

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



Jeffrey S. DeWitt
Chief Financial Officer

FEB 07 2019

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 2018 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 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 September 30, 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 September 30, 2018, the fourth quarter FY 2018 reserve fund balances were as follows:

Emergency Reserve Fund	\$139.8 million
Contingency Reserve Fund	<u>279.7 million</u>
Total	<u>\$419.5 million</u>

The following is a discussion of activities for the fiscal year through September 30, 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 \$139.8 million. The increase was due to investment earnings of \$1.4 million and required deposits and adjustments of \$0.4 million.

Contingency Cash Reserve Fund

The FY 2017 Contingency Cash Reserve balance of \$275.9 million increased to \$279.7 million as of September 30, 2018, a net increase of \$3.7 million. The net increase was a result of \$282.5 million drawn from the reserve during the fiscal year, offset by the following:

- Direct replenishments of \$171.4 million;
- FY 2018 supplemental legislation and year-end surplus replenishments of \$111.1;
- Required deposits and adjustments that net to \$1.4 million; and
- Investment earnings of \$2.3 million.

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

- In July, a draw of \$122.8 million was made to the District of Columbia Public Charter Schools to satisfy a portion of the FY 2019 advance. The allocation was repaid in full in July.
- In July, a draw of \$6.5 million total was made to various agencies for the following purposes: (1) \$4.2 million to the Metropolitan Police Department to fund overtime services, (2) \$1.0 million to the District Department of Transportation to support the implementation of traffic safety measures, (3) \$1.0 million to the Department of Public Works for expenses related to clean-up and safety activities, (4) \$0.2 million to the Fire and Emergency Medical

Services Department for overtime and ambulance services, and (5) \$0.1 million to the Department of Health to support health and safety activities.

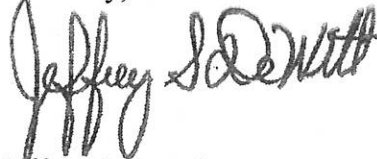
- In August, a draw of \$3.9 million was made to the Employees' Compensation Fund to cover the cost of projected claims.
- In August, a replenishment of \$0.6 million was made for the Department of Forensic Sciences.
- In August, a draw of \$1.2 million was made to the District of Columbia Public Schools to cover costs associated with taking control of a Public Charter School until the end of FY 2018.
- In September, a draw of \$5.0 million was made to the Office of Contracting and Procurement related to Hurricane Florence relief.
- In September, replenishments of \$47.9 million were made to align Contingency Reserve allocations with actual expenditures in 19 agencies, and \$111.1 million in accordance with legislative requirements and year-end closing activities.
- In September, an adjustment of (\$2.2) million was made based upon required target levels, and an adjustment of (\$0.005) million was made because actual interest earned was greater than the estimated earnings at the time of the target calculation.

September 30, 2018 Combined Balances

In summary, the September 30, 2018 fund balances for the Emergency and Contingency Cash Reserve Funds were \$139.8 million and \$279.7 million, respectively. The combined total was \$419.5 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,



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

Fiscal Year 2018 Contingency Cash Reserve Report
September 30, 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
Apr	Year-end deposit to increase balance to FY 2018 required levels	3,615
Apr	Draw: to the Department of Housing and Community Development (DB0)	(5,000)
	Investment earnings	253
May	Draw: to the Department of General Services (AM0)	(28,383)
	Draw: to the Department of Forensic Sciences (FR0)	(600)
	Investment earnings	235
Jun	Draw: to the Not-for-Profit Hospital Corporation Subsidy (HX0)	(10,000)
	Investment earnings	207
Jun	Third Quarter ending balance	138,191
Jul	Draw: to the District of Columbia Public Charter Schools (GC0)	(122,848)
	Repayment: by the District of Columbia Public Charter School (GC0)	122,848
	Draws: to various agencies in the total amount of \$6,514,566 as follows:	
	Metropolitan Police Department (FA0)	(4,238)
	District Department of Transportation (KA0)	(889)
	Department of Public Works (KT0)	(809)
	Department of Public Works (KT0)	(186)
	Fire and Emergency Medical Services Department (FB0)	(171)

Fiscal Year 2018 Contingency Cash Reserve Report
September 30, 2018

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
	District Department of Transportation (KA0)	(148)
	Department of Health (HC0)	(73)
	Investment earnings	162
Aug	Draw: to the Employees' Compensation Fund (BG0)	(3,910)
	Repayment: by the Department of Forensic Sciences (FR0)	600
	Draw: to the District of Columbia Public Schools (GA0)	(1,153)
	Investment earnings	217
Sept	Repayment by the Not-for-Profit Corporation Hospital	10,000
	Draw: to the Office of Contracting and Procurement (PO0)	(5,000)
	Repayment: by the Office of Contracting and Procurement (PO0)	5,000
	Repayment: by the Office of the Chief Technology Officer (TO0)	336
	Repayment: by the Department of Behavioral Health (RM0)	1,274
	Repayment: by the Department of Public Works (KT0)	329
	Repayment: by the Department of Transportation (KA0)	812
	Repayment: by the Department of Health Care Finance (HT0)	10,000
	Repayment: by the Department of Health (HC0)	73
	Repayment: by the Office of the Deputy Mayor for Education (GW0)	217
	Repayment: by Fire and Emergency Medical Services Department (FB0)	8
	Repayment: by the Homeland Security and Emergency Management Agency (BN0)	2,500
	Repayment: by the D.C. Department of Human Resources (BE0)	239
	Repayment: by the Department of General Services (AM0)	12,384
	Repayment: by the Office of the Attorney General (CB0)	6
	Repayment: by the Department of Housing and Community Development (DB0)	1,947
	Repayment: by the Metropolitan Police Department (FA0)	232
	Repayment: by the District of Columbia Public Schools (GA0)	91
	Repayment: by the Department of Corrections (FL0)	185
	Repayment: by the Employees' Compensation Fund (BG0)	2,289
	SV0 FY 2018 Supplemental	96,603
	Repayments from FY 2018 Year-End Surplus	14,539
	Year-end deposit adjustment to decrease balance to FY 2018 required levels	(2,203)
	Year-end deposit adjustment to account for interest earnings variance	(5)
	Investment earnings	222
Sept	Year-end Balance	279,670
	Investment earnings, October 2017 - September 2018	2,328

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

Fiscal Year 2018 Emergency Cash Reserve Report
September 30, 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
Apr	Investment earnings	68
	Year-end deposit to increase balance to FY 2018 required levels	1,718
May	Investment earnings	81
Jun	Investment earnings	185
Jun	Third Quarter ending balance	140,685
July	Investment earnings	283
Aug	Investment earnings	72
Sept	Year-end deposit adjustment to decrease balance to FY 2018 required levels	(1,276)
Sept	Year-end deposit adjustment to account for interest earnings variance	(4)
Sept	Investment earnings	76
Sept 2018	Year-end balance	139,835
	Investment earnings, October 2017 - September 2018	1,430

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