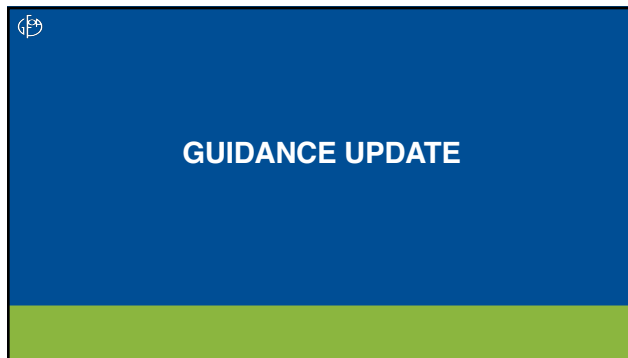


1



8

Guidance and Next Steps

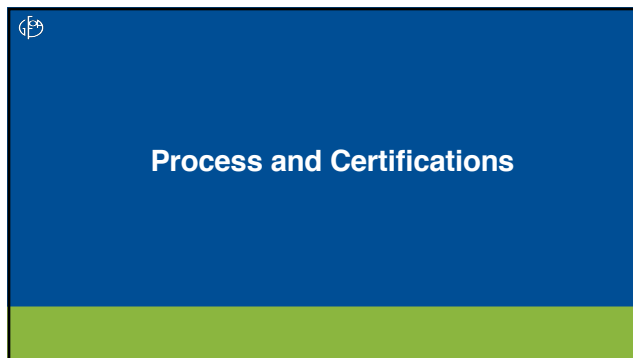
- Law enacted **March 10**
- Preview of Interim Final Rule (IFR) dropped on **May 10**
- “[Interim Final Rule](#)” because of expedited rulemaking
 - Feedback is solicited, **due July 16**
 - Questions sprinkled throughout, 130+ pages
 - GFOA will comment!
- US Treasury: [FAQs](#)
- US Treasury: [Fact Sheet](#)

9

Non-Entitlement Units (NEUs)

- Funds flow through the State – final values to be calculated by the State
- Distributed 30 days after State certification
 - 75% of their most recent budget (IFR p. 97)
- Relationship between States and NEU
 - No additional restrictions on the funds from the states
 - NEU are **Prime Recipients** NOT subrecipients of the states
- NEUs that decline their allocation are then redistributed to NEUs up to 75% qualifier

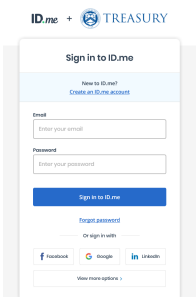
10



11

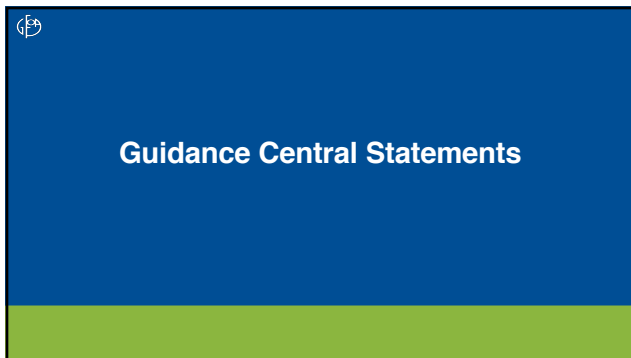
Process and Certifications

- Certification for Metro and Counties:
 - Where/how to certify and who needs to certify
 - Funds can be invested and interest earnings are not ARPA restricted (FAQ 10.3)
 - Is ID.me the only choice?
- Process:
 - No set timeline for jurisdictions to complete certification
 - Second tranche released 1 year after first

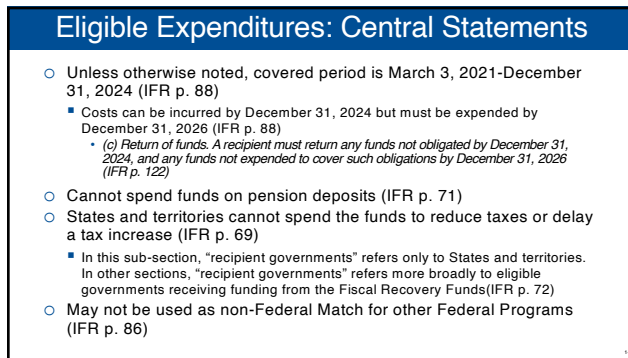


The screenshot shows the ID.me + Treasury sign-in interface. It includes fields for email and password, a 'Sign in to ID.me' button, and options to sign in with Facebook, Google, or LinkedIn. A 'View more options' link is also visible.

12



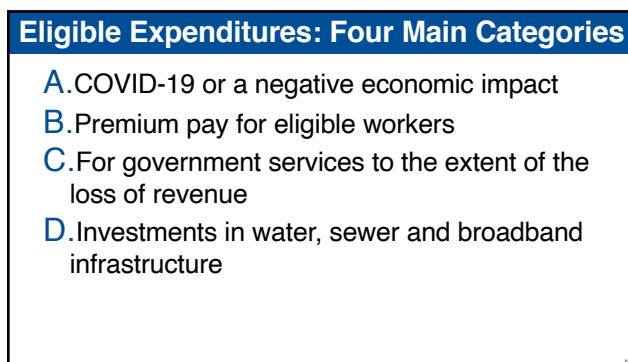
13



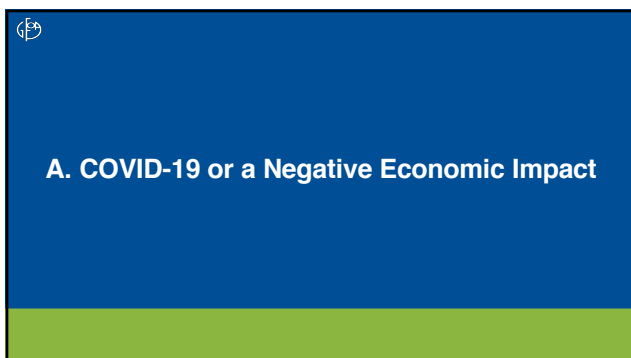
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15



16




17

COVID-19 Eligible Expenditures	
Eligible Uses	Details (IFR p. 11-21)
Containing/Mitigating Covid-19 (IFR p. 16)	<ul style="list-style-type: none"> • Vaccine programs, PPE, medical expenses • Enhancing public health data systems • Capital investments in public facilities to meet pandemic operational needs etc.
Behavioral Healthcare Needs (IFR p. 17)	<ul style="list-style-type: none"> • Mental health/substance abuse treatment • Crisis intervention/hotlines • Services to promote access to social services
Payroll/Benefits for: Public health/safety Human services Similar employees (IFR p. 18)	<ul style="list-style-type: none"> • Eligible to the extent that the work completed was for COVID-19 response/mitigation. • For administrative convenience, public health/safety workers, recipients can use funds to cover the full payroll and covered benefits costs for employees or operating units or divisions primarily dedicated to the COVID-19 response. • Payroll and covered benefits can also be used for an employee's pension benefits as part of their payroll contribution to their pensions (FAQ 43).

18

Negative Economic Impact	
Eligible Uses	Details (p. 21-38)
Impacted Industries (Tourism/Travel/Hospitality etc.) (IFR p. 32)	<ul style="list-style-type: none"> Implement COVID-19 mitigation/prevention measures to enable safe resumption of tourism, travel, and hospitality services <ul style="list-style-type: none"> E.g. improvements to ventilation, physical barriers or partitions, signage to facilitate social distancing, provision of masks or personal protective equipment, or consultation with infection prevention professionals to develop safe reopening plans
Rebuilding Public Sector Capacity to Pre-Pandemic Levels (IFR p. 32)	<ul style="list-style-type: none"> Payroll Benefits Rehiring public-sector staff Replenishing UI trust funds
Small Business support (IFR p. 30)	<ul style="list-style-type: none"> Loans, grants, in-kind assistance for operation continuity, mitigation/prevention, and counseling programs to rebound from the downturn
Hardest-hit Communities (IFR p. 34)	<ul style="list-style-type: none"> Investing in socioeconomic disparities, housing/communities Addressing disparities in education

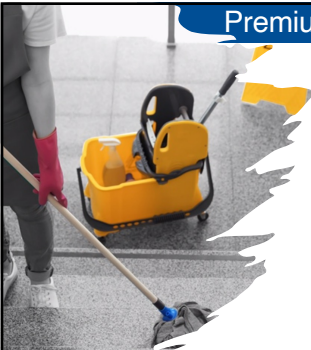
19



B. Premium Pay for Eligible Workers


20

Premium Pay (IFR p. 40)



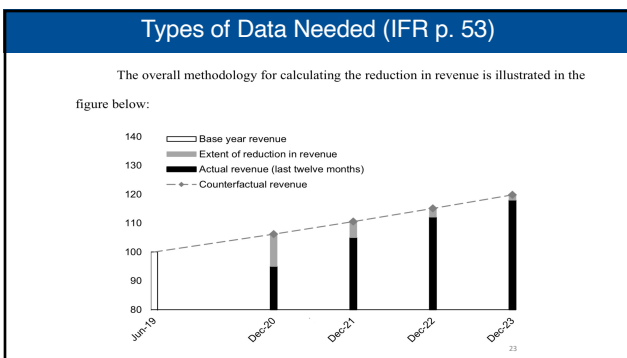
- Can be used **retroactively** (IFR p. 45)
- Employees of the jurisdiction designated by executive as essential (IFR p. 43)
- Can be provided directly, or through grants to private employers to public health/safety staff and essential workers outside the public sector:
- Workers at food production facilities, grocery stores, and restaurants, janitors/sanitation workers, truck drivers, and warehouse workers etc.
 - Contact workers performing essential work also eligible.
 - E.g. *If a municipality contracts with a third party to perform sanitation work, the third-party contractor could be eligible to receive a grant to provide premium pay for these eligible workers.*

21



C. For Government Services to the Extent of the Loss of Revenue

22



23

Revenue Calculation

- What is OUT of the revenue calculation:
 - Federal transfers (even those flowing through the State) (IFR p. 50)
 - Intergovernmental transfers from your entity to your entity ([Census p. 45](#))
 - Revenues from utilities (water supply, electric power, gas supply, and public mass transit systems) [Census p. 65](#)
 - Refunds and other correcting transactions (IFR p. 49)
 - Proceeds from the issuance of debt (IFR p. 49)
 - Liquor store revenues [Census p. 62](#)
- What is IN?
 - Everything not listed above
 - taxes, fees and other revenues to support public services
 - Including Fees generated by the underlying economy
 - Component units and enterprise funds
 - civic center, zoo, parking, ports, sports stadiums etc. etc. etc.

24

GFOA Revenue calculator

GFOA Revenue Loss Calculator

Background information

1) Fiscal Year End: June

2) Base Year Revenue Period: 6/30/2017 (FY used for base year calculation)

3) Calculation Date: 12/31/2020

4) Number of Months: 24 (Months between base year and Calculation Date)

Estimate Revenue

5) Base Year Revenue: \$ 1

6) Growth Rate: 4.1% (Link: [Link to calculator for Growth Rate](#))

7) Counterfactual Revenue: \$ 1 (Estimated Revenue Without Pandemic)

8) Actual Revenue: \$ 1 (Link: [Link to calculator for Actual Revenue](#))

Reduction in Revenue (Fiscal Year End: 12/31/2020)

Revenue Reduction: \$ 0

Revenue Reduction %: -5.8%

25

Base Year Revenue Worksheet

Fiscal Year End: 6/30/2017

Revenue Source	Base Revenue (100%)	Amount of tax collections for all taxes imposed (by government)
Taxes		
Property Tax	Y	\$ -
Sales and Gross Receipts Tax	Y	\$ -
General Sales and Use Tax	Y	\$ -
Selective Sales Tax	Y	\$ -
Alcoholic Beverage	Y	\$ -
Amusement Sales Tax	Y	\$ -
Motor Fuel Sales Tax	Y	\$ -
Parimutuels Tax	Y	\$ -
Public Utilities Sales Tax	Y	\$ -
Tobacco Products Tax	Y	\$ -
Other Sales Tax	Y	\$ -
Licensing and Permit Fees		
Alcoholic Beverage Licensing and Permits	Y	\$ -
Building/Construction Permits	Y	\$ -
Amusement Licensing and Permits	Y	\$ -
Motor Vehicle Licensing and Permits	Y	\$ -
Public Utilities Licensing and Permits	Y	\$ -
Occupational and Business Licensing and Permits	Y	\$ -
Other Licensing and Permits	Y	\$ -
Income Tax		
Individual Income Tax	Y	\$ -
Corporate Income Tax	Y	\$ -
License and Permit Fee		
Alcoholic Beverage	Y	\$ -
Amusement	Y	\$ -
Motor Vehicle	Y	\$ -
Public Utilities	Y	\$ -
Occupational and Business Licenses	Y	\$ -
Other Selective Sales	Y	\$ -
Other Fees		
Death and Gift Tax	Y	\$ -
Documentary and Stock Transfer Tax	Y	\$ -
Severance Tax	Y	\$ -
Other	Y	\$ -

- Base year calculation includes:
 - Taxes
 - Intergovernmental revenue
 - Other revenues
- Growth rate:
 - Compares years 2016-2019 in eligible revenue categories
- Actual revenues calculated on December 31 each year

26

Process for Revenue Replacement

- Look at the past 2019 base year revenue (IFR p. 52)
 - Recipients average annual growth of the past three fiscal years
 - Apply 4.1% growth rate or greater to annual revenues collected
- Multiplier applies to the revenue collected in each calendar year
 - Checkpoint each December 31 for actual revenues
 - Not the fiscal year!
- Compare projected growth revenue to actuals collected
 - If actual exceeds projected, collection is zero for that year

27

Government Services


- What can I spend it on?
 - "Government services" (IFR p. 53)
 - directly provide services or aid to citizens
 - Maintenance pay go of building
 - Can use it on a capital project together with bond financed portion
 - You can start a project and you finish it with future revenues / bonds
 - Cybersecurity, Healthcare service, School or education services, Police, fire or public safety
 - NOT ALLOWED: (IFR p. 54)
 - NOT ON principal or interest of debt service (or settlement agreement)
 - NOT ON reserves or rainy day funds

28

D. Investments in Water, Sewer and Broadband Infrastructure

29

Water/Sewer Infrastructure (IFR p. 56)




- Necessary investments are designed to provide an adequate minimum level of services and are unlikely to be made using private sources of funds (IFR p. 55)
- Uses aligned with Environmental Protection Agency's Clean Water Revolving Fund and Drinking Water State Revolving Fund to expedite project identification (IFR, p. 56).
 - Building/upgrading facilities and transmission, distribution, and storage systems, including the replacement of lead service lines.
 - Invest in wastewater infrastructure projects
 - E.g., constructing publicly-owned treatment infrastructure, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly-owned treatment works
- Recipients retain substantial flexibility to identify those water and sewer infrastructure investments that are of the highest priority for their own communities

30


Broadband Infrastructure (IFR p. 61)

- Build broadband infrastructure with modern technologies in mind, specifically projects that deliver services offering:
 - reliable 100 Mbps download and 100 Mbps upload speeds, unless impracticable due to topography, geography, or financial cost.
- Assisting households to support internet access or digital literacy is an eligible use.



31

Audit and Reporting Requirements



32

Audit/Reporting

- Audit/Reconciliation:
 - Single Audit Act applicability and definitions (IFR p. 86)
 - Yellowbook Guidance and instruction (if any) from the [GAO](#)
 - Audit periods and reporting instructions (IFR pp. 98-100)
 - Audit relationships between direct recipients and nonprofits, etc. (IFR p. 94)
- ARPA CFDA: [21.027](#)


33

Audit/Reporting

Report Type	Due Date	Who Submits
Interim Report - recipient's expenditures by category at summary level from date of award to July 31, 2021; additionally states and territories to provide info on distribution to NEUs	Aug. 31, 2021	States, territories, metro cities, counties, Tribal governments
Quarterly Report - 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; first quarterly report will cover the two quarters from date of award to Sept. 30, 2021, subsequent reports will only cover one calendar quarter	First quarterly report due Oct. 31, 2021 Subsequent quarterly reports due within 30 days after calendar quarter end	States, territories, metro cities, counties, Tribal governments
Annual Project and Expenditure Reports - First annual report will cover activity from the date of award to Sept. 30, 2021	First annual report due Oct. 31, 2021 Subsequent reports due Oct. 31 each year	NEUs
Annual Recovery Plan Performance Report - First report will cover period from the date of award to July 31, 2021, subsequent reports will cover 12-mo period with the second report covering from July 1, 2021 - June 30, 2022	First performance report due Aug. 31, 2021. Subsequent reports due within 30 days after the end of 12-mo. period, e.g. by July 31, 2022	States, territories, metro cities, and counties with population over 250,000

34

GFOA Guiding Principles



35

GFOA ARPA Guiding Principles

- Temporary Nature of ARPA Funds
 - Care should be taken to avoid creating new programs or add-ons to existing programs that require an ongoing financial commitment.
 - Use of ARPA funds to cover operating deficits caused by COVID-19 should be considered temporary and additional budget restraint may be necessary to achieve/maintain structural balance in future budgets.
 - Investment in critical infrastructure is particularly well suited use of ARPA funds because it is a non-recurring expenditure that can be targeted to strategically important long-term assets that provide benefits over many years. However, care should be taken to assess any on-going operating costs that may be associated with the project.

36

GFOA ARPA Guiding Principles

- ARPA Scanning and Partnering Efforts
 - Local jurisdictions should be cognizant of state-level ARPA efforts, especially regarding infrastructure, potential enhancements of state funding resources, and existing or new state law requirements.
 - Consider regional initiatives, including partnering with other ARPA recipients. It is possible there are many beneficiaries of ARPA funding within your community, such as schools, transportation agencies and local economic development authorities. Be sure to understand what they are planning and augment their efforts or create cooperative spending plans to enhance the structural financial condition of your community.

37

GFOA ARPA Guiding Principles

- Take Time and Careful Consideration
 - Use other dedicated grants and programs first whenever possible and save ARPA funds for priorities not eligible for other federal and state assistance programs.
 - Whenever possible, expenditures related to the ARPA funding should be spread over the qualifying period (through December 31, 2024) to enhance budgetary and financial stability.
 - Adequate time should be taken to carefully consider all alternatives for the prudent use of ARPA funding prior to committing the resources to ensure the best use of the temporary funding.

38

Links

- [US Treasury State and Local Fiscal Relief Fund](#)
- [The Interim Final Rule \(IFR\)](#)
- [FAQs](#)
- [Fact Sheet](#)
- [GFOA Guiding Principles](#)
- [GFOA Analysis of Guidance](#)
- [GFOA American Rescue Plan Analysis](#)

39



Thank you!

40