

BUDGET HEARING

FY 2006 BUDGET REQUEST OF THE OFFICE OF THE CHIEF FINANCIAL OFFICER (OCFO)

Before the
**Committee on Finance and Revenue
Council of the District of Columbia**

The Honorable Jack Evans, Chairman

**April 13, 2005
Council Chamber**



**Testimony of
N. Anthony Calhoun
Treasurer and Deputy Chief Financial Officer
Office of Finance and Treasury**

**Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Evans and members of the Committee. My name is Anthony Calhoun. I am the Deputy Chief Financial Officer and Treasurer for the District of Columbia. The information that I will present addresses the Office of Finance & Treasury's (OFT) proposed FY 2006 budget. I thank you for the opportunity to discuss the accomplishments that the Office of Finance and Treasury has achieved in generating revenue, managing assets, and our plans for continuing these achievements.

OFT administers the assets and liabilities of the District government. As such, manages the District's cash, processes all cash disbursements, conducts capital market borrowings, collects non tax receivables, administers the District's Defined Contribution Plan (401 (a)) the Deferred Compensation Plan (457), the College Savings Plan (529) and the Unclaimed Property Program.

During FY 2004 and FY 2005, OFT has continued to improve the various financial processes of the District, with positive results. These include managing the DC College Savings Plan ("529 Plan") and increasing the number of claimants reunited with their unclaimed property by 38%. OFT's accomplishments also include the management and executing the sale of Tax Revenue Anticipation Notes (TRANS) without the backing of a bank letter of credit for the first time since before the control board era, and sold the notes at a record-low interest rate yield of 1.12%; executed a Tobacco Escrow Restructuring transaction that took advantage of the decline in interest rates since the original Tobacco Securitization deal was done to produce additional savings/revenue of \$9.6 million to the District; the refunding

(refinancing) of outstanding general obligation bonds at lower interest rates. All of these transactions resulted in substantial debt service savings in FY 2004 and FY 2005.

FY 2006 Budget Request

The FY 2006 budget request for OFT totals 91 FTEs with a budget of \$18.7 million, which is a net increase of \$2.6 million from the FY 2005 approved budget. The bulk of the increase is a result of a technical adjustment of \$1.4 million in Unclaimed Property Fee payments for audits. The increase in Unclaimed Property Fee payments can yield an additional return of \$12 million to the District, based on conducted audits. The other \$1.2 million consist of the following:

- \$0.8 million for an increase in personnel costs,
- \$0.4 million for higher lock box fees,
- \$0.2 million for increased occupancy costs, and
- \$0.15 million for increased debt management costs.

The FY 2006 budget for the Office of Finance & Treasury was formulated in accordance with the office's strategic objectives:

- To reduce costs associated with treasury financial transactions,
- To increase revenue from the treasury revenue producing units,
- To improve the service provided to District residents and other District agencies,
- To manage the District's assets and liabilities to improve financial performance, and
- To facilitate economic development through financial transactions.

Mr. Chairman, this concludes my prepared testimony. I would be happy to answer any questions you or other members may have.

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