

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



Jeffrey S. DeWitt
Chief Financial Officer

January 27, 2015

The Honorable Muriel Bowser
Mayor of the District of Columbia
1350 Pennsylvania Avenue, N.W., Suite 306
Washington, D.C. 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

SUBJECT: Fourth Quarter FY 2014 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 2014

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, 2014. 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 Fund 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 2013 CAFR fund balances included \$112.1 million for the Emergency Cash Reserve Fund and \$227.4 million for the Contingency Cash Reserve Fund, for a combined total of \$339.5 million.

As of September 30, 2014, the fourth quarter FY 2014 reserve fund balances were as follows:

Emergency Reserve Fund	\$116.0 million
Contingency Reserve Fund	<u>239.4 million</u>
Total	<u>\$355.4 million</u>

The following is a discussion of activities for the fiscal year through September 30, 2014 and resulting balances in the Emergency and Contingency Cash Reserve Funds.

Emergency Cash Reserve Fund

The Emergency Cash Reserve FY 2013 CAFR fund balance of \$112.1 million increased to \$116.0 million reflecting investment earnings of \$194,064 and a deposit of \$3.8 million made to increase the fund balance to its required minimum balance.

Contingency Cash Reserve Fund

The Contingency Cash Reserve FY 2013 CAFR fund balance of \$227.4 million increased to \$239.4 million as of September 30, 2014, a net increase of \$12.0 million. The net increase was the result of net uses of \$57.0 million offset by \$64.6 million in replenishments, a required deposit of \$4.3 million, and investment earnings of \$0.1 million. The ending balance of \$239.4 million is greater than the required balance of \$232.0 million because of a \$7.5 million FY 2014 reprogramming from Repayment of Loans and Interest (agency DS0) to Emergency and Contingency Funds (agency SV0) for severance pay, leave payout, and other transitional activities related to the election outcome.

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

- In July, a draw for \$15.1 million was made by the District of Columbia Public Schools as an advance payment for the FY 2015 school year. This amount was repaid in August.
- In July, a \$118.6 million draw was made by the District of Columbia Public Charter Schools as an advance payment for the FY 2015 school year. This amount was repaid in August.
- In July, a \$0.2 million draw was made by the Office of the Chief Financial Officer to provide funding for real property tax relief to certain real property owned by the United House of Prayer. This amount was repaid in September.
- In July, a \$1.4 million draw was made by the Department of Employment Services to support student participants in the Summer Youth Employment Program.
- In August, Mass Transit Subsidy made a repayment of \$8.7 million.
- In August, the Office of the State Superintendent of Education made a repayment of \$1 million.

- In September, the FY 2013 Local Fund inaugural expense reimbursement received from the FY 2014 Federal Payment of \$8.9 million was used to repay the Contingency Reserve.
- In September, Workforce Investments made a repayment of \$7.7 million
- In September, \$50.1 million of replenishments were made as stipulated in the FY 2015 Budget Support Act.
- In September, a \$4.3 million required deposit was made.
- In September, a \$5.0 million payment from agency SV0's operating budget was made to replenish the Contingency Reserve to target level.
- In September, \$20.1 million of additional year-end repayments were made to align budget with expenditures. Please see the enclosure for details.

September 30, 2014 Combined Balances

In summary, the September 30, 2014 fund balances for the Emergency and Contingency Cash Reserve Funds were \$116.0 million and \$239.4 million, respectively. The combined total was \$355.4 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
Matthew Brown, Director, Office of Budget and Finance, 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 2014, Emergency Cash Reserve Report
September 30, 2014

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept, 2013	FY 2013 ending balance	112,056
Oct	Investment earnings	0
Nov	Investment earnings	11
Dec	Investment earnings	9
Dec	First Quarter ending balance	112,076
Jan, 2014	Investment earnings	27
Feb	Investment earnings	1
Mar	Investment earnings	1
Mar	Second Quarter ending balance	112,104
Apr	Investment earnings	6
May	Investment earnings	35
Jun	Investment earnings	8
Jun	Third Quarter ending balance	112,153
July	Investment earnings	1
Aug	Year-end deposit to increase balance to FY 2014 required level	3,766
Aug	Investment earnings	1
Sept	Investment earnings	96
Sept	Year-end balance	116,016
	Investment earnings, October - September	194

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

Fiscal Year 2014, Contingency Cash Reserve Report
September 30, 2014

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept, 2013	FY 2013 ending balance	227,434
Oct	draws: in the absence of a permanent appropriation or a Continuing Resolution by Congress that would provide budget authority to fund FY 2014 activity through October 16, 2013, to the Non-Departmental Fund, from which allocations to agencies could be made	(149,893)
Oct	repayments: of most of the draws described in the preceding line	149,794
Oct	investment earnings	26
Nov	repayments: of the remainder of the draws made in October	99
Nov	draw: to the State Superintendent of Education (OSSE) to cover the cost of the Community School Fund grants recently awarded to six community school grantees	(1,000)
Nov	draw: to the Department of Health Care Finance (DHCF) to cover the second phase of the Not-For-Profit Hospital Corporation consulting contract	(5,000)
Nov	investment earnings	32
Dec	draw: to the Not-For-Profit Hospital Corporation to cover the cost of operating and capital expenditures needed to improve the operations, improve the information technology infrastructure, and perform routine capital projects for the general health and safety of the hospital	(13,057)
Dec	draw: to the Department of Motor Vehicles to fully fund the undocumented driver license program	(791)
Dec	draw: to the D.C. Taxicab Commission to cover unforeseen expenditures in expediting the implementation of the Taxicab Color Scheme Incentive Program	(644)
Dec	draw: to fund the Department of Public Works to offset a correction to the capital budget	(300)
Dec	draw: to fund the District Department of the Environment to offset a correction to the capital budget	(242)
Dec	draw: to fund the Office of Contracting and Procurement to offset a correction to the capital budget	(188)
Dec	investment earnings	2
Dec	First Quarter ending balance	206,273
Jan, 2014	draw: to the Office on Aging to fund transportation services to seniors of the District	(3,000)
Jan	draw: to the Department of Parks and Recreation to fund the Sustainable DC project	(791)
Jan	repayment: to transfer the draw made in December to the Not-For-Profit Hospital Corporation to the Not-For-Profit Hospital Corp. Subsidy	13,057
Jan	draw: to the Not-For-Profit Hospital Corp. Subsidy to cover the cost of operating and capital expenditures needed to improve the operations, improve the information technology infrastructure, and perform routine capital projects for the general health and safety of the hospital	(14,841)
Jan	draw: to the Department on Disability Services to fund Evans consent decree reversal, cash for living wage program	(553)
Jan	draw: to the Department of Public Works to fund the Supercar initiative	(9,056)
Jan	investment earnings	2
Feb	draw: to the Department of Public Works to fund snow removal	(2,602)

Fiscal Year 2014, Contingency Cash Reserve Report
September 30, 2014

		(\$ in 000s)
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Feb	draw: to TIF and PILOT Transfer to fund a deposit for the Skyland project	(2,500)
Feb	investment earnings	2
Mar	draw: to fund the Office of Contracting and Procurement to fund its procurement reform program to streamline operations	(1,850)
Mar	draw: to the Office of the Attorney General as part of the Office of Contracting and Procurement reform to streamline operations	(774)
Mar	draw: to the Department on Disability Services to fund new hires and promotions to ensure that the Evans consent decree is reversed	(7,574)
Mar	draw: to the Department of Public Works to fund snow removal	(3,077)
Mar	investment earnings	4
Mar	Second Quarter ending balance	172,720
Apr	draw: to the Office of the Mayor to fund the Social Impact Bond Feasibility Study	(50)
Apr	draw: to the D.C. Board of Ethics and Government Accountability to support a telecommunications upgrade	(77)
Apr	draw: to the Office of the Secretary to support Archives Modernization	(300)
Apr	draw: to the Commission on the Arts and Humanities to fund funeral service expenditures	(8)
Apr	draw: to the D.C. Public Library to fund additional support for the continuation of the Sing, Talk, and Read (STAR) program	(275)
Apr	draw: to the Department of Consumer and Regulatory Affairs to fund the business regulatory reform task force	(80)
Apr	draw: to the Board of Elections for telephone upgrades, document management software, and to support the Department of Motor Vehicles' (DMV) online voter registration project	(147)
Apr	draw: to the Department of Small and Local Business Development to fund the "Small and Certified Business Enterprise Development Assistance Amendment Act of 2013"	(305)
Apr	draw: to the Deputy Mayor for Public Safety and Justice to fund the Youth Court	(125)
Apr	draw: to the State Superintendent of Education to support infant and toddler subsidies and the Career Technology Education Innovation Fund	(2,880)
Apr	draw: to the Department of Health Care Finance to support 2.0 temporary FTEs	(94)
Apr	draw: to Workforce Investments to support payments for FY 2013 arbitration awards and other union agreements	(6,792)
Apr	draw: to the Office of Veterans Affairs to support 1.0 FTE	(49)
Apr	investment earnings	5
May	draw: to Office of Planning to support the Center for Construction Careers, the Culinary Skills Training program, and DSLBD's general entrepreneurship training	(750)
May	draw: to Department of Employment Services to support stipends for the Summer Youth Employment program	(2,074)
May	draw: to the Board of Elections to support the SBOE election for telephone upgrades, document management software, and the DMV online voter registration project	(288)
May	draw: to the Metropolitan Police Department to support the purchase of officers' body-worn cameras and computers	(2,305)
May	draw: to the Fire and Emergency Medical Services Department to support the testing, maintenance and repair costs associated with major pumper, ladders, and other vital equipment	(670)
May	draw: to the Department of Corrections to provide funding for critical security camera upgrades	(1,400)

Fiscal Year 2014, Contingency Cash Reserve Report
September 30, 2014

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
May	draw: to Pay-as-You-Go (Capital) for MPD's capital project to support the infrastructure requirements for securing and managing data from the new officer body cameras	(750)
May	draw: to Workforce Investments to support pay increases due to proposed contract negotiations	(931)
May	investment earnings	5
Jun	draw: to the Master Equipment Lease to increase funding for debt service financing	(2,959)
Jun	draw: to the Mass Transit Subsidy to cover the cost of a quarterly invoice due to WMATA on July 1, 2014	(8,699)
Jun	draw: to the Office of the Chief Technology Officer for increased fees related to Citywide Microsoft Software Compliance	(6,127)
Jun	investment earnings	30
Jun	Third Quarter ending balance	134,626
July	draw: to District of Columbia Public Schools as an advance payment for the FY 2015 school year	(15,085)
July	draw: to the District of Columbia Public Charter Schools as an advance payment for the FY 2015 school year	(118,599)
July	draw: to the Office of the Chief Financial Officer - to provide funding for real property tax relief to certain real property owned by the United House of Prayer	(188)
July	draw: to the Department of Employment Services to support student participants in the Summer Youth Employment Program	(1,410)
July	investment earnings	4
Aug	repayment: District of Columbia Public Schools advance	15,085
Aug	repayment: District of Columbia Public Charter Schools advance	118,599
Aug	repayment: Mass Transit Subsidy	8,699
Aug	repayment: Office of the State Superintendent of Education	1,000
Aug	investment earnings	2
Sept	repayment: FY 2013 Local Fund inaugural expense reimbursement received from the FY 2014 Federal Payment	8,920
Sept	repayment from Workforce Investments	7,723
Sept	FY 2015 BSA Replenishments	50,645
Sept	required deposit	4,263
Sept	repayment: from the Emergency and Contingency Reserve Funds	5,039
Sept	repayment: from the Office of the Mayor	0
Sept	repayment: from the Office of the Chief Financial Officer	188
Sept	repayment: from the Office of the Secretary	2
Sept	repayment: from the Office of Planning	182
Sept	repayment: from the Commission on the Arts and Humanities	8
Sept	repayment: from the Office of the Attorney General	774
Sept	repayment: from the District of Columbia Public Library	4
Sept	repayment: from the Department of Employment Services	2,985
Sept	repayment: from the Department of Consumer & Regulatory Affairs	70

Fiscal Year 2014, Contingency Cash Reserve Report
September 30, 2014

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept	repayment: from the Board of Elections	80
Sept	repayment: from the Department of Small & Local Business Development	11
Sept	repayment: from the Metropolitan Police Department	536
Sept	repayment: from the Fire and Emergency Medical Services Department	670
Sept	repayment: from the Department of Corrections	1,400
Sept	repayment: from the Deputy Mayor for Public Safety and Justice	125
Sept	repayment: from the Department of Parks and Recreation	234
Sept	repayment: from the Department of Healthcare Finance	2,043
Sept	repayment: from the Department on Disability Services	4,703
Sept	repayment: from the District Department of the Environment	21
Sept	repayment: from the Department of Public Works	59
Sept	repayment: from the Department of Motor Vehicles	610
Sept	repayment: from the Office of Contracting and Procurement	1,036
Sept	repayment: from D.C. Taxi Cab Commission	492
Sept	repayment: from Office of the Chief Technology Officer	637
Sept	repayment: from Department of Health Care Finance	244
Sept	repayment: from the Office of Contracting and Procurement	25
Sept	repayment: from the Office of the State Superintendent of Education	2,880
Sept	repayment: from the D.C. Taxi Cab Commission	2
Sept	repayment: from the Department of Public Works	0
Sept	repayment: from the Department of Small and Local Business Development	57
Sept	investment earnings	1
Sept	Year-End balance	239,401
	Investment earnings, October -September	116

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

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



Jeffrey S. DeWitt
Chief Financial Officer

January 27, 2015

The Honorable Ander Crenshaw
Chairman
U.S. House of Representatives Committee on Appropriations
Financial Services and General Government Subcommittee
B-300 Rayburn House Office Building
Attn: John F. Martens
Washington, D.C. 20515

SUBJECT: Fourth Quarter FY 2014 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 2014

Dear Chairman Crenshaw:

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, 2014. 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.

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The year-end FY 2013 CAFR fund balances included \$112.1 million for the Emergency Cash Reserve Fund and \$227.4 million for the Contingency Cash Reserve Fund, for a combined total of \$339.5 million.

As of September 30, 2014, the fourth quarter FY 2014 reserve fund balances were as follows:

Emergency Reserve Fund	\$116.0 million
Contingency Reserve Fund	<u>239.4 million</u>
Total	<u>\$355.4 million</u>

The following is a discussion of activities for the fiscal year through September 30, 2014 and resulting balances in the Emergency and Contingency Cash Reserve Funds.

Emergency Cash Reserve Fund

The Emergency Cash Reserve FY 2013 CAFR fund balance of \$112.1 million increased to \$116.0 million reflecting investment earnings of \$194,064 and a deposit of \$3.8 million made to increase the fund balance to its required minimum balance.

Contingency Cash Reserve Fund

The Contingency Cash Reserve FY 2013 CAFR fund balance of \$227.4 million increased to \$239.4 million as of September 30, 2014, a net increase of \$12.0 million. The net increase was the result of net uses of \$57.0 million offset by \$64.6 million in replenishments, a required deposit of \$4.3 million, and investment earnings of \$0.1 million. The ending balance of \$239.4 million is greater than the required balance of \$232.0 million because of a \$7.5 million FY 2014 reprogramming from Repayment of Loans and Interest (agency DS0) to Emergency and Contingency Funds (agency SV0) for severance pay, leave payout, and other transitional activities related to the election outcome.

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

- In July, a draw for \$15.1 million was made by the District of Columbia Public Schools as an advance payment for the FY 2015 school year. This amount was repaid in August.
- In July, a \$118.6 million draw was made by the District of Columbia Public Charter Schools as an advance payment for the FY 2015 school year. This amount was repaid in August.
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- In September, Workforce Investments made a repayment of \$7.7 million
- In September, \$50.1 million of replenishments were made as stipulated in the FY 2015 Budget Support Act.
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September 30, 2014 Combined Balances

In summary, the September 30, 2014 fund balances for the Emergency and Contingency Cash Reserve Funds were \$116.0 million and \$239.4 million, respectively. The combined total was \$355.4 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: Honorable Muriel Bowser, Mayor of the District of Columbia
Honorable Phil Mendelson, Chairman, Council of the District of Columbia
Rashad M. Young, City Administrator
Matthew Brown, Director, Office of Budget and Finance, Office of the City Administrator
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GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Jeffrey S. DeWitt
Chief Financial Officer

January 27, 2015

The Honorable José E. Serrano
Ranking Member
U.S. House of Representatives Committee on Appropriations
Financial Services and General Government Subcommittee
2227 Rayburn House Office Building
Attn: Angela Ohm
Washington, D.C. 20515

SUBJECT: Fourth Quarter FY 2014 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 2014

Dear Congressman Serrano:

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, 2014. The numbers contained in this status report are preliminary and unaudited.

Summary and Background

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January 27, 2015

The Honorable John Boozman
Chairman
Senate Committee on Appropriations
Financial Services and General Government Subcommittee
125 Hart Senate Office Building
Attn: Dale Cabaniss
Washington, D.C. 20510

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The Emergency Cash Reserve FY 2013 CAFR fund balance of \$112.1 million increased to \$116.0 million reflecting investment earnings of \$194,064 and a deposit of \$3.8 million made to increase the fund balance to its required minimum balance.

Contingency Cash Reserve Fund

The Contingency Cash Reserve FY 2013 CAFR fund balance of \$227.4 million increased to \$239.4 million as of September 30, 2014, a net increase of \$12.0 million. The net increase was the result of net uses of \$57.0 million offset by \$64.6 million in replenishments, a required deposit of \$4.3 million, and investment earnings of \$0.1 million. The ending balance of \$239.4 million is greater than the required balance of \$232.0 million because of a \$7.5 million FY 2014 reprogramming from Repayment of Loans and Interest (agency DS0) to Emergency and Contingency Funds (agency SV0) for severance pay, leave payout, and other transitional activities related to the election outcome.

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

- In July, a draw for \$15.1 million was made by the District of Columbia Public Schools as an advance payment for the FY 2015 school year. This amount was repaid in August.
- In July, a \$118.6 million draw was made by the District of Columbia Public Charter Schools as an advance payment for the FY 2015 school year. This amount was repaid in August.
- In July, a \$0.2 million draw was made by the Office of the Chief Financial Officer to provide funding for real property tax relief to certain real property owned by the United House of Prayer. This amount was repaid in September.
- In July, a \$1.4 million draw was made by the Department of Employment Services to support student participants in the Summer Youth Employment Program.
- In August, Mass Transit Subsidy made a repayment of \$8.7 million.
- In August, the Office of the State Superintendent of Education made a repayment of \$1 million.

- In September, the FY 2013 Local Fund inaugural expense reimbursement received from the FY 2014 Federal Payment of \$8.9 million was used to repay the Contingency Reserve.
- In September, Workforce Investments made a repayment of \$7.7 million
- In September, \$50.1 million of replenishments were made as stipulated in the FY 2015 Budget Support Act.
- In September, a \$4.3 million required deposit was made.
- In September, a \$5.0 million payment from agency SV0's operating budget was made to replenish the Contingency Reserve to target level.
- In September, \$20.1 million of additional year-end repayments were made to align budget with expenditures. Please see the enclosure for details.

September 30, 2014 Combined Balances

In summary, the September 30, 2014 fund balances for the Emergency and Contingency Cash Reserve Funds were \$116.0 million and \$239.4 million, respectively. The combined total was \$355.4 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: Honorable Muriel Bowser, Mayor of the District of Columbia
Honorable Phil Mendelson, Chairman, Council of the District of Columbia
Rashad M. Young, City Administrator
Matthew Brown, Director, Office of Budget and Finance, 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

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



Jeffrey S. DeWitt
Chief Financial Officer

January 27, 2015

The Honorable Christopher A. Coons
Ranking Member
Senate Committee on Appropriations
Financial Services and General Government Subcommittee
133 Dirksen Senate Office Building
Attn: Marianne Upton
Washington, D.C. 20510

**SUBJECT: Fourth Quarter FY 2014 Status Report on the Emergency and Contingency
Cash Reserve Funds as of September 30, 2014**

Dear Senator Coons:

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, 2014. 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 Fund 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 2013 CAFR fund balances included \$112.1 million for the Emergency Cash Reserve Fund and \$227.4 million for the Contingency Cash Reserve Fund, for a combined total of \$339.5 million.

As of September 30, 2014, the fourth quarter FY 2014 reserve fund balances were as follows:

Emergency Reserve Fund	\$116.0 million
Contingency Reserve Fund	<u>239.4 million</u>
Total	<u>\$355.4 million</u>

The following is a discussion of activities for the fiscal year through September 30, 2014 and resulting balances in the Emergency and Contingency Cash Reserve Funds.

Emergency Cash Reserve Fund

The Emergency Cash Reserve FY 2013 CAFR fund balance of \$112.1 million increased to \$116.0 million reflecting investment earnings of \$194,064 and a deposit of \$3.8 million made to increase the fund balance to its required minimum balance.

Contingency Cash Reserve Fund

The Contingency Cash Reserve FY 2013 CAFR fund balance of \$227.4 million increased to \$239.4 million as of September 30, 2014, a net increase of \$12.0 million. The net increase was the result of net uses of \$57.0 million offset by \$64.6 million in replenishments, a required deposit of \$4.3 million, and investment earnings of \$0.1 million. The ending balance of \$239.4 million is greater than the required balance of \$232.0 million because of a \$7.5 million FY 2014 reprogramming from Repayment of Loans and Interest (agency DS0) to Emergency and Contingency Funds (agency SV0) for severance pay, leave payout, and other transitional activities related to the election outcome.

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- In September, the FY 2013 Local Fund inaugural expense reimbursement received from the FY 2014 Federal Payment of \$8.9 million was used to repay the Contingency Reserve.
- In September, Workforce Investments made a repayment of \$7.7 million
- In September, \$50.1 million of replenishments were made as stipulated in the FY 2015 Budget Support Act.
- In September, a \$4.3 million required deposit was made.
- In September, a \$5.0 million payment from agency SV0's operating budget was made to replenish the Contingency Reserve to target level.
- In September, \$20.1 million of additional year-end repayments were made to align budget with expenditures. Please see the enclosure for details.

September 30, 2014 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.

Sincerely,



Jeffrey S. DeWitt
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