

Coronavirus Local Fiscal Recovery Funds

Guidance on Distributions to Non-entitlement Units of Local Governments

Introduction

- ❑ On May 24, Treasury released guidance to assist states with distributions to non-entitlement units of local government (NEUs).

- ❑ NEUs are local governments with populations under 50,000. You may find a complete list of Indiana NEUs:
 - IFA website link
 - [Treasury website](#)

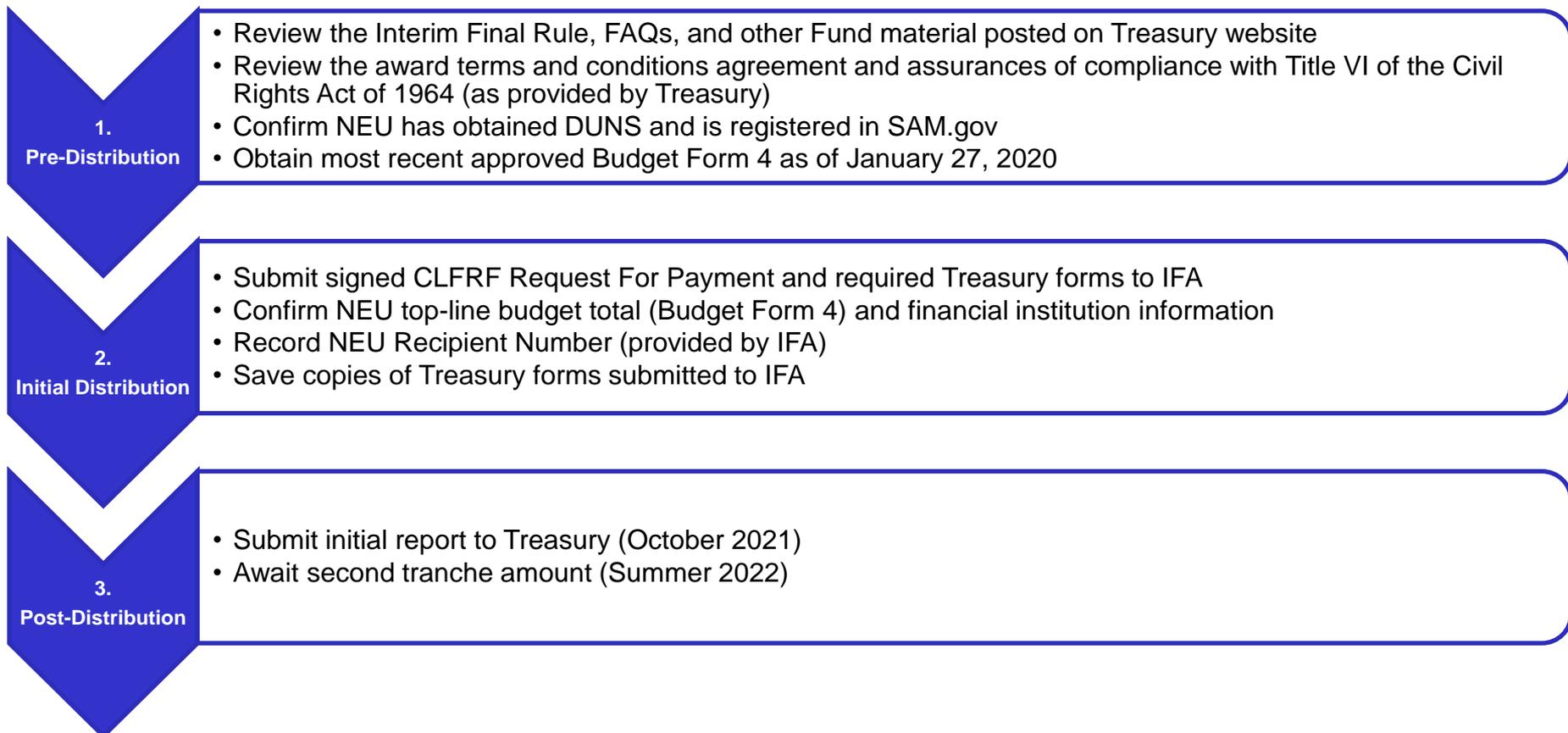
- ❑ Treasury will distribute NEU Coronavirus Local Fiscal Recovery Funds (CLFRF) to the State of Indiana, and the State will follow Treasury procedures in distributing funds to NEUs

- ❑ NEUs will be receive payment from the CLFRF in two tranches:
 - First payment in summer 2021
 - Second payment approximately one-year after the first payment

- ❑ NEUs are considered “prime recipients” and responsible for reporting requirements directly to Treasury

Overview of Distribution Process

- NEUs will follow a three-step process to receive CLFRF distribution and must comply with Treasury requirements



Pre-Distribution

The following is a check-list NEUs will need to follow prior to requesting payment from IFA:

- ❑ Review the Interim Final Rule, FAQs, and other relevant material on CLFRF located on Treasury website [here](#).
- ❑ Review the award terms and conditions agreement (as provided by Treasury [here](#))
- ❑ Review the assurances of compliance with Title VI of the Civil Rights Act of 1964 (as provided by Treasury [here](#))
- ❑ Obtain or confirm valid DUNS number (DUNS lookup [here](#))
- ❑ Register or renew SAM.gov registration ([here](#))
- ❑ Obtain your top-line budget total (defined by Treasury as the total annual operating budget, including general fund and other funds, in effect as of January 27, 2020). For purposes of providing clarity, the State of Indiana has interpreted this as the NEUs approved Budget Form 4 which was previously submitted to the Department of Local Government Finance by your community.

Initial Distribution

The following information is required to be submitted to IFA in order to receive your NEU award amount:

- ❑ The following documents signed by the NEU authorized representative:
 - CLFRF Request For Payment
 - Treasury award terms and conditions agreement
 - Treasury assurances of compliance with Title VI of the Civil Rights Act of 1964

 - NEU authorized representative will be considered the following elected officials:
 - ✓ Cities – Mayor
 - ✓ Towns – President of Town Council
 - In addition, attested signature from NEU’s Chief Financial Officer / Clerk Treasurer

- ❑ Most recent approved Budget Form 4 as of January 27, 2020

Initial Distribution

75 percent cap:

- ❑ Section 603(b)(2)(C)(iii) of the Act and the Interim Final Rule provide that each NEUs total award is capped at 75 percent of its annual total operating budget in effect as of January 27, 2020
- ❑ The IFA will rely on a budget total from the NEU to calculate the 75 percent cap. This budget total should align with the NEUs provided Budget Form 4. As part of the NEUs first report to Treasury, NEUs will be asked to submit the actual budget documents to validate the budget total.

Financial institution information:

- ❑ The IFA will rely on financial institution or other funds distribution information from the Auditor of State. Prior to the first tranche payment, the IFA will confirm with the NEU the information is accurate and up-to-date.

Post-Distribution

NEUs should be prepared to include in their first report to Treasury:

- ❑ NEU Recipient Number (provided by IFA)
- ❑ Copy of signed award terms and conditions agreement
- ❑ Copy of signed assurances of compliance with Title VI of the Civil Rights Act of 1964
- ❑ Copy of Budget Form 4 validating top-line budget total provided to the IFA as part of the request for funding
- ❑ Additional reporting instructions should be forthcoming from Treasury

Timeline

- ❑ Once the State of Indiana has submitted its request for funding to Treasury, the IFA will begin to accept requests for payment from NEUs

- ❑ The IFA will distribute the first tranche of payments to NEUs within 30 to 60 days after the NEUs request for payment is received by the IFA, with all required documentation
 - Failure to satisfy all submission requirements will likely delay the distribution of funds to the NEU

- ❑ Treasury will distribute the second tranche no earlier than 12 months after the date on which the first tranche of payments is paid to the state
 - At this time, Treasury has not published any requirement for an NEU to provide additional information or receive special approval from Treasury to receive the second tranche payment

Non-responsive units

- ❑ Once the IFA begins to accept and process requests for payment, NEUs will have a total of 60 days to submit this request
- ❑ After 60 days, all NEUs that have not submitted this request for payment will be considered “non-responsive”
- ❑ Non-responsive units will forego both their first and second tranche CLFRF award amount
- ❑ Within the 60-day period, the IFA will undertake multiple outreach attempts to each unresponsive NEU

What resources should NEUs use to determine if certain costs or projects are eligible?



- ❑ CLFRF recipients are not required to submit planned expenditures for prior approval to Treasury or the State, however, all expenditures are required to comply with Treasury requirements

- ❑ Recipients should review the Interim Final Rule, Treasury guidance and FAQs for additional information on eligible uses. The State and IFA will not be able to address eligibility questions from NEUs.

- ❑ Review information and direct questions to professional associations, such as AIM, GFOA, NLC, municipal advisors or outside counsel.

Questions?
