

American Rescue Plan: Reporting Requirements for Coronavirus State and Local Fiscal Recovery Funds

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The U.S. Treasury's Reporting Requirements and Deadlines Report 1 of the American Rescue Plan Act of 2021 (ARP) for Coronavirus State and Local Fiscal Recovery Funds (SLFRF) is due August 31, 2021. If a county or metropolitan city did not receive its first tranche funding as of July 15, 2021, then the Interim Report is due within 60 days of receiving the first distribution. ARP provided \$350 billion for state, local, territorial, and tribal governments to address the pandemic's economic impact and has provided this funding for those entities.

Entitlement Allocation

Certain counties and municipalities have received a first distribution either directly from the federal government or from the state which comprises 100% or one-half (split funding) of their total allocation and the second half will be distributed one year later in 2022. Under the Coronavirus SLFRF, the U.S. Treasury has the authority to split funding into two equal payments for states and territories. Based on this provision, Treasury will split the total amount of state funding into two equal payments for all state governments, except for states where the unemployment rate is 2.0 or more percentage points above its pre-pandemic level. Certain states have already certified and those that have yet to certify would receive split payments based on unemployment data released August 20, 2021. New state unemployment data is scheduled to be released on September 17, 2021.

Included are non-entitlement units of local government (NEUs), defined in section 603(g)(5) of the Social Security Act as added by section 9901 of ARP. They are local governments typically serving populations of less than 50,000. NEUs include cities, villages, towns, townships, or other types of local governments. NEUs receive Coronavirus SLFRF payments through their state governments. State governments will receive a specific allocation of these funds from Treasury for this purpose and are responsible for distributing these funds to NEUs within their state. Award amounts are based on the population of the NEU.

SLFRF Program Guidance

The Treasury's Interim Final Rule is effective as of May 17, 2021 and public comments were closed on July 16, 2021 and updated in the [FAQ Document](#). Local governments have until December 31, 2024 to obligate their ARP funds and until December 31, 2026 to expend them in accordance with the compliance requirements.

The local government that must submit each of these reports and due dates is depicted on [Table 2: Reporting requirements by recipient type, found on page 12](#).

The total SLFRF funding that the local government received includes all tranche distributions. All is detailed in the [US Treasury Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, June 24, 2021 Version 1.1](#).

The guidance covers:

- The Interim Report-Report 1 (SLFRF Guide Section A, page 13)
 - Revenue Replacement (Lost Revenue) Calculation included in the Interim Report. The local government is required to submit the revenue replacement calculation and expenditures, if applicable, as of July 31, 2021.
- Project and Expenditure Report-Report 2 (SLFRF Guide Section B, page 15)

- Recovery Plan Performance Report-Report 3 (SLFRF Guide Section B, page 23)

The guidance applies to the SLFRF program only and does not change nor affect reporting and compliance requirements for the Coronavirus Relief Fund (CRF) established by the CARES Act.

Overview of Guidance

This guidance discusses SLFRF federal reporting requirements and the three report types and which local governments must submit each and when. These three reports are not the full compliance requirements. ARP funds are subject to provisions of federal Uniform Guidance. SLFRF is listed in the most recent Compliance Supplement as Assistance Listing # (AL) 21.027 under the federal agency: Treasury Governmental Entities and Tribes and is subject to a Single/Uniform Guidance audit. This is one of the federal programs that will directly impact a governmental entity's determination of Major Programs on the Schedule of Expenditures of Federal Awards that requires to be independently audited. In fact, it may result in a "first time" Single/Uniform Guidance audit for a governmental entity.

Fiscal Responsibility

Governing Boards, Officials, Management and Department Heads are officially responsible for effective fiscal oversight. Recently, it was emphasized in an Office of the [New York State Comptroller Memo dated June 2021](#) that Governing Boards should review timely to make informed decisions regarding ARP funds. These are non-recurring revenue streams (one-time revenues) and pandemic-related expenditures. Decisions should not only focus on the needs of the moment but should also consider how they will impact the future. Therefore, it is vital that the proper professional consultation be obtained regarding the American Rescue Plan Act of 2021 (ARP) Coronavirus State and Local Fiscal Recovery Funds (SLFRF).

Contact Us

For assistance in helping navigate these compliance requirements, please contact your PKF O'Connor Davies client engagement team or Susan M. Barossi, CPA, Partner at sbarossi@pkfod.com.

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