

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Glen Lee

Chief Financial Officer

August 17, 2022

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 2022 Status Report on the District Reserve Funds as of June 30, 2022

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, 2022. 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 2021 ending District fund balances totaled \$1,529.7 million. This includes:

- \$317.1 million for the Contingency Cash Reserve fund.
- \$158.5 million for the Emergency Cash Reserve fund.
- \$827.7 million for the Cash Flow Reserve fund.
- \$226.4 million for the Fiscal Stabilization Reserve fund.

As of June 30, 2022, the third quarter FY 2022 District reserve fund balances were as follows:

Contingency Reserve Fund	\$29.6 million
Emergency Reserve Fund	\$158.9 million
Cash Flow Reserve Fund	\$829.0 million
Fiscal Stabilization Reserve Fund	\$226.7 million
Total	\$1,244.2 million

The following is a discussion of activities for the fiscal year through June 30, 2022 and resulting balances in the District Reserve Funds.

Contingency Cash Reserve Fund

The FY 2021 Contingency Cash Reserve ending fund balance of \$317.1 million decreased to \$29.6 million as of June 30, 2022, a net decrease of \$287.5 million. The net decrease was the result of \$403.0 million drawn over the first three quarters, partially offset by replenishments of \$115.0 million and interest earnings of \$0.5 million.

During the third quarter, draws were as follows:

- In April, a draw of \$12.7 million was made to the Department of General Services to support costs related to COVID-19.
- In April, a draw of \$5.1 million was made to the Department of Parks and Recreation to support costs related to summer youth programs.
- In April, a draw of \$1.5 million was made to the Pay-As-You-Go Capital fund to support HVAC work at Seton Elementary School.
- In April, a draw of \$36.1 million was made to the Office of Contracting and Procurement to support costs related to COVID-19.
- In May, a draw of \$0.5 million was made to the Department of Parks and Recreation to support costs related to summer youth programs.
- In May, a draw of \$0.6 million was made to the Department of Behavioral Health to support costs related to COVID-19.

- In June, a draw of \$6.4 million was made to the Department of General Services to support increased energy costs.
- In June, a draw of \$0.4 million was made to the Department of General Services to support costs related to swimming pool cleaning.
- In June, a draw of \$3.9 million was made to the Department of Employment Services to support costs related to the Paid Family Leave program.
- In June, a draw of \$0.4 million was made to the Office of Contracting and Procurement to support costs related to First Amendment activities.
- In June, a draw of \$22.5 million was made to the Office of Contracting and Procurement to support costs related to COVID-19.

Emergency Cash Reserve Fund

The FY 2021 ending Emergency Cash Reserve fund balance increased from \$158.5 million to \$158.9 million as of June 30, 2022, a net increase of slightly more than \$0.3 million as a result of investment earnings.

Cash Flow Reserve Fund

The FY 2021 ending Cash Flow Reserve fund balance increased from \$827.7 million to \$829.0 million as of June 30, 2022, a net increase of \$1.3 million. The net increase was a result of investment earnings and reconciliation adjustments.

Fiscal Stabilization Reserve Fund

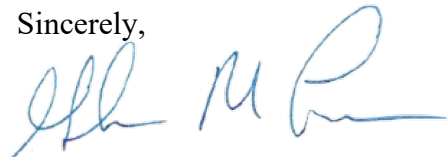
The FY 2021 ending Fiscal Stabilization Reserve fund balance increased from \$226.4 million to \$226.7 million as of June 30, 2022, a net increase of \$0.3 million. The net increase was a result of investment earnings and reconciliation adjustments.

June 30, 2022, Combined Balances

In summary, the combined total of the District Reserve fund balances as of June 30, 2022, was \$1,244.2 million, comprised of \$29.6 million in the Contingency Cash Reserve Fund, \$158.9 million in the Emergency Cash Reserve Fund, \$829.0 million in the Cash Flow Reserve Fund, and \$226.7 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,



Glen Lee

Enclosures

cc: Kevin Donahue, 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
Eric M. Cannady, Deputy Chief Financial Officer, Office of Budget and Planning
Carmen Pigler, Deputy Chief Financial Officer and Treasurer
Kimberly Williams, Deputy Chief Financial Officer, Office of Financial Operations and System

Fiscal Year 2022 Contingency Cash Reserve Report
June 30, 2022

		(\$ in 000s)
Fiscal Month	Transactions/Balances	ACFR Basis Restricted Fund Balance
Sept. 2021	FY 2021 ending balance	317,094
Oct	Draw: to the Department of General Services (AM0)	(13,350)
	Draw: to the DC Department of Human Resources (BE0)	(891)
	Draw: to the Deputy Mayor for Public Safety & Justice (FQ0)	(825)
	Draw: to the Department of Forensic Sciences (FR0)	(2,852)
	Draw: to the Office of Administrative Hearings (FS0)	(250)
	Draw: to the DC Public Schools (GA0)	(7,931)
	Draw: to the DC Public Schools (GA0)	(22,000)
	Draw: to the DC State Superintendent of Education (GD0)	(10,000)
	Draw: to the DC State Superintendent of Education (GD0)	(17,430)
	Draw: to the Office of Contracting and Procurement (PO0)	(18,866)
	Investment earnings	7
Nov	Draw: to the Department of General Services (AM0)	(875)
	Draw: to the Board of Elections (DL0)	(1,000)
	Draw: to the Office of Tenant Advocate (CQ0)	(512)
	Draw: to the DC Health Benefit Exchange Authority (HI0)	(1,600)
	Investment earnings	7
Dec	Draw: to the Department of General Services (AM0)	(12,724)
	Draw: to the Executive Office of the Mayor (AA0)	(780)
	Draw: to the Deputy Mayor for Planning and Economic Development (EB0)	(795)
	Draw: to the Department of Human Services (JA0)	(29,561)
	Draw: to the Office of Neighborhood Safety and Engagement (NS0)	(361)
	Draw: to the Office of Contracting and Procurement (PO0)	(18,158)
	Draw: to the Office of Contracting and Procurement (PO0)	(50,000)
	Draw: to the Department of Behavioral Health (RM0)	(4,162)
	Draw: to the Office of the Chief Technology Officer (TO0)	(1,828)
	Draw: to the Office of Tenant Advocate (CQ0)	(512)
	Draw: to the Department of Forensic Sciences (FR0)	(2,000)
Investment earnings	7	
Dec	First Quarter ending balance	97,852
Jan. 2022	Draw: to the Executive Office of the Mayor (AA0)	(1,126)
	Draw: to the Department of General Services (AM0)	(1,745)
	Draw: to the Deputy Mayor for Planning and Economic Development (EB0)	(8,000)
	Draw: to the Department of Health Care Finance (HT0)	(15,000)
	Draw: to the Office of Contracting and Procurement (PO0)	(27,260)
	Investment earnings	7
Feb	Draw: to the Department of General Services (AM0)	(6,076)
	Draw: to the Department of Human Services (JA0)	(8,000)
	Draw: to the Office of Contracting and Procurement (PO0)	(11,230)
	Draw: to the Office of Contracting and Procurement (PO0)	(3,394)
	Investment earnings	6
Mar	Draw: to the Office of Contracting and Procurement (PO0)	(11,230)

Fiscal Year 2022 Contingency Cash Reserve Report
June 30, 2022

		(\$ in 000s)
Fiscal Month	Transactions/Balances	ACFR Basis Restricted Fund Balance
	Draw: to the Captive Insurance Agency (RJ0)	(672)
	Investment earnings	32
Mar	Second Quarter ending balance	4,164
Apr	Replenishment by the:	
	DC Department of Human Resources (BE0)	891
	Office of the Tenant Advocate (CQ0)	1,023
	Deputy Mayor for Planning and Economic Development (EB0)	8,795
	Office of Administrative Hearing (FS0)	250
	DC Public Schools (GA0)	29,931
	DC State Superintendent of Education (GD0)	27,430
	DC Health Benefit Exchange (HE0)	1,600
	Department of Human Services (JA0)	37,561
	Neighborhood Safety and Engagement (NS0)	361
	Department of Behavioral Health (RM0)	4,162
	Office of the Chief Technology Officer (TO0)	1,828
	Draw: to the Department of General Services (AM0)	(12,691)
	Draw: to the Department of Parks and Recreation (HA0)	(5,072)
	Draw: to the Pay-As-You-Go Fund (PA0)	(1,500)
	Draw: to the Office of Contracting and Procurement (PO0)	(36,107)
	Investment earnings	69
May	Draw: to the Department of Parks and Recreation (HA0)	(480)
	Draw: to the Department of Behavioral Health (RM0)	(557)
	Replenishment by the Executive Office of the Mayor (AA0)	1,126
	Investment earnings	174
Jun	Draw: to the Department of General Services (AM0)	(6,400)
	Draw: to the Department of General Services (AM0)	(380)
	Draw: to the Department of Employment Services (CF0)	(3,911)
	Draw: to the Office of Contracting and Procurement (PO0)	(413)
	Draw: to the Office of Contracting and Procurement (PO0)	(22,460)
	Investment earnings	228
Jun	Third Quarter ending balance	29,623
	Investment earnings, October 2021 - June 2022	537

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

Fiscal Year 2022 Emergency Cash Reserve Report
June 30, 2022

		(\$ in 000s)
Fiscal Month	Transactions/Balances	ACFR Basis Restricted Fund Balance
Sept 2021	FY 2021 ending balance	158,547
Oct	Investment earnings	23
Nov	Investment earnings	23
Dec	Investment earnings	24
Dec	First Quarter ending balance	158,617
Jan. 2022	Investment earnings	23
Feb	Investment earnings	21
Mar	Investment earnings	28
Mar	Second Quarter ending balance	158,689
Apr	Investment earnings	34
May	Investment earnings	59
Jun	Investment earnings	83
Jun	Third Quarter ending balance	158,864
	Investment earnings, October 2021 - June 2022	317

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

Fiscal Year 2022 Cash Flow Reserve Report
June 30, 2022

		(\$ in 000s)
Fiscal Month	Transactions/Balances	ACFR Basis Restricted Fund Balance
Sept. 2021	FY 2021 ending balance	827,693
Oct	Investment earnings	17
Nov	Investment earnings	35
Dec	Investment earnings	65
Dec	First Quarter ending balance	827,810
Jan. 2022	Investment earnings	(209)
Feb	Investment earnings	10
Mar	Reconciliation adjustment	68
	Investment earnings	152
Mar	Second Quarter ending balance	827,830
Apr	Investment earnings	187
May	Investment earnings	412
Jun	Investment earnings	523
Jun	Third Quarter ending balance	828,952
	Investment earnings, October 2021 - June 2022	1,191

**Fiscal Year 2022 Fiscal Stabilization Reserve Report
June 30, 2022**

		(\$ in 000s)
Fiscal Month	Transactions/Balances	ACFR Basis Restricted Fund Balance
Sept. 2021	FY 2021 ending balance	226,397
Oct	Investment earnings	16
Nov	Investment earnings	16
Dec	Investment earnings	16
Dec	First Quarter ending balance	226,446
Jan. 2022	Investment earnings	16
Feb	Investment earnings	15
Mar	Reconciliation adjustment	(51)
	Investment earnings	27
Mar	Second Quarter ending balance	226,452
Apr	Investment earnings	43
May	Investment earnings	90
Jun	Investment earnings	140
Jun	Third Quarter ending balance	226,725
	Investment earnings, October 2021 - June 2022	379