

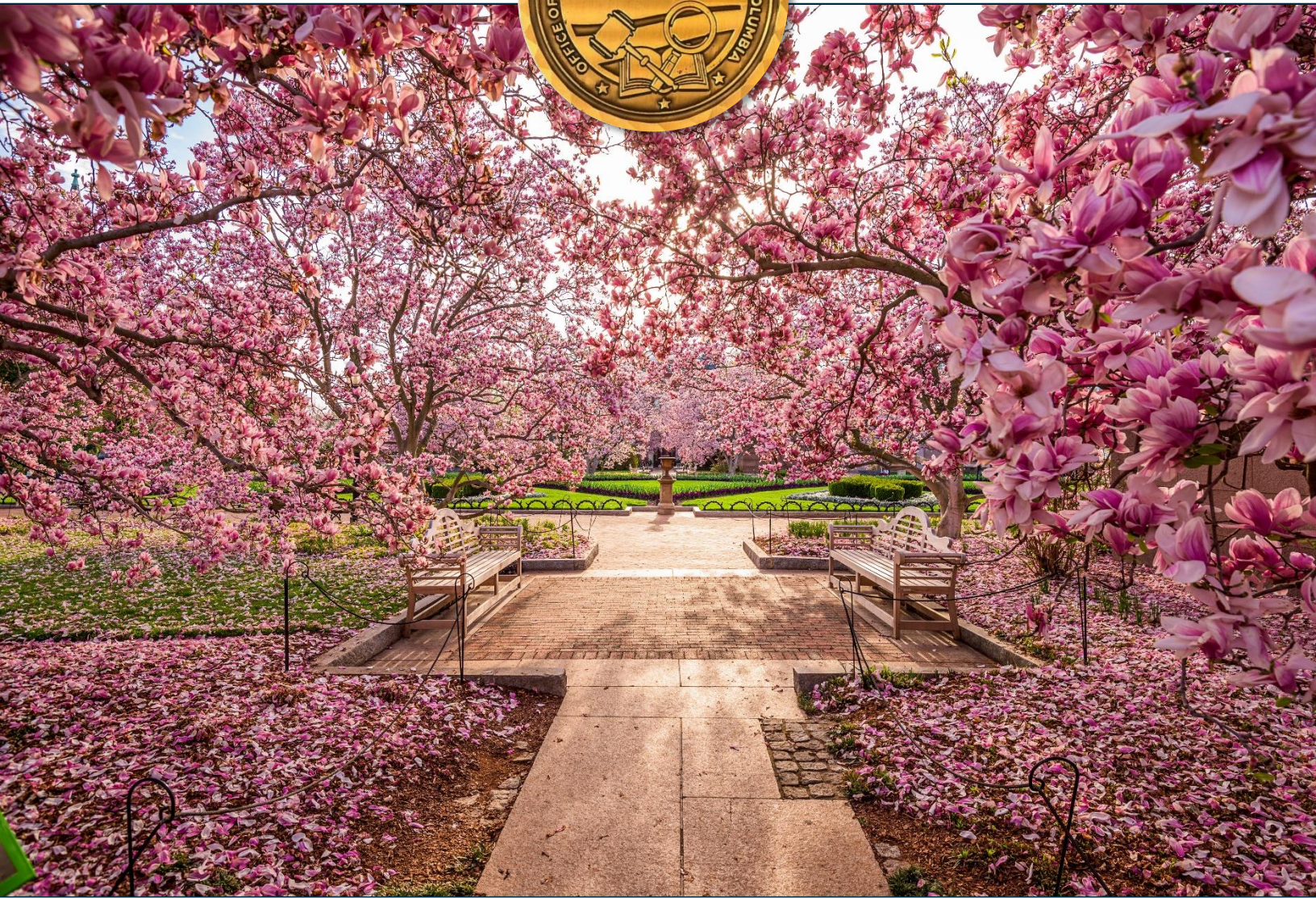
# AUDIT REPORT

## Unemployment Compensation Fund

Annual Financial Statements and Independent Auditor's Reports for  
Fiscal Year 2025

OIG No. 25-1-11BH

January 30, 2026



**DANIEL W. LUCAS**  
INSPECTOR GENERAL



## OUR MISSION

We independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.



## OUR VISION

We strive to be a world-class Office of the Inspector General that is customer focused and sets the standard for oversight excellence!

## OUR VALUES

**Accountability:** We recognize that our duty extends beyond oversight; it encompasses responsibility. By holding ourselves accountable, we ensure that every action we take contributes to the greater good of the District.

**Continuous Improvement:** We view challenges not as obstacles, but as opportunities for growth. Our commitment to continuous improvement drives us to evolve, adapt, and enhance our practices.

**Excellence:** Mediocrity has no place in our lexicon. We strive for excellence in every facet of our work.

**Integrity:** Our integrity is non-negotiable. We act with honesty, transparency, and unwavering ethics. Upholding the public's trust demands nothing less.

**Professionalism:** As stewards of oversight, we maintain the utmost professionalism. Our interactions, decisions, and conduct exemplify the dignity of our role.


**Transparency:** Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.



## MEMORANDUM

To: The Honorable Muriel Bowser  
Mayor of the District of Columbia

The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

From: Daniel W. Lucas   
Inspector General

Date: January 30, 2026

Subject: **Unemployment Compensation Fund Annual Financial Statements |**  
**OIG No. 25-1-11BH**

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This memorandum transmits the final *Unemployment Compensation Fund Financial Statements and Independent Auditor's Reports* for fiscal year 2025. CliftonLarsonAllen LLP (CLA) conducted the audit and submitted these reports as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2025.

On January 5, 2026, CLA issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. CLA found no material weaknesses in internal control over financial reporting.

Should you have questions or concerns, please contact me or Dr. Slemo Warigon, Assistant Inspector General for Audits, at (202) 792-5684.

**GOVERNMENT OF THE  
DISTRICT OF COLUMBIA  
UNEMPLOYMENT COMPENSATION FUND  
An Enterprise Fund of the District of Columbia  
FINANCIAL STATEMENTS**

**For the Fiscal Years Ended September 30, 2025, and 2024  
(Together with Reports of the Independent Auditors)**

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
UNEMPLOYMENT COMPENSATION FUND  
SEPTEMBER 30, 2025 AND 2024

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## INDEPENDENT AUDITORS' REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia,  
and Inspector General of the Government of the District of Columbia  
District of Columbia Unemployment Compensation Fund  
Washington, D.C

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the District of Columbia Unemployment Compensation Fund (the Fund), an enterprise fund of the Government of the District of Columbia, as of and for the year ended September 30, 2025 and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of District of Columbia Unemployment Compensation Fund as of September 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District of Columbia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the District of Columbia Unemployment Compensation Fund and do not purport to, and do not, present fairly the financial position of the District of Columbia, as of September 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Other Matter***

The financial statements of the District of Columbia Unemployment Compensation Fund for the year ended September 30, 2024, were audited by another auditor, who expressed an unmodified opinion on those statements on January 3, 2025.

To the Mayor, Members of the Council of the Government of the District of Columbia,  
and Inspector General of the Government of the District of Columbia  
District of Columbia Unemployment Compensation Fund

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District of Columbia Unemployment Compensation Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Mayor, Members of the Council of the Government of the District of Columbia,  
and Inspector General of the Government of the District of Columbia  
District of Columbia Unemployment Compensation Fund

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS 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 financial statements, and other knowledge we obtained during our audit of the 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 Information***

Management is responsible for the other information included in the annual report. The other information comprises the transmittal letter but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2026, on our consideration of the District of Columbia Unemployment Compensation Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District of Columbia Unemployment Compensation Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
January 5, 2026



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
UNEMPLOYMENT COMPENSATION FUND  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025 AND 2024**

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This section of the annual financial report of the Government of the District of Columbia Unemployment Compensation Fund (the Fund) presents management’s discussion and analysis of the financial performance of the Fund for the fiscal years (FY) ended September 30, 2025, and corresponding fiscal years ended September 30, 2024, and 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes to the basic financial statements. The management’s discussion and analysis, financial statements, and footnote disclosures are the responsibility of the Fund’s management.

**Reporting Entity**

The Fund was established by the Government of the District of Columbia (the District) to account for its unemployment compensation program. The Fund is administered by the District’s Department of Employment Services (DOES). Substantially all administrative costs of the program are paid by federal grants and special purpose revenues, which are recorded in the District’s General Fund.

**Financial Statement Presentation**

The Fund’s basic financial statements consist of (a) a Statement of Net Position; (b) a Statement of Revenues, Expenses, and Changes in Net Position, and (c) a Statement of Cash Flows.

- Statement of Net Position

The Statement of Net Position presents the Fund’s assets, liabilities, and net position for the fiscal year ended. Net position is the difference between assets and liabilities and is restricted for Unemployment Compensation. Over time, increases or decreases in the Fund’s net position may serve as a useful indicator of whether the Fund’s financial position is improving or deteriorating.

- Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the Fund’s revenues and expenses during the year. The difference between revenues and expenses is reported as “changes in net position”. All changes in the net position are reported as soon as the events underlying the changes occur regardless of the timing of the related cash flows. Thus, revenues and expenses reported in this statement also include items that will result in cash flows in future fiscal periods (for example, accrued revenues and accrued expenses).

- Statement of Cash Flows

The Statement of Cash Flows presents information on sources and uses of cash for operating, financing – capital and non-capital and investing activities during the year.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

**FINANCIAL HIGHLIGHTS**

The District's average unemployment rate for the fiscal year ended September 30, 2025 was 5.7%, which is a 0.5% increase compared to 5.2% at the end of September 30, 2024, and a 0.5% increase in the fiscal year ended September 30, 2024, compared to 4.7% at the end of September 30, 2023.

As of September 30, 2025, the Fund's assets exceeded its liabilities by \$332,547. The Fund reported a decrease in net position of \$25,760 or 7.19%, as compared to an increase of \$358,307 or 9.02% in fiscal year ended September 30, 2024.

**OVERALL FINANCIAL ANALYSIS**

The Fund's overall financial position improved ensuring that the Unemployment Fund has adequate funding for individuals on unemployment insurance for the fiscal year ended September 30, 2025. The Fund's financial position and operations for the fiscal year ended September 30, 2025, 2024 and 2023 are summarized in Tables 1 and 2.

**Table 1 - Condensed Statement of Net Position** *(Dollar amounts expressed in thousands)*

	2025	2024	2025-2024 Change	2023	2024-2023 Change
<b>Assets</b>					
Cash Held with U.S. Treasury	\$378,568	\$400,547	(\$21,979)	\$358,087	\$42,460
Receivables (net)	27,673	32,305	(4,632)	50,351	(18,046)
<b>Total Assets</b>	<u>406,241</u>	<u>432,852</u>	<u>(26,611)</u>	<u>408,438</u>	<u>24,414</u>
<b>Liabilities</b>					
Account and Claimant Payable	44,635	38,806	5,829	35,246	3,560
Due to D.C. Government	14,428	14,820	(392)	13,662	1,158
Due to Fed Government	14,631	20,919	(6,288)	30,876	(9,957)
<b>Total Liabilities</b>	<u>73,694</u>	<u>74,545</u>	<u>(851)</u>	<u>79,784</u>	<u>(5,239)</u>
<b>Net Position</b>					
Restricted for Unemployment Compensation Benefits	<u>\$332,547</u>	<u>\$358,307</u>	<u>(\$25,760)</u>	<u>\$328,654</u>	<u>\$29,653</u>

The Fund's largest asset is its cash held with the U.S. Treasury, which represented 93.19% of the Fund's total assets as of September 30, 2025. In the fiscal year ended September 30, 2025, the cash balance decreased by \$21,979 or 5.49%, primarily due to unemployment benefit payments exceeding cash receipts from employer taxes and government contributions. In the fiscal year ended September 30, 2024, the cash balance increased by \$42,460 or 11.86% from the fiscal year ended September 30, 2023.

Receivables, net of the allowance for doubtful accounts decreased by \$4,632 or 14.34% for the fiscal year ended September 30, 2025, mainly due to a decrease in receivables from employers. The Fund's

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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receivables consist of amounts due from employers for unpaid taxes, claimants for unemployment benefit overpayments, the Federal government, and other states for unemployment benefits paid.

The Fund's total liabilities in the fiscal year ended September 30, 2025, decreased by \$851 or 1.14%, as compared to a decrease by \$5,239 or 6.57% in the fiscal year ended September 30, 2024. The Fund reported an estimated claimants payable of \$25,069 as of September 30, 2025, which represents an increase of \$4,983 or 24.81%, compared to fiscal year ended September 30, 2024 mainly due to an increase of the number of claims filed. In addition, accounts payable and claimants payable increased by \$5,829 or 15.02% compared to September 30, 2024, mainly due to an increase in employer's refunds payable. As of September 30, 2024, accounts and claimants payable were \$38,806 which was an increase of \$3,560 or 10.10% from September 30, 2023.

Amounts due to D.C. Government represents unspent Reed Act, Unemployment Compensation Modernization funds, Short-Time Compensation Admin Assistance, interest, and penalties assessed, payments made by the District on behalf of the Fund and collection from employers for late tax payments/penalties not yet paid to the District. Due to Federal Government represents claimants' overpayments from federal programs under the CARES/ARP Acts. As of September 30, 2025, the Fund's payables to D.C. Government decreased by \$392 or 2.65%, compared to September 30, 2024, and showed an increase of \$1,158 or 8.48% compared to September 30, 2023. The decrease was primarily due to the decrease in the District's pooled cash payments made on behalf of Unemployment Insurance Trust Fund in the fiscal year ended September 30, 2025. The unspent Reed Act and Unemployment Compensation Modernization funds totaled \$8,942 as at September 30, 2025 and \$8,183 for September 30, 2024 and September 30, 2023. The Reed Act and Unemployment Compensation Modernization funds were received from the Federal government through the Reed Act and Modernization Accounts to pay for the Fund's administrative and modernization costs.

As of September 30, 2025, the Fund's current assets of \$406,241 were sufficient to cover current liabilities of \$73,694; a current ratio of 5.51:1 in assets for every dollar in liabilities. As of September 30, 2024, the total current assets and current liabilities of the Fund were 432,852 and \$74,545 respectively; a current ratio of 5.81:1 in assets for every dollar in liabilities. Total current assets and current liabilities of the Fund were \$408,438 and \$79,784, respectively; a current ratio of 5.12:1 in assets for every dollar in liabilities as of September 30, 2023.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

**Table 2 - Condensed Statement of Revenues, Expenses, and Changes in Net Position** *(Dollar amounts expressed in thousands)*

	2025	2024	2025-2024 Change	2023	2024-2023 Change
<b>Operating Revenues:</b>					
Employer Taxes	\$127,401	\$119,617	\$7,784	\$127,721	(\$8,104)
Governmental Contributions	33,253	10,160	23,093	13,952	(3,792)
<b>Total Operating Revenues</b>	<b>160,654</b>	<b>129,777</b>	<b>30,877</b>	<b>141,673</b>	<b>(11,896)</b>
<b>Operating Expenses:</b>					
Unemployment Benefits	199,111	110,701	88,410	89,251	21,450
<b>Operating Income (Loss)</b>	<b>(38,457)</b>	<b>19,076</b>	<b>(57,533)</b>	<b>52,422</b>	<b>(33,346)</b>
<b>Transfer and Non-operating Revenues:</b>					
Transfer In from the District	-	-	-	113,000	(113,000)
Interest Revenue	12,697	10,577	2,120	5,700	4,877
<b>Total Transfers and Non-operating Revenues</b>	<b>12,697</b>	<b>10,577</b>	<b>2,120</b>	<b>118,700</b>	<b>(108,123)</b>
<b>Change in Net Position</b>	<b>(25,760)</b>	<b>29,653</b>	<b>(55,413)</b>	<b>171,122</b>	<b>(141,469)</b>
Total Net Position - Beginning	358,307	328,654	29,653	157,532	171,122
<b>Total Net Position - Ending</b>	<b>\$332,547</b>	<b>\$358,307</b>	<b>(\$25,760)</b>	<b>\$328,654</b>	<b>\$29,653</b>

## Revenues

Total operating revenues and non-operating revenues were \$173,351 in the fiscal year ended September 30, 2025, compared to \$140,354 in the fiscal year ended September 30, 2024 and \$260,373 in the fiscal year ended September 30, 2023.

In the fiscal year ended September 30, 2025, the Fund's operating revenues totaled \$160,654 compared to \$129,777 in the fiscal year ended September 30, 2024 and \$141,673 in the fiscal year ended September 30, 2023. Operating revenues increased by \$30,877 or 23.79% from the fiscal year ended September 30, 2024 to the fiscal year ended September 30, 2025, primarily due to an increase in employer taxes and governmental contributions. Operating revenues decreased by \$11,896 or 8.40% from the fiscal year ended September 30, 2023, to the fiscal year ended September 30, 2024.

Federal and other state and local governments reimburse the Fund 100% for benefits paid to their former employees, as well as claimants in expanded programs under the Acts. Transfers and Non-operating revenues increased by \$2,120 in FY2025 compared to FY2024 mainly due to the increase in interest revenue in the fiscal year ending September 30, 2024.

Table 3 shows sources of operating revenues for the Fund in FYs 2025, 2024, and 2023.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
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*(Dollar amounts expressed in thousands)*

**Table 3 - Operating Revenue by Source** *(Dollar amounts expressed in thousands)*

Operating Revenues by Sources	2025	2024	2025-2024 Change		2023	2024-2023 Change	
			Dollar	%		Dollar	%
Employer Taxes	\$127,401	\$119,617	\$7,784	6.51%	\$127,721	(\$8,104)	(6.35%)
Governmental Contributions:							
Federal Government	24,009	3,241	20,768	640.79%	8,668	(5,427)	(62.61%)
D.C. Government	4,733	3,733	1,000	26.79%	3,619	114	3.15%
Other States' Contributions	4,511	3,186	1,325	41.59%	1,665	1,521	91.35%
<b>Total</b>	<b>\$160,654</b>	<b>\$129,777</b>	<b>\$30,877</b>	<b>23.79%</b>	<b>\$141,673</b>	<b>(\$11,896)</b>	<b>(8.40%)</b>

Federal government contributions were \$24,009 for the fiscal year ending September 30, 2025, compared to \$3,241 in the fiscal year ended September 30, 2024, mainly due to the increase in Federal contributions related to activities for former civilian federal employees. In the fiscal year ended September 30, 2024, Federal government reimbursements revenue was \$3,241 compared to \$8,668 in the fiscal year ended September 30, 2023.

Non-operating revenue increased by \$2,120 in the fiscal year ended September 30, 2025 from \$10,577 in the fiscal year ended September 30, 2024 to \$12,697 in 2025, mainly due to the increase in interest revenue in the fiscal year ended September 30, 2025. Non-operating revenue in the fiscal year ended September 30, 2023 was \$118,700.

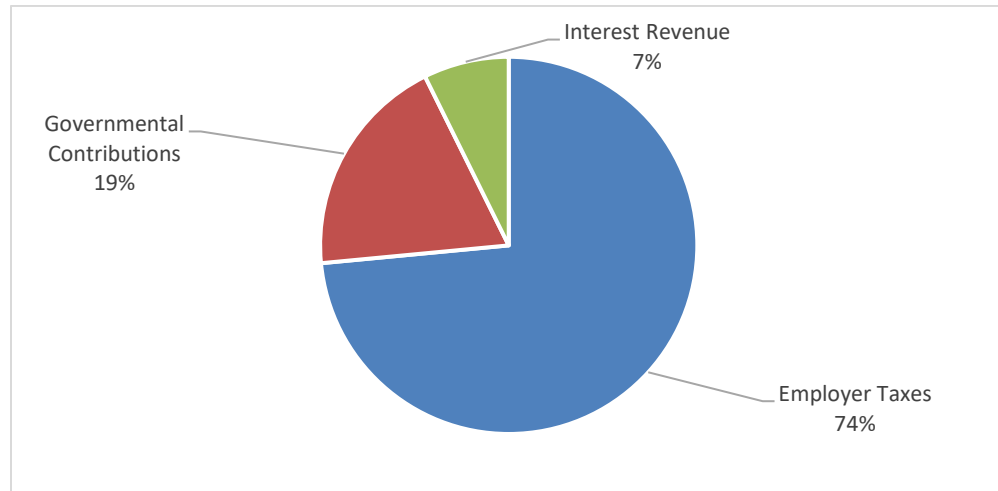
Figures 1, 2 and 3 show the percentage of revenues received from the Fund's different sources during the fiscal years ended September 30, 2025, 2024 and 2023. Employer taxes were the largest source of revenues, which represented 74% of total revenues in the fiscal year ending September 30, 2025, compared to 85% of total revenues in the fiscal year ended September 30, 2024. Employer taxes were the largest source of revenue, which represented 49% of total revenues in the fiscal year ended September 30, 2023.



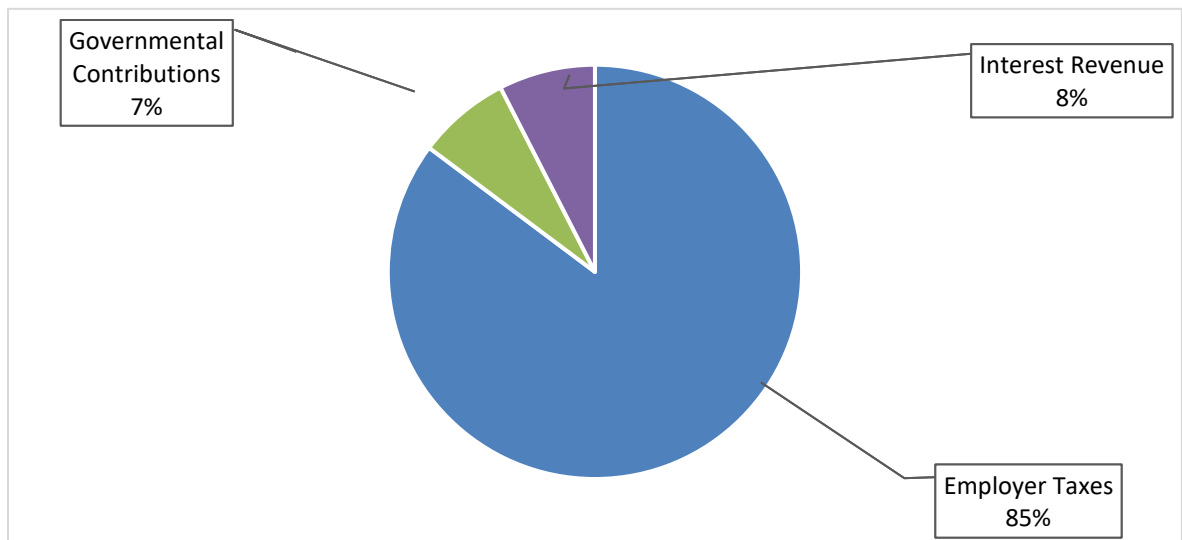
**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
UNEMPLOYMENT COMPENSATION FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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***Figure 1: Total Revenues (Operating and Non-Operating) for the fiscal year ended September 30, 2025***



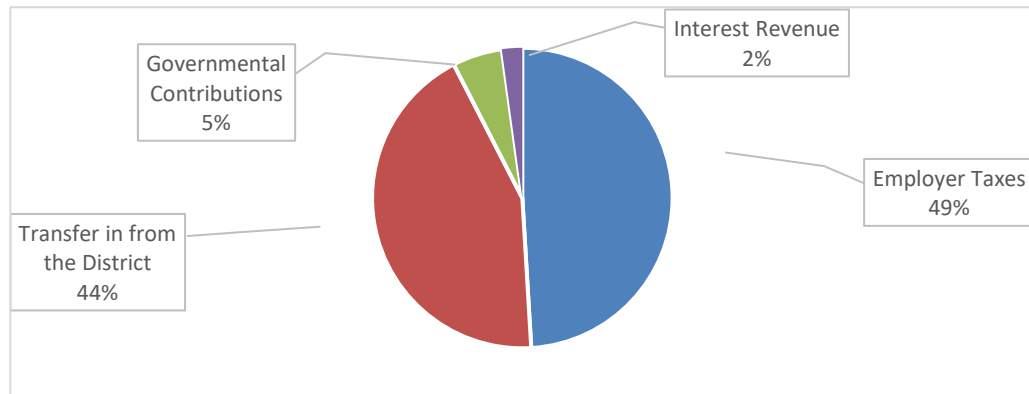
***Figure 2: Total Revenues (Operating and Non-Operating) for the fiscal year ended September 30, 2024***



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
UNEMPLOYMENT COMPENSATION FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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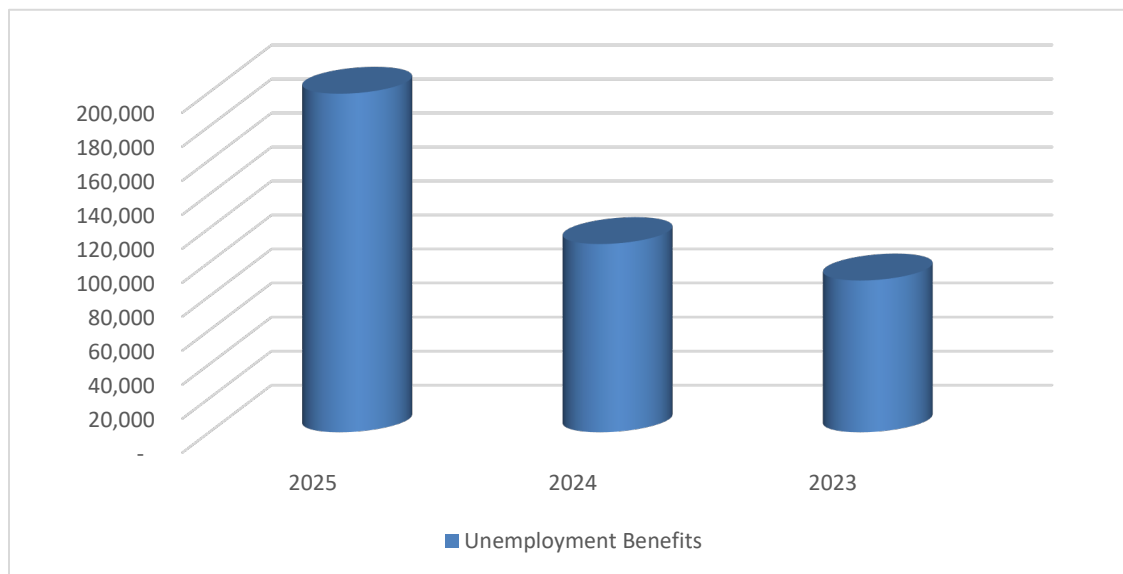
**Figure 3: Total Revenues (Operating and Non-Operating) for the fiscal year ended September 30, 2023**



### Operating Expenses

The Fund's only operating expense is unemployment benefit payments. Figure 4 shows the comparison of benefits payments in the fiscal years ended September 30, 2025, 2024, and 2023.

**Figure 4: Total Operating Expenses for fiscal years ended September 30, 2025, 2024, and 2023.**



The Fund's unemployment benefit payments increased by \$88,140 or 79.86% in the fiscal year ended September 30, 2025, compared to an increase of \$21,450 or 24.03% in the fiscal year ended September 30, 2024, and a decrease of \$49,257 or 123.16% in the fiscal year ended September 30, 2023. The increase was primarily a result of an increase in claims filed at the change of the new

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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*(Dollar amounts expressed in thousands)*

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government administration. The average unemployment rate within the District increased to 5.7% as of September 30, 2025 from 5.2% as of September 30, 2024, representing a 0.5% absolute increase.

Tables 4 and 5 show the District's labor force data for fiscal years ended September 30, 2025 and 2024.

**Table 4: District's unemployment rate by month for the year ended September 30, 2025**

<b>FY 2025 Average Unemployment Rate = 5.7%</b>					
<b>Year</b>	<b>Month</b>	<b>Laborforce</b>	<b>Number of employed</b>	<b>Number of Unemployed</b>	<b>Unemployment Rate (%)</b>
2024	Oct	416,626	394,599	22,027	5.3
2024	Nov	416,930	394,893	22,037	5.3
2024	Dec	416,960	394,909	22,051	5.3
2025	Jan	418,255	395,955	22,300	5.3
2025	Feb	420,027	397,322	22,705	5.4
2025	Mar	420,973	397,560	23,413	5.6
2025	Apr	421,500	397,093	24,407	5.8
2025	May	420,830	396,022	24,808	5.9
2025	Jun	420,912	395,940	24,972	5.9
2025	Jul	420,306	395,277	25,029	6.0
2025	Aug	418,966	393,765	25,201	6.0
2025	Sep	417,830	392,021	25,809	6.2
					<b>5.7</b>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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*(Dollar amounts expressed in thousands)*

**Table 5: District's unemployment rate by month for the year ended September 30, 2024**

<b>FY 2024 Average Unemployment Rate = 5.2%</b>					
<b>Year</b>	<b>Month</b>	<b>Laborforce</b>	<b>Number of employed</b>	<b>Number of Unemployed</b>	<b>Unemployment Rate (%)</b>
2023	Oct	401,939	382,181	19,758	4.9
2023	Nov	402,085	382,225	19,860	4.9
2023	Dec	402,006	382,143	19,863	4.9
2024	Jan	403,524	383,212	20,312	5.0
2024	Feb	404,642	383,855	20,787	5.1
2024	Mar	406,755	385,720	21,035	5.2
2024	Apr	408,223	386,947	21,276	5.2
2024	May	408,477	386,782	21,695	5.3
2024	Jun	408,423	386,430	21,993	5.4
2024	Jul	407,959	385,543	22,416	5.5
2024	Aug	407,425	384,182	23,243	5.7
2024	Sep	406,524	383,196	23,328	5.7
					<b>5.2</b>

*Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics. FY 2025 unemployment data have been revised to reflect updates from source data.*

## **ECONOMIC CONDITION AND OUTLOOK**

For the year ended September 30, 2025, federal civilian employment accounted for 24.30% of all wage and salary jobs located in the District and 27.30% of wages and salaries generated in the District. Approximately 17.60% of employed District residents worked for the federal government through 2025Q2. Furthermore, federal contracting accounted for additional jobs and income in the area, which also contributed to the tax base of the District. With such a dominant federal presence, as the District looks to the future, significant changes in federal spending can have a major impact on the economy and revenues of the District.

Summaries of some highlights and recent trends in the District economy are presented below:

- In September 2025, there were 10,200, or 1.33%, fewer wage and salary jobs located in the District than in the same period a year earlier. Hospitality and retail jobs, including amusement and recreation positions, have not recovered, falling by 300 jobs in September 2025 when compared to September 2024. Federal employment continued to decline, with September 2025 showing a 4.60% decrease compared to the level in September 2024.
- District resident employment in September 2025 was 384,800, showing a 1.9% decline compared to the seasonally adjusted figure for the same period in the prior year.
- As of September 2025, the unemployment rate within the District increased to the not seasonally adjusted rate of 6.90%, up from the September 2024 seasonally adjusted rate of 5.20%.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
UNEMPLOYMENT COMPENSATION FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025 AND 2024  
(Dollar amounts expressed in thousands)**

- Overall wages earned in the District grew 3.90% in the quarter ended June 2025, compared to the same quarter a year ago, led by growth in the high-wage Information and financial services sector.

**D.C. Unemployment Compensation Fund Net Position History**

Table 6 presents the last five comparative fiscal years' historical data of the principal components of the Fund's net position and total wages, which is the basis for the employers' taxes.

**Table 6: Unemployment Compensation Fund Net Position Components**

	2025	2024	2023	2022	2021
Employer taxes/ Government Contributions/ Transfer In from District	\$160,654	\$129,777	\$254,673	\$160,839	\$1,408,492
Interest Earned	12,697	10,577	5,700	2,019	1,436
Benefits Paid	199,111	110,701	89,251	39,994	1,497,798
Net Position	332,547	358,307	328,654	157,532	34,668
Total wages	**	22,503,168	21,239,548	20,965,888	19,417,265

Source: DOES, Office of Labor Market Research and Information. FY 2025 and prior years' total wage data have been revised to reflect updates from source

\* \*\*Data is not yet available.

**D.C. Unemployment Compensation Fund Outlook**

The financial condition of the Unemployment Compensation Fund depends on three factors: benefit outlays, employer taxes/government contributions, and taxable wages. Table 7 presents the last five comparative fiscal years' historical data of benefit and outlays, employer taxes/government contributions.

Table 8 presents the last three comparative fiscal years historical data of taxable wages.

**Table 7: Employer Taxes/Government Contributions and Benefits**

Year	Employer taxes / Government Contributions	Benefits Payments	Surplus / (Deficit)
2021	\$1,408,492	\$1,497,798	(\$89,306)
2022	160,839	39,994	120,845
2023	141,673	89,251	52,422
2024	129,777	110,701	19,076
2025	160,654	199,111	(38,457)



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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**Table 8: Taxable Wages**

<b>Quarter Ending</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
December 31	\$429,265	\$461,043	\$504,100
March 31	3,793,328	3,841,367	3,837,480
June 30	**	628,441	654,431
September 30	**	500,450	538,031

*Source: DOES, Office of Labor Market Research and Information.    \*\* Data not yet available.*

**Contact Information**

This financial report is designed to provide a general overview of the Fund's finances. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to the Office of the Chief Financial Officer; Government of the District of Columbia; 1350 Pennsylvania Avenue, NW; Washington, D.C., 20004.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
UNEMPLOYMENT COMPENSATION FUND  
STATEMENTS OF NET POSITION  
SEPTEMBER 30, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>Current Assets:</b>		
Cash Held With U.S. Treasury (Note 2)	\$378,568	\$400,547
Accounts Receivable, Net (Note 3)	20,252	28,282
Due From D.C. Government (Note 4)	1,320	1,917
Due From Federal Government (Note 5)	6,101	2,106
<b>Total Current Assets</b>	<b>406,241</b>	<b>432,852</b>
<b>Current Liabilities:</b>		
Accounts Payable (Note 6)	19,566	18,720
Claimants Payable (Note 7)	25,069	20,086
Due To D.C. Government (Note 8)	14,428	14,820
Due To Federal Government (Note 9)	14,631	20,919
<b>Total Current Liabilities</b>	<b>73,694</b>	<b>74,545</b>
<b>Net Position:</b>		
Restricted for Unemployment Compensation Benefits	<b>\$332,547</b>	<b>\$358,307</b>

*The accompanying notes are an integral part of these financial statements.*

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Operating Revenues:</b>		
Employer Taxes	\$127,401	\$119,617
Governmental Contributions (Note 10)	33,253	10,160
	<u>160,654</u>	<u>129,777</u>
<b>Operating Expenses:</b>		
Unemployment Benefits (Note 11)	<u>199,111</u>	<u>110,701</u>
Total Operating Expenses	<u>199,111</u>	<u>110,701</u>
<b>Operating Income (Loss)</b>	(38,457)	19,076
<b>Non-operating Revenues:</b>		
Interest Revenues	<u>12,697</u>	<u>10,577</u>
Total Non-Operating Revenues	<u>12,697</u>	<u>10,577</u>
<b>Change in Net Position</b>	(25,760)	29,653
<b>Total Net Position – Beginning</b>	<u>358,307</u>	<u>328,654</u>
<b>Total Net Position - Ending</b>	<b><u><u>\$332,547</u></u></b>	<b><u><u>\$358,307</u></u></b>

*The accompanying notes are an integral part of these financial statements.*

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**STATEMENTS OF CASH FLOW**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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	<b>2025</b>	<b>2024</b>
<b>Cash Flows from Operating Activities:</b>		
Cash Receipts from Employers	\$ 135,431	\$ 136,997
Cash Receipts from Governmental Contributions	29,855	10,826
Cash Payments for Other Liabilities	(5,834)	(6,948)
Cash Payments to Claimants	(194,128)	(108,992)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>(34,676)</b>	<b>31,883</b>
<b>Cash Flows from Investing Activities:</b>		
Interest Income Received	12,697	10,577
<b>Net Cash Provided by Investing Activities</b>	<b>12,697</b>	<b>10,577</b>
<b>Net (Decrease) Increase in Cash</b>	<b>(21,979)</b>	<b>42,460</b>
<b>Cash, Beginning of Year</b>	<b>400,547</b>	<b>358,087</b>
<b>Cash, Ending of Year</b>	<b>\$ 378,568</b>	<b>\$ 400,547</b>
<b><i>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</i></b>		
Operating Income (Loss)	\$ (38,457)	\$ 19,076
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Receivables/Due from D.C. Government	8,627	16,495
Due from Federal Government	(3,995)	1,551
Payables	(851)	(5,239)
Total Adjustments	3,781	12,807
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ (34,676)</b>	<b>\$ 31,883</b>

*The accompanying notes are an integral part of these financial statements.*

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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**NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Activities:*** Pursuant to Federal law, the Government of the District of Columbia (the District) maintains an Unemployment Compensation Fund (the Fund). The Fund pays up to 26 weeks of regular statutory benefits to eligible unemployed former employees who worked in the District of Columbia or the Federal government. The Fund does not currently pay any additional weeks of benefits to eligible claimants who have exhausted their regular 26 weeks of benefits.

The Fund's operating revenues consist of employer taxes and reimbursements from governmental agencies for regular unemployment benefits paid to former employees. Non-operating revenue represents the interest generated by the Fund.

The Fund is administered by the Director of the District's Department of Employment Services. Substantially all administrative costs of the Fund are paid by Federal grants and special purpose funds, which are recorded in the District's General Fund. These financial statements present the assets, liabilities, revenues, and expenses of the Fund and are not intended to present the financial position and changes in financial position of the Government of the District of Columbia taken as a whole or the District's General Fund. The Fund has no direct employees and is entirely supported by staff in the District to perform all necessary functions of the Fund. The Fund's accompanying financial statements are not indicative of the Fund as if it were a stand-alone entity.

***Basis of Presentation:*** The Fund's financial statements are presented in accordance with U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Fund is considered an enterprise fund under GAAP for governmental entities.

***Net Position:*** The net position of the Fund is reported as restricted net position, as the laws of the District restrict the use of the Fund for payment of unemployment benefits only.

***Basis of Accounting:*** The accompanying financial statements are prepared on the accrual basis of accounting. Under this accounting method, all revenues are recognized in the fiscal year earned, and expenses are recognized in the fiscal year incurred. Federal financial assistance is recognized as revenue once eligibility requirements are met.

***Measurement Focus:*** The financial statements are reported using the flow of economic resources measurement focus, wherein all assets and liabilities are included in the Statements of Net Position. The related Statements of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in net position.

***Use of Estimates:*** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***GASB Pronouncements:*** The Fund adopted GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*, during fiscal year 2025. The implementation of these statements did not have a material impact on the accompanying financial statements.



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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**NOTE 2: CASH HELD WITH THE U.S. TREASURY**

The Fund's cash is held at the U.S. Department of the Treasury (the Treasury) in a trust fund in the District's name. The Federal Unemployment Trust Fund (the Trust Fund) includes deposits from the unemployment insurance funds of all states. The Trust Fund is required by federal law to invest only in obligations guaranteed by the United States. Pursuant to the Social Security Act, the funds held at the Treasury earn interest quarterly based on the interest rates of the Treasury's Certificates of Indebtedness. Interest earned for the fiscal years ended September 30, 2025 and 2024 was \$12,697 and \$10,577, respectively. As of September 30, 2025, cash held at the Treasury was \$378,568 compared to \$400,547 as of September 30, 2024. The Federal Unemployment Trust Fund held at the Federal Reserve Bank is not categorized in accordance with the criteria under GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3*, because the Trust Fund is neither a deposit with a financial institution nor an investment.

**NOTE 3: ACCOUNTS RECEIVABLE, NET**

The Fund's accounts receivable balances consisted of the following as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Claimant Receivables	\$50,090	\$47,003
Employer Receivables	37,516	42,271
Due from Other States	<u>1,100</u>	<u>1,010</u>
Total Receivables	88,706	90,284
Less: Allowance for Doubtful Accounts	<u>(68,454)</u>	<u>(62,002)</u>
Accounts Receivable, Net	<u><b>\$20,252</b></u>	<u><b>\$28,282</b></u>

Employer contributions are recognized as revenues in the accounting period in which they become due and measurable. Any contributions not received within the accounting period are recognized as employer receivables. Claimant receivables are benefits paid to claimants who are ultimately proven to be ineligible to receive all or a portion of those benefits. The Fund recognizes a receivable from these claimants when the benefits overpayment is identified. Due from other states, the amount owed to the Fund from other states for unemployment benefits paid on their behalf. The percentage of ending accounts receivable method is used to estimate and establish an allowance for doubtful accounts for the employer and claimant receivable balances.

**NOTE 4: DUE FROM D.C. GOVERNMENT**

Due from D.C. Government is the amount owed to the Fund from the District Government for unemployment benefits paid on its behalf to former employees. As of September 30, 2025, and 2024, the amount due from the District was \$1,320 and \$1,917, respectively.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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**NOTE 5: DUE FROM FEDERAL GOVERNMENT**

As of September 30, 2025, the amount due from the Federal government is \$6,101, compared to \$2,106 as of September 30, 2024. The balance due from Federal government represents benefit payments accrued for eligible unemployed civilian federal employees (UCFE), eligible ex-military personnel (UCX) and claimants in expanded federal programs under CARES and ARPA, as well as credits to employers and state taxes withheld for claimants.

**NOTE 6: ACCOUNTS PAYABLE**

Accounts payable as of September 30, 2025 and 2024 consisted of amounts due to employers for overpaid taxes; to various states for unemployment benefits paid to former District employees; and to others for related activities.

	<u>2025</u>	<u>2024</u>
Employer Tax Refund Payable	\$17,627	\$17,333
Due to Other States	1,905	1,271
Others	34	3
Income Tax Payable	-	113
<b>Total Accounts Payable</b>	<u><b>\$19,566</b></u>	<u><b>\$18,720</b></u>

**NOTE 7: CLAIMANTS PAYABLE**

Claimants payables represent estimated amounts due to claimants for the remaining periods of eligibility for claims filed as of September 30 and payable in the next fiscal year. The claimants payable as of September 30, 2025 and 2024 were \$25,069 and \$20,086, respectively.

	<u>2025</u>	<u>2024</u>
UI Regular	\$25,020	\$19,789
CARES/ARPA Acts	49	297
<b>Total Claimants Payable</b>	<u><b>\$25,069</b></u>	<u><b>\$20,086</b></u>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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**NOTE 8: DUE TO D.C. GOVERNMENT**

Amounts reported as Due to D.C. Government primarily represent Unemployment Compensation (UC) Modernization funds obligated for administrative costs and payments made by the District on behalf of the Fund. A breakdown of amounts due to D.C. Government as of September 30, 2025 and 2024 consists of the following:

	<b><u>2025</u></b>	<b><u>2024</u></b>
UC Modernization	\$7,942	\$7,521
District of Columbia on behalf of UI Trust Fund	4,815	5,921
REED ACT	1,000	662
UI Admin COVID 19	392	324
Admin assessment, interest & penalties	279	392
<b>Total Due to D.C Government</b>	<b><u>\$14,428</u></b>	<b><u>\$14,820</u></b>

**NOTE 9: DUE TO FEDERAL GOVERNMENT**

The amounts reported as Due to Federal Government relates to claimant overpayments for federally funded programs. Amounts payable to the Federal Government as of September 30, 2025 and 2024 are \$14,631 and \$20,919, respectively.

	<b><u>2025</u></b>	<b><u>2024</u></b>
Federal Pandemic Unemployment Comp (FPUC)	\$10,128	\$14,047
Pandemic Unemployment Assistance (PUA)	2,941	5,169
CARES ACT (Reimburse Employer Payment)	1,370	1,331
Pandemic Emergency Unemployment Comp (PEUC)	181	339
Unemployment Compensation Federal Extension	9	2
UI Benefits - Temporary Extension (EUC 08)	2	31
<b>Total Due to Federal Government</b>	<b><u>\$14,631</u></b>	<b><u>\$20,919</u></b>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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**NOTE 10: GOVERNMENTAL CONTRIBUTIONS**

Governmental contributions consisted of the following for the years ended September 30, 2025 and 2024:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Contribution - D.C Government	\$ 4,733	\$ 3,732
Contribution - Other States	4,511	3,187
 <b>Federal Programs</b>		
UC - Federal Employees (UCFE)	23,527	3,117
UC - Ex-Servicemen (UCX)	215	137
 <b>CARES Act 2020/ARP Act 2021</b>		
Federal Pandemic Unemployment Comp (FPUC)	138	97
Pandemic Emergency Unemploymt Comp (PEUC)	58	367
CARES Act (Reimbursement Employer Payment)	39	49
Pandemic Unemployment Assistance (PUA)	24	(296)
Ext Benefits (Cont.Unemp.In)	4	24
CARES Act Waived Wait Week Reimbursement	4	(256)
CARES Act Mixed Earners UI Comp	-	2
<b>Total</b>	<u><b>\$ 33,253</b></u>	<u><b>\$ 10,160</b></u>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
*(Dollar amounts expressed in thousands)*

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**NOTE 11: UNEMPLOYMENT BENEFITS**

Unemployment benefits increased in the fiscal year ended September 30, 2025. This increase was mainly due to an increase in claims filed as result of new federal government administration.

Unemployment benefit expenses consisted of the following for the fiscal year ended September 30, 2025 and 2024:

	<u><b>2025</b></u>	<u><b>2024</b></u>
UI Regular	\$175,102	\$107,460
<b>Federal Programs</b>		
UC - Federal Employees (UCFE)	23,527	3,117
UC - Ex-Servicemen (UCX)	215	137
<b>CARES Act 2020/ARP Act 2021</b>		
Federal Pandemic Unemployment Comp (FPUC)	138	367
Pandemic Emergency Unemployment Comp (PEUC)	58	97
Cares Act ( Reimb Employer Payment)	39	49
Pandemic Unemployment Assistance (PUA)	24	(296)
Ext Benefits (Cont.Unemp.In)	4	24
Cares Act Waived Wait Week Reimbursement	4	(256)
Cares Act- Mixed Earners UI Comp	-	2
<b>Total</b>	<u><b>\$199,111</b></u>	<u><b>\$110,701</b></u>

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

As of September 30, 2025, and 2024, there were no matters of litigation involving the Fund which would materially affect the Fund's financial position should any court decisions on pending matters not be favorable to the Fund.

The employer contribution operations and benefit payment functions of the Fund are subject to Federal compliance audits and related oversight. In addition, the Fund receives significant financial assistance from the U.S. government. Substantially all federal financial assistance is subject to financial and compliance audits by the grantor.





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Mayor, Members of the Council of the Government of the District of Columbia,  
and Inspector General of the Government of the District of Columbia  
District of Columbia Unemployment Compensation Fund  
Washington, D.C

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the District of Columbia Unemployment Compensation Fund (the Fund), an enterprise fund of the Government of the District of Columbia, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 5, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, 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 opinions 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 District of Columbia Unemployment Compensation Fund's internal control.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

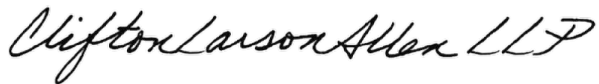
To the Mayor, Members of the Council of the Government of the District of Columbia,  
and Inspector General of the Government of the District of Columbia  
District of Columbia Unemployment Compensation Fund

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether District of Columbia Unemployment Compensation Fund's financial statements 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*.

### ***Purpose of This Report***

The purpose of this report 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Arlington, Virginia  
January 5, 2026

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