U.S. Department of Labor

Office of Inspector General—Office of Audit

REPORT TO THE OFFICE OF WORKERS' COMPENSATION PROGRAMS

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND FINANCIAL STATEMENTS AND INSPECTOR GENERAL'S REPORT

SEPTEMBER 30, 2019 AND 2018

Date Issued: November 13, 2020
Report Number: 22-21-003-04-432

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Mission and Organizational Structure

The District of Columbia Workmen's Compensation Act of 1928 (DCCA) provides medical benefits, compensation for lost wages and rehabilitation services for job-related injuries, diseases or death of certain private-sector workers in the District of Columbia. The DCCA Special Fund (the Fund) also extends benefits to dependents if any injury resulted in the employee's death. Generally, benefits are paid directly from private funds by an authorized self-insured employer or through an authorized insurance carrier (hereinafter collectively referred to as carriers). Cases meeting the requirements of the Longshore and Harbor Workers' Compensation Act (LHWCA) as extended to DCCA are paid from the Fund, which is financed primarily through carrier contributions (assessments). In fiscal years (FY) 2019 and 2018, respectively, 351 and 379 injured workers and dependents received compensation benefits from the Fund.

The reporting entity is the Fund. Organizationally, the Fund is administered by the Department of Labor (DOL), Office of Workers' Compensation Programs (OWCP), Division of Longshore and Harbor Workers' Compensation program (DLHWC). DLHWC has direct responsibility for administration of the Fund.

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.

Additionally, DCCA incorporates Section 10(h) of LHWCA, which provides annual wage increase compensation (cost of living adjustments) for pre-1972 compensation cases entitled due to total permanent disability or death. Fifty percent of this annual wage increase compensation is paid by the fund through the annual assessments and fifty percent is paid by the separate Federal Employees Compensation Act Special Benefit Fund.

Administrative services for operating the Fund are provided by OWCP on behalf of the Fund. Funding for these costs is primarily provided by federal appropriations to OWCP's Salaries and Expense account, which is not part of the Fund. In 2019 the financial accounting functions and reporting duties were reassigned to the Division of Central Accounting Operations (DCAO) and the Division of Financial Reporting (DFR) respectively.

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

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Financial Highlights

The majority of the Fund's revenue is generated through annual recurring assessments paid by self-insured employers and insurance carriers. Assessment revenue totaled $5,685,614 in FY 2019 and $6,912,405 in FY 2018. Appropriations and revenue were lower in FY 2019 than in FY 2018 due to the fact that companies were assessed just over one million dollars less in FY 2019 based on the needs of the fund.

The Fund's costs remained relatively stable compared to FY 2018; $6,512,787 in FY 2019 compared to $6,988,667 in FY 2018. Proceeds of the Fund are used for payments under: Section 8(f) for second injury claims; Section 10(h) for initial and subsequent annual adjustments in compensation for permanent total disability or related death from injuries which occurred prior to the effective date of the 1972 LHWCA amendments; and Section 18(b) for compensation to injured workers in cases of employer default. The decrease in budgetary obligations incurred reflects the reduction of benefit payments over time due to no new claimants being admitted to the program and natural attrition of the current population.

Performance Goals and Results

DLHWC's administration of the Fund supports DOL's Strategic Goal 3 – *Administer Strong Workers' Compensation and Benefits Programs.* This goal broadly promotes the economic security of workers and families. In particular, DLHWC's administration of the Fund supports Strategic Objective 3.1, Provide workers' compensation benefits for workers who are injured or become ill on the job. DOL plays a large role in ensuring that worker benefits are protected and that employers administer benefit programs in an appropriate way. DLHWC assists in meeting this strategic goal by ensuring sufficient funds are assessed to fund the benefit payments, and payments to the beneficiaries are made promptly. In FY 2019, assessments were not sufficient to cover the costs, and performance goals targeting the timeliness of initial claims processing and benefit delivery outcomes were achieved.

Internal Controls

DLHWC's Branch of Financial Management, Insurance and Assessment is composed of four employees and one supervisor. It guards against unethical behavior by segregated duties and assigning roles to each function. Much of the oversight, evaluation, monitoring, control and supervisory activity is informal and face-to-face.

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Management communicates all procedural, policy, and operating goals to staff with a written procedure manual, e-mails, and frequent individual communications regarding changes, problems and issues.

Statutes provide the formal standards where these are applicable, such as privacy statutes, cash handling procedures, and conflict of interest regulations. All codes, statutes, and regulations governing the conduct of federal employees apply to all DLHWC employees. For cases paid by the Fund, a District Director or Administrative Law Judge issues a formal Compensation Order to identify the payee and set the amount. Five employees review each new case before making the payment to ensure accuracy.

Known Risks and Uncertainties

The Fund makes assessments on authorized insurers and self-insurers one year at a time for current expenses; there is no reserve for future fund obligations. In keeping with the requirement of Section 44 of LHWCA, obligations are paid as they are incurred. Assessments are based on compensation and medical benefits paid in the prior calendar year. The District of Columbia Workmen’s Compensation Act of 1928 has been repealed and the Fund only assesses based on payments for cases that arose prior to July 26, 1982. The annual fund assessment is assessed against a shrinking base of industry payments. Although there are approximately 101 authorized insurance carriers and self-insured employers, benefit payments are concentrated among relatively few. For example, the top ten carriers and self-insurers alone pay 76 percent of the total industry payments for indemnity, excluding fund payments. If a major carrier or self-insurer fails, the remainder would face substantially increased assessments.

There is no provision for reserving extra funds for future obligations as the Fund is not liable for payments authorized by the LHWCA that exceed the money or property deposited in or belonging to the Fund. Thus, the Fund’s cash requirements are reviewed twice a year through the assessment process in order to meet current expenses. If one or more of the largest payers became insolvent and was unable to pay their assessment obligations, temporary collection issues would result, necessitating special, unscheduled assessments or other actions to ensure the Fund has sufficient liquid resources to pay claims liabilities as they come due.

**DISTRICT OF COLUMBIA WORKMEN'S
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Management's Discussion and Analysis

Years ended September 30, 2019 and 2018

Limitations of the Financial Statements

The following are limitations of the financial statements:

- The financial statements have been prepared to report the financial position and results of operations of the Fund, pursuant to the requirements of the Longshore and Harbor Workers' Compensation Act (Title 33, United States Code (33 U.S.C), Section 944(j)).
- While the statements have been prepared from the books and records of the Fund in accordance with U.S. Generally Accepted Accounting Principles for U.S. Government entities and the formats prescribed by the Office of Management and Budget, 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 the U.S. Government, 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

Office of Inspector General
Washington, D.C. 20210

Inspector General’s Report

Julia Hearthway
Director
Office of Workers’ Compensation Programs
U.S. Department of Labor

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the District of Columbia Workmen’s Compensation Act Special Fund (Fund), a fiduciary fund of the U.S. Department of Labor (DOL), which comprise the balance sheets as of September 30, 2019 and 2018, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 19-03, Audit Requirements for Federal Financial Statements. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Labor’s District of Columbia Workmen’s Compensation Act Special Fund as of September 30, 2019 and 2018, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management’s Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2019, we considered the Fund’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund’s internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 19-03.

***Purpose of the Other Reporting Required by* Government Auditing Standards**

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

Elliot P. Lewis

Elliot P. Lewis
Assistant Inspector General for Audit

November 13, 2020

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Balance Sheets
As of September 30, 2019 and 2018
(in dollars)

Assets	2019	2018
Intragovernmental assets:		
Funds with U.S. Treasury (Note 2)	$ 22,734	$ 563
Investments, net (Note 3)	4,250,000	5,620,000
Accounts receivable (Note 4)	-	656
Total Intragovernmental assets	4,272,734	5,621,219
Accounts Receivable, net (Note 4)	199,737	130,847
Total assets	$ 4,472,471	$ 5,752,066
Liabilities and Net Position		
Liabilities:		
Accounts payable	$ 22,673	$ -
Accrued benefits payable	185,821	173,656
Deferred revenue	1,276,045	1,857,479
Other Liabilities (Note 5)	61,721	60,319
Total liabilities and net position	$ 1,546,260	$ 2,091,454
Net position:		
Cumulative results of operations - Other	2,926,211	3,660,612
Total liabilities and net position	$ 4,472,471	$ 5,752,066

The accompanying notes are an integral part of these statements.

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Statements of Net Cost
Years ended September 30, 2019 and 2018
(in dollars)

	2019	2018
Goal 3		
Gross Program Costs	$ 6,512,787	$ 6,988,667
Net Cost of Operations (Note 7)	$ 6,512,787	$ 6,988,667

Strategic Goal 3: Administer Strong Workers' Compensation and Benefits Programs

The accompanying notes are an integral part of these statements.

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Statements of Changes in Net Position
Years ended September 30, 2019 and 2018
(in dollars)

	2019	2018
Cumulative results of operations, beginning	$ 3,660,612	$ 3,681,432
Beginning Balance, as adjusted	$ 3,660,612	$ 3,681,432
Budgetary financing sources:		
Non-exchange revenues		
Investment interest	92,772	55,445
Assessments	5,685,614	6,912,405
Total non-exchange revenues	5,778,386	6,967,850
Total Financing Sources	5,778,386	6,967,850
Net cost of operations	(6,512,787)	(6,988,667)
Net change	(734,401)	(20,817)
Net position, end of year	$ 2,926,211	$ 3,660,615

The accompanying notes are an integral part of these statements.

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Statements of Budgetary Resources
Years ended September 30, 2019 and 2018
(in dollars)

	2019	2018
Budgetary Resources:		
Unobligated balance from prior year budget authority (mandatory)	$ 5,446,907	$ 4,977,762
Appropriations (mandatory)	5,112,117	7,449,167
Total budgetary resources	$ 10,559,024	$ 12,426,929
Status of Budgetary Resources:		
New obligations and upward adjustments total (Note 6 and 7)	6,494,785	6,980,022
Unobligated balances, end of year:		
Exempt from apportionment, unexpired accounts	4,064,239	5,446,907
Unobligated balance, end of year (total)	4,064,239	5,446,907
Total budgetary resources	10,559,024	12,426,929
Outlays, Net:		
Agency outlays, net (mandatory)	$ 6,459,947	$ 6,990,542

The accompanying notes are an integral part of these statements.

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Notes to the Financial Statements

Years ended September 30, 2019 and 2018

(1) Summary of Significant Accounting Policies

The principal accounting policies which have been followed in preparing the accompanying financial statements for the District of Columbia Workmen's Compensation Act (DCCA) Special Fund (Fund) are set forth below.

(a) Reporting Entity

The Fund was established by Section 44 (33 U.S.C. 944) when the DCCA was enacted in 1928. It was originally funded by Congressional Appropriation, and is administered by DOL, OWCP, and DLHWC. DLHWC has direct responsibility for administration of the Fund. The Fund offers compensation, and in certain cases, medical care payments to employees who are employed in the District of Columbia for work related injuries or death incurred on or before July 26, 1982. Effective July 26, 1982, the DCCA 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, cases. These financial statements do not include the special fund administered by the Mayor of the District of Columbia for cases occurring after July 26, 1982.

Additionally, LHWCA (Section 10(h)) provides annual wage increase compensation (cost of living adjustments) for pre-1972 compensation cases entitled due to total permanent disability or death. Fifty percent of this annual wage increase is paid by the Fund through annual assessment. The remaining fifty percent is paid by the separate Federal Employees' Compensation Act's Special Benefit Fund through federal appropriations.

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Notes to the Financial Statements

Years ended September 30, 2019 and 2018

(b) Basis of Accounting and Presentation

In FY 2018, OWCP implemented FASAB Statement of Federal Financial Accounting Standard (SFFAS) 47, "Reporting Entity," with related guidance from the Treasury Financial Manual (TFM), Volume 1, Part 2, Chapter 4700, "Agency Reporting Requirements for the Financial Report of the United States Government," and OMB Circular No. A-136. SFFAS 47 and the related guidance required, among other things, that the Fund (1) be defined as a sub-component reporting entity within the larger component reporting entity of the U.S. Department of Labor, and (2) consolidate into its financial statements those entities defined according to (a) SFFAS 47 requirements for administrative assignment based on budgetary and accountability criteria and (b) Treasury determinations. Entities have been reported in the fund's financial statements and related notes in accordance with SFFAS 47.

These financial statements present the financial position, net cost of operations, changes in net position and budgetary resources, in accordance with U.S. generally accepted accounting principles and the form and content requirements of OMB Circular A-136, *Financial Reporting Requirements*. 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 DCCA Program (program). In addition to the fund costs presented in these statements, the full cost of the Program would include certain direct costs of OWCP in the form of salaries and expenses for administration of the program and allocated costs of OWCP and other DOL agencies incurred in support of the program. The full cost of the program is included in the DOL consolidated financial statements and related notes. The Fund is considered a fiduciary activity of DOL, and is properly disclosed and reported in the consolidated financial statements of DOL as a fiduciary fund. Accordingly, the fiduciary assets and liabilities are not recognized on the consolidated balance sheet. The Fund is described in Note 1 under Reporting Entity and in Note 22, Schedule of Fiduciary Activity of DOL's consolidated financial statements and related notes.

U.S. generally accepted accounting principles 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

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reports, also prepared for the Fund pursuant to OMB directives, used to monitor the Fund's use of budgetary resources.

In FY 2019, DOL implemented new accounting standard FASAB SFFAS 53, "Budget and Accrual Reconciliation (BAR)--Amending SFFAS 7, and 24, and Rescinding SFFAS 22." This accounting standard required DOL to amend its form and presentation of Note 8, Budget and Accrual Reconciliation. The BAR (a) starts with the net cost of operations and is adjusted by (b) components of net cost that are not part of net outlays, (b) components of net outlays that are not part of net cost, and (c) other temporary timing differences, which reflect some special adjustments. Consistent with the requirements of OMB Circular No. A-136, a one-year presentation in the FY 2019 implementation year is presented in Note 8.

(c) Funds with U.S. Treasury

The Fund's cash receipts and disbursements are processed by U.S. Department of the Treasury (Treasury). Funds with Treasury represent obligated balances available to pay current liabilities and finance authorized purchase commitments.

(d) Investments, Net

Investments in U.S. Government securities are reported at cost, net of unamortized premiums or discounts, which approximate 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 they are held to maturity. A portion of these investments is available for payment of compensation and medical benefits to covered employees of the defaulted insurance carriers or self-insured employers (hereinafter collectively referred to as carriers).

(e) Accounts Receivable, Net

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. Accounts receivable comprise a carrier deposit due from the LHWCA Special Fund, assessments

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receivable and the fund’s benefit overpayments to individuals primarily from awarded compensation orders and corrections of payment computations.

The Fund provides compensation and medical benefits for work-related injuries to employees who are employed in the District of Columbia that were incurred on or before July 26, 1982. The Fund recognizes a liability for disability benefits payable to the extent of unpaid benefits applicable to the current period. Ultimate responsibility for the payment of such claims rests with the employer organizations.

(f) Other Liabilities

Other liabilities comprise primarily assessment overpayments by insurance carriers or self-insured employers which are to be refunded at the carriers request or applied to reduce future assessments. Also included in other liabilities are amounts received by the Fund from defaulted carriers which are being held as security by authority of Section 32 of LHWCA. These funds and investments are available for compensation and medical benefits to covered employees of the defaulted carriers. In accordance with 20 CFR 703, once the Fund, within its discretion, determines amounts seized from a carrier are no longer needed, it must return the funds to the insolvent carrier’s estate. As a result, the Fund reports these amounts as a liability until the related benefits are paid. Management estimates that these funds and investments held will be sufficient to cover the future benefits associated with the covered employees.

(g) Deferred Revenue

Deferred revenue represents the unearned assessment revenue as of September 30. The annual assessments cover a calendar year, and accordingly, the portion extending beyond September 30 has been deferred.

(h) Non-exchange Revenue

Non-exchange revenues arise from the federal government’s power to demand payments from and receive donations from the public.

The Fund’s primary source of revenue is annual assessments levied on insurance carriers and self-insured employers. Assessments are recognized as non-exchange revenue in the fiscal year that claims are paid. In the case of amounts received by the Fund from defaulted carriers which are being held as security by authority of Section 32 of LHWCA, revenue is recognized at the time that benefits are paid. The

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

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Fund receives interest on fund investments and on Federal funds in the possession of non-federal entities. The Fund also receives revenue from fines and penalties assessed in accordance with various sections of LHWCA.

(2) Funds with U.S. Treasury

Funds with U.S. Treasury at September 30, 2019 consisted of the following:

	Entity Assets					
(In Dollars)	Unobligated Balance Available	Unobligated Balance Unavailable	Obligated Balance Not Yet Disbursed	Total Entity Assets	Non-entity Assets	Total
Trust Fund	$ -	$ -	$ 22,734	$ 22,734	$ -	$22,734

Funds with U.S. Treasury at September 30, 2018 consisted of the following

	Entity Assets					
(In Dollars)	Unobligated Balance Available	Unobligated Balance Unavailable	Obligated Balance Not Yet Disbursed	Total Entity Assets	Non-entity Assets	Total
Trust Fund	$ -	$ -	$ 563	$ 563	$ -	$ 563

Funds with U.S. Treasury at September 30, 2019 and 2018 consisted of cash deposits of $22,734 and $563 respectively. These cash deposits at September 30, 2019 and 2018 included $21 and $19, respectively, which are being held as security by authority of Section 32 of LHWCA. These 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.

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(3) Investments, Net

Investments, net at September 30, 2019 and 2018 consisted of the following:

	September 30, 2019			
(In Dollars)	Face Value	Premium (Discount)	Net Value	Market Value
Intragovernmental securities:				
Non-marketable:				
Par value	$ 4,250,000	$ -	$ 4,250,000	$ 4,250,000

	September 30, 2018			
(In Dollars)	Face Value	Premium (Discount)	Net Value	Market Value
Intragovernmental securities:				
Non-marketable:				
Par value	$ 5,620,000	$ -	$ 5,620,000	$ 5,620,000

A portion of the investments are assets being held as security by authority of Section 32 of the LHWCA for compensation and medical benefits to covered employees of defaulted carriers; these investments were $61,700 and $60,300 at September 30, 2019 and 2018, respectively. Investments at September 30, 2019 and 2018, consist of overnight securities. Investments at September 30, 2019 and 2018 bear an interest rate of 1.9 and 2.10 percent, respectively. Interest rates on securities bought and sold during FYs 2019 and 2018 ranged between 1.79 and 2.51 percent and between 0.94 and 2.12 percent, respectively.

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Notes to the Financial Statements

Years ended September 30, 2019 and 2018

(4) Accounts Receivable, Net

Accounts receivable, net at September 30, 2019 and 2018 consisted of the following:

	2019		
(In Dollars)	Gross Receivables	Allowance	Net Receivables
Entity intragovernmental assets:			
Treasury interest receivable	$ -	$ -	$ -
Entity assets:			
Benefit overpayments	627,227	(558,385)	68,842
Assessments receivable	131,223	(328)	130,895
	$ 758,450	$ (558,713)	$ 199,737

	2018		
(In Dollars)	Gross Receivables	Allowance	Net Receivables
Entity intragovernmental assets:			
Treasury interest receivable	$ 656	$ -	$ 656
Entity assets:			
Benefit overpayments	647,615	(560,987)	86,628
Assessments receivable	44,330	(111)	44,219
	$ 691,945	$ (561,098)	$ 130,847

Assessments receivable represent the unpaid annual assessments. Accounts receivable from benefit overpayments to claimants arise primarily from amended compensation orders and corrections of payment computations. These receivables are primarily recovered by partial withholding of benefit payments, to the extent possible.

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Notes to the Financial Statements

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(5) Other Liabilities

Other liabilities at September 30, 2019 and 2018 consisted of the following:

(In Dollars)	2019	2018
Other liabilities:		
Held in DCCA Fund investments	61,700	60,300
Held in cash	21	19
Total other liabilities	$ 61,721	$ 60,319

Assessment overpayments by carriers are to be refunded upon request or applied to reduce future assessments. All of these are current liabilities.

Defaulted employer liability relates to the funds and investments held by the Fund which are being held as security by authority of Section 32 of LHWCA. These funds and investments are available for compensation and medical benefits to covered employees of the defaulted companies. Management estimates that these funds and investments held will be sufficient to cover the future benefits associated with the covered employees. There are no current portions of the defaulted carrier liability for FY 2019 and FY 2018.

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Notes to the Financial Statements

Years ended September 30, 2019 and 2018

(6) Status of Budgetary Resources

Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government

A reconciliation of budgetary resources, new obligations and upward adjustments and outlays, as presented in the Statement of Budgetary Resources to amounts included in the Budget of the United States Government for the year ended September 30, 2018 is shown below:

	2018		
(Dollars in Millions)	Budgetary Resources	Obligations Incurred	Net Outlays
Statement of Budgetary Resources - DCCA	$ 12	$ 7	$ 7
Add LHWCA Stmt. of Budgetary Resources	165	104	104
Less: Rounding Difference	—	—	(2)
Total Statement of Budgetary Resources	$ 177	$ 111	$ 109
Budget of the United States Government	$ 177	$ 111	$ 109

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Notes to the Financial Statements

Years ended September 30, 2019 and 2018

(7) Budget and Accrual Reconciliation

The reconciliation for the year ended September 30, 2019 is shown below.

(Dollars in thousands)	With the public
NET COST OF OPERATIONS	$ 6,513
Increase/(Decrease) in Assets not affecting Budget Outlays:	
Accounts receivable	(18)
(Increase)/Decrease in Liabilities not affecting Budget Outlays:	
Accounts payable	(35)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(53)
Net Outlays	$ 6,460
Related Amounts on the Statement of Budgetary Resources	
Outlays, net	6,460
Distributed offsetting receipts	
Agency Outlays, Net	$ 6,460

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