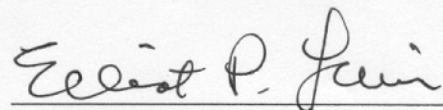


**U. S. DEPARTMENT OF LABOR  
EMPLOYMENT STANDARDS ADMINISTRATION**

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2001 AND 2000**

This audit was performed by Kearney & Company, Certified Public Accountants, under contract to the Inspector General, and by acceptance, it becomes a report of the Office of Inspector General.



Acting Deputy Inspector General for Audit

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

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**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**ACRONYMS**

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CFO	Chief Financial Officer
DCCA	District of Columbia Workmen's Compensation Act Special Fund
DLHWC	Division of Longshore and Harbor Workers' Compensation
DOL	Department of Labor
ESA	Employment Standards Administration
FASAB	Federal Accounting Standards Advisory Board
FMFIA	Federal Managers' Financial Integrity Act
FUND	District of Columbia Workmen's Compensation Act Special Fund
FY	Fiscal Year
JFMIP	Joint Financial Management Improvement Project
OCFO	Office of the Chief Financial Officer
OMB	Office of Management and Budget
OWCP	Office of Workers' Compensation Programs

## INDEPENDENT AUDITOR'S REPORT

**MS. VICTORIA LIPNIC**  
**ASSISTANT SECRETARY**  
**EMPLOYMENT STANDARDS ADMINISTRATION**  
**U.S. DEPARTMENT OF LABOR**

The *Chief Financial Officers Act of 1990* (CFO Act) requires agencies to report annually to Congress on their financial status and any other information needed to fairly present the agencies' financial position and results of operations. The District of Columbia Workmen's Compensation Act Special Fund (the Fund) is included in the United States Department of Labor (DOL) annual financial statements issued to meet the CFO Act reporting requirements.

The objective of our audit is to express an opinion on the fair presentation of the Fund's Fiscal Year 2001 financial statements. Our objective also is to obtain an understanding of the Fund's internal control and test compliance with laws and regulations that could have a direct and material effect on the financial statements.

We have audited the balance sheet of the Fund as of September 30, 2001 and the statement of net cost, changes in net position, budgetary resources, and financing for the year then ended.

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements of the Fund as of and for the year ended September 30, 2000 were audited by other auditors whose report dated February 15, 2001 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the

United States of America; the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin 01-02, *Audit Requirements for Federal Financial Statements*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

### OPINION ON FINANCIAL STATEMENTS

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America:

- the assets, liabilities, and net position of the Fund as of September 30, 2001; and
- the net cost, changes in net position, budgetary resources, reconciliation of net cost to budgetary resources for the year ended September 30, 2001.

### OTHER ACCOMPANYING INFORMATION

Our audit was conducted for the purpose of forming an opinion on the Fund's principal financial statements taken as a whole. The

information contained in the Management Discussion and Analysis section of the Fund's annual financial statements is not a required part of the principal financial statements. The information is required by the Federal Accounting Standards Advisory Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the information. However, we did not audit the information and express no opinion on it.

## **REPORT ON INTERNAL CONTROL**

In planning and performing our audit, we considered the Fund's internal control over financial reporting by obtaining an understanding of the Fund's internal control, determined whether these internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin 01-02. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982* (FMFIA), such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Consequently, we do not provide an opinion on internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment,

could adversely affect the Fund's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in internal controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. However, we noted no matters involving the internal control and its operations that we consider to be material weaknesses as defined above.

With respect to internal control related to performance measures included in the Management Discussion and Analysis, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions as required by OMB Bulletin 01-02. Our procedures were not designed to provide assurance on internal control over reported performance measures, and, accordingly, we do not provide an opinion on such controls.

## **REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS**

The management of the Fund is responsible for complying with laws and regulations applicable to the Fund. As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain laws and regulations specified in OMB Bulletin 01-02, including the requirements referred to in the *Federal Financial*

*Management Improvement Act of 1996 (FFMIA)*. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the Fund.


The results of our tests of compliance with the laws and regulations described in the preceding paragraph, exclusive of FFMIA, disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* or OMB Bulletin 01-02.

Under FFMIA, we are required to report whether the Fund's financial management systems substantially comply with the Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger (SGL) at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA section 803 (a) requirements. The results of our tests disclosed no instances in which the Fund's financial management systems did not substantially comply with the three requirements discussed above.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

— — — — —

This report is intended solely for the information and use of the District of Columbia Workmen's Compensation Act Special Fund management, U.S. Department of Labor management, the Office of Management and Budget, and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

  
Kearney & Company P.C.  
December 14, 2001

**U. S. DEPARTMENT OF LABOR**  
**EMPLOYMENT STANDARDS ADMINISTRATION**

**SECTION I**  
**MANAGEMENT DISCUSSION**  
**AND ANALYSIS**

**Fiscal Year 2001**  
**Financial Statements**

**DICTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2001**

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**MISSION AND ORGANIZATIONAL STRUCTURE**

The Longshore and Harbor Workers' program mission is to effectively administer a program of compensation and medical benefits to covered workers who are injured on the job or suffer from occupational disease.

The reporting entity is the District of Columbia Workmen's Compensation Act Special Fund (Fund). Organizationally the Fund is administered by the Employment Standards Administration (ESA), an agency within the United States Department of Labor. Within ESA, the Division of Longshore and Harbor Workers' Compensation (DLHWC) has direct responsibility for administration of the Fund. The Fund supports the program mission by providing compensation, and in certain cases, medical care payments to District of Columbia employees for work related injuries or death. Effective July 26, 1982, the District of Columbia became responsible for administration and operation of a separate special fund to cover post July 26, 1982, injury cases.

Administrative services for operating the Fund are provided by the DLHWC through direct Federal Appropriations. Appropriated funding for administrative services is not reflected in the accompanying financial statements.

Additionally, the District of Columbia Workmen's Compensation Act [Section 10(h)] provides annual wage increase compensation (cost of living adjustments). Fifty percent of this annual wage increase for pre-1972 compensation cases is paid by Federal appropriated funds, and fifty percent is paid by the Fund through the annual assessment. Appropriated funding for 10(h) is not reflected in the accompanying financial statements.

**FINANCIAL HIGHLIGHTS**

The majority of revenue of the Fund \$12,169,654 is generated through annual recurring assessments paid by self-insured employers and insurance carriers. This compares with revenue of \$11,709,229 for FY 2000. In addition, investment income for the Fund was \$156,959 for FY 2001 compared to \$188,957 for FY 2000. The average interest rate earned during FY 2001 was 4.21 percent compared to 5.43 percent for FY 2000.

The Fund's costs remained relatively stable compared to FY 2000; \$11,227,356 for FY 2001 compared to \$11,520,090 for FY 2000.

**PERFORMANCE GOALS AND RESULTS**

The DCCA performance is included in the consolidated performance measures for the Employment Standards Administration (ESA). ESA supports the Department of Labor's **Strategic Goal 2 - *A Secure Workforce***. This goal broadly promotes the economic security of workers and families. In particular, the DLHWC program supports **Outcome Goal 2.2 - *To Protect Worker Benefits***. The Department of Labor plays a large role in ensuring that worker benefits are protected and that employers administer benefit programs in an appropriate way.

For a further discussion of performance goals see the Longshore and Harbor Workers' Compensation Act Special Fund Financial Statements September 30, 2001 and 2000 discussion of performance in Section I Management Discussion and Analysis.



**DICTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2001**

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**LIMITATIONS OF THE FINANCIAL STATEMENTS**

The following limitations of the financial statements are a required part of the accompanying overview.

- The financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of the Chief Financial Officers Act of 1990, U.S.C. 3515 (b).
- While the statements have been prepared from the books and records of the Fund in accordance with the formats prescribed by OMB, the statements are different from the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.
- The statements should be read with the realization that they are for a component of a sovereign entity, that liabilities cannot be liquidated without the enactment of an appropriation, and that the payment of all liabilities other than for contracts can be abrogated by the sovereign entity.

**U. S. DEPARTMENT OF LABOR**  
**EMPLOYMENT STANDARDS ADMINISTRATION**

**SECTION II**  
**FINANCIAL STATEMENTS**

**Fiscal Years 2001 and 2000**  
**Financial Statements**

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**BALANCE SHEETS  
As Of September 30, 2001 and 2000**

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	<u>2001</u>	<u>2000</u>
<b>ASSETS</b>		
Intragovernmental assets		
Funds with U.S. Treasury (Note 2)	\$ 32,098	\$ 61,806
Investments (Note 3)	<u>5,433,108</u>	<u>4,421,251</u>
Total intragovernmental assets	5,465,206	4,483,057
Accounts receivable, net (Note 4)	<u>197,268</u>	<u>3,026</u>
<b>Total Assets</b>	<b><u>\$ 5,662,474</u></b>	<b><u>\$ 4,486,083</u></b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities</b>		
Accrued benefits payable	\$ 120,582	\$ 92,197
Deferred revenue	2,992,001	3,139,564
Assessment overpayments by carriers	<u>288,595</u>	<u>92,283</u>
<b>Total liabilities</b>	3,401,178	3,324,044
<b>Net position</b>		
Cumulative results of operations	<u>2,261,296</u>	<u>1,162,039</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 5,662,474</u></b>	<b><u>\$ 4,486,083</u></b>

The accompanying notes are an integral part of these statements.

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**STATEMENTS OF NET COST  
For The Years Ended September 30, 2001 and 2000**

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	<u>2001</u>	<u>2000</u>
<b>SPECIAL FUND NET COST OF OPERATIONS</b>		
<b>With the public</b>		
Second injury compensation, Section 8(f)	\$ 10,317,989	\$ 10,595,427
Wage increase compensation, Section 10(h)	709,425	732,156
Compensation payment for self-insurer in default, Section 18(b)	<u>199,942</u>	<u>192,507</u>
<b>Net cost of operations</b>	<u>\$ 11,227,356</u>	<u>\$ 11,520,090</u>

The accompanying notes are an integral part of these statements.

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**STATEMENTS OF CHANGES IN NET POSITION  
For The Years Ended September 30, 2001 and 2000**

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	<u>2001</u>	<u>2000</u>
<b>CHANGE IN NET POSITION</b>		
<b>Net cost of operations</b>	<u>\$ (11,227,356)</u>	<u>\$ (11,520,090)</u>
<b>Net financing sources</b>		
Non-exchange revenue		
Assessments	12,169,654	11,709,229
Interest	<u>156,959</u>	<u>188,957</u>
<b>Total net financing sources</b>	<u>12,326,613</u>	<u>11,898,186</u>
Net Results of Operations	1,099,257	378,096
<b>Net position, beginning of period</b>	<u>1,162,039</u>	<u>783,943</u>
<b>Net position, end of period</b>	<u>\$ 2,261,296</u>	<u>\$ 1,162,039</u>

The accompanying notes are an integral part of these statements.

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**STATEMENTS OF BUDGETARY RESOURCES  
For The Years Ended September 30, 2001 and 2000**

	2001	2000
<b>BUDGETARY RESOURCES (Note 5)</b>		
Budgetary authority	\$ 12,206,369	\$ 12,491,288
Unobligated balances, beginning	<u>4,341,221</u>	<u>3,351,537</u>
<b>Total budgetary resources</b>	<b><u>\$ 16,547,590</u></b>	<b><u>\$ 15,842,825</u></b>
 <b>STATUS OF BUDGETARY RESOURCES</b>		
Obligations incurred (Note 5)	\$ 11,224,268	\$ 11,501,604
Unobligated balances available	57,195	98,387
Unobligated balances not available	<u>5,266,127</u>	<u>4,242,834</u>
<b>Total status of budgetary resources</b>	<b><u>\$ 16,547,590</u></b>	<b><u>\$ 15,842,825</u></b>
 <b>OUTLAYS (Note 5)</b>		
Obligations incurred	\$ 11,224,268	\$ 11,501,604
Obligated balance, net, beginning	92,198	30,788
Less obligated balance, net, ending	<u>(120,582)</u>	<u>(92,198)</u>
<b>Total outlays</b>	<b><u>\$ 11,195,884</u></b>	<b><u>\$ 11,440,194</u></b>

The accompanying notes are an integral part of these statements.

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**STATEMENTS OF FINANCING  
For The Years Ended September 30, 2001 and 2000**

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	<u>2001</u>	<u>2000</u>
<b>OBLIGATIONS AND NON-BUDGETARY RESOURCES</b>		
Obligations incurred	\$ <u>11,224,268</u>	\$ <u>11,501,604</u>
<b>Total obligations as adjusted and non-budgetary resources</b>	<u>11,224,268</u>	<u>11,501,604</u>
<b>COSTS OF OPERATIONS NOT CONSUMING RESOURCES</b>		
Benefit overpayments	<u>3,088</u>	<u>18,486</u>
<b>Total costs of operations not consuming resources</b>	<u>3,088</u>	<u>18,486</u>
<b>Net cost of operations</b>	<u>\$ 11,227,356</u>	<u>\$ 11,520,090</u>

The accompanying notes are an integral part of these statements.

**U. S. DEPARTMENT OF LABOR**  
**EMPLOYMENT STANDARDS ADMINISTRATION**

**SECTION III**  
**NOTES TO THE**  
**FINANCIAL STATEMENTS**

**Fiscal Years 2001 and 2000**  
**Financial Statements**



**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Years Ended September 30, 2001 and 2000**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies which have been followed by the Fund in preparing the accompanying financial statements are set forth below.

**A. Reporting Entity**

These financial statements present the financial position, net cost of operations, changes in net position, budgetary resources and financing activities of the District of Columbia Workmen's Compensation Act Special Fund (Fund). The Fund is administered by the Employment Standards Administration (ESA) which is an agency within the United States Department of Labor. Within ESA, the Division of Longshore and Harbor Workers' Compensation has direct responsibility for administration of the Fund. The Fund offers compensation, and in certain cases, medical care payments to District of Columbia employees for work related injuries or death. Effective July 26, 1982, the District of Columbia Workmen's Compensation Act was amended whereby the Mayor of the District of Columbia became responsible for administration and operation of a separate special fund to cover post July 26, 1982, injury cases.

Additionally, the District of Columbia Workmen's Compensation Act [Section 10(h)] provides annual wage increase compensation (cost of living adjustments). Fifty percent of this annual wage increase for pre-1972 compensation cases is paid by Federal appropriated funds and fifty percent is paid by the Fund through the annual assessment. Appropriated funding for 10(h) is not reflected in the accompanying financial statements. Also, these financial statements do not include the Special Fund administered by the Mayor of the District of Columbia for injury cases occurring after July 26, 1982.

**B. Basis of Accounting and Presentation**

These financial statements present the financial position, net cost of operations, changes in net position, budgetary resources and financing and activities of the District of Columbia Workmen's Compensation Act Special Fund (Fund), in accordance with accounting principles generally accepted in the United States of America and the form and content requirements of OMB Bulletin 97-01. These financial statements have been prepared from the books and records of the Fund. These financial statements are not intended to present, and do not present, the full cost of the District of Columbia Workmen's Compensation (DCCA) program administered under the Longshore and Harbor Workers' Compensation Act Program (Longshore Program). In addition to the Fund costs presented in these statements, the full cost of the DCCA portion of the Longshore Program would include certain direct costs of ESA in the form of salaries and expenses for administration of the Longshore Program and allocated costs of ESA and other DOL agencies incurred in support of the Longshore Program. The full cost of the DCCA portion of the Longshore Program is included in the Consolidated Financial Statements of the U.S. Department of Labor.

Accounting principles generally accepted in the United States of America encompass both accrual and budgetary transactions. Under accrual accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred. Budgetary accounting facilitates compliance with legal constraints on, and controls over, the use of federal funds. These financial statements are different from the financial reports, also prepared for the Fund pursuant to OMB directives, used to monitor the Fund's use of budgetary resources.

**C. Funds with U.S. Treasury**

The Fund does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the U.S. Treasury. The Funds with U.S. Treasury are trust funds that are available to pay current liabilities and finance authorized purchase commitments.

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Years Ended September 30, 2001 and 2000**

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**D. Investments**

Investments in U.S. Government securities are reported at cost, net of unamortized premiums or discounts, which approximates market value. Premiums or discounts are amortized on a straight-line basis, which approximates the effective interest method. The Fund's intent is to hold investments to maturity, unless they are needed to finance claims or otherwise sustain the operations of the Fund. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity.

**E. Accounts Receivable, Net of Allowance**

The amounts due as receivables are stated net of an allowance for uncollectible accounts. The allowance is estimated based on past experience in the collection of the receivables and an analysis of the outstanding balances. Also included as benefit overpayments receivable are Fund benefit overpayments made to individuals who were determined ineligible to receive benefits.

**F. Accounts Payable**

Accounts payable represent the amount of monies or other resources that are likely to be paid within the next twelve months by the Fund as the result of a transaction or event that has already occurred.

**G. Assessment Overpayment by Carriers**

Assessment overpayments are current liabilities and are to be refunded upon carrier request or applied to reduce future carrier assessments.

**H. Deferred Revenue**

Deferred revenues represent the unearned assessment revenues as of September 30, the Fund's accounting year end. The annual assessments cover a calendar year and, accordingly, the portion extending beyond September 30 has been deferred.

**I. Financing Sources Other Than Exchange Revenue**

Non-exchange revenues arise from the Federal government's power to demand payments from and receive donations from the public. Non-exchange revenues are recognized by the Fund for assessments levied against the public and interest income from investments.

The Fund's primary source of revenue is annual assessments levied on insurance carriers and self-insured employers. The Fund also receives interest on Fund investments and on Federal funds in the possession of non-Federal entities.

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Years Ended September 30, 2001 and 2000**

**NOTE 2 - FUNDS WITH U.S. TREASURY**

Funds with U.S. Treasury at September 30, 2001 and 2000 consisted of the following:

	<u>Entity Assets – September 30, 2001</u>			
	<u>Obligated</u>	<u>Unobligated</u>		<u>Total</u>
		<u>Available</u>	<u>Restricted</u>	
Trust funds	<u>\$ -</u>	<u>\$ 32,098</u>	<u>\$ -</u>	<u>\$ 32,098</u>

	<u>Entity Assets – September 30, 2000</u>			
	<u>Obligated</u>	<u>Unobligated</u>		<u>Total</u>
		<u>Available</u>	<u>Restricted</u>	
Trust funds	<u>\$ -</u>	<u>\$ 61,806</u>	<u>\$ -</u>	<u>\$ 61,806</u>

There are no funds being held as security by authority of Section 32 of the Longshore and Harbor Workers' Compensation Act in the Funds with the U.S. Treasury balance at September 30, 2001 or at September 30, 2000. Section 32 funds relate to the default of self-insured employers and are available for payment of compensation and medical benefits to covered employees of the defaulted companies.

**NOTE 3 - INVESTMENTS**

Investments at September 30, 2001 and 2000 consisted of the following:

	<u>September 30, 2001</u>			
	<u>Face Value</u>	<u>Discount</u>	<u>Net Value</u>	<u>Market Value</u>
Intragovernmental securities				
Marketable	<u>\$ 5,469,000</u>	<u>\$ (35,892)</u>	<u>\$ 5,433,108</u>	<u>\$ 5,433,108</u>

	<u>September 30, 2000</u>			
	<u>Face Value</u>	<u>Discount</u>	<u>Net Value</u>	<u>Market Value</u>
Intragovernmental securities				
Marketable	<u>\$ 4,470,000</u>	<u>\$ (48,749)</u>	<u>\$ 4,421,251</u>	<u>\$ 4,421,251</u>

There are no investments being held as security by authority of Section 32 of the Longshore and Harbor Workers' Compensation Act as of September 30, 2001 or September 30, 2000. Section 32 investments relate to the default of self-insured employers and are restricted. These investments are available for payment of compensation and medical benefits to covered employees of the defaulted companies. Investments at September 30, 2001 and 2000 consist of

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Years Ended September 30, 2001 and 2000**

**NOTE 3 – INVESTMENTS - Continued**

short-term U.S. Treasury Bills and are stated at amortized cost which approximates market. Investments at September 30, 2001, bear interest rates varying from 2.26% to 3.44% compared to rates varying from 5.78% to 6.08% for 2000. Interest rates on securities bought and sold during fiscal year 2001 ranged from 1.74% to 6.23% compared to 4.46% to 6.24% for fiscal year 2000.

**NOTE 4 - ACCOUNTS RECEIVABLE, NET**

Accounts receivable at September 30, 2001 and 2000 consisted of the following:

	2001	2000
Entity assets		
Benefit overpayments	\$ -	\$ 3,088
Assessments receivable	207,750	9,073
Less: allowance for doubtful accounts	<u>(10,482)</u>	<u>(9,135)</u>
Total accounts receivable, net	<u>\$ 197,268</u>	<u>\$ 3,026</u>

Assessments receivable represent the unpaid annual assessments from the current and prior years. Accounts receivable from overpayments to beneficiaries arise primarily from amended compensation orders and corrections of payment computations. These receivables are being primarily recovered by partial and total withholding of benefit payments.

Changes in the allowance for doubtful accounts during 2001 and 2000 consisted of the following:

	September 30, 2001				
	Allowance 9-30-00	Writeoffs	Revenue Adjustment	Bad Debt	
Entity assets					
Benefit overpayments	\$ (62)	\$ -	\$ -	\$ -	\$ (62)
Assessment receivable	<u>(9,073)</u>	<u>56,252</u>	<u>(57,599)</u>	<u>-</u>	<u>(10,420)</u>
	<u>\$ (9,135)</u>	<u>\$ -</u>	<u>\$ (57,599)</u>	<u>\$ -</u>	<u>\$ (10,482)</u>

	September 30, 2000				
	Allowance 9-30-99	Writeoffs	Revenue Adjustment	Bad Debt	
Entity assets					
Benefit overpayments	\$ (431)	\$ -	\$ 369	\$ -	\$ (62)
Assessment receivable	<u>(52,000)</u>	<u>54,917</u>	<u>(11,990)</u>	<u>-</u>	<u>(9,073)</u>
	<u>\$ (52,431)</u>	<u>\$ 54,917</u>	<u>\$ (11,621)</u>	<u>\$ -</u>	<u>\$ (9,135)</u>

**DISTRICT OF COLUMBIA WORKMEN'S  
COMPENSATION ACT SPECIAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Years Ended September 30, 2001 and 2000**

**NOTE 5 - RECONCILIATION TO THE BUDGET**

A reconciliation of budgetary resources, obligations incurred and outlays, as presented in the Statement of Budgetary Resources to amounts included in the Budget of the United States Government for the years ended September 30, 2001 and 2000 are shown below:

<u>(Dollars in Millions)</u>	Budgetary Resources	<u>September 30, 2001</u> Obligations <u>Incurred</u>	Outlays
<b>Statement of Budgetary Resources</b>	\$ 17	\$ 11	\$ 11
<b>Budget of the United States Government</b>	\$ 17	\$ 11	\$ 11

<u>(Dollars in Millions)</u>	Budgetary Resources	<u>September 30, 2000</u> Obligations <u>Incurred</u>	Outlays
<b>Statement of Budgetary Resources</b>	\$ 16	\$ 11	\$ 11
<b>Budget of the United States Government</b>	\$ 16	\$ 11	\$ 11