

# CITIZEN'S FINANCIAL REPORT

## 2 0 0 3

**ANTHONY A. WILLIAMS** MAYOR

**NATWAR M. GANDHI** CHIEF FINANCIAL OFFICER

PREPARED BY THE OFFICE OF FINANCIAL OPERATIONS & SYSTEMS  
**ANTHONY F. POMPA** DEPUTY CHIEF FINANCIAL OFFICER



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



YEAR ENDED SEPTEMBER 30, 2003

---

April 23, 2004

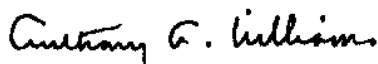
Dear Citizens of the District of Columbia:

We are pleased to present to you this first Citizen's Financial Report on the fiscal condition of the Government of the District of Columbia (District). The purpose of this report, which is referred to as the *Popular Annual Financial Report (PAFR)*, is to summarize and simplify the presentation of financial information. Most of the information presented in this report is taken from the fiscal year (FY) 2003 Comprehensive Annual Financial Report (CAFR) of the District of Columbia. The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and is independently audited. The FY of the District begins on October 1 and ends on September 30.

The reports and statements contained in this PAFR do not present the entire financial reporting entity and may not conform to generally accepted accounting principles (GAAP) and governmental reporting standards. However, it meets the commitment to provide relevant disclosures to residents regarding our fiscal condition, general economy, and financial trends. This PAFR is intended to simplify but not replace the CAFR. If you would like to review or obtain a copy of the District Government's FY 2003 CAFR, please contact the Office of Financial Operations & Systems at (202) 442-8200 or access our website at [www.cfo.dc.gov](http://www.cfo.dc.gov).

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](http://www.dc.gov).

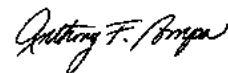
Respectfully submitted,



Anthony A. Williams  
Mayor



Natwar M. Gandhi  
Chief Financial Officer



Anthony F. Pompa  
Deputy CFO for  
Financial Operations  
& Systems



# ***District of Columbia Citizen's Financial Report***



## **Introduction**

The Popular Annual Financial Report is a report for the citizens. It provides information about the District's financial condition without overwhelming detail and technical accounting terminology. The PAFR provides simplified information at the government-wide level and the major fund level, and includes certain selected statistical information cited in our Comprehensive Annual Financial Report (CAFR).

This PAFR summarizes the basic financial information about the District in an easy to understand format. The reports and statements are supported in more detail in the District's CAFR, which is prepared in accordance with generally accepted accounting principles. However, much of the information in the CAFR is necessarily technical and complex and geared toward trained financial professionals and business entities.

This report presents financial information for the District's fiscal year ended September 30, 2003.

## **Financial Reporting Entity**

The financial reporting entity of the District includes all of the primary government's agencies and its component units. However, this popular report does not include financial information for the legally separate component units. The District's component units are:

- Water and Sewer Authority
- Washington Convention Center
- Housing Finance Agency
- Sports and Entertainment Commission
- University of the District of Columbia

---

## **INDEX**

|   |           |
|---|-----------|
| <b>Financial Condition .....</b>                  | <b>2</b>  |
| <b>Structural Imbalance.....</b>                  | <b>3</b>  |
| <b>Economic Conditions.....</b>                   | <b>3</b>  |
| <b>Population Trends .....</b>                    | <b>5</b>  |
| <b>Employment Trends .....</b>                    | <b>5</b>  |
| <b>Major Initiatives .....</b>                    | <b>6</b>  |
| <b>Accomplishments .....</b>                      | <b>8</b>  |
| <b>Financial Resources .....</b>                  | <b>10</b> |
| <b>Resources Allocation .....</b>                 | <b>12</b> |
| <b>Government-Wide Financial Statements .....</b> | <b>14</b> |
| <b>Miscellaneous Statistics .....</b>             | <b>19</b> |
| <b>Glossary .....</b>                             | <b>20</b> |

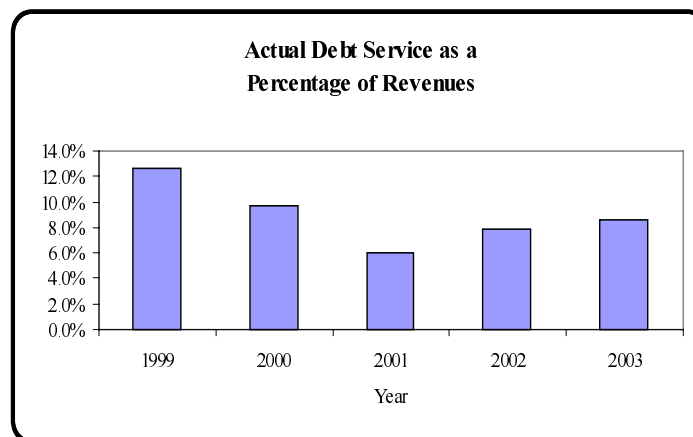
---

# Financial Condition

## FY 2003 Highlights:

- The District finished the year with an unqualified or “clean” audit opinion.
- The General Fund, used to account for all taxes, fees and charges for services, ended the year with a surplus of \$32.0 million.
- The General Fund showed an accumulated fund balance of \$897.4 million, which includes \$253.8 million in a congressionally mandated cash reserve. This cash reserve requirement totals 7% of the operating budget. The fund balance represents an increase of \$1.4 billion from the FY 1996 deficit of \$454.0 million.
- The District’s legal debt limitation allows for the allocation of up to 17.0% of total revenues for debt service this year. However, the fiscal year 2003 actual debt service was only 8.6% of total revenues, or about 50.6% of the debt service ceiling.
- The District received a positive outlook on its general obligation bonds from Moody’s, and earned bond-rating upgrades to A minus from Standard and Poor’s and Fitch ratings.

| FY 2003 General Fund<br>Fund Balance                   |                      |
|--|----------------------|
| <b>Reserved &amp; designated</b>                       | <b>\$ 813.2 mil.</b> |
| <i>Emergency/contingency cash reserves: 253.8 mil.</i> |                      |
| <i>Bond escrow: 213.2 mil.</i>                         |                      |
| <i>Restricted use: 152.0 mil.</i>                      |                      |
| <i>Other: 194.2 mil.</i>                               |                      |
| <b>Unreserved &amp; Undesignated</b>                   | <b>84.2 mil.</b>     |
| <b>TOTAL FUND BALANCE</b>                              | <b>\$ 897.4 mil.</b> |



| FY 2003 General Fund Surplus<br>(\$ in millions) |                |                |             |
|--|----------------|----------------|-------------|
|  | Revised Budget | Actual         | Variance    |
| <b>Revenues</b>                                  |                |                |             |
| Taxes  | \$ 3,186.5     | \$ 3,293.4     | \$ 106.9    |
| All other general fund sources                   | 654.3          | 573.5          | (80.8)      |
| <b>Total revenues</b>                            | <b>3,840.8</b> | <b>3,866.9</b> | <b>26.1</b> |
| <b>Expenditures</b>                              |                |                |             |
| FY 2003  | 3,815.4        | 3,778.2        |             |
| FY 2004 advance to public education              | 35.0           | 35.0           |             |
| <b>Total expenditures</b>                        |                | <b>3,813.2</b> |             |
| <b>Revenues over expenditures</b>                |                | <b>53.7</b>    |             |
| Accounting adjustments                           |                | (21.7)         |             |
| <b>SURPLUS</b>                                   |                | <b>\$ 32.0</b> |             |

In FY 2003, the District issued \$866.0 million in General Obligation refunding and capital bonds. Of this amount, \$163.0 million, or 18.8%, was used to refinance or repay outstanding long-term debt. The remaining \$703.0 million, or 81.2%, was allocated primarily for the repair and replacement of some of the District bridges, roads, streets and sidewalks. Some of these multi-year major projects are the following:

- Rehabilitation of the Anacostia Freeway
- Maintenance of the National Highway System Roadways
- Benning Road Bridge over the Anacostia River
- Rehabilitation of the Southern Avenue Bridge over the Suitland Parkway
- The new Washington Convention Center area improvements

## Structural Imbalance

On June 4, 2003, The US General Accounting Office (GAO) released its report “*District of Columbia: Structural Imbalance and Management Issues*,” which confirmed that the District of Columbia has a structural imbalance that ranges from \$470.0 million to more than \$1.1 billion. The GAO report specifically states that “Without changes in the underlying factors driving expenses and revenue capacity, the structural imbalance will remain.”

The structural imbalance includes a prohibition on taxing federal real property, which comprises 42 percent of the District's property value, and other non-municipal tax-exempt property, such as universities, which comprise an additional 11 percent. Further constraining the District's tax base are restrictions on taxing income at source, which means that the District can tax just 34 percent of the income earned within its borders. The District also provides state-like functions such as human services, mental health, and higher education estimated at \$500.0 million annually.

Over the past several years, the District has submitted balanced and responsible budgets during periods of increasing as well as stagnating and declining revenues. However, despite these balanced budgets, there is a serious long-term financial problem; a structural imbalance that transcends short-term challenges and cyclical revenue fluctuations. This imbalance creates a long-term gap between the District's ability to raise revenue at reasonable tax rates and the District's ability to provide services of reasonable quality to its residents.

There are few options. The District can increase the tax burden on businesses and residents even further. However, this could drive potential and current residents or businesses to locate in adjacent, lower-tax states and have an adverse impact on total tax receipts. This option forces the District to choose between tax levels that are higher than the national average and service levels that are lower than the national average, or a combination of both.

An alternative solution is federal compensation for the District's unique relationship with the federal government. The District has to fund itself with a federally restricted tax base and yet provide un-reimbursed services to the federal government.

The structural imbalance is a matter for District and congressional policy-makers and should be addressed with urgency. A dialogue must continue that revisits the local/federal partnership and arrives at a long-term solution for equitable support of District services. The solution ensures the long-term financial viability of the nation's capital.

## Economic Conditions

The District of Columbia, as the nation's capital, is the seat of the three branches of the federal government and headquarters for most federal departments and agencies. The federal work force in the District averaged approximately 189,000 employees in FY 2003. An additional 150,000 federal employees worked elsewhere in the Washington metropolitan area. The District and the federal government, over the past

decade, continue to down size and now employ fewer people. However, new business operations, especially in the service industry, have filled the void and are driving the strengthening local economy.

The District hosts, on a permanent basis, more than 170 foreign embassies and recognized diplomatic missions. Also, a number of international organizations have their headquarters in the District, including the International Monetary Fund, the World Bank, the Inter-American Development Bank, and the Organization of American States. The United States' increasing involvement and leadership in international security, and economic, political and health affairs insure that even more international organizations will either establish offices within the District or the Washington metropolitan area.

In calendar year 2002, approximately 17.6 million U.S. citizens visited Washington, D.C., a decrease of about 3% from 2001. The estimate of international visitors for 2002 is placed at one million, representing a decrease of about 14% from 2001. The total spending by visitors to D.C. in 2002 is not yet available but is expected to be comparable to the 2000 spending of \$8.5 billion. The direct visitor spending in the District generated additional business activities in related service industries and boosted local as well as regional economic growth.

Current development projects in retail, entertainment, tourism, and housing support the expectation of additional growth in private sector employment over the next several years. A number of national retail and food service chains have already moved into renovated commercial spaces across the central business district, and similar projects are appearing in surrounding areas. The Swedish clothier Hennes & Mauritz partially leased the long-vacant Woodward & Lothrop Department store downtown and opened to long lines of customers in August 2003. It is hoped that this is a sign of the renewed interest of retailers to locate or expand their operations in the District's historic retail-oriented downtown.

The District, in partnership with the federal government and businesses in the New York

Avenue Technology Corridor, has agreed to fund the construction of a new Metro rail station on the Red Line, which is the busiest line on the existing 103-mile system. This station is scheduled to be completed by December 2004, and the Washington Metropolitan Area Transit Authority is in the process of acquiring new railcars to accommodate the increased traffic.

The New York Avenue Technology Corridor is now home to XM Satellite Radio, FedEx and several District agencies. Also, the federal government began construction of the headquarters for the United States Bureau of Alcohol, Tobacco, Firearms and Explosives. Other telecommunications companies are being encouraged to relocate to the corridor.

The District selected a developer for the site of the former Wax Museum, east of Fifth Street, N.W., between K and L Streets. This project, when completed, will provide more than 500 apartments, a grocery store, a theater, art galleries, and several restaurants. A developer has also been selected for the old Tivoli Theater Complex in the Columbia Heights section of 14<sup>th</sup> Street, N.W. This development is near a recently opened Metro rail station and will include a Giant Food Supermarket and town houses.

New residential construction is occurring in all sections of the District and ranges from single-family dwellings, to town houses, to apartment buildings and condominiums. The District helped finance a total of 2,155 housing units in fiscal year 2003. These ongoing efforts are creating a vibrant downtown neighborhood and expanding residential development throughout the District.

## Population Trends

The U.S. Census Bureau estimated that in July 2003 there were 563,384 permanent residents in the District, a decrease of 5,773 from the July 2002 figure of 569,157. The 2000 Census revealed that estimates of residents leaving the District had been overstated in Census estimates during the previous decade.

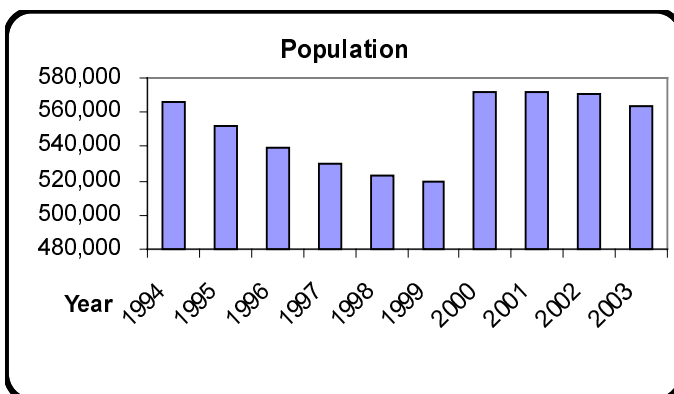
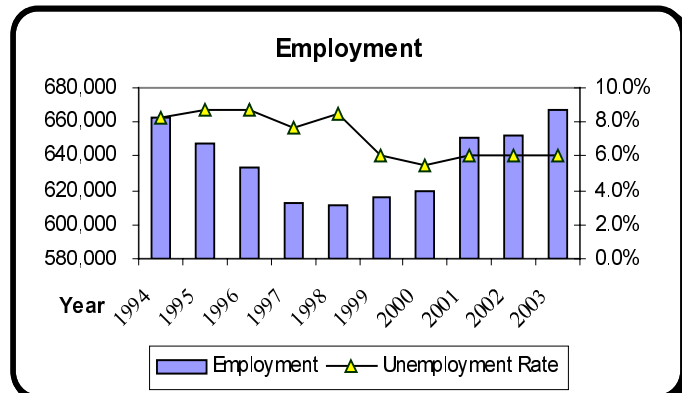
The actual population loss was 5.7% from 1990 to 2000, which is almost 60% less than the estimated loss predicted by the previous 1990 Census results. Those same Census estimates predicted that the District population would not reach its current level for approximately five more years. In fact, the District's population decreased 16% between 1970 and 1980, but only experienced an additional 5% loss between 1980 and 1990 and 5.7% from 1990 to 2000.

The annual Census estimates are made from birth and death records, changes in tax return filings and estimates of the number of immigrants who moved into the District each year. District officials have disagreed with the current estimate based upon increased residential construction and property transfers. Errors in resident estimates affect the federal dollars allocated to the District, since that amount is based upon the Census Bureau's total population reports.

## Employment Trends

Total employment within the District increased to 667,000 in September 2003 from 652,000 in September 2002. The seasonally adjusted unemployment rate in September 2003 was 6.1%, the same as in September 2002.

The total employment in the Washington metropolitan area was approximately 2,750,000 in FY 2003 compared to 2,696,100 in FY 2002, representing a slight increase. However, these numbers exclude the self-employed, domestic workers, military, and foreign government personnel, which represent a significant portion of the actual work force of the region. District resident employment stayed at approximately 23% of the metropolitan area totals during both years.



## Major Initiatives

---

### **District Department of Transportation (DDOT) Projects**

DDOT is managing multiple active projects that maintain, upgrade or reconstruct many of the local sidewalks, streets and bridges. This comprehensive infrastructure revitalization effort not only enhances the general appearance of neighborhoods, but also quickens the flow of traffic through the business activity centers. The renewal projects add to the ability of the District to compete for new residents and businesses. Each success adds to the tax base and translates into improved services for all. One of DDOT's recently completed major construction projects is the upgrade of the New York Avenue Gateway to Washington, D.C.

DDOT is also working on the New York Avenue Corridor Study, which is intended to resolve current and future transportation needs of the Corridor from the Gateway at the intersection of New York Avenue and the Baltimore-Washington Parkway to the new Convention Center. The objective is to attract technology and other businesses to the Corridor and to provide a magnificent entryway for all visitors to the nation's capital. DDOT has recently begun the planning and design process to upgrade the South Capitol Avenue Gateway to Washington, D.C., and to begin the process of revitalization in an area of the District that has been long neglected.

DDOT is pursuing the "Anacostia Starter Line", one of five new light-rail projects that would begin in one of the District's less affluent neighborhoods in Southeast and end across the Anacostia River. This light-rail will connect those residents with jobs and activities along the Southwest waterfront.

### **Anacostia River**

The District has long-term plans to transform the Anacostia River and its banks into an area that will support recreational activities, such as swimming, boating and fishing, and to use adjoining space to create parks and accommodate cultural venues. The plans, as

outlined by District officials, would cost billions and take at least 30-years to complete.

The federal government has also announced plans to increase its employment presence in the Southeast Federal Center, which already houses a number of U.S. agencies. Plans are under consideration for the long awaited development of federal lands near and adjacent to the U.S. Navy Yard.

### **Hotels**

#### ***Hotel Mandarin Oriental***

The operator of the luxury hotel Mandarin Oriental is completing a 400-room hotel on a vacant site along the waterfront in Southwest Washington after securing a \$46.0 million tax-revenue bond from the District. Construction of the \$155.0 million hotel, a project that is already four years in the making, is "critical" to the District's plans to bring 800 housing units, restaurants, retail space and a waterfront park to Southwest. The tax exempt financing for this project was made available in April 2003. This five star hotel is expected to open in March 2004.

#### ***Convention Center Headquarters Hotel***

In October 2002, the District announced that it awarded the right to Marriott International and Gould Properties to begin negotiations for the development of a convention center headquarters hotel of 1,000 to 1,500 rooms at 9<sup>th</sup> and Massachusetts Avenue, NW. Financing for the \$500.0 million hotel is likely to be accomplished with tax-exempt revenue bonds. The project is expected to generate \$29.0 million a year in tax revenue for the District. It will create more than 2,000 full-time construction jobs, and as many as 1,300 service-related jobs when the hotel opens in late 2006 or early 2007.

### **Georgetown Project**

The Georgetown Project is a joint effort by PEPCO, Verizon, Washington Gas, the Water and Sewer Authority, and DDOT. This



coordinated effort will provide a major upgrade of Georgetown's underground utility infrastructure and streetscape. The project began in October 2001 and is expected to take about four years to complete. The modernization of the system is necessary to meet present and future growth in demand for utilities. Georgetown has some of the oldest underground infrastructure in Washington, D.C., and recent utility and service disruptions accelerated the start of this unified effort.

### **Newseum**

The Freedom Foundation purchased the former site of the District's Department of Employment Services (DOES) located at 6<sup>th</sup> & Pennsylvania Avenue, N.W. In October 2002, the Freedom Foundation and the Newseum formally presented their design for the new building. The new structure will house the Freedom Foundation's main offices, and the Newseum, an interactive news museum, which will be relocated from Rosslyn, Virginia. The facility will also include 30,000 square feet of retail space and accommodate approximately 100 condominium units. The 531,000-square foot development is estimated to cost about \$400.0 million. Demolition of the old DOES building has occurred and it is expected that the new Newseum will be completed and opened to the public by late 2005.

**Design for the Future Newseum**



### **New Federal Building**

The federal government has shown renewed interest in the District as the place for consolidating agencies, functions and staff. Construction of the U.S. Treasury's Bureau of Alcohol, Tobacco, Firearms and Explosives new headquarters building has begun. The General Services Administration broke ground in April 2002 on the 295,000-square foot building. This \$1.4 million project, located at the intersection of First Street and New York Avenues, N.E. is expected to be completed in 2004. The District obtained matching federal and private commitments to pay for a new Metro Rail station near that location.

### **The Eugene B. Casey Foundation**

In December 2003, the Eugene B. Casey Foundation declared its intention to terminate its plan to develop the Casey Mansion for the District and instead transfer the 16.5 acre property located at 1801 Foxhall Road, N.W., to the Salvation Army.

The Salvation Army plans to sell the property to the highest bidder and use the proceeds from the sale of the Foxhall property to fund its new model Corps community center in the Anacostia area. Despite the quashing of the mansion plan, this new turn of events will benefit the District in two substantial ways: (1) the new development on the same property would bring increased tax proceeds to the District, with perhaps many new residents, and (2) the Anacostia facility will provide critical programs and opportunities in social services, job training, day care, and economic development to District residents.

The District of Columbia is already benefiting from an extraordinary gift from the Eugene B. Casey Foundation. The Foundation has established the Casey Tree Endowment Fund (the Fund) to augment District resources devoted to the care and replacement of trees in public spaces. The first major project completed by the Fund was the 2002 inventory of all District owned trees. There were approximately 106,000 trees and about 38,000 vacant planting spaces. The inventory also revealed that only about 32%

of the existing trees are fully healthy and roughly 10% are dead.

The Foundation is committed to planting approximately 6,000 trees per year to augment the District's efforts to protect and restore the District's urban tree canopy. In response, the District's Urban Forestry Administration is now committed to planting at least 4,000 trees per year and to increase the frequency of pruning. Dead and diseased trees will be removed or treated in a timely manner.

### **Baseball Team and Other Sports Initiatives**

The District is supporting the efforts of a D.C.-based group to bring a major league baseball team to the District that would utilize the Robert F. Kennedy Stadium. The Mayor has also

announced that the District is willing to contribute up to \$200.0 million in public land, financing and other incentives to build a new ballpark in the District. It is possible that a major league team could be relocated to Washington, D.C. within the next two-years.

The Washington, D.C.-Baltimore, MD effort to host the Summer Olympics in 2012 was not successful, but a coalition of Washington, D.C., Baltimore, MD and the Maryland and Virginia state governments has set the groundwork for future cooperative economic development projects. The addition of the new Convention Center, allied hotels, and the prospect of a new stadium improve the region's chance to host future national and international events.

## **Accomplishments**

---

### **New Washington Convention Center**

The New Washington Convention Center opened as scheduled in April 2003. The new facility provides the District with 825,000 square feet of meeting and exhibition space. In 1995, the District established the Washington Convention Center Authority and provided it with dedicated tax revenues to operate the old convention center and fund the construction and operation of the new convention center.

The new facility enables the District to maintain its position among major cities as a leader in conventions, conferences and the hospitality industry in general. Like the MCI Center, a privately financed sports arena that opened in 1997, the new Convention Center project has provided opportunities for direct construction related employment, and is now responsible for generating many new jobs in the hospitality industry.

Over the past few years, the Washington Convention Center Authority has awarded in excess of \$300.0 million in construction and other contracts to Local Small Disadvantaged Business Enterprises. The old Convention Center is expected to be torn down. The site

will be opened to bids for development, which may include a combination of commercial, residential, cultural, and urban park facilities.

### **Shopping Center in Ward 5**

A new shopping center opened in the Ward 5 sector near the Rhode Island Avenue Metro rail station. It currently includes the major retail chains Home Depot and Giant Food. Kmart, which was also scheduled to build a store in this shopping center, has put its development plans on hold as it works its way through bankruptcy proceedings.



**The New Washington Convention Center**

### **City Museum**

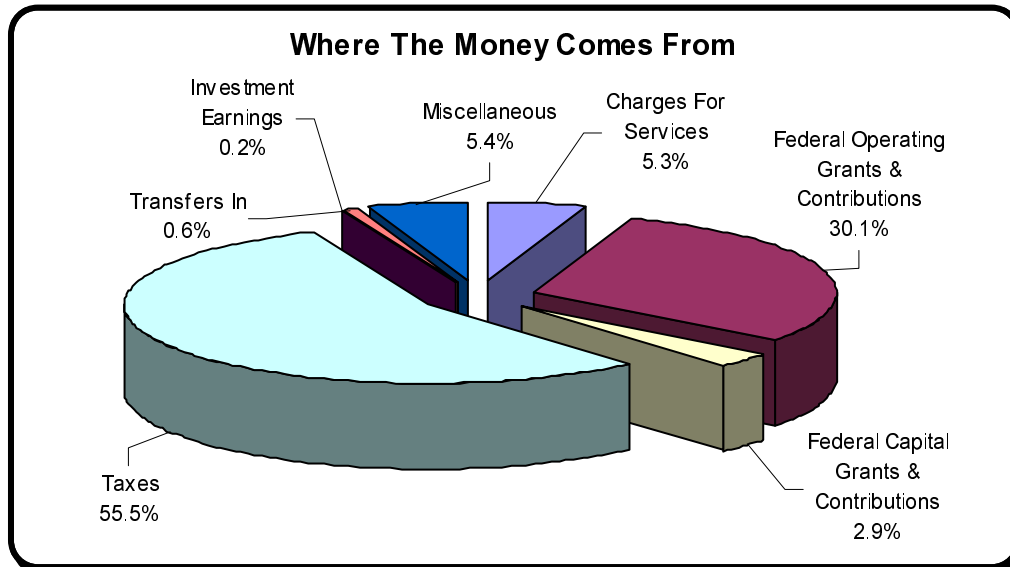
The old Carnegie Library was renovated and reopened in the spring of 2003 as the new City Museum of Washington D.C. The City Museum is unique among the scores of local museums. It is the only museum devoted to the District's history, neighborhoods and people. The City Museum is located across the street from the new Washington Convention Center.



## Financial Resources

The majority of the District's funds come from the collection of taxes. Other local sources of funds include fees for licenses and permits, fines and forfeitures, and charges for services. The two other main sources of revenues are federal and private resources, which include both contributions and operating grants.

Sales and use taxes were \$14.2 million less than anticipated. Sales and use taxes collections were down due to the weakened economy and the slower tourist traffic.



The effects of the current national economic downturn forced the District to adjust and reallocate its limited financial resources. The Mayor and the Council of the District of Columbia worked arduously and cooperatively to adopt \$323.0 million in "gap-closing" measures to achieve a balanced budget (excluding advance payments to charter schools) in FY 2003.

Fortunately, the anticipated revenue shortfall was not as severe as expected. Property, income, franchise, and other taxes collected in FY 2003 were \$106.9 million more than in the revised FY 2003 budget. This difference is accounted for primarily by increases in collections from the following tax categories: Property taxes \$4.8 million, Income and Franchise taxes \$42.3 million; and Other taxes \$73.9 million.

In FY 2003, the District originally budgeted for \$47.3 million in federal contributions. This amount was revised to \$114.4 million but only \$94.0 million was eventually received. The Fund balance released from restrictions under Federal and Private Resources was \$100.3 million. The majority of this fund balance released was from the prior year's federal payments of \$155.9 million for various purposes related to emergency preparedness.

This federal payment was prompted by the events of 9/11 and the fact that the U.S. Government and the District are obvious potential terrorist targets. The District received these funds to increase the public safety readiness of its police, fire, emergency medical service, and emergency management.

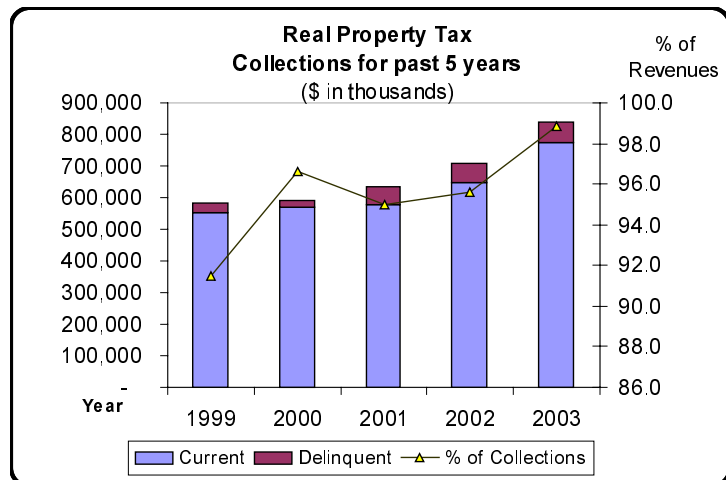
The FY 2003 actual results for the general fund showed that total revenues of \$3.9 billion exceeded projections by \$26.0 million. Total actual expenditures and other uses were \$3.8

billion, which were \$37.2 million less than the budgeted amount. Overall, the District ended the year with a general fund surplus of \$32.0 million.

**Fiscal Year 2003 General Fund Budgetary Highlights**  
(\$ in thousands)

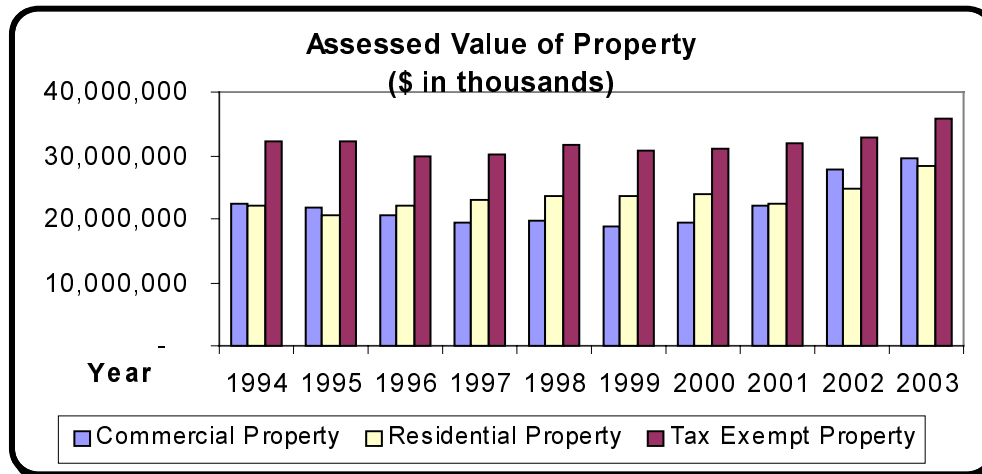
|  | Budget           |                   | Actual           | Variance         |
|--|------------------|-------------------|------------------|------------------|
|  | Original         | Revised           |                  | Over(under)      |
| Revenues and Other Sources:                |                  |                   |                  |                  |
| Real property taxes                        | \$ 780,647       | \$ 818,936        | \$ 822,845       | \$ 3,909         |
| Other property taxes                       | 76,164           | 78,136            | 79,043           | 907              |
| Other taxes                                | 2,371,016        | 2,289,437         | 2,391,486        | 102,049          |
| Charges for services                       | 294,130          | 285,290           | 303,857          | 18,567           |
| Other sources and contributions            | 156,378          | 227,610           | 164,645          | (62,965)         |
| All other sources                          | 89,385           | 141,425           | 104,980          | (36,445)         |
| <b>Total revenues and other sources</b>    | <b>3,767,720</b> | <b>3,840,834</b>  | <b>3,866,856</b> | <b>26,022</b>    |
| Expenditures and Other Uses:               |                  |                   |                  |                  |
| Governmental direction and support         | 226,319          | 221,429           | 209,864          | (11,565)         |
| Economic development and regulation        | 146,328          | 197,482           | 135,234          | (62,248)         |
| Public safety and justice                  | 611,202          | 676,700           | 659,479          | (17,221)         |
| Public education system                    | 929,339          | 888,296           | 881,760          | (6,536)          |
| FY04 public education expenditures         | -                | 34,965            | 34,965           | -                |
| Human support services                     | 1,083,196        | 1,181,598         | 1,262,711        | 81,113           |
| Public works                               | 313,688          | 319,213           | 306,668          | (12,545)         |
| Other                                      | 457,202          | 330,722           | 322,491          | (8,231)          |
| <b>Total expenditures and other uses</b>   | <b>3,767,274</b> | <b>3,850,405</b>  | <b>3,813,172</b> | <b>(37,233)</b>  |
| <b>Excess (deficit) -- budgetary basis</b> | <b>\$ 446</b>    | <b>\$ (9,571)</b> | <b>53,684</b>    | <b>\$ 63,255</b> |
| Nonbudgetary adjustments, net              |                  |                   | (21,655)         |                  |
| <b>Surplus</b>                             |                  |                   | <b>\$ 32,029</b> |                  |

Real property tax increased due to increases in property assessment rates on existing properties and on new construction. Deed recordation fees were higher due to increased real estate purchases and refinancing prompted by lower mortgage interest rates.



The total assessed value of all commercial and residential properties in the District at September 30, 2003 was \$58 billion compared

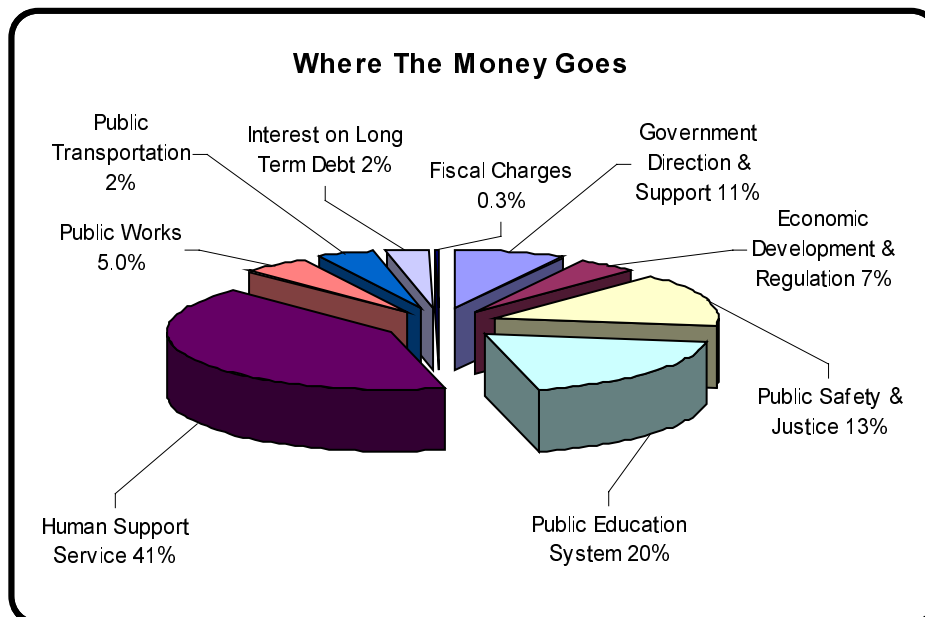
with \$52.5 billion in the prior year. Tax-exempt properties accounted for \$35.7 billion or 62% of the total assessments in FY 2003.



## Resource Allocation

The District provides a broad range of services to its residents, including those normally provided by a state. These services include: public safety and justice, public education, human support services, and public works.

In FY 2003, Human Support Services expenditures represented 41% of the District's total expenditures. Public Education and Public Safety and Justice were 20% and 13% of total expenditures, respectively.



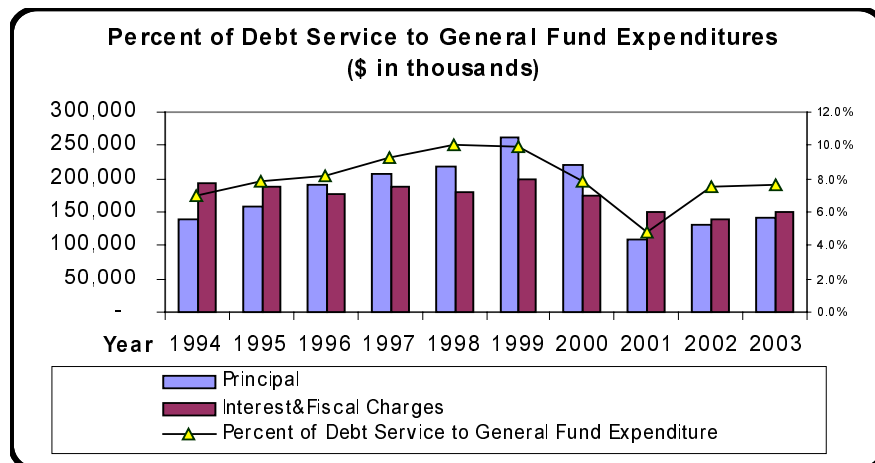
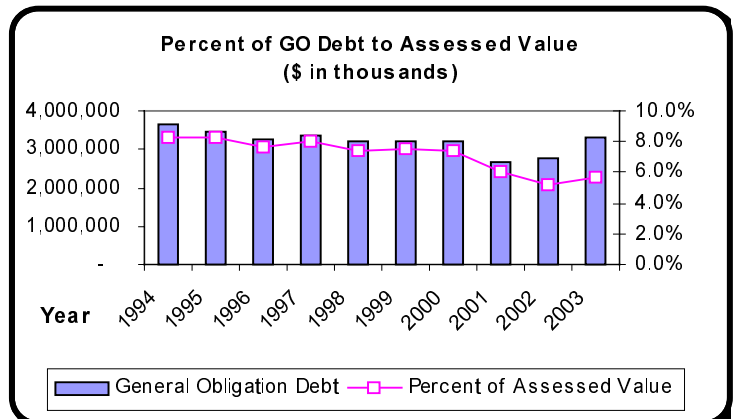
## Debt Management

The District's total outstanding long-term debt was \$3.9 billion at September 30, 2003. This amount consisted of serial and term general obligation bonds, TIF notes and bonds, Tobacco bonds, and Qualified Zone Academy bonds. The table to the right shows the changes in long-term debt and the balances in each category.

The District issued \$374.2 million in general obligation bonds (series 2002A and 2002B) on October 15, 2002, to fund capital projects and pay related issuance costs. On October 31, 2002, the District issued \$38.2 million in general obligation refunding bonds (Series 2002C) and \$125.0 million in multimodal general obligation refunding bonds (Series 2002D). These bond proceeds were used to defease (pay off) \$143.9 million of the District's outstanding general obligation bonds and pay \$2.5 million for costs and expenses of issuing and delivering the new bonds. This refunding was completed to reduce total debt service payments over the next 29 years and to take advantage of the currently low interest rates. On July 31, 2003, the District issued \$327.8 million in general obligation bonds (Series 2003A). These bond proceeds were used to fund capital projects and to pay related issuance costs.

The District's uninsured bonds were rated by Moody's Investor Services as Baa1, by Standard & Poor's Rating Services as A-minus, and by Fitch Ratings as A-minus. These ratings are significantly higher than previous ratings and are representative of the improved financial condition of the District. The improved ratings allow the District to borrow funds at lower rates.

| Long-Term Debt<br>(\$ in thousands) |                     |                     |                   |
|-------------------------------------|---------------------|---------------------|-------------------|
|                                     | 2003                | 2002                | Variance          |
| General Obligation Bond \$          | 3,251,118           | \$ 2,670,573        | \$ 580,545        |
| TIF Bonds and Notes                 | 125,524             | 126,545             | (1,021)           |
| Qualified Zone Academy Bc           | 3,327               | 3,582               | (255)             |
| Tobacco Bonds                       | 506,550             | 514,280             | (7,730)           |
| <b>Total</b>                        | <b>\$ 3,886,519</b> | <b>\$ 3,314,980</b> | <b>\$ 571,539</b> |



## Government-Wide Financial Statements

### Governmental Activities

Starting with the fiscal year that ended September 30, 2002, new accounting standards required that financial statements be prepared that present the District's finances as a single unified entity, similar to a private sector business. These new government-wide financial statements are prepared in addition to traditional fund based financial statements. The traditional (fund based) reporting of governmental activities focuses on short term receipts, disbursements and balances of spendable resources.

The government-wide statements, on the other hand, combine long-term information with the short-term to provide a complete picture of the District's finances. This latter approach also accounts for all revenues and expenses connected with the fiscal year, regardless of when the cash is received or spent. The government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities.

The *Statement of Activities* summarizes both the gross and net cost of the governmental and business-type 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, including depreciation. Program or function expenses are reduced by program or function specific earned revenues.

Federal and private grants for specific programs or functions also reduce net expenses for these governmental and business-type activities. The District's general revenues (property, sales, income and franchise taxes) offset remaining program/function costs, resulting in an increase or decrease in net assets.

### Financial Analysis of the Government as a Whole

The "*Net Assets*" table below shows net assets from governmental activities and business-type activities, and the totals for these two activities.

Net Assets as of September 30, 2003  
(\$ in thousands)

|  | Governmental activities |                   | Business-type activities |                   | Totals              |                     |
|--|-------------------------|-------------------|--------------------------|-------------------|---------------------|---------------------|
|  | 2003                    | 2002              | 2003                     | 2002              | 2003                | 2002                |
| Current and other assets                           | \$ 2,158,694            | \$ 2,165,938      | \$ 415,645               | \$ 384,738        | \$ 2,574,339        | \$ 2,550,676        |
| Capital assets                                     | 4,379,361               | 3,900,817         | 4,032                    | 1,495             | 4,383,393           | 3,902,312           |
| Total assets                                       | <b>6,538,055</b>        | <b>6,066,755</b>  | <b>419,677</b>           | <b>386,233</b>    | <b>6,957,732</b>    | <b>6,452,988</b>    |
| Long-term liabilities                              | 4,365,833               | 3,635,149         | 64,906                   | 70,158            | 4,430,739           | 3,705,307           |
| Other liabilities                                  | 1,406,411               | 1,566,607         | 53,827                   | 41,229            | 1,460,238           | 1,607,836           |
| Total Liabilities                                  | <b>5,772,244</b>        | <b>5,201,756</b>  | <b>118,733</b>           | <b>111,387</b>    | <b>5,890,977</b>    | <b>5,313,143</b>    |
| Net assets:  |                         |                   |                          |                   |                     |                     |
| Invested in capital assets,<br>net of related debt | 518,223                 | 656,901           | 1,354                    | 1,495             | 519,577             | 658,396             |
| Restricted   | 841,374                 | 834,006           | 262,148                  | 271,361           | 1,103,522           | 1,105,367           |
| Unrestricted                                       | (593,786)               | (625,908)         | 37,442                   | 1,990             | (556,344)           | (623,918)           |
| Total net assets                                   | <b>\$ 765,811</b>       | <b>\$ 864,999</b> | <b>\$ 300,944</b>        | <b>\$ 274,846</b> | <b>\$ 1,066,755</b> | <b>\$ 1,139,845</b> |



- The total assets from governmental activities amounted to \$6.5 billion and \$400.0 million from its business-type activities, for a grand total of \$6.9 billion.
- The total liabilities associated with these amounts are \$5.8 billion, \$118.7 million and \$5.9 billion respectively for governmental activities, business-type activities and the total of the two categories.
- By deducting the total liabilities from the total assets, the District is showing net assets of \$765.8 million for governmental activities, \$300.9 million for business type activities for total net assets of \$1.1 billion.
- The District's combined net assets decreased by \$73.0 million in fiscal year 2003. Governmental activities decreased by \$99.0 million while business-type activities increased by \$26.0 million.
- These changes represent a decrease of 11.5% in governmental activities and an increase of 9.5% in business-type activities in fiscal year 2003.
- The combined total net assets for the governmental activities and business-type activities decreased 6.4% from \$1.1 billion at the beginning of the fiscal year.
- The D.C. Lottery transferred \$72.0 million of its income to the District, which was a \$9.0 million increase over last year's transfer. Each year, the D.C. Lottery transfers substantially all of its net income to the District.

**Change in Net Assets  
(\$ in thousands)**

|  | Governmental activities |                   | Business-type activities |                   | Total               |                     |
|--|-------------------------|-------------------|--------------------------|-------------------|---------------------|---------------------|
|  | 2003                    | 2002              | 2003                     | 2002              | 2003                | 2002                |
| Revenues:  |                         |                   |                          |                   |                     |                     |
| Program revenues:  |                         |                   |                          |                   |                     |                     |
| Charges for services   | \$ 323,161              | \$ 286,044        | \$ 272,014               | \$ 211,151        | \$ 595,175          | \$ 497,195          |
| Operating grant and contributions                                | 1,833,060               | 1,890,544         | 55,356                   | 49,308            | 1,888,416           | 1,939,852           |
| Capital grants and contributions                                 | 176,449                 | 161,450           | -                        | -                 | 176,449             | 161,450             |
| General revenues:  |                         |                   |                          |                   |                     |                     |
| Property taxes   | 899,665                 | 809,069           | -                        | -                 | 899,665             | 809,069             |
| Other taxes  | 2,482,206               | 2,425,415         | 82,626                   | 104,945           | 2,564,832           | 2,530,360           |
| Other  | 368,439                 | 353,226           | 19,593                   | 18,978            | 388,032             | 372,204             |
| <b>Total revenues</b>  | <b>6,082,980</b>        | <b>5,925,748</b>  | <b>429,589</b>           | <b>384,382</b>    | <b>6,512,569</b>    | <b>6,310,130</b>    |
| Expenses:  |                         |                   |                          |                   |                     |                     |
| Governmental direction and support                               | 504,513                 | 451,863           | -                        | -                 | 504,513             | 451,863             |
| Economic development and regulation                              | 252,716                 | 323,804           | -                        | -                 | 252,716             | 323,804             |
| Public safety and justice  | 936,797                 | 920,599           | -                        | -                 | 936,797             | 920,599             |
| Public education system  | 1,168,545               | 1,153,719         | -                        | -                 | 1,168,545           | 1,153,719           |
| Human support services   | 2,572,881               | 2,267,597         | -                        | -                 | 2,572,881           | 2,267,597           |
| Public works   | 312,704                 | 279,506           | -                        | -                 | 312,704             | 279,506             |
| Public transportation  | 272,726                 | 184,883           | -                        | -                 | 272,726             | 184,883             |
| Interest on long-term debt                                       | 178,301                 | 175,241           | -                        | -                 | 178,301             | 175,241             |
| Fiscal charges   | 20,559                  | 19,746            | -                        | -                 | 20,559              | 19,746              |
| Lottery and games  | -                       | -                 | 166,185                  | 148,670           | 166,185             | 148,670             |
| Unemployment compensation  | -                       | -                 | 165,045                  | 191,043           | 165,045             | 191,043             |
| Nursing home services  | -                       | -                 | 34,687                   | -                 | 34,687              | -                   |
| <b>Total expenses</b>  | <b>6,219,742</b>        | <b>5,776,958</b>  | <b>365,917</b>           | <b>339,713</b>    | <b>6,585,659</b>    | <b>6,116,671</b>    |
| <b>Increase in net assets before transfers and special items</b> | <b>(136,762)</b>        | <b>148,790</b>    | <b>63,672</b>            | <b>44,669</b>     | <b>(73,090)</b>     | <b>193,459</b>      |
| Special item -- loss on disposal                                 | -                       | (171,094)         | -                        | -                 | -                   | (171,094)           |
| Transfer to nonmajor proprietary funds                           | (34,476)                | -                 | 34,476                   | -                 | -                   | -                   |
| Transfer from lottery and games                                  | 72,050                  | 63,000            | (72,050)                 | (63,000)          | -                   | -                   |
| Increase (decrease) in net assets                                | (99,188)                | 40,696            | 26,098                   | (18,331)          | (73,090)            | 22,365              |
| Net assets - Oct 1, 2002   | 864,999                 | 824,303           | 274,846                  | 293,177           | 1,139,845           | 1,117,480           |
| <b>Net assets - Sept 30, 2003</b>                                | <b>\$ 765,811</b>       | <b>\$ 864,999</b> | <b>\$ 300,944</b>        | <b>\$ 274,846</b> | <b>\$ 1,066,755</b> | <b>\$ 1,139,845</b> |

## **Governmental Funds**

The fund financial statements presentation will be more familiar to regular readers of the traditional CAFR. The focus is on major funds and not on fund types. Major funds are presented individually and non-major governmental funds are combined in a single column. The sources (revenues) and uses (expenditures) of resources assigned through the financial planning and budgeting process measure the District's ability to finance operations in the short-term.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the District uses to keep track of specific sources of funding and spending for a particular purpose. District laws, bond covenants, and other legal stipulations cause funds to be established for specific purposes and to report on the activities related to supplies and services that these funds provide to the general public. The District's funds are presented in three categories or groups:

- *Governmental Funds* relate to the governmental activities column in the government-wide statements. The focus is on a shorter-term basis and measures how money flows into and out of these funds and determines the balances left at year-end for future spending. Most basic services are found in this fund category and are reported as General, Federal and Private Resources, General Capital Improvements, and Non-major Governmental Funds. These funds report short-term activities and measure cash and other financial assets that can be readily converted to cash.
- *Proprietary Funds* are used to account for the District's business-type activities. These funds generate a significant portion of their funding through user charges. The District recognizes two major funds: Lottery and Charitable Games (Lottery), Unemployment Compensation (Unemployment); and one non-major grouping of proprietary funds in this classification.
- The District is the *trustee*, or *fiduciary*, for its employees' pension plans. *Trust and Agency Funds* are used to account for assets

held by the District as trustee for individuals, private organizations, or other governments. These activities are excluded from the District's other financial statements because these resources are not available to finance the operations of the government.

## **Assets and Liabilities**

The District reported the following total assets in its governmental funds balance sheet: \$1.6 billion in its general fund, \$578.0 million in federal & private resources, \$115.9 million in general capital improvements, and \$103.8 million in non-major governmental funds, for total governmental fund assets of \$2.4 billion as of September 30, 2003.

The District reported the following liabilities in its governmental funds balance sheet: \$727.4 million in its general fund, \$427.9 million in federal & private resources, \$257.7 million in general capital improvements, and \$8.4 million in non-major governmental funds, for total governmental fund liabilities of \$1.4 billion.

## **Operating Results**

The District reported the following revenue amounts in its governmental funds: \$3.8 billion in its general fund, \$1.8 billion in federal & private resources, \$259.0 million in general capital improvements, and \$48.9 million in non-major governmental funds, for a total of \$5.9 billion for the year ended September 30, 2003.

The District reported the following expenditure amounts in its governmental funds: \$3.8 billion in its general fund, \$2.0 billion in federal & private resources, \$823.4 million in general capital improvements, and \$108.6 million in non-major governmental funds, for a total of \$6.7 billion in governmental fund expenditures for the year ended September 30, 2003.

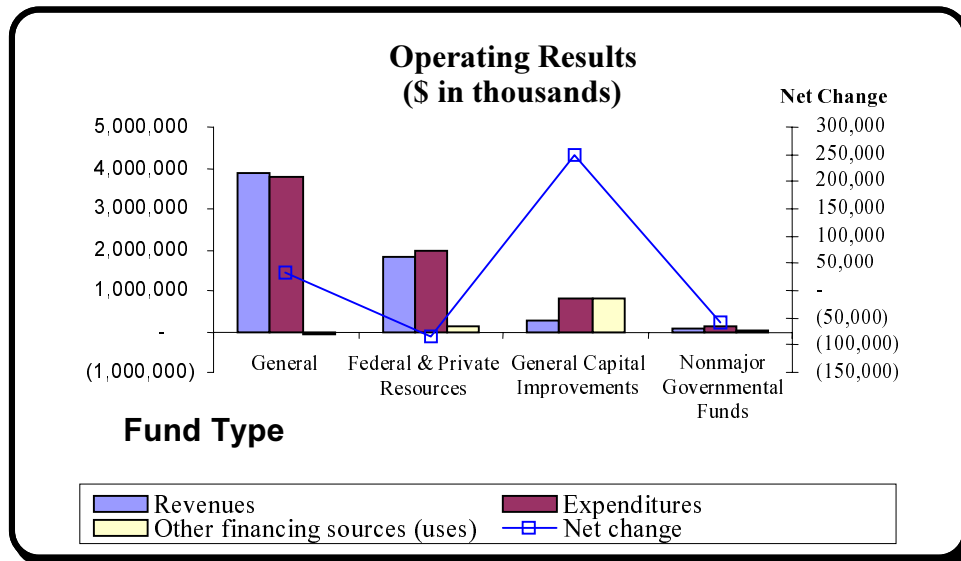
The operating results measure the difference between revenues and expenditures during the year. The results showed a combined excess of expenditures over revenues which resulted in a deficiency of \$705.6 million. This deficiency, however, was caused by the reporting of the \$705.2 million cost of capital improvements without showing the matching financing

assigned to these improvements. The funding (financing) was shown below the net of total revenues and expenditures as *other financing sources*. The proceeds from the sale of bonds and other long-term financing by the District amounted to \$812.1 million in other financing sources. This amount offsets the revenue deficiency.

The Federal and Private Resources fund expenditures exceeded revenues by \$184.7 million. This was primarily a timing difference. The federal government's appropriation of

\$155.9 million for the District for various purposes related to emergency preparedness was recorded as revenue in FY 2002 while the related expenditures were incurred and recorded in the current fiscal year.

The majority of the revenues for federal and private resources were from federal contributions of \$363.1 million and operating grants of \$1.5 billion. The largest expenditure, \$1.3 billion, paid for out of federal and private resources were for human support services.



### General Capital Improvements

General capital improvements expenditures of \$823.4 million exceeded the general capital improvements revenues of \$259.0 million by \$564.4 million, which created the deficiency shown. This means that the District is investing more in capital improvements than the available associated revenues. The District's policy, to the extent allowed by limited funding, is to rapidly invest in infrastructure and other improvements to encourage residents to stay in the District and attract new residents.

The net change in the general capital improvements fund balance for fiscal year 2003 was an addition of \$247.7 million once other financing sources of \$812.1 million were added to the \$564.4 million deficit mentioned above. The District authorizes agencies to spend their annual appropriated budget in advance of

financing. The general fund advances the amount of the funding, which is then repaid with the proceeds of the bonds when the debt is issued. This allows the District to control when it will enter the market to issue bonds based upon cash flow needs, favorable market rates and the number of municipal deals and the types of credits that are in the market, thus minimizing its borrowing cost.

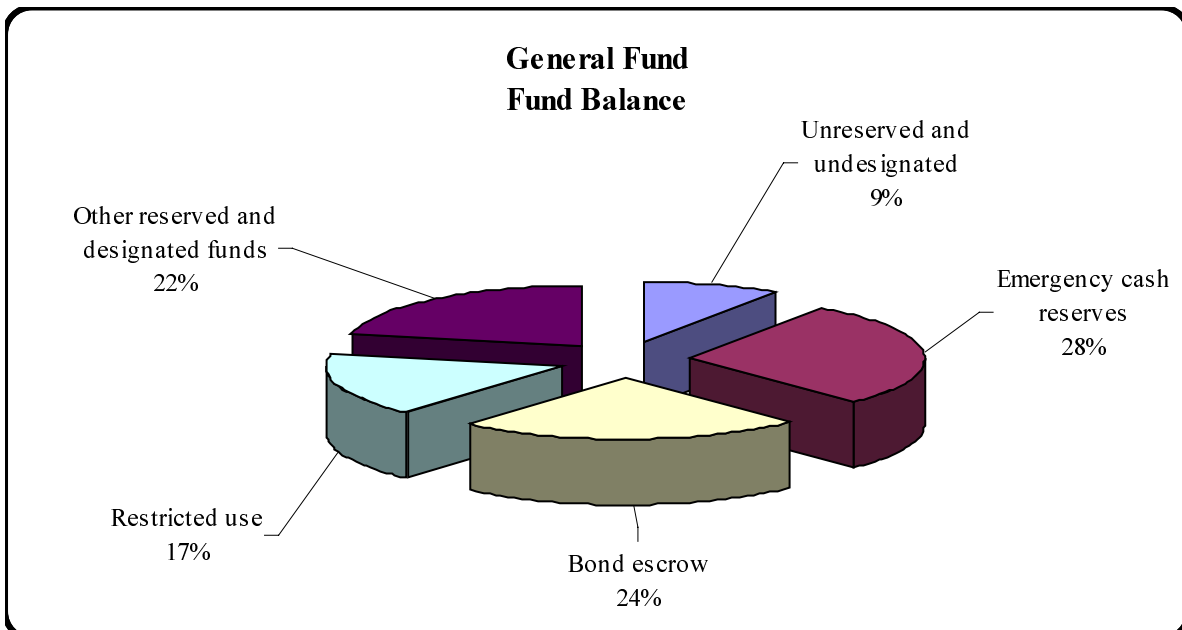
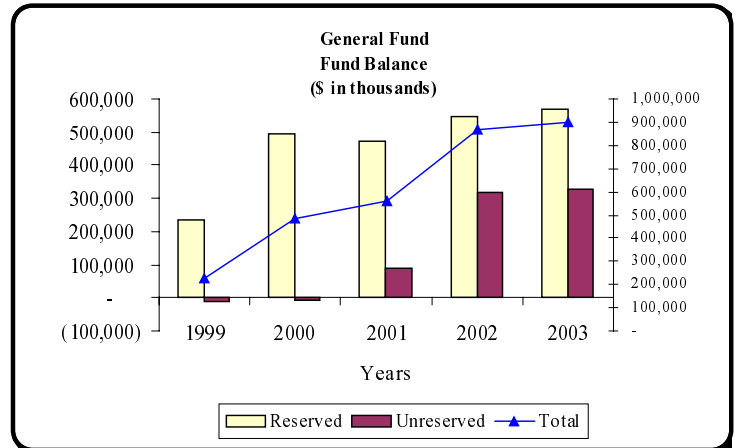
### Fund Balance

The fund balance is the difference between the assets and liabilities. The fund balance is divided into two major parts, *reserved* and *unreserved*. The reserved fund balance represents amounts that are already committed to specific programs and are not available for other uses. A positive unreserved fund balance represents money available to spend in the next year's budget. A negative unreserved fund

balance represents an over-commitment of available resources. The fund balance does not consist entirely of cash. Cash is only one of the assets that enter into the calculation of fund balance, that is, *assets minus liabilities equals fund balance*. Therefore, the fund balance may consist of not only cash, but other resources or assets like receivables and inventories. In some cases, the composition of financial assets may be such that it is possible to have a large positive fund balance with little or no cash.

- In FY 2001, the fund balance in the General Fund stood at \$837.9 million. Due to prudent management of the District's resources, the fund balance increased to \$865.3 million in fiscal year 2002 and to \$897.4 million in fiscal year 2003.
- The unreserved fund balance was \$91.3 million, \$320.0 million and \$329.1 million in fiscal years 2001, 2002, and 2003 respectively.

- The fund balance includes a rainy day (cash reserve) fund of \$253.8 million. In addition, there is \$213.2 million cash set aside for long term debt service and \$245.0 million designated by management for specific programs and projects.
- The unallocated fund balance of \$84.2 million represents resources that the District may use in the next fiscal year's budget.



Miscellaneous Statistics

Last Two Fiscal Years

| Description  | 2003      | 2002      |
|--|-----------|-----------|
| <b>Area (square miles):</b>                          |           |           |
| Federal and foreign governments                      | 23.3      | 22.7      |
| District government                                  | 3.2       | 2.9       |
| Streets and alleys                                   | 15.8      | 16.7      |
| Taxable base   | 19.6      | 19.6      |
| Total area   | 61.9      | 61.9      |
| <b>Employees (authorized, permanent, full-time):</b> |           |           |
| Governmental direction and support                   | 2,377     | 2,327     |
| Economic development and regulation                  | 538       | 544       |
| Public safety and justice                            | 7,379     | 7,170     |
| Public education system                              | 10,818    | 10,817    |
| Human support services                               | 4,280     | 3,947     |
| Public works   | 1,454     | 1,517     |
| Total employees                                      | 26,846    | 26,322    |
| <b>Environmental:</b>                                |           |           |
| Number of trees                                      | 110,000   | 106,000   |
| <b>Police Protection:</b>                            |           |           |
| Number of stations including satellites              | 14        | 14        |
| Number of police officers                            | 3,711     | 3,666     |
| Crime index offenses                                 | 39,797    | 40,213    |
| <b>Fire Protection:</b>                              |           |           |
| Number of stations                                   | 33        | 33        |
| Number of fire fighters                              | 1,388     | 1,294     |
| <b>Transportation:</b>                               |           |           |
| Number of street lights                              | 66,570    | 66,089    |
| Number of traffic signalized intersections           | 1,533     | 1,529     |
| <b>Water:</b>  |           |           |
| Number of customer locations                         | 122,502   | 121,686   |
| Average daily consumption (in millions of gallons)   | 86        | 88        |
| Miles of mains                                       | 1,300     | 1,300     |
| <b>Sewers:</b>                                       |           |           |
| Miles of mains                                       | 1,800     | 1,800     |
| Daily maximum capacity (in millions of gallons)      | 370       | 370       |
| <b>Economic:</b>                                     |           |           |
| Taxable retail sales (in millions)                   | \$7,683   | \$7,485   |
| Unemployment claims accepted                         | 21,527    | 26,166    |
| Unemployment claims rejected                         | 7,342     | 10,706    |
| <b>Recreation:</b>                                   |           |           |
| Number of centers and playgrounds                    | 75        | 78        |
| Number of day camps                                  | 57        | 78        |
| Number of outdoor swimming pools                     | 32        | 22        |
| Number of indoor swimming pools                      | 6         | 7         |
| <b>Libraries:</b>                                    |           |           |
| Number of main and branch buildings                  | 22        | 22        |
| Number of community and kiosk facilities             | 5         | 5         |
| Number of volumes                                    | 2,609,062 | 2,721,119 |
| <b>Education:</b>                                    |           |           |
| Number of public schools                             | 147       | 147       |
| Office of Tax and Revenue/Dept. of Public works      |           |           |

## Glossary

---

|  |   |
|--|---|
| <b>Capital Assets</b>                                  | Assets used in operations that have initial useful lives extending beyond a fiscal year and that will not become available for spending (infrastructure, land, buildings, equipment). |
| <b>Capital Expenditures</b>                            | Costs incurred in the renovation, construction and modernization of capital assets.   |
| <b>Component Unit</b>                                  | A legally separate organization that the primary government includes as part of its financial reporting entity.   |
| <b>Comprehensive Annual Financial Report (CAFR)</b>    | An annual report issued by state and local governmental entities. A CAFR has three major sections: introductory, financial and statistical.   |
| <b>Designated Fund Balance</b>                         | The portion of unreserved fund balance that management intends to use for a specific purpose.   |
| <b>Fiduciary Fund</b>                                  | Funds used to account for resources held for the benefit of outside parties as a trustee or agent and therefore not available to support governmental programs.                       |
| <b>Fiscal Year</b>                                     | A financial reporting period of twelve months. The District's fiscal year commences October 1 and ends September 30.  |
| <b>Fund</b>  | A separate fiscal and accounting entity used to segregate resources related to a specific activity.   |
| <b>Fund Balance</b>                                    | The difference between assets and liabilities reported in a governmental fund.  |
| <b>Generally Accepted Accounting Principles (GAAP)</b> | The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.  |
| <b>General Accounting Office (GAO)</b>                 | Governmental body responsible for promulgating standards used to guide public sector financial audits.  |
| <b>General Fund</b>                                    | 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.                        |
| <b>General Obligation Bonds</b>                        | These are uninsured general obligations. The full faith and credit of the issuer is pledged to the payment of the principal and interest on these bonds.                              |
| <b>Governmental Funds</b>                              | Funds generally used to account for tax supported activities.   |
| <b>Government-Wide Financial Statements</b>            | Financial statements that report governmental activities and business-type activities rather than funds or fund types.  |
| <b>Infrastructure Assets</b>                           | Long-lived capital assets that normally are stationary in nature (roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems).                    |
| <b>Proprietary Funds</b>                               | Funds used to account for business-type activities.   |

## Glossary

|  |   |
|--|---|
| <b>Qualified Zone Academy Bond (QZAB)</b>                  | This is a financing arrangement for certain academic improvement plans authorized by Congress through the Taxpayer Relief Act of 1997. Through this special funding arrangement, the issuer does not incur any interest costs and is only obligated to pay the outstanding principal amount.                      |
| <b>Reserved Fund Balance</b>                               | The portion of fund balance that reflects financial assets that are not available for spending.   |
| <b>Statement of Activities</b>                             | Summarizes the gross and net cost of both the governmental and business-type activities.  |
| <b>Structural Imbalance</b>                                | Represents the inability to levy taxes on federal real property, and non-municipal tax exempt property while providing state like services such as human services, mental health and education.   |
| <b>Tax Increment Financing (TIF)</b>                       | This is an economic development tool used to facilitate the financing of business investment activities within a locality. TIF financing is secured by the anticipated incremental tax revenues (sales and use and property taxes) resulting from the development of an area.                                     |
| <b>The Tobacco Settlement Financing Corporation (TSFC)</b> | A separate legal entity and blended component unit of the District that issued tobacco bonds to purchase the District's rights to future tobacco settlement revenues. The resources provided to the District from the bond proceeds are held by a trustee to defease certain general obligations of the District. |
| <b>Unreserved Fund Balance</b>                             | The portion of fund balance that is available for spending.   |

# 2 0 0 3

**ANTHONY A. WILLIAMS** MAYOR

**NATWAR M. GANDHI** CHIEF FINANCIAL OFFICER

PREPARED BY THE OFFICE OF FINANCIAL OPERATIONS & SYSTEMS  
**ANTHONY F. POMPA** DEPUTY CHIEF FINANCIAL OFFICER



*Office of the Chief Financial Officer  
Room 203, John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004  
TEL 202 727 2476  
FAX 202 727 1643  
<http://cfo.dc.gov>*

PHOTOS BY

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



YEAR ENDED SEPTEMBER 30, 2003