

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



Jeffrey S. DeWitt
Chief Financial Officer

MAY 11 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: Second Quarter FY 2017 Status Report on the Emergency and Contingency
Cash Reserve Funds as of March 31, 2017**

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 March 31, 2017. 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 Source 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 2016 CAFR fund balances included \$129.0 million for the Emergency Cash Reserve Fund and \$258.0 million for the Contingency Cash Reserve Fund, for a combined total of \$387.1 million.

As of March 31, 2017, the second quarter FY 2017 reserve fund balances were as follows:

Emergency Reserve Fund	\$129.2 million
Contingency Reserve Fund	<u>157.6 million</u>
Total	<u>\$286.8 million</u>

The following is a discussion of activities for the fiscal year through March 31, 2017 and resulting balances in the Emergency and Contingency Cash Reserve Funds.

Emergency Cash Reserve Fund

The FY 2016 Emergency Cash Reserve CAFR fund balance of \$129.0 million increased to \$129.2 million by the amount investment earnings of \$0.2 million.

Contingency Cash Reserve Fund

The FY 2016 Contingency Cash Reserve CAFR fund balance of \$258.0 million decreased to \$157.6 million as of March 31, 2017, a net decrease of \$100.5 million. The net decrease was the result of \$100.9 million drawn from the reserve during the fiscal year partially offset by investment earnings of \$0.4 million.

During the second quarter, draws were as follows:

- In January, a draw in the amount of \$0.5 million to the Mayor's Office on Latino Affairs to fund one-time grants to non-profits that focus on services to District residents related to U.S. immigration laws or policies.
- In February, a draw in the amount of \$3.6 million to the Department of Public Works to provide for leased snow equipment and to hire temporary employees for the snow season.
- In February, a draw in the amount of \$6.0 million to the Department of Housing and Community Development to fund one-time costs of administrative functions associated with the Housing Production Trust Fund.
- In February, a draw in the amount of \$5.3 million to the Office of the State Superintendent of Education to provide for special education services.
- In February, a draw in the amount of \$1.8 million to the Department of Human Services to fund emergency continuum of care needs associated with homeless families' hotel use.
- In February, a draw in the amount of \$5.2 million to the Office on Aging to provide one-time funds for the Safe at Home initiative.

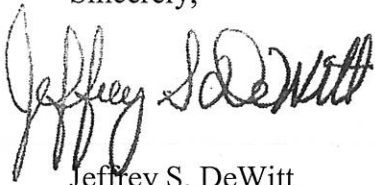
- In March, a draw in the amount of \$10.0 million to the Office of the Chief Technology Officer to cover increased costs associated with the D.C. Access System (DCAS)
- In March, a draw in the amount of \$5.5 million to the Department of Human Services to cover the cost of the homeless continuum of care and hotel/motel policy as a result of the loss of federal TANF carryover funds.
- In March, a draw in the amount of \$4.0 million to the Department of Behavioral Health to cover the Mental Health Rehabilitation Services local match needs.
- In March, a draw in the amount of \$27.1 million to the District of Columbia Public Charter Schools to cover increased student enrollment in general, special education, the extended school year, and pressures associated with IEP status.
- In March, a draw in the amount of \$27.0 million to the District of Columbia Public Schools to cover pressures from increases in the average cost of a teacher salary and changes in enrollment status.
- In March, a draw in the amount of \$0.9 million to the D.C. Department of Human Resources to provide one-time resources to fully fund the Capital City Fellows and District Leadership programs.

March 31, 2017 Combined Balances

In summary, the March 31, 2017 fund balances for the Emergency and Contingency Cash Reserve Funds were \$129.2 million and \$157.6 million, respectively. The combined total was \$286.8 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,



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 System

Fiscal Year 2017 Emergency Cash Reserve Report
March 31, 2017

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept 2016	FY 2016 ending balance	129,022
Oct	Investment earnings	22
Nov	Investment earnings	103
Dec	Investment earnings	5
Dec	First Quarter ending balance	129,152
Jan. 2017	Investment earnings	14
Feb	Investment earnings	17
Mar	Investment earnings	11
Mar	Second Quarter ending balance	129,193
	Investment earnings, October 2016 - March 2017	172

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

Fiscal Year 2017 Contingency Cash Reserve Report
March 31, 2017

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept. 2016	FY 2016 ending balance	258,043
Oct	Investment earnings	50
Nov	Investment earnings	55
	Draw: to the District of Columbia Public Charter School Board (GB0)	(721)
Dec	Draws: to various agencies in the total amount of \$3,325,157 as follows:	
	Office of Victim Services and Justice Grants (FO0)	(200)
	Office of the Deputy Mayor for Education (GW0)	(1,200)
	Office of the Mayor (AA0)	(1,155)
	Department of Public Works (KT0)	(175)
	Deputy Mayor for Greater Economic Opportunity (EM0)	(195)
	Department of General Services (AM0)	(339)
	Office of the Chief Technology Officer (TO0)	(61)
Dec	Investment earnings	64
Dec	First Quarter ending balance	254,166
Jan. 2017	Draw: to the Mayor's Office on Latino Affairs (BZ0)	(500)
Jan	Investment earnings	82
Feb	Draw: to the Department of Public Works (KT0)	(3,574)
Feb	Draw: to the Department of Housing and Community Development (DB0)	(6,000)
Feb	Draw: to the Office of the State Superintendent of Education (GD0)	(5,272)
Feb	Draw: to the Department of Human Services (JA0)	(1,800)
Feb	Draw: to the Office on Aging (BY0)	(5,202)
Feb	Investment earnings	104
Mar	Draws: to various agencies in the total amount of \$74,517,116 as follows:	
	Office of the Chief Technology Officer (TO0)	(10,000)
	Department of Human Services (JA0)	(5,500)
	Department of Behavioral Health (RM0)	(4,000)
	District of Columbia Public Charter Schools (GC0)	(27,068)
	District of Columbia Public Schools (GA0)	(27,000)
	D. C. Department of Human Resources (BE0)	(949)
Mar	Investment earnings	94
Mar	Second Quarter ending balance	157,580
	Investment earnings, October 2016 - March 2017	448

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