

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Jeffrey S. DeWitt
Chief Financial Officer

May 7, 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: Second Quarter FY 2018 Status Report on the Emergency and Contingency
Cash Reserve Funds as of March 31, 2018**

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, 2018. 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 March 31, 2018, the second quarter FY 2018 reserve fund balances were as follows:

Emergency Reserve Fund	\$138.6 million
Contingency Reserve Fund	<u>177.9 million</u>
Total	<u>\$316.5 million</u>

The following is a discussion of activities for the fiscal year through March 31, 2018 and resulting balances in the Emergency and Contingency Cash Reserve Funds.

Emergency Cash Reserve Fund

The FY 2017 Emergency Cash Reserve balance increased from \$138.0 million to \$138.6 million because of investment earnings of \$0.6 million.

Contingency Cash Reserve Fund

The FY 2017 Contingency Cash Reserve balance of \$275.9 million decreased to \$177.9 million as of March 31, 2018, a net decrease of \$98.0. The net decrease was the result of \$99.0 million drawn from the reserve during the first two quarters, partially offset by investment earnings of \$1.0 million.

During the second quarter, draws were as follows:

- In January, a draw of \$0.9 million was made to the Office of the Deputy Mayor for Education to fund the Master Facilities Plan.
- In January, a draw of \$7.0 million was made to the Not-for-Profit-Hospital Corporation Subsidy for transfer to the United Medical Center. The funds were necessary to 1) provide the United Medical Center with sufficient cash reserves, and 2) pay for Medicare recoupment of funds.
- In January, a draw of \$2.8 million was made to the Metropolitan Police Department to fund the cost of uniforms purchased.
- In January, a draw of \$1.0 million was made to the Office of the Attorney General for the District of Columbia to support of the cost of office space renovations.

- In January, a draw of \$6.8 million was made to the Fire and Emergency Medical Services Department to fund \$4.1 million in overtime, \$1.0 million in salaries associated with positions previously funded by grants, and additional program costs.
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- In January, a draw of \$6.6 million was made to the Metropolitan Police Department to fund costs associated with the hiring of additional officers.
- In January, a draw of \$5.5 million was made to the Department of Behavioral Health to compensate for a reduction in Medicaid revenue.
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- In March, a draw of \$3.7 million was made to the Not-for-Profit-Hospital Corporation Subsidy for transfer to the UMC. The funds will cover a portion of the total costs of the arbitration award in favor of the D.C. Nurses Association.
- In March, a draw of \$2.5 million was made to the Homeland Security and Emergency Management Agency to support renovation and expansion operations and the purchase of a new mobile emergency command center.

March 31, 2018 Combined Balances

In summary, the March 31, 2018 fund balances for the Emergency and Contingency Cash Reserve Funds were \$138.6 million and \$177.9 million, respectively. The combined total was \$316.5 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,

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Jeffrey S. DeWitt
Chief Financial Officer

Enclosures

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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 2018 Emergency Cash Reserve Report
March 31, 2018

		(\$ 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
Jan. 2018	Investment earnings	117
Feb	Investment earnings	49
Mar	Investment earnings	100
Mar	Second Quarter ending balance	138,633
	Investment earnings, October 2017 - March 2018	665

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

Fiscal Year 2018 Contingency Cash Reserve Report
March 31, 2018

		(\$ 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	259,022
Jan. 2018	Draw: to the Office of the Deputy Mayor for Education (GW0)	(850)
	Draw: to the Not-for-Profit Hospital Corporation Subsidy (HX0)	(7,000)
	Draw: to the Metropolitan Police Department (FA0)	(2,800)
	Draw: to the Office of the Attorney General for the District of Columbia (CB0)	(965)
	Draw: to the Fire and Emergency Medical Services Department (FB0)	(6,778)
	Draw: to the Employees' Compensation Fund (BG0)	(1,150)
	Draw: to the Metropolitan Police Department (FA0)	(6,600)
	Draw: to the Department of Behavioral Health (RM0)	(5,500)
	Draw: to the Board of Elections (DL0)	(1,300)
	Draw: to the Department of Corrections (FL0)	(11,040)
	Draw: to the Department on Disability Services (JM0)	(4,000)
	Draw: to the Department of General Services (AM0)	(12,100)
	Investment earnings	169
Feb	Draw: to the Not-for-Profit Hospital Corporation Subsidy (HX0)	(6,194)
	Draw: to the Office of Neighborhood Safety and Engagement (NS0)	(300)
	Draw: to the Office of the Deputy Mayor for Planning and Economic Development (EB0)	(9,000)
	Investment earnings	210
Mar	Draw: to the Not-for-Profit Hospital Corporation Subsidy (HX0)	(3,700)
	Draw: to the Homeland Security and Emergency Management Agency (BN0)	(2,500)
	Investment earnings	239
Mar	Second Quarter ending balance	177,863
	Investment earnings, October 2017 - March 2018	1,032

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Jeffrey S. DeWitt
Chief Financial Officer

May 7, 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: Second Quarter FY 2018 Status Report on the Emergency and Contingency
Cash Reserve Funds as of March 31, 2018**

Dear Chairman Capito:

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, 2018. The numbers contained in this status report are preliminary and unaudited.

Summary and Background

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During the second quarter, draws were as follows:

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March 31, 2018 Combined Balances

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Jeffrey S. DeWitt
Chief Financial Officer

Enclosures

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GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Jeffrey S. DeWitt
Chief Financial Officer

May 7, 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: Second Quarter FY 2018 Status Report on the Emergency and Contingency
Cash Reserve Funds as of March 31, 2018**

Dear Senator Coons:

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GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



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Chief Financial Officer

May 7, 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: Second Quarter FY 2018 Status Report on the Emergency and Contingency
Cash Reserve Funds as of March 31, 2018**

Dear Chairman Graves:

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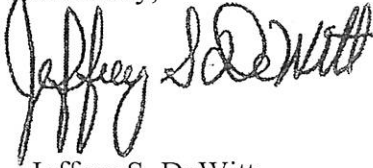
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May 7, 2018

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

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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, 2018. 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 March 31, 2018, the second quarter FY 2018 reserve fund balances were as follows:

Emergency Reserve Fund	\$138.6 million
Contingency Reserve Fund	<u>177.9 million</u>
Total	<u>\$316.5 million</u>

The following is a discussion of activities for the fiscal year through March 31, 2018 and resulting balances in the Emergency and Contingency Cash Reserve Funds.

Emergency Cash Reserve Fund

The FY 2017 Emergency Cash Reserve balance increased from \$138.0 million to \$138.6 million because of investment earnings of \$0.6 million.

Contingency Cash Reserve Fund

The FY 2017 Contingency Cash Reserve balance of \$275.9 million decreased to \$177.9 million as of March 31, 2018, a net decrease of \$98.0. The net decrease was the result of \$99.0 million drawn from the reserve during the first two quarters, partially offset by investment earnings of \$1.0 million.

During the second quarter, draws were as follows:

- In January, a draw of \$0.9 million was made to the Office of the Deputy Mayor for Education to fund the Master Facilities Plan.
- In January, a draw of \$7.0 million was made to the Not-for-Profit-Hospital Corporation Subsidy for transfer to the United Medical Center. The funds were necessary to 1) provide the United Medical Center with sufficient cash reserves, and 2) pay for Medicare recoupment of funds.
- In January, a draw of \$2.8 million was made to the Metropolitan Police Department to fund the cost of uniforms purchased.
- In January, a draw of \$1.0 million was made to the Office of the Attorney General for the District of Columbia to support of the cost of office space renovations.

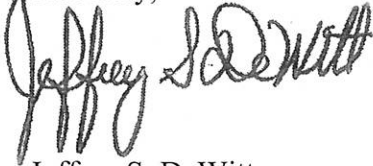
- In January, a draw of \$6.8 million was made to the Fire and Emergency Medical Services Department to fund \$4.1 million in overtime, \$1.0 million in salaries associated with positions previously funded by grants, and additional program costs.
- In January, a draw of \$1.1 million was made to the Employees' Compensation Fund to cover the costs of projected claims.
- In January, a draw of \$6.6 million was made to the Metropolitan Police Department to fund costs associated with the hiring of additional officers.
- In January, a draw of \$5.5 million was made to the Department of Behavioral Health to compensate for a reduction in Medicaid revenue.
- In January, a draw of \$1.3 million was made to the Board of Elections to fund personnel costs of temporary election workers plus additional program costs.
- In January, a draw of \$11.0 million was made to the Department of Corrections to fund the hiring of an additional class of corrections officers, increased overtime costs, and other program costs.
- In January, a draw of \$4.0 million was made to the Department on Disability Services to fund increased costs due to higher-than-anticipated utilization of Developmental Disabilities Waiver services.
- In January, a draw of \$12.1 million was made to the Department of General Services for the demolition of DC General Hospital.
- In February, a draw of \$6.2 million was made to the Not-for-Profit-Hospital Corporation Subsidy for transfer to the United Medical Center (UMC). The funds will support a portion of the FY 2018 base year contract costs for the UMC Hospital, the George Washington University (GWU) Emergency Department contract, and the GWU Hospitalists contract.
- In February, a draw of \$0.3 million was made to the Office of Neighborhood Safety and Engagement to allow the agency to fund violence intervention and prevention grants in Wards 7 and 8.
- In February, a draw of \$9.0 million was made to the Office of the Deputy Mayor for Planning and Economic Development to fund increased environmental remediation costs associated with construction of the D.C. United Soccer Stadium.
- In March, a draw of \$3.7 million was made to the Not-for-Profit-Hospital Corporation Subsidy for transfer to the UMC. The funds will cover a portion of the total costs of the arbitration award in favor of the D.C. Nurses Association.
- In March, a draw of \$2.5 million was made to the Homeland Security and Emergency Management Agency to support renovation and expansion operations and the purchase of a new mobile emergency command center.

March 31, 2018 Combined Balances

In summary, the March 31, 2018 fund balances for the Emergency and Contingency Cash Reserve Funds were \$138.6 million and \$177.9 million, respectively. The combined total was \$316.5 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,

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 and the last name "DeWitt" following in a similar style.

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 System