



# American Rescue Plan Act Update.

Presented by:  
Derrick Surette & Steve Gray





# Important Dates & Reporting Requirements

American Rescue Plan Act (ARPA)

# REMINDER: IMPORTANT REPORTING DATES

## REPORTING REQUIREMENTS

Treasury released new guidance on June 17 for county reporting requirements:

- **Interim Report:** Due by August 31, 2021, the Interim Report requires **all counties** to report programmatic data for spending between March 3 and July 31, 2021
- **Project and Expenditure Report:** These reports require project and expenditure data for awards and sub-awards, demographic information for each project, and other programmatic data
  - **Initial Project and Expenditure Report is due **JANUARY 31, 2022****
  - **Reporting will cover the period between March 3, 2021 and December 31, 2021**
    - For counties with **awards above ~~\$5 million~~ \$10 million**, project and expenditure reports are **due quarterly** (*The subsequent quarterly reports will cover one calendar quarter and must be submitted to U.S. Treasury within 30 days after the end of each calendar quarter.*)
    - For counties with **awards under ~~\$5 million~~ \$10 million**, project and expenditure reports are **due annually** (*The initial project expenditure report for annual filers will be due **April 30, 2022** and will cover the period of March 3, 2021 to March 31, 2022. The subsequent annual reports must be submitted to Treasury by April 30 each year.*)

# REMINDER: IMPORTANT REPORTING DATES

AS OF NOVEMBER 15, 2021

Project and Expenditure reports: State (defined to include the District of Columbia), territorial, metropolitan city, county, and Tribal governments will be required to submit project and expenditure reports. This report will include financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of award funds.

Reports will be required quarterly for the following recipients:

- States and territories
- Metropolitan cities and counties with population over 250,000
- Metropolitan cities and counties with population less than 250,000 that received an award of more than \$10 million
- Tribal governments that received an award of more than \$30 million.

The initial project and expenditure report for quarterly recipients will be due January 31, 2022 and will cover the period of March 3, 2021 to December 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 days after the end of each calendar quarter.

Reports will be required annually for the following recipients:

- Metropolitan cities and counties with population less than 250,000 that received an award less than \$10 million,
- Tribal governments that received an award less than \$30 million
- Non-entitlement units of government

The initial project and expenditure report for annual filers will be due April 30, 2022 and will cover the period of March 3, 2021 to March 31, 2022. The subsequent annual reports must be submitted to Treasury by April 30 each year.

Question 9.2 of the U.S.  
Treasury's Frequently  
Asked Questions  
(FAQs)

<sup>2</sup> This question was updated on November 15, 2021



# MS State Department of Audit

Letter From Auditor Shad White

# LETTER FROM AUDITOR WHITE



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**Shad White**  
AUDITOR

## Memorandum

Date: 12/22/2021  
To: Mississippi Association of Supervisors  
From: Technical Assistance Division  
Re: Coronavirus State and Local Fiscal Recovery Funds

Below are questions our office is receiving in regards to spending under the Coronavirus State and Local Fiscal Recovery Funds. ("CSLFRF"). We have pulled these questions and answers from the Frequently Asked Questions for Coronavirus State and Local Fiscal Recovery Funds ("FAQS") provided by the Department of Treasury ("Treasury").

Q: How may CSLFRF be used by Local Governments?

A: As of December 15, 2021 Section 603(c)(1) provides CSLFRF may be used for the following four purposes:

- (a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- (b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- (c) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- (d) To make necessary investments in water, sewer, or broadband infrastructure.

# LETTER FROM AUDITOR WHITE Cont'd

Q: Where can I find additional guidance as to how CSLFRF may be used?

A: Treasury has published guidance in the Interim Final Rule and FAQs. For your convenience we have linked them here:

Interim Final Rule:

<https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

Frequently Asked Questions for Coronavirus State and Local Fiscal Recovery Funds:

<https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

Please be aware these documents are both frequently updated by Treasury, and guidance is subject to change. We encourage you review the guidance on a regular basis to stay abreast of any changes.

Q: How long do we have to spend the CSLFRF?

A: Funds should be obligated by December 31, 2024 and expended by December 31, 2026.

Q: What provisions of the Uniform Guidance for grants apply to these funds?

A: Most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, including Cost Principles and Single Audit Act requirements. Recipients should refer to the Assistance Listing for detail on specific provisions of the Uniform Guidance that do not apply to this program. The Assistance Listing for the program is 21.027.

Q: What is the time period for estimating revenue loss and if a loss is calculated how may the funds be used?

A: Recipients calculate the extent of reduction in revenue as of four points in time:

- December 31, 2020;
- December 31, 2021;
- December 31, 2022;
- December 31, 2023.

This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues.

A reduction in a recipient's General Revenue equals:

# LETTER FROM AUDITOR WHITE Cont'd

Max {[Base Year Revenue\*<sup>1</sup> (1+Growth Adjustment) ( $\frac{R_t}{12}$ )] - Actual General Revenue<sub>t</sub>; 0}

Once a recipient has identified a reduction in revenue, there are still restrictions on how recipients use funds up to the amount of the revenue reduction. The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for building new infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

However, paying interest or principal on outstanding debt, replenishing rainy day or other reserve funds, or paying settlements or judgments would not be considered provision of a government service

Based on the current guidance the best practice is to account for CSLFRF funds, calculate revenue loss, and distribute revenue loss funds for allowable governmental services on a reimbursement basis. This will provide proper documentation that expenditures were for allowable government services.





# U.S. Treasury Update

American Rescue Plan Act (ARPA)

**FINAL RULE**

# U.S. TREASURY UPDATE ARPA FINAL RULE ISSUED



U.S. DEPARTMENT OF THE TREASURY

## Replacing Lost Public Sector Revenue

The Coronavirus State and Local Fiscal Recovery Funds provide needed fiscal relief for recipients that have experienced revenue loss due to the onset of the COVID-19 public health emergency. Specifically, SLFRF funding may be used to pay for “government services” in an amount equal to the revenue loss experienced by the recipient due to the COVID-19 public health emergency.

Government services generally include any service traditionally provided by a government, including construction of roads and other infrastructure, provision of public safety and other services, and health and educational services. Funds spent under government services are subject to streamlined reporting and compliance requirements.

In order to use funds under government services, recipients should first determine revenue loss. They may, then, spend up to that amount on general government services.

# U.S. TREASURY UPDATE ARPA FINAL RULE ISSUED

## DETERMINING REVENUE LOSS

Recipients have two options for how to determine their amount of revenue loss. Recipients must choose one of the two options and cannot switch between these approaches after an election is made.

- 1. Recipients may elect a “standard allowance” of \$10 million to spend on government services through the period of performance.**

Under this option, which is newly offered in the final rule Treasury presumes that up to \$10 million in revenue has been lost due to the public health emergency and recipients are permitted to use that amount (not to exceed the award amount) to fund “government services.” The standard allowance provides an estimate of revenue loss that is based on an extensive analysis of average revenue loss across states and localities, and offers a simple, convenient way to determine revenue loss, particularly for SLFRF’s smallest recipients.

All recipients may elect to use this standard allowance instead of calculating lost revenue using the formula below, including those with total allocations of \$10 million or less. Electing the standard allowance does not increase or decrease a recipient’s total allocation.

# U.S. TREASURY UPDATE ARPA FINAL RULE ISSUED

2. **Recipients may calculate their actual revenue loss according to the formula articulated in the final rule.**

Under this option, recipients calculate revenue loss at four distinct points in time, either at the end of each calendar year (e.g., December 31 for years 2020, 2021, 2022, and 2023) or the end of each fiscal year of the recipient. Under the flexibility provided in the final rule, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. Treasury has also provided several adjustments to the definition of general revenue in the final rule.

To calculate revenue loss at each of these dates, recipients must follow a four-step process:



# Questions