January 24, 2020

The Honorable Muriel Bowser
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Dear Mayor Bowser:

I am pleased to present the District of Columbia’s Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2019. The FY 2019 CAFR includes financial statements which were audited by SB & Company, LLC, a team of independent certified public accountants. Based on the results of the audit procedures performed, SB & Company, LLC issued an unmodified (clean) opinion on the District’s FY 2019 financial statements. This marks the 23rd consecutive year in which the District has received such an opinion on its annual financial statements. An unmodified opinion indicates that no material misstatements or errors were identified as a result of the audit procedures performed. Additionally, this is the fifth consecutive year in which there were no findings of material weaknesses or significant deficiencies. Consequently, the auditors determined that the FY 2019 financial statements fairly and accurately present the District’s financial position, in all material respects, for that year. This opinion, which is based on an independent examination, should provide assurance to District residents, government officials, and other stakeholders that the financial information presented in the CAFR is accurate and in compliance with required standards.

The FY 2019 CAFR illustrates the District’s continued strong financial health and economic standing. Approximately one year ago, we were in the midst of the longest federal government shutdown in US history, lasting 35 days. The shutdown adversely affected the District’s economy, particularly sales taxes related to hotels and restaurants, and income taxes from federal employees and contract workers. In this context, the outstanding results of FY 2019 are even more remarkable given events at the start of the year. The city’s combined net position, which is its total assets minus its total liabilities, increased by $971.6 million or 17.1%, from $5.687 billion in FY 2018, to $6.659 billion in FY 2019. This significant improvement in net position makes the District more financially resilient and better able to safely withstand future economic downturns.

As of September 30, 2019, the District’s liquidity funds (federally and locally mandated reserves) totaled $1.434 billion. This level of reserves equates to 60 days of operating cash that can be used to meet the District’s obligations and continue operations in the event of an emergency or crisis.

Review of the District’s bond ratings also provides insight into the city’s financial strength. In FY 2019, the city’s bond ratings were as follows: General Obligation (GO) Bonds: Fitch Ratings, AA+; Moody’s Investors Service, Aaa; and S & P Global Ratings, AA+ and Income Tax Secured (ITS) Revenue Bonds:
Fitch Ratings, AA+; Moody’s Investors Service, Aa1; and S & P Global Ratings, AAA. Receiving and maintaining such high ratings from the credit rating agencies allowed the District to access the markets and issue bonds at very low interest rates. During FY 2019, the District issued $937.8 million in general obligation bonds, the proceeds of which were used to finance economic development initiatives, infrastructure improvements, other capital projects, and reduce debt service costs.

Population continued to grow during FY 2019, reaching 710,051 as of September 30, 2019, and the job market continued to improve. There were 8,400 new jobs created during the fiscal year, with an unemployment rate holding steady at 5.40%.

These results were achieved through the sustained partnership of the District’s elected leadership and the Office of the Chief Financial Officer. Moving forward, we must continue to use sound financial management, accounting, and reporting practices in order to maintain the District’s financial strength and stability. I know that we are all firmly committed to achieving this overarching goal.

I would also like to express my sincere gratitude to all program and financial staff across the city, as well as other partners who worked closely with us to manage and account for the District’s financial resources. Without their dedication and commitment, the District would not be able to maintain its strong financial footing. Working together, we were able to operate within budgetary constraints and issue the FY 2019 CAFR on time with an unmodified (clean) audit opinion. Congratulations to all on these achievements! Our city is indeed the District of Champions!

Sincerely,

[Signature]

Jeffrey S. DeWitt
Chief Financial Officer