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Comptroller

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Memorandum

Date: August 3, 2020

To: Tennessee Local Government Officials and Finance Directors

From: Office of the Tennessee Comptroller of the Treasury

Subject: \$115 Million in Coronavirus Relief Funds to Local Governments

The federally approved CARES Act included payments to state and local governments through the Coronavirus Relief Fund (CRF) to assist with the financial impact of COVID-19. Through the CRF, Tennessee was allocated more than \$2.6 billion. Of that amount, based on population, Metropolitan Nashville and Davidson County and Memphis and Shelby County each received direct allocations of over \$284 million. Tennessee is allocating some of the remaining \$2.36 billion balance of the CRF funding to other local governments, schools, and non-profits. \$115 million of the state's allocation is being directed to local governments based on a \$15 per capita basis.

This memorandum is intended to address issues related to the \$115 million allocated to local governments:

1. The Department of Finance and Administration (F&A) has established a website that provides information related to the allocation of CRF funding:

<https://tncaresact.tn.gov/>

This website provides information on how much CRF funding your local government will receive, and it includes a page of frequently asked questions such as how to request CRF funding and what are eligible expenses.

2. Local governments should consider these general rules for spending CRF funding:
 - a. Expenditures should be limited to those incurred due to COVID-19;
 - b. Expenditures should not have been accounted for in your budget most recently approved as of March 27, 2020;
 - c. Eligible expenditures must be incurred during the period March 1, 2020 to December 30, 2020;

- d. As of the date of this memo, CRF funding cannot be used to cover revenue shortfalls; and
 - e. Unused CRF funding, or CRF funding used for ineligible expenses, must be returned to the U.S. Department of Treasury.
3. Local governments wishing to apply for CRF funding must use the Tennessee Cares Act Management System (TN CAMS) web portal. Local governments will be required to upload all necessary documentation for each claimed expense. A designated user from each local government will receive an email enabling them to set up an account and begin requesting funds. Local governments must register through F&A for a TN CAMS account.
 4. Local governments will be given an option to receive an immediate 30% advance of funds that have been allocated for their jurisdiction. The remaining 70% can be accessed on a reimbursement basis after the advance has been substantiated.
 5. Local governments are not required to take the 30% advance. They may opt to request all funds on a reimbursement basis. **It should be noted, if a local government receives an advance, the local government should not spend any of those funds until the proposed uses are deemed eligible by F&A. Funds used for ineligible expenses will have to be returned to F&A.**
 6. Here are the deadlines related to the distribution of CRF funding established by F&A:

August 15, 2020: Deadline for all local governments to request a TN CAMS account (or CRF funding could be forfeited).

September 1, 2020: Deadline for requesting a 30% advance.

September 30, 2020: Deadline to spend the 30% advance. Any unused funds must be returned to F&A.

November 1, 2020: Deadline to submit reimbursement requests for the remaining 70% of CRF funding. These requests can include anticipated December expenditures.
 7. CRF money should be maintained separately from other funds received by your government. Expenditures for mitigation or response to the COVID-19 virus should likewise be separated from other expenditures. This may require that money already received or expended will need to be reclassified from one expenditure account to another. Detailed documentation for all transactions should be maintained.
 8. CRF funding will be subject to audit under the Single Audit Act and OMB's *Uniform Guidance*.
 9. The Division of Local Government Audit has added new accounts to the Uniform Chart of Accounts to allow counties to track CRF funding separately. This new Chart of Accounts


can be located at <https://comptroller.tn.gov/office-functions/la/resources/chart-of-accounts.html>.

10. While COVID-19 expenditures may be considered reimbursable expenses under multiple programs, **duplication of benefits is strictly prohibited.** All expenses submitted through TN CAMS will be subject to review by the Tennessee Emergency Management Agency (TEMA) for eligibility under the Stafford Act Public Assistance program. If eligible for Stafford Act Public Assistance, claims will be processed through TEMA, not F&A and CRF funds. The State of Tennessee will cover all local cost-share provisions for Stafford Act claims, which is otherwise ½ of the non-federal cost-share or 12.5% of the total claim.
11. Local governments must be careful to maintain adequate internal controls over spending of CRF funding. This is required by state statutes and OMB's *Uniform Guidance*.

As noted, this guidance is general in nature. F&A should be your direct contact for questions related to eligible expenses and submitting information into TN CAMS. Do not hesitate to contact the Comptroller's Office as well. We are working closely with the County Technical Assistance Service (CTAS), the Municipal Technical Assistance Service (MTAS), and other local government official support organizations to stay informed as new developments arise.

If you have questions or comments, you may address those to Bryan Burklin at Bryan.Burklin@cot.tn.gov or 615.253.3909.

Thank you for your attention to this important matter.



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