



VINCENT C. GRAY
MAYOR

January 27, 2011

Dear Residents of the District of Columbia,

I am pleased to present the District of Columbia's (District) Fiscal Year 2010 Comprehensive Annual Financial Report (CAFR). Despite a nationwide economic downturn, the District's finances remain strong. We completed Fiscal Year 2010 with a budgetary surplus of \$58 million, resulting in a General Fund balance of \$890 million at September 30, 2010, and the audit opinion is unqualified for the fourteenth consecutive year.

As in previous years, the District was able to continue to invest in neighborhoods and commercial projects and continues to be an attractive destination for visitors from all over the world. We now enjoy a "AAA" rating from Standard & Poor's on our Income Tax secured revenue bonds, with ratings of "AA+" and "Aa1" from Fitch Ratings and Moody's Investors Service, respectively. All three rating agencies have "stable" outlooks on the District's income tax bonds. The District's general obligation bond ratings are "A+" from Standard & Poor's, "AA-" from Fitch Ratings, and "Aa2" from Moody's Investors Service, also with "stable" outlooks. This strong bond rating allows the District to incur debt at lower interest rates, which permits us to continue to improve both infrastructure and service delivery.

Because of measures taken over the last few years, the District is faring better in this national recession than most state and local governments, but we continue to face challenges. Revenues continue to decline requiring more creative approaches to reducing expenses. As "One City", we must build on the success of the past to ensure financial stability in the years to come. My administration is committed to strengthening the District's financial position and will continue to improve the safety, health, and education of all of our citizens.

We will continue to do what is needed to improve opportunities for all Washingtonians. With your continued support, we will continue to lift communities in every Ward to provide our children with a proud legacy, and a much brighter future.

Sincerely,

A handwritten signature in black ink that reads "Vincent C. Gray".

Vincent C. Gray