

April 6, 2001

Council of the District of Columbia

PUBLIC HEARING ON THE MAYOR'S FISCAL YEAR 2002 BUDGET SUPPORT ACT OF 2001

Testimony of N. Anthony Calhoun, Deputy Chief Financial Officer for Finance and Treasury, before the Committee on Finance and Revenue

Good morning, Chairman Evans and members of the committee. My name is Anthony Calhoun. I am the deputy chief financial officer (CFO) and treasurer for the Office of Finance and Treasury (OFT). My testimony today will cover the proposed FY 2002 budget and performance goals.

FY 2002 Proposed Budget

The FY 2002 proposed budget from all funding sources totals \$15.8 million and 90 full-time employees (FTEs). This includes a local budget of \$7.6 million and 72 FTEs. OFT will maximize service delivery by properly allocating these resources among its divisions. I will now briefly discuss the primary responsibilities of OFT and how these resources will support our performance goals.

In FY 2002, OFT will focus its resources on the following strategic objectives:

- Reduce costs associated with treasury financial transactions;
- Generate additional revenue from our revenue producing units;
- Improve the services provided to District residents and District agencies; and
- Manage the District's asset and liabilities to improve financial performance.

Each unit within the Office of Finance and Treasury will play a critical role in achieving these objectives. At this time, I will briefly highlight performance goals of the treasury operations, asset management, and debt management units.

Treasury Operations

The Treasury Operations unit is responsible for unclaimed property, disbursing, cashiering, revenue accounting, vendor information center, and dishonored checks. The unclaimed property unit is responsible for the safekeeping and reporting of all personal property under the custody of the District of Columbia. In FY 2001, OFT's goal is to identify the owners of unclaimed property valued at \$7 million. For FY 2002, OFT's performance goal in this area is to identify owners of unclaimed property valued at \$10 million.

Asset management

Another target for FY 2002 is the reduction of District bank accounts. Over the past year, OFT worked to reduce the number of bank accounts that now stands at 1,078, a reduction from 1,200 bank accounts in FY 2000. OFT's goal is to reduce the number of bank accounts to approximately 678 by the end of FY 2001. For FY 2002, OFT's goal is to reduce the number of accounts to 220.

The FY 2002 proposed budget also includes funding for implementation of the DC College Savings Act of 2000. OFT will be responsible for the administration of the college savings plan, which will provide citizens an alternative way to save money for their children's college education.

Currently a study is underway to understand college savings plans of similar size and in surrounding jurisdictions. After the study is completed, OFT will develop a plan document, establish a board as outlined in the act, and issue request for proposals for the administration and the investment of funds.

Debt Management

The Debt Management unit issues general obligation bonds in the financial marketplace to provide for the payment of costs incurred in the acquisition or development of capital projects and to refund outstanding indebtedness. In FY 2001, the District received an upgrade in its bond rating from three primary rating agencies (Moody's, Standard & Poor's, Fitch IBCA). For FY 2002, OFT will continue to work with the District stakeholders and Wall Street to continue to improve its bond rating.

OFT professionals have a wide range of skills, diverse backgrounds and work styles. Combining new and seasoned employees that work effectively together as a team ensures that the mission OFT will be met.

In closing, I would like to thank you for the opportunity to appear before you today, and I am ready to answer any questions that you may have.