

Government of the District of Columbia



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January 24, 2019

Mr. Jeffrey S. DeWitt
Chief Financial Officer

The Comprehensive Annual Financial Report (CAFR) of the Government of the District of Columbia (District) for the fiscal year ended September 30, 2018, is herewith submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District's management. To the best of my knowledge and belief, the enclosed financial statements and schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the District.

This report has been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for state and local governments as promulgated by the Governmental Accounting Standards Board (GASB) and includes all disclosures necessary for readers to gain an understanding of the District's financial activities.

The ability to produce a timely and accurate CAFR depends upon the adequacy of the District's 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 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 about whether the financial statements are free of material misstatement. The District's management is responsible for establishing and maintaining adequate internal controls. 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.

Due to certain inherent limitations, such as prohibitive costs, errors in judgment, or potential for management

override and collusion, internal control can only provide reasonable assurance that management's objectives will be achieved. However, routine periodic audits help management assess, on an ongoing basis, the adequacy of the District's internal controls.

In accordance with D.C. Code § 47-119, independent public accountants audited the District's financial statements for the year ended September 30, 2018. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In addition to issuing an opinion on the District's financial statements, the independent public accountants, SB & Company, LLC, issued a report (commonly referred to as the Yellow Book Report) in conjunction with the CAFR. This report discussed the independent public accountants' consideration of the District's internal control over financial reporting and the outcome of the auditors' tests of the District's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other related requirements.

Moreover, an audit of compliance with the United States Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also performed annually and a separate report, often referred to as the Single Audit Report, is issued by independent public accountants. The District's fiscal year 2018 Single Audit Report will be issued at a later date.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A), and therefore, does not discuss the District's financial operations and results, which are fully discussed in the MD&A. For that reason, this letter should be read in conjunction with the MD&A in order to gain a better understanding of the District's financial condition.

PROFILE OF THE GOVERNMENT

Overview: Historical Background of the District

President George Washington established Washington, D.C. (hereinafter referred to as D.C., the District of Columbia, or the District) in 1791 from territory ceded by the State of Maryland and the Commonwealth of Virginia. The United States Congress assumed jurisdiction over the District of Columbia, but citizens residing in the District of Columbia did not have voting representation in Congress.

Significant dates in the history of the District of Columbia are presented in the timeline shown in **Table T1**.

Table T1
Timeline: Key Dates in the History of the District of Columbia

1801	Congress enacted the Organic Act of 1801, thereby dividing the capital district into Washington County (former Maryland area) and Alexandria County (former Virginia area).
1846	Congress passed a law allowing the City of Alexandria and Alexandria County to be returned to the Commonwealth of Virginia.
1871	Congress consolidated Georgetown, Washington City, and Washington County into one territorial government. The President appointed a territorial governor and council and an elected House of Delegates was established. A non-voting delegate to Congress was also established.
1874	The territorial government of the District of Columbia was abolished and the provision for a non-voting delegate to Congress was eliminated.
1878	The power to elect a territorial governor and council was eliminated. Congress established a three-member Board of Commissioners to govern the District of Columbia.
1961	The 23rd Amendment to the U.S. Constitution was ratified. Citizens of the District of Columbia were granted the right to vote in a presidential election.
1967	President Lyndon B. Johnson appointed Walter E. Washington Mayor of the District of Columbia.
1970	Congress passed the District of Columbia Delegate Act.
1971	Walter Fauntroy became the first Congressional Delegate to represent the District of Columbia.
1973	Congress passed the District of Columbia Home Rule Act, which provides for a popularly elected mayor and a 12-member Council.

Although Congress passed the Home Rule Act in 1973, Congress retained and continues to retain the right to review and overturn the legislative acts of the Council of the District of Columbia (the Council) if both houses of Congress vote within 30 legislative days to do so. In addition, the Local Budget Act is forwarded by the Chairman of the Council to Congress. Congress can: (1) take no action on the Budget Act, in which case it becomes law after 30 Congressional days in the

same manner as other District legislation; (2) reject the Budget Act; (3) affirmatively approve the Budget Act with or without Congressional amendments; or (4) adopt an appropriation for the District in the federal appropriations bill, in a continuing resolution, or as a stand-alone piece of legislation, in which case, that action controls.

The Home Rule Act prohibits the taxing of federal property and the income of non-District residents who work in the District.

In 1983, it was determined that the District could legally issue its own debt. On October 15, 1984, the District issued municipal debt for the first time, in the form of Tax Revenue Anticipation Notes (TRANs), which totaled \$150 million.

Although progress has been made on many fronts throughout the city's history, District of Columbia residents still do not have voting representation in Congress. However, in accordance with the District of Columbia Delegate Act of 1970, U.S. Public Law 91-405, the citizens of the District of Columbia are represented in the House of Representatives by a Delegate, who is elected by the voters of the District of Columbia. Consistent with the Act:

The Delegate shall have a seat in the House of Representatives, with the right of debate, but not of voting, shall have all the privileges granted a Representative by § 6 of Article I of the Constitution, and shall be subject to the same restrictions and regulations as are imposed by law or rules on Representatives. The Delegate shall be elected to serve during each Congress.

The current D.C. Delegate, Congresswoman Eleanor Holmes Norton, has no voting power. However, despite her voting limitations, she has been able to accomplish much on behalf of the District of Columbia. Some of her recent accomplishments include the following:

- Introduced the McIntire-Stennis Act District of Columbia Equality Act. This bill would amend the McIntire-Stennis Cooperative Forestry Act (Act), which provides U.S. states and territories with formula funds to support state-designated institutions' cooperative forestry research programs, to make the District of Columbia eligible for funding. Under federal programs, the District is generally treated as a state but was excluded from the original drafting of this Act. This omission has rendered the University of the District of Columbia ineligible for these formula grant funds. The McIntire-Stennis Act District of Columbia Equality Act would rectify the exception in the Act, ensuring equitable treatment for the District and allowing the District to benefit from the important funding opportunities available under the Act, which will benefit students and researchers in the District.
- Negotiated to maintain the full \$40 million for the District of Columbia Tuition Assistance Grant Program (DCTAG), overcoming the \$30 million

funding level proposed by the House, Senate and White House in the fiscal year 2018 omnibus appropriations bill. The DCTAG was created by Congress in 1999 by the District of Columbia College Access Act; PL 106-98 and amended by D.C. College Access Improvement Act 2002 and D.C. College Access Improvement Act 2007 for the purpose of expanding higher education choices for college-bound residents of the District. Subsequently, Congresswoman Norton protected \$30 million in funding for DCTAG in the House's draft fiscal year 2019 District of Columbia Appropriations bill by getting House appropriators to recognize DCTAG's tremendous success and how important it is to District families and students.

- Introduced the District of Columbia Special Elections Home Rule Act, which would amend the District of Columbia Home Rule Act, giving the District complete authority to establish the timing of special elections for local office in the District of Columbia. The Home Rule Act originally required the Board to hold special elections on the first Tuesday, 114 days from when the vacancy occurred, and allowed the Board to schedule special elections on the same day as the next general election, if that election occurred 60 days from when a special election would otherwise have been held. This inflexibility sometimes led to special elections being held on religious holidays or forced the District to hold a special election separate from an upcoming general election, costing the District hundreds of thousands of dollars in extra election costs. In 2012, Congresswoman Norton sponsored a bill, which was subsequently enacted into law, that gave the District more flexibility to set the date of special elections for local offices to maximize voter participation. However, the District was not granted complete authority over the scheduling of special elections. This most recent bill introduced in September 2018, would give the District the authority to set the date of special elections for local offices as it sees fit.

For more information on the initiatives, activities and accomplishments of the D.C. Delegate, visit Congresswoman Eleanor Holmes Norton's website at www.norton.house.gov.

Financial Reporting Entity

For financial reporting purposes, the District's reporting entity consists of: (1) the primary government; (2) four discretely presented component units: Health Benefit Exchange Authority, Housing Finance Agency, University of the District of Columbia, and Washington Convention and Sports Authority (t/a Events DC) and; (3) two blended component units: the Tobacco Settlement Financing Corporation and Not-for-Profit Hospital Corporation (d/b/a United Medical Center). The District of Columbia Housing Authority and the District of Columbia Water and Sewer Authority are

considered related organizations because the District is not financially accountable for their operations. The funds and accounts of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or the component units have been included in the reporting entity. Further information on the reporting entity can be found in Note 1 section B, on page 62 of the Notes to the Basic Financial Statements.

The District and its component units provide a wide range of services to residents, including elementary, secondary, and postsecondary education; human support and welfare services; public safety and protection; fire and emergency medical services; and other general government services.

Budgetary Information

During the first quarter of each fiscal year, agencies begin the budget formulation process for the upcoming fiscal year. On or about March 30th of each year, consistent with Section 442 of the Home Rule Act, the Mayor submits a balanced operating budget and a multi-year capital improvements plan by project for the upcoming fiscal year to the Council for review and approval. The Council holds public hearings and adopts the operating budget and capital improvements plan through passage of a Local Budget Act and a Federal Portion Budget Request Act. The Mayor may not submit and the Council may not adopt any budget which presents expenditures and other financing uses that exceed revenues and other financing sources. After the Mayor approves the adopted budget, the Federal Portion Budget Request Act is forwarded to the President of the United States (the President) and then to Congress for approval. The Local Budget Act is forwarded by the Chairman of the Council to Congress. Congress enacts the federal portion of the District's budget through passage of an appropriations bill, which is signed into law by the President. The Local Budget Act becomes law upon expiration of a 30-day Congressional review period.

The legally adopted budget is the Federal Portion Budget Request that is approved as part of the annual Appropriations Act passed by Congress and signed by the President, and the Local Budget Act that has been passively approved by Congress. The Local Budget Act authorizes expenditures at the agency level and by appropriation title (function), such as Public Safety and Justice; Human Support Services; or Public Education System. To revise planned expenditures of local funds for any function, the Council must enact the appropriate legislation. However, the District may reallocate budgeted amounts using the District's reprogramming process or other appropriation processes, in accordance with applicable legal requirements.

Budgetary Controls

In April 2013, the Local Budget Autonomy Amendment Act of 2012 was approved by District voters. As

approved, this Act would grant the District the right to enact and appropriate its local funds budget without the need for active approval by the United States Congress. The legal validity of this Act was subsequently challenged in the U.S. District Court for the District of Columbia (District Court), which concluded that this Act was unlawful and therefore, prohibited its enforcement. Upon appeal, the U.S. Court of Appeals for the District of Columbia legally voided the decision of the District Court and sent the case to the District of Columbia Superior Court, where the legality of the Local Budget Autonomy Amendment Act was ratified.

The District utilizes budgetary controls designed to monitor compliance with expenditure limitations contained in the adopted budget. The District's automated and manual transaction level controls and sound governance provide strong budgetary controls. The annual budget is assigned specific accounting attributes and is uploaded into the District's accounting system of record, thereby establishing the budget authority for each entity within the District government. The budget authority established in the system of record is then reconciled to the levels of funding authorized by the adopted budget. In addition, on an annual basis, independent public accountants audit the budgetary comparison statement to ensure compliance with approved amounts and to determine whether budget adjustments are properly documented and approved.

The District Anti-Deficiency Act of 2002, which became effective on April 4, 2003, introduced additional budgetary control requirements. This Act requires agency heads and Agency Fiscal Officers to jointly submit a monthly spending plan for the fiscal year to the District's Chief Financial Officer (CFO) by October 1st of each fiscal year. District managers keep the spending plan updated throughout the year by developing spending projections, by source of funds, on a monthly basis, which show year-to-date spending, approved budget, year-end projected spending, explanations of variances greater than 5.00% or \$1 million, and planned corrective actions for instances of overspending. Spending projections are required to be submitted to the agency head and the Agency Fiscal Officer. Summarized spending projections must be submitted to the District's CFO no later than 30 days after the end of each month. In addition, pursuant to D.C. Code § 47-355.05, the District's 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 each agency's approved spending plan. This report is required to be accompanied by the District CFO's observations regarding spending patterns and steps being taken to ensure that spending remains within the approved budget. These reports are used by the Board of Review for Anti-Deficiency Violations to assess cases of overspending.

In addition, the District uses encumbrance accounting as a means of strengthening budgetary controls and financial reporting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system of record in order to reserve the portion of the related appropriation that will be needed for the expenditure. Therefore, the recording of encumbrances is a valuable tool used by the District to ensure that expenditures are within budgeted amounts. Generally, encumbered amounts lapse at year-end in the General Fund but not in the Capital Projects Funds or the Special Revenue Funds.

Fund Balance Reserves

Mandated by Congress

Through Congressional mandate established by Section 450A of the Home Rule Act, the District is required to maintain cash reserves totaling 6.00% of the previous fiscal year's General Fund local expenditures less debt service cost. The 6.00% is comprised of a contingency cash reserve of 4.00% and an emergency cash reserve of 2.00%. The contingency cash reserve may be used to provide for nonrecurring or unforeseen needs (e.g., severe weather or other natural disasters, and unexpected obligations created by federal law) that arise during the fiscal year or to cover revenue shortfalls experienced by the District for three consecutive months that are 5.00% or more below the budget forecast. The emergency cash reserve may be used to provide for unanticipated and nonrecurring extraordinary needs of an emergency nature (e.g., natural disaster or calamity) and may be used in the event that the Mayor declares a State of Emergency in the District.

Mandated by the District

Fiscal Stabilization Reserve

The fiscal stabilization reserve may be used by the Mayor for the same purposes for which the contingency cash reserve was established. Pursuant to D.C. Code § 47-392.02(j-1), as amended, the fiscal stabilization reserve account may be used by the CFO to cover cash flow needs, provided that the reserve account shall be replenished in the same fiscal year in which amounts were used. At full funding, for any given fiscal year, the fiscal stabilization reserve must equal 2.34% of the District's General Fund operating expenditures for that year.

Cash Flow Reserve

The cash flow reserve may be used by the District's CFO as needed to manage the District's cash flow. When a portion of the reserve is used to meet cash flow needs, it must be replenished in the same fiscal year the amounts were used. At full funding, for any given fiscal year, the cash flow reserve must equal 8.33% of the District's General Fund operating budget for that fiscal year.

District Accounting and Financial System

Accounting System

The District's accounting system is organized and maintained on a fund basis. A fund is a separate, distinct accounting entity that has its own assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses. The District uses U.S. generally accepted accounting principles (GAAP) when determining the types of funds to be established and is guided by the "minimum number of funds principle" and sound financial management practices when determining the number of funds within each fund type.

Measurement Focus and Basis of Accounting

The District's financial statements are prepared in accordance with GAAP. Accordingly, the measurement focus and basis of accounting applied in the preparation of government-wide financial statements and fund financial statements are as follows:

- The government - wide financial statements focus on all of the District's economic resources and are prepared using the full accrual basis of accounting.
- The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources and are prepared using the modified accrual basis of accounting.
- Proprietary funds, pension and Other Postemployment Benefits (OPEB) trust funds are accounted for in the same manner as business enterprises, which use the full accrual basis of accounting.
- The budgetary basis of accounting is used to prepare the Budgetary Comparison Statement presented in Exhibit 2-d found on page 51. This basis of accounting differs from the GAAP basis as described below:
 - Basis Differences – Differences that arise when the basis of budgeting differs from the basis of accounting prescribed by GAAP. The District uses the purchase method for budgetary purposes and the consumption method for GAAP basis accounting for inventories. Under the purchase method, purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Under the consumption method, an expenditure is recognized only when the inventory items are used rather than purchased.
 - Entity Differences – Differences between the basis of budgeting and GAAP arise because: (1) the appropriated budget includes organizations, programs, activities, or functions that are not within the financial reporting entity as defined by GAAP or (2) the

appropriated budget excludes organizations, programs, activities or functions that are part of the financial reporting entity. The District does not have any significant entity differences.

- Perspective Differences – Perspective differences exist when the structure of financial information for budgetary purposes differs from the fund structure that is used to construct the basic financial statements. The District does not have any significant budgetary perspective differences.
- Timing Differences – Timing differences can exist when there are significant variances between budgetary practices and GAAP, which may include continuing appropriations, project appropriations, automatic re-appropriations, and biennial budgeting. The District has no significant timing differences between its budgetary practices and its GAAP presentation of its financial statements.

Transparency in Government Operations and Financial Reporting

The District government has taken measures to make financial and non-financial information available to the general public. For instance, the Office of Open Government (OOG) has been established as an independent office under the Board of Ethics and Government Accountability, to ensure that the District's operations are transparent, open to the public and promote civic engagement. The OOG seeks to ensure city-wide compliance with the Open Meetings Act, which requires public bodies to take all official action during public meetings and to provide proper notice and detailed records of meetings. The OOG advises public bodies on matters regarding compliance with the Open Meetings Act, and conducts training and outreach on its requirements. This office also advocates for fair and efficient Freedom of Information Act (FOIA) processing and advises agencies seeking guidance on FOIA. Similarly, in June 2016, the Mayor established the Open Government Advisory Group which: (1) evaluates the District's progress towards making the District government more open, transparent, participatory, and collaborative; and (2) makes specific recommendations for improving the openness and transparency of the District government's operations and the participatory and collaborative nature of its decision-making.

In addition to these measures, the Office of the Chief Financial Officer (the OCFO) continues to promote openness in government and transparency in financial reporting. Over the last decade, the District has opened its books to the public by posting online the annual operating budget and capital plan, the Comprehensive Annual Financial Report, and the Popular Annual Financial Report. In addition, the OCFO's website provides information that allows taxpayers to review and assess the District's financial status, programs, activities and services, and determine how their tax

dollars are being used. This information includes: operating financial status reports; capital financial status reports; quarterly revenue estimates; monthly cash reports; monthly/annual economic indicators and other reports; Featured News (including press releases and Council Hearing written testimonies); and links to other useful information, such as the Taxpayer Service Center, the D.C. College Savings Plan, and Unclaimed Property Division. The investor information portion of the OCFO website (www.dcbonds.com) consolidates much of the information listed above, as well as other financial information pertinent to investors in the District's bonds and members of the public.

ECONOMIC CONDITION AND OUTLOOK

In fiscal year 2018, employment within the District continued to increase with almost all of the net additional jobs being in the private sector. Resident employment also increased. Population growth continues to be a major factor in increasing the District's income, property, and sales tax bases, and is one of the driving forces behind rising home values. In the last five years (between 2013 and 2018), the District's population has grown by almost 52,024, an increase that has averaged about 867 residents per month over that period of time. The District's private sector has grown along with sustained growth in the national economy.

Federal civilian employment accounts for 24.50% of all wage and salary jobs located in the District and 31.00% of the amount of wages and salaries that are generated in the city. Approximately 12.90% of employed District residents work for the federal government. Furthermore, federal contracting accounts for additional jobs and income in the area, which also contribute to the District's tax base. With such a dominant federal presence, significant changes in federal spending can have a major impact on the District's economy and revenues.

For fiscal year 2018 Congress waived some of the limits in approving appropriation bills that otherwise would have been subject to reduction, known as sequestration, from the previously expected level of federal spending. These sequestration limits are scheduled to return in fiscal year 2020 and continue through fiscal year 2023, unless Congress once again lifts these limits. Spending policies related to reducing federal deficits remain an unresolved issue.

Highlights: The District's Economy

Highlights of recent trends in the District's economy, including rising job growth, increases in population and a strong housing market, are presented below:

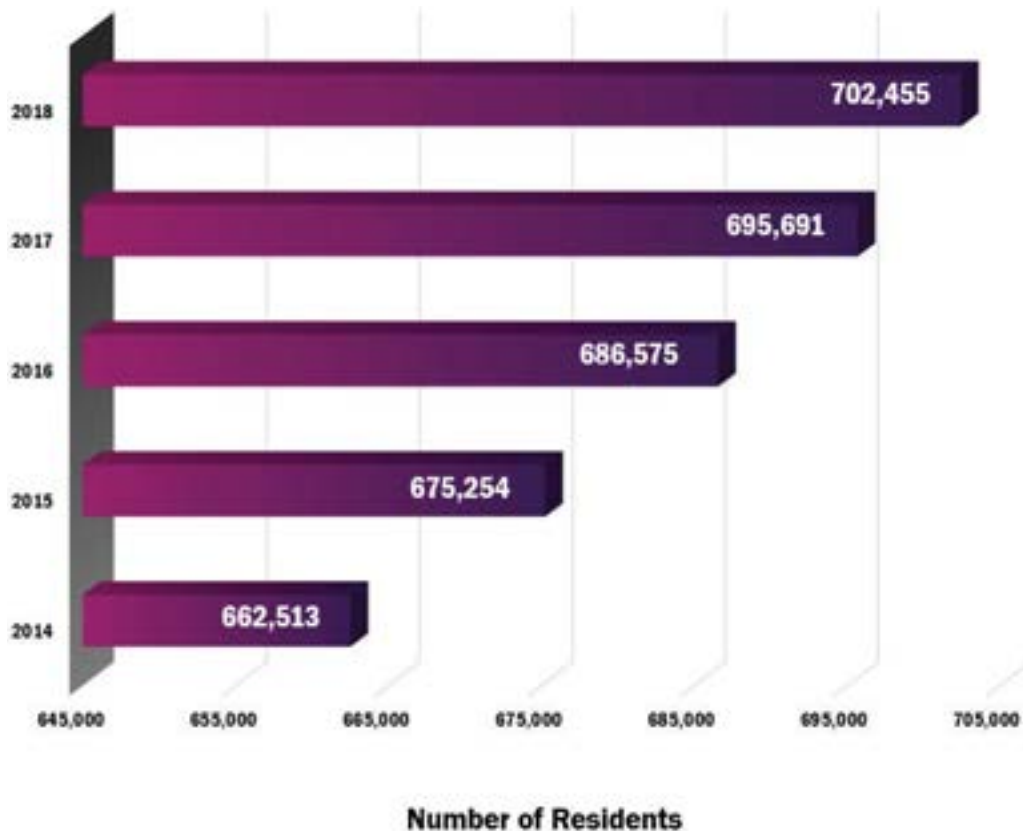
- In the three months ended September 2018, there were 6,533 (0.80%) more wage and salary jobs located in the District than a year earlier. Of particular note, there were 3,333 (1.70%) fewer federal government jobs in September than there were a year earlier, while the private sector jobs increased by 9,467 (1.70%).
- District resident employment in the three months ended September 2018 was 3,870 (1.00%) more than a year earlier.
- The September unemployment rate was 5.70% (seasonally adjusted), a decrease from 6.00% a year ago.
- Wages earned in the District of Columbia grew 2.20% in the quarter ended September 30, 2018, compared to the same quarter a year ago. Personal income in the District was 3.50% higher on September 30, 2018, compared to the same time one year ago.
- Single family home sales for the three-month period ended September 2018 were down 3.50% from a year ago; however, the average selling price was up by 3.30%. Condominium sales were up 3.20%, and the average selling price was 2.20% higher. The value of all home sale settled contracts for the three-month period ended September 2018 was 1.70% more than a year ago.
- Commercial office effective rents edged up over the past year. Leased space in September 2018 was up by 1.90% from a year ago, while the vacancy rate (including sublets) fell over the past year from the revised 10.90% to 10.50%.
- Hotel room-days sold for the three months ended September 2018 were up 2.00% from the prior year, while hotel room revenues were down by 2.30%.

Key Factors in the District's Economy

Population

The U.S. Census Bureau estimated that there were 702,455 residents in the District of Columbia, as of July 1, 2018. This represents an increase of 6,764 or 0.97%, from the revised July 1, 2017 estimate of 695,691. Annual census estimates are based on birth and death records, changes in tax return filings, and estimates of the number of immigrants who move in and out of the District each year. On an annual basis, the U.S. Census Bureau releases revised population estimates. **Chart T1** presents the District's population trends for calendar years 2014 through 2018, using annually revised census data.

Chart T1
Population Trends - Number of Residents
District of Columbia Population as of July 1 of each Year (2014 - 2018)



Source: U.S. Census Bureau
 Adjusted annual estimates

Income Trends

Income has grown considerably in the District in recent years. From the third quarter of calendar year 2013 to the third quarter of 2018, personal income grew approximately 30.00% in the District as compared to 23.90% nationally.

The distribution of income in the District differs from that of the nation as a whole, with larger portions of District residents being in the higher and lower income brackets and a significantly smaller portion being within the middle income levels. Median household income data is not yet available for 2018; however, for 2017, the District’s median household income of \$77,649 was 34.70% above the U.S. average. The Census Bureau estimates that 16.60% of the District’s

population was below the poverty line in 2017 as compared to 12.30% for all of the U.S.

Employment Trends

Total wage and salary employment in the Washington metropolitan area increased to approximately 3,342,300 at the end of fiscal year 2018 from the revised 3,275,400 for fiscal year 2017, representing a 2.04% increase. These numbers exclude the self-employed, domestic workers, military and foreign government personnel, which represent a significant portion of the total workforce of the region. Some of the references to the 2017 employment numbers may differ from those presented in the fiscal year 2017 CAFR because of updates and revisions.

Table T2 presents 2018 labor market data for the District and the surrounding metropolitan region.

Table T2
Labor Market Data for the District and Surrounding Metropolitan Area - FY 2018 (Amounts in 000s)

	District of Columbia			Metropolitan Area		
	Level	1 yr. change (number)	1 yr. change (%)	Level	1 yr. change (number)	1 yr. change (%)
Employed residents	376.2	1.3	0.3	3,284.0	11.1	0.3
Labor force	400.0	0.1	-	3,395.3	(0.8)	-
Total wage and salary employment	799.8	7.1	0.9	3,342.3	66.9	2.0
Federal government	195.1	(3.5)	(1.8)	360.3	(6.3)	(1.7)
Local government	41.7	1.1	2.7	341.7	8.3	2.5
Leisure and hospitality	79.9	2.6	3.4	341.6	12.2	3.7
Trade	28.0	(0.3)	(1.1)	342.5	5.4	1.6
Education and health	138.4	1.0	0.7	444.4	4.5	1.0
Professional, business, and other services	242.5	2.4	1.0	979.5	25.9	2.7
Other private	74.2	3.8	5.4	532.3	16.9	3.3
Unemployed	23.8	(1.3)	(5.0)	111.3	(11.9)	(9.7)
New Unemployment Claims	1.6	0.3	23.1	(a)	(a)	(a)

Sources: U.S. Bureau of Labor Statistics (BLS) & D.C. Dept. of Employment Services (DOES)

Notes:

All data are monthly averages for the fiscal year and are preliminary, not seasonally adjusted.

(a) Unemployment claims for metropolitan area not available

In September 2018, total wage and salary employment within the District was 23.93% of the metropolitan area's total wage and salary employment. The seasonally adjusted September 2018 unemployment rate in the District was 5.70%, compared to the September 2017 revised seasonally adjusted rate of 6.00%.

Total employment within the District increased to 799,800 as of September 2018 from the revised 792,700 as of September 2017. As the nation's capital, Washington, D.C. is the seat of the federal government and headquarters for most federal departments and agencies. The total September 2018 federal workforce in the Washington metropolitan area was 360,300; with approximately 195,100 federal employees located in Washington, D.C. and 165,200 additional federal employees who worked elsewhere in the Washington metropolitan area.

Minimum Wage Rate

Historically, District law has required that the minimum wage rate for District employees be at least \$1.00 per hour more than the Federal minimum wage. Beginning on July 24, 2009, the Federal minimum wage rate was increased to \$7.25 per hour. Therefore, effective July 24, 2009, the District's minimum wage rate increased to \$8.25 per hour and remained at that level for several years.

In December 2013, the Council approved a measure to raise the District's minimum wage to \$11.50 per hour over three years as follows: \$9.50 per hour, effective July 1, 2014; \$10.50 per hour, effective July 1, 2015; and \$11.50 per hour, effective July 1, 2016. In January 2014, the Mayor signed the associated bill into law.

In June 2016, the Mayor signed the Fair Shot Minimum Wage Amendment Act of 2016. This legislation will progressively increase the hourly minimum wage to \$15.00 for District workers by 2020. Consequently, the District's minimum wage rate increased to \$12.50 per hour effective July 1, 2017, and to \$13.25 per hour, effective July 1, 2018.

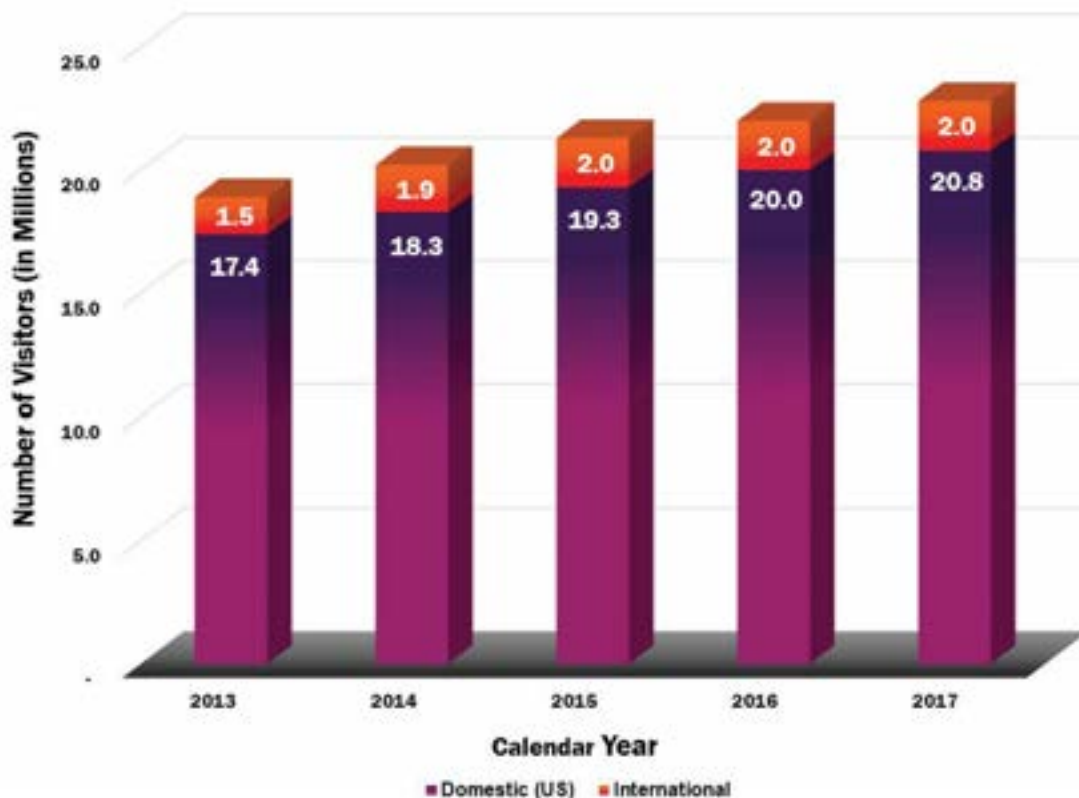
Living Wage Rate

Pursuant to D.C. Law 16 -118, the Living Wage Act of 2006 became effective June 9, 2006. This Act provides that District of Columbia government contractors and recipients of government assistance (grants, loans, tax increment financing) in the amount of \$100,000 or more shall pay affiliated employees no less than the current living wage rate. Effective January 1, 2018, the District living wage rate is \$14.20 per hour. This rate increases annually in proportion to the annual average increase in the Consumer Price Index for all Urban Consumers in the Washington Metropolitan Statistical Area for the preceding 12 months.

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 helps to boost tourism. In calendar year 2017, approximately 20.8 million domestic visitors and 2.0 million international visitors traveled to the District. **Chart T2** presents the trends in tourism for calendar years 2013 through 2017. Tourism data for calendar year 2018 is not yet available.

Chart T2
Trends in District Tourism
Total Visitation to the District (2013 - 2017)



Source: Destination DC (formerly the Washington DC Convention and Tourism Corporation)

Visitor spending, which totaled approximately \$7.53 billion in 2017, generated additional business activity in related industries (e.g., hotel, restaurant, entertainment and retail) and continues to help sustain the local and regional economies. The distribution of visitor spending in 2017 (by category) was as follows: \$2.67 billion for lodging; \$2.18 billion for food and beverage; \$1.20 billion for entertainment; \$864 million for shopping/retail; and \$612 million for transportation. Total visitor spending increased by \$211 million, or 2.88%, over the prior year. Travel and tourism supported 75,048 jobs in the District, generating approximately \$4.18 billion in wages. Hotel occupancy was approximately 76.20% as of September 30, 2018.

Construction – Commercial Real Estate

Construction of commercial real estate slowed down during calendar year 2018. As of September 30,

2018, commercial space under construction in the District totaled 4.62 million square feet as compared to 6.47 million square feet at the end of September 2017. Over the one-year period between 2017 and 2018, however, occupied Class A commercial office space increased from 80 million square feet to 83.67 million square feet and the vacancy rate within the District decreased from 12.70% in September 2017 to 11.60% in September 2018.

Construction – Housing Units

For the 12-month period ended September 30, 2018, 4,640 housing unit building permits were issued. This represents a 15.25% increase over the prior 12-month period.

In calendar year 2018, there were 188,626 apartment units including condominiums in the District. In September 2018, 12,680 apartment units and condominiums were under construction.

Table T3 presents the number of apartment units located in the District in 2014 through 2018.

Table T3
District Apartment Units (2014 - 2018)

	2014	2015	2016	2017	2018
Inventory	171,919	175,066	179,664	184,404	188,626
Occupied Units	162,269	166,849	170,185	174,917	Not available

Source: CoStar (Unadjusted prior years' data)

Housing Production Trust Fund

The Department of Housing and Community Development (DHCD) administers the Housing Production Trust Fund (HPTF), a special revenue fund which was established in 1988 to produce and preserve affordable housing in the District by providing various forms of assistance in support of housing production for targeted populations.

In fiscal year 2018, HPTF financed 25 projects that produced or preserved 1,641 housing units in the District. The total amount of HPTF funding obligated in fiscal year 2018 was approximately \$167.6 million. The projects financed included eight new construction projects, eight substantial rehabilitation projects, seven Tenant Opportunity to Purchase Act (TOPA) acquisitions and critical repairs, and two acquisitions.

At the end of fiscal year 2018, DHCD approved 23 housing projects which will produce or preserve 1,467 housing units, when completed. The total amount of HPTF funding to be expended for these projects is approximately \$192.9 million. The 23 projects include 12 new construction projects, 10 substantial rehabilitation projects, and one TOPA acquisition and critical repairs.

The District's Bond Ratings

Rating agencies assess the credit quality of municipal issuers and assign credit ratings to issuers based on the outcome of their assessments. Consequently, rating agencies provide vital information to investors regarding the relative risks associated with rated bond issues. Attaining an acceptable credit rating is important to an issuer because it allows the issuer to more easily access the market and reduce borrowing cost.

The three primary agencies that rate municipal debt are: (1) Fitch Ratings; (2) Moody's Investors Service; and (3) Standard & Poor's Rating Service. In July 2018, Moody's Investors Service upgraded the District's General Obligation Bonds' ratings from Aa1 to Aaa. In addition, Fitch Ratings and Standard & Poor's Rating Service raised the District's General Obligation Bonds' ratings from AA to AA+, effective July 2018. Moreover, the District's ratings for its Income Tax Secured Revenue Bonds have remained high over the last several years. Additional information about the District's Bond ratings may be obtained from: www.dcbonds.com.

Table T4 presents the District's ratings for the past five years for its General Obligation Bonds and Income Tax Secured Revenue Bonds.

Table T4
Bond Rating History (2014 - 2018)

	General Obligation Bonds				
	2014	2015	2016	2017	2018
Fitch Ratings	AA	AA	AA	AA	AA+
Moody's Investors Service	Aa2	Aa1	Aa1	Aa1	Aaa
Standard & Poor's Rating Service	AA	AA	AA	AA	AA+
	Income Tax Secured Revenue Bonds				
	2014	2015	2016	2017	2018
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

Long-Term Financial Planning

As a result of improved financial management practices over the years, the District has been able to develop and operate within more disciplined budgets and address issues faced during the most challenging economic times. Accordingly, District officials have developed and implemented a plan for maintaining a strong, stable financial environment, which includes: developing a five-year operating financial plan and a six-year capital improvements plan; monitoring and analyzing the District's quarterly revenue estimates and making spending adjustments throughout the year, as necessary; identifying sound measures to enhance revenue streams; and developing and implementing plans to minimize costs without sacrificing essential programs or services.

Enhancements to Capital Planning Process

In October 2017, the District's Office of the Chief Financial Officer (OCFO) developed an enhanced long-range financial planning process that incorporates capital asset replacement needs that span beyond the normal six-year capital planning period. This multi-year approach was developed to assist the Mayor, Council, other policymakers and the general public in understanding the size of the District's capital infrastructure funding gap, and how the gap may be reduced over time using new long-range financial planning tools. A significant element of the enhanced long-range financial planning process for capital assets is the comprehensive review of agencies' capital and asset maintenance needs.

The District's infrastructure needs are substantial because the District serves as a city, state, county, and school district. In order to develop a better understanding of the costs for the District to maintain its assets in a state of good repair, a comprehensive asset management planning system was developed for all of the District's assets. The Capital Asset Replacement Scheduling System, or CARSS, is an asset management planning solution that delivers

a comprehensive view of the District's capital asset health and provides information on each project or asset. CARSS was designed to answer four fundamental questions:

1. What assets does the District own?
2. What is the condition of those assets?
3. How should the District prioritize its capital needs?
4. How much funding is available to address those needs?

To determine the District's total capital needs, a comprehensive review of all governmental agencies' capital and asset maintenance requirements was completed utilizing CARSS, with each project scored and ranked to ensure that the highest priority projects were funded first. Since the first Long-Range Capital Financial Plan Report was published in 2016, the percentage of assets inventoried in CARSS has increased from 14% to 100% of all District assets. In addition, facility condition assessments have been either completed, or are in progress, on all assets captured in CARSS.

In conjunction with the development of CARSS, the District also developed a separate long-range financial forecasting model, which can determine the optimal capital funding mix, within certain financial constraints, including debt capacity, pay-as-you-go (paygo) or cash funding, as well as federal or other grant funding. Capital projects were also analyzed to determine where the private sector may assist in addressing future infrastructure challenges through public-private partnerships, or P3s. Separate but similar modeling tools were developed to determine the long-term capital funding needs of the Washington Metropolitan Area Transit Authority (WMATA), which was crucial in developing a regional consensus to provide additional, dedicated funding to WMATA that was subsequently approved by all of the compact jurisdictions in 2018. The full plan can be found at www.cfo.dc.gov.

Major Initiatives

Many initiatives and projects, which will help sustain the District's economy and produce strong financial results have been completed, are in progress, or have been planned. Several of the District's major initiatives and projects are presented in **Tables T5** and **T6**.

Table T5
Projects Completed (by Economic Sector)

Project	Location	Square Footage/ Units	Estimated Value (\$000s)	Delivery Date (Calendar Year Basis)
Retail:				
The Wharf (Phase I)	Southwest Waterfront	190,000	\$ 1,326,000	4th Qtr 2017
700 Penn	700 Pennsylvania Avenue, S.E.	60,000	227,000	4th Qtr 2017
Midtown Center	1150 15th Street, N.W.	44,000	350,000	2nd Qtr 2018
Office:				
The Wharf (Phase I)	Southwest Waterfront	500,000	1,326,000	4th Qtr 2017
700 Penn	700 Pennsylvania Avenue, S.E.	150,000	227,000	4th Qtr 2017
2112 Pennsylvania Avenue	2112 Pennsylvania Avenue, N.W.	230,000	126,000	2nd Qtr 2018
99 M Street	1st Street & M Street, S.E.	220,000	116,000	2nd Qtr 2018
200 Massachusetts Avenue	200 Massachusetts Avenue, N.W.	381,746	200,000	2nd Qtr 2018
Midtown Center	1150 15th Street, N.W.	821,000	350,000	2nd Qtr 2018
Alexander Court	2001 K Street, N.W.	780,000	Not available	2nd Qtr 2018
Residential:				
The Wharf (Phase I)	Southwest Waterfront	870 units	1,326,000	4th Qtr 2017
The Belgard	33 N Street, N.E.	346 units	150,000	2nd Qtr 2018
1221 Van	1211 Van Street, S.E.	291 units	100,000	1st Qtr 2018
The Lydian	400 K Street, N.W.	324 units	138,000	2nd Qtr 2018
Plaza West	1035 4th Street, N.W.	233 units	90,000	2nd Qtr 2018
Hospitality:				
The Wharf (Phase I)	Southwest Waterfront	630,000	1,326,000	4th Qtr 2017
Eaton by DC	1201 K Street, N.W.	172,000	Not available	3rd Qtr 2018
D.C. United Stadium	100 Potomac Avenue, S.W.	421,000	400,000	3rd Qtr 2018
Education/Quality of Life:				
Corcoran Gallery of Art	500 17th Street, N.W.	100,000	80,000	3rd Qtr 2018
Murch Elementary School	4810 36th Street, N.W.	112,700	83,000	3rd Qtr 2018
Bancroft Elementary School	1755 Newton Street, N.W.	146,000	76,000	3rd Qtr 2018

Source: Washington, DC Development Report 2018/2019 Edition

Table T6
Projects Under Construction (by Economic Sector)

Project	Location	Square Footage/ Units	Estimated Value (\$000s)	Estimated Delivery Date (Calendar Year Basis)
Retail:				
655 New York Avenue	655 New York Avenue, N.W.	80,551	\$ 185,000	4th Qtr 2018
250 Massachusetts Avenue	250 Massachusetts Avenue, N.W.	58,372	275,000	3rd Qtr 2019
AVEC	901 H Street, N.E.	53,469	200,000	3rd Qtr 2019
Riverpoint	2100 2nd Street, S.W.	70,441	220,000	2nd Qtr 2020
Skyland Town Center (Phase I - Block 2)	Alabama Avenue & Naylor Road, S.E.	117,000	175,000	3rd Qtr 2020
The Wharf (Phase II)	Southwest Waterfront	119,559	1,200,000	2022
Office:				
655 New York Avenue	655 New York Avenue, N.W.	653,474	185,000	4th Qtr 2018
One Freedom Plaza	1301 Pennsylvania Avenue, N.W.	270,040	Not available	1st Qtr 2019
Center Building (DHS HQ)	St. Elizabeths West Campus	284,000	155,000	1st Qtr 2019
Four Constitution Square	150 M Street, N.E.	505,000	250,000	2nd Qtr 2019
250 Massachusetts Avenue	250 Massachusetts Avenue, N.W.	507,764	275,000	3rd Qtr 2019
Sentinel Square (Phase III)	45 L Street, N.E.	545,000	250,000	1st Qtr 2020
The Wharf (Phase II)	Southwest Waterfront	547,504	1,200,000	2022
Residential:				
AVEC	901 H Street, N.E.	419 units	200,000	3rd Qtr 2019
1331	1331 Maryland Avenue, S.W.	373 units	220,000	3rd Qtr 2019
Shapiro Residences	1270 4th Street, N.E.	432 units	150,000	1st Qtr 2019
1250	1250 Half Street, S.E.	439 units	265,000	4th Qtr 2019
Square 696 (Phase I)	88 K Street, S.E.	400 units	Not available	1st Qtr 2020
Riverpoint	2100 2nd Street, S.W.	485 units	220,000	2nd Qtr 2020
Hospitality:				
Columbia Place	901 L Street, N.W.	350,000	225,000	4th Qtr 2018
CityCenterDC (Conrad Hotel)	950 New York Avenue, N.W.	358,000	270,000	1st Qtr 2019
International Spy Museum	900 L'Enfant Plaza, S.W.	140,000	162,000	1st Qtr 2019
The Reach	2700 F Street, N.W.	72,000	175,000	3rd Qtr 2019
Thompson D.C. Hotel	227 Tingey Street, S.E.	114,800	Not available	4th Qtr 2020
Education and Medical/Quality of Life:				
The Conway Center	4430 Benning Road, N.E.	37,700	90,000	4th Qtr 2018
Whittle School & Studios	4000 Connecticut Avenue, N.W.	620,000	185,000	3rd Qtr 2019
Kimball Elementary School	3375 Minnesota Ave., SE	83,400	51,000	3rd Qtr 2019
Calvin Coolidge Senior High School	6315 5th Street, N.W.	286,300	163,000	3rd Qtr 2019
Martin Luther King Jr. Library	9th & G Streets, N.W.	400,000	208,000	2020
McMillan Sand Filtration Site	North Capitol Street & Michigan Avenue, N.W.	1,017,500	720,000	Not available

Source: Washington, DC Development Report 2018/2019 Edition

Office, Residential, Medical and Hospitality Projects

Capitol Crossing

The \$1.3 billion Capitol Crossing project is one of the District's largest private multi-phase development projects featuring a 2.2 million square-foot complex of five mixed-use buildings. The project will create three new city blocks by transforming seven acres of land above I-395 into a platform that will bridge the East End of downtown with Capitol Hill.

The Capitol Crossing project will be comprised of 1.9 million square feet of office space; retail and residential spaces; and a new Jewish Historical Society Synagogue. Phase I of the project features a north block containing two office buildings totaling 996,000 square feet and up to 83,000 square feet of retail space. One of the buildings located at 200 Massachusetts Avenue was completed and delivered in 2018. The 566,000 square-foot building located

at 250 Massachusetts Avenue is expected to be completed in 2019.

The project is supporting approximately 4,000 construction jobs, and once completed, there will be an estimated 8,000 employees and residents in the five buildings. Investments and upgrades include more than \$200 million of private investment in infrastructure, utility upgrades, new and improved roads, and revitalization of surrounding neighborhoods. The entire project is expected to be completed in 2022 and generate about \$40 million in property tax revenue every year, when complete.

The Wharf – Washington, D.C. Waterfront

The Wharf is one of the region's largest redevelopment opportunities which is transforming the underutilized Southwest Waterfront into an urban destination

centrally located on the Potomac River, along the historic Washington Channel, a short distance from the National Mall, the White House, the Capitol and Smithsonian Museums.

The estimated \$2 billion world-class, mixed-use project is comprised of 24 acres of land and more than 50 acres of water. The 3.2 million square-foot site features a unique blend of restaurants, shops, condominiums, hotels, high-quality entertainment venues, marinas, a waterfront park, and an expanded riverfront promenade with public access to the water and a commercial anchor for the community and those who visit the nation's capital's monuments and museums.

Phase I consists of a building area of more than 2 million square feet, and includes: 870 residential units; 190,000 square feet of retail; 500,000 square feet of office space; 690 hotel rooms; 140,000 square feet of cultural and entertainment space; and 1,475 underground parking spaces.

The Wharf is now open and planning is ongoing for its next and final phase. When complete, Phase II will feature 1.15 million square feet of additional mixed-use development, including office, residential, marina, and retail space, as well as parks and public spaces, across an approximate half mile of waterfront. Groundbreaking of Phase II is scheduled for early 2019 and is expected to be completed in 2022.

Parks at Walter Reed

The Parks at Walter Reed, a Walter Reed Army Medical Center redevelopment project, was created by the Walter Reed Development Omnibus Act of 2016. This Act authorized the District to acquire 66 acres of the former Walter Reed campus from the Army and begin development of a vibrant new mixed-use community.

The master development plan of the site, which is undertaken through a ground lease agreement by a joint venture consisting of Hines, Urban Atlantic and Triden, is expected to transform the 3.1 million square-foot site over the years. The project features over 2,000 distinctive condos, townhomes and apartments serving a diverse mix of incomes, ages and households, 20% of which will be affordable housing; 325,000 square feet of office and medical space; 190,000 square feet of retail; and 20,000 square feet of space will be dedicated to creative and cultural uses, including a hotel and conference center.

The redevelopment project is set to balance the homeless assistance needs with the economic redevelopment needs of the community by including the participation of State and Local Homeless Assistance Providers and Public Benefit Conveyance, collectively referred to as Notices of Interest (NOI) organizations. The project will also feature an Innovation Core that consists of forward-thinking companies in university medical research, bioscience and pharmaceutical spaces, as well as economic development and sustainability programs. At over

\$1 billion in direct investment, the Parks at Walter Reed will serve as a major economic engine for the Washington, D.C. region, generating thousands of jobs and tens of millions in annual revenues.

Phase I of the 66-acre Parks at Walter Reed project involves infrastructure improvements across the historic campus and demolishing the main 2.7 million square-foot 1970s-era hospital building, which will prepare the site for the development of the new town center. Construction on the former site of the main hospital building will include 310 apartments and 60,000 square feet of retail, and is expected to begin in 2019. In addition, the first two market-rate buildings called The Brooks and The Vale, which are expected to deliver in 2020, will bring 390 multifamily units and 18,000 square feet of retail to the corner of Georgia Avenue and Aspen Street.

Transportation and Other Projects

South Capitol Street Corridor Project

The South Capitol Street Corridor Project involves replacing the Frederick Douglass Memorial Bridge and transforming related sections of urban freeway into a beautiful scenic boulevard that increases pedestrian and vehicular safety and community accessibility, while improving multi-modal transportation options and supporting economic development on both sides of the Anacostia River. Key project elements are presented below.

- Building a new six-lane Frederick Douglass Memorial Bridge
- Creating a new traffic oval west of the river that connects South Capitol Street, Potomac Avenue and Q Street, S.W.
- Reconstructing South Capitol Street as a six-lane boulevard with an improved streetscape from the traffic oval to D Street, S.E./S.W. and an at-grade intersection at M Street, S.E.
- Creating a new at-grade traffic oval east of the river that connects South Capitol Street, Suitland Parkway and Howard Road, S.E.
- Reconstructing the Suitland Parkway/Interstate 295 interchange
- Constructing a new diamond interchange on Suitland Parkway at Martin Luther King, Jr. Avenue, S.E.
- Improving related portions of New Jersey Avenue, Howard Road, Firth Sterling Avenue, and Sheridan Road, S.E.
- Increasing bicycle and pedestrian facilities
- Improving drainage and storm water management throughout the corridor

Preliminary engineering and Right-of-Way land acquisition for the project have been underway since January 2012. The Frederick Douglass Memorial Bridge is projected to open in 2021.

DC Green Bank

Green Banks are institutions that states and countries are using to finance projects that will create green jobs, expand solar power, lower energy costs, reduce greenhouse gas emissions, and meet sustainability goals. In July 2018, Mayor Bowser signed the District of Columbia Green Finance Authority Establishment Act of 2018 (the Act), which established the District of Columbia Green Finance Authority (DC Green Bank), an independent instrumentality of the District government, making the District of Columbia the first city in the United States to establish a Green Bank. The DC Green Bank will be governed by an 11-member board of directors, seven of which will be voting members appointed by the Mayor.

The Act authorizes the DC Green Bank to issue loans, either directly or through lenders, for the purpose of assisting in developing, constructing, rehabilitating, or improving any sustainable project or program under this act; provided that no transaction may create an obligation of the DC Green Bank, that will be subject to the limitation on the annual aggregate limit on debt of the District under section 603(b) of the Home Rule Act. Sustainable projects and programs include clean energy, clean infrastructure, clean transportation, stormwater management, energy efficiency, water efficiency, and green infrastructure projects and programs. Consistent with the Act, the District will subsidize the DC Green Bank by transferring up to \$7 million annually to the Green Finance Authority through fiscal year 2022, to support sustainable projects and programs that include support for the creation of new solar energy sources in the District, including associated administrative costs, if such transfer is included in an approved District budget. The DC Green Bank is an innovative policy tool that will use public purpose funding to attract private investment.

In addition, the DC Green Bank will take over the administration of the DC Property Assessed Clean Energy (PACE) program that provides financing to commercial entities for energy efficiency improvements.

Additional information about these and other initiatives within the District may be obtained from the following:

Office of the Deputy Mayor for Planning & Economic Development

John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 317
Washington, DC 20004
Telephone: (202) 727-6365
Website: <https://dmped.dc.gov>

Office of Planning

1100 Fourth Street, S.W., Suite E650
Washington, DC 20024
Telephone: (202) 442-7600
Website: <https://planning.dc.gov>

Office of Tax and Revenue

1101 Fourth Street, S.W., Suite 270 West
Washington, DC 20024
Telephone: (202) 727-4829
Website: <https://otr.cfo.dc.gov>

Department of General Services

2000 14th Street, N.W., 8th Floor
Washington, DC 20009
Telephone: (202) 727-2800
Website: <https://dgs.dc.gov>

Department of Housing and Community Development

1800 Martin Luther King Avenue, S.E.
Washington, DC 20020
Telephone: (202) 442-7200
Website: <https://dhcd.dc.gov>

Department of Parks and Recreation

1250 U Street, N.W. 2nd Floor
Washington, DC 20009
Telephone: (202) 673-7647
Website: <https://dpr.dc.gov>

District Department of Transportation

55 M Street, S.E., Suite 400
Washington, DC 20003
Telephone: (202) 673-6813
Website: <https://ddot.dc.gov>

AWARDS AND ACKNOWLEDGMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District of Columbia for its CAFR for the fiscal year ended September 30, 2017. The District has received this award for 34 of the last 36 years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the fiscal year 2018 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also earned an award from the GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended September 30, 2017, for the fifteenth consecutive year. The PAFR presents the District's financial results in a format and language that allows information to be more easily understood by the general public. The PAFR is not required to present the same level of detail as the CAFR. It contains very few financial statements, less technical language, and more graphics and photographs.

Like the Certificate of Achievement, the Award for Popular Annual Financial Reporting is valid for one year only. The District expects that the fiscal year 2018 PAFR, which will be issued within 30 days after the CAFR is completed, will conform to the Award for Popular Annual Financial Reporting Program requirements. It will also be submitted to the GFOA to determine its eligibility for another award.

Acknowledgments

I would like to thank the District's accounting/finance staff who worked diligently to account for and report on the District's business activities and maintain the city's official "books" of accounting records. I greatly appreciate their efforts, which contributed significantly to the timely preparation of the CAFR. I want to thank my immediate staff, *Diji Omisore, Cassandra Alexander, Tong Yu, David Pivec, Wilma Matthias, Chris LaCour, Cassandra Butler, Vanessa Jackson*, and their respective teams. I am grateful for their dedicated efforts. I would also like to thank the Office of the Inspector General, and the District's independent public accountants, SB & Company, LLC, assisted by Regis & Associates P.C. and GKA P.C., for their efforts throughout the audit engagement.

Respectfully submitted,



Bill Slack
Deputy Chief Financial Officer and Controller
Office of Financial Operations and Systems