



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

**MEMORANDUM**

**TO:** Counties, Cities, Towns  
**FROM:** Debbie Gibson, CPA, CFE Director of Audit Services  
**RE:** Interest Earned on ARPA Funds  
**DATE:** June 15, 2021

We have received several inquiries regarding the earning of interest on money received from the Coronavirus Local Fiscal Recovery Fund established by the American Rescue Plan Act (ARPA). We have formulated the following answers based on information received from the U.S. Department of the Treasury (Treasury).

[Are we required to put the ARPA payments from the Local Fiscal Recovery Fund into an interest-bearing account and remit the interest to the Treasury?](#)

No. Coronavirus Local Fiscal Recovery Fund payments made by Treasury to local governments are not subject to the requirement of 2 CFR 200.305(b)(8)–(9) to maintain balances in an interest-bearing account and remit payments to Treasury.

Coronavirus Local Fiscal Recovery Fund payments made by Treasury are not subject to the requirement of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR part 205 to remit interest to Treasury. (U.S. Treasury Q & A as of June 10, 2021, Question 10.3)

[May we put the payments from the Local Fiscal Recovery Fund into an interest-bearing account and, if so, how should the interest be posted?](#)

The Treasury has issued no guidance which would prohibit you from depositing the money into an interest-bearing account.

Local units are not subject to 2 CFR 200.305(9) for purposes of the Local Fiscal Recovery Fund payments, so interest is not required to be remitted back to the Treasury.

There is no guidance on whether or not the interest must be used for the same purposes as the ARPA funds. Generally, program income must either be used to offset the award or, if allowed to be considered additional to the award, it is to be used for the same purposes, unless specifically otherwise directed. Interest on federal funds is not generally program income as cash management requirements require it to be submitted to the Treasury. We have again submitted the question on whether the interest earned on ARPA is to be considered program income and if so if it must be expended for the same purposes.

In the meantime, the interest should be receipted into the ARPA fund. If there is further guidance from the Treasury that the interest may be used for general purposes of the unit, then you will be able to transfer the interest earned into general fund. In order to do this, you will need to clearly identify and maintain records of the interest earned that has been receipted into the ARPA fund.

[Can this money be comingled with other County/City/Town money on deposit?](#)

Yes. You may comingle with other county/city/town money on deposit, but you must also calculate and identify the interest earned with the ARPA funds.

**§200.305 Federal payment (7)(i)** provides: "The Federal awarding agency and pass-through entity must not require separate depository accounts for funds provided to a non-Federal entity or establish any eligibility requirements for depositories for funds provided to the non-Federal entity. However, the non-Federal entity must be able to account for funds received, obligated, and expended."

If you have any further questions, please contact us at:

Counties: [Counties@sboa.in.gov](mailto:Counties@sboa.in.gov)  
Cities/Towns: [Cities.Towns@Sboa.in.gov](mailto:Cities.Towns@Sboa.in.gov)