

2018

CITIZEN'S FINANCIAL REPORT



MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

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

YEAR ENDED SEPTEMBER 30, 2018

February 12, 2019

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, 2018. 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 2018 Comprehensive Annual Financial Report (CAFR). The CAFR is prepared in accordance with U.S. 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 sixteenth publication of the Citizen's Financial Report. In the previous fifteen 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,

A handwritten signature in black ink, appearing to read "Muriel Bowser".

Muriel Bowser
Mayor

A handwritten signature in black ink, appearing to read "Jeffrey S. DeWitt".

Jeffrey S. DeWitt
Chief Financial Officer

A handwritten signature in black ink, appearing to read "Bill Slack".

Bill Slack
Deputy CFO and Controller





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, 2017

Christopher P. Morill

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, 2017. 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 this award for the last fifteen 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.

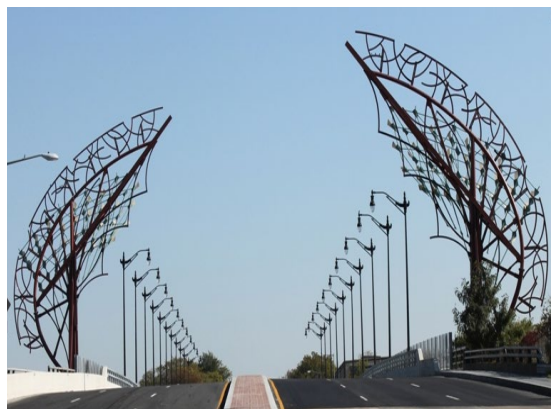
District of Columbia Citizen's Financial Report



Fiscal Year Ended September 30, 2018

Table of Contents

Introduction	2
Elected Officials	3
Population Trends	4
Employment Trends.....	4
Minimum Wage.....	4
Tourism and Hospitality	5
D.C. Major Tax Rates.....	6
D.C. Bag Law Fee.....	6
FY 2018 Financial Highlights	6
Where the Money Comes From.....	7
Where the Money Goes	9
Debt Management.....	10
Financial Statements.....	11
Projects in Development.....	13
The Sports Capital.....	15
Miscellaneous Statistics	16
Outlook for FY 2019	16
Glossary	17



"Gateway Wings" over New York Avenue

These two wing-like steel arches, appearing on each side of the bridge on New York Avenue near Florida Avenue, are 52-feet-high and weigh 22 tons each.

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 U.S. generally accepted accounting principles (GAAP).

A copy of the District's Fiscal Year (FY) 2018 CAFR and PAFR may be obtained from:

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

The FY 2018 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, District of Columbia, commonly referred to as Washington D.C., the District or simply D.C., is the capital of the United States (U.S.). It is 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 are land and 6.9 square miles are 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, 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 of the District begins on October 1 and ends on September 30. This report presents financial information for the District's fiscal year ended September 30, 2018. It provides a comprehensive view of the District's financial activities (both governmental and business-type activities). Such activities include those reported in the general fund, special revenue funds, capital projects fund, and three proprietary funds which issue audited financial statements separately from the District: (1) Lottery and Games Fund, (2) Not-for-Profit Hospital Corporation, and (3) Unemployment Compensation Fund. This view, which is more comprehensive than just focusing on the general fund, gives the full financial picture of the District in a way that is similar to how investors and bond 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 the government's agencies and its four discretely presented component units. The District also reports two blended component units whose financial position and results of operations are intertwined with those reported in the District's financial statements. For more information or to obtain the audited financial statements of these entities, please contact their offices or access the websites shown below:

Discretely Presented Component Units

Health Benefit Exchange Authority
(202) 715-7576
<https://hbx.dc.gov>

Housing Finance Agency
(202) 777-1600
<http://www.dchfa.org>

University of the District of Columbia
(202) 274-5000
<https://www.udc.edu>

Washington Convention and Sports Authority
(Events DC)
(202) 249-3000
<http://eventsdc.com>

Blended Component Units

District of Columbia Tobacco Settlement
Financing Corporation
(202) 727-6055

Not-for-Profit Hospital Corporation
(United Medical Center)
(202) 574-6000
<http://www.united-medicalcenter.com>

Elected Officials as of January 2, 2019



Muriel Bowser
Mayor



Karl A. Racine
Attorney General



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



Elissa Silverman
At-Large



Robert C. White, Jr.
At-Large



Brianne K. Nadeau
Ward 1



Jack Evans
Ward 2



Mary M. Cheh
Ward 3



Brandon T. Todd
Ward 4



Kenyan R. McDuffie
Ward 5



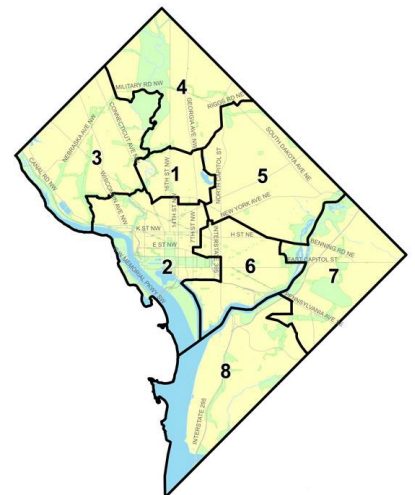
Charles Allen
Ward 6



Vincent C. Gray
Ward 7



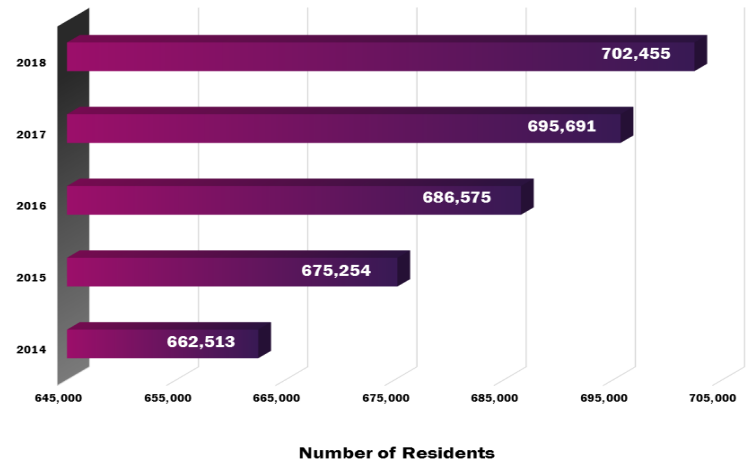
Trayon White, Sr.
Ward 8



Population Trends

Population estimates are published each year by the U.S. Census Bureau. In December of each year, new estimates are released as of July 1 of the same year and estimates for earlier years are revised. The U.S. Census Bureau estimated that as of July 1, 2018, there were 702,455 residents in the District. This represents an increase of 6,764, or 0.97% from the revised July 1, 2017 estimate of 695,691.

Source: U.S. Census Bureau

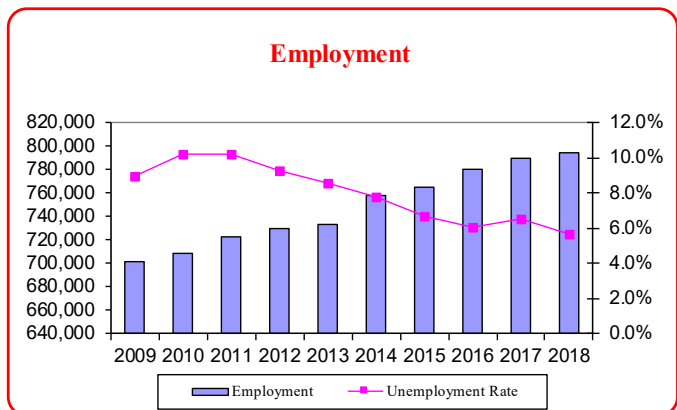


Employment Trends

Total employment within the District increased to 799,800 as of September 2018 from the revised 792,700 as of September 2017.

The September 2018 unemployment rate was 5.70% (seasonally adjusted), a slight decrease from the revised rate of 6.00% a year ago.

As the nation's capital, Washington, D.C. is the headquarters for most federal government departments and agencies. The September 2018 federal workforce in the Washington metropolitan area totaled 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.



Source: D.C. Department of Employment Services

Minimum Wage

Beginning July 1, 2018, the minimum wage for District workers increased from \$12.50 per hour to \$13.25 per hour and the minimum wage for tipped workers increased from \$3.33 per hour to \$3.89 per hour. Under the *Fair Shot Minimum Wage Act*, signed by the Mayor in 2016, the minimum wage will progressively increase to \$15.00 per hour by July 1, 2020. Below is a table of the wage increases for the current and upcoming years.

Non-Tipped Workers	Tipped Workers
\$13.25 per hour beginning July 1, 2018	\$3.89 per hour beginning July 1, 2018
\$14.00 per hour beginning July 1, 2019	\$4.45 per hour beginning July 1, 2019
\$15.00 per hour beginning July 1, 2020	\$5.00 per hour beginning July 1, 2020

Beginning in 2021, the minimum wage will increase during each successive year pursuant to the Consumer Price Index.

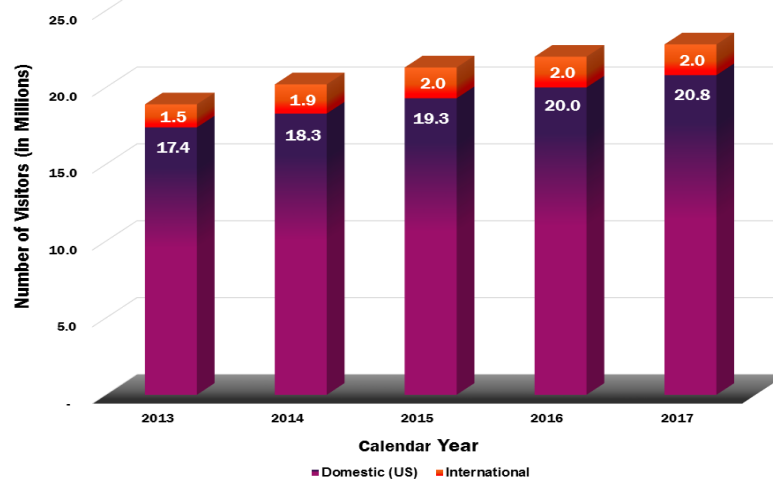
Tourism and Hospitality

Washington, D.C. is a world-class city that has evolved into a premier destination for cultural, culinary, and entertainment experiences. Millions of U.S. citizens and international tourists visit the District's more than 400 museums, war memorials, foreign embassies, and other historical landmarks each year. The hospitality industry is one of D.C.'s strongest sectors which includes roughly 130 hotels with more than 31,000 rooms, over 2,000 restaurants, and 45 performing arts venues offering in excess of 27,000 seats.

- In calendar year 2017, approximately 20.8 million domestic visitors and 2.0 million international visitors traveled to the District.

- Visitors spent approximately \$7.5 billion in 2017, an increase of \$211.0 million, over the prior year. A breakdown of visitor spending by category is as follows:
 - \$ 2.7 billion, Lodging
 - \$ 2.2 billion, Food and Beverage
 - \$ 1.2 billion, Entertainment
 - \$ 864 million, Shopping/Retail
 - \$ 612 million, Transportation
- Travel and tourism supported 75,048 jobs in the District, generating approximately \$4.18 billion in wages.

**Total Visitation to the District
(2013 – 2017)**



Tourism data for calendar year 2018 is not yet available.

Source: Destination D.C.



D.C. Street Murals

D.C. art galleries are not the only place to explore masterful works of art. D.C. neighborhood walls are covered with vibrant and unique murals celebrating everything from hometown heroes, founding fathers, silver screen stars, abstract art, museum-commissioned works and many more. Vibrant street art adds color to D.C. in any season.

This long mural adorns the wall of the local institution, Ben's Chili Bowl, on U Street, N.W.



D.C. Major Tax Rates

Sales and Use Tax	
General rate	5.75%
Alcoholic beverages	10%
Restaurant meals	10%
Cigarettes	\$ 2.94 (rate per 20-pack)
Medical marijuana	6%
Hotel (transient accommodations)	14.5%
Parking motor vehicles in commercial lots	18%
Motor Vehicle Fuel	\$ 0.24 per gallon
Real Property Tax (per \$100 assessed value)	
Residential	\$ 0.85
Commercial	\$ 1.65 (rate for the first \$3M)
Commercial	\$ 1.85 (rate for incremented values in excess of \$3M)
Vacant	\$ 5.00
Blighted	\$10.00
Individual Income	4% - 8.95%

Source: D.C. Office of Tax and Revenue

D.C. Bag Law Fee

D.C. Bag Law Fees Collected Last 3 fiscal years	
FY 2018	\$2.4 million
FY 2017	\$2.5 million
FY 2016	\$2.3 million

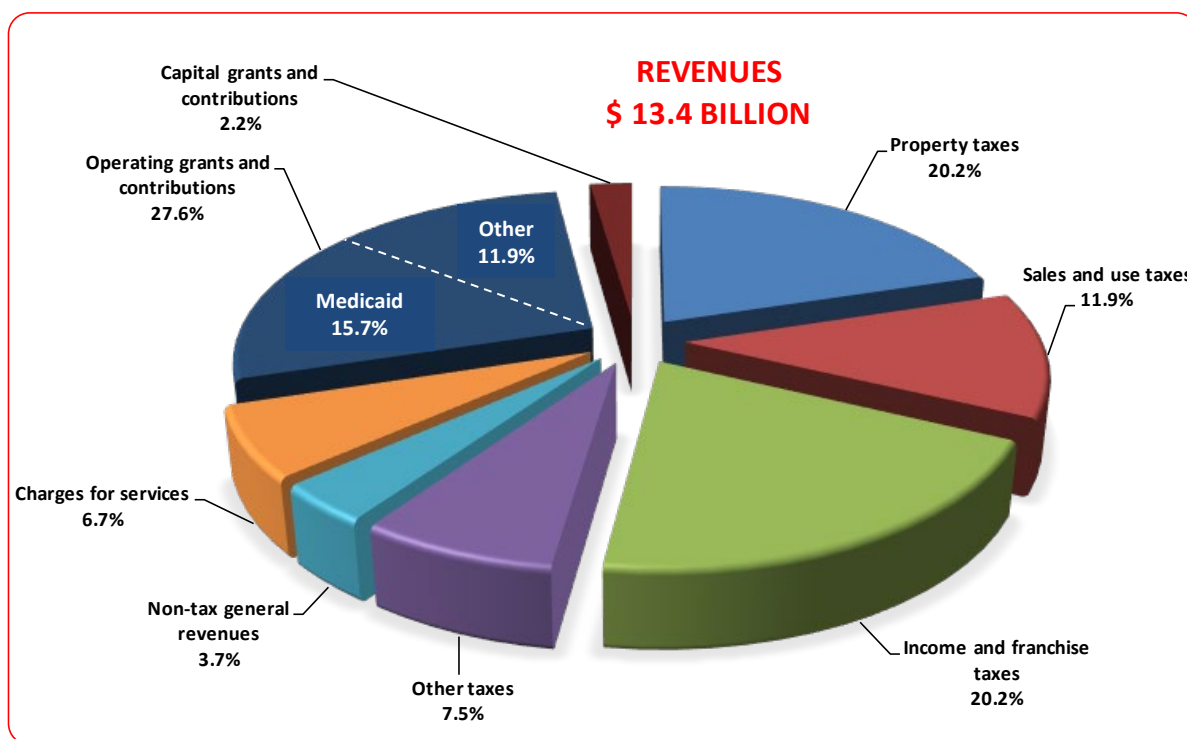


The *Anacostia River Clean Up and Protection Act of 2009* requires that all District businesses selling food or alcohol charge five cents for each disposable paper or plastic carryout bag. The proceeds from this fund are used to clean and protect the Anacostia River and other local waterways.

FY 2018 Financial Highlights

- ❖ The District again earned an unmodified or “clean” audit opinion on its financial statements and achieved its 22nd consecutive balanced budget.
- ❖ The District ended the year with a net position of \$5.7 billion, a \$304.5 million increase over last year.
- ❖ The District’s general obligation bond ratings were upgraded: *Fitch* at AA+; *Moody’s Investors* at Aaa; and *Standard & Poor’s* at AA+.
- ❖ The District has set aside \$419.5 million in emergency and contingency cash reserves and \$916.0 million in fiscal stabilization and cash flow reserves for a total of \$1.3 billion. This amount is considered sufficient to fund 58 days of government operations, 2 days short of the District’s goal and the GFOA’s recommendation of 60 days of operating reserves.
- ❖ Property taxes earned were \$2.71 billion compared to \$2.65 billion in FY 2017.
- ❖ Sales and use taxes earned were \$1.6 billion, a \$71 million increase from FY 2017 due to the continued growth in the hospitality sector (hotels and restaurants).
- ❖ 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%.
- ❖ For the three-month period ended September 2018, condominium sales were up 3.20%, while the average price was 2.20% higher.
- ❖ District resident employment in the three months ended September 30, 2018 was 3,870 (1.00%) more than the three-month period ended September 30, 2017.

Where the Money Comes From



District revenues include amounts accounted for in all funds - *governmental* (general fund, special revenue funds, and capital projects fund) and *proprietary funds* (Lottery and Games, Unemployment Compensation, and Not-for-Profit Hospital Corporation). These revenues do not include the discretely presented component units shown on page 2, which totaled \$526.0 million in FY 2018.

The major sources of the District's revenues are taxes and operating grants and contributions.

Taxes earned in FY 2018 represented 59.7% of total revenues.

Revenues received from the federal government and other 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. These include federal funding received for Medicaid which totaled \$2.1 billion in FY 2018.
- *Capital grants and contributions:* Amounts received from grantors/donors to support

the acquisition of property and equipment, and the construction of buildings or other infrastructure.

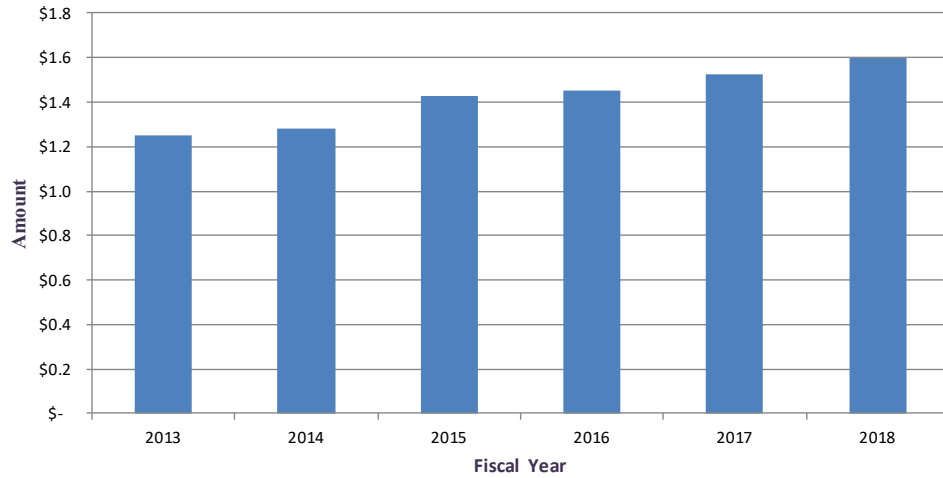
- *Charges for services:* Fees assessed in exchange for a service that is rendered (e.g., driver license fees, motor vehicle tag renewal fees, parking fees, etc.).
- *Non-tax general revenues:* Other sources of revenue which are generated by the government's operations (e.g., investment earnings, etc.).

Tax Revenues Earned in FY 2018		<i>\$ in Billions</i>
Property Taxes	\$	2.7
Sales & Use Taxes		1.6
Income & Franchise Taxes		2.7
Other Taxes		1.0
Total Tax Revenues	\$	8.0

Non-Tax Revenues Earned in FY 2018		
Operating Grants & Contributions	\$	3.7
Medicaid = \$ 2.1 Other = \$ 1.6		
Capital Grants & Contributions		0.3
Charges for Services		0.9
Non-Tax General Revenues		0.5
Total Non-Tax Revenues	\$	5.4

TOTAL FY 2018 REVENUES	\$	13.4
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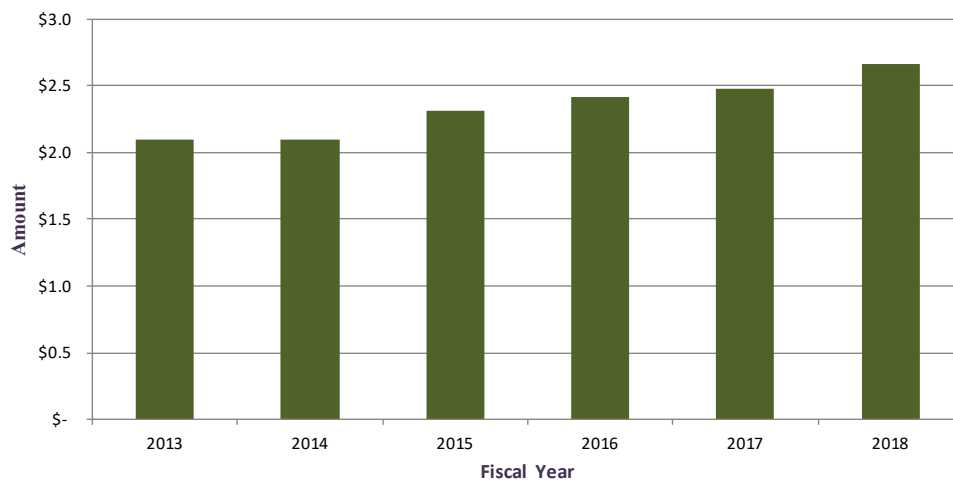
Sales and Use Tax Revenues
(\$ in Billions)

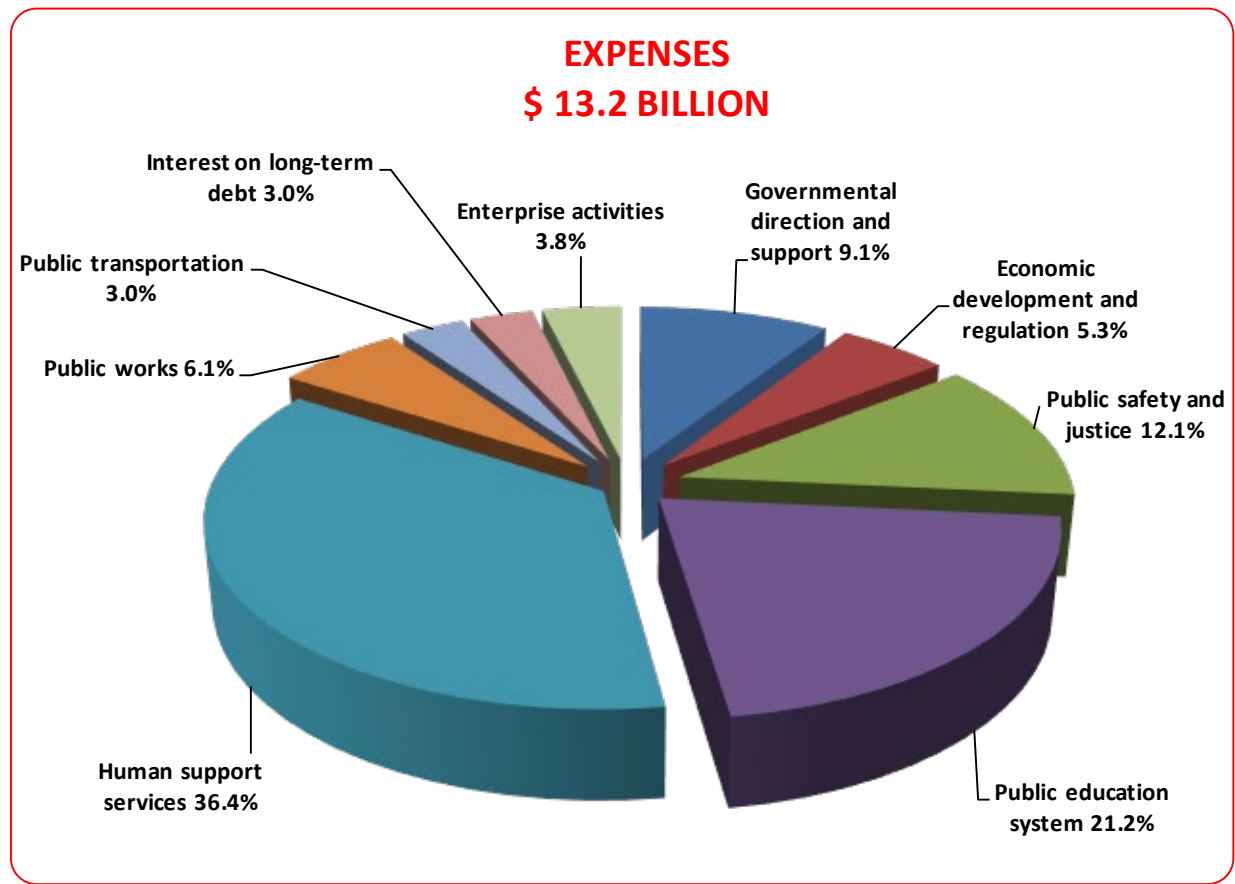


Property Tax Revenues
(\$ in Billions)



Income and Franchise Tax Revenues
(\$ in Billions)





The District provides a broad range of services to its residents, including those normally provided by states and counties. These services include police, fire and emergency medical services, human support and welfare services, public education, and recreational activities. The District is also responsible for the construction and maintenance of highways, streets, buildings, parks, and other amenities. In FY 2018, the District's total expenses were \$13.2 billion.

Human Support Services comprise the highest percentage of total expenses at 36.4%. These services are provided through Medicaid, Medicare, Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and other programs promoting health and wellness, which benefit the District's residents.

Expenses

\$ in Billions

Governmental direction & support	\$ 1.2
Economic development & regulation	0.7
Public safety & justice	1.6
Public education system	2.8
Human support services	4.8
Public works	0.8
Public transportation	0.4
Interest on long-term debt	0.4
Enterprise activities	0.5

Total Expenses

\$ 13.2

Debt Management

Long-Term Debt

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

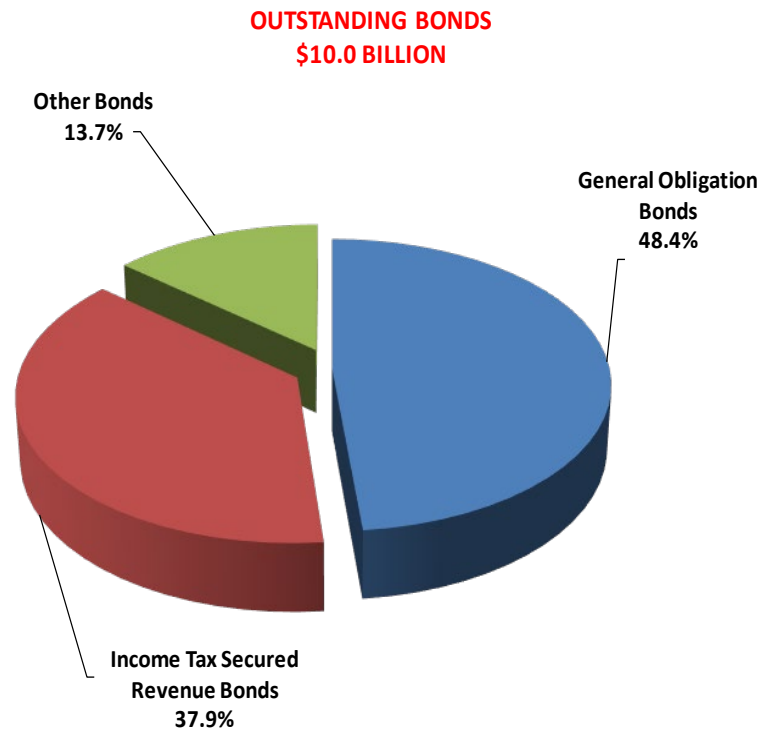
The District's general obligation bonds are authorized and issued primarily to provide funds for certain capital projects and improvements.

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 from 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, and qualified zone academy bonds.

As of September 30, 2018, the District had a total of \$10.0 billion in outstanding bonds. This represents an increase of \$439.8 million over the prior year.



Outstanding Bonds as of September 30, 2018 and 2017
(\$ in 000s)

Type of Bonds	2018	2017	Dollar Variance	Percentage Variance
General obligation bonds	\$ 4,827,105	\$ 4,078,160	\$ 748,945	18.36%
Income tax secured revenue bonds	3,776,255	4,030,695	(254,440)	-6.31%
Other bonds:				
Qualified zone academy bonds (QZAB)	2,466	3,155	(689)	-21.84%
Tobacco bonds	561,119	583,434	(22,315)	-3.82%
Tax increment financing (TIF) bonds	105,906	92,686	13,220	14.26%
Ballpark bonds	285,480	334,005	(48,525)	-14.53%
Federal highway grant anticipation revenue bonds (GARVEE)	82,620	90,170	(7,550)	-8.37%
Housing production trust fund (HPTF) bonds	107,390	110,240	(2,850)	-2.59%
Payment in lieu of taxes (PILOT) revenue bonds	219,698	205,696	14,002	6.81%
Total	\$ 9,968,039	\$ 9,528,241	\$ 439,798	4.62%

District Bond Ratings

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 bond rating agencies assess the District's financial condition and underlying credit worthiness and change their rating as warranted. See the glossary on page 19 for the rating agencies' complete rating scales.

In FY 2018, the general obligation bond ratings for all three reported agencies were upgraded while the income tax secured revenue bond ratings for all three reported agencies remained steady and strong. These upgrades reflect continued strengthening of the District's economy, finances and overall credit profile, propelling it into the top rating category.

The following tables present the District's general obligation bond ratings and the income tax secured revenue bond ratings for the past five fiscal years.

	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

Financial Statements

The government-wide financial statements focus on all the District's economic resources.

The *Statement of Net Position* presents information on all the District's assets plus deferred outflows of resources, and liabilities plus deferred inflows 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 activities, business-type activities, 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 \$1.0 billion mainly due to the District's continued investments in capital assets.
- The increase of \$812.1 million in total liabilities resulted primarily from issuance of General Obligation Bonds during fiscal year 2018 to finance capital improvement projects.
- The combined total net position for the governmental activities and business-type activities increased by 5.7% over the previous year.

- The decrease of \$163.2 million in operating grants and contributions was due primarily to a decrease in financial support for programs and services in the area of human support services.
- Driven by significant increases in property taxes, sales and use taxes, and income and franchise taxes; general revenues increased by \$187.2 million as a result of:
 - Growth in the tax base and increases in salary and wage levels
 - Higher assessed property values
 - Improvement in business conditions
 - Increase in population.
- The increase of \$493.5 million in expenses was mainly due to increased spending in public education and economic development regulation, which increased by \$231.5 million and \$132.5 million, respectively. Public education system expenses increased primarily due to an increase in the Uniform Per Student Funding rate, an increase in student

enrollment, and a retroactive payment made to members of the Washington Teachers' Union (WTU) and the District of Columbia Public Schools (DCPS) bargaining unit in fiscal year 2018. The increase in economic development and regulation expenses was mainly due to increased costs associated with programs designed to increase and preserve the supply and quality of affordable housing which benefits low-income residents.

- Each year, the Office of Lottery and Charitable Games transfers substantially all its net income to the District. In FY 2018, it transferred \$49.5 million of its income, which was a \$3.9 million increase from the prior year's transfer of \$45.6 million.

Statement of Net Position as of September 30, 2018
(\$ in 000s)

	Governmental activities		Business-type activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$5,600,915	\$5,342,804	\$542,985	\$505,503	\$6,143,900	\$5,848,307
Capital assets	13,762,660	13,020,369	72,469	79,737	\$13,835,129	\$13,100,106
Total assets	19,363,575	18,363,173	615,454	585,240	19,979,029	18,948,413
Deferred outflows of resources	330,497	368,872	-	-	330,497	368,872
Liabilities						
Long-term liabilities	12,107,920	11,302,441	7,270	9,120	12,115,190	11,311,561
Other liabilities	1,823,683	1,818,626	72,272	68,862	1,895,955	1,887,488
Total liabilities	13,931,603	13,121,067	79,542	77,982	14,011,145	13,199,049
Deferred inflows of resources	611,068	735,375	-	-	611,068	735,375
Net position:						
Net investment in capital assets	3,467,965	3,204,028	72,469	79,700	3,540,434	3,283,728
Restricted	1,727,770	1,538,687	459,203	416,373	2,186,973	1,955,060
Unrestricted	(44,334)	132,888	4,240	11,185	(40,094)	144,073
Total net position	\$5,151,401	\$4,875,603	\$535,912	\$507,258	\$5,687,313	\$5,382,861

Statement of Activities for the Year Ended September 30, 2018
(\$ in 000s)

	Governmental activities		Business-type activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$608,050	\$594,322	\$307,189	\$342,411	\$915,239	\$936,733
Operating grants and contributions	3,674,019	3,832,821	20,789	25,217	3,694,808	3,858,038
Capital grants and contributions	261,450	219,751	-	-	261,450	219,751
General revenues:						
Property taxes	2,713,310	2,651,688	-	-	2,713,310	2,651,688
Sales and use taxes	1,597,940	1,527,120	-	-	1,597,940	1,527,120
Income and franchise taxes	2,666,690	2,479,847	-	-	2,666,690	2,479,847
Other taxes	876,597	866,908	144,068	143,728	1,020,665	1,010,636
Non-tax revenues	536,715	537,208	11,043	9,645	547,758	546,853
Total revenues	12,934,771	12,709,665	483,089	521,001	13,417,860	13,230,666
Expenses	12,812,735	12,310,345	442,355	451,287	13,255,090	12,761,632
Increase in net position before transfers	122,036	399,320	40,734	69,714	162,770	469,034
Transfers in (out)	12,080	29,616	(12,080)	(29,616)	-	-
Change in net position	134,116	428,936	28,654	40,098	162,770	469,034
Net position - Oct 1, as restated	5,017,285	4,446,667	507,258	467,160	5,524,543	4,913,827
Net position - Sept 30	\$5,151,401	\$4,875,603	\$535,912	\$507,258	\$5,687,313	\$5,382,861

Projects in Development

Washington, D.C. is a thriving city with multiple projects in development that will help sustain the economy and produce strong financial results. The following are three major projects in development.

Capitol Crossing

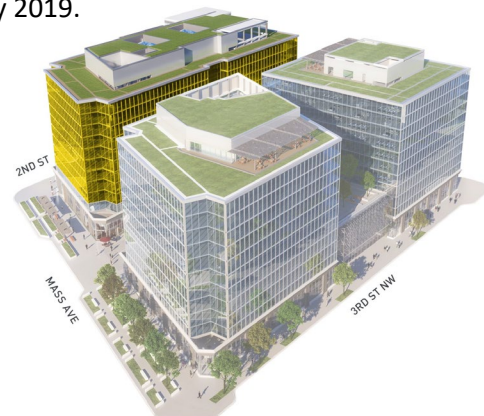
200-250 Massachusetts Avenue, 200 F Street, 201 F Street, and 600 Second Street, N.W. (Capitol Hill)

Capitol Crossing is one of D.C.'s biggest community revitalization projects that will reconnect the East End and Capitol Hill on seven acres of land on a platform above the I-395 tunnel. The 2.2 million square-foot project will house five Platinum LEED-certified, mixed-use buildings connected by landscaped public areas. The completed project will include: 70,000 square feet of retail, 1,100 garage parking spaces and 1.9 million square feet of office space.

Construction began in 2014 and will continue until 2021.

200 Massachusetts Avenue (the building highlighted in the diagram below) was completed and delivered in 2018.

250 North and 250 South Massachusetts Avenue (the other conjoined buildings in the diagram below) will be completed and delivered in early 2019.



The final three buildings, 200 F Street, 201 F Street, and 600 Second Street are still under construction and slated to be completed in 2021.

Skyland Town Center

At the union of Good Hope Road, Naylor Road and Alabama Avenue, S.E.

For more than fifteen years, the District has sought to redevelop the blighted Skyland Shopping Center in the southeast neighborhood. After years of planning and many attempts to secure financing, construction is finally underway headed by developers Rappaport Co. and WC Smith.

The new Skyland Town Center is an 18.5 acre mixed-use residential and retail development that will offer 480 residential units and approximately 325,000 square feet of first-floor retail. With a unique blend of urban and suburban, it will combine living, shopping, dining, and gathering into one vibrant town square.



Architect rendering of Skyland Town Center

Construction began in 2018. The first phase of retail and residences is expected to be completed by 2020.

The Parks at Walter Reed

6900 Georgia Avenue, N.W.

(Former site of the Walter Reed Army Medical Center)

The Walter Reed Army Medical Center (WRAMC) is a 110-acre campus that served as the site of the Army's primary medical activities for most of the twentieth century. In 2011, all the WRAMC activities were relocated to a facility in Bethesda, Maryland and the Department of Defense deemed the site as surplus. Then, in 2016, 66 acres of the site were acquired by the District of Columbia for redevelopment. The remaining 44 acres will house a Foreign Mission's Center.

On April 24, 2017, the Mayor broke ground on the land redevelopment project located in Ward 4, which has been dubbed *The Parks at Walter Reed*.



Construction on the 3.1 million square feet site will be phased over a 10-15-year period.

At full build-out The Parks at Walter Reed will include:

- 2,200 residential units, including 20% of affordable housing units
- 190,000 square feet of retail
- 325,000 square feet of office and medical space
- 200-key hotel and conference center
- 20 acres of open space
- Reuse of existing historic buildings

The first phase includes demolition of Building 2, the large hospital. This will make way for the development of a new town center. Below is the Architect's rendering of the new Town Center.



The Sports Capital

Audi Field Soccer Stadium

On July 9, 2018, the Mayor joined the DC United soccer team and other District officials to cut the ribbon on Audi Field, a new world-class soccer stadium in Ward 6. The 20,000-seat stadium is expected to attract one million new visitors annually and spur more than \$1.6 billion in total economic activity over the life of the stadium.

Audi Field is located at 2nd, T, and R Streets and Potomac Avenue, S.W., just two blocks from Nationals Park. The first major league soccer match at Audi Field was played on Saturday, July 14, 2018 between DC United and Vancouver Whitecaps FC, which ended in a 3-1 win for DC United in front of a sellout crowd of 20,504 people.



Entertainment and Sports Arena

On September 22, 2018, the Mayor and Events DC cut the ribbon on a new Entertainment and Sports Arena located in the Congress Heights neighborhood of Ward 8. The new venue will be the home of the Washington Mystics WNBA team, and the Capital City Go-Go NBA G-League team. It will also serve as the official practice facility for the Washington Wizards NBA team.

The state-of-the-art 118,000-square foot, 4,200-seat facility will be a year-round destination within the city for residents and visitors alike. It is projected to produce \$90 million in tax revenue over 20 years and attract more than 380,000 visitors annually.



2018 Stanley Cup Championship

For the first time in their 44-year history, the Washington Capitals hockey team won the Stanley Cup. On June 12, 2018, the team along with the Mayor celebrated with a parade that attracted tens of thousands of fans in downtown D.C.



The 89th Major League Baseball All Star Game was hosted by the Washington Nationals and played at Nationals Park on July 17, 2018. It was the first time for the Nationals team since its move to D.C. in 2005.

Miscellaneous Statistics

	FY 2018	FY 2017
Number of police officers	3,855	3,821
Number of police patrol cars	1,240	1,245
Police crime index offenses	33,031	34,774
Number of fire fighters & EMS personnel	1,927	1,892
Number of fire & EMS stations	34	34
Number of front-line emergency vehicles	168	168
Total number of fire/rescue incidents	39,390	35,712
Number of D.C. Public School teachers	4,121	3,996
Number of D.C. Public School students	48,144	48,555
Number of D.C. Public School high school graduates	2,504	2,844
Number of University of D.C. instructors	232	235
Number of University of D.C. students	4,500	4,527
Number of University of D.C. graduates	702	817
Convention Center conferences held	167	184
Convention Center attendees	1,563,622	1,163,753
Number of refuse collection trucks	102	81
Refuse collected (tons per day)	369	328
Recyclables collected (tons per day)	102	115

Outlook for FY 2019

The U.S. economy grew a little faster in FY 2018 than in FY 2017, but most forecasts anticipate that growth will slow in FY 2019. D.C. local revenues increased by about 3.5% in FY 2018 and are expected to grow by about 3.9% in FY 2019. Gains in population and private sector jobs continue to add to the District's economy and tax base.

- The District's population continued to grow in FY 2018, demonstrating its continued attraction as a place to live.
- Federal employment in D.C. decreased in FY 2018 and this appears likely to continue through FY 2019 as well.
- The private sector accounted for all the net increase in job growth in the District in FY 2018. Percentage gains in the District's private sector growth have recently been a little less than those for the nation as a whole. The biggest private sector job increases in D.C., in FY 2018, were in food services, professional services, information, and education.
- Despite the uncertainty surrounding federal fiscal policy, federal government expenditures generally contribute to stability in the District's economy. The lengthy partial shutdown of the federal government in early 2019 had only a short-term impact on the local economy.
- Investments in economic development are attracting new businesses and housing in all neighborhoods of the city. In late 2018, Amazon announced that it had selected the Crystal City neighborhood in Arlington, Virginia (now dubbed National Landing) as one of the two sites for its new HQ2 location. National Landing will add 25,000 new jobs to the region in over ten years with the potential for large spillover benefits to the District in the form of new jobs and new residents.

Blended Component Unit	<p>A legally separate organization which functions as an integral part of the primary government and whose data is blended with those of the primary government.</p> <p>The District currently has two blended component units:</p> <ol style="list-style-type: none">1) District of Columbia Tobacco Settlement Financing Corporation2) Not-for-Profit Hospital Corporation
Business-type Activities	<p>Financed in whole or in part by fees charged to external parties for goods or services. The District reports Lottery and Charitable Games, Unemployment Compensation Fund, and Not-for-Profit Hospital Corporation as Business-type activities.</p>
Capital Assets	<p>Assets (infrastructure, land, buildings, equipment) used in operations that have initial useful lives extending beyond a fiscal year.</p>
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 four discretely presented component units:</p> <ol style="list-style-type: none">1) Health Benefit Exchange Authority2) Housing Finance Agency3) University of the District of Columbia4) Washington Convention and Sports Authority
Comprehensive Annual Financial Report (CAFR)	<p>An annual report issued by state and local governmental entities. A CAFR has three major sections: introductory, financial and statistical.</p>
DDOT	<p>District Department of Transportation</p>
Debt Service	<p>Cash required in a given period, usually one year, for payment of interest and principal on outstanding debt.</p>
Deferred Inflows of Resources	<p>An acquisition of net position by the government that is applicable to a future reporting period.</p>
Deferred Outflows of Resources	<p>A consumption (use) of net position by the government that is applicable to a future reporting period.</p>
Economic Resources	<p>All inflows, outflows, and balances affecting or reflecting a governmental entity's net position.</p>
Fiscal Year (FY)	<p>A financial reporting period of twelve months. The District's fiscal year commences October 1 and ends September 30.</p>
Fund	<p>A separate fiscal and accounting entity used to segregate and account for resources related to a specific activity.</p>

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.
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 standard 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 of 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 Pension Asset	The excess of a pension plan's fiduciary net position over its total pension liability.
Net Position	The residual of all other elements presented in a statement of financial position. The difference between assets + deferred outflows of resources, on one hand, and liabilities + deferred inflows of resources, on the other, constitutes net position, the last of the financial statement elements.
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 by the general public.
Program Revenues	Revenues that derive directly from a government's programs (fees and charges) or from sources outside the reporting government's tax base, which are directly related to a specific 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.

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 creditworthiness 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		
	Fitch	Moody's	Standard & Poor's
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.

Unmodified or "Clean" Audit Opinion

A written report issued by an independent public accountant 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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YEAR ENDED SEPTEMBER 30, 2018