

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



**Jeffrey S. DeWitt**  
Chief Financial Officer

January 24, 2019

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

Dear Mayor Bowser:

It is my pleasure to present the District of Columbia's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2018. The FY 2018 financial statements included in the CAFR were audited 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 2018 financial statements. This is the 22<sup>nd</sup> consecutive year in which the District has received such an opinion on its financial statements. An unmodified opinion indicates that in all material respects, the financial statements fairly and accurately present the District's financial position. This 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 FY 2018 CAFR indicates, the District's financial and economic standing continued to be strong during 2018. The District's population continued to grow, reaching 702,455 as of July 2018 and the job market continued to improve. There were 7,100 new jobs created during the fiscal year, with an unemployment rate of 5.7%.

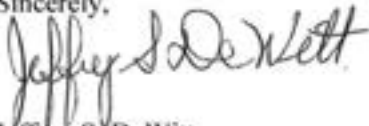
Another indicator of the District's strong financial standing is the level of its reserves at the end of FY 2018. As of September 30, 2018, the District's liquidity funds (federally and locally mandated reserves) totaled \$ 1.336 billion. This level of reserves equates to 58 days of operating cash that can be used to meet the District's obligations and continue operations in the event of an unforeseen emergency or crisis. As during the prior year, due to the availability of reserves in FY 2018, the District once again did not need to issue Tax Revenue Anticipation Notes (TRANS) to meet operating cash needs.

The District's bond ratings are another indicator of strong financial health. In FY 2018, the city's bond ratings were upgraded and were as follows: *General Obligation (GO) Bonds*: Fitch Ratings, AA+; Moody's Investors Service, Aaa; 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 2018, the District issued \$1.237 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 move forward, in order to sustain the District's financial strength and stability, we must continue to use sound and proven accounting, financial management, and reporting practices. The OCFO remains committed to preserving and enhancing the District's ability to access quality credit markets and achieve balanced budgets and unmodified audit opinions each year.

As the District's Chief Financial Officer, I would like to acknowledge the efforts of the District's elected officials and their respective staffs. Without their leadership, dedication and commitment, the District could not be successful in its efforts to maintain a strong financial position. I am also extremely grateful to all financial and program staff across the city, as well as other partners who worked with us in managing and accounting for the District's financial resources during the past year. Working together, we were able to operate within budgetary constraints and issue the FY 2018 CAFR on time with an unmodified (clean) audit opinion. I am so proud of all that the District has been able to accomplish. Congratulations on this significant achievement!

Sincerely,



Jeffrey S. DeWitt  
Chief Financial Officer