

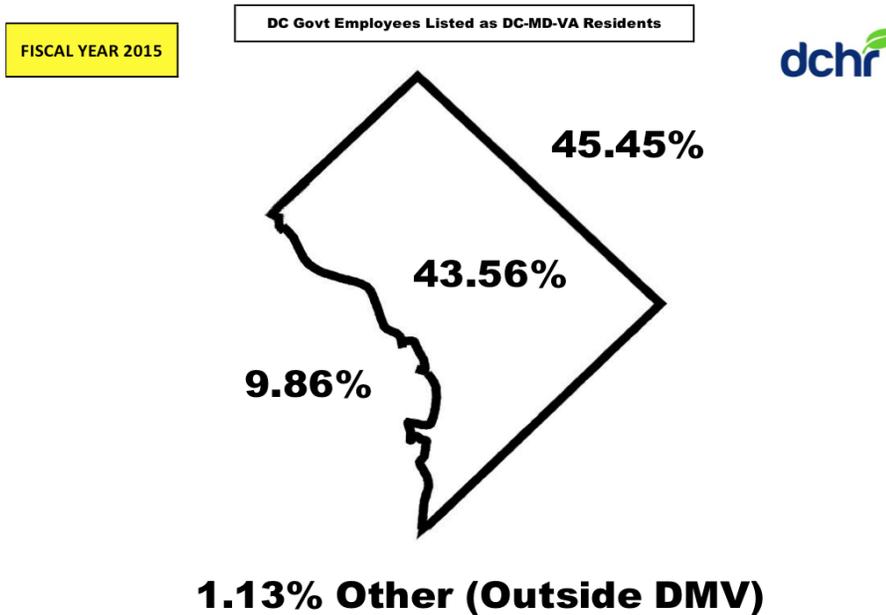
- **Policy** - provides policy development and consultation services.

Table 5.3. DC Govt Employees listed as DC-MD-VA-Other Residents

DC Govt Residence of Employees	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Total no Applicants Hired	5,944	6,964	7,945	6,929	6,931
Total no. Employees in DC Govt Active	32,284	32,134	32,677	31,022	36,405
% of DC Residents Hired by DC Govt	50.39%	49.30%	46.99%	48.24%	48.37%
% of DC Residents Active in DC Govt	42.40%	42.37%	42.44%	43.42%	43.56%
% of MD Residents Hired by DC Govt	36.56%	37.13%	38.53%	36.75%	35.86%
% of MD Residents Active in DC Govt	46.72%	46.79%	46.56%	45.56%	45.45%
% of VA Residents Hired by DC Govt	9.47%	9.87%	10.09%	9.69%	10.26%
% of VA Residents Active in DC Govt	8.77%	9.09%	9.59%	9.85%	9.86%
% Other Residents Hired by DC Govt	3.58%	3.70%	4.39%	5.32%	5.51%
% Other Residents Active in DC Govt	2.11%	1.75%	1.41%	1.17%	1.13%

Source: DC Department of Human Resources

Map 5.1. DC Government Active Employees by State Residency



Source: DC Department of Human Resources

Business Operations Group

The Business Operation Group (BOG) manages the daily operations and business processes for the DCHR, through the development and execution of strategic plans and business process audits, analyses, measurements and improvements. BOG supports the definition and implementation of human capital technology solutions, as well as manages the delivery of customer service.

Office of the Chief Financial Officer

The mission of the Office of the Chief Financial Officer (OCFO) is to enhance the fiscal and financial stability, accountability, and integrity of the District government.

The OCFO is primarily responsible for:

- Overseeing and directly supervising the financial and budgetary functions of the District government
- Operating and maintaining a coordinated financial management system to budget, collect, control, and properly account for approximately \$12.6 billion in annual operating funds and approximately \$1.4 billion for its annual capital improvement plan.
- Assisting the Mayor in the preparation of the District's annual budget and financial plan, and monitoring budget performance during the fiscal year
- Borrowing on behalf of the District, collecting receipts, making payments, administering financial transactions for the District, and investing the District's funds
- Administering and enforcing the District's tax laws, collecting revenue for the District, and recording deeds and other written instruments affecting a right, title, or interest in real or personal property in the District
- Developing, implementing and monitoring the District's accounting policies and systems and producing the audited Comprehensive Annual Financial Report (CAFR)
- Forecasting revenue for the District government, developing fiscal impact statements for proposed legislation, performing tax expenditure analysis, and providing advice on economic development matters

The OCFO organization consists of: Central Financial Operations, Agency Financial Operations, and Chief Financial Officers for Independent Agencies, each of which is discussed briefly below.

Central Financial Operations

Deputy Chief Financial Officers report directly to the District's Chief Financial Officer (CFO) and manage the following central financial operations:

- Office of Budget and Planning - prepares, monitors, analyzes, and executes the District's budget, including operating, capital, and enterprise funds, in a manner that ensures fiscal integrity and maximizes service to taxpayers
- Office of Finance and Treasury - manages the cash and other liquid assets of the District government; coordinates payments to vendors and service providers; accepts payments for services and taxes; manages District borrowings and debt repayments; invests cash not needed for immediate disbursement; maintains relationships with the investment community; and manages the 529 College Savings Plan, the District's retirement programs, the 457(b) Deferred Compensation Plan, the 401(a) Defined Contribution Plan, and the Other Post-Employment Benefits (OPEB) fund.
- Office of Financial Operations and Systems - establishes and maintains accountability, discipline and integrity within the District's financial processes by ensuring that standardized accounting practices, procedures, systems, and internal controls are embedded throughout the District's financial operations; produces the CAFR; and administers the District's payroll and retirement systems
- Office of Tax and Revenue - administers and enforces the District's tax laws, collects revenues for the District, and records deeds and other written instruments affecting a right, title, or interest in real or personal property
- Office of Revenue Analysis - forecasts revenue for the District government, develops fiscal impact statements for proposed legislation, and performs tax expenditure analysis.

Agency Financial Operations

Agency financial operations are divided into clusters which are aligned, for the most part, with the District's major appropriation titles as presented in the annual budget. Associate Chief Financial Officers (ACFOs), who report directly to the District's CFO, manage multiple

agency financial operations. They serve as the District CFO's key representatives to the City Administrator, Deputy Mayors, Agency Directors and program staff in order to manage the District's finances and the government's programmatic priorities.

Each of the ACFOs manages one of the six financial clusters. A summary of the key agencies within each cluster is presented below:

- Economic Development and Regulation - includes the Department of Insurance, Securities, and Banking, the Department of Consumer and Regulatory Affairs, the Department of Housing and Community Development, the Office of the People's Counsel, the Public Service Commission, and the Office of the Deputy Mayor for Planning and Economic Development.
- Government Operations - includes the Office of the Attorney General, the Office of the Chief Technology Officer, the Office of Contracts and Procurement, the Office of Finance and Resource Management, the Office of Risk Management, the Department of Employment Services, the Department of General Services, the D.C. Public Library, Office of the City Administrator, and the Executive Office of the Mayor.
- Government Services - includes the Department of Motor Vehicles, the Department of Public Works, the Department of the Environment, and the Department of Transportation.
- Human Support Services - includes the Child and Family Services Agency, the Department of Disabilities Services/Office of Disability Rights, the Department of Health, the Department of Healthcare Finance, the Department of Human Services, the Department of Behavioral Health, the Department of Parks and Recreation, the Department of Youth Rehabilitation Services, and the DC Health Benefit Exchange Authority.
- Public Safety and Justice - includes the Department of Corrections, the Fire and Emergency Medical Services

Department, the Metropolitan Police Department, the Office of the Chief Medical Examiner, D.C. Homeland Security and Emergency Management Agency, and the Office of Unified Communications.

- Education – includes the D.C. Public Schools, the Office of the State Superintendent of Education, the DC Public Charter School Board, and the University of the District of Columbia.

Each District agency has an Agency Fiscal Officer who works with the Agency Director and the staff on that particular agency's budgetary and financial matters. Each Agency Fiscal Officer reports to the ACFO responsible for the cluster that includes the particular agency.

Chief Financial Officers for Independent Agencies

The Agency Chief Financial Officers for the following agencies report directly to the District's CFO:

- The Not-for-Profit Hospital Corporation
- The Washington Convention and Sports Authority (WCSA)

The Agency Chief Financial Officers for the Health Benefit Exchange Authority and the University of the District of Columbia report to the District's CFO through the ACFO for their respective cluster. In the case of the DC Lottery and Charitable Games Board, the Executive Director reports directly to the District's CFO.

Budget and Accounting Overview

Budget Process

During the first quarter of each fiscal year, agencies begin the budget formulation process for the upcoming fiscal year. In March of each year, pursuant to Section 442 of the Home Rule Act, the Mayor submits an operating budget for the upcoming fiscal year to the Council for review and approval. A financial plan for the District's capital projects is also submitted. The Council holds public hearings and adopts the budget through passage of a Budget

Request Act (BRA). The Mayor may not submit and the Council may not adopt any budget which presents total expenditures and other financing uses that exceed total revenues and other financing sources. After the Mayor approves the adopted budget, it is forwarded to the President of the United States and the U.S. Congress for approval. The U.S. Congress holds public hearings and 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 the U.S. Congress and signed by the President. The Appropriations Act authorizes expenditures at the agency level and by appropriation title, such as Public Safety and Justice, Human Support Services, or Public Education. If an Appropriations Act is not passed by Congress by October 1, the start of the new fiscal year, the District must operate under a continuing resolution (Continuing Resolution) passed by the U.S. Congress and signed by the President, a temporary funding measure that keeps federal agencies and the District operating. In some years, a series of Continuing Resolutions are in effect instead of an Appropriations Act. Recently Congress has adopted annual legislation that authorizes District local fund expenditures if Congress fails to approve the budget or enact a Continuing Resolution.

The District may reallocate budgeted amounts in accordance with the District's Home Rule Act, its reprogramming process and the Appropriations Act. In addition, during the course of each fiscal year, the OCFO updates the revenue estimates within which the District operates. The District must reduce its expenditures to maintain a balanced budget if revenues fall during the fiscal year, and it may under certain conditions increase its budget if revenues increase. The OCFO facilitates all changes to the budget, in accordance with the policy priorities of the Mayor and the Council.

Budgetary Control

The District maintains budgetary controls designed to formulate its budget and monitor compliance with expenditure limitations contained

in the annual Appropriations Act. The District uses the Budget Formulation Application (BFA), which is an on-line system, to manage the budgeting process. Agencies enter their line-item budget requests into the BFA and their entries form the basis of the data used in the budgeting process. The budget submissions are then reviewed by the OCFO for compliance with applicable laws. The Mayor then reviews the budget, makes policy decisions, ensures the budget is balanced to the OCFO's revenue forecasts, and submits the Mayor's proposed budget to the Council. The Council conducts oversight hearings and reviews, makes changes, approves a balanced budget, and submits the BRA to the Mayor for signature. If the Mayor approves the BRA, the Mayor sends the budget request to the President for transmittal to the Congress. The proposed budget, as it is contained in the BFA database, is assigned specific accounting attributes and is uploaded into the District's accounting system of record, which establishes the budget authority for each recipient. The budget authority provided in the system of record is then reconciled by the OCFO to ensure it matches the levels approved by the Appropriations Act. The budget levels are also reviewed by the auditor during the District's annual audit to ensure compliance with federally approved amounts and that all budget adjustments are properly documented and approved.

Specific reporting requirements have been established to enhance the District's budgetary control policies and practices. Consistent with D.C. Official Code § 47-355.04, Agency Directors and Agency Fiscal Officers jointly submit a monthly spending plan for the fiscal year to the District's CFO by October 1 of each fiscal year. In addition, pursuant to D.C. Official Code § 47-355.05, the 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 the agencies' approved spending plans. This report is required to be accompanied by the OCFO'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 Board of Review for Anti-Deficiency Violations to review cases of overspending.

The District uses encumbrance accounting as a means of strengthening budgetary controls and financial reporting. Under this method of accounting, contracts and other commitments for the expenditure of funds are recorded in order to reserve the relevant appropriated amount that will be needed for the expenditure. Thus, the recording of encumbrances is a valuable tool used by the District to ensure that expenditures are within the amounts budgeted.

Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). All governmental funds use the modified accrual basis of accounting, which requires revenues to be recognized when they are susceptible to accrual (that is when they become measurable and available). Expenditures are recorded when the related fund liability is incurred, due and payable.

The District's government-wide financial statements, proprietary fund statements, and fiduciary fund statements (including pension, private purpose trusts, and agency funds) are prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The pension trust and OPEB fund recognize additions to net position from participants' contributions when due, District contributions when due and a formal commitment for payment has been made, net investment income as earned, and expenditures for benefits and refunds when due and payable. The private purpose trust fund recognizes additions to net position when participants' contributions are received.

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 one of 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 or confidence about whether the financial statements are free of misstatement (whether caused by error or fraud.) The District’s management is responsible for establishing and maintaining adequate internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are processed and summarized to allow for the preparation of financial statements in conformity with GAAP. 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. The District has established a sufficiently comprehensive framework that includes the following five components:

- A favorable control environment, one in which those working in the organization possess the necessary individual attributes, including integrity, ethical values, and competence of the highest levels
- Continuing risk assessments, processes used to identify, analyze, and manage risks that may threaten the entity’s ability to operate efficiently and effectively
- Design and implementation of effective control activities, control policies and procedures which are developed and implemented to ensure that management’s planned actions to mitigate risks are successfully executed
- Effective information and communication, methods and systems used to disseminate information needed to conduct, manage, and control an organization’s operations
- On-going monitoring, review of the effectiveness of controls to timely make the necessary modifications, when warranted

Accounting System

The District’s accounting system of record is the System of Accounting and Reporting (SOAR). As such, SOAR-generated data is the District’s “official” financial/accounting data. SOAR is used to record District transactions with taxpayers, grantors, other governmental entities, vendors, suppliers, contractors and the general public, including the collection and receipt of taxes, fees for services, grant funding, transfers, funding from other sources, as well as expenditures. The system of record is used to generate the data needed for CAFR preparation.

The District’s accounting system is organized and maintained on a fund basis. The types of funds used are determined in accordance with GAAP, and the number of funds established within each type is guided by the minimum number of funds principle and sound financial management practices.

SOAR is designed to satisfy a wide variety of financial reporting needs, and provides for the establishment and use of unique codes (accounting attributes) to distinguish the various “pools” of funding within agencies. Agency budgets are “loaded” in SOAR using each respective agency’s established SOAR structure and the appropriate objects (expenditure/expense categories.) As transactions are recorded in the system, financial data may be aggregated into financial and managerial reports at various levels of detail (State Fund, GAAP Fund, Appropriated Fund, Fund Detail, Agency or some combination of these elements).

Summary of Government Finances

The financial reporting of the District of Columbia consists of the primary government and its component units. The primary government is the District of Columbia government, which consists of all the agencies that make up its core legal entity. The WCSA, the Health Benefit Exchange Authority, the Housing Finance Agency (HFA), the Not-For-Profit Hospital Corporation and the University of the District of Columbia (UDC) are the District’s “discretely presented”

component units. As such, these entities are independent agencies where the primary government appoints a voting majority of each governing board and thus is able to impose its will on them. In addition, a financial benefit/burden relationship exists between the primary government and these component units. The financial data for these component units is presented in a separate column in the government-wide financial statements of the primary government. The Tobacco Settlement Financing Corporation is presented as a blended component unit in the District's CAFR, as required by GAAP for state and local governments, because it provides services exclusively to the District; the District appoints all members of the corporation's governing board; the District is able to impose its will on the corporation; and the District is legally entitled to and can otherwise access the Tobacco Corporation's resources, thereby establishing a benefit/burden relationship. The District of Columbia Housing Authority (DCHA) and the District of Columbia Water and Sewer Authority (DC Water) are related organizations because the District is not financially accountable for their operations.

In addition, the Washington Metropolitan Area Transit Authority (WMATA) was created by interstate compact, with the consent of Congress, by the District the State of Maryland and the Commonwealth of Virginia in 1967 to plan, construct, finance, and operate a public transit system serving the Metropolitan Washington Area Transit Zone. The District does not have explicit measurable equity interest in the public transit system and therefore, does not include the financial activities of the system in its financial statements.

The District's financial condition and operating results for Fiscal Year (FY) 2012 through 2014 are presented in Tables 5.4 and 5.5.

Factors Affecting the District's Financial Position

The District, as the central urban location of a large metropolitan area, has a large population of low-income residents who have significant needs for support services. The District's overall poverty rate of 18.6 percent and child poverty rate of 28 percent are significantly

higher than either the U.S. average or that of neighboring counties including Arlington, Fairfax, Montgomery, and Prince George's. Unlike other urban jurisdictions, the District cannot pool resources across suburban areas to serve its urban poor. Yet, it must provide state-level services such as healthcare, housing and welfare largely through its own resources.

The high cost of service delivery is another challenge for the District. Labor costs in the District are 21 percent above the national average for public services, and the capital costs are 55 percent above the national average. This combination of a significant population in need of support services and high costs of service delivery results in high expenditures for the District. For example, if the District offers a "basket" of public services that is considered to be "average" among all the state and local governments, it would have to spend 31 percent more than the national average to provide those services.

In this environment of high expenditure needs, the District's tax base has been externally restricted. First, the federal government prohibits the taxation of federal real property and does not provide a Payment in Lieu of Taxes to compensate for the revenue forgone from this prohibition. Second, the federal Home Rule Act prohibits the District from taxing nonresident income. In the District, this is a significant limitation in the income tax base because about 70 percent of the workers in the District are nonresidents. (About 25 percent of employed District residents work outside of the District).

These restrictions require the District's residents and businesses to share all of the costs of public services, while the benefits generated by the District's public services are shared by a much larger community. It also means that if slower revenue growth occurs, District services could be severely impacted.

Financial Outlook

Although the recession officially ended four years ago, the U.S. and local economies have yet to fully recover. In the District, although federal government employment increased during the recession,

it declined during recent years but stabilized in the first quarter of 2015. The private sector has been adding jobs, though private job growth may now be slowing. The commercial real estate sector remains a bright spot as the commercial office vacancy rate is lower than many other similar urban areas and the surrounding area. Wage growth has also increased, although the District's unemployment rate remains above 7 percent and is projected to remain elevated relative to the historic average. District revenue collections have

benefited from the economic recovery so far and were bolstered by stronger growth in individual income tax receipts this spring.

The federal government's presence provides an important element of stability to the District's economy, but the current debate over the size of federal government and the momentum in Congress to drastically reduce spending to bring down the deficit is a serious risk to both the District economy and that of the wider metropolitan area.

Table 5.4. Condensed Statements of Net Position: FY 2012-FY 2014 (Dollars in Thousands)

	Governmental Activities			Business-type activities			Totals		
	2012 Restated	2013	2014	2012 Restated	2013	2014	2012 Restated	2013	2014
Current and other assets	4,045,445	4,811,391	4,317,320	324,372	323,173	317,918	4,369,817	5,134,564	4,635,238
Capital assets	10,424,959	10,899,939	11,410,052	480	427	270	10,425,439	10,900,366	11,410,322
Total assets	14,470,404	15,711,330	15,727,372	324,852	323,600	318,188	14,795,256	16,034,930	16,045,560
Deferred outflow of resources	73,597	50,275	55,067	-	-	-	73,597	50,275	55,067
Long-term liabilities	9,164,291	9,910,463	10,223,046	16,381	10,200	6,680	9,180,672	9,920,663	10,229,726
Other liabilities	2,198,815	2,369,462	1,955,134	74,454	67,110	46,581	2,273,269	2,436,572	2,001,715
Total liabilities	11,363,106	12,279,925	12,178,180	90,835	77,310	53,261	11,453,941	12,357,235	12,231,441
Deferred inflow of resources		-	35,523	-	-	35,523	-	-	-
Net position:									
Net investment in capital assets	2,872,272	2,829,043	2,830,199	480	427	270	2,872,752	2,849,470	2,830,469
Restricted	1,057,582	1,264,682	1,195,364	229,930	241,952	260,645	1,287,512	1,506,634	1,456,009
Unrestricted	(748,959)	(632,045)	(456,827)	3,607	3,911	4,012	(745,352)	(628,134)	(452,815)
Total net position	3,180,895	3,481,680	3,568,736	234,017	246,290	264,927	3,414,912	3,727,970	3,833,663

Source: Office of the Chief Financial Officer

Table 5.5. Changes in Net Position: FY 2012-FY 2014 (Dollars in Thousands)

	Governmental Activities			Business-type activities			Totals		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Revenues:									
Program revenues:									
Charges for services	537,403	531,215	501,386	249,675	242,460	216,040	787,078	773,675	717,426
Operating grants and contributions	3,190,038	3,277,118	3,368,565	27,945	32,790	9,766	3,217,983	3,309,908	3,378,331
Capital grants and contributions	261,411	270,813	178,218	-	-	-	261,411	270,813	178,218
General revenues:									
Property taxes	1,945,071	2,012,788	2,118,198	-	-	-	1,945,071	2,012,788	2,118,198
Sales and use taxes	1,218,576	1,247,374	1,218,576	-	-	-	1,218,576	1,247,374	1,282,573
Income and franchise taxes	1,956,590	2,094,179	2,094,754	-	-	-	1,956,590	2,094,179	2,094,754
Other taxes	723,102	746,160	812,893	133,618	131,025	141,760	856,720	877,185	954,653
Non tax revenues	536,534	586,168	506,045	187,073	103,884	27,584	723,607	690,052	533,629
Total revenues	10,368,725	10,765,815	10,862,632	598,311	510,159	395,150	10,967,036	11,275,974	11,257,782
Expenses:									
Governmental direction and support	987,978	993,774	929,313	-	-	-	987,978	993,774	929,313
Economic development and regulation	353,618	460,082	416,670	-	-	-	353,618	460,082	416,670
Public safety and justice	1,490,423	1,497,016	1,568,899	-	-	-	1,490,423	1,497,016	1,568,899
Public education system	2,113,955	2,224,946	2,221,519	-	-	-	2,113,955	2,224,946	2,221,519
Human support services	3,925,613	4,086,722	4,336,730	-	-	-	3,925,613	4,086,722	4,336,730
Public works	587,002	603,423	651,221	-	-	-	587,002	603,423	651,221
Receiverships	-	-	-	-	-	-	-	-	-
Employee Benefits Addition	-	-	-	-	-	-	-	-	-
Public Transportation	221,339	284,851	309,436	-	-	-	221,339	284,851	309,436
Interest on long-term debt	397,216	382,530	396,754	-	-	-	397,216	382,530	396,754
Fiscal Changes	-	-	-	-	-	-	-	-	-
Lottery and games	-	-	-	183,185	173,927	161,144	183,185	173,927	161,144
Unemployment compensation	-	-	-	344,913	255,645	160,403	344,913	255,645	160,403
Total expenses	10,077,144	10,533,344	10,830,542	528,098	429,572	321,547	10,605,242	10,962,916	11,152,089
Increase in net position before transfers	291,581	232,471	32,090	70,213	80,587	73,603	361,794	313,058	105,693
Transfers in (out)	66,404	68,314	54,966	(66,404)	(68,314)	(54,966)	-	-	-
Change in net position	357,985	300,785	87,056	3,809	12,273	18,637	361,794	313,058	105,693
Net position - Oct 1	2,822,910	3,180,895	3,481,680	230,208	234,017	246,290	3,053,118	3,414,912	3,727,970
Net position - Sept 30	3,180,895	3,481,680	3,568,736	234,017	246,290	264,927	3,414,912	3,727,970	3,833,663

Source: Office of the Chief Financial Officer

Table 5.6. Revenue and Economic Indicators of the District of Columbia: FY 2005-FY 2014

		FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY2011	FY2012	FY2011	FY2012
Local source revenue (\$ 000) (before earmarks)		4,984,690	5,327,472	6,010,592	6,229,811	5,928,849	5,850,019	6,286,932	6,805,913	7,103,993	7,235,192
Growth		12.20%	6.90%	12.80%	3.60%	-4.80%	-1.30%	7.50%	8.30%	4.40%	1.80%
Employment	No. Of Employees in DC ('000)	680.3	686.2	691.7	702.7	701.6	709.1	723.2	731	745.4	751.5
	Growth	1.30%	0.90%	0.80%	1.60%	-0.20%	1.10%	2.00%	1.10%	2.00%	0.80%
	Employees in Gov't ('000)	233.6	233.4	230.7	234.3	238.7	245	248.4	243.3	231.9	235.9
	Growth	1.40%	-0.10%	-1.10%	1.60%	1.90%	2.60%	1.40%	-2.00%	-4.70%	0.70%
Population	No. of DC Residents ('000)	567.5	570.2	574.1	579.9	590.8	603.6	618.5	633.2	647.1	657.7
	Change ('000)	-0.4	2.7	3.9	5.8	10.9	12.8	14.9	14.7	13.9	10.6
Single-family (SF) housing sales	No. of SF sales	5,372	4,275	3,873	3,267	3,821	4,543	4,377	4,353	4,500	4,515
	Growth	-8.40%	-20.40%	-9.40%	-15.60%	17.00%	18.90%	-3.70%	-0.50%	3.40%	0.30%
SF Housing sales prices	Median (Jan thru Sept) (\$ 000)	485	509	533	520	417	410	455	520	600	620
	Growth	29.30%	4.90%	4.70%	-2.40%	-19.80%	-1.80%	11.10%	14.30%	15.40%	3.30%
	Average (\$ 000)	592	686	669	672	564	544	602	629	719	738
	Growth	25.80%	15.90%	-2.50%	0.50%	-16.20%	-3.40%	10.50%	4.50%	14.30%	2.70%
Condo Sales	No. of condo sales	4,426	3,952	4,147	2,979	2,935	3,222	2,848	3,445	3,979	4,108
	Growth	12.90%	-10.70%	4.90%	-28.20%	-1.50%	9.80%	-11.60%	21.00%	15.50%	3.20%
Condo Sale Prices	Median (Jan thru Sept) (\$ 000)	375	358	354	365	357	369	362	380	406	410
	Growth	17.20%	-4.50%	-1.10%	3.10%	-2.30%	3.40%	-1.80%	5.00%	6.80%	1.00%
	Average (\$ 000)	407	416	407	411	408	415	419	425	450	471
	Growth	21.90%	2.20%	-2.20%	1.00%	-0.80%	1.90%	0.90%	1.60%	5.70%	4.70%
Commercial office space	Total inventory (million sq ft)	119	124.6	128.9	129.7	134.5	137.7	138.3	138.8	140.2	140.7
	Growth	1.40%	4.70%	3.40%	0.70%	3.70%	2.40%	0.50%	0.30%	1.00%	0.30%
	Vacancy rate (includes sublet)	4.70%	5.80%	5.20%	6.20%	8.90%	7.20%	6.60%	6.90%	7.00%	6.90%

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis. Data, other than revenue, from: BLS (employment); HIS Global Insight (population); Metropolitan Regional Information System (contract sales accessed through Greater Capital Area Association of Realtors); Delta Associates (commercial office space).

**Table 5.7. Growth in Wages and Salaries in D.C., the Washington Metropolitan area, and the U.S.:
FY 2005-FY 2014 (Percent Change from Prior Year)**

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
District of Columbia	5.9%	5.6%	5.6%	4.6%	2.3%	4.2%	4.0%	1.8%	2.4%	2.2%
United States	5.0%	6.1%	6.0%	3.1%	-3.2%	0.3%	4.2%	3.5%	4.0%	2.2%
Washington Metropolitan Area	7.0%	6.0%	5.6%	3.8%	1.1%	3.1%	3.9%	2.0%	1.8%	1.2%

Source: Bureau of Economic Analysis. Metro area estimated by Moody's Analytics

The District did fare better than many other locations during the recession. Population began to grow again in 2006 and has continued its growth through 2014. Housing was affected by the national collapse, but sales of single family and condominiums have rebounded faster than other metropolitan areas. Prices are now above the pre-recession peaks. Commercial real estate has also outperformed expectations and the vacancy rate in the District is the lowest in the metropolitan area.

Individual Income Taxes

The adjusted gross income reported on the District's individual income tax returns was approximately \$22.4 billion for tax year (TY) 2013 (Table 5.8). The net taxable income reported was \$18.8 billion and personal income taxes were about \$1.25 billion for TY 2013. Between TY 2011 and TY 2013, the average annual growth of adjusted gross income was 4.7 percent, while net taxable income and total personal income taxes average annual growth was 5.0 percent and 3.7 percent, respectively.

The individual income tax base consists of the income of individuals who maintain a permanent residence in the District at any time during the tax year and individuals who maintain a residence for a total of 183 or more days during the tax year. The District's tax base also includes the income of individuals who were members of the armed forces and listed the District as their home of record for either a part of or the full taxable year, as well as the spouse of an exempt military person or of any other exempt person such as a nonresident presidential appointee or an elected official.

Those individuals that are exempt from income tax in the District (and as such whose income is not included in the tax base) include elected officials of the federal government, presidential appointees subject to confirmation by the U.S. Senate, United States Supreme Court justices who are not domiciled in the District, employees of

Table 5.8. District of Columbia Individual Income Tax Data

Tax Year	Total DC Adjusted Gross Income (\$M)	Percent Increase	Taxable Income (\$M)	Percent Increase	Income Tax Paid to DC (\$M)	Percent Increase
2001	13,958	-	11,409	-	877	-
2002	13,402	-4.0%	10,823	-5.1%	807	-8.0%
2003	13,664	2.0%	11,084	2.4%	835	3.5%
2004	15,510	13.5%	12,755	15.1%	969	16.0%
2005	15,349	-1.0%	12,564	-1.5%	941	-2.9%
2006	20,481	33.4%	16,847	34.1%	1,188	26.3%
2007	22,545	10.1%	18,601	10.4%	1,235	3.9%
2008	21,095	-6.4%	16,558	-11.0%	1,123	-9.1%
2009	20,263	-3.9%	15,867	-4.2%	1,078	-4.0%
2010	22,531	11.2%	18,052	13.8%	1,198	11.2%
2011*	24,492	8.7%	19,624	8.7%	1,311	9.4%
2012	26,286	7.3%	21,894	11.6%	1,499	14.4%
2013	22,414	-14.7%	18,825	-14.0%	1,252	-16.4%

*Total DC Adjusted Gross Income Revised

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis and Office of Tax and Revenue

legislative staffs who are residents of the state of their elected official, and, of great importance, all persons who are employed in the District but live outside of the District.

Of the 330,656 individual income tax returns filed for TY 2013, 61.6 percent were filed by single taxpayers, 19.3 percent by married filers, 16.4 percent by heads of household and 2.4 percent by dependent taxpayers (Table 5.9). A comparison of TY 2001 and TY 2013 finds that single filers increased by more than six percentage points and married combined separate increased by 3.5 percentage points. Conversely, head of household filers declined by 5.4 percentage points and married filing jointly declined by 3.2 percentage points.

When the adjusted gross income (AGI) of tax filers for TY 2013 is examined by income level, among filers with income less than \$30,000, 62.9 percent are single filers and 23.1 percent are head of household filers (Table 5.10). Among filers with income more than \$100,000, 54.7 percent are married filers and 41.4 percent are single filers.

The average federal adjusted gross income filed by District taxpayers on their TY 2013 returns was \$75,124. In TY 2013, District residents paid \$1.25 billion in District income taxes and \$5.3 billion in federal income taxes. TY 2012 data was used to compare the District

with the national and state averages as this was the most recent data available through the Internal Revenue Service Statistics of Income by state. The national average was \$12,399 compared to the District TY2012 average of \$18,667 or 50.6 percent more per taxpayer. For TY 2012 the District’s average federal tax paid by individuals was second only to Connecticut (\$19,934).

General Sales and Use Tax

Revenue from the District’s sales and use tax is collected using a six-tier structure (see Table 5.11). Sales of tangible personal property and certain specified services are taxed at 5.75 percent. Sales of alcoholic beverages for consumption outside the premises are taxed at 10 percent. Sales of food and drinks for immediate consumption, the rental and leasing of motor vehicles and sales of prepaid phone cards are also taxed at 10 percent which includes an additional one-percent tax supporting WCSA. Parking and storage of vehicles are currently taxed at 18 percent. In FY 2014 tobacco products, except for cigarettes, premium cigars or pipe tobacco, were taxed at 12 percent. Effective October 1, 2014, the other tobacco products that had been taxed at 12%, were taxed at 70 percent of the wholesale price. Transient accommodations are taxed at 14.5 percent (with 4.45 percent supporting WCSA).

Table 5.9. Percentage Distribution of District Income Tax Returns by Filing Status

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Returns	270,645	266,749	264,046	262,328	270,772	288,263	301,304	304,714	304,959	316,890	325,642	338,117	330,656
Single	55.6%	55.3%	55.5%	55.4%	57.2%	57.3%	58.6%	59.4%	60.3%	60.1%	61.0%	61.5%	61.6%
Head of Household	21.8%	22.3%	22.3%	21.8%	20.9%	20.0%	19.5%	18.7%	18.1%	18.4%	17.5%	16.6%	16.4%
Married Filing Separately	3.2%	3.0%	3.1%	3.1%	3.0%	2.9%	3.2%	3.1%	3.1%	3.1%	3.1%	2.9%	3.1%
Married Filing Combined Separate	5.6%	5.2%	5.4%	5.7%	7.2%	8.1%	7.9%	7.8%	8.3%	8.6%	8.7%	9.0%	9.1%
Married Filing Joint	10.2%	10.6%	10.5%	10.6%	8.5%	8.2%	7.7%	7.6%	7.5%	7.4%	7.3%	7.0%	7.0%
Dependent	2.9%	2.9%	2.8%	3.0%	2.9%	3.0%	2.8%	2.7%	2.2%	2.1%	2.2%	2.6%	2.4%
Not Identified or other	0.7%	0.6%	0.5%	0.5%	0.3%	0.6%	0.4%	0.6%	0.5%	0.3%	0.3%	0.4%	0.3%

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis and Office of Tax and Revenue, DC Statistics of Income

Table 5.10. Percentage Distribution of District Income Tax Returns by Filing Status and Income level: TY2013

Income Range	Single	Head of Household	Married Filing Separate	Married Filing Combined Separate	Married Joint	Dependent	Other*
Under \$30,000	62.9%	23.1%	2.3%	0.8%	4.5%	5.6%	0.8%
\$30,000 - \$50,000	67.4%	19.8%	3.2%	2.6%	6.6%	0.3%	0.0%
\$50,000 - \$100,000	69.5%	11.1%	4.3%	7.4%	7.6%	0.1%	0.0%
\$100,000 and Over	41.4%	3.8%	3.3%	38.7%	12.8%	0.0%	0.1%

* Other includes domestic partner joint, domestic partner combined separate, and no specified filer type. Filer type is not specified in cases of filers who are not required to file a tax return because their income is below the filing threshold but do so to claim the property tax circuit breaker (schedule H) or to claim income taxes withheld.

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis and Office of Tax and Revenue, Statistics of Income

From a policy perspective, the multiple rates allow the District to generate additional revenue from visitors through the higher rates on restaurant meals, hotel rooms, and parking. From an administrative standpoint, the multiplicity of rates with special exemptions provided in each category, complicates the administration of the sales tax for the Office of Tax and Revenue and adds to the compliance costs for businesses such as hotels and food stores where transactions may involve several tax categories.

Portions of sales taxes have been earmarked for a variety of policy purposes. The transfer of sales tax revenue to WCSA was the first sales tax earmark. This transfer was \$105.4 million in FY 2014. In addition, sales taxes are also earmarked for Tax Increment Financing (TIF) projects, the Ballpark Fund, Healthy DC Fund, WMATA, Healthy Schools, and Alcoholic Beverage Regulation Administration (ABRA). The sum of all transfers in FY 2014 was \$214 million, 18.2% of total gross sales tax collections in that fiscal year.

Table 5.11. Estimated Sales Tax Base, Collections and Transfers by Sales Tax Type, FY 2014 (Dollars in Millions)

	Retail	Liquor	Restaurant	Other Tobacco	Parking	Hotel	Other Transfers	Total
Base	8,123.4	515.0	3,608.4	10.0	1,558.8	363.1		
Rate	5.75%	10.0%	10.0%	12.0%	14.5%	18.0%		
General Sales Tax Collections (gross)	467.1	51.5	360.8	1.2	226.0	65.4		1,172.0
Transfer to Convention Center			36.1		69.3			105.4
Transfer to TIF							21.2	21.2
Transfer to Ballpark Fund							65.4	65.4
Transfer to Healthy DC Fund							16.3	16.3
Transfer to WMATA					56.4			0.0
Transfer to Healthy Schools							4.3	4.3
Transfer to ABRA							1.2	1.2
General Sales Taxes to Local Fund	467.1	51.5	324.7	1.2	156.7	65.4	-108.4	958.2

Source: DC Office of the Chief Financial Officer

Gross sales tax revenue in FY 2015 is estimated at \$1.25 billion. In FY 2016, gross sales tax revenue is estimated to be \$1.3 billion.

Real Property Tax

The District taxes real property based on 100 percent of assessed value and bills taxpayers twice annually like many other jurisdictions throughout the United States. The District, also like many other jurisdictions, divides properties into separate tax classes depending on the use of the real property. Each class is taxed at a different rate. The real property taxable class types are residential, commercial, vacant, and blighted (see Table 5.13). The major difference, however, between the District and other jurisdictions is the extraordinarily large proportion of real property that is exempt from paying the District's real property tax - amounting to roughly 56 percent of land area and 35 percent of total assessed value (see Table 5.14). Tax-exempt properties primarily include those owned by the federal government as well as properties owned by foreign governments, non-profit organizations, educational institutions and the District government.

Real Property Tax Base

The value of all real property in the District increased 4.7 percent from \$236.4 billion in 2013 to \$247.6 billion in 2014. The total value of all taxable commercial properties amounted to \$74.8 billion or 30.2 percent of all property in the District. The total value of all residential properties amounted to \$85.5 billion or 34.5 percent of all property in the District. The total value of all exempt properties amounted to \$87.3 billion or 35.3 percent of all property in the District.

In 2014, the total value of taxable commercial property increased 6.4 percent while taxable residential properties increased 5.0 percent. The value of all exempt property grew 3.1 percent. With 64.7 percent of the value of all real property in the District being taxable in 2014, the commercial sector accounted for 46.7 percent of the tax base and the residential sector accounted for 54.3 percent of the tax base. In tax year 2014, the District's total taxable real property had an assessed value of \$160.3 billion.

Table 5.12. General Sales and Use Tax Revenue: FY 2014-FY 2019 (Dollars in Thousands)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenue Source	Actual	Estimate	Estimate	Projected	Projected	Projected
General Sales	1,172,059	1,254,206	1,304,705	1,359,471	1,413,570	1,466,307
Transfer to Convention Center	(105,451)	(112,396)	(116,939)	(121,867)	(126,734)	(129,899)
Transfer to TIF	(21,239)	(31,823)	(29,603)	(28,095)	(30,734)	(31,895)
Transfer to Ballpark Fund	(16,319)	(17,050)	(17,900)	(18,509)	(19,212)	(19,788)
Transfer to Healthy DC Fund	(106)	(106)	(214)	(427)	(854)	(854)
Transfer to WMATA (parking tax)	(65,350)	(66,004)	(66,664)	(66,670)	(66,670)	(66,670)
Transfer to Healthy Schools	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)
Transfer to ABRA	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)
Total General Sales and Use Taxes (net)	958,158	1,021,391	1,067,949	1,118,467	1,163,930	1,211,765

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis and Office of Tax and Revenue

Real Property Tax Rates

The District's real property tax system divides taxable properties into four separate classes depending on the use of the real property, and each class is taxed at a different rate. For TY 2014, Class 1 properties were residential properties and taxed at a rate of \$0.85 per \$100 of assessed value. All Class 2 properties were subject to a split tax rate. The split tax rate for Class 2 properties was \$1.65 per \$100 of assessed value for the first \$3 million of assessed value, and \$1.85 per \$100 of assessed value for the portion of the assessed value exceeding \$3 million. The tax rate on Class 3 properties, which are vacant unimproved property, was \$5 per \$100 of assessed value. The tax rate for Class 4 properties, blighted property, is \$10 per \$100 of assessed value.

Lottery and Charitable Games

The D.C. Lottery and Charitable Games Board (the Lottery) was originally established by Public Law 3-172 as an independent agency

of the District of Columbia and subsequently became a part of the Office of the Chief Financial Officer pursuant to section 424(a) of the Home Rule Act. In accordance with applicable law, the Lottery is responsible for generating revenues through the sale of lottery products and is required to remit monthly gaming revenues to the District's General Fund less prizes, operating expenses, and a reserve not to exceed 2% of annual prize payments. Since the Lottery's establishment in 1982, transfers to the District's General Fund have totaled approximately \$1.7 billion. The Lottery's annual transfer to the General Fund remains a vital component of the District's economy, benefiting District residents, suburban commuters, and tourists. The General Fund supports services such as education, parks and recreation, public safety, housing, and senior and child services. The Lottery directly benefits players by paying out a significant percentage of annual sales in prize money. It also pays commissions to retailers licensed to sell D.C. Lottery game products.

Table 5.13. Real Property Tax Classifications and Rates: FY 2005–FY 2014

Property Tax Class	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009*	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Class One (Residential)	\$0.96	\$0.92	\$0.88	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85
Class Two (Commercial)										
Rate for 1st \$3 Million Assessed Value	\$1.85	\$1.85	\$1.85	\$1.85	\$1.65	\$1.65	\$1.65	\$1.65	\$1.65	\$1.65
Rate for Assessed Value Over \$3 Mill.	-	-	-	-	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85
Class Three (Vacant Property)	\$5.00	\$5.00	\$5.00	\$5.00	\$10.00	\$10.00	\$5.00	\$5.00	\$5.00	\$5.00
Class Four (Blighted Property)	-	-	-	-	-	-	\$10.00	\$10.00	\$10.00	\$10.00
*Beginning in FY 2009 Class Two properties are subject to a split tax rate. The tax rate for the 1st \$3 million in assessed value is taxed at a rate of \$1.65 per \$100 of assessed value and the additional assessed value (in excess of \$3 million) is taxed at a rate of \$1.85 per \$100 of assessed value.										
Source: D.C. Office of Revenue Analysis										

Table 5.14. Assessment Trends: TY 2005-TY 2014 (Dollars in Thousands)

Property Tax Class	Tax Year 2005	Tax Year 2006	Tax Year 2007	Tax Year 2008	Tax Year 2009	Tax Year 2010	Tax Year 2011	Tax Year 2012	Tax Year 2013	Tax Year 2014
Residential Property*	49,982,554	58,090,888	73,126,786	81,400,361	84,544,053	81,862,427	80,063,402	80,598,880	81,406,777	85,465,264
Commercial Property	36,905,213	40,400,447	51,748,487	61,557,827	68,495,502	68,254,862	59,224,100	65,903,077	70,337,945	74,834,806
Total Taxable	86,887,767	98,491,335	124,875,273	142,958,188	153,039,555	150,117,289	139,287,502	146,501,957	151,744,722	160,300,070
Tax Exempt	43,219,725	59,664,865	57,690,545	67,869,520	81,211,121	82,113,504	81,528,158	83,399,263	84,690,034	87,287,954
Total Value (Including Exempt)	130,107,492	158,156,200	182,565,818	210,827,708	234,250,676	232,230,793	220,815,660	229,901,220	236,434,756	247,518,024
Tax Exempt as a % of Total Value	33.20%	37.70%	31.60%	32.20%	34.70%	35.40%	36.90%	36.30%	35.8%	35.3%
*Note: Assessed value is 100 percent of estimated actual value. (1) After deduction of homestead exemption and credits against tax for 2004-2007. (2) Does not reflect the 2004 and 2005 Cap Assessment of 12% for Class 1 with Homestead Exemptions. (3) Does not reflect the 2006 - 2012 Cap Assessment of 10% for Class 1 with Homestead Exemptions. (4) After deduction of homestead exemption for 2008 - 2012.										
Source: DC Office of Tax and Revenue										

The Lottery currently offers 11 games including: DC Three, DC Four, DC Five, Powerball, Mega Millions, Keno, Hot Lotto, Race 2 Riches, Fast Play, Tap-N-Play and Instant Tickets, which are discussed below.

DC Three - DC Three is a daily three-digit game in which players may wager 50 cents or \$1 with nine ways to win prizes ranging from \$25 to \$500. Sales totaled \$46,171,000 in FY 2014 and \$49,113,000 in FY 2013. Prizes amounted to \$22,600,000 in FY 2014 and \$26,080,000 in FY 2013. Net proceeds to the District's General Fund totaled \$12,500,000 in FY 2014 as compared to \$19,128,000 in FY 2013.

DC Four - DC Four is a daily four-digit game with a fixed payout. Players may wager 50 cents or \$1 for a chance to win seven different ways. Ticket sales totaled \$56,924,000 in FY 2014 and \$60,055,000 in FY 2013. In fiscal years 2014 and 2013, prizes totaled \$27,281,000 and \$25,599,000, respectively. Transfers to the District's General Fund totaled \$18,700,000 in FY 2014 and \$25,169,000 in FY 2013.

DC Five - DC Five, which was launched effective July 19, 2009, is a daily five-digit game with a fixed payout. Players may wager 50 cents or \$1 for a chance to win thirteen different ways. Players select a number within the range 00000 to 99999. Tickets may be

purchased for the next draw or up to seven consecutive draws for the mid-day and nightly drawings. Players also have the option for advance day play. This feature allows a player to place a bet for a specific day in the future. Ticket sales totaled \$16,683,000 in FY 2014 and \$16,151,000 in FY 2013. Prizes in FY 2014 and FY 2013 amounted to \$8,648,000 and \$6,917,000 respectively. In FY 2014, DC Five generated \$2,625,000 in transfer to the General Fund; in FY 2013, the amount of transfer to the General Fund generated by this game totaled \$6,171,000.

Powerball - The Powerball game is a five out of fifty-nine plus one out of thirty-nine online lottery game that pays a grand prize on an annuitized pari-mutuel basis or as a cash lump sum payment and all other prizes on a fixed basis. All annuitized prizes are paid in thirty annual graduated installments. The Powerball game is sponsored by the Multi-State Lottery Association (MUSL), a conglomerate of thirty states, the District of Columbia and Virgin Islands, that combines resources and sales to offer larger jackpots. Party lotteries pool their sales and other resources, but otherwise account for operations separately. The latest prize structure matrix change for the game became effective January 4, 2009. Powerball sales totaled \$11,850,000 in FY 2014 and \$20,592,000 in FY 2013. The MUSL and Mega Millions conglomerates agreed to allow respective member states to cross sell tickets in January 2010. The

decrease in ticket sales can be attributed to the lack of high jackpots that decreased player participation and sales volume. Prizes amounted to \$5,648,000 in FY 2014 and \$8,311,000 in FY 2013. Transfers to the District's General fund totaled \$6,955,000 in FY 2014 and \$5,386,000 in FY 2013.

Mega Millions - The Mega Millions game is a five out of fifty-six plus one out of forty-six online lottery game that pays a grand prize or a cash lump sum payment and all other prizes on a fixed basis. All annuity prizes are paid in twenty-six annual installments. The Mega Millions game is sponsored by the Mega Millions Group, a conglomerate of twelve states, and participating MUSL members that combine resources and sales to offer larger jackpots. All Mega Millions transactions of the Lottery are handled through the MUSL. Party lotteries pool their sales and other resources, but otherwise account for operations separately. The Lottery began selling Mega Millions tickets effective January 31, 2010. Mega Millions sales totaled \$8,880,000 in FY 2014 and \$6,195,000 in FY 2013. Prizes amounted to \$4,293,000 in FY 2014 and \$3,091,000 in FY 2013. Ticket sales offset by overall operating costs resulted in a transfer to the District's General Fund of \$2,975,000 in FY 2014 and \$1,707,000 in FY 2013.

Keno - Keno is a 10/20/80 game with fixed prizes. Players choose to play from 1 to 10 spots, with each spot having a different prize structure. Players select twenty numbers from a field of 80 numbers. Draws are held every four minutes during valid game times. Payouts range from \$5 to \$100,000. Tier 1 prizes start as a fixed payout and transition to pari-mutuel payouts when the number of winners per draw exceeds 10. The game is supplemented by Keno Spin which features a multiplier option to the game's prizes. The Keno game is offered at all agent/retailer locations. Keno sales totaled \$11,585,000 in FY 2014 and \$11,793,000 in FY 2013. Prizes decreased to \$7,391,000 in FY 2014 from \$7,712,000 in FY 2013. Transfers to the District's General Fund amounted to \$1,950,000 in FY 2014 and \$2,937,000 in FY 2013. The decrease in transfer can be attributed to a high prize payout percentage.

Hot Lotto - Hot Lotto is a five out of thirty-nine plus one out of nineteen online lottery game that pays a grand prize, at the election of the player at time of ticket purchase, either on an annuitized pari-mutuel or cash option basis. All other prizes are paid on a fixed basis. Prizes are expensed at the rate of 50.0% of sales intake less lapsed prizes. The Hot Lotto game is sponsored by the MUSL. The initial jackpot starts at \$1 million and drawings are held every Wednesday and Saturday. Party lotteries pool their sales and other resources, but otherwise account for operations separately. Hot Lotto sales amounted to \$3,560,000 in 2014 and \$3,395,000,000 in 2013. The increase in sales in 2014 over prior year's total is primarily the results of higher jackpots. Prizes amounted to \$1,733,000 in FY 2014, and \$1,653,000 in FY 2013. Transfers to the District's General fund totaled \$1,475,000 in FY 2014 and \$1,021,000 in FY 2013.

Race 2 Riches - Race 2 Riches is an interactive horseracing game with the opportunity to win up to \$1,000. Drawings or races are held every four minutes seven days a week during regular operating hours. The Race 2 Riches game was launched effective November 23, 2010. Ticket sales totaled \$7,731,000 in FY 2014 and \$8,076,000 in FY 2013. Prizes totaled \$5,368,000 in FY 2014 and \$5,081,000 in FY 2013. Transfers to the General Fund totaled \$400,000 in FY 2014 and \$1,060,000 in FY 2013.

Fast Play - Fast Play games are a series of instant-style games printed and played through agents'/retailers' online terminals. Fast Play tickets have a variety of games and each ticket is randomly drawn from a separate pool of tickets. Ticket cost and prizes vary depending on the version of the game played. Prizes are set at a fixed payout level. The player asks the agent/retailer for a specific type of Fast Play game and the ticket is generated at that terminal. The player knows immediately whether he/she is a winner or not. Fast Play games were launched effective April 3, 2011. Sales totaled \$9,669,000 in 2014 and \$9,100,000 in 2013. Prizes amounted to \$7,249,000 for FY 2014 and \$4,546,000 for FY 2013. Transfers to the District's General Fund in FY 2014 and FY 2013 were \$300,000 and \$583,000, respectively.

Tap-N-Play - Tap-N-Play games are touch activated, interactive, instant win style online games played through self-service terminal (MP). Players use the touch screen of the terminal to choose the games and game parameters (price points, numbers, play board etc.). The games are presented in high-quality graphic animations and sounds. Tap-N-Play games launched on April 5, 2013, with two games, and are being expanded to accommodate various play styles and themes. Currently, D.C. Lottery offers eight different types of games with \$1, \$2, \$3, \$5, \$10 and \$20 price points. Play style includes number/symbol match, bingo, reveal symbol, double or nothing and high/low. Ticket sales amounted to \$2,545,000 and \$803,000 in FY 2014 and for the five (5) months in FY 2013, respectively. Prizes amounted to \$1,967,000 in FY 2014 and \$89,000 in FY 2013. Transfers to the District's General Fund amounted to \$65,000 in FY 2014 and \$105,000 in FY 2013.

Instant Tickets - Instant or "scratch" games are designed to allow a player the opportunity to determine if he/she is an instant winner at the time of ticket purchase. The price of tickets and prize structure are determined before the production of tickets. Instant ticket sales totaled \$40,420,000 in FY 2014 and \$57,157,000 in FY 2013. Prizes totaled \$29,094,000 in FY 2014 and \$40,346,000 in FY 2013. Transfers to the District's General Fund increased to \$7,021,000 in FY 2014 from \$5,047,000 in FY 2013.

Lottery Agents

The Lottery sells its lottery products at a variety of local businesses including, but not limited to, gas stations, hardware stores and supermarkets. The Lottery works closely with business owners to develop customized plans designed to grow their businesses overall, as well as ticket sales. The Lottery paid agent commissions in the total amount of \$14,177,000 in FY 2014 and \$15,597,000 in FY 2013.

General Fund Transfers

In FY 2014, the Lottery transferred the total amount of \$54,966,000 to the District's General Fund. The total amount of the Lottery's transfer to the General Fund in FY 2013 was \$68,314,000.

Partnerships and Grant Services

The Mayor's Office of Partnerships and Grant Services (OPGS) has a mission to enhance the capacity of District government agencies, community and faith-based organizations, and nonprofits to identify, apply, and secure resources that advance the Mayor's top public policy priorities.

In order to accomplish this mission, OPGS provides services to the agencies of the District of Columbia, as well as to individuals and organizations that provide services to District residents. The core focus areas include: grant and resource development, capacity building, donation solicitation and management, and partnership facilitation.

Grant and Resource Development

OPGS serves as the DC Government's central clearinghouse of information and support related to new competitive Federal and District grants. We accomplish this through the following activities and programs:

- Training District agencies, community and faith-based organizations, and nonprofit grant seekers on the search processes and the basics of applying for grants
- The Grants Information Resource Center (GIRC) provides the District community, government, nonprofit organizations, grant-seekers, and faith-based organizations with one-on-one technical assistance on ways to identify competitive grant funding and related resources. The GIRC offers access to real-time searchable grant subscription data services such as the Foundation Center, Grants Direct, and Grant Station with a combination local, regional, national, and international funders and grant makers.
- Identifying District, Federal and foundation funding opportunities that District agencies, non-profits and faith based organizations are eligible to pursue. During FY 2014, 39% of the grants posted in the weekly Funding Alert were Federal opportunities while 44% were foundation grants. The remaining 17% were District funding opportunities (Figure 5.1).

Table 5.15. Revenues, Expenses, and Changes in Net Position: FY 2010-FY 2014 (Dollars in Thousands)

	2010	2011	2012	2013	2014
Operating revenues:					
Gaming revenues	230,159	231,749	249,675	242,460	216,040
Operating expenses:					
Prizes	118,932	125,860	137,313	129,425	121,272
Other	44,461	43,666	45,872	44,708	39,666
Total operating expenses	163,393	169,526	183,185	174,133	160,938
Operating income	66,766	62,223	66,490	68,327	55,102
Non-operating revenues - interest and dividends	25	20	22	32	14
Income before transfers	66,791	62,243	66,512	68,359	55,116
Transfer to District General Fund	(66,750)	(62,175)	(66,404)	(68,314)	(54,966)
Change in net Position	41	68	108	45	150

Source: DC Lottery Audited Financial Statements for Fiscal Years 2008-2014

- Disseminating Federal and District Notices of Funding Availability (NOFAs) via the OPGS website. 451 competitive grant announcements valued at \$1.8B were posted in the Funding Alert in FY14. At the end of FY 2014 some 8,520 grant seekers subscribed to receive the Weekly Funding Alert published by OPGS.
- Maintaining a public website with a wide variety of useful resource development information, in consultation with the District's Office of the Chief Technology Officer (OCFO), in FY 2014 OPGS's website received 21,846 visitors who made 39,380 visits, and 120,241 page views of which 50,474 were of grant related content.
- Serving as the District's State Single Point of Contact (SPOC) for all federal grant programs covered by Executive Order 12372. This program provides opportunities for local units of government to learn about and comment on selected projects affecting their jurisdictions. Table 5.16 shows the number of SPOC applications processed by OPGS from 2010 to 2014. Two hundred twenty-five SPOC applications in FY 2014 valued at \$610M were approved for applicable federal grant submissions.

Capacity Building

OPGS provides training and support for District-based government agencies, 501(c) (3) nonprofits, community-based organizations, and faith-based organizations. Beneficiaries of our services learn program development and grant management skills. Table 5.17 shows a sample of OPGS' diverse capacity building activities in FY 2014.

- Grants Proposal Writing Course - OPGS hosted an 8-week grant writing proposal for local government and nonprofit officials. Participants were able to prepare a proposal for an existing competitive grant opportunity, while integrating some of the course's fundamental grant writing concepts. Twenty-five local government and nonprofit representatives participated in the training. This course combined expert instruction, with practical exercises to take the participants step-by-step through the development stages of grant writing including instructions on the statement of need, goals and objectives, logic modeling, project evaluation, staffing, project budgeting, and locating funding sources.

- OPGS’s Crowdfunding for Nonprofits training – consisted of three half-day training sessions on Crowdfunding an interactive internet-based platform that allows nonprofits to market compelling projects to a crowd of potential global funders who make philanthropic contributions to projects of their choice.
- Collaborating with Crowdfunding Service Providers Forum – provided an opportunity for nonprofits serving DC residents to learn about the diverse on-line fundraising services offered by nationally recognized crowd funders.
- OPGS staff briefed delegates of the White House and Howard University sponsored Young African Leaders Initiative on the District’s nonprofit capacity building and fundraising best practices at its office on July 19, 2014.

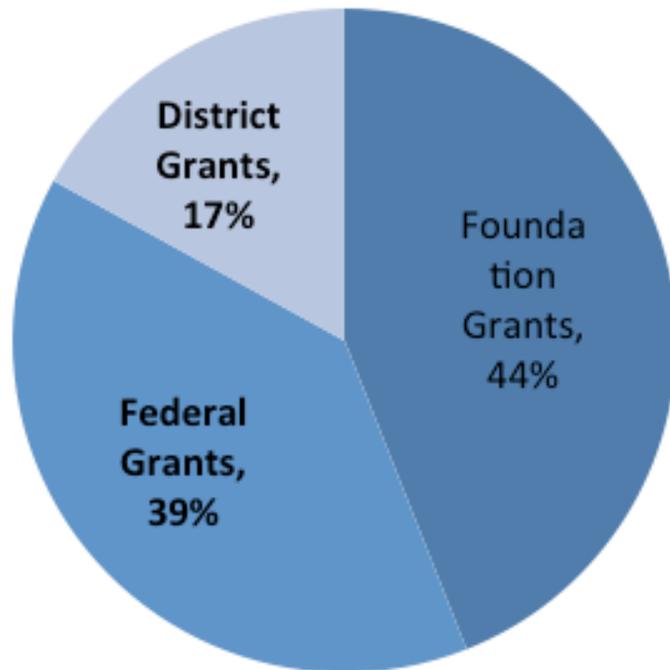
Fiscal Year	2010	2011	2012	2014
Number of Applications	321	238	205	225

Source: Partnership and Grant Services (OPGS)



Local government and nonprofit officials participated in an 8-Week Grant Proposal Writing Course hosted by OPGS and the MAGI Group LLC in July and August 2014.

Figure 5.1 Source of Grant Opportunities in FY14



Source: Partnership and Grant Services (OPGS)

Table 5.17. OPGS Capacity Building Activities

OPGS Capacity Building Activities	Number of Participants	Date
Five-Week Intermediate Level Grant Proposal Writing Webinar	90	Dec. 9, 2013
Becoming a Magnet-For-Money Corporation	40	Jan. 14, 2014
Diversifying Your Income Stream: Collaborating with Crowdfunding Service Providers	55	Jan. 16, 2014
Completing the IRS 1023 for Nonprofit Tax Exempt Status	15	Feb. 12, 2014
Doing Business with District Government Grant Makers	121	Mar. 11, 2014
Breathing Life Back into Your Organization or Tapping into Your Organization's Full Potential	125	Apr. 8, 2014
Eight-Week Intensive Grant Proposal Writing Course	25	Jul. 7 - Aug. 25, 2014
4th Annual Public Private Partnership Conference	160	Sept. 8, 2014

Source: Partnership and Grant Services (OPGS)

Donation Solicitation and Management

The Office of Partnerships and Grant Services manages the donation solicitation process for District agencies, Departments, and Offices subject to the Mayor's authority, including DC Public Schools. These donations are subject to the Rules of Conduct Governing Donations to the District Government (Mayor's Memorandum 2012-3 dated May 16, 2012).

The District relies on private donations in order to support the government authorized functions and programs. In FY 2014, OPGS authorized 367 applications to solicit donations. Of these applications, 345 were approved valued at \$10.2M. Figure 5.2 shows the total amount of donations that were approved by OPGS in FY14.

DC Public Schools (DCPS) received nearly \$6M in authorized donations in FY 14. Furthermore, DCPS received a \$2M donation from Turnaround for Children to support its school leaders and managers, teacher practices and also student support services. The donation has enabled readers like singer John Legend (below) to read to students at

DCPS' Walker Jones and ORR Elementary Schools and also create a more effective learning environment for children in the District of Columbia.



A donation from Turnaround for Children made it possible for singer, John Legend to read to students at Walker Jones and ORR Elementary Schools.

Partnership Facilitation

OPGS facilitates the establishment of collaborative philanthropic relationships or partnerships between the District government, individual donors, nonprofits, private, and public sector entities. We accomplish these relationships through the following actions:

- Collaborating with local government agencies to identify more opportunities to serve District residents and service providers
- Communicating with District agencies to promote their resources and programs benefits to local community programs.
- Developing relationships with global entities to expand the knowledge-base and capacity of District agencies and nonprofits.
- Cultivating potential corporate giving and donor interests on behalf of programs serving the District government.

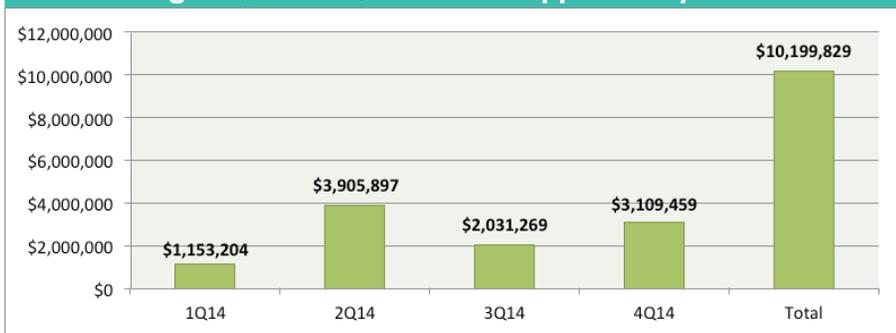
Annual Public Private Partnership Conference - the Office of Partnerships and Grant Services hosts an annual Public Private Partnership Conference in partnership with the Center for Nonprofit Advancement. The purpose of the conference is to encourage and facilitate multi-sector partnerships and provide a comprehensive day of learning and networking for leaders from the District-Maryland-Virginia region (DMV). Local and regional grant-

making, grant-seeking, and service providing experts facilitate the many workshops and share best practices that are used to establish and sustain partnerships. They also provide a variety of capacity building tips to enhance fund raising, financial management, strategic planning, and collaboration methods.

OPGS celebrated its 14th Annual Public-Private Partnership Conference at the World Bank. 160 attendees including funders, government, and nonprofit service providers came together to share best practices for building and sustaining their respective organizational programs, initiate potential partnership opportunities, and network.

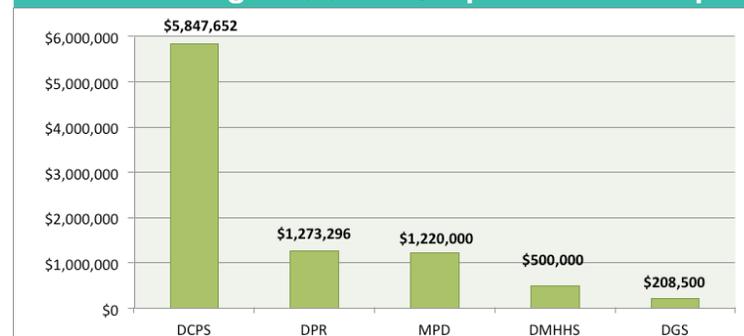
OPGS and the Department of Insurance, Securities and Banking (DISB) co-sponsored the forum on the DC-Only Investment Securities Offering Exemption Rulemaking adopted October 2014. A panel of crowdfunding experts and 80 participants discussed how the rulemaking assists DC based investors and issuers of equity securities and debt financing to raise capital for their nonprofit and small business organizations.

Figure 5.2. FY14 Donations Approved by OPGS



Source: Partnership and Grant Services (OPGS)

Figure 5.3. FY14 Top Donations Recipients



Source: Partnership and Grant Services (OPGS)

Office of Cable Television, Film, Music and Entertainment

The Office of Cable Television, Film, Music and Entertainment (OCT-FME) was created in fiscal year 2016. The agency was formed from merging two previously existing agencies, the Office of Cable Television (OCT) and the Office of Motion Picture and Television Development (MPTD).



Mission

The mission of the Office of Cable Television, Film, Music and Entertainment (OCTFME) is to manage and administrate the District of Columbia's cable television franchise agreements; provide government and public interest programming for District residents; and support a sustainable creative economy and media industry in the District. OCTFME realizes its mission by:

- Implementing, managing, and administrating programs, initiatives, and services that support film, television and entertainment industry economic growth and employment in the District of Columbia;
- Regulating District's cable service providers by enforcing applicable federal and District cable television laws and regulations, including District Cable Franchise Agreements;
- Establishing cable franchise agreements between cable service providers and the District, ensuring compliance with those franchise agreements, and maintaining an economic and regulatory environment that promotes competition in the cable television industry in the District;
- Facilitating a harmonious relationship between District cable service providers and their customers by mediating disputes and enforcing applicable customer service regulations;

- Facilitating open access to the District Government through the operation of its government cable channels, District of Columbia Council Channel (DCC) and the District of Columbia Network (DCN), and its educational cable channel, District Knowledge Network (DKN); and
- Promoting live and recorded video and other programming by way of the District's public, educational, and government (PEG) cable channels.

Vision

Maintain a reliable, state-of-the-art, affordable local cable market through competition; craft content that educates, informs and entertains District residents; and establish

a diversified, dynamic, sustainable creative economy that supports film, music, entertainment, and other creative endeavors in the District of Columbia.



Values

- Commitment to serving as a communications portal between the District Government and District residents
- Commitment to the support and growth of the District's creative economy and media production industry
- Commitment to accountability, transparency, excellence, diversity, teamwork, and responsive, respectful customer service

Summary of Services

OCTFME is responsible for regulating cable television in the District, as well as the administration of the District's government access channels, District Council Channel (DCC), District of

Columbia Network (DCN), and the District's education access channel, District Knowledge Network (DKN). OCTFME creates content that informs, educates, and entertains viewers via the District of Columbia's public, educational, and government (PEG) channels and other forms of content outlets. The award-winning content provides resourceful information on government activity, education, current events, history, and arts and entertainment. Through its three cable television channels, OCTFME provides public access to the governmental process and insights into life in the District. OCTFME is dedicated to providing quality diverse programming and services that seek to educate, enlighten, and empower the residents of the District of Columbia. Department performance expectations in FY16 are listed by functional division.

OCTFME offers various services to local and out-of-state film, television, video, entertainment, interactive, multimedia, and digital media content creators, including: production and parking permitting; location scouting; production support; hotel; restaurant and transportation assistance; and job placement assistance and workforce development. The office engages the community to create a greater understanding of the media industry as a whole, the content/media-making process, and the professional skills required to become a marketable media industry professional.

Cable Television, Music, and Entertainment Program

OCTFME's cable television, music, and entertainment program consist of three departments: (1) Programming, (2) Regulatory, and (3) Operations.

- **Programming:** The programming department provides 24-hour programming on DCC, DCN and DKN that includes event coverage, press conferences, public hearings, and public service announcements (PSAs) on behalf of the Executive Offices of the Mayor, the District of Columbia City Council, the State Board of Education, and many other District of Columbia agencies. The programming department is also charged with enhancing the knowledge of District residents by providing

educational opportunities through its educational programming and community partnerships. The programming department is also charged with the development, execution and support of OCTFME's new radio station as well as support for music and other special events within the District of Columbia.

- **Regulatory:** The regulatory department is charged with protecting the cable television-related interests of District residents and advancing cable competition and choice for District residents. Under the administrative structure and supervision of the Executive Office of the Mayor (EOM) and the Mayor's Office of Legal Counsel (MOLC), the regulatory division is primarily responsible for planning legal strategies related to cable franchise agreements, protecting the interests of District consumers, and advising agency staff on matters having legal implication.
- **Operations:** The Operations department handles the operational function of the OCTFME facility. The operations department provides leadership, direction and oversight over all administrative functions in support of the agency.

Film, Television, and Digital Media Program

OCTFME's film, television, and digital media production program manages and administrates four distinct support functions: (1) media production support; (2) creative economy and media industry development; (3) Local media business and community outreach and support; and (4) Workforce development & media education.

- **Media Production Support:** OCTFME facilitates the media production process in the district. This includes media production permitting, locations support, marketing the district as a location for media production, and other production support related to the smooth and efficient execution of media production in the District.
- **Creative Economy and Media Industry Development:** OCTFME is charged with incentivizing and supporting economic activity, infrastructure development, and workforce development and job creation in the District of Columbia's media industry. OCTFME

is also charged with managing and administrating the Film DC Economic Incentive Program, a media industry incentive program that seeks to maximize media production, infrastructure project activity, and media industry employment in the District.

- **Local media business and community outreach and support:** OCTFME prioritizes community outreach, constituent communication, and media industry engagement. OCTFME actively supports local creative economy programs, conferences, workshops, film festivals, and special events initiated and executed by local residents, local businesses, and local nonprofits.
- **Workforce development & media education:** OCTFME is committed to ensuring the District resident film and television professionals (and aspiring professionals) have access to sustainable employment in the local creative economy. OCTFME also manages and supports media industry workforce training and development programs for District residents. OCTFME is committed to the support of media literacy and education programs for District youth.

OCTFME District Government Channels

DCC: District of Columbia Council Channel (DCC) provides gavel-to-gavel coverage of the live and recorded activities of the District of Columbia Council and its various committees.

DCN: District of Columbia Network (DCN) provides information regarding the many programs, services and opportunities made available by the District of Columbia government including Mayoral press conferences, agency policy statements and current discussions on the future of the District of Columbia.

DKN: District Knowledge Network (DKN) serves as a vital tool aimed toward bridging the digital divide between the faculty, students and parents by providing high-quality educational programming that fosters and encourages student learning and achievement, as well as, promotes

community wellness through utilizing online resources, video-on-demand and video conferencing.



Filming on the Location in the Nation’s Capital

Washington, D.C.’s instantly recognizable landmarks, diverse neighborhoods, cultural amenities, and first-class accommodations are just some of the many features that make the District of Columbia a venue of choice for motion picture and television production. A film-friendly city with the resources to support any size production, the District continues to draw feature and independent films, television, documentary, commercial, and other video and multimedia projects.

OCTFME serves as a one-stop-shop for filming related activities in the District, offering a range of production support services that include, but are not limited to:

- Permitting, Parking, and City Services
- Production Support and Logistics
- Technical Assistance
- Location Scouting
- Community Relations
- Hotel, Restaurant, and Transportation Assistance

OCTFME Production Facilities



OCTFME Broadcast Center - OCTFME' is located at 1899 9th Street, NE, Washington, DC 20018 in Ward 5. The facility functions as the agency's headquarters and operations center for the District's educational and PEG governmental television stations DCN, DCC and DKN. The 30,525-square-foot facility features a LEED certified, fully modernized, digital facility equipped with two television production studios; high definition technology; eight editing suites; administrative offices and a community meeting space.



OCTFME Studio - OCTFME has two production studios (Studio A and Studio B). Each studio is supported by a production control room with separate audio control rooms. The OCTFME facility offerings and services include:

Studio A - Studio A is used for in-studio production of OCTFME's original programs, live cablecasts of special features, and other long form programs. The studio has 4,800 square feet of space and boasts 18 feet ceilings. The studio is large enough to accommodate

multiple sets simultaneously and has a large green screen. The studio and control room are set-up for high definition (HD) video production. The facility features 5 Ikegami cameras equipped with a prompting system. A lighting system is mostly made up of energy-efficient LED light fixtures and can light as many sets as necessary. Wired and wireless microphone systems are in place to support all types of audio production and the facility is also equipped with a digital matrix intercom and IFB system. The studio also utilizes a telephone interface system for shows that require guest call-in or interviews. From the studio, OCTFME is able to produce live, as well as recorded programs, ranging from one-on-one interviews to live musical performances.

Studio B - Studio B is currently utilized for flexible and temporary production activity. The studio is 1,530 square feet with a 13 foot ceiling height.

Post Production Non-Linear Editing - The editing facilities at OCTFME consist of eight non-linear editing suites. All of the edit suites interface to shared storage for collaborative editing. Additionally, the system allows for movement of files to both the production studios for program contribution and master control for playback to air. The suites can ingest media from a variety of tape or file formats. All suites are equipped with a full complement of Adobe Creative Cloud programs (Premiere) and Apple's Final Cut Pro. External audio boards and video scopes enhance the quality control of media in all of the suites.

Master Control - Master Control at the Office of Cable Television, Film, Music, and Entertainment features the high-end Imagine Communications' ADC broadcast servers with storage capacity of over 300 hours. The system broadcasts 24 hour programming produced by DCN, DCC and DKN. It provides High Definition Television readiness with the bandwidth to meet High Definition needs. Archiving is done on Spectra Logic archiving system. Master Control also features Chyron's Channel Box 2, a branding device that allows headlines, weather reports, snipes and automated promos. Broadcasters worldwide utilize the Channel Box for a wide range of on-air programming applications

to effectively produce the channels' branding. The Nverzion Automation System brings all these elements together to give viewers the programming they see on DCC and DCN, seven days a week, 24 hours a day.



OCTFME Field Production - In addition to in-house productions, OCTFME also provides field production services. OCTFME uses a variety of audio visual equipment to provide coverage for events such as the Mayor's State of the District Address, citizen summits and inaugural events. Lowell and Arri lighting instruments and Sony wired and wireless microphones, support field productions at OCTFME. The photography that drives our new and improved programming is given its edge with the Sony - PMW-350K XDCAM video cameras.

For audio field production, OCTFME uses Shure FP-3 audio mixer's three-input, two output portable stereo mixer is designed for professionally demanding field production. All non-linear suites are interconnected to the server, allowing the editors to transfer files and completed projects between each suite and directly to the on-air server for broadcast, keeping the projects in the digital realm. Note:

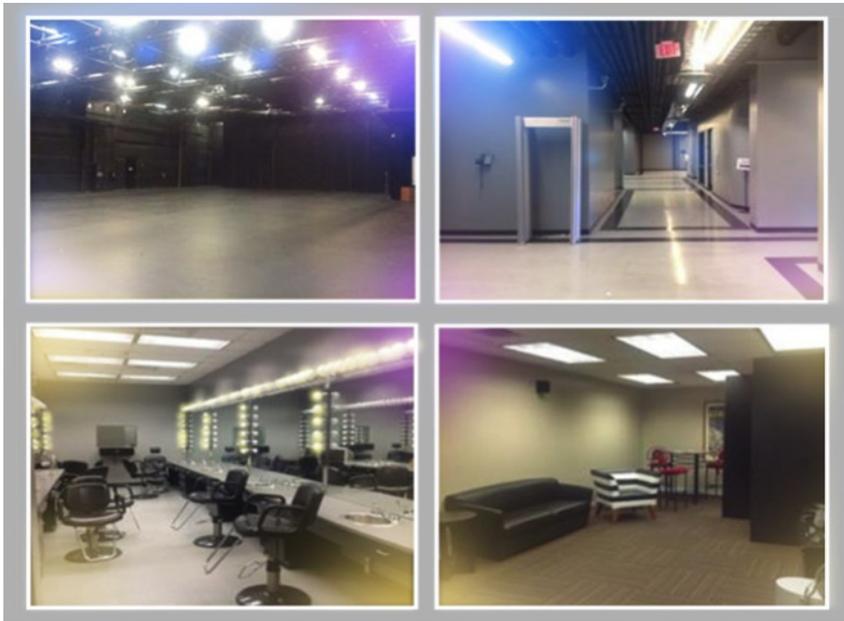
Specific equipment details and models can be provided upon request.

Production Truck - From parades to summits, town hall meetings, concerts and special events, OCTFME's mobile production truck is a state-of-the-art control room on wheels. For live and live to tape productions, this vehicle has all of the bells and whistles to provide the highest quality end result. Events are captured on Hitachi SK-555 digital cameras, sound enhanced with a Mackie 32-8 mixing console, and switched through a Ross Synergy 1 digital switcher. Other production enhancements include a Deko 2200 character generator, DVExtreme effects generator, Digicart II Plus cart machine, and a fully functional intercom system complete with multichannel and IFB capacity. Recording capabilities include Beta SP, Digital Beta, DVCAM & DVD.

BET Soundstage Facility - In 2015 the District government entered into a production facility marketing and management agreement with BET Networks that grants OCTFME the right to market and solicit media production, special events, and workforce development activity within the BET Soundstage Campus.



BET Networks soundstage campus is located at 1235 W Street. NE in Ward 5's New York Avenue Corridor. The complex contains two full-service soundstages: Studio A (8,730 sq. ft.) & Studio B (7,260 sq. ft.), which translates into a combined usable soundstage capacity of 15,990 sq. ft. The facility also includes production offices, storage, and carpentry/fabrication space. The total facility campus footprint is approximately 25,000 sq. ft.



Media Industry Production & Infrastructure Incentive Program

Film DC Economic Incentive Fund: OCTFME manages and administrates the Film DC Economic Incentive Fund Program, a program subject to the terms established by the Film DC Economic Incentive Act of 2006 (D.C. Law 16-290; D.C. Official Code § 39-501). The goal of the Film DC Economic Incentive Fund Program is to encourage the use of the District of Columbia as a location for the production of film, television, interactive, and digital video;

incentivize media industry infrastructure projects; support the hiring of District residents as cast and crew; and facilitate the use of District-based production service and equipment companies in support of media content production.

As of October 1, 2015, the Film DC Economic Incentive Fund offers cash rebates for qualified productions in the District, up to:

- 42% of qualified production expenditures taxable in the District
- 21% of qualified production expenditures not taxable in the District
- 30% of qualified personnel expenditures
- 50% of qualified job training expenditures
- 25% of infrastructure investments

To qualify, an approved applicant must spend at least \$250,000 in the District of Columbia on qualified expenditures, file an application and enter into an incentive agreement with OCTFME, and not be delinquent in any tax obligation owed to the District of Columbia. The level of funding in the program varies depending on each fiscal year's budget allocation. Please contact OCTFME for more details on current available funding levels and other information on applying for the incentive.

Internships and Workforce Training

Internships

OCTFME is dedicated to providing quality internships to aspiring television production professionals. OCTFME internships provide high school, college undergraduate and graduate students with invaluable experience through hands-on instruction, mentoring and job shadowing opportunities. Many former OCTFME interns are now employed at top media outlets such as Fox News, Maslow Media, NewsChannel 8 and Discovery Communications. OCTFME hosts interns year round. Academic credit may be earned for satisfactory completion of the internship program.

In addition, each summer OCTFME hires and trains a select group of young people from across the District as part of the Mayor's Summer Youth Employment Program (SYEP). As TV production interns, students receive technical training in the use of video cameras, studio and editing equipment along with research, writing, producing and editing.

Creative Economy Career Access Program (CECAP)

OCTFME is committed to ensuring the talented District resident film and television professionals have access to jobs on media productions that film in the nation's capital. Additionally, OCTFME is committed to ensuring aspiring film and television professionals are offered an opportunity to establish sustainable careers in the local media industry.

Beginning in 2016, OCTFME will administrate a creative economy career access training apprenticeship program that offers District residents the skills and job placement support required to establish sustainable careers in the creative economy. The Creative Economy Career Access Program (CECAP) identifies District residents to enter an apprenticeship program that include a training module component followed by a subsidized one-year apprenticeship leading to a full-time job.

The program will recruit a diverse cross-section of District residents interested in pursuing careers in the creative economy. The goal is to reach residents from all 8 wards, identify residents from at-risk communities, returning citizens, military veterans, and the disabled.

OCTFME Customer Service

- The District of Columbia is at the forefront of providing its citizens with direct cable competition in its market and is one of the few markets in the country with three cable television providers (Comcast, RCN and Verizon FiOS).
- OCTFME provides customer service and franchise oversight services for District cable subscribers and for the District

government to ensure they receive reliable services that comply with District and federal laws and regulations.

- OCTFME has successfully promulgated customer service regulations that protect District cable subscribers and guarantee levels of customer service from the District's cable television providers.

Online Presence

- The OCTFME division website (www.OCT.DC.gov) makes the Council of the District of Columbia's hearings available over the internet for real-time and on-demand viewing. A comprehensive assemblage of Executive Office of the Mayor (EOM) programming and other productions are also available via OCTFME's video-on-demand service.
- Information related to the OCTFME program can also be found on Facebook (facebook.com/OCTDC), Twitter (twitter.com/OCTDC) and YouTube (youtube.com/OCTDC).
- The film, television and digital media division (formerly MPTD) website (www.film.dc.gov) provides information related to the film, music, and entertainment function of the agency, including information on getting permits to film in the district, media production location assistance, and the Film DC Economic Incentive Fund.
- Information related to the film, television and digital media (formerly MPTD) program can also be found on Facebook (facebook.com/FilmDC), Twitter (twitter.com/dcfilmoffice), YouTube (www.youtube.com/FilmDCOffice), Instagram (instagram.com/dcfilmoffice), and Vimeo (vimeo.com/filmdc).

Alcoholic Beverage Regulation Administration ABRA (LQO)

Mission

The mission of the Alcoholic Beverage Regulation Administration (ABRA) is to support the public's health, safety, and welfare through the control and regulation of the sale and distribution of alcoholic beverages.

Summary of Services

ABRA conducts licensing, training, adjudication, community outreach, and enforcement efforts to serve licensees, law enforcement agencies, Advisory Neighborhood Commissions (ANCs), civic associations, and the general community so that they understand and adhere to all District laws, regulations, and ABRA policies and procedures.

Accomplishments

- ABRA conducted 10,220 regulatory inspections and investigations in FY 2014.
- ABRA conducted 889 compliance checks at licensed establishments in FY 2014.
- ABRA issued 2,754 new licenses and permits in FY 2014.

Agency Management

Objective 1: Educate licensees on the District's alcoholic beverage laws and regulations.

Initiative 1.1: Conduct new licensee orientation classes.

This initiative was fully achieved. ABRA conducted five new licensee orientation classes in FY 2014 for licensees and the public at no charge. The new licensee orientation classes were held on November 14, 2013, January 23, 2014, April 3, 2014, June 12, 2014 and August 14, 2014. The five new licensee orientation classes educated licensees and the public on relevant provisions contained in the District's alcoholic beverage laws and regulations. The classes

covered such topics as settlement agreements, noise abatement and sound management and working proactively with Advisory Neighborhood Commissions, neighborhood and business groups, and residents.

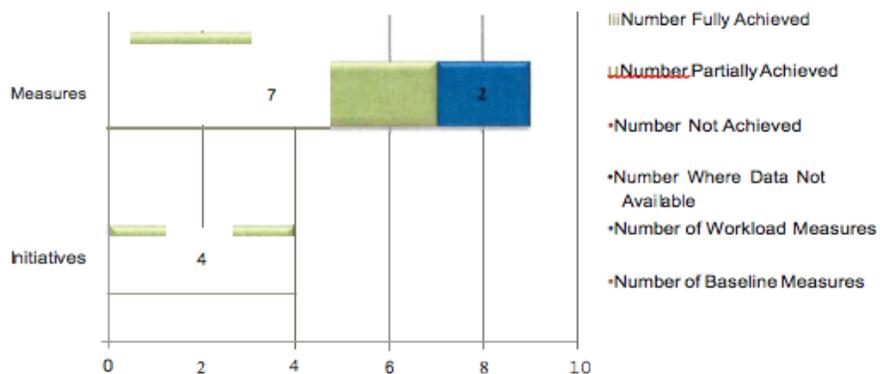
Initiative 1.2: Conduct books and records compliance courses. This initiative was fully achieved. ABRA conducted four books and records compliance training courses in FY 2014 for licensed restaurants and hotels. Two training courses were held on March 27, 2014. Two training courses were also held on September 25, 2014. All four compliance training courses educated restaurants and hotels on their statutory books and records and quarterly statement filing requirements as well as their minimum foods sales requirements.

Objective 2: Ensure that licensed establishments are in compliance with the ABC laws and regulations.

Initiative 2.1: Conduct a minimum of two regulatory inspections or investigations at each licensed establishment.

This initiative was fully achieved. ABRA conducted 10,220 regulatory inspections or investigations in FY 2014 which surpassed the FY 2014 target goal of 7,000 regulatory inspections or investigations. ABRA's conducting of 10,220 regulatory inspections or investigations represented a slight increase from the 9,061 regulatory inspections or investigations conducted in FY 2013. Additionally, ABRA conducted two or more regulatory inspections or investigations in FY 2014 at each of the District's approximately 1,800 active licensed establishments.

Figure 5.4. Overall of Agency Performance - Total Measures and Initiatives



Source: Alcoholic Beverage and Regulation Administration

Figure 5.5. Overall of Agency Performance - Rated Measures and Initiatives



Source: Alcoholic Beverage and Regulation Administration

Note: Workload and Baseline Measurements are not included



Performance Initiative - Assessment Details

Performance Assessment Key:

- Fully achieved
- Not achieved
- Q Partially achieved
- R Data not reported

Agency Management

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Objective 3: Engage in community outreach regarding the licensing process.

Initiative 3.1: Engage in proactive community outreach regarding the Calendar Year 2014 Holiday Extension of Hours licensing process.

This initiative was fully achieved. ABRA provided timely information to 'both active on premises licensees and the public regarding the Holiday Extension of;Hours licensing process. Specifically, written notice regarding the Holiday Extension of Hours licensing process for Calendar Year 2014 was provided to on-premises licensees in September 2013. The written notice provided to on-premises licensees in September 2013 also included a copy of the Holiday Extension of Hours Calendar for 2014. Information regarding the Holiday Extension of Hours process was also posted to the ABRA website in September 2013, included in the September and October 2013 edition of the ABRA newsletter, and sent electronically to Advisory Neighborhood Commissions. Finally, the Holiday Extension of Hours process was discussed at a community event held on November 19, 2013.

Table 5.18. Key Performance Indicators - Details

	KPI	Measure Name	FY 2013 YE Actual	FY 2014 YE Target	FY 2014 YE Revised Target	FY 2014 YE Actual	FY 2014 YE Rating	Budget Program
●	1.1	Number of new licenses and permits issued	1,519	1,000		2,754	275.40%	LICENSING
●	1.2	Amount of revenue generated by licenses and permits	5,500,000	3,700,000		5,178,664	139.96%	LICENSING
●	1.3	Amount of revenue generated by fines	378,400	290,000		469,800	162%	INVESTIGATIONS
●	1.4	Percentage of one-day and substantial change permits issued within 15 days or less	93	90		98.43%	109.37%	LICENSING
●	2.1	Number of establishments inspected to ensure compliance with underage drinking laws	842	700		889	127%	INVESTIGATIONS

Table 5.18. Key Performance Indicators - Details (cont.)

	KPI	Measure Name	FY 2013 YE Actual	FY 2014 YE Target	FY 2014 YE Revised Target	FY 2014 YE Actual	FY 2014 YE Rating	Budget Program
●	2.2	Number of inspections, investigations, and monitoring activities	7,125	7,000		10,220	146%	INVESTIGATIONS
●	2.3	Total number of citations issued	315	250		524	209.60%	INVESTIGATIONS
●	2.4	Number of new licenses and permits issued	2,039	Not Applicable	Not Applicable	2,754	Not Rated Workload Measure	LICENSING
●	2.5	Number of ABC licenses and permits renewed	2,254	Not Applicable	Not Applicable	2,870	Not Rated Workload Measure	LICENSING

Performance Assessment Key:

● Fully achieved
 ● Partially achieved
 ● Not achieved
 ● Data not reported
 ● Workload measure

