

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Glen Lee
Chief Financial Officer

March 12, 2024

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 2024 Status Report on the District Reserve Funds as of December 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 December 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 2023 ending District fund balances totaled \$1,552.3 million. This includes:

- \$368.7 million for the Contingency Cash Reserve fund.
- \$184.4 million for the Emergency Cash Reserve fund.
- \$965.7 million for the Cash Flow Reserve fund.
- \$33.5 million for the Fiscal Stabilization Reserve fund.

As of December 31, 2023, the end of the first quarter FY 2024 District reserve fund balances are as follows:

Contingency Reserve Fund	\$315.8 million
Emergency Reserve Fund	\$186.4 million
Cash Flow Reserve Fund	\$978.5 million
Fiscal Stabilization Reserve Fund	\$36.5 million
Total	
	\$1,517.2 million

The following is a discussion of activities through December 31, 2023, and resulting balances in the District Reserve Funds.

Contingency Cash Reserve Fund

The FY 2023 Contingency Cash Reserve ending fund balance of \$368.7 million decreased to \$315.8 million as of December 31, 2023, a decrease of \$52.9 million. The decrease is net of interest, and funds drawn over the period.

During the first quarter, draws of funds were \$57.8 million and were as follows:

- In October a draw of \$3.8 million to the Department of Education to support transporting eligible students with disabilities to and from their schools.
- In October a draw of \$1.2 million to the Department of General Services for repair of homeless shelter.
- In November a draw of \$19.4 million to the Department of Human Services to assist with migrant services, including meals, temporary accommodations, and support services.
- In November a draw of \$7.2 million to the Department of Human Services to fund PEP-V Operations and Services.
- In November a draw of \$2 million to the Department of Human Services to support operations and lease costs at the Talbert Street project.
- In December a draw of \$20.3 million to the Department of Human Services Development to reallocate funds to support interagency with DGS for PEP-V.
- In December a draw of \$3.97 million to the Department of Youth Rehabilitation Services to support expanded capacity for youth services.

Emergency Cash Reserve Fund

The FY 2023 ending Emergency Cash Reserve fund balance increased from \$184.4 million to \$186.4 million as of December 31, 2023, because of investment earnings of \$2 million.

Cash Flow Reserve Fund

The FY 2023 ending Cash Flow Reserve fund balance increased from \$965.7 million to \$978.5 million as of December 31, 2023, because of investment earnings of \$12.8 million.

Fiscal Stabilization Reserve Fund

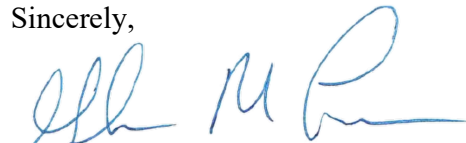
The FY 2023 ending Fiscal Stabilization Reserve fund balance increased from \$33.5 million to \$36.5 million as of December 31, 2023, because of investment earnings and other receipts of \$3 million.

December 31, 2023, Combined Balances

In summary, the combined total of the District Reserve fund balances as of December 31, 2023 was \$1,517.2 million, comprised of \$315.8 million in the Contingency Cash Reserve Fund, \$186.4 million in the Emergency Cash Reserve Fund, \$978.5 million in the Cash Flow Reserve Fund, and \$36.5 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 the Office of Budget and Planning at (202) 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 and Controller, Office of Financial Operations and Systems

Fiscal Year 2024 Contingency Cash Reserve Report
December 31, 2023

Fiscal Month	Transactions/Balances	ACFR Basis: Restricted Fund Balance
Sept. 2023	FY 2023 ending balance	368,749,820
Oct	Draw: to the Department of Education (GO0)	(3,820,035)
	Draw: to the Department of General Services (AM0)	(1,201,587)
	Investment earnings	1,644,320
Nov		
	Draw: to the Department of Human Services (JA0)	(19,405,578)
	Draw: to the Department of Human Services (JA0)	(7,158,820)
	Draw: to the Department of Human Services (JA0)	(2,000,000)
	Investment earnings	1,609,175
Dec		
	Replenishment: Department of Human Services (JA0)	1,117,999
	Draw: to the Department of Human Services (JA0)	(1,117,999)
	Draw: to the Department of Human Services (JA0)	(20,318,435)
	Draw: to the Department of Youth Rehabilitation Services (PO0)	(3,966,707)
	Investment earnings	1,668,336
Dec	First Quarter ending balance	315,800,489

Fiscal Year 2024 Contingency Cash Reserve Report
December 31, 2023

Fiscal Month	Transactions/Balances	ACFR Basis: Restricted Fund Balance
	Investment earnings, October 2023 - December 2023	4,921,831

Fiscal Year 2024 Emergency Cash Reserve Report
December 31, 2023

Fiscal Month	Transactions/Balances	ACFR Basis: Restricted Fund Balance
Sept 2023	FY 2023 ending balance	184,374,640
Oct	Investment earnings	610,543
Nov	Investment earnings	679,173
	Realized gains	244
Dec	Investment earnings	704,958
Dec	First Quarter ending balance	186,369,558
	Investment earnings, October 2023 - December 2023	1,994,674

Fiscal Year 2024 Cash Flow Reserve Report
December 31, 2023

Fiscal Month	Transactions/Balances	ACFR Basis: Restricted Fund Balance
Sept. 2023	FY 2023 ending balance	965,731,371
Oct	Investment earnings	4,288,594
Nov	Investment earnings	4,176,309
Dec	Investment earnings	4,332,920
Dec	First Quarter ending balance	978,529,194
	Investment earnings, October 2023 - December 2023	12,797,823

**Fiscal Year 2024 Fiscal Stabilization Reserve Report
December 31, 2023**

Fiscal Month	Transactions/Balances	ACFR Basis: Restricted Fund Balance
Sept. 2023	FY 2023 ending balance	33,491,000
Oct	Investment earnings	986,243
Nov	Investment earnings	1,011,608
Dec	Other Receipts	3,263
	Investment earnings	1,056,950
Dec	First Quarter ending balance	36,549,063
	Investment earnings, October 2023 - December 2023	3,058,063