

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



Jeffrey S. DeWitt
Chief Financial Officer

January 25, 2018

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

Dear Mayor Bowser:

I am pleased to present the District of Columbia's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2017. The FY 2017 financial statements contained herein have been examined by SB & Company, LLC, a team of independent public accountants. Based on the results of the audit procedures performed, SB & Company, LLC, issued an unmodified (clean) opinion on the District's FY 2017 financial statements. This is the 21st consecutive year in which the District has received such an opinion on its financial statements. An unmodified opinion indicates that no material misstatements were found in the financial statements as a result of the audit. Such an opinion should provide assurance to District residents, government officials, and other stakeholders that the financial information presented is accurate, reliable, and in compliance with required standards.

As the information in the FY 2017 CAFR indicates, the District's financial and economic standing continued to be strong during 2017. The District's population continued to grow, reaching 693,972 as of July 2017 and the job market continued to improve. There were 5,500 new jobs created during the fiscal year, with an unemployment rate slightly above 6.00%.

The city's reserves remain strong. As of September 30, 2017, the District's liquidity funds (federally and locally mandated reserves) totaled \$ 1.192 billion. Having reserves at this level means that the District has 54 days of operating cash reserved and at its disposal for use. As a result, the city once again did not need to issue Tax Revenue Anticipation Notes (TRANs) to meet its operating cash needs. These reserves provide assurance that District operations could continue in the event of unforeseen emergency or crisis.

The city's bond ratings also remained strong in FY 2017. The FY 2017 bond ratings were as follows: *General Obligation (GO) Bonds*: Fitch Ratings, AA; Moody's Investors Service, Aa1; and S & P Global Ratings, AA and *Income Tax Secured (ITS) Revenue Bonds*: Fitch Ratings, AA+; Moody's Investors Service, Aa1; and S & P Global Ratings, AAA. Having received such high ratings from the credit rating agencies, the District was able to access the markets and issue bonds at very low interest rates. During FY 2017, the District issued \$1.568 billion in general obligation bonds and general obligation refunding bonds, the proceeds of which were used to finance economic development initiatives, infrastructure improvements, other capital projects, and reduce debt service costs.

As we look to the future, we must continue to use sound and proven accounting, financial management, and reporting practices. The OCFO is committed to preserving and enhancing the District's ability to access quality credit markets, achieve balanced budgets and unmodified audit opinions each year.

Sustained financial success requires the collaboration of many. As the District's Chief Financial Officer, I would like to acknowledge the efforts of the city's elected officials and their staffs. Without their leadership, dedication and commitment, the District could not have achieved its current financial success. I am also extremely grateful to the financial staff working in the agencies and the central offices of the OCFO as well as others who have supported our efforts to successfully manage and account for the District's financial resources during the past year. Working together, the District operated within established budgetary constraints during FY 2017 and issued its FY 2017 CAFR on time with an unmodified (clean) audit opinion. Congratulations to all on this significant achievement.

Sincerely,



Jeffrey S. DeWitt
Chief Financial Officer