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 INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2020 AND 2019

This report was prepared by KPMG LLP, under contract to the U.S. Department of Labor, Office of Inspector General, and by acceptance, it becomes a report of the Office of Inspector General.

Carolyn R. Hantz

U.S. Department of Labor
Assistant Inspector General for Audit

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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) and extended to DCCA are paid from the Fund, which is financed primarily through carrier contributions (assessments). In fiscal years (FY) 2020 and 2019, respectively, 337 and 351 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 Workmen's Compensation Act of 1928 became responsible for the 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.

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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 $5,895,414 in FY 2020 and $5,685,614 in FY 2019. Appropriations and revenue were higher in FY 2020 than in FY 2019. The increase in revenue was caused by an increase in the amount of assessment billed from FY 2019 to FY 2020.

The Fund's costs remained relatively stable compared to FY 2019; $6,005,768 FY 2020 compared to $6,512,787 in FY 2019. 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. Budgetary obligations totaled $5,986,878 in FY 2020 and $6,494,785 in FY 2019. The decrease in budgetary obligations 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 totaled.

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 2020, the assessments were sufficient to cover the costs due to no new claimants being admitted to the program. 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

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supervisory activity is informal and face-to-face.

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 100 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 84 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.

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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.

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Independent Auditors' Report

Mr. Christopher Godfrey, Director
Office of Workers' Compensation Programs, U. S. Department of Labor:

Report on the Financial Statements

We have audited the 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, 2020 and 2019, and the related statements of net cost, changes in net position, 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, and with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards 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

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, 2020 and 2019, 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 section 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, 2020, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing 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. We did identify certain deficiencies in internal control, described in the accompanying Exhibit 1, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements as of and for the year ended September 30, 2020 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Fund's Response to Findings

The Fund's response to the findings identified in our audit is described in the accompanying Exhibit 1. The Fund's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results 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.

KPMG LLP

Washington, D.C.
March 31, 2022

Exhibit 1

1. Improvements Needed in the Claims Examiners' Review of District of Columbia Workmen's Compensation Act Special Fund Claims

For fiscal year 2020, we identified certain instances in which the Division of Federal Employees, Longshore and Harbor Workers' Compensation (Division) controls were not operating effectively, Specifically, we noted that the Division's Claims Examiners' (CE) reviews were not performed in accordance with the Division's Procedure Manual (Manual). As a result, we identified the following exceptions for a selected sample of 92 claimants:

a. For 2 claims, the Form LS 200/267 was not provided by the beneficiary and the claims examiner did not complete timely follow-up procedures or suspend benefits in accordance with Section 6-0300(5)(2) of the Manual

b. For 2 claims, there was no indication of a review of the LS 200/267 by the CE in accordance with Section 6-0300 of the Manual.

c. For 1 claim, the Form LS 200/267 was not provided by the beneficiary and the CE did not suspend benefits timely in accordance with Section 6-0300(5)(2) of the Manual when no response was received from the claimant subsequent to follow-up procedures.

In addition, during our substantive procedures over a sample of 116 benefit payments, we identified 4 payments in which the amount was calculated incorrectly.

The exceptions noted above were due to insufficient monitoring controls in place to ensure the CEs' review of the claims were adequately and timely performed in accordance with the Manual.

Insufficient controls over the CEs' review of claims increase the risk of errors in benefit payments made to claimants, which could lead to misstatements in the financial statements.

The following criteria were considered in the determination and evaluation of the findings noted above:

- Section 6-0300(5) of the Manual provides the requirement for the CE to investigate and take action to obtain a signed form LS 200/267 before pursuing forfeiture. This includes taking follow up action or suspending compensation until the claimant is located.
- Section 6-0300(5)(2) of the Manual provides the requirement for the CE to send another form LS 200/267 for completion with an indication that failure to submit the form in a timely manner will result in temporary suspension of benefits and review the case again within 60 days to determine the next appropriate action.

- The Government and Accountability Office *Standards for Internal Control in the Federal Government*, Section 16 provides the requirements related to management's monitoring of the internal control system.

Recommendation:

We recommend that the Director of Division of Federal Employees', Longshore and Harbor Workers Compensation develop and implement monitoring controls to ensure Claim Examiners are promptly following up with beneficiaries when the LS 200/267 forms are not provided or are inaccurate.

Management's Response:

The Director of Division of Federal Employees', Longshore and Harbor Workers' Compensation (DFELHWC) agrees to follow-up and obtain the remaining outstanding forms for fiscal year 2020, complete the required eligibility reviews for those beneficiaries and perform the necessary follow-up to resolve any incomplete forms. The DFELHWC also agrees with the recommendation to develop and implement monitoring controls to ensure CEs are promptly following up with beneficiaries when the LS-200 and/or LS-267 forms are not provided or are inaccurate, and these controls have already been implemented.

Auditors' Response:

We will conduct follow-up procedures during the performance of the FY 2021 audit to determine whether corrective actions have been developed and implemented.

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COMPENSATION ACT SPECIAL FUND
Balance Sheets
As of September 30, 2020 and 2019
(in dollars)

Assets	**2020**	**2019**
Intragovernmental assets:		
Funds with U.S. Treasury (Note 2)	$ 1,880,813	$ 22,734
Investments in Treasury Securities (Note 3)	2,000,000	4,250,000
Total Intragovernmental assets	3,880,813	4,272,734
Accounts receivable, net (Note 4)	558,967	199,737
Total assets	$ 4,439,780	$ 4,472,471
Liabilities and Net Position		
Liabilities:		
Accounts payable	$ -	$ 22,673
Accrued benefits payable	-	185,821
Deferred revenue	1,538,110	1,276,045
Other Liabilities (Note 5)	62,220	61,721
Total liabilities	$ 1,600,330	$ 1,546,260
Net position:		
Cumulative results of operations - Other	2,839,450	2,926,211
Total liabilities and net position	$ 4,439,780	$ 4,472,471

The accompanying notes are an integral part of these statements.

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Statements of Net Cost
Years ended September 30, 2020 and 2019
(in dollars)

	2020	2019
Goal 3		
Gross Program Costs	$ 6,005,768	$ 6,512,787
Net Cost of Operations (Note 7)	$ 6,005,768	$ 6,512,787

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, 2020 and 2019
(in dollars)

	2020	2019
Cumulative results of operations, beginning	$ 2,926,211	$ 3,660,612
Budgetary financing sources:		
Non-exchange revenues (Note 1(i))		
Investment interest	23,593	92,772
Assessments	5,895,414	5,685,614
Total non-exchange revenues	5,919,007	5,778,386
Total budgetary financing sources	5,919,007	5,778,386
Net cost of operations	(6,005,768)	(6,512,787)
Net change	(86,761)	(734,401)
Cumulative results of operations, ending	2,839,450	2,926,211
Net position, end of year	$ 2,839,450	$ 2,926,211

The accompanying notes are an integral part of these statements.

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Statements of Budgetary Resources
Years ended September 30, 2020 and 2019
(in dollars)

	2020	2019
Budgetary Resources:		
Unobligated balance from prior year budget authority (mandatory)	$ 4,064,240	$ 5,446,907
Appropriations (mandatory)	5,803,451	5,112,117
Total budgetary resources	$ 9,867,691	$ 10,559,024
Status of Budgetary Resources:		
New obligations and upward adjustments total (Notes 6 and 7)	$ 5,986,878	$ 6,494,785
Unobligated balances, end of year:		
Exempt from apportionment, unexpired accounts	3,880,813	4,064,239
Unobligated balance, end of year (total)	3,880,813	4,064,239
Total budgetary resources	$ 9,867,691	$ 10,559,024
Outlays, Net:		
Agency outlays, net (mandatory)	$ 6,195,372	$ 6,459,947

The accompanying notes are an integral part of these statements.

**DISTRICT OF COLUMBIA WORKMEN'S
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Notes to the Financial Statements

Years ended September 30, 2020 and 2019

(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.

(b) Basis of Accounting and Presentation

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

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

(d) Investments in Treasury Securities, 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 one-day investments to maturity. 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

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comprise a carrier deposit due from the LHWCA Special Fund, assessments receivable and the fund's benefit overpayments to individuals primarily from awarded compensation orders and corrections of payment computations.

(f) Accrued Benefits Payable

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.

(g) 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.

(h) 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.

(i) 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

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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 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.

(j) Other Conforming Changes

In accordance with the requirements of OMB Circular A-136, in FY 2020 DCCA made other conforming changes to the financial statements and notes as described below:

The Balance Sheet has been updated to be consistent with Note 22 of DOL's FY 2020 Agency Financial Report (AFR).

Note 2 name has been updated to Funds with U.S. Treasury and the line label has been updated to Funds with U.S. Treasury to conform with DOL's FY 2020 AFR.

(2) Funds with U.S. Treasury

(2) Funds with U.S. Treasury

Funds with U.S. Treasury at September 30, 2020 consisted of the following:

(In Dollars)	Entity Assets: Unobligated Balance Available	Entity Assets: Unobligated Balance Unavailable	Entity Assets: Obligated Balance Not Yet Disbursed	Total Entity Assets	Non-entity Assets	Total
Fund Balance with Treasury	$ 1,880,813	$ -	$ -	$1,880,813	$ -	$ 1,880,813

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

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

Funds with U.S. Treasury at September 30, 2020 and 2019 consisted of cash deposits of $1,880,813 and $22,734 respectively. These cash deposits at September 30, 2020 and

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2019 included $20 and $21 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.

(3) Investments in Treasury Securities, Net

Investments in Treasury Securities net, at September 30, 2020 and 2019 consisted of the following:

	2020			
(In Dollars)	Face Value	Premium (Discount)	Net Value	Market Value
Intragovernmental securities:				
Non-marketable:				
Par value	$ 2,000,000	$ -	$ 2,000,000	$ 2,000,000

	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

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 $62,200 and $61,700 at September 30, 2020 and 2019, respectively. Investments at September 30, 2020 and 2019, consist of overnight securities. Investments at September 30, 2020 and 2019 bear an interest rate of 0.09 and 1.9 percent, respectively. Interest rates on securities bought and sold during FYs 2020 and 2019 ranged from 0 and 1.91 percent and between 1.79 and 2.51 percent respectively.

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Notes to the Financial Statements

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(4) Accounts Receivable, Net

Accounts receivable, net at September 30, 2020 and 2019 consisted of the following:

(In Dollars)	2020 Gross Receivables	2020 Allowance	2020 Net Receivables
Entity assets:			
Benefit overpayments	371,102	(320,204)	50,898
Assessments receivable	509,342	(1,273)	508,069
	$ 880,444	$(321,478)	$ 558,967

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

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

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Years ended September 30, 2020 and 2019

(5) Other Liabilities

Other liabilities at September 30, 2020 and 2019 consisted of the following:

(In Dollars)	2020	2019
Other liabilities:		
Defaulted carrier liability:		
Held in DCCA Investments	$ 62,200	$ 61,700
Held in cash	20	21
Total other liabilities	$ 62,220	$ 61,721

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 2020 and FY 2019.

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Notes to the Financial Statements

Years ended September 30, 2020 and 2019

(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 (SBR) to amounts included in the Budget of the United States Government for the year ended September 30, 2019 is shown below:

	2019		
(Dollars in Millions)	Budgetary Resources	New Obligations & Upward Adjustments	Net Outlays
Statement of Budgetary Resources - DCCA	$ 11	$ 6	$ 6
Add: LHWCA Stmt. of Budgetary Resources	156	100	99
Less: Rounding Difference	-	-	(1)
Total Statement of Budgetary Resources	$ 167	$ 106	$ 104
Budget of the United States Government	$ 167	$ 106	$ 104

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Notes to the Financial Statements

Years ended September 30, 2020 and 2019

(7) Budget and Accrual Reconciliation

The reconciliation for the year ended September 30, 2020, is shown below.

(Dollars in thousands)	With the public	Total
NET COST OF OPERATIONS	$ 6,006	$ 6,006
Increase/(Decrease) in Assets not affecting Budgetary Outlays:		
Accounts receivable, net	(19)	(19)
Increase/(Decrease) in Liabilities not affecting Budgetary		
Accounts payable	23	23
Benefits due and payable	186	186
Total Components of net operating cost not part of the budgetary outlays	190	190
Total Net Outlays		$ 6,196
Budgetary Agency Outlays, net (SBR)		
Budgetary Agency Outlays, net		$ 6,196

DISTRICT OF COLUMBIA WORKMEN'S COMPENSATION ACT SPECIAL FUND

Notes to the Financial Statements

Years ended September 30, 2020 and 2019

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

(Dollars in thousands)	With the public	Total
NET COST OF OPERATIONS	$ 6,513	$ 6,513
Increase/(Decrease) in Assets not affecting Budgetary Outlays:		
Accounts receivable, net	(18)	(18)
Increase/(Decrease) in Liabilities not affecting Budgetary Outlays:		
Accounts payable	(23)	(23)
Benefits due and payable	(12)	(12)
Total Components of net operating cost not part of the budgetary outlays	(53)	(53)
Total Net Outlays		6,460
Budgetary Agency Outlays, net (SBR)		
Budgetary Agency Outlays, net		$ 6,460

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