

May 23, 2019

The Honorable Charles Allen
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W.
Washington, DC 20004

Dear Councilmember Allen:

I write to respond to your inquiry concerning the Office of the D.C. Auditor's previous work reviewing the funding, expenditures, and reserves of the Washington Convention and Sports Authority (WCSA) also known as Events DC.

Pursuant to D.C. Code §10-1203.05 (b), ODCA is required to prepare and deliver to the Mayor, Council of the District of Columbia, Chief Financial Officer of the District of Columbia, and the Chairman of the Washington Convention and Sports Authority (WCSA) an annual certification of the sufficiency of WCSA's projected revenues and excess reserve to meet its projected expenditures and reserve requirements for the upcoming fiscal year (FY).

We are currently working on the certification for FY20. As part of gathering documentation to review, we received information from WCSA on May 22, 2019, indicating that Events DC is projected to have approximately **\$179,644,244** in excess reserves in FY20, or reserves considered to be in addition to all required outlays for all existing commitments. This is an unaudited number and is subject to change during our review.

For our review last year we analyzed WCSA's financial records and data for FYs 2015 through 2017 and FY 2018, as of March 31, 2018. Our analysis included a review of WCSA's FY 2019 projected revenues, expenditures and reserves. We conducted a detailed review of WCSA's FY 2019 projected and historical operating revenues and expenses for the Convention and Meetings and Sports and Entertainment divisions including an analysis of financial information included in WCSA's audited financial statements for FY 2015 through FY 2017, WCSA's FY 2018 internal financial statements (variance reports) as of March 31, 2018, and WCSA's FY 2018 and FY 2019 budget, as approved by the WCSA Board of Directors. We also analyzed trends in events booked at WCSA and interviewed WCSA personnel. We conducted a review of WCSA's FY 2019 non-operating revenues, non-operating expenses, and excess reserves.

Our report acknowledged the discretionary expenditures in FY18 including \$38 million committed by WCSA toward the new Entertainment and Sports Arena. The estimated expenditures for FY19 included \$52.68 million for Capital Improvement Expenditures, \$70.74 million in Operating Expenditures and \$49.05 million in debt service payments. We determined that WCSA's FY 2019 projected revenues and reserve were sufficient to meet WCSA's projected expenditures and reserve requirements with a projected **\$188.97 million** in excess reserve over and above projected expenditures.

I hope this information is useful and responsive to your inquiry. Please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Kathleen Patterson". The signature is written in a cursive style with a large initial 'K' and a long, sweeping tail on the 'n'.

Kathleen Patterson
District of Columbia Auditor

cc: Chairman Mendelson
Councilmembers