

## OFFICE OF FINANCE AND TREASURY

GOOD MORNING CHAIRPERSON EVANS AND MEMBERS OF THE FINANCE AND REVENUE COMMITTEE AND STAFF. MY NAME IS DR. WILLIAM HALL. I AM THE TREASURER FOR THE DISTRICT OF COLUMBIA. I AM PLEASED TO APPEAR BEFORE YOU TODAY TO PRESENT TESTIMONY ON THE UPCOMING FY2001 BUDGET FOR THE OFFICE OF FINANCE AND TREASURY.

### OVERVIEW

THE OFFICE OF FINANCE AND TREASURY (OFT) MANAGES THE CASH AND OTHER LIQUID ASSETS OF THE DISTRICT OF COLUMBIA; COORDINATES PAYMENTS TO VENDORS AND SERVICE PROVIDERS; ACCEPTS PAYMENTS FOR SERVICE AND TAXES, MANAGES DISTRICT BORROWINGS AND DEBT REPAYMENT; MAINTAINS RELATIONSHIPS WITH THE INVESTMENT COMMUNITY, AND MAXIMIZES THE DISTRICT ASSETS IN COORDINATION WITH THE ADMINISTRATION, SCHOOL DISTRICT AND THE FINANCIAL MANAGEMENT RESPONSIBILITY MANAGEMENT ASSISTANCE AUTHORITY AND OTHER PERTINENT LEGISLATION.

THE OFFICE OF FINANCE AND TREASURY (OFT) IS ORGANIZED INTO THREE CORE AREAS:

ASSET MANAGEMENT - INVESTS, PURSUANT TO THE DISTRICT OF COLUMBIA DEPOSITORY ACT, THE PUBLIC FUNDS OF THE DISTRICT ON A DAILY BASIS. MAINTAINS AND IS RESPONSIBLE FOR THE BALANCES WITH FINANCIAL INSTITUTIONS CONTRACTED BY THE DISTRICT. MAINTAINS COMPLIANCE WITH PERTINENT REGULATIONS AND LAWS. PROJECTS DAILY, MONTHLY,

AND ANNUAL CASH POSITIONS OF THE DISTRICT. INCLUDED ARE UNCLAIMED PROPERTY, REAL ESTATE ASSETS, AND THE DEBT COLLECTION OF DISHONORED CHECKS.

DEBT MANAGEMENT - CONDUCTS ALL SHORT-TERM AND LONG-TERM BORROWING ACTIVITIES OF THE DISTRICT. PROJECTS FUTURE BORROWING NEEDS. MAINTAINS THE DEBT SERVICE ACCOUNTS OF THE DISTRICT. ENSURES TIMELY PAYMENTS OF PRINCIPAL AND INTEREST ON OUTSTANDING DEBT. COMPILES DEBT SERVICE BUDGET FIGURES AND PREPARES ASSOCIATED NARRATIVES. RECORDS AND ACCOUNTS FOR DEBT-RELATED TRANSACTIONS. MAINTAINS A PROFESSIONAL AND PROACTIVE RELATIONSHIP WITH THE DEBT MARKETS, INCLUDING INSTITUTIONAL BUYERS OF BOND, RATING AGENCIES, INVESTMENT BANKERS, FINANCIAL ADVISORS AND BOND COUNSEL.

TREASURY OPERATIONS - MANAGES THE DISTRIBUTION OF PAYMENTS VIA CHECK FOR DISTRICT OBLIGATIONS, THE COLLECTION AND DEPOSITING OF PAYMENTS DUE AND OWNING ON BEHALF OF THE DISTRICT, THE RECONCILIATION OF ALL REVENUES IN THE DISTRICT'S FINANCIAL MANAGEMENT SYSTEM (SOAR). SERVES AS THE FOCAL POINT FOR INQUIRIES AND CUSTOMER RELATIONS FOR PAYMENT BY THE DISTRICT FOR GOODS AND SERVICES TO VENDORS.

THE FY2001 BUDGET REQUEST FOR THE OFFICE OF FINANCE AND TREASURY (OFT) INCLUDES \$ . IN LOCAL APPROPRIATIONS TO SUPPORT MAJOR OPERATIONS THAT INCLUDE, BUT ARE NOT LIMITED TO THE FOLLOWING ACTIVITIES:

ASSET MANAGEMENT:

THE ASSET MANAGEMENT DIVISION WILL UNDERTAKE A NUMBER OF INITIATIVES IN FY2001 TO REDUCE COSTS, INCREASE REVENUE, IMPROVE SERVICES, AND BETTER MANAGE THE DISTRICT' S ASSETS, INCLUDING:

- IN THE AREA OF CASH MANAGEMENT, WE WILL OBTAIN AND INSTALL TREASURY WORKSTATIONS TO IMPROVE BALANCE REPORTING, CASH FORECASTING, INVESTMENT PORTFOLIO MANAGEMENT, AND DEBT SCHEDULING;
- WITH REGARD TO BANKING, WE WILL INSTITUTE ADDITIONAL ELECTRONIC PAYMENT OPTIONS FOR TAXPAYERS AND OTHERS, AND CONTINUE TO CONSOLIDATE DISTRICT BANK ACCOUNTS TO REDUCE COSTS;
- WE WILL INSTITUTE ELECTRONIC CHECK REPRESENTMENT TO REDUCE THE VOLUME OF DISHONORED CHECKS;
- OUR UNCLAIMED PROPERTY UNIT WILL EXPAND ITS COMMUNITY OUTREACH TO REUNITE CITIZENS WITH THEIR ABANDONED PERSONAL PROPERTY; AND

- WE WILL REVAMP THE DEFERRED COMPENSATION PROGRAM TO INCREASE EMPLOYEE PARTICIPATION AND IMPROVE SERVICE TO PARTICIPANTS.

DISCUSSION OF VARIANCES: THE PROPOSED \$100,535 (6%) INCREASES IN PS FOR THE ASSET MANAGEMENT DIVISION IS RELATED TO RAISES/PROMOTIONS, AND THE PROPOSED \$72,647 (9%) DECREASE IN LOCAL NPS REPRESENTS PROJECTED COST SAVINGS IN THE DISHONORED CHECK AND UNCLAIMED PROPERTY PROGRAMS.

DEBT MANAGEMENT:

IN THE PROCESS OF CONDUCTING ITS BUSINESS AS OUTLINED ABOVE, BUDGET AUTHORITY IS USED BY THE DEBT MANAGEMENT DIVISION TO ACQUIRE THE SERVICES OF NUMEROUS CONSULTANTS, INCLUDING FINANCIAL ADVISORS AND BOND COUNSEL, AS WELL AS OTHER FINANCIAL INSTITUTIONS AND FINANCIAL SERVICES PROVIDERS. OF COURSE, THE DIVISION ALSO HAS PERSONNEL COSTS, AS WELL AS SOME TRAINING AND PROFESSIONAL DEVELOPMENT EXPENSES.

HISTORICAL DEPARTMENT SPENDING IS AS FOLLOWS:

UNIT	ACTUAL FY'99	BUDGET FY'00	PROPOSED FY'01
ADMINISTRATION			
BANKING OPERATIONS			
DISBURSING OPERATIONS			
ACCOUNTING OPERATIONS			
CASHIER OPERATIONS			

CASH MANAGEMENT  
DEBT MANAGEMENT  
TREASURY OPERATIONS  
ASSET MANAGEMENT  
TREASURY SERVICES  
INVESTOR RELATIONS

TOTAL

MAJOR PERSONNEL SERVICES INCREASES INCLUDE:

SUBTOTAL

MAJOR NON-PERSONNEL SERVICES INCREASE INCLUDE:

SUBTOTAL

TOTAL MAJOR DIFFERENCES:

WE BELIEVE THESE MODEST INCREASES ARE IN ACCORDANCE WITH THE OFFICE'S STRATEGIC OBJECTIVES; NAMELY:

- TO REDUCE COSTS ASSOCIATED WITH TREASURY FINANCIAL TRANSACTIONS;
- TO INCREASE REVENUE FROM TREASURY REVENUE PRODUCING UNITS;
- TO IMPROVE THE SERVICE PROVIDED TO DISTRICT RESIDENTS AND OTHER DISTRICT AGENCIES;
- TO MANAGE THE DISTRICT'S ASSET LIABILITIES TO IMPROVE FINANCIAL PERFORMANCE; AND
- TO FACILITATE ECONOMIC DEVELOPMENT THROUGH FINANCIAL TRANSACTIONS.

IN CARRYING OUT THESE STRATEGIC OBJECTIVE, THE OFFICE OF FINANCE AND TREASURY HAS MET EVERY GOAL AND OBJECTIVE FOR FY'00. WE HAVE ONE OF THE STRONGEST TEAMS IN FINANCE GOVERNMENT. THE OFT PROFESSIONALS HAVE A WIDE VARIETY OF SKILLS, A DIVERSE BACKGROUND

AND WORK STYLE, COMBINING NEW AND SEASONED EMPLOYEES, AND WE  
WORK EXTREMELY WELL TOGETHER AS A TEAM.

WE THANK YOU FOR THIS OPPORTUNITY AND STAND READY TO ANSWER ANY  
QUESTIONS.