

MEMORANDUM

TO: All Business Managers; Budget Analysts; and VISION End Users

CC: Secretaries; Deputy Secretaries; Commissioners; Deputy Commissioners; and Exempt Department Heads

FROM: Adam Greshin, Commissioner of Finance & Management

DATE: May 26, 2020

RE: COVID-19 Cost Tracking; Guidance #7 – FY2020 year-end close out and potential FEMA eligible costs

In prior memos, we informed departments and agencies the importance of accurate cost tracking for potential Coronavirus Relief Fund (CRF) and FEMA eligible costs. Our operating assumption - based on the fact that we had CRF funds in the bank, as well as the requirement for a 25% state match for FEMA reimbursement - was to use CRF funds whenever possible. Last week's US Treasury announcement that CRF funds could be used to meet FEMA state match requirements changed the calculus in favor of seeking FEMA reimbursement for all eligible expenses.

Finance & Management anticipates most departments and agencies will have FEMA eligible expenses, and reimbursement for FY20 expenses will almost certainly occur after the fiscal year end. To assist in year-end close-out, and to provide an easier method for departments to seek and receive reimbursement, **Finance & Management has created a new IDT fund – FEMA IDT Fund 21501 – to reflect the 75% federal share.**

More specific guidance about the use of this fund and about FY20 year-end close-out is below.

FY20 Close-Out

Moving Reimbursable Costs to FEMA IDT Fund 21501

For FY20 year-end close-out, departments and agencies must identify potential FEMA eligible costs which have been incurred as of June 30, 2020.

Departments and agencies must make an ONL journal entry in VISION to move 75% of the potential FEMA eligible costs into Fund 21501.



- If the original VISION entries on the potential FEMA eligible costs included class code 81000, then entries to transfer the expenses to Fund 21501 must also include class code 81000 on both sides of the ONL journal entries.
- Journal entries may be made as summarized journal entries into Fund 21501, but all underlying cost detail data that supports the summarized journal entry must be kept for audit purposes.
- The ONL journal entries must be made per the year-end closing instruction timelines. Departments and agencies will have until 4:00pm on July 15, 2020 to post into FY20 using adjustment period 998 journals.

The new FEMA IDT Fund 21501 will act as a cost accumulator of the federal share of FEMA eligible costs and may close in a deficit for FY20 while awaiting potential FEMA reimbursements.

State Match

For the remaining 25% of potential FEMA eligible costs that are the State's match, departments and agencies will need to work with their assigned budget analyst to determine the proper mechanism to receive spending authority in CRF funds (or other sources) to cover these costs.

Receiving FEMA Funds

FEMA awards will be received by the Department of Public Safety (DPS). The transaction to transfer FEMA funds from DPS to the departments which incurred the costs will follow VISION Procedure #7¹ for Inter-Unit Grant Transfers (substituting Fund 21501 for Fund 21500).

Eligible FEMA Cost Help

The DPS Public Assistance group is ready to help departments and agencies with FEMA awards and eligible costs. Please direct FEMA specific questions about eligible costs to be accumulated in Fund 21501 to Ben Rose, Recovery and Mitigation Section Chief, Vermont Emergency Management, at ben.rose@vermont.gov.

Thank you for your help ensuring the State is well set up for federal reimbursement. Please address any non-FEMA specific questions to John Becker, Director of Statewide Reporting, at john.becker@vermont.gov or 802-828-0678.

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¹ https://finance.vermont.gov/sites/finance/files/documents/Pol_Proc/VISION_Proc/FIN-VISION_Procedure_7_General_Ledger_Transfers_Procedure.pdf