



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

November 5, 2018

MEMORANDUM

TO: Department Chief Financial Officers and Budget Officers
All State Departments and Institutions

FROM: Charles Perusse *Charles Perusse*
State Budget Director

SUBJECT: Hurricane Florence Disaster Recovery Fund Guidelines

In response to the devastating impacts of Hurricane Florence, Governor Cooper proposed a \$1.5 billion recovery plan based on a damage and needs assessment conducted by the Office of State Budget and Management (OSBM). On October 15, 2018, the General Assembly met in special session and reserved nearly \$850 million towards implementing important components of the Governor's recommended recovery plan. For the 2018-19 fiscal year, the General Assembly appropriated \$56.5 million in [SL 2018-134](#) and an additional \$398.4 million in [SL 2018-136](#).

Hurricane Florence Disaster Recovery Fund (HFDRF)

The General Assembly created this fund to budget and account for all funding appropriated for Hurricane Florence relief and recovery efforts. It is the intent of the General Assembly to appropriate all future funding for Hurricane Florence recovery efforts to the HFDRF. This fund will initially be administered by the Department of Public Safety (DPS) until the new Office of Resiliency and Recovery (ORR) is operational.

The General Assembly required that funds be drawn from the HFDRF only as needed and after justification by a State agency (refer to SL 2018-134, Section 3.1(b)). A funds requisition process will be established to comply with this requirement.

Budgeting Procedures

If your agency received an appropriation pursuant to SL 2018-134 or SL 2018-136, a budget for the full certified authorization should be established in an existing 1XXXX General Fund Budget Code or 2XXXX Special Fund Budget Code with a General Fund GASB designation. Please submit a Type 11 budget revision establishing the total certified requirements and receipts budget. Generally, agencies receiving a direct appropriation from the HFDRF will need to use an agency operating transfer receipt account, 4381XX, titled "Transfer from DPS." If your agency is receiving federal reimbursement and state match funds through a DPS Emergency Management program, a 4325XX revenue account for State Grants should be used. If you have any questions on what type of account to use, please contact your OSBM Budget Execution Analyst.

In addition, budgets and actual expenditures related to Hurricane Florence response and recovery efforts must be isolated using your agency's fund, account, or cost center structure. Please communicate to your OSBM Budget Execution Analyst your agency's plan for isolating these budgets and expenditures. The actual reimbursement process for the FEMA Public Assistance (PA) program will be managed using the same process as previous storms.

HFDRF Requisition Process

State Agencies may request funding from the HFDRF for qualifying expenditures as authorized in SL 2018-134 and SL 2018-136. Submit the attached "Hurricane Florence Disaster Recovery Fund – Request for Funds" form to Mary Massey mary.massey@ncdps.gov with the Department of Public Safety (DPS). Backup documentation must be included with your request (e.g., spreadsheet describing pending expenditures with analysis of federal/state split if applicable, check registers, transaction reports, etc.).

DPS will review your documentation for approval for the use of the HFDRF funds. A CMCS transfer will be initiated by DPS to move the funds out of the HFDRF into the agency's general fund GASB budget code.

Single Point of Contact

To streamline the requisition process, please identify a single point of contact in your agency who will be responsible for requisitioning funds from the HFDRF. Please provide the name and contact information for your agency's primary point of contact to Mary Massey (919) 324-1045 mary.massey@ncdps.gov or Darlene Langston (919) 324-1106 darlene.langston@ncdps.gov at DPS.

Reporting Requirements

Beginning January 1, 2019, the Office of Recovery and Resiliency (ORR) is required to provide quarterly reports to the General Assembly on the use of HFDRF funds. Section 5.8 of SL 2018-136 requires at a minimum the following:

- (1) Expenditures by program and by source of funds.
- (2) Expenditures required to receive federal grants.
- (3) Federal funding provided to the State to refund certain federally related spending.
- (4) Actual and projected State spending data including time lines and milestones.
- (5) State spending data classified by disaster phase to include preparedness, response, mitigation, and recovery.
- (6) Total State spending data by agency and by program.
- (7) Total State spending by program and county.
- (8) Location and job responsibilities of all time-limited State positions created under this act or paid for with federal funds received as a result of Hurricane Florence.

A data and reporting system for agencies to provide this information to ORR is in the planning stages and will not be operational to meet the first quarterly report due in January 2019. Further guidance will be provided in the coming weeks on the interim process for submitting the required information to ORR until a permanent reporting solution is developed. **Please ensure that your agency is collecting all the required data and information to comply with the reporting requirements above.**

Thank you for your attention to this important matter.