

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



Jeff DeWitt
Chief Financial Officer

AUG 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: Third Quarter FY 2014 Status Report on the Emergency and Contingency
Cash Reserve Funds as of June 30, 2014**

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 June 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 June 30, 2014, the third quarter FY 2014 reserve fund balances were as follows:

Emergency Reserve Fund	\$112.2 million
Contingency Reserve Fund	<u>134.6 million</u>
Total	\$246.8 million

Following is a discussion of activities for the fiscal year through June 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 by \$96,825 in the first three quarters of FY 2014 to \$112.2 million as of June 30, 2014, solely reflecting investment earnings.

Contingency Cash Reserve Fund

The Contingency Cash Reserve FY 2013 CAFR fund balance of \$227.4 million decreased by \$92.8 million in the first three quarters of FY 2014 to \$134.6 million as of June 30, 2014. The net decrease was the result of the net \$92.9 million that was drawn from the reserve during the period, offset by investment earnings of \$108,967.

As of March 31, the balance was \$172.7 million. During the third quarter, the draws and repayments were as follows:

- A draw for \$0.1 million was made in April to the Office of the Mayor to fund the Social Impact Bond Feasibility Study.
- A draw for \$0.1 million was made in April to the D.C. Board of Ethics and Government Accountability to support a telecommunications upgrade.
- A draw for \$0.3 million was made in April to the Office of the Secretary to support Archives Modernization, which requires the purchasing of scanning equipment and the hiring of a contractor to scan and transfer records to an electronic database.
- A draw for \$0.01 million was made in April to the Commission on the Arts and Humanities to fund funeral service expenditures.
- A draw for \$0.3 million was made in April to the D.C. Public Library to fund additional support for the continuation of the Sing, Talk, and Read (STAR) program.

- A draw for \$0.1 million was made in April to the Department of Consumer and Regulatory Affairs to fund the business regulatory reform task force.
- A draw for \$0.1 million was made in April to the Board of Elections for telephone upgrades, document management software, and to support the Department of Motor Vehicles' (DMV) online voter registration project.
- A draw for \$0.3 million was made in April to the Department of Small and Local Business Development (DSLBD) to fund the "Small and Certified Business Enterprise Development Assistance Amendment Act of 2013".
- A draw for \$0.1 million was made in April to the Deputy Mayor for Public Safety and Justice to fund the Youth Court.
- A draw for \$2.9 million was made in April to the State Superintendent of Education to support (a) the expansion of 200 slots for infant and toddler subsidies in community-based organizations and family home providers and (b) the Career Technology Education Innovation Fund.
- A draw for \$0.1 million was made in April to the Department of Health Care Finance to support 2.0 temporary FTEs (a Labor Liaison and a Records Clerk).
- A draw for \$6.8 million was made in April to the Workforce Investments to support payments for FY 2013 arbitration awards and other union agreements.
- A draw for \$0.05 million was made in April to the Office of Veterans Affairs to support 1.0 FTE for a temporary Outreach Coordinator to ensure contact with District veterans for recognition purposes and connection with the Department of Veterans Affairs for benefit claims and health services.
- A draw for \$0.8 million was made in May to Office of Planning to support the Center for Construction Careers, the Culinary Skills Training program, and DSLBD's general entrepreneurship training.
- A draw for \$2.1 million was made in May to Department of Employment Services to support stipends for the Summer Youth Employment program.
- A draw for \$0.3 million was made in May to the Board of Elections to support the State Board of Education election for telephone upgrades, document management software, and the DMV online voter registration project.
- A draw for \$2.3 million was made in May to the Metropolitan Police Department to support the purchase of officers' body-worn cameras and computers.

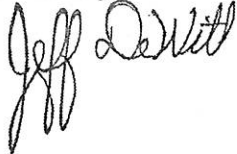
- A draw for \$0.7 million was made in May to the Fire and Emergency Medical Services Department to support the testing, maintenance and repair costs associated with major pumper, ladders, and other vital equipment.
- A draw for \$1.4 million was made in May to the Department of Corrections to provide funding for critical security camera upgrades.
- A draw for \$0.8 million was made in May to Pay-as-You-Go (Capital) for MPD's capital project to support the infrastructure requirements (storage and servers) for securing and managing data from the new officer body cameras.
- A draw for \$0.9 million was made in May to the Workforce Investments to support pay increases due to proposed contract negotiations, which include proposed bonuses for the Office of the Attorney General, the Office of the Chief Medical Examiner, and the Office of Planning.
- A draw for \$3.0 million was made in June to the Master Equipment Lease to increase funding for debt service financing.
- A draw for \$8.7 million was made in June to the Mass Transit Subsidy to cover the cost of a quarterly invoice due to Washington Metropolitan Area Transit Authority (WMATA) on July 1, 2014.
- A draw for \$6.1 million was made in June to the Office of the Chief Technology Officer for increased fees related to Citywide Microsoft Software Compliance.

June 30, 2014 Combined Balances

In summary, the June 30, 2014 fund balances for the Emergency and Contingency Cash Reserve Funds were \$112.2 million and \$134.6 million, respectively. Their combined total was \$246.8 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,



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

Fiscal Year 2014, Emergency Cash Reserve Report
Third Quarter Ending June 30, 2014
as of 7/20/2014

		(\$ 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 balances	112,104
Apr	Investment earnings	6
May	Investment earnings	35
Jun	Investment earnings	8
Jun	Third Quarter ending balances	112,153
	Investment earnings, October - June	97

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

Fiscal Year 2014, Contingency Cash Reserve Report
Third Quarter Ending June 30, 2014
as of 7/20/2014

		(\$ 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 16th, 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 balances	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 Supercan 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
Third Quarter Ending June 30, 2014
as of 7/20/2014

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
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 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 balances	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 the 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)

Fiscal Year 2014, Contingency Cash Reserve Report
Third Quarter Ending June 30, 2014
as of 7/20/2014

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
May	draw: to the Department of Corrections to provide funding for critical security camera upgrades	(1,400)
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 the 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 balances	134,626
	Investment earnings, October - June	109

(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.

Net change from September 31, 2013 (92,808)

Net change from September 31, 2013 excluding Investment earnings (92,917)