

Washington, the District of Columbia

A Report to Our Citizens

Table of Contents

How We Have Progressed	2
The City's Budget	3
What's Next?	4

Characteristics of Washington, D.C.

Founded in 1790, Washington, D.C. is the capital city of the United States of America. "D.C." is an abbreviation for the District of Columbia, the federal district coextensive with the city of Washington. The city has a total area of 68.3 square miles and is surrounded by the states of Maryland (on its southeast, northeast, and northwest sides) and Virginia (on its southwest side). Furthermore, Washington, D.C. is the site of numerous national landmarks, monuments and museums, and it is a popular destination for tourists.



Location of Washington, D.C. (shown in red) in relation to the states of Maryland & Virginia

2008: Making New Strides

Mayor Fenty Administration's Key 2008 Priorities

Education

- Reforming curriculum & programs to improve student achievement
- Strengthening & expanding early childhood education

Public Safety

- Increasing police presence & human services outreach in targeted high-crime areas
- Implementing the EMS reform plan

Healthcare

- Creating community-based health centers
- Using needle exchange to reduce HIV/AIDS exposure

Service

- Transitioning 727-1000 to 311
- Returning vacant properties to productive use

Environment

- "Greening" the District's building codes
- Increasing opportunities to recycle household hazardous waste & unwanted electronics

To read more about the Administration's 2008 plans, you may visit the *Mayor's Office* online at: www.dc.gov

How the City Operates

The city is run by an elected Mayor and DC Council. The DC Council is composed of 13 members: one elected from each of the eight wards and five members, including the chairman, elected at large. Although there is a municipal government and a Mayor, the United States Constitution gives Congress direct jurisdiction over Washington, D.C., which results in citizens having less self-governance than residents of the states.



The Edward Kennedy "Duke" Ellington design won the vote for the new District of Columbia 2009 Quarter Dollar Coin

Selected Demographic Information

	2006	2007
Population	585,459	588,292
Unemployment Rate	5.7%	5.8%
# of Full Time City Employees	27,612	27,831
Public School Students	56,943	52,945

How We Have Progressed

Progress in Fiscal Year 2007

Ongoing Economic Development

Economic development in Washington D.C. remains positive and well balanced. Even the federal government has shown renewed interest in Washington, D.C. as a place to consolidate agencies, functions and staff. Construction is prevalent in each sector of the city. Some completed projects include:

- **Nationals Park**, a new, \$611 million, state-of-the-art ballpark to house the Washington Nationals Baseball Team was completed in early 2008. It is located in the Southeast sector, along the Anacostia River, in a new mixed-use entertainment zone and is one of the main centerpieces in the development of the Southeast D.C. Waterfront.
- **Newseum**, a 250,000 square foot interactive museum of news opened in April 2008. The Newseum is located at 555 Pennsylvania Avenue, N.W. and features seven levels of galleries and theaters. It offers a unique environment that takes visitors behind the scenes to experience how and why news is made.
- **DC USA**, a 546,000 square foot shopping complex located at 14th Street and Park Road N.W., opened in early 2008. It houses a mix of national brand retailers including Target, Best Buy, Staples, Marshalls, and Bed Bath and Beyond.
- **Super Giant Food Supermarket**, a new 65,000 square foot, full-service supermarket opened in December 2007. Located on Alabama Avenue, S.E., this is the first new supermarket to open east of the Anacostia River in nearly ten years.
- **Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)** has completed the construction of a new 438,000 square foot headquarters building at New York and Florida Avenue N.E.



Nationals Park is the nation's greenest ballpark. It received LEED® Silver Certification from the U.S. Green Building Council, making it the first major stadium in the United States to achieve LEED Certification.

DC USA



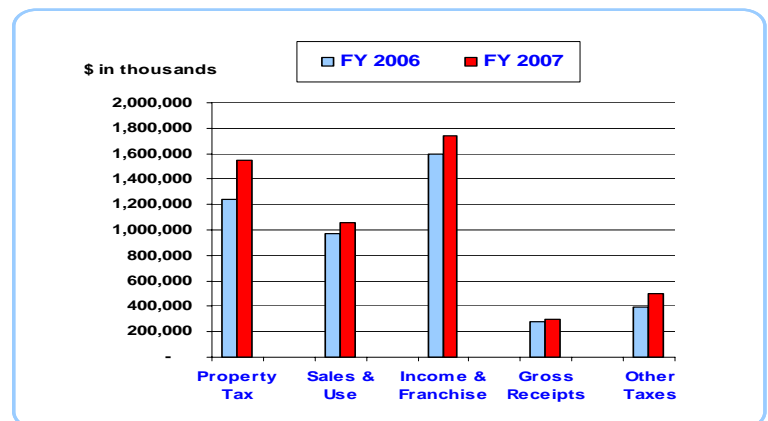
Steady Economic Condition

The economy of the District remains steady.

Total taxes collected in FY 2007 were \$5.1 billion, a 13.3% increase from \$4.5 billion in FY 2006.

Sales and use taxes collected were \$1 billion, a 3% increase over \$971 million collected in FY 2006.

Property taxes collected were \$1.5 billion, a 25% increase over \$1.2 billion collected in FY 2006.



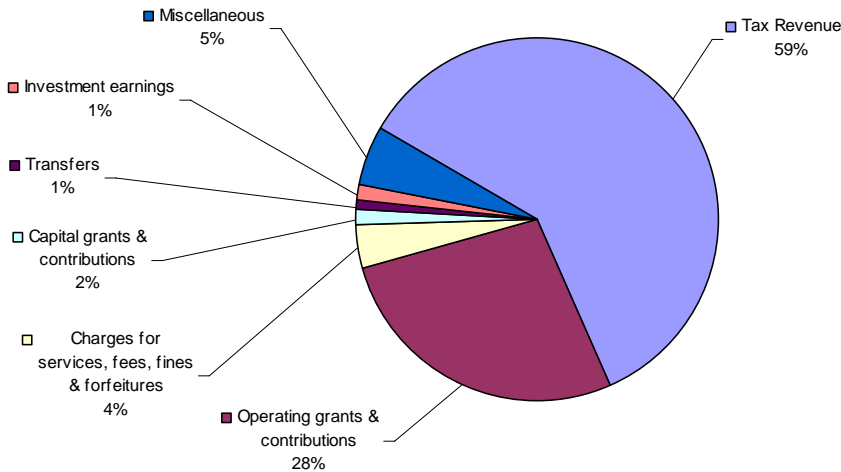
FY 2007 Cash Collections Compared to FY 2006

The City's Budget

Revenues & Expenses

Primary Government Sources of Revenue

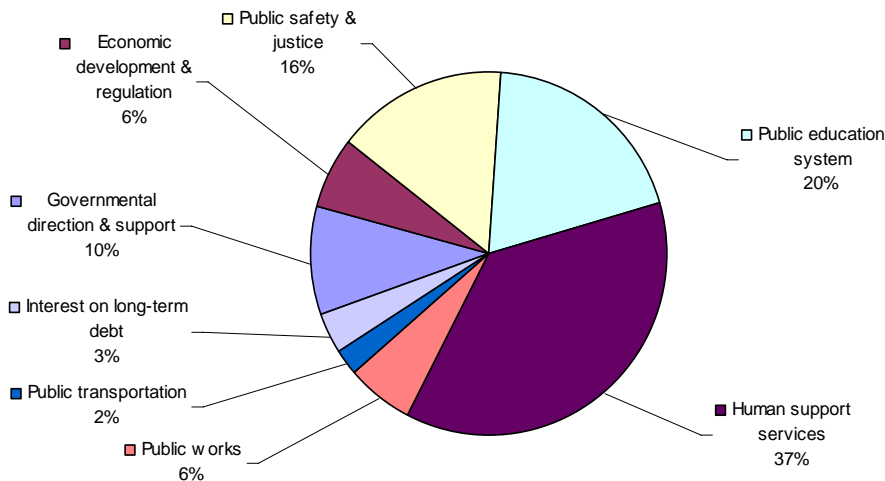
Revenue by Source FY 2007
(\$ in millions)



Revenue by Source (\$ in millions)	FY 2006	FY 2007
Tax revenue	4,538.0	5,139.5
Operating grants & contributions	2,155.0	2,309.5
Charges for services, fees, fines & forfeitures	325.4	335.0
Capital grants & contributions	119.7	130.6
Transfers	73.8	65.4
Investment earnings	73.2	124.4
Miscellaneous	431.2	447.6
Total Revenues:	7,716.3	8,552.0

Primary Government Functional Expenses

Expenses by Function FY 2007
(\$ in millions)



Expenses by Functions (\$ in millions)	FY 2006	FY 2007
Governmental direction & support	574.1	787.4
Economic development & regulation	391.2	509.9
Public safety & justice	1,124.9	1,264.7
Public education system	1,486.1	1,589.7
Human support services	2,967.4	2,992.8
Public works	352.0	481.7
Public transportation	187.6	198.5
Interest on long-term debt	269.7	281.9
Total Expenses:	7,353.0	8,106.6

An independent audit was conducted, resulting in a clean audit opinion.
Complete financial information is available at our website: www.cfo.dc.gov

What's Next?

Future Challenges & Economic Outlook

Outlook for 2008

Like most places in the United States, the District is expected to be adversely affected by the downturn in the nation's economy, but the District's economic resilience will help carry it through the current economic downturn.

- The District, as a place to live, is increasingly desirable because of a strong job market and the need to avoid traffic congestion getting in and out of the city.
- Employment has been growing faster in the District than in the nation as a whole due to gains in the major service sectors of the District's economy (professional, health, education, and other services).
- D.C.'s hospitality sector continues to grow. (tourism, hotels and restaurants)
- The District is investing significantly to increase its housing stock.
- Federal government expenditures add stability to the District's economy.
- Investments in economic development are attracting new retail establishments and influencing the development of "nightlife" in the city.

Bond Rating Agencies: Rating Agencies assess credit quality of municipal issuers and assign a credit rating based on their analyses. In 2007, the District's bond rating by Standard & Poor's remained stable at A+ and the ratings by Moody's and Fitch were increased to A1 and A+ respectively. The current ratings are the highest ratings in the city's history and are representative of the improved and strong financial standing of the District.

Bond Rating History

	Last Four Years			
	2004	2005	2006	2007
S&P	A	A+	A+	A+
Moody's	A2	A2	A2	A1
Fitch	A-	A	A	A+

Restoring Eastern Market

Eastern Market has been an important element in the Capitol Hill community since opening in 1873. Housed in a 19th century brick building, Eastern Market is the District's last public market still in operation. On April 30, 2007, a devastating fire blazed through the market causing extensive damage and displacing 14 vendors. It took more than 400 D.C. firefighters to contain the fire and prevent total destruction of the market. The Mayor and DC Council have committed to restoring this National Historic Landmark and rebuilding efforts are currently underway.

As a result of the fire, a temporary building was constructed across the street on the grounds of Hine Junior High School. The new building was constructed in three months and officially opened on August 25, 2007. The total cost for the temporary structure was \$2.6 million including \$1 million in equipment that will be used in the rebuilt market.

The renovation of Eastern Market is expected to be completed by early 2009 at a cost of \$14 million.



Eastern Market Temporary Building

AGA - Advancing Government Accountability

This report stems from the Association of Government Accountants' (AGA) initiative to encourage governments to provide meaningful and understandable information about the financial condition of the government to its citizens. You may visit AGA on the web at: www.agacgfm.org. This document is prepared by the Office of the Chief Financial Officer. Your suggestions for improvements would be welcomed. Please contact Bill Slack, Deputy Controller, at 202-442-8303.