

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.



HOW THE CITY OPERATES

The city is run by an elected mayor and city council. The city 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.

100 Days and Beyond

2007 Action Plan for the District of Columbia

On January 2, 2007, Adrian M. Fenty was sworn in as the city's new Mayor. Mayor Fenty promised a more transparent and responsive government with fresh energy and ideas.

The plan centers around six core themes:

- 1) Education
- 2) Public Safety
- 3) Healthcare
- 4) Human Services
- 5) Environment & Infrastructure
- 6) Economic Development & Affordable Housing

Although this plan kicked off the first 100 days of the Fenty Administration with specific goals and objectives, it is meant to chart a course for an active D.C. government for the next four years and will continue to evolve as progress is made.

To view the complete plan, you may visit the *Mayor's Corner* at: www.dc.gov



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

SELECTED DEMOGRAPHIC INFORMATION

	2005	2006
Population	582,049	581,530
Per Capita Income	52,811	55,755
Unemployment Rate	7.5%	5.7%
# of Full Time City Employees	26,886	27,613
Public School Students	62,306	56,943

How We Have Progressed

Progress in Fiscal Year 2006

INCREASED RESIDENTIAL

New residential construction is occurring in all sections of Washington, D.C., and range from single-family dwellings and townhouses to apartment buildings and condominiums. The District's Housing Finance Agency helped to finance a total of 67 affordable single-family units and 1,165 affordable multi-family units in fiscal year 2006. These various ongoing efforts are creating a more vibrant downtown residential neighborhood, in addition to expanding residential development throughout Washington, D.C. The rapid reconstruction and renovation of vacant warehouses, commercial buildings and residential structures, and new construction in all areas provide incentives and a very strong marketing tool for attracting new residents and workers to the Nation's Capital.



IMPROVED INFRASTRUCTURE

The District of Columbia Department of Transportation (DDOT) currently has two major initiatives in the city: the *Anacostia Waterfront Initiative* and the *Great Streets Initiative*.

The *Anacostia Waterfront Initiative* is a broad-based project to improve access to, across, and along the Anacostia River and to improve neighborhood connections to this valuable natural resource. Currently, the Anacostia River is the District's most undervalued and underutilized natural resource. The plan is to transform the Anacostia River and its banks into an area that will support recreational activities, such as swimming, boating and fishing, and the creation of parks, neighborhoods and cultural venues. Early projections show that the cost would be approximately \$8 billion and take at least 25 years to complete. Please visit www.anacostiawaterfront.net to follow the progress of this exciting and monumental task.

The *Great Streets Initiative* targets major boulevards in the city to improve the condition and function of the streets and roadways and to promote local business enterprises and improve neighborhood quality of life. It is a multidisciplinary approach to corridor improvement. DDOT has committed more than \$100 million over the next four years to define, improve, and maintain the public realm of the corridors. The six target corridors are:

(1) Georgia Avenue and 7 th Street, N.W., from Eastern Avenue to New York Avenue	(4) Minnesota Avenue, N.E./S.E., from Sheriff Road, N.E., to Good Hope Road, S.E.
(2) H Street, N.E., and Benning Road N.E./S.E., from North Capitol Street to Southern Avenue	(5) Pennsylvania Avenue, S.E., from the Sousa Bridge to Southern Avenue
(3) Nannie Helen Burroughs Avenue, N.E., from Kenilworth Avenue to Eastern Avenue	(6) Martin Luther King, Jr. Avenue and South Capitol Street from and including Good Hope Road to Southern Avenue

ENHANCED ECONOMIC DEVELOPMENT

Economic development in Washington D.C. remains favorable 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 development projects currently under construction to be completed by the end of 2007 are:

- A new and expanded 600,000 square foot Newseum – the world's first interactive museum of news located at 555 Pennsylvania Avenue, N.W.
- The U.S. Department of Justice's Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) new 438,000 square foot headquarters building at New York and Florida Avenue N.E.
- DC USA – a 546,000 square foot shopping and entertainment complex located at 14th Street and Park Road N.W.
- Anacostia Gateway – a 63,000 square foot mixed-use development at Martin Luther King Jr. Avenue and Good Hope Road, S.E.

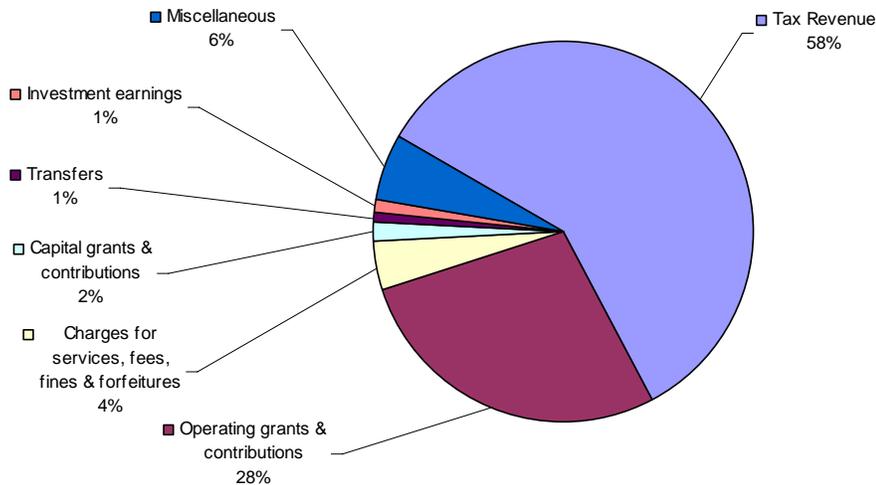
The City's Budget

Revenues & Expenses

PRIMARY GOVERNMENT SOURCES OF REVENUE

Revenue by Source (\$ in millions)	FY 2005	FY 2006
Tax revenue	4,253.4	4,538.0
Operating grants & contributions	2,098.7	2,155.0
Charges for services, fees, fines & forfeitures	327.2	325.4
Capital grants & contributions	112.7	119.7
Transfers	71.5	73.8
Investment earnings	39.8	73.2
Miscellaneous	311.7	431.2
Total Revenues:	7215.0	7,716.3

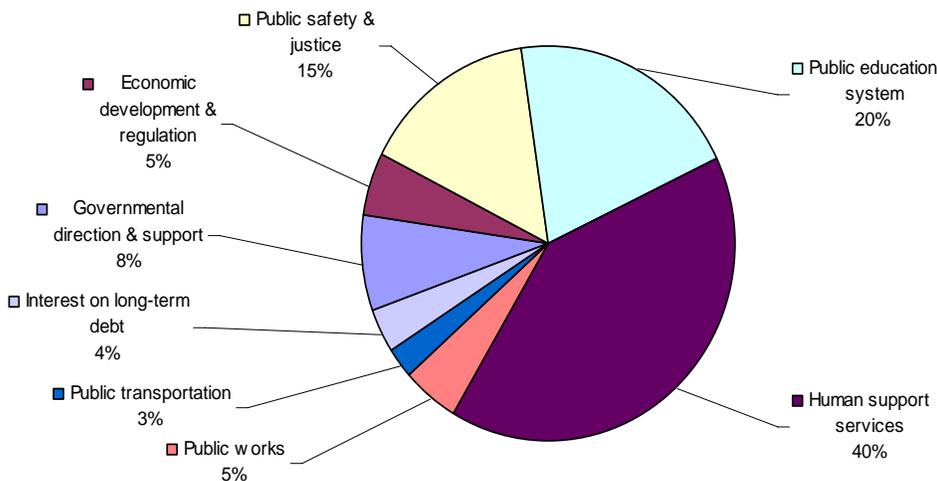
Revenue by Source FY2006
(\$ in millions)



PRIMARY GOVERNMENT FUNCTIONAL EXPENSES

Expenses by Functions (\$ in millions)	FY 2005	FY 2006
Governmental direction & support	642.0	574.1
Economic development & regulation	283.2	391.2
Public safety & justice	1,036.1	1,124.9
Public education system	1,374.5	1,486.1
Human support services	2,663.6	2,967.4
Public works	307.2	352.0
Public transportation	167.8	187.6
Interest on long-term debt	201.9	269.7
Total Expenses:	6,676.3	7,353.0

Expenses by Functions FY2006
(\$ in millions)



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 2007

The economy of the District is expected to hold on to its current strength

- The District, as a place to live, is increasingly desirable because of a strong job market and the need to avoid traffic congestion getting into and out of the city.
- Major service sectors of the District's economy (professional and other services) lead the growth in employment, wages, and gross state product.
- Hospitality sector continues to grow.
- The District is investing significantly to increase its housing stock.
- Increasing Federal government expenditures add impetus to the District's economy.
- Investments in economic development are attracting new retail establishments and influencing the development of "nightlife" in the downtown area.
- Public safety and public works continue to create a more acceptable environment for new employment, visitors, and residents.

Bond Rating Agencies

Rating Agencies assess credit quality of municipal issuers and assign a credit rating based on their analyses. The three primary rating agencies that rate municipal debt are: (1) Standard & Poor's Rating Services, (2) Moody's Investors Service, and (3) Fitch IBCA, Inc.

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. These ratings are representative of the improved financial condition of the District. The improved bond ratings allow the District to either refinance outstanding debt, or to issue new debt, at more favorable rates. Lower interest rates translate into lower debt service payments.

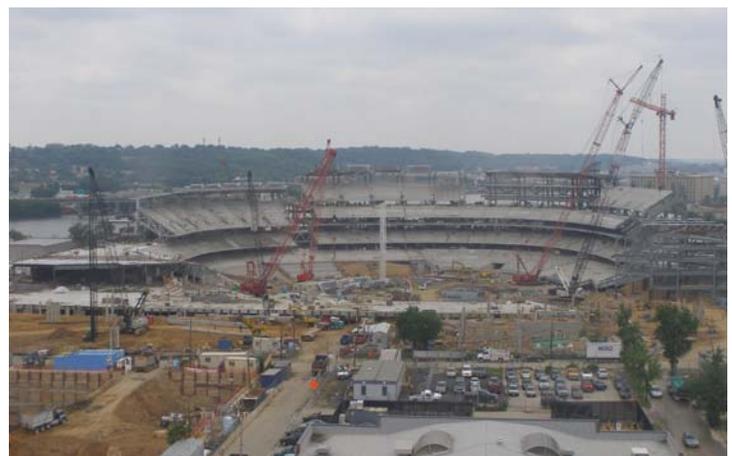
BOND RATING HISTORY				
	Last Four Years			
	2004	2005	2006	2007
S&P	A	A+	A+	A+
Moody's	A2	A2	A2	A1
Fitch	A-	A	A	A+

NEW WASHINGTON NATIONALS BASEBALL STADIUM

Construction of a new baseball stadium to house the Washington Nationals baseball team is continuing on schedule and within budget. The new baseball stadium will be located in the Southeast sector of Washington, D.C. along the Anacostia River in a new mixed-use entertainment zone. It is scheduled to be completed in 2008 and will be one of the main centerpieces in the development of the Southeast D.C. Waterfront.

Baseball Stadium is good for Washington D.C....

- The stadium will turn the Southeast sector, a once neglected neighborhood, into a thriving neighborhood.
- There will be new housing, retail shops and office space.
- Development in the area around the new stadium will create an estimated 19,260 jobs.
- Over the next 30 years, baseball will generate nearly **\$2.5 billion in tax revenue** that would not otherwise have occurred.



Stadium construction at June 2007
[Courtesy of Clark Construction Webcam]

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.