

Allocation to cities and towns
Type: Advance Grant
Distribution Date:

Metropolitan Cities: May 11
All other Cities and Towns: State of Indiana to receive ARP funds by May 11 and distribute within 30 days

Timeframe for Use: March 11, 2021 through December 31, 2024

State Examiner Directive 2021-1

Separate Fund Required

- ► Fund Name: ARP [Name of Grant]
- Fund Number Range: 176-199

Ordinance Required

- Establishes the ARP Grant Fund
- Specifies uses in accordance with section 603 that are applicable
- References a plan providing details for the use of the funds

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State Examiner Directive 2021-1

Appropriation by Council required before use.

Disbursements must be made directly from the ARP Fund through the normal claims process, (IC 5-11-10-1.6).

Money may not be transferred to another fund.

Fund Uses – Section 603(c)

- "(1) USE OF FUNDS Subject to paragraph (2), and except as provided in paragraphs (3) and (4), a metropolitan city, nonentitlement unit of local government, or county shall only use the funds provided under a payment made under this section to cover costs incurred by the metropolitan city, nonentitlement unit of local government, or county, by December 31, 2024
- (A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) 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 of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- (C) for the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or
- (D) to make necessary investments in water, sewer, or broadband infrastructure."

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Fund Uses

(1) USE OF FUNDS – Subject to paragraph (2), and except as provided in paragraphs (3) and (4), a metropolitan city, non entitlement unit of local government, or county shall only use the funds provided under a payment made under this section to cover costs incurred by the metropolitan city, non entitlement unit of local government, or county, by December 31, 2024

Supporting documentation will be required to show that actual costs were incurred and that uses were in compliance with ARP!

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Fund Uses

- (1) USE OF FUNDS Subject to paragraph (2), and except as provided in paragraphs (3) and (4)...shall only use the funds provided... to cover costs incurred... by December 31, 2024.
- Paragraph 2 Money may not be deposited into any pension fund.
- Paragraph 3 Transfer to certain not-for-profits.
 - If money is transferred under this section, documentation must exist to show that the nonprofit organization meets the required definition.
- Paragraph 4 Transfer to the State of Indiana

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Fund Uses – costs incurred

- (A) to respond to
- → the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)
- or its negative economic impacts, including
 - assistance to households, small businesses, and nonprofits,
 - or aid to impacted industries such as tourism, travel, and hospitality;

In the plan to provide assistance or aid, <u>document</u> that this action is in response to the PHE or its negative economic impacts.

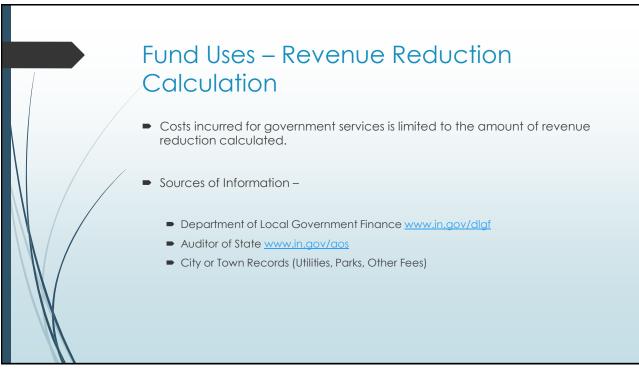
Fund Uses – costs incurred

- (B) to respond to workers
 - performing essential work
 - during the COVID-19 public health emergency
- by providing premium pay
 - to eligible workers of the metropolitan city, nonentitlement unit of local government, or county
 - **■** that **are performing** such **essential work**,
- or by providing grants to eligible employers that have eligible workers who perform essential work;

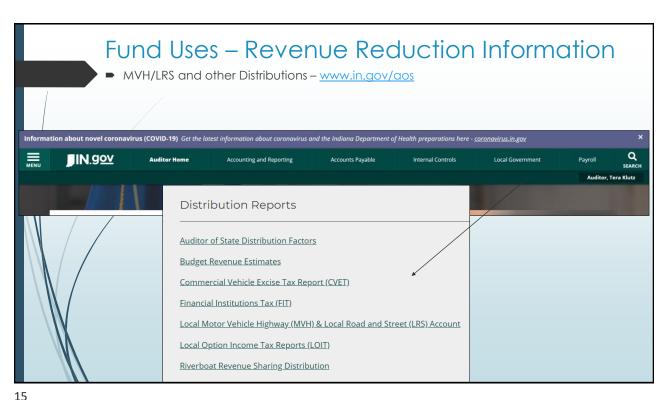
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Fund Uses – costs incurred

- (C) for the provision of government services
- to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID-19 public health emergency
- relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county <u>prior</u> to the emergency; or
 - Remember that this is for costs incurred!



Fund Uses – Revenue Reduction Information Local Income Tax Distributions – www.in.gov/dlgf **DLGF** About Us County Specific Information **Contact Your Local Officials County Specific Information** List of counties Legislation & Policy Information <u>Adams</u> Lawrence Rush Allen **Fulton** Madison Scott Bartholomew Gibson <u>Shelby</u> Memos & Presentations Marion Marshall Benton Grant Spencer Blackford St. Joseph Greene Martin News & Calendar Hamilton Miami Boone Starke Monroe Steuben Brown Hancock Sullivan Carroll Harrison Montgomery Reports and Data Hendricks Switzerla



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Fund Uses – Revenue Reduction Calculation Costs incurred for government services is limited to the amount of revenue reduction calculated. Documentation must be available to explain that the revenue reduction is due to the COVID-19 public health emergency and not caused by other factors. You will use 2019 as the base year to calculate revenue reduction for 2020, 2021, 2022, and 2023.

Fund Uses – costs incurred

- (D) to make necessary investments in water, sewer, or broadband infrastructure."
- Must be documented on the Capital Asset Ledger in accordance with the local capitalization policy.

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Fund Uses - prior costs incurred

Permitted expenses incurred in the fund of a unit after the passage of ARP (March 11, 2021) but before the receipt of the ARP funds may be shown as an expense from the ARP local grant fund.

For example, if on March 12, 2021, a city incurred expenses in the amount of \$10,000 from the General Fund in response to the public health emergency, the city may transfer that expense to the ARP fund through a reversing entry. The city will first reverse the \$10,000 expense in the General Fund, which will reinstate the expense appropriation line item and the cash balance of the general fund. The city will then post the \$10,000 disbursement to the ARP fund with a link to the original claim and supporting documentation.

The Importance of Documentation!

A detailed accounting is required by the US Department of Treasury

Section 603"(d) REPORTING.—Any metropolitan city, non entitlement unit of local government, or county receiving fánds provided under a payment made under this section shall provide to the Secretary periodic reports providing a detailed accounting of the uses of such funds by such metropolitan city, non entitlement unit of local government, or county and including such other information as the Secretary may require for the administration of this section.

All expenditure records (accounts payable vouchers, minutes, correspondence, written agreements, etc.) must be maintained in a separate file for future audits of ARP funds.

Maintain supporting documentation for every dollar disbursed and make sure it is tied to a use listed in Section 603(c) with adequate explanation.

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Other ARP Assistance or Grants

Other assistance or grants may be coming through the ARP.

Each form of assistance or grant must be separately identified and accounted in a separate fund with a fund name and number as described.

The Indiana State Board of Accounts will prescribe accounting procedures for these funds as more information becomes available.

Internal Controls

Internal controls must be designed, implemented, and documented to provide reasonable assurance that the ARP funds will be safeguarded and used in accordance with the ARP.

Each of the <u>five components</u> of internal control is necessary to form a complete internal control process.

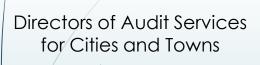
- Uniform Internal Control Standards for Indiana Political Subdivisions
- SBOA Best Practice Documents

Separate funds, maintaining records, detailed comments that provide audit trails, appropriate approvals, etc., are all part of good internal controls.

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Summary

- All moneys received from the Local Fiscal Recovery Fund must be receipted into the separate ARP grant fund.
- Before money in the fund is disbursed, the fiscal body must appropriate the money in the fund for a use consistent with Section 603(c) as stated in the adopted ordinance and the plan.
- To ensure accountability and transparency of the use of these funds, all disbursements must be made from the ARP grant fund; money from the ARP fund may not be transferred to another fund.
- A detailed accounting of the fund is required by the ARP.
- Sufficient internal controls over all transactions must be in place.



Todd Caldwell, CFE Susan Gordon, CPA



cities.towns@sboa.in.gov

317-232-2513