

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



Jeffrey S. DeWitt
Chief Financial Officer

FEB 09 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: First Quarter FY 2018 Status Report on the Emergency and Contingency Cash Reserve Funds as of December 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 December 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 2017 CAFR fund balances included \$138.0 million for the Emergency Cash Reserve Fund and \$275.9 million for the Contingency Cash Reserve Fund, for a combined total of \$413.9 million.

As of December 31, 2017, the first quarter FY 2018 reserve fund balances were as follows:

Emergency Reserve Fund	\$138.4 million
Contingency Reserve Fund	<u>259.1 million</u>
Total	<u>\$397.4 million</u>

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

Emergency Cash Reserve Fund

The FY 2017 Emergency Cash Reserve CAFR fund balance increased from \$138.0 million to \$138.4 million because of investment earnings of \$0.4 million.

Contingency Cash Reserve Fund

The FY 2017 Contingency Cash Reserve CAFR fund balance of \$275.9 million decreased to \$259.1 million as of December 31, 2017, a net decrease of \$16.9. The net decrease was the result of \$17.3 million drawn from the reserve during the quarter offset by investment earnings of \$0.4 million.

During the first quarter, draws were as follows:

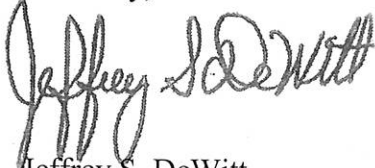
- In October, a draw of \$1.7 million was made to the Department of General Services for remediation costs associated with the Oxon Run oil spill from District-owned property.
- In October, a draw of \$0.4 million was made to the D.C. Department of Human Resources to hire an outside expert to provide employment tax and consulting services.
- In October, a draw of \$10.0 million was made to the Department of Health Care Finance to fund unanticipated costs associated with the D.C. Access System (DCAS).
- In November, a draw of \$5.2 million was made to the Office of the Chief Technology Officer to 1) rectify aging hardware issues causing network outages at two District Government buildings, and 2) fund additional staff resources needed to implement the Washington Teachers' Union collective bargaining agreement.

December 31, 2017 Combined Balances

In summary, the December 31, 2017 fund balances for the Emergency and Contingency Cash Reserve Funds were \$138.4 million and \$259.1 million, respectively. The combined total was \$397.4 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,



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

**Fiscal Year 2018 Emergency Cash Reserve Report
December 31, 2017**

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept 2017	FY 2017 ending balance	137,967
Oct	Investment earnings	52
Nov	Investment earnings	189
Dec	Investment earnings	158
Dec	First Quarter ending balance	138,367
	Investment earnings, October 2017 - December 2017	400

(Details may not add to totals due to rounding.)

Fiscal Year 2018 Contingency Cash Reserve Report
December 31, 2017

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept. 2017	FY 2017 ending balance	275,934
Oct	Draw: to the Department of General Services (AM0)	(1,700)
	Draw: to the D. C. Department of Human Resources (BE0)	(434)
	Draw: to the Department of Health Care Finance (HT0)	(10,000)
	Investment earnings	141
Nov	Draw: to the Office of the Chief Technology Officer (TO0)	(5,192)
	Investment earnings	125
Dec	Investment earnings	147
Dec	First Quarter ending balance	259,062
	Investment earnings, October 2017 - December 2017	414

(Details may not add to totals due to rounding.)