

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**

OFFICE OF THE CHIEF FINANCIAL OFFICER



**Fitzroy Lee**

Interim Chief Financial Officer

June 14, 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: Second Quarter FY 2021 Status Report on the District Reserve Funds as of March 31, 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 March 31, 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 includes:

- \$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 March 31, 2021, the second quarter FY 2021 District reserve fund balances were as follows:

Contingency Reserve Fund	\$32.9 million
Emergency Reserve Fund	\$155.8 million
Cash Flow Reserve Fund	\$493.6 million
Fiscal Stabilization Reserve Fund	\$5.6 million
<b>Total</b>	<b>\$688.0 million</b>

The following is a discussion of activities for the fiscal year through March 31, 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 \$32.9 million as of March 31, 2021, a net decrease of \$278.4 million. The net decrease was the result of \$278.7 million drawn from the reserve during the first two quarters, partially offset by a replenishment of \$0.3 million.

During the second quarter, draws were as follows:

- In January, a draw of \$14.8 million was made to the Department of General Services to support COVID-19 related expenses.
- In January, a draw of \$2.9 million was made to the Department of Forensic Sciences to support COVID-19 related expenses.
- In January, a draw of \$1.2 million was made to the Pay-As-You-Go fund to support emergency repairs at the Peabody Elementary school and the buyout of the Birney building lease.
- In January, a draw of \$1.5 million was made to the Office of Contracting and Procurement to support costs related to the insurrection at the Capitol Building.

- In January, a draw of \$0.3 million was made to the Office of Contracting and Procurement to support costs related to first amendment demonstrations.
- In February, a draw of \$22.4 million was made to the Office of Contracting and Procurement to support costs related to COVID-19.
- In February, a draw of \$17.4 million was made to the Office of Contracting and Procurement to support costs at quarantine sites due to COVID-19.
- In February, a draw of \$2.7 million was made to the Department of Behavioral Health to support COVID-19 costs.
- In March, a draw of \$8.6 million was made to the Department of General Services to support costs related to sanitization of facilities due to COVID-19.
- In March, a draw of \$0.5 million was made to the Homeland Security and Emergency Management Agency to support costs related to a new emergency operations center.
- In March, a draw of \$10.0 million was made to the Office of the State Superintendent of Education to support COVID-19 costs related to reopening of in-person learning.
- In March, a draw of \$21.3 million was made to the Office of Contracting and Procurement to support costs related to programs at quarantine sites due to COVID-19.
- In March, a draw of \$3.9 million was made to the Office of Contracting and Procurement to support costs related to security at quarantine sites due to COVID-19.
- In March, a draw of \$0.8 million was made to the Captive Insurance Agency to support costs related to insurance renewal.

### ***Emergency Cash Reserve Fund***

The FY 2020 Emergency Cash Reserve ending fund balance of \$155.6 million increased to \$155.8 million as of March 31, 2021 because of investment earnings of \$0.2 million.

### ***Cash Flow Reserve Fund***

In the first quarter of FY 2021, the FY 2020 ending Cash Flow Reserve fund balance of \$795.0 million decreased to \$393.5 million, a net decrease of \$401.5 million. In the second quarter, the fund balance increased from \$393.5 million to \$493.6 million, a net increase of \$100.1 million.

During the first two 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.
- Interest earnings over the 6-month period of \$0.1 million.

***Fiscal Stabilization Reserve Fund***

In the first quarter of FY 2021, the FY 2020 ending Fiscal Stabilization Reserve fund balance of \$218.2 million decreased to \$5.6 million, and it remained at \$5.6 million in the second quarter.

During the first two quarters, activity was as follows:

- In October, a commitment of \$212.7 million to support the approved budget.
- Interest earnings over the 6-month period of \$0.1 million.

***March 31, 2021 Combined Balances***

In summary, the combined total of the District Reserve fund balances as of March 31, 2021 was \$688.0 million, comprised of \$32.9 million in the Contingency Cash Reserve Fund, \$155.8 million in the Emergency Cash Reserve Fund, \$493.6 million in the Cash Flow Reserve Fund, and \$5.6 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,



Fitzroy Lee  
Interim 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  
Bill Slack, Deputy Chief Financial Officer, Office of Financial Operations and System

**Fiscal Year 2021 Contingency Cash Reserve Report**  
**March 31, 2021**

		(\$ in 000s)
Fiscal Month	Transactions/Balances	Restricted Fund Balance
<b>Sept. 2020</b>	<b>FY 2020 ending balance</b>	<b>311,290</b>
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	(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
<b>Dec</b>	<b>First Quarter ending balance</b>	<b>140,921</b>
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)
	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
<b>Mar</b>	<b>Second Quarter ending balance</b>	<b>32,912</b>
	Investment earnings, October 2020 - March 2021	19

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

**Fiscal Year 2021 Emergency Cash Reserve Report**  
**March 31, 2021**

		(\$ in 000s)
Fiscal Month	Transactions/Balances	Restricted Fund Balance
<b>Sept 2020</b>	<b>FY 2020 ending balance</b>	<b>155,645</b>
Oct	Investment earnings	48
Nov	Investment earnings	36
Dec	Investment earnings	28
<b>Dec</b>	<b>First Quarter ending balance</b>	<b>155,757</b>
Jan. 2021	Investment earnings	27
Feb	Investment earnings	33
Mar	Investment earnings	26
<b>Mar</b>	<b>Second Quarter ending balance</b>	<b>155,843</b>
	Investment earnings, October 2020 - March 2021	198

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

**Fiscal Year 2021 Cash Flow Reserve Report**  
**March 31, 2021**

		(\$ in 000s)
Fiscal Month	Transactions/Balances	Committed Fund Balance
<b>Sept. 2020</b>	<b>FY 2020 ending balance</b>	<b>795,048</b>
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
<b>Dec</b>	<b>First Quarter ending balance</b>	<b>393,531</b>
Jan. 2021	Replenishment to reserve	100,000
	Investment earnings	7
Feb	Investment earnings	12
Mar	Investment earnings	52
<b>Mar</b>	<b>Second Quarter ending balance</b>	<b>493,602</b>
	Investment earnings, October 2020 - March 2021	119

**Fiscal Year 2021 Fiscal Stabilization Reserve Report  
March 31, 2021**

		(\$ in 000s)
Fiscal Month	Transactions/Balances	Committed Fund Balance
<b>Sept. 2020</b>	<b>FY 2020 ending balance</b>	<b>218,217</b>
Oct	Draw to support approved budget	(212,729)
	Investment earnings	32
Nov	Investment earnings	23
Dec	Investment earnings	18
<b>Dec</b>	<b>First Quarter ending balance</b>	<b>5,561</b>
Jan. 2021	Investment earnings	18
Feb	Investment earnings	16
Mar	Investment earnings	19
<b>Mar</b>	<b>Second Quarter ending balance</b>	<b>5,614</b>
	Investment earnings, October 2020 - March 2021	126