

FEMA and COVID-19 Funding (Updated 5/21/2020)

Some departments have budgeted items in their FY21 that are solely due to either the tornado or COVID-19.

1. Assuming these expenses are reimbursed from FEMA and the \$121M in COVID-19 funds, what happens to the money approved by the Council?
 - a. Does the department end up with a surplus that can be used for other things within the department?
 - b. Does the money go back into the general fund?

Finance Response: There were no budget improvements requested for tornado or covid since the budget requests were submitted prior to either event. I am wondering if any of the departments referred to that in their questionnaires? We did review those questionnaires but are not sure what is being referred to. If you could ask the councilmember to clarify or tell me which departments were identified as providing that explanation, that would be very helpful.

2. Follow up Question/Clarification: Here's the link to the Fire/EMS "At a Glance" documentation:
https://www.nashville.gov/Portals/0/SiteContent/Finance/docs/OMB/fy21_budget/Recommended/32FireAtaGlance.pdf

For the \$1,375,900 (total b/w GSD/USD) spent on overtime and benefits, Chief Swan stated that these overtime expenses were due to increased responsibilities due to COVID-19. This amount is included in the total calculation of the net \$678,300 increase over last year's budget.

Wouldn't any expenses related to COVID-19 come from the federal funds that the city has received? These expenses wouldn't be included in the FY21 operating budget, right? Otherwise, NFD would receive funding for these expenses twice (through the Council's approval of FY21's operating budget and from the COVID-19 federal funds).

Finance Response: I reached out to Chief Swann, he is not sure how that statement was attached to the overtime investment. As stated in the At a Glance, those funds are for increased need but are not related to the COVID response. Overtime incurred directly related to COVID will indeed be covered by federal funding from CARES Act and are not included in the FY 21 budget.

3. The projected cash balance at the end of June 30 is \$12M. To get to this low balance means a high cash outflows which includes expenses (cash outflows) due to the tornado and COVID.
 - a. How much is our total expenses for the tornado and COVID to date?
 - b. Was this taken out of General Fund and therefore part of the projected \$12M balance
 - c. If so, where is the refund from TEMA, FEMA and CARES Act accounted for in the FY21 budget
 - d. If not, is this a potential increase to cash/fund balance

Finance Response:

- a. Actual expenses that have been recorded in the general ledger for COVID and tornado are approximately \$11M as of 5/8/2020. There are more expenses outstanding that have not yet been invoiced, paid or recorded from payroll.
- b. All expenses related to the tornado and COVID are being recorded to separate funds, not the General Fund.

- c. Reimbursements from insurance, FEMA, TEMA and CARES Act are not accounted for in the General Fund FY 21 budget. Funds received are also recorded to the separate fund so that all expenses and receipts are kept isolated and traceable for audit purposes.
 - d. Cares Act funds have already been deposited to a separate bank account. Metro has also received \$4M in insurance proceeds to date. Those receipts are not reflected in the 6 tax funds which are estimated to be at \$12M at 6/30/20 because they will be used only for the tornado and COVID spending. The primary reason for the low fund balances at 6/30/19 is the lost revenue projected for FY 20, not the tornado or COVID response.
4. The budget contains a \$9.7M in IOD medical payments. \$4.1M for employees and \$5.6 for retirees. Is this COVID related and therefore reimbursable? If so, is reimbursement reflected in FY21 budget and where?

Finance Response: These are not COVID related, these budgeted items cover routine employee and retiree benefits.

5. \$5M increase in correctional healthcare. Same question as 4 above. Is the increase COVID related?

Finance Response: No – this is related to a contractual increase for inmate healthcare.