



2014

CITIZEN'S FINANCIAL REPORT



VINCENT C. GRAY

MAYOR

JANUARY 2, 2011 – JANUARY 2, 2015

MURIEL BOWSER

MAYOR

PRESENT

JEFFREY S. DEWITT

CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER

Year Ended September 30, 2014

February 26, 2015

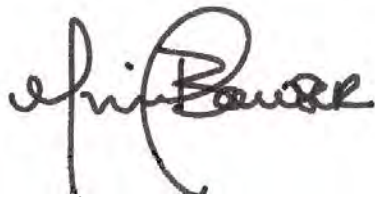
Dear Citizens of the District of Columbia:

We are pleased to present the Citizen's Financial Report on the financial condition of the Government of the District of Columbia (District) for the year ended September 30, 2014. The purpose of this report, which is referred to as the Popular Annual Financial Report (PAFR), is to summarize the financial information presented in the District's Fiscal Year 2014 Comprehensive Annual Financial Report (CAFR). The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and is independently audited. This PAFR is intended to simplify but not replace the CAFR.

This is the District's twelfth publication of the Citizen's Financial Report. In the previous eleven fiscal years, the Government Finance Officers Association (GFOA) honored the District with the prestigious "Award for Outstanding Achievement in Popular Annual Financial Reporting." It is expected that this report will also conform to the Popular Annual Financial Reporting requirements of the GFOA.

Our goal is to present information in a meaningful and useful way. For that reason, we welcome any feedback regarding the contents of this report. If you desire more information concerning the District of Columbia Government and its various departments and agencies, please visit our website at www.dc.gov.

Respectfully submitted,



Muriel Bowser
Mayor



Jeffrey S. DeWitt
Chief Financial Officer



Bill Slack
Deputy CFO/Controller
Financial Operations & Systems





Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

District of Columbia

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the District of Columbia for its Popular Annual Financial Report, for the fiscal year ended September 30, 2013. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a governmental unit must publish a Popular Annual Financial Report, the contents of which conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The District of Columbia has received a Popular Award for the last 11 consecutive fiscal years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and it will be submitted to GFOA for consideration.

District of Columbia Citizen's Financial Report



Fiscal Year Ended September 30, 2014

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The Jefferson Memorial seen from the Tidal Basin.

This Popular Annual Financial Report (PAFR) is a report for the District's citizens. It provides information about the District of Columbia government's financial condition without overwhelming detail and technical accounting terminology. The information provided is derived from the District's Comprehensive Annual Financial Report (CAFR), which is prepared in accordance with generally accepted accounting principles (GAAP).

A copy of the District's Fiscal Year (FY) 2014 CAFR and PAFR may be obtained from:

Office of the Chief Financial Officer
Office of Financial Operations & Systems
1100 4th Street, SW, 8th Floor
Washington D.C. 20024
(202) 442-8200

The FY 2014 CAFR and PAFR may also be viewed on the District of Columbia's Chief Financial Officer's website at:

www.cfo.dc.gov.

Introduction

Washington, D.C., commonly referred to as Washington, “the District” or simply D.C., is the capital of the United States (U.S.). It is located in the mid-Atlantic East Coast region of the U.S. with a total area of 68.3 square miles, of which 61.4 square miles is land and 6.9 square miles is water. It is bordered by Montgomery County, Maryland, to the northwest; Prince George’s County, Maryland, to the east; and Arlington and Alexandria, Virginia, to the south and west.

The centers of all three branches of the federal government of the United States are in the District: the legislative branch (Congress), the executive branch (President), and the judiciary branch (Supreme Court). In 1973 Congress passed the District of Columbia Home Rule Act, which provides for a locally elected Mayor and a 13-member council. However, the Congress maintains authority over the city and may overturn local laws. District residents also elect a non-voting at-large Congressional delegate to the U.S. House of Representatives but the District has no representation in the U.S. Senate.

The fiscal year (FY) of the District begins on October 1 and ends on September 30. This report presents summary financial information for the District’s fiscal year ended September 30, 2014. The focus of this report is to provide you with a single comprehensive financial view of the District’s governmental and business-type activities; which include the General Fund, Special Revenue Funds, capital funds and the proprietary funds or business type activities (lottery and unemployment compensation), known in financial reporting terms as Government-wide financial statements. This view, which is more comprehensive than just focusing on the General Fund, gives the full financial picture of the District, including infrastructure, in a single format similar to how investors and rating agencies view the District. For more detailed information, such as General Fund or other fund financial statements or budgetary reports, please refer to the District’s much broader Comprehensive Annual Financial Report (CAFR) which may be found at: www.cfo.dc.gov

The financial reporting entity of the District includes all of the government’s agencies and its five discretely presented component units. However, this popular report does not include financial information for the District’s component units. For information on the District’s component units, please contact the offices shown below:

Health Benefit Exchange Authority

Executive Director
1100 15th Street, N.W., 8th Floor
Washington, D. C. 20005
(202) 715-7576

Housing Finance Agency

Executive Director
815 Florida Avenue, N.W.
Washington, D. C. 20001
(202) 777-1600

University of the District of Columbia

President
4200 Connecticut Avenue, N.W.
Washington, D. C. 20008
(202) 274-5000

Washington Convention and Sports Authority

General Manager
801 Mount Vernon Place, N.W.
Washington, D. C. 20001
(202) 249-3000

Not-For-Profit Hospital Corporation

Chief Executive Officer
1310 Southern Avenue, S.E.
Washington, D.C. 20032
(202) 574-6000

Elected Officials at September 30, 2014

Executive Office of the Mayor

Vincent C. Gray

Mayor

January 2, 2011 – January 2, 2015

D.C. Council

Composed of a Chairman, 4 At-Large members, and a member from each of the District's 8 Wards.

Phil Mendelson	Chairman
Anita Bonds	At-Large
David Catania	At-Large
David Grosso	At-Large
Vincent Orange	At-Large
Jim Graham	Ward 1
Jack Evans	Ward 2
Mary M. Cheh	Ward 3
Muriel Bowser	Ward 4
Kenyan McDuffie	Ward 5
Tommy Wells	Ward 6
Yvette M. Alexander	Ward 7
Marion Barry, Jr.	Ward 8

U.S. House of Representatives

Eleanor Holmes Norton

Delegate

Remembering Former Mayor and Councilman Marion Barry, Jr.

On November 23, 2014, at the age of 78, Marion Barry, Jr. passed away during his tenure as Councilman for Ward 8. During his many years of public service, Mr. Barry served as the second Mayor of the District of Columbia for three terms from 1979 to 1991, and again as the fourth Mayor from 1995 to 1999. He also served three tenures on the Council of the District of Columbia as an at-large member from 1975 to 1979 and in Ward 8 from 1993 to 1995, and again from 2005 to 2014. Mr. Barry left a legacy of strong leadership and commitment to improving the lives of the citizens of the District of Columbia. He was credited with expanding economic opportunity to District citizens who were often “shut out” of the process and also for helping to revitalize downtown Washington. He will forever be remembered for his dedicated service to the city.



*Marion Barry, Jr.
1936 – 2014
“Mayor for Life”*

Newly Elected Officials at January 2, 2015

Muriel Bowser
Mayor



U.S. House of Representatives

Eleanor Holmes Norton
Congresswoman/
D.C. Delegate



D.C. Council - Composed of a Chairman, 4 At-Large members, and a member from each of the District's 8 Wards.

Phil Mendelson
Chairman



Anita Bonds
At-Large



David Grosso
At-Large



Vincent Orange
At-Large



Elissa Silverman
At-Large



Brianne Nadeau
Ward 1



Vacant
Ward 4

*Special Election
to be held
April 28, 2015*

Kenyan McDuffie
Ward 5



Jack Evans
Ward 2



Mary M. Cheh
Ward 3



Charles Allen
Ward 6



Yvette M. Alexander
Ward 7



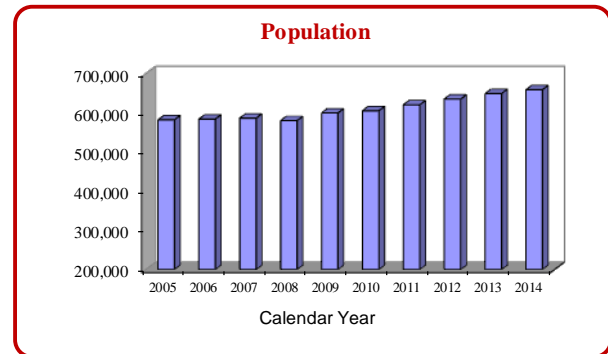
Vacant
Ward 8

*Special Election
to be held
April 28, 2015*

Population Trends

Population estimates are published each year by the U.S. Census Bureau. In July of each year, new estimates are released and estimates for earlier years are revised. On July 1, 2014, the U.S. Census Bureau estimated that there were 658,893 residents in the District. This represents an increase of 9,782, or 1.5% from the revised July 1, 2013 estimate of 649,111.

The Census Bureau's estimates are determined from births, deaths, changes in tax return filings and estimates of the number of immigrants who move into the District each year. These estimates are used in federal funding allocations and in monitoring recent demographic changes.

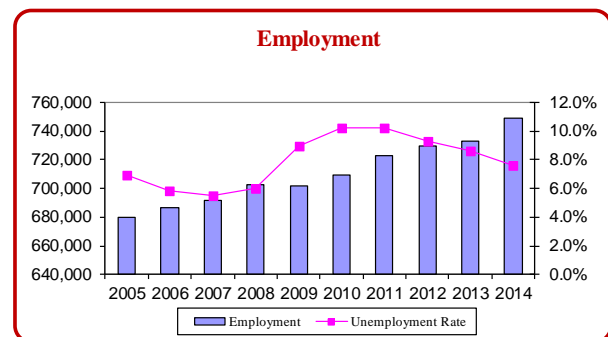


Employment Trends

Total employment within the District increased to 749,200 as of September 2014 from 733,317 as of September 2013.

The unemployment rate in the District decreased to 7.6% in FY 2014, compared to 8.6% in FY 2013.

As the nation's capital, Washington, D.C. is headquarters for most federal government departments and agencies. The September 2014 federal workforce in the Washington metropolitan area totaled 365,500, with approximately 200,900 federal employees located in Washington, D.C. and 164,600 additional federal employees who worked elsewhere in the Washington metropolitan area.

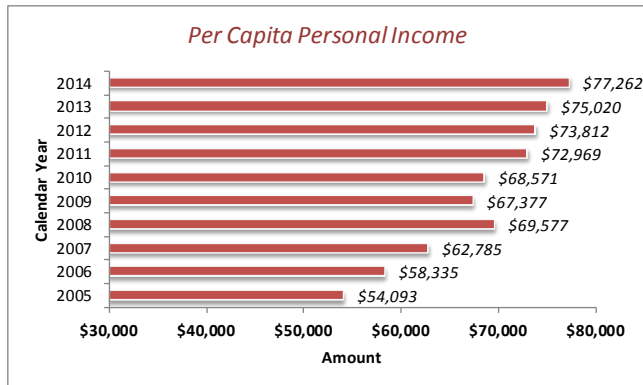


Minimum Wage

District law requires that the minimum wage rate for District employees be at least \$1.00 per hour more than the federal minimum wage, which is currently \$7.25 per hour effective since July 24, 2009. In January 2014, the *Minimum Wage Amendment Act of 2013* was signed into law. Beginning July 1, 2014, the minimum wage in the District increased from \$8.25 per hour to \$9.50 per hour and will increase by \$1.00 on July 1 each year through 2016, capping at \$11.50 per hour.

Effective:	District Minimum Wage
July 1, 2014	\$9.50 per hour
July 1, 2015	\$10.50 per hour
July 1, 2016	\$11.50 per hour

Per Capita Personal Income



From the third quarter of 2009 to the third quarter of 2014, personal income grew approximately 27.4% in the District as compared to 22.7% nationally.

Principal Employers

2014 Top 10 Non-Government Employers in the District

Rank	Name
1	Georgetown University
2	Washington Hospital Center
3	George Washington University
4	Children's National Medical Center
5	American University
6	Georgetown University Hospital
7	Howard University
8	Fannie Mae
9	Booz Allen & Hamilton Inc.
10	Allied Barton Security Services LLC

Tourism and Hospitality

Millions of U.S. citizens and international tourists visit the District's more than 400 museums and other historical landmarks each year. Popular attractions include sites along the National Mall, numerous monuments to U.S. presidents, war memorials, and other museums. The presence of a large number of foreign embassies, recognized diplomatic missions, and other international organizations in the District also help to boost tourism. In calendar year 2013, approximately 17.4 million domestic visitors and 1.6 million international visitors traveled to the District. During calendar year 2013, the District was the eighth most visited destination in the U.S. for international travelers. (Tourism data for calendar year 2014 is not yet available.)

Visitor spending, which totaled approximately \$6.69 billion in 2013, generated additional business activity in related industries (e.g., hotel, restaurant, and retail) and continues to help sustain the local and regional economies. The distribution of visitor spending in 2013 (by category) was as follows: \$2.28 billion for Lodging; \$1.87 billion for Food and Beverage; \$1.12 billion for Entertainment; \$817 million for Shopping/Retail; and \$601 million for

Transportation. Total visitor spending increased by \$48 million, or 7.7% over the prior year. Travel and tourism supported more than 75,741 jobs in the District, generating approximately \$3.65 billion in wages.



The Martin Luther King, Jr. Memorial located in West Potomac Park, southwest of the National Mall, is a popular tourist attraction.

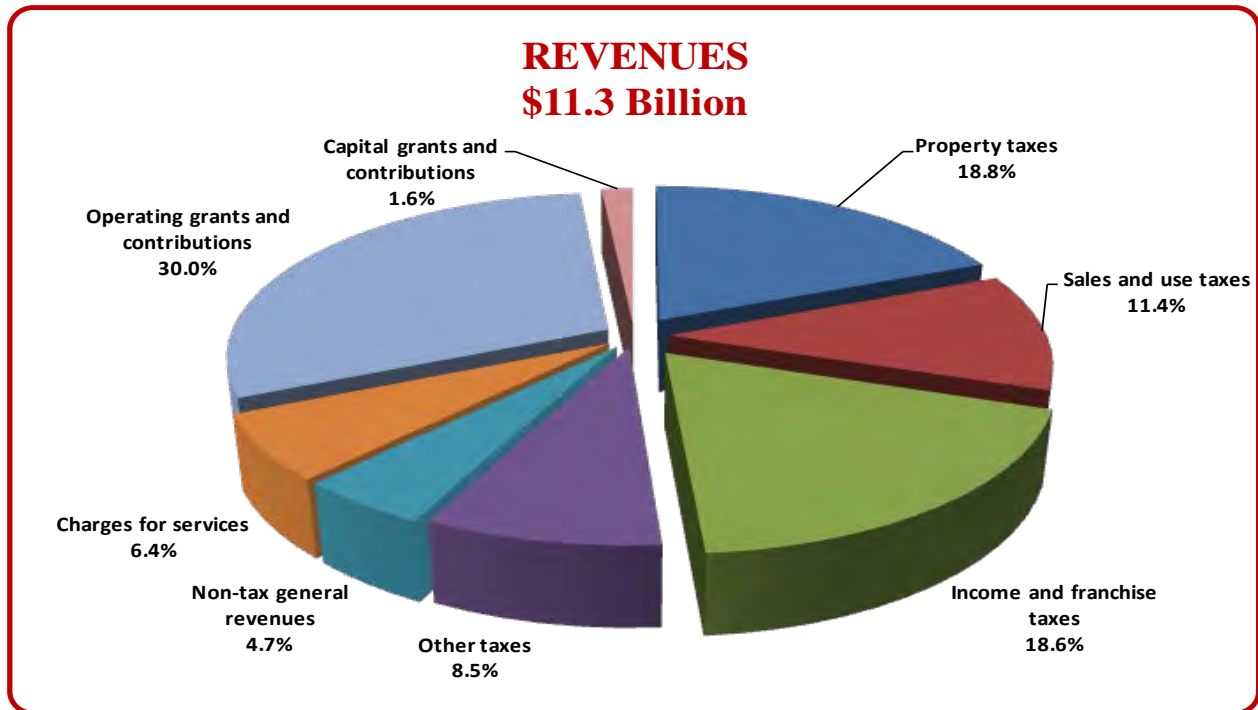
FY 2014 Financial Summary

- ❖ The District again earned an unqualified or “clean” audit opinion on its financial statements.
- ❖ 18th consecutive balanced budget.
- ❖ The District ended the year with a net position of \$3.8 billion, a \$105.7 million increase over last year.
- ❖ The District’s general obligation bond ratings were as follows: *Standard & Poor’s Rating Service*, AA; *Moody’s Investors Service*, Aa2 and *Fitch Ratings*, AA.
- ❖ The District has set aside \$355 million in emergency and contingency cash reserves and \$508 million in fiscal stabilization and cash flow reserves for a total of \$863 million. This represents 45 days of operating reserves.
- ❖ Sales and use taxes collected were \$1.28 billion, a 2.4% increase over the \$1.25 billion in FY 2013.
- ❖ Property taxes collected were \$2.12 billion, a 5.5% increase over the \$2.01 billion in FY 2013.
- ❖ Single family home sales for the three-month period ended September 2014 were down 3.9% from a year ago, and there was a 3.1% decrease in the average selling price.
- ❖ For the three-month period ended September 2014, condominium sales were down 6.1%, but the average price was 3.5% higher.
- ❖ District resident employment in the three months ended September 2014 was 7,198, (2.1%) more than 2013.
- ❖ The September 2014 unemployment rate was 7.6%, which was down from the 8.6% rate in 2013.

D.C. Major Tax Rates

Sales and Use Tax	
General rate	5.75%
Restaurant meals	10%
Cigarette	\$2.86 (rate per 20 cigarettes)
Medical marijuana	6%
Alcoholic beverages	10%
Hotel (transient accommodations)	14.5%
Parking motor vehicles in commercial lots	18%
Motor Vehicle Fuel	23.5 cents per gallon
Real Property Tax	(per \$100 assessed value)
Residential	\$0.85
Commercial	\$1.85
Vacant	\$5.00
Blighted	\$10.00
Individual Income	4% - 8.95% (total)

Where The Money Comes From



The major sources of the District's revenues are taxes and operating grants and contributions while a vast majority of the city's expenses are incurred to provide human support services to District residents. The information presented in this section includes all revenues and expenses across the District: amounts accounted for in all funds: *governmental* (general fund, special revenue funds, capital projects funds) and *proprietary funds* (lottery and unemployment compensation).

Taxes earned in FY 2014 represented 57.3% of total revenues.

Revenues received from the federal government and private sources include:

- *Operating grants and contributions*: Amounts received from grantors/donors which may be used to support the District's day-to-day operations, programs and activities.
- *Capital grants and contributions*: Amounts received from grantors/donors to support the purchase of property and equipment, the construction of buildings or other infrastructure assets.

\$ in billions

Tax Revenue Earned in FY 2014

Property Taxes	\$ 2.1
Sales & Use Taxes	\$ 1.3
Income & Franchise Taxes	\$ 2.1
Other Taxes	\$ 1.0
Total Taxes	\$ 6.5

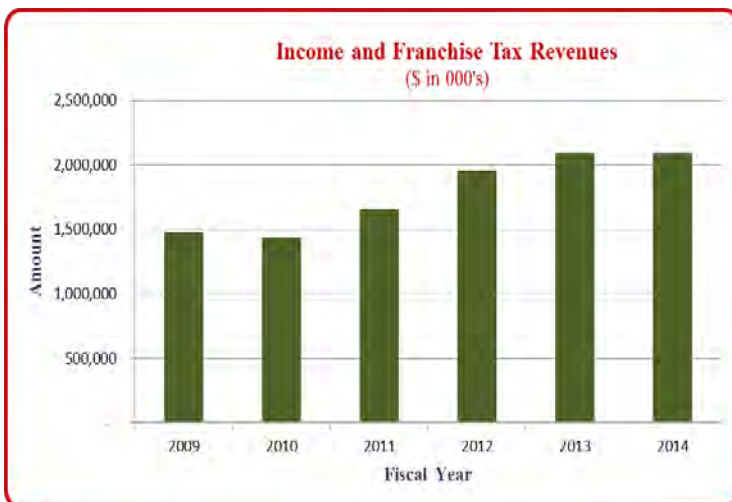
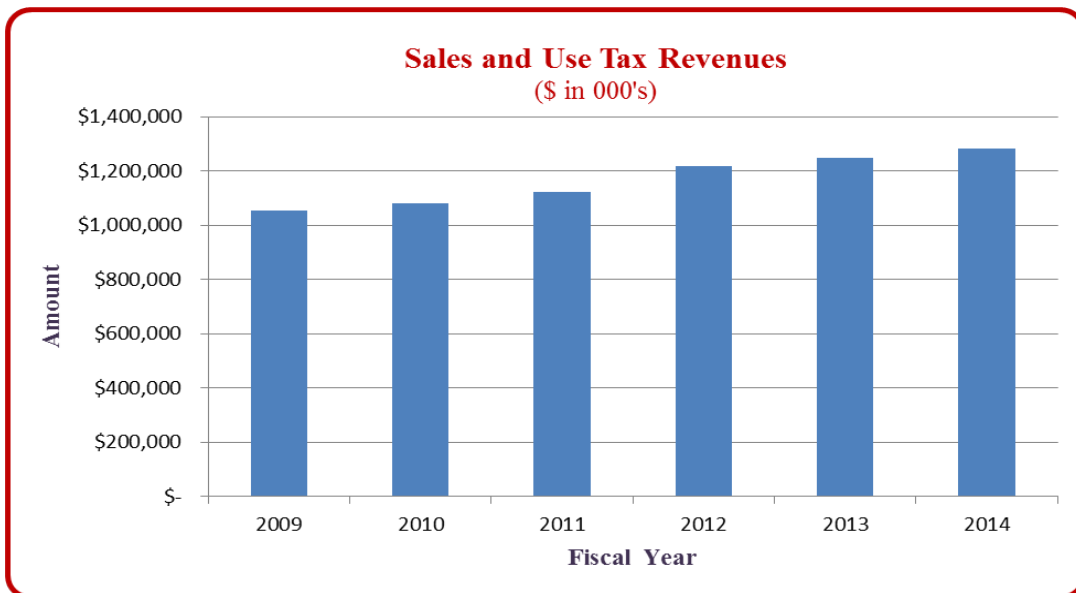
Non-Tax Revenue Earned in FY 2014

Operating grants & contributions	\$ 3.4
Capital grants & contributions	\$ 0.2
Charges for services	\$ 0.7
Non-tax general revenues	\$ 0.5
Total Non-Tax Revenues	\$ 4.8

TOTAL FY 2014 REVENUES \$ 11.3

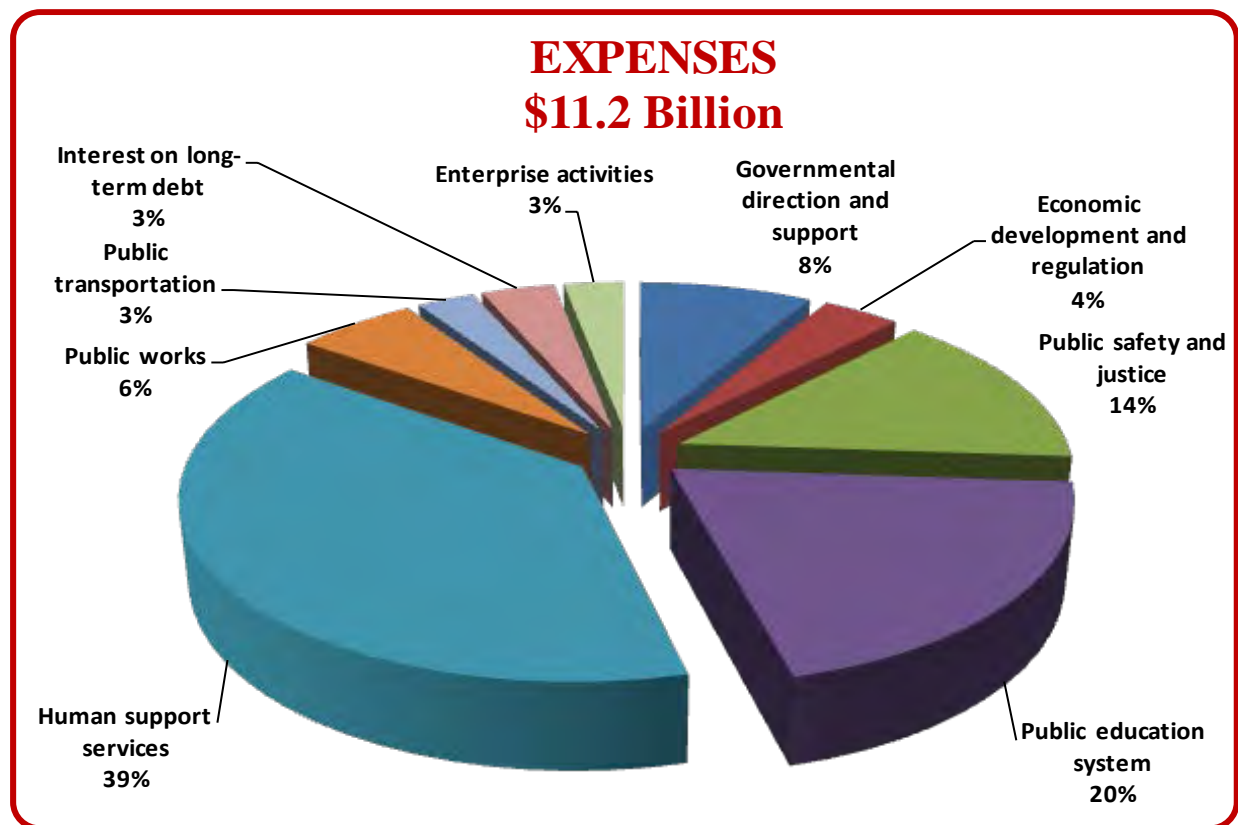
Charges for services are fees assessed in exchange for a service that is rendered (e.g. driver license fees, motor vehicle tag renewal fees, parking fees, etc.)

Non-tax general revenues are other sources of revenue which are generated by the government's operations (e.g., investment earnings, etc.)



The newly renovated City Market at O
(Formerly O Street Market)

Where The Money Goes



The District provides a broad range of services to its residents, including those normally provided by states and counties. These services include police and fire protection, health care services, and recreational activities. The District is also responsible for the construction and maintenance of highways, streets, buildings, parks, and other amenities. In FY 2014, the District's total expenses were \$11.2 billion.

Human Support Services represents the highest percentage at 39%. The majority of this expenditure was for the District's Medicaid and Medicare programs.

Expenses	\$ in Billions	FY 2014
Governmental direction and support	\$	0.93
Economic development and regulation		0.42
Public safety and justice		1.60
Public education system		2.22
Human support services		4.34
Public works		0.65
Public transportation		0.31
Interest on long-term debt		0.41
Enterprise activities		0.32
Total Expenses	\$	11.2

Debt Management

Short-Term Debt

The District issues short-term debt primarily to finance seasonal cash flow needs. By law, the District must repay any short-term debt in its entirety by September 30 of the fiscal year in which the debt was incurred. On November 7, 2013, the District issued \$405 million in Tax Revenue Anticipation Notes (TRANs), at an interest rate of 2.00%, which was repaid in September 2014.

Long-Term Debt

Long-term debt, such as bonds, and other obligations are reported as liabilities in the government-wide financial statements.

The District's general obligation bonds are authorized and issued primarily to provide funds for certain capital projects and improvements.

All general obligation bonds are backed by the full faith and credit of the District.

The District also issues income tax secured revenue bonds. The payment of principal and interest on these bonds comes, for the most part, from available pledged tax revenues. Income tax secured revenue bonds are not backed by the full faith and credit of the District.

On a less frequent basis, the District issues other types of long-term debt, including Tax Increment Financing Bonds, Housing Production Trust Bonds, Qualified Zone Academy Bonds, and other revenue bonds.

At September 30, 2014, the District had a total of \$8.8 billion in outstanding bonds. This represents an increase of \$483.9 million over the prior year. The District's level of borrowing has grown over the past few years as the need and demand for infrastructure improvements, such as roads, streets and bridges continue to increase.

Outstanding Bonds at September 30, 2014 and 2013

(\$ in 000's)

Type of Bonds	2014	2013	Dollar Variance	Percentage Variance
General Obligation Bonds	\$ 2,790,935	\$ 2,245,185	\$ 545,750	24.3%
Income Tax Secured Revenue Bonds	4,465,820	4,457,675	8,145	0.2%
Other Bonds:				
Qualified Zone Academy Bonds	5,736	6,682	(946)	-14.2%
Tobacco Bonds	631,294	647,459	(16,165)	-2.5%
TIF Bonds	104,809	108,782	(3,973)	-3.7%
Ballpark Bonds	474,420	502,255	(27,835)	-5.5%
GARVEE Revenue Bonds	111,110	117,570	(6,460)	-5.5%
HPTF Bonds	118,055	120,450	(2,395)	-2.0%
AWC PILOT Revenue Bonds	70,030	77,210	(7,180)	-9.3%
NCRC Revenue Bonds	-	4,997	(4,997)	-100.0%
Total	\$ 8,772,209	\$ 8,288,265	\$ 483,944	5.8%

Bond Rating Agencies

Rating agencies assess the credit quality of municipal issuers and assign a credit rating based on their analyses. The three primary rating agencies that rate municipal debt are: (1) Fitch Ratings; (2) Moody's Investors Service; and (3) Standard & Poor's Rating Service. Each time the District issues new debt, the current debt rating is reviewed for the new issuance. At that time, the bond rating agencies assess the District's financial condition and underlying credit worthiness and change their rating as warranted.

Below are the District's *general obligation bond ratings* for the past five fiscal years. Moody's Investors remained strong at Aa2 in FY2014, while Fitch and Standards & Poor's upgraded to AA.

	General Obligation Bonds				
Rating Agencies	2010	2011	2012	2013	2014
Fitch Ratings	AA-	AA-	AA-	AA-	AA
Moody's Investors Service	Aa2	Aa2	Aa2	Aa2	Aa2
Standard & Poor's Rating Service	A+	A+	A+	AA-	AA

Below are the District's *income tax secured revenue bond ratings* for the past five fiscal years, which remained strong in FY 2014.

	Income Tax Secured Revenue Bonds				
Rating Agencies	2010	2011	2012	2013	2014
Fitch Ratings	AA+	AA+	AA+	AA+	AA+
Moody's Investors Service	Aa1	Aa1	Aa1	Aa1	Aa1
Standard & Poor's Rating Service	AAA	AAA	AAA	AAA	AAA

Financial Statements

The financial statements focus on all of the District's *economic* resources.

The *Statement of Net Position* presents information on all of the District's assets plus deferred outflow of resources, and liabilities plus deferred inflow of resources, with the difference between the two reported as *net position*.

The *Statement of Activities* summarizes both the gross and net cost of the governmental, business-type activities (see glossary), and component units activities. Governmental activities show the District's basic functional services, while business-type activities reflect enterprise operations where fees for services are expected to cover all or most of the costs of operations.

The Statement of Net Position and Statement of Activities tables show comparative data for

governmental activities and business-type activities, and the totals for these two types of activities.

- Total assets increased by \$10.6 million mainly because the District invested more resources in capital assets such as new and rehabilitated infrastructure (roads and bridges).
- The decrease of \$125.8 million in total liabilities was due to the issuance of debt to finance the construction of infrastructure and capital improvements, offset by a larger drop in unearned revenues.
- The combined total net position for the governmental activities and business-type activities increased by 2.8% over the previous year.

Statement of Net Position as of September 30, 2014
(\$ in 000's)

	Governmental activities		Business-type activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 4,317,320	\$ 4,811,391	\$ 317,918	\$ 323,173	\$ 4,635,238	\$ 5,134,564
Capital assets	11,410,052	10,899,939	270	427	11,410,322	10,900,366
Total assets	<u>15,727,372</u>	<u>15,711,330</u>	<u>318,188</u>	<u>323,600</u>	<u>16,045,560</u>	<u>16,034,930</u>
Deferred outflow of resources	<u>55,067</u>	<u>50,275</u>	<u>-</u>	<u>-</u>	<u>55,067</u>	<u>50,275</u>
Long-term liabilities	10,223,046	9,910,463	6,680	10,200	10,229,726	9,920,663
Other liabilities	1,955,134	2,369,462	46,581	67,110	2,001,715	2,436,572
Total liabilities	<u>12,178,180</u>	<u>12,279,925</u>	<u>53,261</u>	<u>77,310</u>	<u>12,231,441</u>	<u>12,357,235</u>
Deferred inflow of resources	<u>35,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,523</u>	<u>-</u>
Net position:						
Net investment in capital assets	2,830,199	2,849,043	270	427	2,830,469	2,849,470
Restricted	1,195,364	1,264,682	260,645	241,952	1,456,009	1,506,634
Unrestricted	(456,827)	(632,045)	4,012	3,911	(452,815)	(628,134)
Total net position	\$ <u>3,568,736</u>	\$ <u>3,481,680</u>	\$ <u>264,927</u>	\$ <u>246,290</u>	\$ <u>3,833,663</u>	\$ <u>3,727,970</u>

- The increase of \$68.4 million in operating grants and contributions was due primarily to an increase in federal grants.
- General revenues increased by \$62.2 million mainly because of increased revenue from property taxes and sales and use taxes.
- The increase of \$189.2 million in expenses was due mainly to increased spending in human support services.
- Each year, the D.C. Lottery transfers substantially all of its net income to the District. In FY 2014, it transferred \$55.0 million of its income, which was a \$13.3 million decrease from last year's transfer of \$68.3 million.

Statement of Activities for the Year Ended September 30, 2014
(\$ in 000s)

	Governmental activities		Business-type activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenue:						
Program revenues:						
Charges for services	\$ 501,386	\$ 531,215	\$ 216,040	\$ 242,460	\$ 717,426	\$ 773,675
Operating grants and contributions	3,368,565	3,277,118	9,766	32,790	3,378,331	3,309,908
Capital grants and contributions	178,218	270,813	-	-	178,218	270,813
General revenues:						
Property taxes	2,118,198	2,012,788	-	-	2,118,198	2,012,788
Sales and use taxes	1,282,573	1,247,374	-	-	1,282,573	1,247,374
Income and franchise taxes	2,094,754	2,094,179	-	-	2,094,754	2,094,179
Other taxes	812,893	746,160	141,760	131,025	954,653	877,185
Non tax revenues	506,045	586,168	27,584	103,884	533,629	690,052
Total revenues	<u>10,862,632</u>	<u>10,765,815</u>	<u>395,150</u>	<u>510,159</u>	<u>11,257,782</u>	<u>11,275,974</u>
Expenses	<u>10,830,542</u>	<u>10,533,344</u>	<u>321,547</u>	<u>429,572</u>	<u>11,152,089</u>	<u>10,962,916</u>
Change in net position before transfers	<u>32,090</u>	<u>232,471</u>	<u>73,603</u>	<u>80,587</u>	<u>105,693</u>	<u>313,058</u>
Transfer in (out)	54,966	68,314	(54,966)	(68,314)	-	-
Change in net position	87,056	300,785	18,637	12,273	105,693	313,058
Net position, Oct 1	3,481,680	3,180,895	246,290	234,017	3,727,970	3,414,912
Net position, Sept 30	\$ <u>3,568,736</u>	\$ <u>3,481,680</u>	\$ <u>264,927</u>	\$ <u>246,290</u>	\$ <u>3,833,663</u>	\$ <u>3,727,970</u>

Ongoing Initiatives

Anacostia River Clean Up and Protection Fund/Carryout Bag Fees - The Anacostia River Clean Up and Protection Act of 2009 or "Bag Law" requires that all District businesses selling food or alcohol charge \$.05 for each disposable paper or plastic carryout bag. On January 1, 2010, District businesses began implementing the Bag Law. Almost immediately, businesses began seeing a reduction in plastic bag usage, and environmental clean-up groups witnessed fewer bags polluting D.C. waterways. Businesses keep 1 cent (or 2 cents if a rebate is offered when customers bring their own bag), and the remaining 3 or 4 cents goes to the Anacostia River Protection Fund. The proceeds from this fund are used to clean and protect the Anacostia River and other local waterways.



Bag Law Fees Collected

FY 2014	\$2.1 million
FY 2013	\$2 million
FY 2012	\$2 million
FY 2011	\$1.8 million
FY 2010	\$1.5 million

Parkmobile™....Pay-By-Phone Parking - Implemented in FY 2011, the District's pay-by-phone program allows residents, workers and visitors to use their mobile phones to pay for parking at all of the approximately 17,000 on-street metered spaces throughout the District. The program is administered by Parkmobile™ and provides another convenient payment option for drivers in lieu of paying with cash or a credit card. Motorists may register for this service online at www.parkmobile.com or download the mobile application from a smartphone.



Capital Bikeshare - Launched in 2010, Capital Bikeshare is a regional bikesharing network which puts over 2,500 bicycles at your fingertips from over 300 stations across Washington, D.C., Arlington, Virginia and Montgomery County, Maryland. A commuter can join Capital Bikeshare for a day, 3 days, a month, or a year, and have access to a fleet of bikes 24 hours a day, 365 days a year. The first 30 minutes of each trip are free. For each additional 30 minutes, the commuter incurs an additional fee. You may visit www.capitalbikeshare.com for station maps and any information regarding this program.



DC Streetcar – Construction on the new DC Streetcar network is continuing. The **H/Benning** line will be the first segment of the proposed new 37 mile system. **H/Benning** is a 2.4 mile rail segment that will serve commuters and visitors between Union Station on the west and the Anacostia River on the east.



Upcoming Developments

Trump International Hotel – 1100 Pennsylvania Avenue, NW (Old Post Office)

In July 2014, representatives from The Trump Organization along with the Mayor and other city officials broke ground on *Trump International Hotel, Washington, D.C.*, a \$200 million redevelopment of The Old Post Office. The Old Post Office is a historic building that opened in 1899 and was used as the city's main post office until 1914. Since that time, the building has been used primarily as office space for government agencies with major renovations occurring in 1976 and 1983. In March 2011, the U.S. General Services Administration (GSA) issued a request for proposals for the redevelopment of the property. In February 2013, GSA selected The Trump Organization and issued them a 60-year lease to redevelop the property into a luxury hotel. This transformation is scheduled to be completed in 2016.

Hotel Overview

- *The Trump Hotel will reinstate the 11th Street pedestrian entrance on Pennsylvania Avenue to serve as the driveway to the hotel's canopied grand entrance*
- *270 guestrooms averaging 600 square feet*
- *36,000 square feet of meeting & event space*
- *Restaurants & retail shops*
- *A 5,000 square-foot spa & fitness center*



Trump signage is up at the anticipated Hotel site.



The Old Post Office has a clock tower which reaches 315 feet into the air and offers panoramic views of Washington, D.C. The tower houses the Congress Bells, a Bicentennial gift from England commemorating friendship between the nations. The Old Post Office Tower, a unit of National Mall and Memorial Parks is closed to the public while the building undergoes its major transformation.

The Wharf – 800 Water Street, SW

“A World-Class Waterfront in the Heart of the Nation’s Capital”

www.thewharfcd.com



The Wharf is a \$2 billion mixed-use development project that will transform the underutilized Southwest Waterfront into an urban destination that mixes maritime activity and commerce with culture and housing with easy walking distance to major commerce. The Wharf site is comprised of 24 acres of land at 50 acres of waterfront with a total of 3.2 million square feet of buildable area along one mile of the historic Washington Channel. Construction at The Wharf began in 2014 with Phase I projected to open in 2017. Phase I, with a building area of more than 1.9 million square feet, will include: 620 apartments; 290 condominiums; 175,000 square feet of retail; an 11-story office building; three hotels, 20 bars, restaurants, and cafes, a movie theater, and a 6,000 seat concert hall.

World-Class Soccer Stadium – Buzzard Point, SW

The Council of the District of Columbia has approved the use of public funds to acquire land and related infrastructure to support the construction of a 20,000 to 25,000-seat world-class soccer stadium for Major League Soccer team **D.C. United**. The new state-of-the art, LEED certified soccer stadium is to be located in the Buzzard Point area of Southwest D.C., adjacent to the Fort McNair Army base, bounded by Half Street and Second Street, S.W. The District will act as a horizontal developer and assume the cost of land acquisition and infrastructure, capped at no more than \$150 million, while DC United will construct the stadium at the estimated cost of approximately \$150 million. The team will also develop adjacent property to support the stadium.

The stadium is expected to open for the 2017 Major League Soccer season. It is expected to generate in excess of \$1.6 billion in economic activity, support 1,059 full time equivalent jobs, and generate \$64.7 million in fiscal benefits.



Architect rendering: Aerial view looking southwest
Courtesy of www.dcunited.com

Miscellaneous Statistics

	FY 2014	FY 2013
Number of police officers	3,971	4,010
Number of police patrol cars	1,224	1,197
Police crime index offenses	37,662	35,752
Number of fire fighters & EMS personnel	1,877	1,998
Number of fire & EMS stations	34	34
Total number of fire/rescue incidents	32,313	29,823
Number of DCPS teachers	3,585	3,392
Number of DCPS students	46,393	45,557
Number of DCPS high school graduates	2,702	2,864
Number of UDC instructors	223	250
Number of UDC students	5,118	5,352
Number of UDC graduates	866	832
Miles of street resurfaced; regular cover; pavement restoration	27	19
Potholes repaired	65,332	24,718
Tons of snow removed	2,250,383	218,005
Convention Center conventions held	204	209
Convention Center attendees	1,280,256	1,089,116

Outlook For FY 2015

The U.S. economy continued to recover during FY 2014, and most forecasts anticipate that growth will be even faster in FY 2015. D.C. revenues experienced a 3.5% gain in FY 2014, and the outlook for FY 2015 is for a similar increase. Job growth strengthened in the latter half of 2014, and employment increases are expected to continue in FY 2015. The District's economy appears to be adapting to a world in which it is possible for the District's economy to grow despite the adverse impacts on the DC tax base of federal deficit reduction policies.

- The District's population continued to grow in FY 2014, demonstrating its increasing attraction as a place to live.
- Reductions in federal employment in D.C. began to diminish as FY 2014 progressed, lessening the drag on the economy that has resulted from federal expenditure containment policies.
- Increases in private sector employment have been more than sufficient to overcome the decline in federal employment, but the percentage gains in private sector growth have recently been greater than in the metropolitan region or the nation as a whole. The biggest gains in DC are in professional services, retail, and hospitality.
- Despite the uncertainty surrounding federal fiscal policy, federal government expenditures continue to add some stability to the District's economy.
- Investments in economic development are attracting new retail establishments and influencing the development of "nightlife" in the downtown area.

Glossary

Business-type activities	Financed in whole or in part by fees charged to external parties for goods or services. The District reports "Lottery and Games" and "Unemployment Compensation" as Business-type activities.
Capital Assets	Assets (infrastructure, land, buildings, equipment) used in operations that have initial useful lives extending beyond a fiscal year.
Component Unit	<p>A legally separate organization for which the primary government is financially accountable and is included as part of its financial reporting entity.</p> <p>The District currently has five component units:</p> <ol style="list-style-type: none">1) Health Benefit Exchange Authority2) Housing Finance Agency3) Not-For-Profit Hospital Corporation4) University of the District of Columbia5) Washington Convention and Sports Authority
Comprehensive Annual Financial Report (CAFR)	An annual report issued by state and local governmental entities. A CAFR has three major sections: introductory, financial and statistical.
Debt Service	Cash required in a given period, usually one year, for payment of interest and principal on outstanding debt.
Deferred Inflow of Resources	An acquisition of net position by the government that is applicable to a future reporting period.
Deferred Outflow of Resources	A consumption (use) of net position by the government that is applicable to a future reporting period.
Economic Resources	All inflows, outflows, and balances affecting or reflecting a governmental entity's net position.
Fiscal Year (FY)	A financial reporting period of twelve months. The District's fiscal year commences October 1 and ends September 30.
Fund	A separate fiscal and accounting entity used to segregate and account for resources related to a specific activity.
General Fund	The chief operating fund of the government. This fund is used to account for all financial resources except those required to be accounted for in other funds.
General Obligation Bonds	Municipal bonds that are secured by a state or local government's pledge to use legally available resources, including tax revenues, to repay bond holders. Most general obligation pledges at the local government level include a pledge to levy a property tax to meet debt service requirements.

Glossary

General Revenues	All revenues not reported as program revenues in the government-wide statement of activities.
Generally Accepted Accounting Principles (GAAP)	The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.
Government-Wide Financial Statements	Financial statements that report governmental activities and business-type activities rather than funds or fund types.
Income Tax Secured Revenue Bonds	Bonds in which the repayment is to be made from amounts derived from the collection income taxes.
Net Investment in Capital Assets	One of three components of net position that must be reported in government-wide and proprietary fund financial statements. It consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets.
Net Position	The residual of all other elements presented in a statement of financial position. The difference between assets + deferred outflows of resources, on the one hand, and liabilities + deferred inflows of resources, on the other, constitutes the last of the financial statement elements, net position.
Popular Annual Financial Report (PAFR)	An annual report issued by state and local governmental entities that extracts information from their published Comprehensive Annual Financial Report (CAFR) designed to be readily accessible and easily understandable to the general public.
Program Revenues	Revenues that derive directly from a government's programs, (fees and charges) or from sources outside the reporting governments tax base directly related to the related program.
Proprietary Fund	A business-like fund of a state or local government. Proprietary funds provide goods or services to the general public for a fee.

Glossary

Rating Agencies

Independent sources of information and analysis for capital markets and debt instruments. These agencies are private and for profit entities that assist investors by providing rating and detailed research on credit factors. These factors determine the credit worthiness of municipalities, governments, and business entities.

The three primary Rating Agencies that rate municipal debt are: Fitch Ratings; Moody's Investors Service; and Standard & Poor's Rating Services.

The rating scale (shown to the right) represents a consistent framework for ranking and comparing the relative risks of different debt issues. Each agency has developed its own set of easily recognizable symbols to grade all debt consistently.

Fitch and Standard & Poor's may use + or – to modify some ratings. Moody's uses the numerical modifiers 1 (highest), 2, and 3 in the range from Aa1 through Ca3.

Explanation of municipal bond ratings	RATING SERVICE		
	<i>Fitch</i>	<i>Moody's</i>	<i>Standard & Poor's</i>
Highest quality	AAA	Aaa	AAA
High quality	AA	Aa	AA
Upper medium grade	A	A	A
Medium grade	BBB	Baa	BBB
Predominantly speculative	BB	Ba	BB
Speculative, low grade	B	B	B
Poor to default	CCC	Caa	CCC
Highest speculation	CC	Ca	CC
Lowest quality, no interest	C	C	C
In default	DDD		DDD
In arrears	DD		DD
Questionable value	D		D

Restricted Net Position

One of three components of net position that must be reported in government-wide and proprietary fund financial statements. It consists of restricted assets (those limited to a specific purpose or use) reduced by liabilities and deferred inflows of resources related to those assets.

Unqualified or "Clean" Audit Opinion

A written report issued by an independent auditor which states that the financial statements for the government present fairly its financial position and results of operations.

Unrestricted Net Position

One of three components of net position that must be reported in government-wide and proprietary fund financial statements. It is the difference between total net position and its two other components (net investment in capital assets and restricted net position).



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GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER

Room 203, John A. Wilson Building

1350 Pennsylvania Avenue, NW

Washington, DC 20004

tel 202.727.2476

fax 202.727.1643

cfo.dc.gov

PHOTOS

Ernest Grant

OCFO Office of the Chief Information Officer

Kim Chamberlain

OCFO Office of Financial Operations and Systems

YEAR ENDED SEPTEMBER 30, 2014