



OFFICE OF CHAIRMAN MENDELSON  
COUNCIL OF THE DISTRICT OF COLUMBIA

**FOR IMMEDIATE RELEASE:**  
Thursday February 1, 2018

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## **GOOD NEWS & BAD IN DISTRICT'S ANNUAL FINANCIAL REPORT**

**WASHINGTON, DC** -- Chairman Phil Mendelson today issued the following statement regarding the District's Annual Financial Report:

"This report is both good news and bad. Of course, everyone will focus on the fact we ended last year with a surplus, the General Fund Balance increased by \$287 million, and there were no deficiencies or materials weaknesses in the District's reporting.

"But there is no extra money to spend. The increase in funds has already been set aside for other purposes: \$256 million for future budgets and \$71 million for legally required federal cash reserves.

"Despite the increase in the cash reserves, the total rainy-day fund actually dropped in terms of how many days operating cash is reserved – dropping from 56 to 54 days.

"Our financial picture is healthy, but there are warning signs nonetheless. Debt service continues to grow and is projected to exceed \$1 billion dollars a year in 2021. That's because we are borrowing more than ever. Another problem is that we are budgeting to spend in the current and future years more than we actually receive in each of those years. We are able to do this because extra cash from past years is carried forward – over \$500 million at the end of last year.

"We should celebrate our financial health, but at the same time recognize that there are still challenges to be worked out."