



**Advisory Neighborhood Commission
Security Fund Annual Financial Report
for Fiscal Year 2017**

December 28, 2017

Report Team:

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A Report by the Office of the District of Columbia Auditor
Kathleen Patterson, District of Columbia Auditor

Purpose

As required by law¹, the Office of the District of Columbia Auditor presents the Advisory Neighborhood Commission (ANC) Security Fund Annual Financial Report for Fiscal Year 2017. This report was drafted, reviewed, and approved in accordance with the standards outlined in ODCA's Policy and Procedure Manual.

Historical Background of the Fund

The Advisory Neighborhood Commission Security Fund (Fund) was established to insure ANCs against unauthorized expenditures or loss of funds.² The Fund does not cover any loss as the result of an expenditure authorized by a vote of a Commission. The Fund is held in the custody of a Board of Trustees (Trustees) composed of the Secretary of the District of Columbia, the General Counsel to the Council of the District of Columbia, and the District of Columbia Auditor (Auditor).

An ANC is eligible to participate in the Fund if the Treasurer and the Chairperson of the ANC agree in writing to be personally liable to the Fund for any sum paid out by the Fund as a result of the Treasurer or Chairperson's wrongful misappropriation or loss of ANC monies. An ANC becomes a participant of the Fund and is eligible to recover losses upon payment to the Fund of an annual contribution at the beginning of the fiscal year in an amount to be determined by the Trustees³.

D.C. law requires the assets of the Fund to be held in an interest-bearing account located in the District of Columbia.⁴ In addition, the law requires that the Fund publish an annual report in the District of Columbia register no later than 90 days after the end of each fiscal year.⁵

ANC 5B lost approximately \$30,000 due to unauthorized expenditures made by their elected Chairman between August 2010 and April 2011. To recover the losses associated with the unauthorized expenditures, ANC 5B, a participant of the ANC Security Fund at the time, requested a reimbursement totaling \$15,467.67 from the ANC Security Fund Board of Trustees. On December 7, 2011, the Board approved the request and authorized the transfer of \$15,467.67 from the Fund to ANC 5B.

Related to this earlier action, on December 19, 2011, a settlement agreement between the District government and the former Chairman of ANC 5B ordered the former Chairman to make a payment sum of \$28,878.46 payable to the D.C. Treasurer. At a minimum, according to the agreement, \$15,467.67 will be reimbursed to the security fund.

¹ D.C. Code § 1-309.14(f) (2017)

² D.C. Code § 1-309.14(a) (2017)

³ D.C. Code § 1-309.14(b) (2017)

⁴ D.C. Code § 1-309.14(e) (2017)

⁵ D.C. Code § 1-309.14(f) (2017)

Results

Advisory Neighborhood Commission Security Fund Commercial Savings Account Fund Activities & Balance for Fiscal Year 2017

	FY 2017	FY 2016
Beginning Balance	\$65,422.64	\$62,967.51
Deposits	\$1,853.32	\$2,423.00
Interest	\$69.19	\$32.13
Withdrawal/Adjustment	0.00	00.00
Total Fund Balance	<u>\$67,345.15</u>	<u>\$65,422.64</u>

On October 1, 2016, the beginning balance of the Advisory Neighborhood Commission Security Fund was \$65,422.64. Deposits totaling \$1,922.51⁶ and no disbursements during FY 2017 resulted in a Fund balance of \$67,345.15, as of September 30, 2017.

The Fund is insured by Federal Depository Insurance up to \$250,000. To document the Fund's activity, at the end of each quarter and after receiving the quarterly bank statement, the Auditor reconciles and records all Fund activity and balances into the District of Columbia Financial System. Additionally, a quarterly and annual reconciliation/closing report of the Fund's activity and balance is submitted to the District of Columbia's Chief Financial Officer (see Attachment A).

⁶ The \$1,922.51 includes: \$975.00 ANC annual security fund participation fee (\$25 per ANC), \$69.19 earned interest and \$878.32 court mandated settlement payments to the Fund.

Attachment A