



## ARPA Update August 2021

### Compliance and Reporting Guide

The U.S. Department of the Treasury (Treasury) released a Compliance and Reporting Guide for local governments to review when creating their American Rescue Plan Act (ARPA) reports. The report is available in the Information Library on the WTA website and available here: <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf> . Please note that there are different sets of procedures for local governments that are dependent on community population, ARPA award amount, and government unit classification. For example, towns and villages that have less than 50,000 population (non-entitlement units or NEUs) are expected to complete an **annual** Project and Expenditure Report. States, U.S. Territories, Tribal governments, and Metropolitan cities and counties that received more than \$5 million in ARPA funding are expected to submit **quarterly** Project and Expenditure Reports.

NEUs must complete an initial Project and Expenditure report by October 31, 2021. Please see the reporting schedule below with coverage time and due dates:

| Report | Time Period Covered                  | Due Date         |
|--------|--------------------------------------|------------------|
| 1      | Award Date – September 30, 2021      | October 31, 2021 |
| 2      | October 1, 2021 – September 30, 2022 | October 31, 2022 |
| 3      | October 1, 2022 – September 30, 2023 | October 31, 2023 |
| 4      | October 1, 2023 – September 30, 2024 | October 31, 2024 |
| 5      | October 1, 2024 – September 30, 2025 | October 31, 2025 |
| 6      | October 1, 2025 – September 30, 2026 | October 31, 2026 |

Local governments that do not utilize their ARPA funds by September 30, 2021 are still expected to submit an initial Project and Expenditure Report. More information will be released soon which will contain details as to where local governments will need to file these reports. The Treasury has provided a summary of the information that the reports are expected to contain. Some of the items that local governments will need to provide are project status, subawards, and project demographic distribution. Please consult the Compliance and Reporting Guide for more information.

NEUs will be expected to provide the following three documents for the initial Project and Expenditure report.

- A copy of the signed award terms and conditions agreement. This document was one of the required documents that NEUs were required to submit with their request for ARPA funds to the state.

- A copy of the signed assurances of compliance with Title VI of the Civil Rights Act of 1964. This was another document that was provided to the state when NEUs made their ARPA funding requests.
- A copy of the actual budget documents validating the top-line budget total provided to the state as part of the request for funding. NEUs will be required to provide the documentation supporting the number provided to the state. Unless it was amended afterwards, this will likely be the local government's 2020 operating budget approved in fall of 2019.

According to the Compliance and Reporting Guide, NEUs are required to register with the System for Awards Management (SAM) (<https://www.sam.gov>) before the submission of the initial Project and Expenditure Report. Local governments are encouraged to complete this process as soon as possible to ensure that they are prepared for when reports may be submitted.

The Compliance and Reporting Guide also provides language that would support a local government using their ARPA funds for administrative costs incurred in utilizing ARPA funds. This includes the costs of consultants to support “effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements”. Please refer to the Compliance and Reporting Guide for more information.

### **FAQ Update**

In addition to the Compliance and Reporting Guide, the Treasury has made numerous updates to its Frequently Asked Questions (FAQ) document. One of the additional items that Treasury comments on is the ability of local governments to pool ARPA funds together for regional projects. The Treasury has provided support for this if the project is an eligible use of funds and that recipients can track the use of funds in line with the reporting and compliance requirements of ARPA. Recipients must also comply with the transfer rules that were provided in the Interim Final Rule. Treasury also provides that if a recipient transfers funds to a government outside of its boundaries, the recipient must document that its jurisdiction receives a proportional benefit to the amount that their community transferred. Treasury also included in the FAQ update that interest earned on ARPA allocations is not subject to ARPA's program restrictions.

### **Lost Revenue Resource**

Many members of the Wisconsin Towns Association (WTA) have expressed interest in the ARPA lost revenue calculation. To review, local governments may use ARPA funds to replace lost public sector revenue. Local governments may use lost revenue funds for a wide variety of government services including general infrastructure. The WTA created a hypothetical example of how a community would calculate lost revenue using the process identified in the Interim Final Rule. Please remember that this process is not as simple as comparing your local government's 2019 operating budget to its 2020 operating budget. The document that the WTA created also contains a general lost revenue calculator that local governments may use. The WTA is working to expand the useability of this calculator by adding references to the individual lines on the Form CT. If you are interested in getting some preliminary lost revenue results, you can find this document in the Information Library's ARPA tab on the WTA website. As we continue through ARPA's lifecycle, please pay close attention to your email for more ARPA information.