

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Glen Lee
Chief Financial Officer

May 10, 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: Second Quarter FY 2023 Status Report on the District Reserve Funds as of March 31, 2023

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 March 31, 2023. 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 March 31, 2023, the second quarter FY 2023 District reserve fund balances were as follows:

Contingency Reserve Fund	\$177.6 million
Emergency Reserve Fund	\$166.8 million
Cash Flow Reserve Fund	\$1,038.2 million
Fiscal Stabilization Reserve Fund	\$274.8 million
<div style="display: flex; justify-content: space-between;"> Total \$1,657.4 million </div>	

The following is a discussion of activities for the fiscal year through March 31, 2023, 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 \$177.6 million as of March 31, 2023, a net decrease of \$152.6 million. The decrease, net of interest, is attributed to funds drawn over the first two quarters.

During the second quarter, draws were as follows:

- In January a draw of \$6.1 million was made to Homeland Security and Emergency Management Agency for administrative support services.
- In January a draw of \$25.5 million was made to 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 January, a replenishment was made by the Department of General Services totaling \$11.7 million.
- In February a draw of \$2.2 million was made to the Office of the Deputy Mayor for Education to support unanticipated cost increases for the Safe Passage Program.
- In February, a replenishment was made by the Department of General Services totaling \$1.3 million.
- In March a draw of \$26.9 million was made to 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 March a draw of \$5.0 million was made to the Department of Housing and Community Development to fund additional applications for the Home Purchase Assistance Program.

- In March a draw of \$12.4 million was made to the District of Columbia Public Schools to support Patient Care technicians.
- In March a draw of \$2.3 million was made to the Department of Motor Vehicles to fund an unexpected cost increase for ticket processing.

Emergency Cash Reserve Fund

The FY 2022 ending Emergency Cash Reserve fund balance increased from \$165.1 million to \$166.8 million as of March 31, 2023, because of investment earnings of \$1.7 million.

Cash Flow Reserve Fund

The FY 2022 ending Cash Flow Reserve fund balance increased from \$932.2 million to \$1,038.2 million as of March 31, 2023, because of investment earnings and other receipts of \$106.0 million.

Fiscal Stabilization Reserve Fund

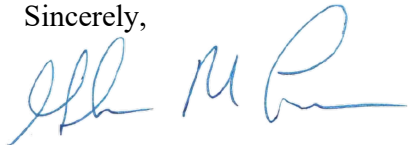
The FY 2022 ending Fiscal Stabilization Reserve fund balance increased from \$250.4 million to \$274.8 million as of March 31, 2023, because of investment earnings and other receipts of \$24.4 million.

March 31, 2023, Combined Balances

In summary, the combined total of the District Reserve fund balances as of March 31, 2023 was \$1,657.4 million, comprised of \$177.6 million in the Contingency Cash Reserve Fund, \$166.8 million in the Emergency Cash Reserve Fund, \$1,038.2 million in the Cash Flow Reserve Fund, and \$274.8 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
Chief Financial Officer

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 2023 Contingency Cash Reserve Report
March 31, 2023

		(\$ 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
Jan. 2023	Draw: to the Homeland Security and Emergency Management Agency (BN0)	(6,122)
	Draw: to the Homeland Security and Emergency Management Agency (BN0)	(25,470)
	Replenishment by the Department of General Services (AM0)	11,735
	Investment earnings	1,180
Feb	Draw: to the Office of the Deputy Mayor for Education (GW0)	(2,208)
	Replenishment by the Department of General Services (AM0)	1,299
	Investment earnings	1,133
Mar	Draw: to the Homeland Security and Emergency Management Agency (BN0)	(26,939)
	Draw: to the Department of Housing and Community Development (DB0)	(5,000)
	Draw: to the District of Columbia Public Schools (GA0)	(12,440)
	Draw: to the Department of Motor Vehicles (KV0)	(2,268)
	Investment earnings	1,295
Mar	Second Quarter ending balance	177,622
	Investment earnings, October 2022 - March 2023	6,520

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

Fiscal Year 2023 Emergency Cash Reserve Report
March 31, 2023

		(\$ 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
Jan. 2023	Investment earnings	309
Feb	Investment earnings	294
Mar	Investment earnings	334
Mar	Second Quarter ending balance	166,835
	Investment earnings, October 2022 -March 2023	1,705

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

Fiscal Year 2023 Cash Flow Reserve Report
March 31, 2023

		(\$ 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
Jan. 2023	Investment earnings	2,935
Feb	Investment earnings	3,105
	Reconciliation adjustment	89,174
Mar	Investment earnings	3,590
Mar	Second Quarter ending balance	1,038,198
	Investment earnings, October 2022 - March 2023	16,783

**Fiscal Year 2023 Fiscal Stabilization Reserve Report
March 31, 2023**

		(\$ 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
Jan. 2023	Investment earnings	591
	Reconciliation adjustment	20,816
Feb	Investment earnings	600
Mar	Investment earnings	879
Mar	Second Quarter ending balance	274,775
	Investment earnings, October 2022 - March 2023	3,546