

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



**Glen Lee**  
Chief Financial Officer

January 24, 2024

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year (FY) ended September 30, 2023. Although FY 2023 presented economic challenges, the District's financial health remained strong due to continued sound financial management practices, timely and effective decision-making, and the collaboration, cooperation, and hard work of many across the District government.

McConnell & Jones, LLP, independent certified public accountants, audited the FY 2023 ACFR, with the assistance of Regis & Associates, PC. The WERS Group also assisted with the financial statement audits of component units and other independent entities. This was the fourth year in which this combined team of independent accountants audited the District's ACFR. Based on the results of the audit procedures performed, the auditors issued an unmodified (clean) opinion on the District's FY 2023 financial statements.

Such an opinion indicates that the auditors found no material misstatements or errors in the District's FY 2023 financial statements. Consequently, District residents and other stakeholders can be assured that the District's accounting and financial management practices are sound, and the information presented in the ACFR is reliable.

In addition, the auditors were able to issue an unmodified (clean) opinion on the financial statements for FY 2022 and FY 2023 of the Washington Convention and Sports Authority (EventsDC), a financial component unit of the District. In FY 2022, Events DC was the subject of a ransomware attack, which resulted in the encryption and loss of a significant amount of detailed financial data from that year. The auditors determined that without access to these data last year, they could not verify the accuracy of Events DC financial statements. During 2023, Events DC staff re-created these data in a manner sufficient for the auditors to properly assess and provide an opinion for FY 2022 and FY 2023 financial statements.

Key economic data indicate that the District's economy has not fully recovered from the pandemic-induced recession of 2020. Employment within the District is not expected to reach 2019 (pre-pandemic) levels over the financial plan period as there has been a notable decline in federal employment in the District, as the federal government struggles to replace retirees and other departees. As of September 2023, the unemployment rate within the District increased to 5% (seasonally adjusted), up from 4.1% (seasonally

adjusted) reported a year earlier. Additionally, commercial office occupancy declined during Fiscal 2023, a factor that continues to slow the District's recovery.

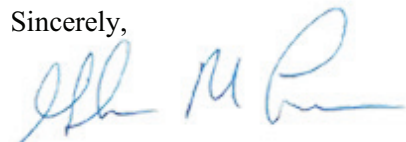
Positive trends in other areas, however, indicate economic improvement. The population decline that occurred as a result of the pandemic reversed in 2022, with continued growth occurring in 2023, and steady growth expected over the next several years. The number of leisure and hospitality jobs has also increased from the pandemic low, and tourism and hotel occupancy are performing well due to a resurgence in domestic leisure and business travel.

Through the use of prudent business practices and the availability of healthy reserves, the District was able to address unforeseen challenges and make needed services and programs available to District residents and businesses as economic recovery continued in FY 2023. Due to its strong financial standing, the city continues to be well equipped to address issues when they arise. The District's bond ratings in FY 2023 were high and remained unchanged from the previous year. The District's *General Obligation (GO) Bond* ratings were as follows: Fitch Ratings, AA+; Moody's Investors Service, Aaa; and S & P Global Ratings, AA+. Its *Income Tax Secured (ITS) Revenue Bonds* maintained the following ratings: Fitch Ratings, AA+; Moody's Investors Service, Aa1; and S & P Global Ratings, AAA. High credit ratings allow the District to access the financial markets and issue bonds with low interest rates, maximizing resources available for programs and services as well as much-needed investments in infrastructure, economic development, and other capital projects.

The District's reserve levels also indicate the health and strength of the city's finances. As of September 30, 2023, the District's liquidity funds (federally and locally mandated reserves) totaled \$1.56 billion. At this level, the District has resources to meet obligations and continue operations during times of emergency or other unanticipated events.

During FY 2023, we worked together to navigate economic and operational challenges including the implementation of a new enterprise-wide financial system, the District Integrated Financial System (DIFS). I would like to thank all financial and program staff across the city, and other partners and stakeholders who worked with us to manage and account for the District's financial resources in DIFS. As a result of the dedicated efforts of many, we were able to operate within budgetary constraints, close the government's books, complete the annual financial audit, and prepare and issue the FY 2023 ACFR on time with an unmodified (clean) audit opinion. We all should be extremely proud of these accomplishments.

Sincerely,



Glen Lee  
Chief Financial Officer