

Thank you for joining us!

Our presentation will start promptly at 10:00AM!

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

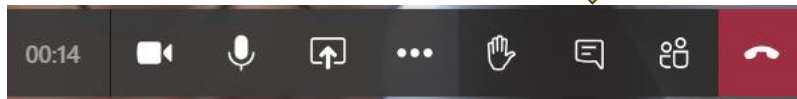
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



Create Opportunities

Housekeeping Items

- Please stay muted with your camera off during the presentation
- Utilize the chat for questions



- We be monitoring questions as they come in via Chat and will address them at the end of the presentation
- Any questions we are unable to address due to time limitations will be followed-up upon with your CLA representative

Housekeeping Items

- We will be posting the slides to Events at ww.claconnect.com
- We are **recording** this presentation and will be available upon request.
- Thanks for joining us!!

COVID-19 Funding - Guidance for Florida Governments

Florida State and Local Government Web Series

July 24, 2020

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Create Opportunities

Agenda

- Federal legislation passed to date
- Florida's funding and assistance available to local governments
- Financial reporting and compliance considerations and best practices

Disclaimer

- This presentation considers guidance provided by the SBA and US Department of the Treasury through July 8, 2020. Additional guidance is being provided on a regular basis, please refer to the US Department of the Treasury website (<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>) for recent updates.*



Families First Coronavirus Response Act

- Issued into law March 18, 2020
 - Expanded sick and family leave benefits
 - ◇ Emergency Family and Medical Leave Expansion
 - ◇ Sick Leave expansion
 - Expanded food assistance programs via grant programs
 - ◇ \$500 million additional to Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
 - ◇ \$400 million in additional Commodity Assistance



Coronavirus Aid, Relief, and Economic Security Act (CARES) Act

- Issued into law March 27, 2020
- Over \$300 billion in funding sent to various federal agencies with some impact to state and local governments

Coronavirus Aid, Relief, and Economic Security Act (CARES) Act

- Key funding agencies:
 - Treasury – Coronavirus Relief Fund (CRF) – \$150 billion
 - FEMA - \$45 billion
 - Education - \$30 billion
 - Transportation - \$25 billion
 - USDA - \$25 billion
 - HUD - \$11 billion
 - Children and Families - \$6 billion
 - CDC - \$4 billion

Florida Routes to Recovery: Local Government Aid

- \$8.328 billion in total Coronavirus Relief Funds (CRF) allocated to Florida
- Breakdown of Florida's CRF allocation:
 - Direct funding to local governments over 500k population - \$2.472 billion
 - Indirect funding to counties under 500k population - \$1.275 billion
 - Remaining funding available to the State of Florida - \$4.581 billion
- Allocations of both direct and indirect were based on population
 - Local governments over 500k in population, all counties in Florida, received 100% of funding from the US Treasury
 - Counties under 500k in population receive their funding from Florida Division of Emergency Management (FDEM)
 - ◇ Initial disbursement of 25% of each county's allocation

Florida Routes to Recovery: Local Government Aid

- Eligible costs
 - Unbudgeted expenditures due to COVID-19 incurred between March 1 and December 31, 2020 including, but not limited to:
 - ◇ Emergency operation activities for public health, emergency services and public safety response
 - ◇ Purchase of personal protective equipment
 - ◇ Cleaning/sanitizing supplies and services, including those related to elections administration
 - ◇ Providing assistance to local small business enterprises
 - ◇ Providing housing assistance to citizens
 - ◇ Testing and contact tracing costs above those covered by State programs
 - ◇ FMLA and sick leave for public health and public safety employees to take COVID-19 precautions
 - ◇ Meeting local match requirements for FEMA, to the extent permitted
 - See the US Treasury's FAQs for additional guidance
 - ◇ "Necessary for the public health emergency"
 - ◇ Be aware of any additional compliance required by the State (indirect recipients only)



Florida Routes to Recovery: Programs in Our Communities

- On July 17, 2020 – The State allocated \$120 million of CRF dollars to counties and municipalities for rent and mortgage assistance
- Florida Department of Education:
 - Governor's Emergency Relief Fund - \$173.5 million
 - ◇ Available to local education agencies (LEAs), institutions of higher education, and other education related entities at the discretion of the Governor
 - Elementary and Secondary School Emergency Relief Fund - \$770.2 million
 - ◇ A minimum of 90% is available to LEAs
 - Higher Education Emergency Relief Fund - \$873.9 million
 - ◇ Available to higher education institutions
 - Child Care and Development Block Grant - \$223.6 million
 - ◇ Administered by the Office of Early Learning to assist child care providers



Florida Routes to Recovery: Financial Reporting and Compliance

Proposed GASB Technical Bulletin 2020-a

Question 1: Are resources received from the CRF, established under Section 5001 of the CARES Act, subject to eligibility requirements or to purpose restrictions? When should those resources be recognized as revenue?

Answer:

- The CRF funds represent a voluntary non-exchange transaction, subject to eligibility restrictions.
- The conditions of the CARES Act represent eligibility requirements, such as incurrence of expenditures.
- **The recipient government should recognize resources received from the CRF as liabilities until the applicable eligibility requirements are met, including the incurrence of eligible expenditures**

Florida Routes to Recovery: Financial Reporting and Compliance

Proposed GASB Technical Bulletin 2020-a

Question 5: Should CARES Act resources provided through the Provider Relief Fund (U.S. Department of Health and Human Services), the Higher Education Emergency Relief Fund (U.S. Department of Education), the CARES Act Airport Grants (Federal Aviation Administration), and the Formula Grants for Rural Areas and Urbanized Area Formula Grants programs (Federal Transit Administration) to a business-type activity or enterprise fund be reported as nonoperating revenues?

Answer:

- Resources provided to governments through the Provider Relief Fund's Uninsured Program (U.S. DHHS) constitute payment for care or treatment of uninsured individuals and testing for COVID-19 and should be reported as operating revenues.
- The other resources should be reported as nonoperating revenues.

Florida Routes to Recovery: Financial Reporting and Compliance

Proposed GASB Technical Bulletin 2020-a

Question 6: Should outflows of resources incurred in response to the coronavirus disease due to, for example, actions taken to slow the spread of the virus, adjustments in the provision of services, or the implementation of “stay-at-home” orders, be reported as extraordinary items or special items?

Answer:

- Short answer: No
- Extraordinary items are both **unusual in nature** and **infrequent in occurrence**
- GASB concluded that the appearance of a coronavirus disease is likely to occur in the future and that it is outside of management’s control.

Florida Routes to Recovery: Financial Reporting and Compliance

- 2020 OMB Compliance Supplement
 - To be issued the week of July 20, 2020
 - Will include a list of programs that received COVID related funds
 - Certain programs will have a asterisk indicating that they have a new CFDA number
 - There will NOT be an indication of whether or not programs are subject to single audit
 - ◇ Discussions at the Federal agency level are still on-going
 - A compliance supplement addendum will be issued later this year to clarify the compliance requirements.
 - ◇ Issuance target of late September

Florida Routes to Recovery: Financial Reporting and Compliance

- Single Audit Timing
 - Questions still remain
 - Uncertainty on SEFA reporting at this point
 - OMB has granted extensions for single audit submissions – 6 month extension for 6/30 year end entities, and 3 month extension for 9/30 year end entities
- So what can you do now?

Best Practices - Financial Reporting & Compliance

- Track your COVID-19 related expenses
 - Separate Business Unit or separate Special Revenue Fund
- Identify applicable grant programs - monitor developments and familiarize yourself with the compliance
 - CRF Expenditures - CFDA 21.019
- Review your internal control structure
 - CRF funds are unique and complex
 - May require a change in internal controls and the documentation of those controls

Best Practices - Financial Reporting & Compliance

- Don't forget to comply with subrecipient monitoring rules!
 - Remain compliant with Office of Management and Budget (OMB) regulations
 - Develop risk assessment tools to monitor your COVID-19 funding recipients
 - Perform subrecipient monitoring
- Familiarize yourself with the reporting requirements
 - Direct recipients – March 1 through June 30 is due September 21; July 1 through September 30 is due October 13
 - Indirect recipients – first quarterly reports due to the State of Florida on September 30

Florida Routes to Recovery: Financial Reporting and Compliance

- Regularly review the resources at the US Treasury
 - <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>
- Document your administration of any funds in conjunction with the guidance that **exists at that time**
 - The rules and compliance requirements are changing often, and will continue to change
- Maintain **all** documents and financial records
 - All of this results in an increased audit requirement, both for your external auditors and the Federal and State regulators
- Contact CLA for help!





Create Opportunities

CLA exists to
create opportunities —
for our clients, our people,
and our communities.

Future topics

- Tax reporting impact
- Subrecipient Monitoring
- Budgeting and Forecasting
- Human Resource and personnel management
- Navigating grant funding
- Financial reporting
- *Please tell us any other topics you'd like to hear in the Chat feature!*





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Thanks again for joining us!

Please see our COVID Resource
page at www.claconnect.com!

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