

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Glen Lee
Chief Financial Officer

April 5, 2023

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: First Quarter FY 2023 Status Report on the District Reserve Funds as of December 31, 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 December 31, 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 2022 ending District fund balances totaled \$1,678.0 million. This includes:

- \$330.3 million for the Contingency Cash Reserve fund.
- \$165.1 million for the Emergency Cash Reserve fund.
- \$932.2 million for the Cash Flow Reserve fund.
- \$250.4 million for the Fiscal Stabilization Reserve fund.

As of December 31, 2022, the first quarter FY 2023 District reserve fund balances were as follows:

Contingency Reserve Fund	\$241.4 million
Emergency Reserve Fund	\$165.9 million
Cash Flow Reserve Fund	\$939.4 million
Fiscal Stabilization Reserve Fund	\$251.9 million
<hr/>	
Total	\$1,598.6 million

The following is a discussion of activities for the fiscal year through December 31, 2022, and resulting balances in the District Reserve Funds.

Contingency Cash Reserve Fund

The FY 2022 Contingency Cash Reserve ending fund balance of \$330.3 million decreased to \$241.4 million as of December 31, 2022, a net decrease of \$88.8 million. The net decrease was a result of a net \$91.7 million drawn over the first quarter, offset by \$2.9 million of investment earnings.

During the first quarter, draws were as follows:

- In October, a draw of \$0.5 million was made to the Department of General Services to implement emergency work at the Federal City Shelter.
- In October, a draw of \$4.0 million was made to the Department of Human Services to provide migrant services that included meals, temporary accommodation, and support services.
- In October, a draw of \$0.1 million was made to the Office of Disability Rights to fund sign language interpretation services.
- In November, a draw of \$0.7 million was made to the Office of the Inspector General to support additional work related to oversight of COVID-19 operations.
- In November, a draw of \$35.3 million was made to the Department of General Services to support operational costs while funding is reallocated into the appropriate budget lines for interagency projects in the District's new financial system.

- In November, a draw of \$26.9 million was made to the Homeland Security and Emergency Management Agency to support the District's response to COVID-19, including programs and services for testing, hospital coordination, logistics, vaccinations, and operations.
- In November, a draw of \$2.5 million was made to the Office of the State Superintendent of Education to support Patient Care technicians in local education agencies.
- In November, a draw of \$18.0 million was made to the Pay-As-You-Go Capital Fund to support District Department of Transportation efforts to rebuild the Lane Place Pedestrian Bridge.
- In December, a draw of \$1.3 million was made to the Office of the City Administrator to support work related to corrective actions from the Department of Housing and Urban Development (HUD) condition assessment.
- In December, a draw of \$13.2 million was made to the Homeland Security and Emergency Management Agency to support the District's response to COVID-19, including enhanced cleaning, testing, security, administrative support, and building readiness materials.
- In December, a draw of \$5.8 million was made to the Office of the State Superintendent of Education to support Patient Care technicians in local education agencies.
- In December, a draw of \$3.8 million was made to the Department of Human Services to fund costs to assist with migrant services, including meals, temporary accommodation, and support services.
- In December a replenishment of \$20.4 was made by the Department of General Services.

Emergency Cash Reserve Fund

The FY 2022 ending Emergency Cash Reserve fund balance increased from \$165.1 million to \$165.9 million as of December 31, 2022, because of investment earnings of \$0.8 million.

Cash Flow Reserve Fund

The FY 2022 ending Cash Flow Reserve fund balance increased from \$932.2 million to \$939.4 million as of December 31, 2022, because of investment earnings of \$7.2 million.

Fiscal Stabilization Reserve Fund

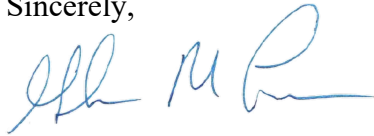
The FY 2022 ending Fiscal Stabilization Reserve fund balance increased from \$250.4 million to \$251.9 million as of December 31, 2022, because of investment earnings of \$1.5 million.

December 31, 2022, Combined Balances

In summary, the combined total of the District Reserve fund balances as of December 31, 2022 was \$1,598.6 million, comprised of \$241.4 million in the Contingency Cash Reserve Fund, \$165.9 million in the Emergency Cash Reserve Fund, \$939.4 million in the Cash Flow Reserve Fund, and \$251.9 million in the Fiscal Stabilization Reserve Fund.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Glen Lee", with a stylized, cursive script.

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 Cannady, Deputy Chief Financial Officer, Office of Budget and Planning
Carmen Pigler, Deputy Chief Financial Officer, Office of Finance and Treasury
Kimberly Williams, Deputy Chief Financial Officer, Office of Financial Operations and System

Fiscal Year 2023 Contingency Cash Reserve Report
December 31, 2022

		(\$ in 000s)
Fiscal Month	Transactions/Balances	ACFR Basis Restricted Fund Balance
Sept. 2022	FY 2022 ending balance	330,259
Oct	Draw: to the Department of General Services (AM0)	(476)
	Draw: to the Department of Human Services (JA0)	(4,000)
	Draw: to the Office of Disability Rights (JR0)	(95)
	Investment earnings	824
Nov	Draw: to the Office of the Inspector General (AD0)	(663)
	Draw: to the Department of General Services (AM0)	(35,269)
	Draw: to the Homeland Security and Emergency Management Agency (BN0)	(26,939)
	Draw: to the Office of the State Superintendent of Education (GD0)	(2,486)
	Draw: to the Pay-As-You-Go fund (PA0)	(18,082)
	Investment earnings	978
Dec	Draw: to the Office of the City Administrator (AE0)	(1,330)
	Draw: to the Homeland Security and Emergency Management Agency (BN0)	(13,163)
	Draw: to the Office of the State Superintendent of Education (GD0)	(5,814)
	Draw: to the Department of Human Services (JA0)	(3,810)
	Replenishment by the Department of General Services (AM0)	20,382
	Investment earnings	1,109
Dec	First Quarter ending balance	241,427
	Investment earnings, October 2022 - December 2022	2,911

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

Fiscal Year 2023 Emergency Cash Reserve Report
December 31, 2022

		(\$ in 000s)
Fiscal Month	Transactions/Balances	ACFR Basis Restricted Fund Balance
Sept 2022	FY 2022 ending balance	165,130
Oct	Investment earnings	219
Nov	Investment earnings	257
Dec	Investment earnings	292
Dec	First Quarter ending balance	165,898
	Investment earnings, October 2022 - December 2022	768

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

Fiscal Year 2023 Cash Flow Reserve Report
December 31, 2022

		(\$ in 000s)
Fiscal Month	Transactions/Balances	ACFR Basis Restricted Fund Balance
Sept. 2022	FY 2022 ending balance	932,240
Oct	Investment earnings	2,003
Nov	Investment earnings	2,397
Dec	Investment earnings	2,754
Dec	First Quarter ending balance	939,394
	Investment earnings, October 2022 - December 2022	7,154

**Fiscal Year 2023 Fiscal Stabilization Reserve Report
December 31, 2022**

		(\$ in 000s)
Fiscal Month	Transactions/Balances	ACFR Basis Restricted Fund Balance
Sept. 2022	FY 2022 ending balance	250,413
Oct	Investment earnings	405
Nov	Investment earnings	495
Dec	Investment earnings	577
Dec	First Quarter ending balance	251,889
	Investment earnings, October 2022 - December 2022	1,476