

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

Natwar M. Gandhi
Chief Financial Officer



JUL 12 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: Second Quarter, FY 2012, Status Report on the Emergency and Contingency Cash Reserve Funds as of March 30, 2012

Dear Mayor Gray:

Enclosed is the status report on the monthly activities and balances in the Emergency and Contingency Cash Reserve Funds as of March 30, 2012. 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 March 30, 2012, the Second Quarter FY 2012 reserve fund balances were as follows:

Emergency Reserve Fund	\$109.9 million
Contingency Reserve Fund	<u>221.6 million</u>
Total	\$331.5 million

Following is a discussion of activities for the six months ending March 30 2012 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 \$66,000, to \$109.9 million during the six months, due to investment earnings.

Contingency Cash Reserve Fund

The Contingency Cash Reserve FY 2011 CAFR fund balance of \$228.7 million decreased during the six months by \$7.2 million, to \$221.6 million, due to a net of two draws totaling \$7.3 million and investment earnings of \$168,000. 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 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 March 30, 2012, 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.

A withdrawal of \$50 million was made for cash flow purposes in February, reducing the Fund balance by that amount on a cash basis. The enclosed tables reflect the reserves on a CAFR basis, not a cash basis, so the \$50 million withdrawal is not shown in them.

March 30, 2012 Combined Balances

In summary, the March 2012 fund balances for the Emergency and Contingency Cash Reserve Funds were \$109.9 million and \$221.6 million, respectively. Their combined total was \$331.5 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

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



Natwar M. Gandhi
Chief Financial Officer

JUL 12 2012

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

SUBJECT: Second Quarter, FY 2012, Status Report on the Emergency and Contingency Cash Reserve Funds as of March 30, 2012

Dear Chairman Brown:

Enclosed is the status report on the monthly activities and balances in the Emergency and Contingency Cash Reserve Funds as of March 30, 2012. 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.

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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 March 30, 2012, 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.

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

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Natwar M. Gandhi
Chief Financial Officer

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Anthony F. Pompa, Deputy Chief Financial Officer, Office of Financial Operations and Systems

Fiscal Year 2012, Emergency Cash Reserve Report
 Second Quarter Ending 3/30/2012
 as of 5/4/2012

		(\$ 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
Jan, 2012	Investment earnings	4
Jan	Deposit to increase balance to the new required level	0
Feb	Investment earnings	31
Mar	Investment earnings	20
Mar	Second Quarter ending balances	109,920
	Investment earnings, October - March	66

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

Fiscal Year 2012, Contingency Cash Reserve Report
Second Quarter Ending 3/30/2012
as of 5/4/2012

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis: Non-Committed Fund Balance
Sept, 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
Jan, 2012	Investment earnings	1
Jan	Deposit to increase balance to the new required level	0
Feb	Investment earnings	66
Mar	Investment earnings	23
Mar	Second Quarter ending balances	221,597
	Investment earnings, October - March	168

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