

Comprehensive **A**nnual **F**inancial **R**eport

★ ★ ★
1999

Year Ended

September 30, 1999

Government of the District of Columbia
Office of the Chief Financial Officer





ANTHONY A. WILLIAMS
MAYOR

April 2000

Dear Citizens of the District of Columbia:

I am pleased to present the District of Columbia's Fiscal Year 1999 Comprehensive Annual Financial Report. The District ended Fiscal Year 1999 with General Fund revenues exceeding expenses by \$86.4 million, and once again we are pleased to report that our audit opinion is unqualified.

This good news continues the new spirit of optimism felt throughout the city. The District's downtown area is truly evolving into a great American center city. The MCI arena, and the explosion of new restaurants and shops are dramatically changing the downtown landscape. Moreover, the recent groundbreaking for Gallery Place, which will include town homes, retail shops, and twenty-six movie theaters, will continue our strong position as a center for tourism and entertainment. Gallery Place will be financed, in part, through the sale of bonds backed by the city's new tax increment financing program. More importantly, our population decline has abated, houses are selling at a record pace, and our neighborhoods are showing new signs of life. For example, east of the Anacostia River, there are more than 2,000 new homes planned.

The District has come a long way, but we still have financial challenges ahead and must continue to exercise fiscal responsibility and diligence. We must be equally diligent about our goals to deliver world-class services and an excellent quality of life to our citizens, especially our children. It is important for the stability and future of our city that we invest our resources in improving their future. My administration is strongly committed to this objective, which is why my FY 2001 budget request places such an emphasis on schools.

With your continued help and support, we will continue to make noteworthy strides to accomplish our goals.

Sincerely,

A handwritten signature in cursive script that reads "Anthony A. Williams".

Anthony A. Williams
Mayor

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Valerie Holt
Chief Financial Officer

April, 2000

The Honorable Anthony A. Williams
Mayor of the District of Columbia
441 4th Street, N.W.
Washington, D.C. 20001

Dear Mayor Williams:

I am pleased to present the District of Columbia's Fiscal Year 1999 Comprehensive Annual Financial Report. The District of Columbia ended Fiscal Year 1999 with General Fund revenues exceeding expenses by \$86.4 million and again received an unqualified opinion. The District's General Fund balance at the close of FY 1999 now stands at \$198.9 million.

The District's good news does not stop with the healthy bottom line and clean opinion. For the first time ever, the District set aside \$35 million to reduce its long-term debt burden. The District exceeded its budget proposal to set aside \$30 million for reduction of the city's debt. Also, for the first time, the District has achieved another important measure of a fiscally sound government. The District's General Fund balance for FY 1999 is \$198.9 million. This amount is more than 4% of the projected General Fund expenditures for fiscal year 2000.

In looking to the future, the District's financial recovery is sustainable. Against the backdrop of a strong national and regional economy, our forecast is for sustained growth, although at rates slightly below the previous two banner years. The District also is on target to finish fiscal year 2000 with a balanced budget. We are well positioned to focus on broader-based goals, including the expansion of the economy and improving service delivery. The District's Fiscal Year 2000 Budget and Multi-year Financial Plan are a major step toward a more competitive government with tax and economic policies supporting our need to attract new residents and businesses.

While the strong economy has contributed to our excellent fiscal results, the District must continue to maintain its disciplined spending practices. We have re-established our credibility in the financial markets with improved and more reliable financial reporting and forecasting. We can now move forward with some key initiatives, such as managed competition and performance-based budgeting. More importantly, our financial position

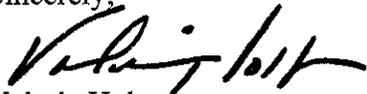
supports the transition of the District's present control structure to one of more traditional government operations.

We are pleased to report that the District has received investment grade ratings from all of the rating agencies. The upgrades were received in time to support the city's largest bond transaction last summer. The District issued \$685.7 million in general obligation refunding bonds and \$241.2 million in general obligation bonds. The restructuring provides the District with more level debt service costs over the next several years and supports the city's tax reduction plan.

In closing, I would like to commend the hundreds of financial staff who spent thousands of hours learning about and implementing our new System of Accounting and Reporting (SOAR). The finance staff is also working to implement the Integrated Tax System (ITS) and to complete implementation of the Comprehensive Automated Personnel Payroll System (CAPPS). They worked diligently on their efforts while staying focused on financial and customer service goals.

I look forward to continue working with you to prudently manage our fiscal resources while supporting improved service delivery, and economic opportunity and development.

Sincerely,

A handwritten signature in black ink, appearing to read "Valerie Holt". The signature is fluid and cursive, with a large initial "V" and a long, sweeping underline.

Valerie Holt
Chief Financial Officer