

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Fitzroy Lee

Interim Chief Financial Officer

August 13, 2021

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: Third Quarter FY 2021 Status Report on the District Reserve Funds as of June 30, 2021

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the status report on the monthly activities and balances in the District of Columbia's Reserve Funds as of June 30, 2021. These funds are comprised of the Contingency Cash, Emergency Cash, Cash Flow, and Fiscal Stabilization Reserve Funds. The numbers contained in this status report are preliminary and unaudited.

Summary and Background

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. 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. Both the Emergency and the Contingency Cash Reserve funds may also be used for cash flow management purposes.

The Cash Flow Reserve may be used by the District's CFO as needed to manage the District's cash flow. When a portion of the reserve is used to meet cash flow needs, this reserve must be replenished in the same fiscal year the amounts were used. The Fiscal Stabilization Reserve may be used by the Mayor for the same purposes for which the Contingency Cash Reserve was

established. The Fiscal Year 2017 Budget Support Act of 2016 authorized the Chief Financial Officer to use the Fiscal Stabilization Reserve for cash flow management purposes, provided, that any amounts used must be replenished in the same fiscal year

The District is required to maintain minimum balances (including required replenishment of permitted draws) in the Contingency Cash, Emergency Cash, Cash Flow, and Fiscal Stabilization Reserve Funds of 4.0 percent, 2.0 percent, 8.3 percent, and 2.3 percent respectively, of the budget, measured differently for purposes of calculation of each reserve.

The year-end FY 2020 ending District fund balances totaled \$1,480.2 million. This included:

- \$311.3 million for the Contingency Cash Reserve fund.
- \$155.6 million for the Emergency Cash Reserve fund.
- \$795.0 million for the Cash Flow Reserve fund.
- \$218.2 million for the Fiscal Stabilization Reserve fund.

As of June 30, 2021, the third quarter FY 2021 District reserve fund balances were as follows:

Contingency Reserve Fund	\$8.1 million
Emergency Reserve Fund	\$155.9 million
Cash Flow Reserve Fund	\$795.1 million
Fiscal Stabilization Reserve Fund	\$5.7 million
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Total	\$964.7 million

The following is a discussion of activities for the fiscal year through June 30, 2021 and resulting balances in the District Reserve Funds.

Contingency Cash Reserve Fund

The FY 2020 Contingency Cash Reserve ending fund balance of \$311.3 million decreased to \$8.1 million as of June 30, 2021, a net decrease of \$303.2 million. The net decrease was the result of \$407.9 million drawn over the first three quarters, partially offset by \$86.4 million in reverse draws (reduction or reallocation of unused funds), and \$18.3 million in replenishments.

During the third quarter, draws and other activity were as follows:

- In April, a draw of \$0.2 million was made to the Department of General Services to support costs related to the Protective Services Division.
- In April, a draw of \$1.9 million was made to the Department of Parks and Recreation to support Boost camps.
- In April, a draw of \$2.6 million was made to DC Public Charter Schools to support supplemental payments to local education agencies.
- In May, a draw of \$2.7 million was made to the Office of Chief Financial Officer to support costs related to COBRA benefits.

- In May, a draw of \$5.1 million was made to the Department of Employment Services to support costs related to summer youth employment program expansion.
- In May, a draw of \$2.3 million was made to the Department of Forensic Sciences to support costs related to COVID-19.
- In May, a draw of \$3.2 million was made to DC Public Charter Schools to support supplemental payments to local education agencies.
- In May, a draw of \$0.7 million was made to Special Education Transportation to support costs related to outstanding purchase orders.
- In May, a reverse draw of \$1.3 million was made by the Department of Health.
- In May, a draw of \$25.0 million was made to the Not-For-Profit Hospital Corporation Subsidy to support an operational budget shortfall.
- In May, a draw of \$0.9 million was made to the Department of Youth Rehabilitation Services to support costs community grants and the Credible Messengers initiative.
- In May, a draw of \$0.3 million was made to the Department of Transportation to support costs related to installing high visibility road safety signage at high priority locations.
- In May, a draw of \$1.4 million was made to the Department of Public Works to support increased costs of recycling.
- In May, a draw of \$0.9 million was made to the Office of Contracting and Procurement to support independent evaluation of the Department of Forensic Sciences.
- In May, a draw of \$38.7 million was made to the Office of Contracting and Procurement to support costs related to security at quarantine sites due to COVID-19.
- In May, a replenishment of \$8.3 million by the Office of Contracting and Procurement.
- In May, a draw of \$3.0 million was made to the Office of Contracting and Procurement to support costs related to security at quarantine sites due to COVID-19.
- In May, a reverse draw of \$5.1 million was made by the Department of Behavioral Health.
- In May, a reverse draw of \$80.0 million was made by the Deputy Mayor for Planning and Economic Development.
- In June, a draw of \$4.7 million was made to DC Public Schools to support costs related to COVID-19.
- In June, a draw of \$9.9 million was made to the Department of Health Care Finance to support costs related to COVID-19.
- In June, a draw of \$2.0 million was made to the Pay-As-You-Go Capital Fund to support costs addressing pedestrian bridge collapse.
- In June, a replenishment of \$7.7 million was made by the Department of General Services.
- In June, a draw of \$23.7 million was made to the Office of Contracting and Procurement to support costs related to security at quarantine sites due to COVID-19.
- In June, a replenishment of \$1.9 million was made by the Department of Parks and Recreation.

Emergency Cash Reserve Fund

The FY 2020 Emergency Cash Reserve ending fund balance of \$155.6 million increased to \$155.9 million as of June 30, 2021 because of investment earnings of \$0.3 million.

Cash Flow Reserve Fund

The FY 2020 ending Cash Flow Reserve fund balance of \$795.0 million increased to \$795.1 million, a net increase of \$0.1 million.

During the first three quarters, activity was as follows:

- In November, a withdrawal of \$301.6 million to cover cash flow needs.
- In December, a withdrawal of \$100.0 million to cover cash flow needs.
- In January, a replenishment of \$100.0 million.
- In June, a replenishment of \$301.4 million
- Interest earnings over the 9-month period of \$0.2 million.

Fiscal Stabilization Reserve Fund

The FY 2020 ending Fiscal Stabilization Reserve fund balance of \$218.2 million decreased to \$5.7 million.

During the first three quarters, activity was as follows:

- In October, a commitment of \$212.7 million to support the approved budget.
- Interest earnings over the 9-month period of \$0.2 million.

June 30, 2021 Combined Balances

In summary, the combined total of the District Reserve fund balances as of June 30, 2021 was \$964.7 million, comprised of \$8.1 million in the Contingency Cash Reserve Fund, \$155.9 million in the Emergency Cash Reserve Fund, \$795.1 million in the Cash Flow Reserve Fund, and \$5.7 million in the Fiscal Stabilization Reserve Fund.

If you have any questions or need additional information, please contact Eric M. Cannady, Deputy Chief Financial Officer for Budget and Planning, at 727-1239.

Sincerely,

A handwritten signature in black ink that reads "Fitzroy Lee". The signature is written in a cursive style with a large, sweeping initial "F".

Fitzroy Lee
Interim Chief Financial Officer

Enclosures

cc: 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
Eric M. Cannady, Deputy Chief Financial Officer, Office of Budget and Planning
Carmen Pigler, Deputy Chief Financial Officer and Treasurer
Henry Mosley, Deputy Chief Financial Officer, Office of Financial Operations and System

Fiscal Year 2021 Contingency Cash Reserve Report
June 30, 2021

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept. 2020	FY 2020 ending balance	311,290
Oct	Draw: to the Department of General Services (AM0)	(680)
	Draw: to the Department of Forensic Sciences (FR0)	(2,476)
	Draw: to the Office of Contracting and Procurement (PO0)	(6,000)
	Investment earnings	8
Nov	Draw: to the Department of General Services (AM0)	(1,353)
	Draw: to the Department of General Services (AM0)	(14,600)
	Draw: to the Department of General Services (AM0)	(300)
	Draw: to the Deputy Mayor For Planning and Economic Development (EB0)	(80,000)
	Draw: to the Office of Contracting and Procurement (PO0)	(1,304)
	Draw: to the Department of Behavioral Health (RM0)	(2,394)
	Investment earnings	4
Dec	Draw: to the Department of General Services (AM0)	(1,386)
	Draw: to the Department of Health (HC0)	(6,880)
	Draw: to the Office of Contracting and Procurement (PO0)	(2,750)
	Draw: to the Office of Contracting and Procurement (PO0)	(36,485)
	Draw: to the Office of Contracting and Procurement (PO0)	(9,082)
	Draw: to the Office of Contracting and Procurement (PO0)	(2,394)
	Draw: to the Office of Contracting and Procurement (PO0)	(2,300)
	Investment earnings	2
Dec	First Quarter ending balance	140,921
Jan. 2021	Draw: to the Department of General Services (AM0)	(14,808)
	Repayment by the Department of General Services (AM0)	350
	Draw: to the Department of Forensic Sciences (FR0)	(2,914)
	Draw: to Pay-Go Capital (PA0)	(1,177)
	Draw: to the Office of Contracting and Procurement (PO0)	(1,500)
	Draw: to the Office of Contracting and Procurement (PO0)	(250)
	Investment earnings	1
Feb	Draw: to the Office of Contracting and Procurement (PO0)	(22,361)
	Draw: to the Office of Contracting and Procurement (PO0)	(17,439)
	Draw: to the Department of Behavioral Health (RM0)	(2,711)
	Draw: to the Department of Behavioral Health (RM0)	0
	Investment earnings	1
Mar	Draw: to the Department of General Services (AM0)	(8,592)
	Draw: to Homeland Security and Emergency Management Agency (BN0)	(500)
	Draw: to the Office of State Superintendent (GD0)	(10,000)
	Draw: to the Office of Contracting and Procurement (PO0)	(21,323)
	Draw: to the Office of Contracting and Procurement (PO0)	(3,946)
	Draw: to the Captive Insurance Agency (RJ0)	(841)
	Investment earnings	2
Mar	Second Quarter ending balance	32,912
Apr	Draw: to the Department of General Services (AM0)	(225)
	Draw: to the Department of Parks and Recreation (HA0)	(1,920)
	Draw: to the DC Public Charter Schools (GC0)	(2,615)

Fiscal Year 2021 Contingency Cash Reserve Report
June 30, 2021

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
	Investment earnings	1
May	Draw: to the Office of the Chief Financial Officer (AT0)	(2,650)
	Draw: to the Department of Employment Services (CF0)	(5,060)
	Draw: to the Department of Forensic Sciences (FR0)	(2,260)
	Draw: to the DC Public Charter Schools (GC0)	(3,234)
	Draw: to the Special Education Transportation (GO0)	(710)
	Reverse draw by the Department of Health (HC0)	1,280
	Draw: to the Not-For-Profit Hospital Corporate Subsidy (HX0)	(25,000)
	Draw: to the Department of Youth Rehabilitation Services (JZ0)	(928)
	Draw: to the Department of Transportation (KA0)	(254)
	Draw: to the Department of Public Works (KT0)	(1,418)
	Draw: to the Office of Contracting and Procurement (PO0)	(850)
	Draw: to the Office of Contracting and Procurement (PO0)	(38,750)
	Repayment by the Office of Contracting and Procurement (PO0)	8,300
	Draw: to the Office of Contracting and Procurement (PO0)	(3,043)
	Reverse draw by the Department of Behavioral Health (RM0)	5,105
	Reverse draw by the Deputy Mayor For Planning and Economic Development (EB0)	80,000
		Investment earnings
Jun	Draw: to the DC Public Schools (GA0)	(4,679)
	Draw: to the Department of Health Care Finance (HT0)	(9,900)
	Draw: to Pay-Go Capital (PA0)	(2,000)
	Repayment by the Department of General Services (AM0)	7,744
	Draw: to the Office of Contracting and Procurement (PO0)	(23,708)
	Repayment by the Department of Parks and Recreation (HA0)	1,920
		Investment earnings
Jun	Third Quarter ending balance	8,060
	Investment earnings, October 2020 - June 2021	21

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

Fiscal Year 2021 Emergency Cash Reserve Report
June 30, 2021

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept 2020	FY 2020 ending balance	155,645
Oct	Investment earnings	48
Nov	Investment earnings	36
Dec	Investment earnings	28
Dec	First Quarter ending balance	155,757
Jan. 2021	Investment earnings	27
Feb	Investment earnings	33
Mar	Investment earnings	26
Mar	Second Quarter ending balance	155,843
Apr	Investment earnings	17
May	Investment earnings	26
Jun	Investment earnings	25
Jun	Third Quarter ending balance	155,912
	Investment earnings, October 2020 - June 2021	267

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

Fiscal Year 2021 Cash Flow Reserve Report
June 30, 2021

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept. 2020	FY 2020 ending balance	795,048
Oct	Investment earnings	24
Nov	Draw for cash flow needs	(301,566)
	Investment earnings	13
Dec	Draw for cash flow needs	(100,000)
	Investment earnings	12
Dec	First Quarter ending balance	393,531
Jan. 2021	Replenishment to reserve	100,000
	Investment earnings	7
Feb	Investment earnings	12
Mar	Investment earnings	52
Mar	Second Quarter ending balance	493,602
Apr	Investment earnings	24
May	Investment earnings	4
Jun	Investment earnings	5
	Replenishment to reserve	301,448
Jun	Third Quarter ending balance	795,082
	Investment earnings, October 2020 - June 2021	151

**Fiscal Year 2021 Fiscal Stabilization Reserve Report
June 30, 2021**

		(\$ in 000s)
Fiscal Month	Transactions/Balances	CAFR Basis Restricted Fund Balance
Sept. 2020	FY 2020 ending balance	218,217
Oct	Draw to support approved budget	(212,729)
	Investment earnings	32
Nov	Investment earnings	23
Dec	Investment earnings	18
Dec	First Quarter ending balance	5,561
Jan. 2021	Investment earnings	18
Feb	Investment earnings	16
Mar	Investment earnings	19
Mar	Second Quarter ending balance	5,614
Apr	Investment earnings	19
May	Investment earnings	19
Jun	Investment earnings	17
Jun	Third Quarter ending balance	5,669
	Investment earnings, October 2020 - June 2021	181