

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



Jeffrey S. DeWitt
Chief Financial Officer

January 30, 2014

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

Dear Mayor Gray:

I am pleased to present the District of Columbia's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2013. As required by District law, the FY 2013 financial statements were examined by independent auditors. Based on the outcome of the audit performed, the independent auditors, KPMG, LLP, issued an unqualified (clean) opinion on the District's FY 2013 financial statements. This indeed is a noteworthy accomplishment because this marks the 17th consecutive year in which the District has received a clean audit opinion on its annual financial statements.

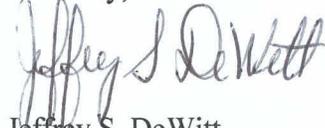
The District faced challenges on several fronts during FY 2013. Like so many other states, cities, counties, and municipalities across the nation, the District continued to confront challenges related to the national economy, including sluggish job growth and relatively flat unemployment. Those challenges were further complicated by the uncertainty surrounding the efforts being made by the federal government to reduce federal deficits and their impact on the District's economy and revenues.

Despite these and other challenges, the District's financial position continued to be strong in FY 2013. Our "rainy day" funds have increased over the last year. We now have \$791 million in reserve and our fund balance has increased to \$1.75 billion. Our bond ratings in FY 2013, were as follows: General Fund's General Obligation Bonds: AA- (Fitch Ratings), Aa2 (Moody's Investors Service), and AA- (Standard & Poor's Rating Service) and Income Tax Secured Revenue Bonds: AA+ (Fitch Ratings), Aa1 (Moody's Investors Service) and AAA (Standard & Poor's Rating Service). These strong ratings, indicative of the city's overall financial strength, allowed the District to access the market and issue \$39.6 million in Deed Tax Revenue Bonds, \$775.8 million in Income Tax Secured Revenue Bonds, and \$42.9 million in Federal Highway Grant Anticipation Revenue Bonds at competitive interest rates. The proceeds of these bonds were used to finance economic development projects, infrastructure enhancements and other capital projects. Residents should be assured that the District government functions well and has sufficient resources to provide necessary programs and services.

Sound financial management practices and fiscal discipline will continue to be the key ingredients for the District's future financial success. Towards that end, the Office of the Chief Financial Officer (OCFO) will continue to develop sound quarterly revenue estimates and structurally balanced budgets that ensure the District stays on the path of financial success. We are committed to utilizing sound business practices that incorporate strong and effective internal controls which allow us to maximize operational efficiency, produce accurate and reliable financial information, and comply with applicable laws and regulations.

Ending the fiscal year financially strong was due to the dedication and hard work of many across the city. I would like to thank all who have worked diligently to manage and account for the city's financial resources during the year. Through their cooperation and collaboration, the District was able to operate within budgetary constraints and timely issue its FY 2013 CAFR with a clean audit opinion. I also want to recognize the hard work and achievements of Dr. Natwar M. Gandhi, who is significantly responsible for our excellent financial position today. We, as one city and one government, truly have much of which to be proud.

Sincerely,



Jeffrey S. DeWitt
Chief Financial Officer