



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

MICHAEL F. EASLEY  
GOVERNOR

DAVID T. MCCOY  
STATE BUDGET DIRECTOR

November 1, 2006

The Honorable Marc Basnight  
President Pro Tempore  
North Carolina State Senate

The Honorable James Black  
Speaker of the House  
North Carolina House of Representatives

Dear Senator Basnight and Speaker Black:

I am writing to you as the Chairs of the Joint Legislative Commission on Governmental Operations to report on the allocation of funds to reimburse the Federal Emergency Management Administration (FEMA) for ineligible expenditures related to response and recovery efforts following Hurricane Fran.

An audit carried out by FEMA determined that some projects undertaken in the wake of Hurricane Fran were not eligible for reimbursement. Therefore, the state is required to pay back \$5,978,208 in federal assistance. Pursuant to G.S. § 166A-6.01, the Governor has approved the allocation of funds from available funds.

With regards, I am

Sincerely,

A handwritten signature in black ink that reads "David McCoy".  
David McCoy



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Dear Senator Basnight and Speaker Black:

I am writing to you as the Chairs of the Joint Legislative Commission on Governmental Operations to report on the allocation of funds to address the ongoing disaster recovery efforts associated with Hurricane Ophelia, which struck the North Carolina coast on September 14, 2005.

On October 7, 2005, a Presidential disaster declaration was authorized for the State of North Carolina due to the damage caused by Hurricane Ophelia. The disaster declaration made the state eligible for financial assistance from the Federal Emergency Management Administration (FEMA). FEMA is providing a majority of the funds necessary for the recovery; however, FEMA requires that the State provide a 25 percent match. At the present time, \$3,608,355 is required to match Federal Disaster Assistance. Pursuant to G.S. § 166A-6.01, the Governor has approved the allocation of these funds from available funds.

With regards, I am

Sincerely,

  
David McCoy