

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**OFFICE OF THE CHIEF FINANCIAL OFFICER**



**Jeffrey S. DeWitt**  
Chief Financial Officer

**JAN 23 2017**

The Honorable Muriel Bowser  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, NW, Suite 306  
Washington, DC 20004

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, NW, Suite 504  
Washington, DC 20004

**SUBJECT: Fourth Quarter FY 2016 Status Report on the Emergency and Contingency  
Cash Reserve Funds as of September 30, 2016**

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the status report on the monthly activities and balances in the District of Columbia's Emergency and Contingency Cash Reserve Funds as of September 30, 2016. 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 Local 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 Comprehensive Annual Financial Report (CAFR) of the District for the fiscal year immediately preceding the current fiscal year.

The year-end FY 2015 CAFR fund balances included \$122.1 million for the Emergency Cash Reserve Fund and \$244.2 million for the Contingency Cash Reserve Fund, for a combined total of \$366.2 million.

As of September 30, 2016, the fourth quarter FY 2016 reserve fund balances were as follows:

Emergency Reserve Fund	\$129.0 million
Contingency Reserve Fund	<u>258.0 million</u>
<b>Total</b>	<b><u>\$387.1 million</u></b>

The following is a discussion of activities for the fiscal year through September 30, 2016 and resulting balances in the Emergency and Contingency Cash Reserve Funds.

#### ***Emergency Cash Reserve Fund***

The FY 2015 Emergency Cash Reserve CAFR fund balance of \$122.1 million increased to \$129.0 million. The net increase of \$6.9 million was due to investment earnings of \$0.3 million and required deposits and adjustments of \$6.6 million.

#### ***Contingency Cash Reserve Fund***

The FY 2015 Contingency Cash Reserve CAFR fund balance of \$244.2 million increased to \$258.0 million as of September 30, 2016, a net increase of \$13.8 million. The net increase was the result of \$118.2 million drawn from the reserve during the fiscal year, offset by the following:

- Direct replenishments from agencies of \$22.4 million;
- FY 2016 supplemental legislation and year-end surplus replenishments of \$95.8 million;
- Required deposits and adjustments that net to \$13.4 million; and
- Investment earnings of \$0.4 million.

During the fourth quarter, draws and repayments were as follows:

- In July, a draw for \$2.9 million was made to the Employees Compensation Fund to cover cost increases from administratively-mandated retroactive pay, outstanding health care liabilities, and increased medical supply needs.
- In September, a draw for \$2.8 million was made to the District of Columbia Public Charter Schools to meet required contributions for Extended School Year and At-Risk funding.
- In September, a draw for \$0.07 million was made to the Department of Consumer and Regulatory Affairs to cover costs associated with three nuisance abatement projects requiring immediate attention because of the risk to neighboring properties and the community.
- In September, \$18.6 million of repayments were made to align budget with expenditures in 14 agencies, and \$62.8 million of additional year-end repayments were made in accordance with legislative requirements.
- In September, a deposit of \$13.7 million was made based on projected required target levels. This was offset by a required target adjustment of (\$0.3) million because actual

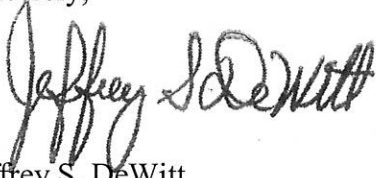
interest earned was greater than the estimated earnings at the time of the targeted calculation.

***September 30, 2016 Combined Balances***

In summary, the September 30, 2016 fund balances for the Emergency and Contingency Cash Reserve Funds were \$129.0 million and \$258.0 million, respectively. The combined total was \$387.1 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,

A handwritten signature in dark ink, appearing to read "Jeffrey S. DeWitt". The signature is fluid and cursive, with the first name "Jeffrey" being more prominent.

Jeffrey S. DeWitt  
Chief Financial Officer

Enclosures

cc: Rashad M. Young, City Administrator  
Matthew Brown, Director, Office of Budget and Finance, Office of the City Administrator  
Jennifer Budoff, Budget Director, Council of the District of Columbia  
Angell Jacobs, Deputy Chief Financial Officer and 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  
Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer  
Bill Slack, Deputy Chief Financial Officer, Office of Financial Operations and Systems



**Fiscal Year 2016 Contingency Cash Reserve Report**  
**September 30, 2016**

		(\$ in 000s)
<b>Fiscal Month</b>	<b>Transactions/Balances</b>	<b>CAFR Basis Restricted Fund Balance</b>
<b>Sept. 2015</b>	<b>FY 2015 ending balance</b>	<b>244,166</b>
Oct	Investment earnings	2
Nov	Draw: to the D.C. Office of Risk Management (RK0) for administrative expenses of the District's Public Sector Workers' Compensation Program	(1,332)
Nov	Investment earnings	9
Dec	Draw: to the Not-For-Profit Hospital Corporation Subsidy (HX0) and transferred to the Not-For-Profit Hospital Corporation (HW0) to ensure sufficient funding for current operations	(5,000)
Dec	Investment earnings	15
<b>Dec</b>	<b>First Quarter ending balance</b>	<b>237,846</b>
Jan. 2016	Draw: to the Fire and Emergency Medical Services Department (FB0) to fund the FY 2016 cost of third-party ambulance contract	(9,000)
Jan	Investment earnings	29
Feb	Investment earnings	44
Mar	Repayment: by the Fire and Emergency Medical Services Department (FB0)	2,500
Mar	Draw: to the District of Columbia Public Charter Schools (GC0) to ensure adequate funding for student enrollment and for special education changes	(8,000)
Mar	Draw: to the Not-For-Profit Hospital Corporation Subsidy (HX0) and transferred to the Not-For-Profit Hospital Corporation (HW0) to ensure sufficient funding for current operations	(5,000)
Mar	Draws: to various agencies in the total amount of <b>\$14,701,771</b> as follows:	
	Department of Public Works (KT0) - increased waste disposal contract costs	(855)
	Department of Parks and Recreation (HA0) - gap-closing funding for summer camps and outdoor pools and ward-based initiatives	(1,673)
	Paygo Capital Fund (PA0) - funding for the Department of General Services to purchase the Department of Employment Services office building	(5,000)
	Office of the Mayor (AA0) - reverse use of federal funding used for unqualified expenses in Serve DC	(46)
	Department of Employment Services (CF0) - funding for Summer Youth Employment Program expansions	(4,828)
	Children and Youth Investment Collaborative (JY0) - funding for summer programming	(2,000)
	Office of the State Superintendent of Education (GD0) - funding for the Summer Engineering Experience for Kids (SEEK) program	(300)
Mar	Draw: to the Office of Contracting and Procurement (PO0) - funding for emergency purchases related to winter storm Jonas	(55,000)
Mar	Investment earnings	49
<b>Mar</b>	<b>Second Quarter ending balance</b>	<b>148,780</b>
Apr	Reallocation of March draw to the Office of Contracting and Procurement (PO0)	10,000
Apr	Draw: to the Homeland Security and Emergency Management Agency (BN0) - funding for emergency expenditures associated with winter storm Jonas	(10,000)
Apr	Investment earnings	56
May	Repayment: by the D.C. Office of Risk Management (RK0)	1,332
May	Draw: to the Statehood Initiatives Agency (AR0) to support the work of the New Columbia Statehood Commission	(89)
May	Draws: to various agencies in the total amount of <b>\$6,300,000</b> as follows:	
	Department of Public Works (KT0) - funding for leaf staff extended tour of duty	(1,000)
	Fire and Emergency Medical Services Department (FB0) - funding for fire protection fee	(3,800)
	Department of Energy and Environment (KG0) - funding for LIHEAP program extension	(1,500)
May	Reallocation of March draw to the Office of Contracting and Procurement (PO0)	3,500
May	Draw: to the Department of General Services (AM0) - funding for emergency purchases related to winter storm Jonas	(3,500)
May	Investment earnings	52
Jun	Draws: to various agencies in the total amount of <b>\$8,014,000</b> as follows:	0
	Department of Public Works (KT0) - funding emergency ventilation replacement at the vehicle repair shop	(3,600)
	Department of Corrections (FL0) - funding for overtime	(2,000)
	D. C. Taxicab Commission (TC0) - funding for increase in Transport DC program utilization	(1,000)
	Department of General Services (AM0) - funding for Oak Hill sewer emergency	(865)

**Fiscal Year 2016 Contingency Cash Reserve Report**  
**September 30, 2016**

		(\$ in 000s)
<b>Fiscal Month</b>	<b>Transactions/Balances</b>	<b>CAFR Basis Restricted Fund Balance</b>
	Office of the Tenant Advocate (CQ0) - funding for increased emergency housing needs	(200)
	Office of the Secretary (BA0) - to supplement shortfall in Special Purpose Revenue fund collections	(249)
	Office of the Attorney General for the District of Columbia (CB0)	(100)
Jun	Investment earnings	49
<b>Jun</b>	<b>Third Quarter ending balance</b>	<b>135,866</b>
Jul	Draw: to the Employees' Compensation Fund (BG0) - to cover cost increases from the administratively-mandated retroactive pay, outstanding health care liabilities, and increased medical supply needs.	(2,900)
Jul	Investment earnings	46
Aug	Investment earnings	44
Sept	Draw: to the District of Columbia Public Charter Schools (GC0) to meet required contributions for Extended School Year and At-Risk funding.	(2,836)
Sept	Draw: to the Department of Consumer and Regulatory Affairs (CR0) to cover three nuisance abatement projects because of risk to neighboring property and the community.	(70)
Sept	Repayments in the total amount of <b>\$18,621,199</b> via Budget Reductions:	
	Homeland Security and Emergency Management Agency (BN0)	10,000
	Office of Contracting and Procurement (PO0)	3,629
	Department of Employment Services (CF0)	2,687
	Department of Corrections (FL0)	1,000
	District of Columbia Public Charter Schools (GC0)	492
	Office of Contracting and Procurement (PO0)	181
	D.C. Taxicab Commission (TC0)	179
	Employees' Compensation Fund	166
	Office of the Attorney General for the District of Columbia (CB0)	100
	Office of the State Superintendent of Education (GD0)	68
	Department of Consumer and Regulatory Affairs (CR0)	45
	Department of General Services (AM0)	41
	Fire and Emergency Medical Services Department (FB0)	33
	Office of the Mayor (AA0)	1
Sept	Repayments <sup>1</sup>	62,802
Sept	Repayments <sup>1</sup>	32,987
Sept	Year-end Deposit to increase balance to FY 2016 required levels	13,757
Sept	Required Year-end Deposit adjustment: Interest Earnings Variance	(317)
Sept	Investment earnings	41
<b>Sept</b>	<b>Year-end balance</b>	<b>258,043</b>
	<b>Investment earnings, October 2015 - September 2016</b>	<b>437</b>

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

<sup>1</sup> The repayments are comprised of the following:

Emergency and Contingency Reserve Funds - Act 21-415, Fiscal Year 2016 Second Revised Budget Request Emergency Adjustment Act of 2016	62,802
Repayments from FY 2016 Year-End Surplus	32,987
<b>Total</b>	<b>95,790</b>