



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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001:06:CA:gk

**Letter to Chairman Cropp and Members
of the Council of the District of Columbia
on the Auditor's Concerns Regarding Matters that
May Adversely Affect the Financial Operations
of the Washington Convention Center Authority**

November 1, 2005



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The Honorable Linda W. Cropp, Chairman
Council of the District of Columbia
1350 Pennsylvania Ave, NW, Suite 504
Washington, D.C. 20004

Re: Letter to Chairman Cropp and Members of the Council of the District of Columbia on the Auditor's Concerns Regarding Matters that May Adversely Affect the Financial Operations of the Washington Convention Center Authority

Dear Chairman Cropp and Members of the Council of the District of Columbia:

Pursuant to Section 305 (b) of the Washington Convention Center Authority Act of 1994 (Act), as amended, effective September 28, 1994, D.C. Law 10-188,¹ D.C. Code § 10-1203.05 (b), on September 27, 2005, the District of Columbia Auditor (Auditor) certified that the Washington Convention Center Authority's (WCCA) projected revenues and excess reserve will be sufficient to meet its projected expenditures and reserve requirements for fiscal year (FY) 2006.² As part of the sufficiency analysis, the Auditor identified and assessed potential risks that could affect the stability and success of WCCA's future operations. The purpose of this letter is to bring to the Council's attention the Auditor's concerns regarding matters that may, in the future, adversely affect the financial operations of the Washington Convention Center Authority.

The concerns expressed in this letter are based on discussions with WCCA staff and representatives within the Office of the Chief Financial Officer's (OCFO) Office of Tax and Revenue (OTR); review of WCCA's audited financial statements for FY 2001 through FY 2004 and WCCA's FY 2005 internal unaudited financial statements as of June 30, 2005; review of WCCA's FY 2006 budget as approved by its Board of Directors; detailed analyses of WCCA's historical and projected revenues and expenditures; and the results of other procedures performed by the Auditor as deemed necessary and appropriate under the circumstances.

¹See Section 305 (b) of the Washington Convention Center Authority Act of 1994, as amended, effective September 28, 1994, D.C. Law 10-188, D.C. Code § 10-1203.05 (b).

²See District of Columbia Auditor's Report No. 020:05, entitled "Letter Report: Certification of the Sufficiency of the Washington Convention Center Authority's Projected Revenues and Excess Reserve to Meet Projected Operating and Debt Service Expenditures and Reserve Requirements for Fiscal Year 2006," issued September 27, 2005.

Background in Brief

The Washington Convention Center Authority was established in 1994 for various purposes including facilitating the construction of a new convention center and operating the new facility upon its completion.³ The new Convention Center, which opened in April 2003, has 2.3 million square feet in total space area as compared to the 800,000 square feet in the old convention center. The new facility is designed to hold multiple trade shows or conventions simultaneously, with the goal of generating significantly increased revenues annually.

WCCA's Sources of Funding/Revenue

WCCA receives its funding from operating revenue, dedicated taxes, and interest income on invested funds. Between FY 2001 and FY 2004, WCCA's total revenues increased by \$11.2 million, or 17%. The most significant increases in revenues were in the areas of building rental, which increased from \$4.2 million in FY 2001 to \$7.4 million in FY 2004, and dedicated taxes, which increased from \$55.9 million in FY 2001 to \$62.2 million in FY 2004. After the opening of the new convention center in 2003, building rental revenue increased from \$5.1 million in FY 2003 to \$7.4 million in FY 2004 and dedicated tax revenue increased from \$58.9 million in FY 2003 to \$62.2 million in FY 2004.

Dedicated taxes include 4.45% of the District's 14.5% sales and use tax on hotel room charges, and 1% of the District's 10% sales and use tax on restaurant meals, alcoholic beverages consumed on the premises, and automobile rental charges.⁴ Dedicated tax payments are sent to a lockbox in accordance with a Dedicated Taxes Collection Agreement established in September 1998 between WCCA, the OCFO's Office of Finance and Treasury (OFT), and Wachovia Bank, formerly First Union Bank. Pursuant to the Dedicated Taxes Collection Agreement, which governs the lockbox arrangement, the following four accounts were established: (1) Transfer Account; (2) Exceptions Account; (3) WCCA Dedicated Account; and (4) the District Account.⁵

³See D. C. Code § 10-1202.02.

⁴See D. C. Code § 10-1203.07 (a).

⁵See Washington Convention Center Authority Dedicated Taxes Collection Agreement, dated as of September 1, 1998, entered into by the District of Columbia, WCCA, the Bank of New York, and Wachovia Bank (formerly First Union National Bank of Washington), as lockbox bank.

Also, in accordance with the Dedicated Taxes Collection Agreement,⁶ all hotel and restaurant sales and use tax payments that match amounts reported as due on a taxpayer's tax return are deposited in the Transfer Account. These payments are often referred to as "clean" payments. Wachovia is to transfer, within two business days from the date of deposit, all clean payments from the Transfer Account into either the WCCA Dedicated Account or the District Account. All other payments are held in the Exceptions Account because they contain problems that must first be researched and resolved. The Dedicated Taxes Collection Agreement requires the OCFO to regularly, or at least monthly, reconcile tax payments held in the Exceptions Account and to report reconciliations of dedicated tax payments to WCCA monthly. Currently, the OCFO's OTR reconciles the Exceptions Account on a bi-weekly basis⁷ and reports the results to WCCA at least monthly. After the deposits are reconciled by tax type, the OCFO determines and informs Wachovia of the amount of dedicated taxes owed to WCCA. Wachovia then transfers that amount to WCCA's Dedicated Account. Wachovia is to transfer dedicated tax payments held in the Exceptions Account to WCCA's Dedicated Account not less than monthly.

Dedicated tax revenue deposited into the WCCA Dedicated Account is assigned to, pledged to, and received daily by a trustee bank.⁸ The trustee bank then deposits these funds in the WCCA Revenue Account for WCCA's use in accordance with the Master Trust Agreement.⁹

WCCA's Expenses and Other Uses of Funding

Between FY 2001 and FY 2004, WCCA's total expenses increased by \$66.6 million, or 252.4%. The most significant increases in operating expenses were in the areas of: depreciation and amortization, which increased from \$1.2 million in FY 2001 to \$29.2 million in FY 2004; contractual services, which increased from \$3.7 million in FY 2001 to \$11.5 million in FY 2004; and occupancy, which increased from \$1.9 million in FY 2001 to \$4.4 million in FY 2004. Occupancy includes WCCA's utility costs. Over the four-year period, WCCA's non-operating expenses

⁶*Id.* Section 3, "Deposit and Reconciliations of Taxes."

⁷See the District of Columbia Auditor's Report No. 015:05, "Letter Report: Comprehensive Digest of the Implementation Status of Auditor Recommendations Pertaining to Audits Issued Between Fiscal Years 2002 and 2005 as of December 31, 2004, issued March 4, 2005; Office of the District of Columbia Auditor "Fiscal Year 2004 Reports."

⁸Bank of New York is the trustee bank. It is the depository for the bond proceeds and receives daily deposits of dedicated tax revenues from the WCCA Dedicated Account.

⁹The Master Trust Agreement provides for the deposit of dedicated tax revenue into the revenue account and their subsequent transfer to other funds and accounts including the revenue stabilization account, operating and marketing reserve fund, and others outlined in the agreement.

increased by \$26.3 million, or 99.6%, \$25.5 million of which was interest expense for outstanding bonds.

In FY 2001, WCCA's revenues exceeded expenses (net of \$1.2 million in depreciation) by \$40.7 million, however in that year, WCCA transferred the old convention center to the District of Columbia, which resulted in an \$82.1 million reduction in WCCA's net assets (retained earnings). In FY 2004, WCCA's revenues again exceeded expenses (net of \$29.2 million in depreciation and amortization) by \$13.3 million. Appendix I presents WCCA's annual revenues and expenses from FY 2001 through FY 2004.

AUDITOR'S CONCERNS REGARDING THE WASHINGTON CONVENTION CENTER AUTHORITY'S FINANCIAL OPERATIONS

- **The increased volume of tax payments processed through the OCFO's Exceptions Account may lead to inordinate delays in the transfer of dedicated tax payments to WCCA.** The OCFO established, as part of the lockbox arrangement with Wachovia Bank, the Exceptions Account in 1998 as a holding account for sales and use tax payments that contained discrepancies or problems requiring further review, analysis, and reconciliation.¹⁰ The lockbox often receives payments other than sales and use tax payments because: (a) taxpayers send payments to the incorrect address; or (b) taxpayers send a combined payment in one check for multiple tax types. These combined or otherwise misdirected payments are considered exceptions. At least monthly, Wachovia is to transfer dedicated tax payments to WCCA from the Exceptions Account after OCFO staff have reconciled amounts held in this account. As previously noted, the OCFO's Office of Tax and Revenue is responsible for managing and reconciling tax payments held in the Exceptions Account. The District's CFO is responsible for ensuring that OTR staff reconciles the Exceptions Account not less than monthly to enable Wachovia to transfer dedicated taxes to WCCA consistently on a monthly basis.¹¹

The Auditor noted that, for the period October 1, 2004 to June 30, 2005, OTR transferred dedicated taxes totaling \$56.7 million to WCCA. Of this amount, \$7 million, or 12.4%, were processed through the Exceptions Account. Currently, OTR staff reconciles the Exceptions

¹⁰Washington Convention Center Authority Dedicated Taxes Collection Agreement, *supra*. note 5, Section 1, "Establishment and Pledge of Accounts."

¹¹Washington Convention Center Authority Dedicated Taxes Collection Agreement, *supra* note 5, Section 3, "Deposit and Reconciliations of Taxes."

Account and Wachovia transfers dedicated taxes to WCCA every two weeks. Appendix II presents the total dedicated taxes collected and transferred to WCCA in FY 2005 as of June 30, 2005.

The Auditor is concerned, however, that the increased volume of tax payments received electronically has resulted in an increasing number of tax payments held in the Exceptions Account, which may also increase the total amount of OTR's time and resources needed to resolve exceptions. Thus, OTR's ability to reconcile the Exceptions Account every two weeks as well as monthly may be negatively impacted, resulting in Wachovia not being able to timely and consistently transfer dedicated taxes to WCCA. According to OTR staff, District taxpayers can make tax payments in two ways, through the lockbox or electronically using the Electronic Taxpayer Service Center (eTSC), which taxpayers began using in 2001. Since 2001, more taxpayers have begun to use eTSC to file tax returns and make tax payments. In fact, between October 1, 2004 and June 30, 2005, 54.2% of all WCCA dedicated taxes collected were paid by taxpayers using eTSC. As a result of increased use of electronic filing, tax payments are received faster and a larger volume of tax payments that must be held in the Exceptions Account has also occurred. If OTR does not immediately implement effective measures to reduce the volume of discrepant tax payments held in the Exceptions Account, OTR may find it difficult to timely reconcile the Exceptions Account. Untimely reconciliation of the Exceptions Account would impact the timeliness of Wachovia's dedicated tax transfers from this account to WCCA. Thus, there is the potential that WCCA's financial operations may be adversely affected by delays in the Exceptions Account reconciliation and transfer process involving dedicated tax revenues.

OTR should immediately notify all taxpayers of the appropriate procedures and mailing addresses for making tax payments, and clearly inform taxpayers that a separate check is to be remitted for each type of tax payment being made. To the extent possible under current District tax laws, OTR may also consider assessing a penalty or handling fee for misdirected tax payments. Moreover, as the volume of electronically filed returns and payments continues to increase, OTR may consider reconciling the Exceptions Account on a weekly basis. OTR may also consider establishing a separate account for other discrepant tax payments in order to more fully comply with the Dedicated Taxes Collection Agreement.¹²

¹²Washington Convention Center Authority Dedicated Taxes Collection Agreement, *supra*. note 5, Section 1, Establishment and Pledge of Accounts states: "The Accounts shall be maintained as separate and segregated accounts of the Lockbox Bank into which no funds other than Hotel Sales Taxes, the Restaurant Sales Taxes, and the Other Sales Taxes shall be commingled."

- **WCCA officials need to closely monitor increases in certain operating and capital improvement costs to prevent future budget pressures.** The Auditor noted that WCCA has experienced significant increases in certain operating costs since the opening of the new Washington Convention Center in April 2003. A review of WCCA’s annual audited financial statements and other budget data revealed notable increases in utilities and building security costs.

Utilities

Between FY 2001 and FY 2004, utility expenses increased by \$2.5 million, or 128%. Table I presents WCCA’s annual utility costs between FY 2001 and FY 2004, and includes the forecast and budget for FY 2005 and FY 2006.

**Table I
WCCA Annual Utilities Expense**

FY 2001	FY 2002	FY 2003	FY 2004	Forecasted FY 2005	Budgeted FY 2006
\$1,924,000	\$1,775,000	\$5,887,000	\$4,391,000	\$4,623,000	\$5,038,000

Source: WCCA’s annual audited financial statements for FY 2001 through FY 2004 and WCCA’s Worksheet entitled, “FY 2006 Approved Budget Compared to FY 2005 Budget and FY 2004 Actuals.”

The Auditor noted that a consultant, hired by WCCA to analyze the new convention center’s operations, found that utility costs at the new facility were high. The consultant attributed the high cost to the facility’s large volume of space, the amount of glass used in the facility’s design, and weather conditions in the District of Columbia.¹³ WCCA officials also attribute the increase in utilities to other factors including: (a) the deregulation of electricity suppliers, and (b) more square footage and increased usage of the new convention center facility, thus requiring the use of more electricity. The Auditor noted that WCCA is investigating less costly sources of electricity and has implemented an energy conservation plan to reduce utility costs. Although WCCA officials have taken measures to address rising utility costs, they should continue to closely monitor these expenses, and immediately implement necessary and appropriate remedial actions.

¹³See Conventions, Sports & Leisure International, Comparative Analysis and Benchmarking Study for the Washington Convention Center, issued November 24, 2004.

Building Security and Surveillance

WCCA employs in-house staff and pays a security contractor to provide building security and surveillance services. The Auditor noted that WCCA officials budgeted significant increases in security costs between FY 2004 and FY 2006. For FY 2004, WCCA officials budgeted \$2.9 million for security, however, for FY 2006, they budgeted \$3.2 million. Table II presents the budgeted and actual building security and surveillance expenditures for FY 2004 and 2005 (as of June 30, 2005), and the budgeted amount for FY 2006.

Table II
WCCA FY 2004 and FY 2005 Building Security Expense

	Budgeted FY 2004	Actual FY 2004	Budgeted FY 2005	Actual Expenses As of 6/30/05	Budgeted FY 2006
WCCA In-House Staff	\$1,085,850	\$1,136,372	\$1,332,904	\$920,156	\$1,427,223
Contractor Staff	\$1,820,000	\$1,614,729	\$2,016,000	\$1,428,900	\$1,800,000
TOTAL	\$2,905,850	\$2,751,101	\$3,348,904	\$2,349,056	\$3,227,223

Source: WCCA's Worksheet entitled, "FY 2006 Approved Budget Compared to FY 2005 Budget and FY 2004 Actuals," WCCA's FY 2004 audited financial statements, and WCCA's Budget Analysis, Monthly Budget Report as of June 30, 2005.

Consultants have found that security costs at the new Washington Convention Center will always be higher than the industry average due to: (a) the high number of access points into the facility; (b) the existence of a Metro station in close proximity to the facility; (c) the high profile of such a major facility located in the nation's capital; and (d) the frequent presence of national and international political leaders at the facility.¹⁴

The Auditor noted, however, that WCCA has taken some measures to address rising building security and surveillance costs. In FY 2004, WCCA officials awarded a more economically priced contract to a new security contractor. Additionally, WCCA staff monitors spending throughout the year and redirects funding from underspent budgeted categories, when needed. Nonetheless, WCCA should assess the factors that contribute to the increased security and surveillance costs and develop specific proactive economical measures to address each factor.

¹⁴*Id.*

Build-Out Costs (Capital Improvements to Retail Space)

The Auditor further noted that WCCA will incur costs to prepare or “build-out” retail space for tenants who will take occupancy during FY 2006. Building-out the retail space will include constructing walls; leveling floors; adding handicap restrooms; dropping ceilings; and installing electrical outlets, lights, data ports and heating and cooling systems. WCCA has estimated that build-out costs will total \$1.4 million, and plans to use funds in WCCA’s Bond Proceeds Reserve Account and the Capital Renewal and Replacement Fund to pay these expenses. As of August 31, 2005, the balance in the Bond Proceeds Reserve Account was \$737,314 and the balance in the Capital Renewal and Replacement Fund was \$15.5 million. Although it appears that the necessary funding will be available to pay these expenses, WCCA officials should closely monitor build-out expenses to minimize unanticipated cost overruns.

- **OFT and WCCA officials need to develop and implement adequate procedures for paying WCCA interest earned on the investment of dedicated taxes held in the Exceptions Account.** Consistent with the Dedicated Taxes Collection Agreement, Wachovia is to invest funds held in the Exceptions Account based on the written direction of the District.¹⁵ The Dedicated Taxes Collection Agreement, however, does not specifically address the disposition of interest earned on the investment of funds held in the Exceptions Account and does not specify the methodology for calculating and distributing to WCCA the interest income earned on dedicated taxes. OFT and WCCA officials need to develop and implement adequate procedures for paying Wachovia its service fees while consistently and timely paying WCCA interest earned on the investment of dedicated tax payments held in the Exceptions Account.

In a report dated September 30, 2004, entitled “Analysis of the Office of the Chief Financial Officer’s Exceptions Account for Fiscal Years 2003 and 2004, as of June 2004,” the Auditor found that OCFO/OFT ceased the overnight investment of funds held in the Exceptions Account. As a result, WCCA had received only one interest income payment in FY 2003 and none in FY 2004, through June 30, 2004. In its response to the Auditor’s report,¹⁶ the

¹⁵Washington Convention Center Authority Dedicated Taxes Collection Agreement, *supra.* at note 5, Section 4, “Investment of Funds.”

¹⁶See District of Columbia Auditor’s Report No. 015:05, “Letter Report: Comprehensive Digest of the Implementation Status of Auditor Recommendations Pertaining to Audits Issued Between Fiscal Years 2002 and 2005 as of December 31, 2004,” issued March 4, 2005.

OCFO concurred with the Auditor's finding. The OCFO further indicated that OFT resumed the practice of overnight or "sweep" investments in July 2004 and would work with WCCA to determine the amount of interest income that should have been transferred to WCCA.

However, the Auditor noted that in FY 2005, WCCA continued to experience problems in receiving interest income earned on the investment of dedicated tax payments held in the Exceptions Account. In some instances, dedicated tax transfers made to WCCA were reduced by the amount of bank fees charged by Wachovia.¹⁷ According to WCCA officials, the Dedicated Taxes Collection Agreement does not stipulate that WCCA is to pay bank service fees and if it is determined that WCCA should pay such fees, WCCA should receive interest income to offset Wachovia's service charges.¹⁸

WCCA and OCFO (OTR and OFT) officials must determine the extent to which WCCA is to be paid interest earned on the investment of dedicated tax payments held in the Exceptions Account. These officials should also determine how often WCCA is to be paid interest income (*e.g.*, monthly, quarterly, etc.). Moreover, WCCA and OCFO officials should determine whether the interest income is to be used to offset bank charges assessed by Wachovia. After making these determinations, the Dedicated Taxes Collection Agreement should be amended accordingly or a separate written agreement should be developed and executed.

CONCLUSION

As reported in the Auditor's September 27, 2005 Certification of Sufficiency for FY 2006, WCCA's projected revenues and excess reserve should be sufficient to meet its projected expenditures and debt service requirements in fiscal year 2006.¹⁹ Nonetheless, WCCA officials and OTR management must put into place the necessary controls and procedures to ensure WCCA's successful financial operations presently and in future years. WCCA officials should closely monitor spending in at least three expense categories: utilities, building security and surveillance, and build-out costs (capital improvements to retail space). Further, OTR officials must ensure that adequate

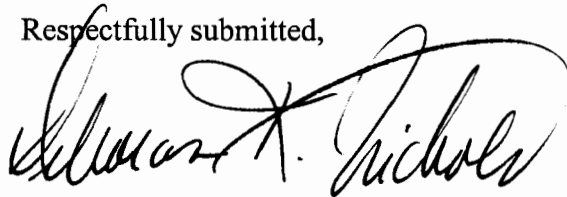
¹⁷See letters dated June 28, 2004 and December 8, 2004, from Tracy Harris, CFO, WCCA to Alcindor Rosier, Office of Finance and Treasury.

¹⁸See letter dated December 8, 2004 from Tracy Harris, CFO, WCCA to Alcindor Rosier, Office of Finance and Treasury.

¹⁹See District of Columbia Auditor's Report No. 020:05, entitled "Letter Report: Certification of the Sufficiency of the Washington Convention Center Authority's Projected Revenues and Excess Reserve to Meet Projected Operating and Debt Service Expenditures and Reserve Requirements for Fiscal Year 2006," dated September 27, 2005.

measures are implemented to address the increased volume of electronic tax payments held in the Exceptions Account. The increased volume of electronic tax payments held in the Exceptions Account could delay the transfer of dedicated tax revenue to WCCA which is needed to support its day-to-day operations. Finally, OCFO and WCCA officials should ensure that interest earned on the investment of dedicated tax payments held in the Exceptions Account is timely transferred to WCCA to further support its operations or to offset lockbox bank fees, as deemed appropriate by WCCA and OCFO officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Deborah K. Nichols". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Deborah K. Nichols
District of Columbia Auditor

APPENDICES

**STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
(FY 2001 Through FY 2004)**

	(In thousands)			
	2001	2002	2003	2004
Operating revenues:				
Building rental	\$ 4,244	\$ 4,002	\$ 5,150	\$ 7,423
Electrical	2,073	1,675	1,305	1,397
Telecommunications	1,661	1,209	862	804
Audiovisual	-	-	141	361
Food services	1,487	1,717	1,431	2,456
Miscellaneous	346	468	476	395
Total operating revenues	<u>9,811</u>	<u>9,071</u>	<u>9,365</u>	<u>12,836</u>
Operating expenses:				
Personal services	11,355	12,077	14,139	13,016
Contractual services	3,707	5,580	10,399	11,532
Depreciation and amortization	1,186	472	14,123	29,165
Occupancy	1,924	1,775	5,887	4,391
Supplies	407	311	570	787
Miscellaneous	426	387	152	431
Total operating expenses	<u>19,005</u>	<u>20,602</u>	<u>45,270</u>	<u>59,322</u>
Operating loss	<u>(9,194)</u>	<u>(11,531)</u>	<u>(35,905)</u>	<u>(46,486)</u>
Nonoperating revenues and expenses:				
Interest income	240	244	1,002	2,037
Dedicated taxes	55,851	53,874	58,905	62,200
Bond interest and issue costs	-	-	(13,154)	(26,080)
Other interest	-	-	-	(650)
Transfer to tourism responsibility centers	(7,377)	(6,060)	(6,793)	(6,914)
Net nonoperating revenues	<u>48,714</u>	<u>48,058</u>	<u>39,960</u>	<u>30,593</u>
Income before transfer of existing				
Convention Center	39,520	36,527	4,055	(15,893)
In-substance transfer of existing Convention				
Center to the District of Columbia	<u>(82,057)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(42,537)	36,527	4,055	(15,893)
Net assets, beginning of year	<u>315,285</u>	<u>272,748</u>	<u>309,275</u>	<u>313,330</u>
Net assets, end of year	<u>\$ 272,748</u>	<u>\$ 309,275</u>	<u>\$ 313,330</u>	<u>\$ 297,437</u>

Source: WCCA's audited financial statements for fiscal years 2001 through 2004

**DEDICATED TAXES COLLECTED BY THE OFFICE OF TAX AND REVENUE
(October 2004 Through June 30, 2005)**

Month	Total Dedicated Taxes Collected	Method of Collection and Processing		
		Lockbox	Electronic Taxpayer Service Center (eTSC)	Exceptions Account
October 2004	\$ 5,747,855	\$ 1,829,554	\$ 3,070,376	\$ 847,925
November 2004	6,190,672	1,710,460	3,817,300	662,912
December 2004	6,373,362	1,681,682	2,525,326	2,166,354
January 2005	2,945,507	890,142	1,406,704	648,661
February 2005	4,919,849	2,152,113	2,767,736	-0-
March 2005	5,886,042	2,445,166	3,250,867	190,009
April 2005	6,610,114	1,894,411	4,157,313	558,390
May 2005	7,855,866	2,193,928	4,578,022	1,083,916
June 2005	10,204,884	4,165,998	5,162,971	875,915
	<u>\$ 56,734,152</u>	<u>\$18,963,455</u>	<u>\$ 30,736,615</u>	<u>\$ 7,034,082</u>

Percentage of Total Amount Collected	33.4%	54.2%	12.4%
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SUMMARY OF TRANSFERS FROM THE EXCEPTIONS ACCOUNT TO WCCA

Month	Total Exceptions	Date Transferred to WCCA	Amount Transferred to WCCA
October 2004	\$ 847,925	10/11/04 10/21/04	\$ 238,826 609,099
November 2004	662,912	11/22/04	662,912 *
December 2004	2,166,354	12/07/04 12/21/04	215,069 1,951,285
January 2005	648,661	01/11/05	648,661 *
February 2005	-0-	N/A	-0- **
March 2005	190,009	03/02/05 03/10/05	152,417 37,592
April 2005	558,390	04/06/05 04/19/05	323,162 235,228
May 2005	1,083,916	05/10/05 05/18/05	688,005 395,911
June 2005	875,915	06/02/05 06/20/05	327,822 548,093
TOTAL	<u>\$ 7,034,082</u>		<u>\$ 7,034,082</u>

Source: Files maintained by finance staff at the Office of Tax and Revenue and the Washington Convention Center Authority.

* OTR only made one transfer to WCCA during the month which is counter to OTR's current bi-weekly practice. See the Auditor's "Letter Report: Comprehensive Digest of the Implementation Status of Auditor Recommendations Pertaining to Audits Issued Between Fiscal Years 2002 and 2005 as of December 31, 2004", dated March 4, 2005, section on "Office of the District of Columbia Auditor Fiscal Year 2004 Reports."

** Sales and use taxes collected in February 2005 were clean payments which were deposited into the Transfer Account and were not processed as exceptions.