

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



**Jeffrey S. DeWitt**  
Chief Financial Officer

**JAN 15 2020**

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 2019 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 2019**

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, 2019. 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 2018 CAFR fund balances included \$139.8 million for the Emergency Cash Reserve Fund and \$279.7 million for the Contingency Cash Reserve Fund, for a combined total of \$419.5 million.

As of September 30, 2019, the fourth quarter FY 2019 reserve fund balances were as follows:

Emergency Reserve Fund	\$149.3 million
Contingency Reserve Fund	<u>298.5 million</u>
<b>Total</b>	<b><u>\$447.8 million</u></b>

The following is a discussion of activities for the fiscal year through September 30, 2019 and resulting balances in the Emergency and Contingency Cash Reserve Funds.

#### ***Emergency Cash Reserve Fund***

The FY 2018 Emergency Cash Reserve CAFR fund balance increased from \$139.8 million to \$149.3 million because of investment earnings of \$2.6 million and required deposits and adjustments of \$6.8 million.

#### ***Contingency Cash Reserve Fund***

The FY 2018 Contingency Cash Reserve CAFR fund balance of \$279.7 million increased to \$298.5 million as of September 30, 2019, a net increase of \$18.8 million. The net increase was the result of \$238.7 million drawn from the reserve during the fiscal year, offset by the following:

- Direct replenishments of \$141.2 million;
- FY 2019 supplemental legislation and year-end surplus replenishments of \$97.5 million;
- Required deposits and adjustments that net to \$14.1 million; and
- Investment earnings of \$4.7 million.

During the fourth quarter, draws were as follows:

- In July, a draw of \$7.1 million was made to the Department of General Services: \$3.3 million to cover unanticipated costs for repairs and maintenance due to weather-related incidents; \$0.5 million to cover replacement of school door locks; and \$3.3 million to cover emergency HVAC maintenance and repairs.
- In July, a draw of \$1.1 million was made to the Office of Planning to cover costs associated with ensuring that the District has robust participation in the FY 2020 Census.
- In July, a draw of \$0.9 million was made to the District of Columbia Public Schools to cover new school opening and program expansions.
- In July, a draw of \$94.4 million was made to District of Columbia Public Charter Schools to satisfy a portion of the FY 2020 school advance. The allocation was repaid in full in July.
- In July, a draw of \$0.5 million was made to the Office of Contracting and Procurement to cover the cost of emergency supplies.
- In August, a draw of \$1.3 million was made to the Department of General Services and reallocated to the Paygo Capital fund, to cover turf replacement at Tubman Elementary School and Upshur Recreation Center and Park.

- In August, a draw of \$5.0 million was made to the Department of Health Care Finance to cover Disproportionate Share Hospital (DSH) payments.
- In September, a draw of \$6.0 million was made to the Emergency Planning and Security Fund to cover reimbursements of costs incurred supporting Federal and First Amendment events in 2019.
- In September, a draw of \$0.4 million was made to the District of Columbia Public Charter Schools to cover unanticipated expenses.
- In September, a draw of \$1.5 million was made to the Fire and Emergency Medical Services Department to cover third party ambulance service.
- In September, a draw of \$10.5 million was made to the Department of Health Care Finance to cover Medicaid costs including Disproportionate Share Hospital (DSH) payments.
- In September, a draw of \$0.7 million was made to the Department of Public Works to cover higher-than-anticipated hauling costs.
- In September, a draw of \$18.9 million was made to the Paygo Capital fund to cover a partial renovation of Thaddeus Stevens School.

Details on the replenishments and other deposits are included in the enclosed table.

***September 30, 2019 Combined Balances***

In summary, the September 30, 2019 fund balances for the Emergency and Contingency Cash Reserve Funds were \$149.3 million and \$298.5 million respectively. The combined total was \$447.8 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  
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 System

**Fiscal Year 2019 Emergency Cash Reserve Report**  
**September 30, 2019**

		(\$ In 000s)
<b>Fiscal Month</b>	<b>Transactions/Balances</b>	<b>CAFR Basis Restricted Fund Balance</b>
<b>Sept 2018</b>	<b>FY 2018 ending balance</b>	<b>139,835</b>
Oct	Investment earnings	112
Nov	Investment earnings	92
Dec	Investment earnings	94
<b>Dec</b>	<b>First Quarter ending balance</b>	<b>140,133</b>
Jan 2019	Investment earnings	352
Feb	Investment earnings	134
Mar	Investment earnings	278
<b>Mar</b>	<b>Second Quarter ending balance</b>	<b>140,897</b>
Apr	Investment earnings	169
May	Investment earnings	195
Jun	Investment earnings	684
<b>Jun</b>	<b>Third Quarter ending balance</b>	<b>141,945</b>
July	Investment earnings	176
Aug	Investment earnings	160
Sept	Year-end deposit adjustment to increase balance to FY 2019 required	6,790
Sept	Year-end deposit adjustment to account for interest earnings variance	34
Sept	Investment earnings	157
<b>Sept</b>	<b>Fourth Quarter ending balance</b>	<b>149,262</b>
	Investment earnings, October 2018 -September 2019	2,604

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

**Fiscal Year 2019 Contingency Cash Reserve Report**  
**September 30, 2019**

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
<b>Sept. 2018</b>	<b>FY 2018 ending balance</b>	279,670
Oct	Draw: to the Office of the Deputy Mayor for Education (GW0)	(77)
	Draw: to the D.C. Department of Human Resources (BE0)	(239)
	Draw: to the Office of the Tenant Advocate (CQ0)	(3,832)
	Investment earnings	486
Nov	Draw: to the Not-for-Profit Hospital Corporation Subsidy (HX0)	(14,261)
	Draw: to the Board of Elections (DL0)	(290)
	Draw: to the Office of the Deputy Mayor for Planning and Economic Development (EB0)	(13,000)
	Draw: to the Department of General Services (AM0)	(5,200)
	Investment earnings	484
Dec	Investment earnings	522
<b>Dec</b>	<b>First Quarter ending balance</b>	244,264
Jan 2019	Draw: to the Department of Public Works (KT0)	(1,000)
	Draw: to the Commission on Judicial Disabilities (DQ0)	(56)
	Draw: to the Judicial Nomination Commission (DV0)	(51)
	Draw: to the Not-for-Profit Hospital Corporation Subsidy (HX0)	(10,000)
	Repayment: by the Judicial Nomination Commission (DV0)	51
	Repayment: by the Commission on Judicial Disabilities and Tenure (DQ0)	56
	Investment earnings	489
Feb	Draw: to the Office of the State Superintendent of Education (GD0)	(3,900)
	Investment earnings	419
Mar	Draw : to the Captive Insurance Agency (RJ0)	(1,322)
	Draw: to the Department of General Services (AM0)	(12,700)
	Repayment: by the Captive Insurance Agency	1,322
	Investment earnings	452
<b>Mar</b>	<b>Second Quarter ending balance</b>	218,023
Apr	Draw: to the Office of the State Superintendent of Education (GD0)	(750)
	Draw: to the Department of Parks and Recreation (HA0)	(1,750)
	Investment earnings	421
May	Investment earnings	422
Jun	Draw: to the Department of Housing and Community Development (DB0)	(7,200)
	Draw: to Washington Metropolitan Area Transit Authority (Subsidy) (KE0)	(13,578)
	Investment earnings	398
<b>Jun</b>	<b>Third Quarter ending balance</b>	195,986
Jul	Draw: to the Department of General Services (AM0)	(7,068)
	Draw: to the Office of Planning (BD0)	(1,083)
	Draw: to the District of Columbia Public Schools (GA0)	(950)
	Draw: to the District of Columbia Public Charter Schools (GC0)	(94,362)
	Repayment: by the District of Columbia Public Charter School (GC0)	94,362
	Draw: to the Office of Contracting and Procurement (PO0)	(500)
	Investment earnings	236
Aug	Draw: to the Department of General Services (AM0)	(1,252)
	Draw: to the Department of Health Care Finance (HT0)	(5,000)
	Repayment: by the Office of the State Superintendent of Education (GD0)	3,900



**Fiscal Year 2019 Contingency Cash Reserve Report**  
**September 30, 2019**

		(\$ in 000s)
<b>Fiscal Month</b>	<b>Transactions/Balances</b>	<b>CAFR Basis Restricted Fund Balance</b>
	Repayment: by the Department of Parks and Recreation (HA0)	1,750
	Repayment: by the Washington Metropolitan Area Transit Authority (Subsidy) (KE0)	13,578
	Investment earnings	170
Sept	Draw: to the Emergency Planning and Security Fund (EP0)	(6,000)
	Draw: to the Paygo Capital Fund (PA0)	(18,896)
	Draw: to the Paygo Capital Fund (PA0)	(1,252)
	Draw: to the Department of Health Care Finance (HT0)	(10,523)
	Draw: to the Fire and Emergency Medical Services Department (FB0)	(1,500)
	Draw: to the District of Columbia Public Charter Schools (GC0)	(400)
	Draw: to the Department of Public Works (KT0)	(700)
	Repayment:	
	by the Department of General Services (AM0)	3,011
	by the D.C. Department of Human Resources (BE0)	128
	by the Office of Planning (BD0)	1,083
	by the Department of Housing and Community Development (DB0)	7,200
	by the Office of Tenant Advocate (CQ0)	1,391
	by the Board of Elections (DL0)	19
	by the Emergency Planning and Security Fund (EP0)	600
	by the Fire and Emergency Medical Services Department (FB0)	1,500
	by the District of Columbia Public Schools (GA0)	138
	by the Department of Health Care Finance (HT0)	10,523
	by the Office of Contracting and Procurement (PO0)	500
	by the Deputy Mayor for Education (GW0)	77
	SV0 FY 2019 Supplemental	47,598
	Repayments from FY 2019 Year-End Surplus	49,903
	Year-end deposit adjustment to increase balance to FY 2019 required levels	14,055
	Year-end deposit adjustment to account for interest earnings variance	84
	Investment earnings	217
<b>Sept</b>	<b>Fourth Quarter Ending Balance</b>	<b>298,525</b>
	Investment earnings, October 2018 - September 2019	4,716

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