

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



Jeffrey S. DeWitt
Chief Financial Officer

February 5, 2018

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 2017 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 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 September 30, 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 September 30, 2017, the fourth quarter FY 2017 reserve fund balances were as follows:

Emergency Reserve Fund	\$138.0 million
Contingency Reserve Fund	<u>275.9 million</u>
Total	<u>\$413.9 million</u>

The following is a discussion of activities for the fiscal year through September 30, 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 \$138.0 million. The net increase of \$9.0 million was due to investment earnings of \$0.6 million and required deposits and adjustments of \$8.3 million.

Contingency Cash Reserve Fund

The FY 2016 Contingency Cash Reserve CAFR fund balance of \$258.0 million increased to \$275.9 million as of September 30, 2017, a net increase of \$17.9 million. The net increase was the result of \$222.1 million drawn from the reserve during the fiscal year, offset by the following:

- Direct replenishments from agencies of \$125.5 million;
- FY 2017 supplemental legislation and year-end surplus replenishments of \$96.6 million;
- Required deposits and adjustments that net to \$16.9 million; and
- Investment earnings of \$1.0 million.

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

- In July, a draw in the amount of \$90.0 million was made to the District of Columbia Public Charter Schools to satisfy a portion of the FY 2018 advance. The allocation was repaid in full during July.
- In August, a draw in the amount of \$2.9 million was made to the Employees' Compensation Fund to cover the costs of unanticipated expenditures that would have exceeded the agency's budget.


- In August, a draw in the amount of \$2.9 million was made to the Department of General Services to provide funding for the security services contract for District facilities.
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- In September, repayments of \$30.9 million to align Contingency Reserve allocations with actual expenditures in 19 agencies, and \$95.6 million in accordance with legislative requirements.
- In September, a deposit of \$17.8 million based on projected required target levels. This was offset by a target adjustment of (\$0.9) million because actual interest earned was greater than the estimated earnings at the time of the target calculation.

September 30, 2017 Combined Balances

In summary, the September 30, 2017 fund balances for the Emergency and Contingency Cash Reserve Funds were \$138.0 million and \$275.9 million, respectively. The combined total was \$413.9 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

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Bill Slack, Deputy Chief Financial Officer, Office of Financial Operations and Systems

Fiscal Year 2017 Contingency Cash Reserve Report
September 30, 2017

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept. 2016	FY 2016 ending balance	258,043
Oct	Draw: to the District of Columbia Public Charter School Board (GB0)	(721)
	Investment earnings	50
Nov	Investment earnings	55
Dec	Draws: to various agencies in the total amount of \$3,325,157 as follows:	
	Office of the Deputy Mayor for Education (GW0)	(1,200)
	Office of the Mayor (AA0)	(1,155)
	Department of General Services (AM0)	(339)
	Office of Victim Services and Justice Grants (FO0)	(200)
	Deputy Mayor for Greater Economic Opportunity (EM0)	(195)
	Department of Public Works (KT0)	(175)
	Office of the Chief Technology Officer (TO0)	(61)
	Investment earnings	64
Dec	First Quarter ending balance	254,166
Jan. 2017	Draw: to the Mayor's Office on Latino Affairs (BZ0)	(500)
	Investment earnings	82
Feb	Draw: to the Department of Public Works (KT0)	(3,574)
	Draw: to the Department of Housing and Community Development (DB0)	(6,000)
	Draw: to the Office of the State Superintendent of Education (GD0)	(5,272)
	Draw: to the Department of Human Services (JA0)	(1,800)
	Draw: to the D.C. Office on Aging (BY0)	(5,202)
	Investment earnings	104
Mar	Draws: to various agencies in the total amount of \$74,517,116 as follows:	
	District of Columbia Public Charter Schools (GC0)	(27,068)
	District of Columbia Public Schools (GA0)	(27,000)
	Office of the Chief Technology Officer (TO0)	(10,000)
	Department of Human Services (JA0)	(5,500)
	Department of Behavioral Health (RM0)	(4,000)
	D. C. Department of Human Resources (BE0)	(949)
	Investment earnings	94
Mar	Second Quarter ending balance	157,580
Apr	Investment earnings	235
May	Draw: to the Department of Consumer and Regulatory Affairs (CR0)	(132)
	Draw: to the D. C. Department of Human Resources (BE0)	(660)
	Draw: to the Department of General Services (AM0)	(4,500)
	Draw: to the D.C. Board of Ethics and Government Accountability (AG0)	(250)
	Draw: to the District of Columbia Public Charter Schools (GC0)	(1,084)
	Investment earnings	93
Jun	Draw: to the Department of Health Care Finance (HT0)	(9,900)
	Repayment: by the Office of the Chief Technology Officer (TO0)	4,631
	Draw: to the Office of the Chief Technology Officer (TO0)	(4,742)
	Draw: to the Department of Corrections (FL0)	(3,000)
	Investment earnings	102
Jun	Third Quarter ending balance	138,372
Jul	Draw: District of Columbia Public Charter Schools (GC0)	(90,000)
	Repayment: by the District of Columbia Public Charter Schools (GC0)	90,000
	Investment earnings	60
Aug	Draw: to the Employees' Compensation Fund (BG0)	(2,900)

Fiscal Year 2017 Contingency Cash Reserve Report
September 30, 2017

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
	Draw: to the Department of General Services (AM0)	(2,900)
	Draw: to the Office of the Tenant Advocate (CQ0)	(408)
	Investment earnings	41
Sept	Draw: to the Department of Corrections (FL0)	(750)
	Repayments in the total amount of \$30,941,971	
	Office of the Chief Technology Officer (TO0)	9,404
	Department of Healthcare Finance (HT0)	5,281
	Office of the State Superintendent of Education (GD0)	5,272
	Department of Corrections (FL0)	3,000
	D.C. Office on Aging (BY0)	3,160
	District of Columbia Public Charter Schools (GC0)	1,160
	Office of the Deputy Mayor for Education (GW0)	1,047
	Department of Public Works (KT0)	876
	Office of the Mayor (AA0)	685
	D. C. Department of Human Resources (BE0)	434
	Office of the Tenant Advocate (CQ0)	196
	Department of General Services (AM0)	173
	Department of Consumer and Regulatory Affairs (CR0)	120
	D.C. Board of Ethics and Government Accountability (AG0)	50
	Deputy Mayor for Greater Economic Opportunity (EM0)	45
	Department of Housing and Community Development (DB0)	40
	Department of Human Services (JA0)	0.17
	Mayor's Office on Latino Affairs (BZ0)	0.01
	Repayments ¹	96,565
	Year-end deposit to increase balance to FY 2017 required levels	17,771
	Year-end deposit adjustment to account for interest earnings variance	(928)
	Investment earnings	70
Sept	Year-end balance	275,934
	Investment earnings, October 2016 - September 2017	1,048

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

¹ The repayments are comprised of the following:

Emergency and Contingency Reserve Funds - Act 22-96, Fiscal Year 2017 Revised Budget Request Emergency Adjustment Act of 2017	95,640
Repayments from FY 2017 Year-End Surplus	925
Total	96,565

Fiscal Year 2017 Emergency Cash Reserve Report
September 30, 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
Apr	Investment earnings	36
May	Investment earnings	41
Jun	Investment earnings	168
Jun	Third Quarter ending balance	129,439
July	Investment earnings	27
Aug	Investment earnings	29
Sept	Year-end deposit to increase balance to FY 2017 required levels	8,796
Sept	Year-end deposit adjustment to account for interest earnings variance	(456)
Sept	Investment earnings	133
Sept 2017	Year-end balance	137,967
	Investment earnings, October 2016 - September 2017	606

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



Jeffrey S. DeWitt
Chief Financial Officer

February 5, 2018

The Honorable Shelley Moore Capito
Chairman
Senate Committee on Appropriations
Subcommittee on Financial Services and General Government
133 Dirksen Senate Office Building
Washington, DC 20510

SUBJECT: Fourth Quarter FY 2017 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 2017

Dear Chairman Capito:

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Summary and Background

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Chief Financial Officer

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



Jeffrey S. DeWitt
Chief Financial Officer

February 5, 2018

The Honorable Christopher Coons
Ranking Member
Senate Committee on Appropriations
Subcommittee on Financial Services and General Government
125 Hart Senate Office Building
Washington, DC 20510

SUBJECT: Fourth Quarter FY 2017 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 2017

Dear Senator Coons:

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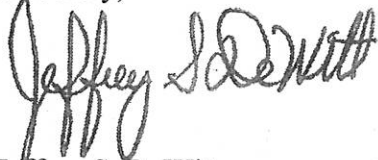
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September 30, 2017 Combined Balances

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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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Chief Financial Officer

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



Jeffrey S. DeWitt
Chief Financial Officer

February 5, 2018

The Honorable Tom Graves
Chairman
House Committee on Appropriations
Subcommittee on Financial Services and General Government
B-300 Rayburn House Office Building
Washington, DC 20515

SUBJECT: Fourth Quarter FY 2017 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 2017

Dear Chairman Graves:

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Summary and Background

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Chief Financial Officer

February 5, 2018

The Honorable Michael Quigley
Ranking Member
House Committee on Appropriations
Subcommittee on Financial Services and General Government
1016 Longworth House Office Building
Washington, DC 20515

SUBJECT: Fourth Quarter FY 2017 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 2017

Dear Congressman Quigley:

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- In August, a draw in the amount of \$2.9 million was made to the Employees' Compensation Fund to cover the costs of unanticipated expenditures that would have exceeded the agency's budget.

- In August, a draw in the amount of \$2.9 million was made to the Department of General Services to provide funding for the security services contract for District facilities.
- In August, a draw in the amount of \$0.4 million was made to the Office of the Tenant Advocate to provide funding to the Emergency Housing program for increased hotel and storage expenses.
- In September, a draw in the amount of \$0.8 million was made to the Department of Corrections to cover year-end overtime costs for correctional staff.
- In September, repayments of \$30.9 million to align Contingency Reserve allocations with actual expenditures in 19 agencies, and \$95.6 million in accordance with legislative requirements.
- In September, a deposit of \$17.8 million based on projected required target levels. This was offset by a target adjustment of (\$0.9) million because actual interest earned was greater than the estimated earnings at the time of the target calculation.

September 30, 2017 Combined Balances

In summary, the September 30, 2017 fund balances for the Emergency and Contingency Cash Reserve Funds were \$138.0 million and \$275.9 million, respectively. The combined total was \$413.9 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
Jennifer Reed, Director, Office of Budget and Performance Management, 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