

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Chief Financial Officer



Jeff DeWitt  
Chief Financial Officer

JAN 15 2014

The Honorable Vincent C. Gray  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, N.W., Suite 600  
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 2013 Status Report on the Emergency and Contingency Cash Reserve Funds as of September 30, 2013**

Dear Mayor Gray 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, 2013. 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 2012 CAFR fund balances included \$110.0 million for the Emergency Cash Reserve Fund and \$229.1 million for the Contingency Cash Reserve Fund, for a combined total of \$339.1 million.

As of September 30, 2013, the fourth quarter FY 2013 reserve fund balances were as follows:

Emergency Reserve Fund	\$110.1 million
Contingency Reserve Fund	<u>229.4 million</u>
<b>Total</b>	<b>\$339.5 million</b>

Following is a discussion of activities for the fiscal year ending September 30, 2013 and resulting balances in the Emergency and Contingency Cash Reserve Funds.

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

The Emergency Cash Reserve FY 2012 CAFR fund balance of \$110.0 million increased by \$141,000 during FY 2013 to \$110.1 million as of September 30, 2013, reflecting investment earnings.

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

The Contingency Cash Reserve FY 2012 CAFR fund balance of \$229.1 million increased by \$247,000 during FY 2013 to \$229.4 million. The net increase was the result of investment earnings. During the fiscal year a total of \$284.6 million was drawn from the reserve. Except as specifically noted below, all draws are being replenished with available cash during the year-end close. The draws were as follows:

- Draws totaling \$30.0 million were made for the Inaugural Expenses agency to cover Presidential Inaugural expenses, to be replenished from federal funds and the Emergency Planning and Security Fund in the current fiscal year.
- A draw for \$5.0 million was made in November for the Department of Health Care Finance to fund consulting services to the Not-For-Profit Hospital Corporation to develop a transition plan to manage the hospital.
- A draw of \$1.7 million was made in November for the Office of Contracting and Procurement to fund the costs of the super storm "Sandy" until reimbursed by the Federal Emergency Management Administration (FEMA).
- A draw of \$9.4 million was made in December for the D.C. Health Benefit Exchange Subsidy to fund the Health Benefit Exchange Authority (HBEA), a health care exchange created by recent legislation. The District of Columbia government established this new quasi-governmental District agency to implement the federal Affordable Care and Patient Protection Act in the District. The agency did not exist during the FY 2013 budget formulation process. DHCF used a federal grant to replenish the draw.
- In December, a \$1.0 million draw was made for the Department of Small and Local Business Development (DSLBD) to initiate a Certified Business Enterprise compliance monitoring system. DSLBD has available-until-expended budget authority for certain funds in the FY 2012 fund balance, but the exact amount available for FY 2013 was not known until the FY 2012 CAFR was published, and the Reserve has been repaid.

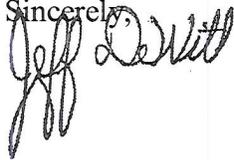
- In December, a \$0.5 million draw was made for the Deputy Mayor for Public Safety and Justice to conduct a District-wide truancy program. The draw was replenished by the FY 2013 Supplemental Appropriation.
- A draw of \$0.4 million was made in December for the Office of the Deputy Mayor for Education to fund an adequacy study mandated by the Public Education Finance Reform Commission. Unspent funds were designated in the FY 2012 fund balance to be used in FY 2013 to complete the contract work. The draw was replenished by the FY 2013 Supplemental Appropriation.
- In March, an \$11.0 million draw was made for the Not-for-Profit Hospital Corporation Subsidy to enable the hospital to meet operating cash flow needs.
- In April, a \$6.5 million draw was made for the Metropolitan Police Department to fund a District of Columbia Public Schools security contract that was required for the safety of the students and staff.
- In April, a \$19.0 million draw was made for the D.C. Public Charter Schools to meet the required quarterly payment. The full amount was replenished the same month upon approval of a reprogramming to cover the need.
- In July, a \$10.3 million draw was made to D.C. Public Schools as an advance payment for the FY 2014 school year. It was replenished in August.
- In July, a \$140.0 million draw was made to D.C. Public Charter Schools as an advance payment for the FY 2014 school year. It was replenished in August.
- In July, \$0.3 million was drawn to cover a contract to develop a strategic plan for the University of the District of Columbia as part of the transition to its new President.
- In July, \$0.7 million was drawn to cover D.C. Taxicab Commission operational costs through the end of the fiscal year.
- In August and September, a total of \$9.2 was drawn for the Office of the State Superintendent of Education to cover remaining pre-allocated costs to eligible participants of the D.C. Tuition Assistance Grant.
- In August, \$39.6 million was drawn for the Department of Health Care Finance to make payments that covered rate adjustments of health care providers owed by the Chartered Health Care Plan, which was in receivership.

### ***September 30, 2013 Combined Balances***

In summary, the September 30, 2013 fund balances for the Emergency and Contingency Cash Reserve Funds were \$110.1 million and \$229.4 million, respectively. Their combined total was \$339.5 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,



Jeff DeWitt  
Chief Financial Officer

Enclosures

cc: Allen Y. Lew, City Administrator  
Eric Goulet, Deputy Chief of Staff and Budget Director, Mayor's Office of Budget and Finance  
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  
Bert Molina, Deputy Chief Financial Officer, Office of Financial Operations and Systems

**Fiscal Year 2013, Emergency Cash Reserve Report**  
**Fourth Quarter Ending September 30, 2013**  
**as of 1/2/2014**

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept, 2012	FY 2011 ending balances:	109,989
Oct	Investment earnings	37
Nov	Investment earnings	4
Dec	Investment earnings	6
Dec	First Quarter ending balances	110,036
Jan, 2013	Investment earnings	3
Jan	Deposit to increase balance to the new required level	0
Feb	Investment earnings	18
Mar	Investment earnings	17
Mar	Second Quarter ending balances	110,074
Apr	Investment earnings	11
May	Investment earnings	2
Jun	Investment earnings	2
Jun	Third Quarter ending balances	110,089
July	Investment earnings	1
Aug	Investment earnings	23
Sept	Investment earnings	16
Sept	Year-end balances	110,130
	Investment earnings, October - September	141

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

**Fiscal Year 2013, Contingency Cash Reserve Report**  
**Fourth Quarter Ending September 30, 2013**  
**as of 1/2/2014**

Sept, 2012	FY 2012 ending balances:	229,113
Oct	Investment earnings	28
Oct	Draw: Inaugural Expenses (SB0)	(9,432)
Nov	Draw: Dept. of Health Care Finance (HT0), fund UMC RFP	(5,000)
Nov	Investment earnings	14
Nov	Draw: Inaugural Expenses (SB0)	(20,060)
Nov	Draw: Office of Contracting and Procurement (PO0), fund Hurricane Sandy	(1,731)
Dec	Draw: D.C. Health Benefit Exchange Subsidy (HE0), set up exchange	(9,362)
Dec	Draw: Department of Small and Local Business Development (EN0), initiate Certified Business Enterprise compliance monitoring system	(1,028)
Dec	Draw: Deputy Mayor for Public Safety and Justice (FQ0), conduct truancy program	(495)
Dec	Draw: Office of the Deputy Mayor of Education (GW0), fund mandated adequacy study	(435)
Dec	Draw: Inaugural Expenses (SB0)	(351)
Dec	Investment earnings	23
Dec	First Quarter ending balances	181,284
Jan,	Investment earnings	10
Feb	Investment earnings	7
Mar	Draw: Not-For-Profit Hospital Corporation Subsidy (HX0), enables the hospital to meet minimal operating requirements during the remainder of FY 2013	(11,000)
Mar	Investment earnings	21
Mar	Second Quarter ending balances	170,321
Apr	Draw: MPD (FA0), funds DCPS security contract, required for safety of students and staff	(6,451)
Apr	Draw: Public Charter Schools (GC0), advance payment	(19,000)
Apr	Repay: Public Charter Schools (GC0), advance payment	19,000
Apr	Investment earnings	74
May	Investment earnings	4
Jun	Investment earnings	39
Jun	Third Quarter ending balances	163,988
Jul	Repay: Deputy Mayor for Public Safety and Justice (FQ0), conduct truancy program	495
Jul	Draw: DCPS (GA0) FY 2014 advance payment	(10,299)
Jul	Draw: Public Charter Schools (GC0), advance payment	(140,000)
Jul	Draw: UDC Subsidy (GG0)	(250)
Jul	Draw: Taxicab Commission (TC0), cover cash flow needs to year-end	(700)
Jul	Estimated Investment earnings	3
Aug	Repay: MPD (FA0), funds DCPS security contract, required for safety of students and staff	6,451
Aug	Repay: DCPS (GA0) FY 2014 advance payment	10,299
Aug	Repay: Public Charter Schools (GC0), advance payment	140,000

**Fourth Quarter Ending September 30, 2013  
as of 1/2/2014**

Sept, 2012	FY 2012 ending balances:	229,113
Aug	Draw: OSSE (GD0), cover remaining preallocated costs to eligible participants of the DC Tuition Assistance Grant	(5,200)
Aug	Repay: Office of the Deputy Mayor of Education (GW0), fund mandated adequacy study	435
Aug	Repay: DC Health Benefit Exchange Subsidy (HE0), set up exchange	9,362
Aug	Draw: Dept of Health Care Finance (HT0), make negotiated payments to health care providers related to the receivership of the Chartered Health Care Plan due to rate adjustments	(39,645)
Aug	Repay: Inaugural Expenses (SB0), reprogramming of portion of expenses	9,432
Aug	Estimated Investment earnings	4
Sept	Draw: Inaugural Expenses (SB0)	(163)
Sept	Estimated Investment earnings	19
Sept	Repay: Inaugural Expenses (SB0), reprogramming of portion of expenses	9,287
Sept	Repay: Dept. of Health Care Finance (HT0), fund UMC RFP	5,000
Sept	Repay: Dept. of Small and Local Business Development (EN0), initiate Certified Business Enterprise compliance monitoring system	1,028
Sept	Draw: OSSE (GD0), cover remaining preallocated costs to eligible participants of the DC Tuition Assistance Grant	(4,000)
Sept	Year-end Repay: Office of Contracting and Procurement (PO0), fund Hurricane Sandy	1,731
Sept	Year-end Repay: UDC Subsidy (GG0)	250
Sept	Year-end Repay: Taxicab Commission (TC0), cover cash flow needs to year-end	700
Sept	Year-end Repay: OSSE (GD0), cover remaining preallocated costs to eligible participants of the DC Tuition Assistance Grant	9,200
Sept	Year-end Repay: Dept of Health Care Finance (HT0), make negotiated payments to health care providers related to the receivership of the Chartered Health Care Plan due to rate adjustments	39,645
Sept	Year-end Repay: remainder of Inaugural Expenses (SB0)	11,286
Sept	Year-end Repay: Not-For-Profit Hospital Corporation Subsidy (HX0), enables the hospital to meet minimal operating requirements during the remainder of FY 2013	11,000
Sept	Year-end balances	229,360
	Investment earnings, October - September	247
	Average monthly earnings, October - September	21

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

1 This table reports budgetary uses and replenishments of the reserve on a CAFR basis. Cash balances may differ.