GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER

Natwar M. Gandhi
Chief Financial Officer

April 29, 2013

The Honorable Jack Evans
Chairman
Committee on Finance & Revenue
Council of the District of Columbia
The John A. Wilson Building
1350 Pennsylvania Avenue, NW, Suite 106
Washington, DC 20004

Dear Chairman Evans:

This is in response to your letter dated April 18, 2013, regarding questions for the upcoming public oversight hearing on the OCFO Fiscal Year 2014 budget and financial plan scheduled for Tuesday, April 30th. Responses to the questions posed in your letter are attached for your review.

If you require additional information, please feel free to contact me.

Sincerely,

Natwar M. Gandhi

Attachments

Fiscal Year 2014 Budget and Financial Plan Questions

1. **Please provide the Agency's budget worksheets for, FY12 and FY13, including the following information:**
   - **For FY12, please include the amount approved and amount actually spent.**
   - **For FY13, please include the amount approved, revised proposal, and spending to date.**
   - **For FY14, please include the amount requested.**

   Please provide this information by object class/comptroller source group. Please include the number of FTEs. Please subtract the figures for the program "Budget Development and Execution," since that function is under the jurisdiction of the Committee of the Whole.

   RESPONSE

   See attachments 1a, 1b and 1c.

2. **Please list all program enhancements, technical adjustments, and reductions included within the FY14 Agency budgets. Please break down these costs by program. In addition, please provide a narrative description and rationale for each, along with associated dollar amounts and FTEs (if applicable).**

   RESPONSE

   See **Attachment 2** which details proposed program enhancements, technical adjustments and reductions to the Office of the Chief Financial Officer (OCFO) FY 2014 budget after the Current Services Funding Level adjustments were applied. Budget changes to Local, Special Purpose Revenue and Intra-District Fund Types are shown in separate sections with affected program areas noted.

3. **Please provide a list of all projects for which your agency currently has capital funds available, or for which capitals funds are requested in FY14. Please include in this list a description of each project, the amount of capital funds available for each project, a status report on each project, and planned remaining spending on the project. If capital funds have been reduced for a given project, please state the affect of the reduction. What is the status of the integrated tax system (ITS) modernization/upgrade? What is the timeframe for completion, and what action is expected to occur in FY14? What is the status of SOAR modernization? Please also discuss the proposed equipment acquisition in the out years of the budget. Does this relate to ITS?**

RESPONSE

BF211C – CFO$olve implemented an array of financial reporting tools for both financial and non-financial users. We plan to spend the project balance of $2,896,504 in FY13 and FY 14 on planned enhancements to CFO$olve, the Agency Operational Dashboard (AOD), and the public-facing CFOInfo sites.

BF301C - SOAR and Budget Modernization will replace the District's current financial and budget systems:

> The Accounting component of the project involves implementation of core financial modules such as General Ledger, Accounts Payable, and Accounts Receivable;
>
> The Budget Management and Planning System (BMAPS) component of the project includes the budget formulation and budget execution modules.

The current total five-year budget for the project is $26,056,355 with total expenditures to date of $14,249,916. The project schedule is being re-evaluated and will be adjusted following the termination of the primary contract due to issues with vendor performance. Project strategy sessions are being conducted to evaluate progress made to date and provide the basis for process re-engineering in mid-project. A detailed analysis of useable work completed will lead to specifications for a new solicitation for project implementation moving forward. We expect these efforts to be completed during May and June which will lead to a new RFP, cost estimate and project schedule.

EQ940C – Master Lease covers capital investments associated with the new systems enhancements as well as regular replacement of OCFO servers and support software. Current available funding of $3,305,075 will primarily be used to meet the needs of the new SOAR replacement and ITS systems.

CSP08C - Integrated Tax System Modernization will replace and modernize the District's Real Property Tax System and Business and Personal Tax Systems. The current total five-year budget for the project is $34,919,806 million with a total of $20.4 million financed through FY 13. The total expenditures to date are $978,398.

The OCFO has made significant strides in our efforts to modernize the District's tax systems. The Modernized eFile (MeF) application was implemented in January timely for the 2013 Filing Season. MeF is the District's new single portal for electronically-filed Individual Income Tax returns. We are awaiting responses to the solicitation for the Integrated Tax System Modernization and anticipate that the contract will be awarded in the fall of 2013. The modernization project will be implemented in phases over the span of 5 years with the functionality to support the first tax types completed by the end of FY 15.

4. **Please provide a list of all <u>space</u> that will be used by the Agency, including: facility name, location, square footage, description, leased/owned designation, rent, and other fixed costs that are included in the cost of rent (utilities, security, etc.). Please note any space changes.**

<u>RESPONSE</u>

See **Attachment 4** which details the current use of space by the OCFO. The Department of General Services (DGS - formerly the Department of Real Estate Services-DRES) manages all fixed costs for the agency, including rent.

5. **Will the proposed FY14 budget allow the Agency to meet all <u>statutory mandates</u>? If not, please explain.**

<u>RESPONSE</u>

Yes.

6. **What is the outlook for the next quarterly revenue estimate?**

<u>RESPONSE</u>

Federal government budget cuts remain the primary risk to the District's finances. As you know, the federal budget sequestration went into effect on March 1st, but because federal workers must be given a months' notice before furloughs go into effect, it is still too early to gauge the impact on the District's economy. The federal government will no doubt continue to anchor the District's economy, but given the current shift to budget austerity, it can no longer be counted on to be a source of significant growth.

Many outstanding economic development initiatives are underway, but it is not yet clear when they will bring about a substantial net rebound in employment and income. Nor is it clear what impact, if any, federal budget cutbacks may have on population growth, which is the key to the District's continued economic and financial prosperity.

Although the current revenue estimate includes the impact of federal sequestration on the District, the estimate is of necessity based on limited information about details and timing. If federal austerity is more severe than this estimate assumes, its fiscal outlook would worsen.

Federal cutbacks are not the only risk that the District faces. Other downside risks include the possibility of a slowing down or reversal of national economic growth, and additional financial market problems. The Euro-zone debt crisis, possible disruptions to oil supplies and other impacts arising from uncertainties in the Middle East, and national security events also add to uncertainty.

7. **There seems to have been many questions/concerns of various tax preparation software not being updated to file DC taxes – what are the reasons for delays and what can we do to help?**

RESPONSE

The delays were caused by a number of factors, including the important changes that we had to make to the Corporate and Un-incorporated Franchise tax returns. The time spent on these changes also impacted the process of completing some of the other tax returns. The process was further impacted by the delay in the finalization of the federal forms because of the fiscal cliff negotiations. The Office of Tax and Revenue (OTR) needed to make certain that there would be no federal changes that would impact the personal income tax (D-40) returns. The private sector software companies also experienced problems adjusting to these late federal returns. To reduce or eliminate the risk of this reoccurring, OTR has made several adjustments to their internal processes for filing season preparation. These adjustments include, but are not limited to, reassigning staff to add more resources to the small forms staff and the development of a new forms redesign procedure.

8. **With the exception of Subtitle A of Title VII, please confirm the language in each subtitle of TITLE VII and TITLE VIII of the Budget Support Act is sufficient to perform the actions intended. If not, please provide suggested edits.**

   - **With regard to Title VII, Subtitle M, "Tregaron Conservancy Tax Exemption and Relief" is the language in this subtitle sufficient so the OCFO can provide a refund to the correct entity once the reprogramming of money to the OCFO is made? If not, please provide suggested edits.**

RESPONSE

Title VII. Finance and Revenue

Subtitle B. Tax Increment Revenue Bonds DC USA Project Extension
The subtitle is sufficient to perform the actions intended. The OCFO and EOM requested this legislation because the original authorizing legislation (by NCRC because these were NCRC bonds that became District bonds when the NCRC was merged into the District) provided that a portion of the bonds would be paid only from revenues derived from the parking garage (not from the TIF revenues). The authorized TIF portion of bond payments will be fully utilized, but because there have been no parking garage receipts, a portion of the bonds will remain unpaid. Thus, the decision is whether to not pay the remaining portion of the bonds or extend the TIF authorization. This legislation extends the authorization to use the TIF to pay the remaining amount of the bonds.

Subtitle C. Delinquent Debt Recovery Amendment
The language of the subtitle is sufficient to perform the actions intended.

Subtitle D. Bank Fees Special Fund
The language of the subtitle is sufficient to perform the actions intended.

Subtitle E. Affordable Housing Real Property Tax Relief
Suggested changes to this subtitle are noted below:

> Section 752. Section 47-1002(20)(A)(ii) of the District of Columbia Official Code is amended by striking the " ; " at the end of the sentence and inserting ", or payments made under any renewal of a contract originally made for such new construction, substantial rehabilitation or moderate rehabilitation under such § 8 that entitled the property to the exemption and for which an exemption was granted;"

Subtitle F. Beulah Baptist Church Real Property Equitable Tax Relief
The language in the bill appears sufficient to provide properties referenced in D.C. Official Code § 47-4654, generally owned by Beulah Baptist Church or related entities, with a real property tax exemption and tax forgiveness for the period October 1, 2010 through September 30, 2020. However, the text includes some embedded line numbers that appear to have been inadvertently included, probably when the text was copied into the bill from another document. These embedded line numbers should be deleted.

Subtitle G. Gala Hispanic Theater Real Property Tax Abatement
The language in the bill appears sufficient to provide real property tax relief to GALA Hispanic Theatre, abating the portion of the real property tax on its leased space that it would otherwise have to pay under its lease.

Subtitle H. Alcoholic Beverage Regulation Administration Reimbursable Detail Amendment
If it is the intent to eliminate the funding for the program, the language is sufficient.

Subtitle I. Municipal Bond Tax Repeal
The subtitle is NOT sufficient to perform the actions intended. This is complicated because there have been numerous amendments to the bond-taxability provisions of the DC Code. The long-standing Code provision, in Section 47-1803.02(a)(1) provided that interest on out-of-District municipal bonds shall be taxed except for individuals, estates and trusts. This language was first amended by changing to a subsection (a)(1)(A) which continued the tax on all but individuals, estates and taxes, and, in a new subsection (a)(1)(B), by imposing the tax on individuals, estates and trusts for municipal bonds acquired on or after October 1, 2011. It also added subsections (a)(1A)(A) and (B) relating to whether the tax would be imposed on individuals, estates and trust on municipal debt acquired before October 1, 2011.

Section 8009 of the Fiscal Year 13 Budget Support Act of 2013 (effective September 20, 2012), amended subsection (a)(1)(B) to change the acquisition date from October 1, 2012 to January 1, 2013. It also repealed Section (1A), the possible application of the tax to bonds acquired before January 1, 2013, but not (1B). The contingency requirement was never achieved. Another FY 2013 Budget Support Act amendment, section 7152, amended subsection (a)(1)(B) to provide that individuals, estates and trusts will not be taxed on municipal bond interest if the Chief Financial Officer certified that sufficient revenue was available in the last 3 revenue estimates for 2012 to fund the Contingency Priority List Act of 2012.

In short, the varying amendments and conditions to applicability call for clarity. The intent is to provide that individuals, estates and trusts do not, and have not been previously obligated to, pay tax on municipal bond income. The current language was changed by L10-0168, effective September 20, 2012 (section 7151 of the FY 2013 Budget Support Act of 2012). That language appears to completely exempt the interest on bonds for individuals, estates and trusts. If the current law is intended to be retroactive to cover any period between the prior amendments, then it should clearly so state.

Because there may be confusion about the applicable dates, we recommend that Subtitle I, Section 792(a) simply read as follows: "(a) Paragraph (1)(B) is amended to read as follows: "(B) Individuals, estates, and trusts shall not, and shall not have been required to, include interest on the obligations of the District of Columbia, a state, a territory of the United States, or any political subdivision thereof, in the computation of District gross income."

Subtitle J. Mandarin Hotel FY13 and FY14 Fund Transfers
The subtitle is sufficient to perform the actions intended. The purpose of this legislation is to allow excess TIF revenues from the Mandarin footprint to be used to refund outstanding Mandarin TIF bonds in order to free debt cap capacity, reduce interest costs and eventually remove the Reserve Agreement. We would recommend removing the language "if after accounting for transfers authorized to the General Fund of the District of Columbia under current law" in the new Section 4(e) because any such transfers under current law would be applicable anyway, and this reference creates some confusion regarding whether it has broader implications.

Subtitle K. Combined Reporting
The subtitle is sufficient to perform the actions intended.

Subtitle L. First Congregational United Church Of Christ Amendment
It appears that the church has received the tax refunds to which it was entitled under existing relief legislation.

However, it also appears that the church would like the relief legislation adjusted so that it can recover taxes paid on a single lot, (Lot 831, Square 375) for a 4-month period ending February 1, 2008, the original start date of the forgiveness provided under present law.

The church, however, would not have been entitled to an administrative exemption on this lot during this time, and it may be inadvisable to provide the requested relief for this reason.

Lot 831 was acquired by the church as a result of an alley closing, and the lot was created October 1, 2007. It was new property received by the church that was not part of its preexisting property holdings, which were fully exempt at that time.

Where new land is acquired as a result of an alley closing, OTR's practice is to treat the lot as taxable until the property qualifies for exemption under the usual rules, which require the filing of an exemption application. The church did not file an exemption application on this lot until January 31, 2008, and so the earliest that the property could have qualified for an exemption is February 1, which is when the existing legislative tax relief began. As to this lot, the church has already received the same treatment to which it would have been entitled under the administrative exemption rules if the property had only been used for religious purposes.

It seems that the purpose of the relief legislation was to give the church essentially what it would have gotten if the preexisting exemption of its property had continued during the time it owned this property, even though a portion was being developed for commercial use. It may not have been intended to give the taxpayer a benefit on Lot 831 that it couldn't have gotten even if it had continued to use its property exclusively for religious purposes.

If it is decided to provide this relief, the bill should be corrected to include a reference to Lot 7010, which appears to have been inadvertently omitted from the list of exempted lots. Also, instead of providing that "all" real property taxes are forgiven, the start date of the forgiveness should be amended to read "October 1, 2007," rather than "February 1, 2008," as it currently does. Using a definite start date eliminates the possibility that some additional tax on these lots from long ago may be refundable, thus sparing OTR from the need to research this. Furthermore, the statute that this provision seeks to amend has already been amended by D.C. Law 19-21, § 7043, and so it is not clear whether the amendment relates to the appropriate statute. Rather than attempting to restate the entire provision, the bill should simply amend the particular terms in the existing law that are to be changed.

Subtitle M. Tregaron Conservancy Tax Exemption and Relief Amendment
The language of the bill appears sufficient to forgive all real property, transfer and recordation taxes imposed with respect to the land conveyed to the Tregaron Conservancy for the period beginning March 1, 2007. Existing law, DC Official Code sec. 47-1077, provides a real property exemption to land owned by the Conservancy, but this relief only applied once the land was transferred to the Conservancy and existing law does not provide an exemption to a prior owner. The prior owner of the largest tract conveyed to the Conservancy has requested forgiveness of taxes for this period with respect to the land that it conveyed to the Conservancy.

The bill orders that these taxes be refunded, but it does not identify the payee of the refund. It is OTR's practice to refund taxes to the person who made the payment, upon submission of appropriate substantiation. If a refund to someone besides the payor is requested, the payor must submit an appropriately documented authorization to OTR. If it is intended that the refund be paid to a particular person, it may be helpful to amend the bill to identify that person.

Title VIII. Capital Budget

Subtitle A. Waterfront Park Bond Amendment

The subtitle is sufficient to perform the actions intended. The purpose is simply to correct a typographical error in the original legislation. There is a question whether an Act can amend a Resolution, as is done here and with regard to the Great Streets Subtitle D below, but we are told by counsel to the Council that "an amendment made to a resolution by an act" is legally sufficient.

Subtitle B. Capital Capacity Expansion Amendment

The language of the subtitle is sufficient to perform the actions intended.

Subtitle C. Pay-As-You-Go Capital Account Amendment and Streetcar Funding Dedication

The following is a suggested revision of new subsection (f)(5)(A) of D.C. Official Code § 47-392.02 to eliminate any ambiguities:

> "All funds in the Pay-as-you-go Capital Account shall be budgeted for the D.C. Streetcar Project ('Project') until construction of the Project is complete. For purposes of this subsection, 'D.C. Streetcar Project' means the streetcar tracks already in the ground plus the line to be built on H Street connecting Benning Road and Union Station, and the extension to Georgetown."

Subtitle D. Great Streets Neighborhood Retail Priority Area Amendment

The subtitle is NOT sufficient to perform the actions intended. It adds a new Retail Priority Area, and that is correctly accomplished. However, Section 832(a) adds a new subsection (c) that states that the maximum principal amount of bonds that may be issued with respect to the Downtown Retail priority Area is limited to the amount of bonds issued prior to March 1, 2013. Section 833 similarly amends an approval resolution. The intent of the new language is unclear. Are no new bonds to be issued at all under the Act or, as principal is paid on the outstanding bonds, will there be authority to issue bonds in the amount of principal paid? As we do not know the purpose, we can only suggest the following solutions: (a) If total bond authority is to be permanently limited to the amount issued prior to March 1, 2013, the language should read "The maximum principal amount of bonds that may be issued [then insert the respective applicable language for section 832] is limited to the original principal amount issued prior to March 1, 2013, regardless of amortization of the principal of those bonds." (b) If the intent is to allow new bonds to be issued as old bonds are paid off, but to continue with the maximum cap, the language should read "The maximum principal amount of bonds that may be issued [then insert the respective applicable language for section 832] is limited to the original principal amount issued prior to March 1, 2013, such that new bonds may be issued in the principal amount not to exceed the principal amount of bonds issued prior to March 1, 2013 which has been paid."

Subtitle E. Waterfront Park at the Yards Amendment

The subtitle is sufficient to perform the actions intended. The reason is somewhat complex because no funds were ever placed in the Fund, (the bond proceeds were used for capital improvements pursuant to the Indenture requirements). Thus, when section 842 amends section 4(a) to provides that all monies in the Fund are to be paid to the Capital Riverfront BID (note that the very last subsection of section 842 calls it the "Capitol" with an "o"), pursuant to the terms of the Maintenance Agreement, this does not include, and could not include, bond proceeds which must be limited to capital purposes (the deleted language provided that the proceeds of the PILOT Revenue Bonds be paid to the Fund). Second, the subtitle is made retroactive as of March 3, 2010 because the amount paid by the project owner did not coincide with the real property tax collection dates.

9. **Are there any items or requests which you made which were not included in the budget submission? Are there items that are included that should be considered for removal?**

<u>RESPONSE</u>

The OCFO would like to include in the upcoming Budget Support Act an amendment of the DC individual income tax to provide that the standard deduction for a married taxpayer filing separately shall be one half the deduction allowed married taxpayers filing jointly.

Currently, the computation of the cost of living adjustment (COLA) for each deduction is separate. These separate COLA computations could cause the resulting married filing separately amount to differ from the married filing jointly amount, which would not be desirable from a policy or administrative standpoint.

Accordingly, the OCFO proposes that the married filing separately deduction be computed as one half of the COLA-adjusted married filing jointly amount. For instance, if the COLA-adjusted married filing jointly deduction is $4,050, the deduction for married taxpayers filing separately would be $2,025.

Suggested language to accomplish this is set forth below.

Sec. 70__(a) § 47-1801.04(44)(B) is amended to read as follows:

"(B) One-half of the amount determined in paragraph (A) of this subsection, in the case of a married person filing separately;".

(b) The amendment made by this section shall apply for tax years beginning after December 31, 2012.

Additionally, The Mayor's Office is finalizing an errata letter that will present corrections or amendments to the FY 14 Budget Request. There were no items included in the budget submission for the OCFO agency that should be considered for removal.

10. **I commend you, and particularly the Office of Tax and Revenue for your increased residential outreach for completion of 2012 taxes. How did the sessions in each ward go? How many folks attended total? At each ward event? What feedback did you receive at/ or about these events? Is this something you plan to continue in FY14? Change or enhance (if so how)?**

RESPONSE

Each Tuesday and Thursday in March, representatives from the OTR were in different locations in the District, offering a range of services. Feedback from taxpayers was very positive. Of 149 total taxpayers assisted, the following represents turnout by ward. Most taxpayers who came were requesting assistance with income tax preparation.

Ward	Number of Taxpayers Assisted
1 – March 12 (10 am-2 pm)	10
2 – March 28 (12-5 pm)	40
3 – March 21 (2-6 pm)	21
4 – March 19 (1:30-5 pm)	10
5 – March 26 (2-6 pm)	21
6 – March 14 (2-6 pm)	7
7 – March 7 (2-6 pm)	24
8 – March 5 (2-6 pm)	16

OTR has not yet made any decision regarding FY 2014 outreach programs. Turnout was rather low, despite the advertisements and social/other media notices used to let taxpayers know that we would be in their neighborhoods. We have also seen diminishing numbers of taxpayers attending the Tax Fair, which normally occurs on a Saturday, and utilizing our Customer Service walk-in center to get tax preparation assistance. This may be as a result of increasing use of tax preparation software.

11. **What is the status of hiring for the following positions: Chief Appraiser, Real Property Tax Administration; Senior Financial Policy Advisor; Director of OIO; all Central Collections Unit Staff; Litigation Support Unit (particularly the two additional employees in FY2013 Budget). Have all positions been advertised, and please provide dates of advertising for each position. Please indicate which positions, if any, used an outside search firm to assist in candidate/hiring selection? Please provide an explanation of why; for any positions that are unfilled. Please provide start date for positions that have been filled. I have also notice a number of Agency Fiscal Officer (AFO) positions are vacant. Please provide a listing of every Agency and their AFO, indicating which are vacant, how long they have been vacant, when the position was advertised and expected fill date. If there is an acting AFO, please indicate when they became acting and when the expected date the position will filled permanently.**

RESPONSE

The OCFO is currently aggressively recruiting for the aforementioned vacant positions, with the exception of the Director of OIO and the Senior Financial Policy Advisor. We made an interim appointment for both the Director of OIO and the Chief Appraiser, so the position duties would be covered. We are utilizing the professional services of an Executive Search firm for the Chief Appraiser (posted October 25, 2012), Real Property Tax Administration and have recently concluded the interview process. The positions in the Central Collections unit were posted in late February, a candidate has been identified for the senior most position, and interviews are underway for the remaining positions. Positions in the Litigation Support Unit have all been filled. See Attachment 1 of Dr. Gandhi's April 30th testimony for a listing of agencies and their AFO.

12. **Please explain and comment on the plans for increased staffing in the Real Property Assessment Division, and include position titles and descriptions. When do you expect the additional FTEs to be hired by? When will any position advertising be posted?**

RESPONSE

In response to the report from the Office of the Inspector General, OTR requested additional staffing for the Assessment Division. The positions are as follows:

Position Title	**# FTEs**	**Description**
Appraiser	6	Additional staff for commercial unit, to allow specialization by building type and provide appropriate workload distribution
Senior Appraiser	1	Staff to allow capitalization rate study to be produced in house, rather than outsourced
Assessment Technician	3	Additional staff to ensure that building

		permit and other critical data is uploaded timely to CAMA for appraisal purposes
Administrative Assistant	1	Staffing to provide customer service for taxpayers visiting the office, freeing Assessment Technicians and Assessment Services staff to concentrate on data management and billing tasks rather than office reception duties.

If approved, we expect to initiate recruitment on these positions in July 2013, with the intent of filling the positions by October 1.

13. **A review of your current staffing levels indicates a number of open positions. Is it possible to find some one-time reductions in your 2014 budget to account for the length of time it will take to fill these vacancies? And, if so, where?**

RESPONSE

No. We are actively recruiting for all open positions and expect most, if not all, to be filled by October 1. The majority of the current vacancies have occurred in the past four months, which includes a significant number of early out retirees in December. Other factors contributing to the current vacancy level include promotions from within to fill vacancies that occurred during the fall, including some of the new revenue-generating positions added to the agency, and the departures of staff who have opted for other opportunities offering higher salaries, including those leaving for the federal government. The announcement of pay raise proposals may counter that incentive to some extent going forward.

14. **How is the Central Collections Unit doing? What is the status of any and all RFPs related to the Central Collections Unit? Please include date RFP posted, and anticipated award date.**

RESPONSE

The CCU's infrastructure continues to be built. Year-to-date through March 2013, the combined collections are $19 million with related expenses of $2.6 million. At this time, the CCU is managing three (3) existing collections contracts for DMV, UMC, and UDC. They will be replaced upon award of the collections contract. Hiring is underway for the CCU's permanent staff. The two contract awards pending are for collections contractors and a software system to manage the data from the agencies and contractors. The collections contract solicitation was released on April 12, 2013.

Below please find the schedule for future contract releases and awards:

As of 4/18/13, RFP issued 4/12/13:		
CFOPD-13-R-021 OFT CCU Secondary Collection Services		
	Solicitation Advertised on OC website.	April 12, 2013
	Deadline for Receipt of vendor Questions Round 1	April 19, 2013
	Government answers to vendor questions posted via Solicitation Amendment – contingent on OFT's response to technical questions	April 26, 2013
	Deadline for Receipt of vendor Questions Round 2 and Deadline for Requests for Waiver of Subcontracting Requirement	May 3, 2013
	Government answers to vendor questions posted via Solicitation Amendment – contingent on OFT's response to technical questions	May 10, 2013
	Proposal Due Date	May 21, 2013
	Evaluation of Proposals, Vendor Presentations, & Contract Formulation – contingent on OFT's technical evaluation	May - July 2013
	Anticipated Contract Award (45-day Active Council Approval)	September 2013

As of 4/18/13, RFP issued 4/12/13:		
CFOPD-13-R-022 OFT CCU Accounts Receivable System		
	Solicitation Advertised on OC website.	April 23, 2013
	Deadline for Receipt of vendor Questions Round 1	April 30, 2013
	Government answers to vendor questions posted via Solicitation Amendment –	May 7, 2013

	contingent on OFT's response to technical questions	
	Deadline for Receipt of vendor Questions Round 2 and Deadline for Requests for Waiver of Subcontracting Requirement	May 14, 2013
	Government answers to vendor questions posted via Solicitation Amendment – contingent on OFT's response to technical questions	May 30, 2013
	Proposal Due Date	June 5, 2013
	Evaluation of Proposals, Vendor Presentations, & Contract Formulation – contingent on OFT's technical evaluation	June - July 2013
	Anticipated Contract Award (10-day Passive Council Approval)	August 2013

Will the proposed FY14 budget allow the Agency to meet all statutory mandates? If not, please explain.

At this time, the OCFO's proposed FY 2014 budget for the CCU includes funds sufficient to enable the CCU to effectively manage its statutory mandate to collect delinquent debts in FY 2014.

15. **The Office of Finance and Resource Management indicates a proposed shift of $293,542 from Special Purpose Revenue Funds to Intra-District funds to support telecommunications for the DC Lottery (page A-94). When would this occur? Please provide specific details on why this shift is necessary, what will be provided in telecommunications, and a breakdown of all associated costs.**

RESPONSE

In FY 2012 and FY2013, the Office of Finance and Resource Management (OFRM) budgeted the DC Lottery's telecom expense in O-Type revenue because the agency is independent. However, DC Lottery has historically used the intra-district transfer process through SOAR to pay its annual expense. In FY 2014, the O-type revenue budget was removed and DC Lottery was budgeted in the intra-district fund. This process will become effective in FY 2014. The DC Lottery telecommunications budget includes $255,382 for landline and data circuit usage and $38,160 for wireless services.

16. **The Office of Finance and Resource Management budget contains a $635,000 increase in projections for telecommunications costs driven by expansion of communication infrastructure and increased client usage. Please describe expansion efforts and where the increased usage is seen.**

RESPONSE

OFRM manages the city-wide budget for telecommunications services for the Office of the Chief Technology Officer (OCTO). This includes a total of $29.1M in local and intra-district funds within the OFRM budget.

Activity/Fund	FY 2013 Approved Budget	2014 Proposed Budget	Change	(%)
(1030) PROPERTY MANAGEMENT (LOCAL)	15,085,464.00	15,839,737.02	754,273.02	5%
(2500) FIXED COST (INTRA-DISTRICT)	12,678,078.00	13,312,854.10	634,776.10	5%
TOTAL TELECOMMUNICATIONS	**27,763,542.00**	**29,152,591.12**	**1,389,049.12**	**5%**

The budget is consistent with the forecasts of telecommunications costs provided by OCTO. The growth in the telecommunications budget reflects the growth in expenditures that the District is currently experiencing for basic landline and wireless services combined with the proliferation of i-pad and smart phone purchases and the data services required to operate mobile devices.

17. **I have advocated for a repeal of the estate tax. What are our collections under this tax so far this year, and how does that compare with our past projections? Would the revenue estimates be easier to accurately project without such a speculative tax on the books?**

RESPONSE

Through March estate tax collections are roughly $24 million, about half of the estimate of $50 million; at this point we are on track to meet the estimate.

18. **Please describe and provide plans, including but not limited to policies and procedures, for debt card rollout for income tax refunds. When is the expected start date for the associated outreach program you referenced in your response to FY12 & 13 Oversight questions (Q48). Will there be any associated fees to the taxpayer if they receive a debit card for their refund (and if so, please list and explain any and all fees)?**

RESPONSE

The Office of Tax and Revenue and the Office of Finance and Treasury are currently working with Citi to develop a completely voluntary debit card program for tax year 2013 refunds, to be implemented January 1, 2014. Taxpayers not electing direct deposit will still be able to elect to receive a paper check in lieu of a debit card. Policies and procedures will be developed after all elements of the program have been finalized. We would expect to launch the marketing and taxpayer outreach program in late summer/fall of 2013. There would be no fees for most transactions; however, the following activities would incur a fee:

- Out of network ATM withdrawals - $1.75 (no fee at the 93 in the Citi locations in the District or at MoneyPass and 7-Eleven network ATMs)
- International ATM withdrawals - $3.50
- International ATM currency conversion – 3%
- Point of Service declined transactions - $0.25
- ATM declined transactions - $0.25
- Inactivity fee after 90 consecutive days (following initial 6 month period) - $3.00 per month
- Over the counter/Bank teller withdrawals - $2.95 per transaction (first bank teller withdrawal is free)
- Replacement card issuance - $4.95
- Expedited replacement card issuance - $13

19. **Please summarize the contents of the KPMG Management Letter for the Year Ended September 30, 2012. Please discuss your efforts to implement any recommendations made in the letter and your continuing focus on timely CAFR completion.**

RESPONSE

The FY 2012 Management Letter reports 37 conditions with associated recommendations in 10 areas as follows:

AREA	CONDITION
1. Cash and Investments	1. 7 instances in which financial institutions did not meet the District's 102% collateral requirements for deposits 2. Reconciling items identified through the monthly cash and investment reconciliation process not timely resolved by

AREA	CONDITION
	agencies and adjusted in the general ledger 3. Suspense accounts (Bank ID 999) not cleared timely 4. Investment in mortgage-backed security (MBS) reported at cost rather than fair market value
2. Contingent Liabilities	5. 3 of 50 cases tested improperly accounted for in the District's draft government-wide financial statements
3. Disability Compensation	6. Claims not properly supported by readily available claims documentation (non-uniform disability compensation and tort liabilities (general and auto)) 7. Liability for the unallocated loss adjustment expenses (ULAE) not recorded by District resulting in an understatement of the Disability Compensation Liability
4. Capital Assets	8. Insufficient controls to properly account for personal property capital assets (through regularly conducted physical inventory counts) 9. Ineffective design and implementation of controls over review of lease classification 10. Inconsistent process for identifying real property additions and deletions; personal property unreconciled difference between FAS and the general ledger totaling $2.7 million was also noted
5. Grants Management	11. Lack of proper segregation of duties –ESA Social Services Representatives with the authority to act have ability to both record and authorize beneficiary case actions in ACEDS 12. Double counting for HMO lawsuit –included in DHCF's accrual reported in government-wide financial statements and included in contingent liabilities analysis and disclosed as reasonably possible 13. Significant delays in issuance of audited Medicaid cost reports 14. Inadequate review and documentation of the interface between ACEDS and EBT 15. Lack of process to prepare and review a retrospective analysis of the prior year Medicaid accrual 16. Insufficient review of system interface between ACEDS and MMIS 17. Lack of documentation evidencing review of grant disallowances estimate 18. Insufficient documentation contained in Medicaid provider eligibility files 19. Insufficient documentation maintained in beneficiary files for Medicaid and SNAP
6. Revenue	20. 2 of 130 SOAR vouchers recorded and authorized by the same person

AREA	CONDITION
	21. Failure to accrue for real property tax appeals cases settled but not paid and inaccurate case data used in estimating real property tax appeals 22. Inadequate review of applicants' eligibility for Homestead Deduction for 4 of 41 properties reviewed 23. Inadequate policies and procedures to fully reconcile income tax withholdings 24. Lack of process to prepare and review a retrospective analysis of the prior year accrual for refunds payable (individual income taxes) 25. Inadequate policies and procedures to review financial information from the ambulance service provider 26. Inadequate policies and procedures to review receivables and deferred revenue for housing loans 27. Inadequate review of components of the Allowance for Doubtful Accounts
7. Loans Receivable	28. Lack of appropriate policies and procedures to ensure that affordable housing loans are timely recorded in the financial statements within the Housing Production Trust Fund, the General Fund, and the Federal and Private Resources Fund
8. Inadequate Documentation of New Hires and Terminated Employees	29. Inability to provide sampled file and missing documentation in files reviewed (reviewer's signature on sampled SF-50s, offer letters)
9. Inadequate Management review of Statements on Standards for Attestation Engagement (SSAE) 16 Reports	30. Failure to perform reviews of SSAE 16 Reports of several service organizations: Xerox, Inc., Wells Fargo, Fidelity National Information Services, Sedgwick, and JP Morgan Chase
10. District of Columbia Public Schools	31. Inadequate documentation for some new hires 32. Inadequate payroll deductions for benefits 33. Inadequate review of employees' salary and rate of pay 34. Lack of controls over termination dates in PeopleSoft 35. Discrepancies between receiving reports and invoice amounts 36. Inaccurate coding to object codes 37. Inadequate controls over timesheet approvals

When reporting results based on their audit of the District's Comprehensive Annual Financial Report (CAFR), the independent auditors present findings in two documents, the *Independent Auditor's Report on Internal Control and Compliance Over Financial Reporting* (commonly referred to as "the Yellow Book Report") and a Management

Letter. These two documents are used to report deficiencies in the District's internal controls and operational practices which may compromise the accuracy, completeness, and reliability of the District's financial reports. Such findings are categorized as follows: (1) significant deficiencies and/or material weaknesses in internal control; (2) instances of fraud and noncompliance with laws or regulations that have a material effect on the audit and other instances that require the attention of the District's governing body; (3) noncompliance with provisions of contracts and grant agreements that have a material effect on the audit; and (4) abuse that has a material effect on the audit. These types of issues are reported in the Yellow Book Report and are considered to be more severe in nature. However, the auditors also identify other reportable (less severe) conditions which are not considered material but nevertheless impact the audit. Such matters, along with the auditor's recommendations for improvement, are reported in a Management Letter as a means of enhancing internal controls.

Efforts to Remediate Audit Findings

Upon receipt of the auditor's findings presented in the Yellow Book Report and Management Letter, the OCFO's Office of Financial Operations and Systems (OFOS) and the Office of Integrity and Oversight (OIO) work jointly with subject matter experts at the affected agencies to develop and implement the necessary corrective action plans. The approach used by OFOS and OIO involves a comprehensive analysis of each finding and the development of detailed corrective action plans. A standard corrective action plan template (Action Plan Status Report) is used by agencies to develop specific action steps needed to resolve each reported deficiency. An OFOS liaison works with subject matter experts at each affected agency to analyze the reported findings.

After preparing the initial corrective action plan and reaching agreement with OFOS that the plan is responsive to the findings, agencies begin to implement the plan and update the Action Plan Status Report on a weekly basis to show the current status of each action step (*e.g.*, On-Track, Completed, At-Risk, etc.) Agencies submit these weekly updates to OFOS and OFOS uses these weekly reports to monitor progress being made by agencies on completing planned corrective actions. Upon completion of action steps, OIO internal auditors perform the necessary procedures to confirm that the action steps have been implemented.

A Remediation Oversight Committee, comprised of OFOS liaisons, agency representatives (program and financial staff), and OIO internal auditors, meets periodically to monitor progress and discuss strategies when problems arise. The OCFO alerts key OCFO managers, agency program managers, Council representatives, and the Office of the City Administrator, when issues arise which may threaten the timely remediation of audit findings.

Because the Management Letter typically includes more issues than the Yellow Book report, the OCFO typically focuses on the more severe management letter comments and works to fully remediate those as part of the process used to remediate reported Yellow Book deficiencies.

Continued Focus on Timely CAFR Completion

OCFO remains vigilant in its efforts to ensure that the District's CAFR is prepared and issued in a timely manner consistent with the statutorily required deadline of February 1st each year. OFOS has reviewed the FY 2012 CAFR preparation process to determine whether changes were needed to enhance efficiency (e.g., better utilize resources, reduce preparation time or improve interactions with agencies) as we prepare for the FY 20134 audit. As in prior years, interim closes (as of March 31, 2013 and June 30, 2013) will be held to give agencies the opportunity to clean up the general ledger during the fiscal year rather than waiting until year-end. In addition to these measures, the OFOS financial reporting team has reviewed the new accounting/financial reporting standards (issued by the Governmental Accounting Standards Board), identified those which are to be implemented in FY 2013, and developed implementation strategies to prevent delay s in CAFR completion. Finally, the CAFR reporting model is currently being refined to comply with the requirements of new reporting standards/guidelines.

20. **In your transmittal letter for the FY14 Budget, you disclose as a liability a $36 million potential adverse judgment pending against the District. Do I understand correctly that this case has been working its way through PERB and the court system for a number of years? Please give me a summary of this potential liability and the rationale for including it this year versus an earlier year. Are other similar liabilities reflected in the budget, and if so, where? Have funds been budgeted for this liability, or is the plan that Congress will immunize us from this liability? Is this a responsible solution to this problem, and is it potentially in tension with our goals of budget autonomy?**

    RESPONSE

    We understand this potential liability of $36 million relates to a potential adverse ruling by the D.C. Court of Appeals on FEMS overtime payments. This amount was not included in earlier budgets because this dispute was, first, in arbitration and later appealed by the District to PERB and the Superior Court. We are not aware of other individual lawsuit/arbitration judgments that are reflected in the Mayor's proposed FY 2014 budget. Funds for this liability have not been included in the FY 2014 Budget Request Act. Language in the FY 2014 Budget Request Act, currently before Congress, would eliminate this liability. Ultimately, inclusion of this item in the District's FY 2014 budget is a policy decision that rests with the Mayor and the Council.

21. **On a similar note, I understand that a rider was attached to limit the District's liability under the Individuals With Disabilities Education Act by capping attorneys' fees. How many other similar liability riders are out there? Does this set a dangerous precedent that could impact our ability to do business or borrow money, if the District is perceived to simply insulate itself from legal liability when it does something wrong?**

RESPONSE

We are not aware of similar liability riders in the Mayor's proposed FY 2014 budget. Whether its inclusion sets a particular precedent is a policy decision for the Mayor and the Council.

22. **Another item I want to reference in your FY 14 Budget transmittal letter is the "various OTR tax compliance programs" which reportedly add $12 million to FY2014 revenue. Please provide a detailed list and relevant dollar amount for each program, along with an explanation of each program. In your transmittal letter, you also note major cost drivers that account for the 6.6% increase to the FY2014 local funds budget (over FY13). Please list the all items contributing to the Repayment of Loans and Interest ($55.2M), and Other ($87.7) and specific dollar amounts for each.**

RESPONSE

OTR has included 3 revenue initiatives in the FY 2014 budget, which are projected to yield approximately $13.5 million. They are:

- Automated and Federal Revenue Initiatives ($4.4 million) – This initiative includes several Federal and other data matching programs that are already in place but which require significant time and resources to manage. They are:
    - IMF/IRTF Non-Filer and Stop Filer program – this identifies individuals filing federal income tax with a District address but no District tax return for the same period
    - Sales and Use/Withholding Taxpayer Delinquency Identification program – this identifies and creates a collection case on registered business entities with no record of filing a return for periods in which a return would be expected
    - Examination Operations Automation Database – this allows OTR to receive IRS examination results and determine the resulting adjustment to the District liability

  These programs create cases that must be worked through correspondence with taxpayers and the staff members assigned to work this inventory have a significant backlog. Based upon FY 2102 collection data, OTR estimates this initiative will yield more than $730,000 in delinquent collections, for a total of $4.4 million in revenue.

- Enhanced Income Tax Matching and Direct Debit for Delinquent Accounts ($7.6 million) – This initiative seeks to improve tax compliance through:
    - Enhanced data matching with IRS for adjusted gross income, EITC, and itemized deductions, for a total revenue impact of $1.6 million,
    - Automation of Revenue Agent Reports, which will create District liabilities resulting from federal audits, for a total revenue impact of $4 million
    - Automation of direct debits for taxpayers on a payment plan, which will allow these taxpayers to set up a recurring automated payment, reducing the number of taxpayers who default on a payment agreement and yielding approximately $2 million

- Ballpark Fee Enforcement ($1.5 million) – This initiative requires a law change to allow OTR to use standard collection tools for Ballpark Fee delinquencies. At the end of FY 2012, $6.5 million in Ballpark Fees were delinquent. The estimated $1.5 million in first year collections associated with this initiative is not included in the $12 million in new revenue because a law change is required.

b) In your transmittal letter, you also note major cost drivers that account for the 6.6% increase to the FY2014 local funds budget (over FY13). Please list the all items contributing to the Repayment of Loans and Interest ($55.2M), and Other ($87.7) and specific dollar amounts for each.

The Repayment of Loans and Interest agency's year-over-year (FY 2014 vs. FY 2013) $55.2 million net increase is the result of the District's increased borrowing for the capital program in recent years, including planned FY 2014 borrowing. It consists solely of the single agency for long-term debt. The $87.7 million year-over-year increase described as "Other" is the sum total of the changes from FY 2013 to FY 2014 for all agencies that were not specifically described as major cost drivers on Table 3 of the CFO's FY 2014 budget certification letter. The attached table **(Attachment 22b)** shows each agency's year-over-year change. These agencies, when combined with the agencies that were individually identified in the cost driver section of the transmittal letter, result in the full $389.3 m increase in Local funds between the FY 2013 Approved and FY 2014 Proposed Budgets.

23. **With regard to Subtitle VII(D), please explain the rationale for establishing a Bank Fees Special fund, a listing of possible fees associated, and estimated amounts deposited and withdrawn from this account on a quarterly basis for FY14.**

RESPONSE

This action formalizes an existing accounting treatment for the banking costs and also provides a reliable stream of revenue that is more closely aligned with the source of the costs. Bank fees are ongoing costs the District already incurs and the proposed subtitle does not increase or decrease these costs. The "bank fees" in the name of the fund refer to the costs for banking and lockbox services that are charged to the OCFO per the authorized banking contracts.

Bank Fees Special Fund Act of 2013

The proposed subtitle provides flexibility to the District to manage the payment of bank fees. The District currently uses interest earned on public fund deposits to pay bank fees. However, both bank fees and interest earnings tend to be volatile, and some years, when interest earnings are not sufficient to pay the entire amount of bank fees, the OCFO is compelled to ask the Mayor to request a reprogramming of funds from other agencies to pay the shortfall. Expanding the pool of resources the District can use to meet its bank fee obligations simplifies budget administration. The proposed Bank Fees Fund is lapsing, when interest earnings are greater than the bank fee obligations, the account balance would revert to the general fund at the end of a fiscal year.

In the proposed bank fee fund, expenditures will equal revenue as revenue is only transferred to the bank fee fund as costs are incurred. Costs include funds transfers, ACH services, disbursements, account reconciliation, deposit services, lockbox, electronic check deposits, and investment services among others. Annual costs are in line with the budgeted amount in the fund, $4.1 million. They were $3,969,830 in FY11 and $4,147,227 in FY12. These are roughly even across the quarters making costs slightly over $1 million per quarter. The budget request envisions a continuation of this pattern.

24. **With regard to Subtitle VII(K), please summarize the requested changes and why they are necessary.**

RESPONSE

Combined Reporting Clarification Act of 2013

The District adopted combined reporting requirements for corporate income tax purposes for tax year 2012. Subsequently, the District made technical changes to the combined reporting statutes through temporary legislation.[1] This subtitle makes these temporary changes permanent. It also clarifies that any methods adopted to prevent double taxation of distributive share of a trade or business net income will be adopted through regulations promulgated by the Chief Financial Officer. Finally, the subtitle clarifies that net operating losses that result from deduction of deferred tax liabilities under combined reporting can be carried forward as permitted by existing District law which conforms to the Internal Revenue Service (IRS) rules as opposed to indefinitely.[2] Current IRS rules limit the carry forward period to 20 years.[3]

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[1] Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012, enacted on November 16, 2012 (Bill 19- 947, 59 DCR 13553).

[2] D.C. Official Code § 47-1803.03.

[3] 26 USC § 172.

25. **With regard to Subtitle VIII(B), please summarize the requested changes and why they are necessary.**

<u>RESPONSE</u>

Capital Capacity Expansion Amendment Act of 2013

This subtitle is sufficient to perform the actions intended. Two changes were made to the existing statute. The words "applicable to the ballpark fee" were changed to "applicable to unpaid taxes or fees", and the list of the various DC Code collection and enforcement provisions was increased by one, adding Chapter 44 (Collections). This was done because the enforcement provisions of 47-2763 were tied to a non-existent section (47-2755) instead

Attachment 1a

Office of the Chief Financial Officer - AT0

excluding the Office of Budget & Planinning

FY 2012 Operating Budget, Expenditures, and FTEs

CSG	Comptroller Source Group Title	Final Appropriation	Final AY Expenditure	FTE's
01 - PERSONNEL SERVICES				
	11 REGULAR PAY - CONT FULL TIME	63,772,198	62,630,624	865
	12 REGULAR PAY - OTHER	523,494	437,106	4
	13 ADDITIONAL GROSS PAY	197,268	832,227	
	14 FRINGE BENEFITS - CURR PERSONNEL	12,949,384	13,071,693	
	15 OVERTIME PAY	625	430,341	
01 - PERSONNEL SERVICES		**77,442,969**	**77,401,991**	**869**
02 - NON-PERSONNEL SERVICES				
	20 SUPPLIES AND MATERIALS	845,190	326,789	
	31 TELEPHONE, TELEGRAPH, TELEGRAM, ETC	241,000	53,410	
	40 OTHER SERVICES AND CHARGES	5,998,173	5,524,930	
	41 CONTRACTUAL SERVICES - OTHER	22,740,431	24,337,031	
	70 EQUIPMENT & EQUIPMENT RENTAL	1,060,186	639,627	
02 - NON-PERSONNEL SERVICES		**30,884,980**	**30,881,787**	
		108,327,949	**108,283,778**	

Office of the Chief Financial Officer - AT0

excluding the Office of Budget & Planinning

FY 2013 Operating Budget, Expenditures, and FTEs

CSG	Comptroller Source Group Title	Current Budget	Current AY Expenditure	FTE's
01 - PERSONNEL SERVICES				
11	REGULAR PAY - CONT FULL TIME	65,210,887	31,597,514	876
12	REGULAR PAY - OTHER	962,528	263,308	12
13	ADDITIONAL GROSS PAY	0	358,471	
14	FRINGE BENEFITS - CURR PERSONNEL	15,986,893	6,767,937	
15	OVERTIME PAY	25,000	279,871	
99	UNKNOWN PAYROLL POSTINGS	0	75,000	
01 - PERSONNEL SERVICES		82,185,309	39,342,101	888
02 - NON-PERSONNEL SERVICES				
20	SUPPLIES AND MATERIALS	508,879	156,408	
31	TELEPHONE, TELEGRAPH, TELEGRAM, ETC	0	59,863	
40	OTHER SERVICES AND CHARGES	8,060,254	3,803,155	
41	CONTRACTUAL SERVICES - OTHER	39,700,717	9,318,214	
70	EQUIPMENT & EQUIPMENT RENTAL	1,377,089	364,073	
02 - NON-PERSONNEL SERVICES		49,646,938	13,701,712	
		131,832,247	53,043,813	

Office of the Chief Financial Officer - AT0

excluding the Office of Budget & Planinning

FY 2014 Operating Budget, Expenditures, and FTEs

CSG	Comptroller Source Group Title	Budget Request	FTE's
01 - PERSONNEL SERVICES			
	11 REGULAR PAY - CONT FULL TIME	69,149,518	877
	12 REGULAR PAY - OTHER	677,560	8
	13 ADDITIONAL GROSS PAY	76,250	
	14 FRINGE BENEFITS - CURR PERSONNEL	17,313,930	
01 - PERSONNEL SERVICES		**87,217,259**	**885**
02 - NON-PERSONNEL SERVICES			
	20 SUPPLIES AND MATERIALS	406,050	
	40 OTHER SERVICES AND CHARGES	8,361,358	
	41 CONTRACTUAL SERVICES - OTHER	35,329,818	
	70 EQUIPMENT & EQUIPMENT RENTAL	699,383	
02 - NON-PERSONNEL SERVICES		**44,796,609**	
		132,013,868	

Office of the Chief Financial Officer - AT0

Program Enhancements, Technical Adjustments and Reductions Included in the FY14 Agency Budget

	Enhancement Technical Adjustment Reductions	Type	Program	Amount of Request ($)	FTE Request	Added Revenue - $M	Comments
	LOCAL FUND						
1	Technical Adjustment - Recovery of Unpaid Sales Tax via Credit Card Reporting Requirement	Technical Adjustment	OTR	$ 273,143	4.0		FY 13 Revenue Initiative - Completes initiative approved for 6 mos. of FY 13; expected revenue of $6M already included in FY 14 revenue budget.
2	Real Property Tax Assessment Division - Implement OIG Assessment Audit Recommendations	Enhancement	OTR	$ 1,409,321	11.0		Funds 6 commercial appraisers, 4 staff for property record updates, and 1 analyst to do an annual cap rate study, along with funding for training and other process improvements.
3	Revenue Accounting Administration - Enhanced Fraud Detection	Enhancement	OTR	$ 295,544	3.0		Adds 3 staff to do analysis of refund trends, maintain the software used to flag potential fraud, and perform follow up on potential fraud cases.
4	Returns Processing Suspense and Review Unit - Address staff shortages resulting from internal control requirements and tax law changes	Enhancement	OTR	$ 262,770	5.0		The unit reviews problem returns and takes corrective action to release, including approval of refunds; also works suspicious returns identified for further review.
5	Automated and Federal Revenue Initiatives	Enhancement	OTR	$ 409,715	6.0	4.4	Revenue Initiative - Estimated $4.4 million in FY 14 and ongoing. Adds staff to make use of new federal match programs related to sales tax; withholding tax, and non-filers.
6	Programming to Enhance Income Tax Match Programs and Improve Payment Plan Compliance	Enhancement	OTR	$ 1,750,000	0.0	7.6	Programming to 1) enhance detection of income tax errors and/or abuse -- federal match programs for AGI, EITC, and itemized deductions, and 2) facilitate direct debit of payment plans for delinquent taxpayers
7	Ballpark Fee - Expansion of Enforcement Efforts (Requires Law Change)	Enhancement	OTR	$ 83,500	1.0	1.5	A law change to remove restriction from OTR to apply standard enforcement tools to collect delinquent amounts from payers of the Ballpark Fee.
	TOTAL OTR PROGRAM			**$ 4,483,993**	**30.0**	**13.5**	
8	Centralized Capital Assets Management Team	Enhancement	OFOS	$ 570,515	4.0		Centralize certain responsibilities related to capital assets accounting and reporting to address the Yellow Book significant deficiency. Improve internal controls.
	TOTAL OFOS PROGRAM			**$ 570,515**	**4.0**	**0.0**	
	TOTAL LOCAL OCFO			**$ 5,054,508**	**34.0**	**$13.5**	

Office of the Chief Financial Officer - AT0

Program Enhancements, Technical Adjustments and Reductions Included in the FY14 Agency Budget

SPECIAL PURPOSE REVENUE (SPR)							
	Central Collection Unit	Technical Adjustment	OFT	$ 1,476,000	0.0	0.0	Increase budget authority to fund contingency based collections contracts managed by the Office of Finance and Treasury.
11	Discovery Contract - Tax Collection Fees	Technical Adjustment	OTR	$ (6,600,000)	0.0	0.0	Reduce budget authority for collections contracts managed by the Office of Tax and Revenue to more closely align with historical costs..
12	Other	Technical Adjustment	All	$ 371,055	0.0	0.0	Minor adjustments to better align budget with expected revenues in several other funds
	TOTAL SPR OCFO			**$ (4,752,945)**	**0.0**	**$0.0**	
INTRA-DISTRICT (I-D)							
13	Cashiers	Technical Adjustment	OFT	$ 222,203	4.0	0.0	Reflects funding provided by other agencies for four additional tellers at District managed cashiering sites.
11	OPRS health benefits fee	Technical Adjustment	OPRS	$ 854,228	1.0	0.0	Adjusts budget to align with projected revenues; also reflects the FTE added to assist with the District's share of the federal retirement systems modernization effort.
12	Other	Technical Adjustment	All	$ (293,237)	0.0	0.0	Minor adjustments in several other funds
	TOTAL I-D OCFO			**$ 783,194**	**5.0**	**$0.0**	

Attachment 4

Facilities Listing - Office of the Chief Financial Officer

April 2013

Facility Name	Location/floors	Area/Sq. Ft.	Description	Lease/ Own
Waterfront Station **West**	1101 4th Street, SW - Floors 1-8	251,526	OCFO Offices - Tax and Revenue, Treasury, CIO, Revenue Analysis, et al	Leased for 15 years commencing 3/2010
Waterfront Station **East**	1100 4th Street, SW -- Portions of floors 4, 6, 7 and all of 8	73,401	OCFO Offices - Financial Operations and Systems, Integrity and Oversight, PSJC, EDRC, et al	Leased for 15 years commencing 3/2010
John Wilson Building	1350 Pennsylvania Ave., NW -- Most of Floor 2	22,500	OCFO Exec Offices, Office of Budget and Planning	District facility
One Judiciary Square	Suites 400S, 410S, 420S	15,989	Office of Pay and Retirement Services	District facility

Attachment 22b

Government of the District of Columbia
Fiscal Year 2013 Approved, FY 2014 Mayor's Proposed Budget
Gross Funds

Agency	FY 2013 Approved Budget	FY 2014 Mayor's Proposed Budget	Change from FY 2013	% Change
LOCAL FUND				
RM0 - Department of Behavioral Health	167,877,172	202,844,672	34,967,500	20.8%
GX0 - Teachers' Retirement System	6,407,000	31,636,000	25,229,000	393.8%
FD0 - Police Officers' and Fire Fighters' Retirement System	96,314,000	110,766,000	14,452,000	15.0%
KA0 - Department of Transportation	65,182,139	76,121,056	10,938,917	16.8%
CE0 - District of Columbia Public Library	42,026,849	52,100,561	10,073,711	24.0%
TO0 - Office of the Chief Technology Officer	39,974,021	49,679,636	9,705,615	24.3%
KT0 - Department of Public Works	104,047,190	110,691,043	6,643,852	6.4%
FQ0 - Office of Deputy Mayor for Public Safety and Justice	11,144,403	16,603,086	5,458,683	49.0%
AT0 - Office of the Chief Financial Officer	100,305,798	105,651,108	5,345,310	5.3%
PA0 - Pay-As-You-Go Capital Fund	4,270,000	9,137,000	4,867,000	114.0%
SV0 - Emergency and Contingency Reserve Funds	750,000	5,500,000	4,750,000	633.3%
GD0 - Office of the State Superintendent of Education	95,740,270	99,754,418	4,014,147	4.2%
BY0 - D.C. Office on Aging	16,619,722	20,503,661	3,883,939	23.4%
FL0 - Department of Corrections	117,148,138	120,825,533	3,677,395	3.1%
KV0 - Department of Motor Vehicles	24,329,622	27,621,638	3,292,016	13.5%
SM0 - Schools Modernization Fund	8,625,713	11,862,513	3,236,800	37.5%
PO0 - Office of Contracting and Procurement	8,970,555	11,964,349	2,993,793	33.4%
EB0 - Office of the Deputy Mayor for Planning and Economic Development	11,753,464	13,831,194	2,077,730	17.7%
CB0 - Office of the Attorney General for the District of Columbia	58,687,900	60,491,573	1,803,673	3.1%
GG0 - University of the District of Columbia Subsidy Account	64,954,620	66,690,620	1,736,000	2.7%
FB0 - Fire and Emergency Medical Services Department	197,853,728	199,468,849	1,615,121	0.8%
HG0 - Deputy Mayor for Health and Human Services	597,471	1,945,119	1,347,648	225.6%
EN0 - Department of Small and Local Business Development	5,276,440	6,568,370	1,291,930	24.5%
LQ0 - Alcoholic Beverage Regulation Administration	0	1,170,000	1,170,000	
KE0 - Washington Metropolitan Area Transit Authority	199,156,220	200,222,497	1,066,277	0.5%
FX0 - Office of the Chief Medical Examiner	7,834,365	8,724,575	890,210	11.4%
CR0 - Department of Consumer and Regulatory Affairs	16,365,311	17,254,109	888,798	5.4%
HA0 - Department of Parks and Recreation	34,067,390	34,950,259	882,869	2.6%
JM0 - Department on Disability Services	54,375,694	55,203,840	828,145	1.5%
AS0 - Office of Finance and Resource Management	19,373,140	20,164,604	791,464	4.1%
UC0 - Office of Unified Communications	26,714,501	27,399,777	685,276	2.6%
KG0 - District Department of the Enviornment	14,796,308	15,457,717	661,409	4.5%
DL0 - Board of Elections	5,811,956	6,430,030	618,074	10.6%
ZA0 - Repayment of Interest on Short Term Borrowing	4,390,000	5,000,000	610,000	13.9%
GE0 - DC State Board of Education	0	586,804	586,804	
FS0 - Office of Administrative Hearings	7,962,089	8,457,367	495,277	6.2%
BH0 - Unemployment Compensation Fund	6,512,000	6,887,000	375,000	5.8%
FR0 - Department Of Forensic Sciences	8,504,835	8,864,316	359,480	4.2%
AC0 - Office of the District of Columbia Auditor	3,950,981	4,275,981	325,000	8.2%
ZZ0 - John A. Wilson Building Fund	4,193,080	4,494,500	301,420	7.2%
CF0 - Department of Employment Services	47,456,750	47,715,591	258,842	0.5%
PM0 - Tax Revision Commission	0	200,000	200,000	
BG0 - Employees' Compensation Fund	19,821,822	20,021,412	199,590	1.0%
HM0 - Office of Human Rights	2,192,757	2,389,209	196,452	9.0%
AG0 - District of Columbia Board of Ethics and Government Accountability	979,000	1,158,883	179,883	18.4%
AD0 - Office of the Inspector General	13,308,492	13,464,738	156,247	1.2%
FK0 - District of Columbia National Guard	2,796,346	2,941,151	144,804	5.2%
BE0 - D. C. Department of Human Resources	7,536,269	7,604,801	68,532	0.9%
CQ0 - Office of the Tenant Advocate	2,063,971	2,132,106	68,135	3.3%
FJ0 - Criminal Justice Coordinating Council	448,969	515,568	66,599	14.8%
RJ0 - Captive Insurance Agency	2,429,757	2,488,071	58,314	2.4%
AL0 - Uniform Law Commission	0	50,000	50,000	
BJ0 - Office of Zoning	2,596,137	2,627,758	31,622	1.2%
CJ0 - Office of Campaign Finance	2,601,045	2,628,515	27,470	1.1%
DA0 - Real Property Tax Appeals Commission	1,663,264	1,684,101	20,837	1.3%
EA0 - Metropolitan Washington Council of Governments	407,943	428,311	20,368	5.0%
BA0 - Office of the Secretary	2,245,931	2,265,909	19,978	0.9%
BN0 - Homeland Security and Emergency Management Agency	2,006,892	2,026,818	19,925	1.0%
FH0 - Office of Police Complaints	2,091,473	2,110,487	19,014	0.9%
FZ0 - District of Columbia Sentencing and Criminal Code Revision Commission	1,388,813	1,406,556	17,743	1.3%
CH0 - Office of Employee Appeals	1,468,441	1,479,993	11,553	0.8%
CG0 - Public Employee Relations Board	1,151,005	1,162,066	11,061	1.0%
GB0 - Public charter School Board	1,076,000	1,086,000	10,000	0.9%
JR0 - Office of Disability Rights	970,137	980,077	9,940	1.0%
TK0 - Office of Motion Picture and Television Development	784,450	794,320	9,870	1.3%
BZ0 - Office of Latino Affairs	2,684,852	2,694,665	9,813	0.4%
AF0 - Contract Appeals Board	1,051,447	1,059,490	8,043	0.8%
AP0 - Office on Asian and Pacific Islander Affairs	780,168	785,382	5,214	0.7%
VA0 - Office of Veterans' Affairs	381,907	386,217	4,310	1.1%
DX0 - Advisory Neighborhood Commissions	893,680	895,378	1,698	0.2%
JY0 - Children and Youth Investment Collaborative	3,000,000	3,000,000	-	0.0%
KC0 - Washington Metropolitan Area Transit Commission	125,706	125,706	-	0.0%
EZ0 - Convention Center Transfer-Dedicated Taxes	3,000,000	3,000,000	-	0.0%
RH0 - District Retiree Health Contribution	107,800,000	107,800,000	-	0.0%
ZB0 - Debt Service - Issuance Costs	6,000,000	6,000,000	-	0.0%
RK0 - D. C. Office of Risk Management	2,961,531	2,945,971	(15,560)	-0.5%
AE0 - Office of the City Administrator	3,401,249	3,382,612	(18,638)	-0.5%
BD0 - Office of Planning	6,558,587	6,530,878	(27,710)	-0.4%
AB0 - Council of the District of Columbia	21,006,559	20,956,559	(50,000)	-0.2%
AA0 - Office of the Mayor	8,435,479	8,252,962	(182,518)	-2.2%
ZH0 - Settlements and Judgments	21,477,000	21,292,448	(184,552)	-0.9%
GW0 - Deputy Mayor for Education	2,302,857	1,826,134	(476,723)	-20.7%
DB0 - Department of Housing and Community Development	12,591,211	11,118,937	(1,472,274)	-11.7%
JZ0 - Department of Youth Rehabilitation Services	106,383,989	104,890,300	(1,493,689)	-1.4%
GA0 - District of Columbia Public Schools	646,175,908	644,302,107	(1,873,801)	-0.3%
GO0 - Special Education Transportation	91,190,275	86,687,702	(4,502,573)	-4.9%
BX0 - Commission on Arts and Humanities	11,089,642	5,057,016	(6,032,626)	-54.4%
DO0 - Non-Departmental	9,000,000	2,000,000	(7,000,000)	-77.8%
EL0 - Master Equipment Lease/Purchase Program	50,035,750	42,676,892	(7,358,858)	-14.7%
CP0 - Certificate of Participation	32,541,713	24,619,294	(7,922,419)	-24.3%
HP0 - Housing Production Trust Fund Subsidy	15,000,000	0	(15,000,000)	-100.0%
RL0 - Child and Family Services Agency	191,153,495	174,537,748	(16,615,746)	-8.7%
HC0 - Department of Health	88,378,588	69,481,665	(18,896,923)	-21.4%
Subtotal, Local Operating Funds	**3,227,751,341**	**3,315,469,875**	**87,718,535**	**2.7%**