

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**ANTHONY A. WILLIAMS** MAYOR

**NATWAR M. GANDHI** CHIEF FINANCIAL OFFICER



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



YEAR ENDED SEPTEMBER 30, 2003



ANTHONY A. WILLIAMS  
MAYOR

January 23, 2004

Dear Citizens of the District of Columbia:

I am pleased to present the District of Columbia's Fiscal Year 2003 Comprehensive Annual Financial Report (CAFR). We completed Fiscal Year 2003 with a surplus of \$32 million, and once again the audit opinion is unqualified.

These outcomes mark the seventh consecutive year that the District realized surpluses and earned an unqualified opinion on its financial statements. These accomplishments have significantly improved the District's access to more favorable financing rates in the credit markets, and have increased interest in investing in residential, retail, and commercial projects throughout the entire District.

In my second inaugural address, I spoke about building upon my promise to make government work for all. We are not there yet, but we have put a substantial down payment on a better future for D.C. and its residents. Over the next few years, three priorities that we must still achieve are to better educate our children, expand opportunity for all, and increase the availability of affordable homes for our residents.

In an effort to meet these priorities, I have pledged to attempt to increase the resident population in the District by 100,000 over the next 10 years; to radically rethink the funding, organization and operation of the D.C. Public Schools; and to make sure that economic development spreads throughout the entire District. As impressive as our recent successes have been, we must continue to concentrate and to work even harder on the District's long-term viability.

With your continued support, we hope to spread the District's financial success to all of our neighborhoods and citizens.

Sincerely,

A handwritten signature in black ink that reads "Anthony A. Williams".

Anthony A. Williams  
Mayor

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



Natwar M. Gandhi  
Chief Financial Officer

January 23, 2004

The Honorable Anthony A. Williams  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

Dear Mayor Williams:

I am pleased to present the District of Columbia's Fiscal Year 2003 Comprehensive Annual Financial Report (CAFR). The year ended with General Fund revenues exceeding expenditures by \$32 million and a fund balance of \$897 million. I can also report that the District's financial statements again earned an unqualified "clean" audit opinion from its independent auditors. The District has just completed the seventh consecutive year of financial recovery. Each year ended with both a budget surplus and an unqualified audit opinion.

During Fiscal Year 2003, tax collections were \$106.9 million higher than expected, charges for services and other sources were \$(44.92) million less than expected, while grants and contributions were \$0.5 million higher than expected. In all, \$26.0 million more in general fund revenues were received than budgeted. Expenditures and other uses were lower in every category, resulting in \$37.2 million less being spent than was budgeted. Actual revenues exceeded actual expenditures by \$53.7 million on a budgetary basis, and by \$32 million on a basis consistent with generally accepted accounting principles.

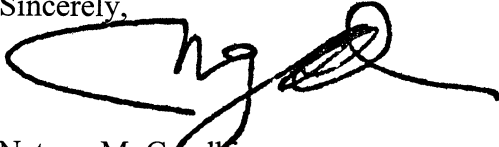
We have accumulated an emergency and contingency cash reserve of approximately \$253.8 million, and our financial condition has allowed the District to continue to improve its bond rating. As a result, we enjoy lower borrowing costs on the District's outstanding debt. On the other hand, the District is always just one emergency away from an economic crisis. This condition exists because there is an imposed structural arrangement that unfairly limits the District's ability to generate revenue from its tax base. The federal government's restructuring in 1997 acknowledged the problem but failed to provide a long-term solution. The overall economic and structural position of the District remains a pressing issue that still needs to be addressed with the U.S. Congress and the President.

I would like to commend the many employees, both program and financial staff, especially the staff of the Office of Financial Operations and Systems, who have worked diligently to guarantee a successful closure of the District's books and ensure that our records meet the highest

standards required for an unqualified audit opinion. The many improvements that have been made in financial staffing, systems, and operations allow the program staff to more effectively manage government operations at all levels.

The District is one of the few major city or state governments in the United States that prepares its own CAFR. As we have continued to refine and improve our financial systems and processes, it is now firmly established that the annual audit requirement has become a routine event in the District's overall financial management reporting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Natwar M. Gandhi', with a large, stylized initial 'N' and a long horizontal stroke extending to the right.

Natwar M. Gandhi  
Chief Financial Officer

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**Government of the District of Columbia  
Comprehensive Annual Financial Report  
Year Ended September 30, 2003**

**Prepared by:**

**Office of the Chief Financial Officer  
Office of Financial Operations and Systems**

**Anthony F. Pompa  
Deputy Chief Financial Officer  
810 First Street, NE, Suite 200  
Washington, D.C. 20002**

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**DISTRICT OF COLUMBIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended September 30, 2003**

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