

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

FEB - 7 2012

The Honorable Vincent C. Gray
Mayor of the District of Columbia
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W., 5th Floor
Washington, D.C. 20004

SUBJECT: First Quarter, FY 2012, Status Report on the Emergency and Contingency Cash Reserve Funds as of December 31, 2011

Dear Mayor Gray:

Enclosed is the status report on the monthly activities and balances in the Emergency and Contingency Cash Reserve Funds as of December 31, 2011. The numbers contained in this status report are preliminary and unaudited.

Summary and Background

The Emergency Cash Reserve Fund may be used for unanticipated and nonrecurring extraordinary needs of an emergency nature, including a natural disaster or calamity and unexpected obligations created by federal law. The Contingency Cash Reserve Fund may be used for nonrecurring or unforeseen needs that arise during the fiscal year, including natural disasters, unexpected obligations created by federal law, new public safety or health needs identified after the budget process has occurred, and revenue shortfalls experienced by the District for three consecutive months that are 5 percent or more below the budget forecast. Both funds may be used for cash flow management purposes.

The District is required to maintain minimum balances (including required replenishment of permitted draws) in the Emergency and Contingency Cash Reserve Funds of 2 percent and 4 percent, respectively, of General Fund operating expenditures less repayment of bonds and interest, for which a separate fund is already established. The minimum levels are based on the operating expenditures contained in the most recently published CAFR of the District for the fiscal year immediately preceding the current fiscal year.

The September year-end FY 2011 CAFR fund balances included \$109.9 million for the Emergency Cash Reserve Fund and \$228.7 million for the Contingency Cash Reserve Fund, for a combined total of \$338.6 million.

As of December 31, 2011, the First Quarter, FY 2012 reserve fund balances were as follows:

Emergency Reserve Fund	\$109.9 million
Contingency Reserve Fund	<u>221.5 million</u>
Total	\$331.4 million

Following is a discussion of activities for the quarter ending December 31, 2011 and resulting balances in the Emergency and Contingency Cash Reserve Funds.

Emergency Cash Reserve Fund

The Emergency Cash Reserve FY 2011 CAFR fund balance of \$109.9 million increased by \$11,000, to \$109.9 million, due to investment earnings in the quarter.

Contingency Cash Reserve Fund

The Contingency Cash Reserve FY 2011 CAFR fund balance of \$228.7 million decreased during the quarter by \$7.2 million, to \$221.5 million, due to a net of two draws totaling \$7.3 million and investment earnings of \$78,000. The first draw, for \$6.0 million, was made in October to fund costs of earthquake repairs. The District experienced a 5.8 magnitude earthquake on August 23, 2011, and the District drew an initial \$0.9 million for repair costs in FY 2011. The Mayor requested the additional \$6.0 million to fund repair costs incurred in FY 2012, to be implemented by the newly established Department of General Services.

The second draw, for \$1.3 million, was made in December for the Department of Motor Vehicles. It was for the non-recurring and unforeseen costs required to continue the ticket collection contract within the Department. This contract expired on December 31, 2011, and if it were not renewed immediately the Department would not be able to continue to collect revenue related to all tickets processed through the current vendor.

December 31, 2011 Combined Balances

In summary, the December 2011 fund balances for the Emergency and Contingency Cash Reserve Funds were \$109.9 million and \$221.5 million, respectively. Their combined total was \$331.4 million.

If you have any questions or need additional information, please contact Gordon McDonald, Deputy Chief Financial Officer for Budget and Planning, at 727-1239.

Sincerely,



Natwar M. Gandhi
Chief Financial Officer

Enclosures

cc: Allen Y. Lew, City Administrator
Eric Goulet, Deputy Chief of Staff and Budget Director, Mayor's Office of Budget and Finance
Jennifer Budoff, Budget Director, Council of the District of Columbia
Angell Jacobs, Chief of Staff, Office of the Chief Financial Officer
David Tseng, General Counsel, Office of the Chief Financial Officer
Gordon McDonald, Deputy Chief Financial Officer, Office of Budget and Planning
Lasana Mack, Deputy Chief Financial Officer, Office of Finance and Treasury
Anthony F. Pompa, Deputy Chief Financial Officer, Office of Financial Operations and Systems

Fiscal Year 2012, Emergency Cash Reserve Report
Quarter Ending 12/31/2011
as of 1/30/2012

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis: Non-Committed Fund Balance
Sept, 2011	FY 2011 ending balances:	109,853
Oct	Investment earnings	3
Nov	Investment earnings	3
Dec	Investment earnings	5
Dec	First Quarter ending balances	109,865
	Investment earnings, October - December	11

(Investment earnings are calculated by whole numbers and may not add due to rounding.)

Fiscal Year 2012, Contingency Cash Reserve Report
Quarter Ending 12/31/2011
as of 1/30/2012

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis: Non-Committed Fund Balance
2011	FY 2011 ending balances:	228,729
Oct	Draw by Department of General Services for earthquake repair	(6,000)
Oct	Investment earnings	76
Nov	Investment earnings	1
Dec	Draw by Department of Motor Vehicles to fund costs required to continue ticket collection	(1,300)
Dec	Investment earnings	1
Dec	First Quarter ending balances	221,507
	Investment earnings, October - December	78

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GOVERNMENT OF THE DISTRICT OF COLUMBIA
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FEB - 7 2012

The Honorable Kwame R. Brown
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

SUBJECT: First Quarter, FY 2012, Status Report on the Emergency and Contingency Cash Reserve Funds as of December 31, 2011

Dear Chairman Brown:

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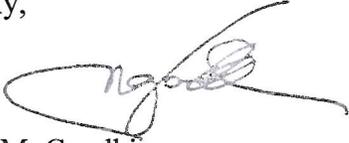
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Sincerely,



Natwar M. Gandhi
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Enclosures

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