



Managing Your ARPA Funds

November 9, 2021

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Learning Objectives

- Describe the requirements of the American Rescue Plan Act (ARPA) of 2021
- Recognize efficient and compliant ways to plan, implement, and administer grant programs through ARPA
- Identify how you can leverage CLA's state and local government professionals and technology solutions to develop effective strategies for implementing management policies and procedures, prepare for federal program audits, and much more!





Meeting Agenda

“We promise to know you and help you”

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Meeting Agenda

- Introduction
- Internal control & compliance
- Operational best practices & considerations
- Financial best practices & considerations
- ARPA portal demonstration
- Questions and answers
- Closing





Introduction

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Introduction

- On March 11, 2021, ARPA was signed into law and provided \$360 billion of funding to states, territories, tribal and local governments to respond to the COVID-19 public health emergency and its economic impacts.
- Interim Final Rule outlines allowable costs
 - [2021-10283.pdf \(govinfo.gov\)](#)
 - “Final” Final Rule still to be issued for final guidance
- Compliance and reporting guidance
 - [SLFRF-Compliance-and-Reporting-Guidance \(treasury.gov\)](#)



ARPA By the Numbers

31,236 cities and counties

Pennsylvania – 2,626 recipients

Hawaii – average allocation \$78.6 million

North Dakota – average allocation \$591 thousand

Cities and counties receiving over \$10 million – 1,975

Average allocation across all recipients - \$4.1 million

Recipients receiving less than \$1,000,000 – 22,899





Internal Control & Compliance

Plan today for reporting and compliance tomorrow



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Develop Strong Internal Control Environment

Fraud prevention

Document processes and procedures

Identify new systems

Segregation of duties

Subrecipient monitoring

Perform a program risk assessment

Consider external oversight

Leverage internal audit function

Consistent and regular monitoring



Uniform Guidance

Never had to single audit

- \$750,000 threshold
- Procurement policies
- Communicate with auditors
- Schedule of Expenditures of Federal Awards (SEFA)
- 9-month deadline for filing
- Treasury reporting

Have a single audit every year

- Consider when to report expenditures on SEFA
- Communicate with auditors
- Subrecipient monitoring
- Treasury reporting



Financial Statement Considerations (ACFR)

- Which fund should ARPA be reported in?
 - General fund, grants fund, separate fund, combine with other COVID-19 funds, etc.
- Major fund calculation
- Revenue recognition considerations
- SEFA Considerations:
 - Disclosures
 - Subrecipient / pass-through





Operational Best Practices & Considerations

There is no “I” in team

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Operational Best Practices & Considerations

- Develop an ARPA team to provide governance for the program
- Consider all angles regarding internal and external stakeholders:
 - [Governments: Review This Checklist Before Spending COVID-19 Relief Funds : 2021 : Articles : Resources : CLA \(CliftonLarsonAllen\)](#)
[\(claconnect.com\)](#)

Begin with the end in mind – Stephen Covey



- Know your stakeholders
 - Citizens
 - Local nonprofit agencies
 - Local businesses
 - Governance
 - External auditors
 - Regulators
 - Media



Healthy Balance of Efficiency and Internal Controls

- Efficiency
 - Well designed
 - Subrecipient vs. direct to citizens
 - System design and leveraging IT solutions
 - Consider uses of funds
 - Leverage electronic payment methods

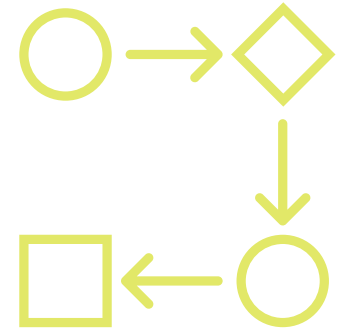
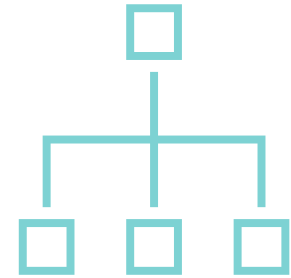


Documentation

Document the 3 “P”s

- People
 - Identify key players
 - Business process owners
- Processes
 - Information technology
 - Reviewer process
- Product
 - Program guides
 - User manuals

Consider
Treasury
Reporting





Financial Best Practices & Considerations

Think long-term sustainability

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Financial Best Practices & Considerations

- General ledger implications
 - Funds, accounts, projects, budgets and more!
- Budget sustainability
 - What message are you sending to your employees or constituents?
- What other federal, state or local resources are available?
- Treasury reporting
 - Recap of requirements
 - 66 different subcategories with unique requirements
 - Central repository for reporting
 - Prepare early



Reporting Guidance

Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021, with expenditures by category	By October 31, 2021, and then 30 days after the end of each quarter thereafter ⁹	By August 31, 2021, and annually thereafter by July 31 ¹⁰
Metropolitan cities and counties with a population below 250,000 residents which received more than \$5 million in SLFRF funding			Not required
Tribal Governments		By October 31, 2021, and then annually thereafter ¹¹	Not required
Metropolitan cities and counties with a population below 250,000 residents which received less than \$5 million in SLFRF funding			
NEUs	Not required		

- Important to note: the first quarterly project and expenditure report is now due 01/31/22 and not the original date shown of 10/31/21.



Treasury Reporting Eligible Use Categories

1: Public Health	
1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services



Public Health

- Similar to CARES eligibility in most categories
- Key categories that were added
 - 1.7 ARPA allows major capital expenditures for improving public buildings for pandemic related reasons. Examples:
 - HVAC improvements to schools
 - Building modifications to improve social distancing in congregate settings
 - 1.10 & 1.11 Mental Health and Substance Abuse services – ARPA recognized the impact the extended pandemic has had to mental health and substance abuse, so added a focus to these services



Treasury Reporting Eligible Use Categories

2: Negative Economic Impacts

2.1	Household Assistance: Food Programs* ^
2.2	Household Assistance: Rent, Mortgage, and Utility Aid* ^
2.3	Household Assistance: Cash Transfers* ^
2.4	Household Assistance: Internet Access Programs* ^
2.5	Household Assistance: Eviction Prevention* ^
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers*
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
2.8	Contributions to UI Trust Funds
2.9	Small Business Economic Assistance (General)* ^
2.10	Aid to Nonprofit Organizations*
2.11	Aid to Tourism, Travel, or Hospitality
2.12	Aid to Other Impacted Industries
2.13	Other Economic Support* ^
2.14	Rehiring Public Sector Staff



Treasury Reporting Eligible Use Categories

3: Services to Disproportionately Impacted Communities

3.1	Education Assistance: Early Learning* ^
3.2	Education Assistance: Aid to High-Poverty Districts ^
3.3	Education Assistance: Academic Services* ^
3.4	Education Assistance: Social, Emotional, and Mental Health Services* ^
3.5	Education Assistance: Other* ^
3.6	Healthy Childhood Environments: Child Care* ^
3.7	Healthy Childhood Environments: Home Visiting* ^
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* ^
3.9	Healthy Childhood Environments: Other* ^
3.10	Housing Support: Affordable Housing* ^
3.11	Housing Support: Services for Unhoused Persons* ^
3.12	Housing Support: Other Housing Assistance* ^
3.13	Social Determinants of Health: Other* ^
3.14	Social Determinants of Health: Community Health Workers or Benefits Navigators* ^
3.15	Social Determinants of Health: Lead Remediation ^
3.16	Social Determinants of Health: Community Violence Interventions* ^



Negative Economic Impact and Services to Disproportionally Affected Communities

- These categories are where communities will most likely have grant sub-awards and need to be cognizant of the subrecipient monitoring
- Focus must be on those areas (industry and community) that was most affected by the pandemic
- Many of these categories have additional reporting requirements, including:
 - *Denotes areas where recipients must identify the amount of the total funds that are allocated to evidence-based interventions (see Use of Evidence section above for details)
 - ^Denotes areas where recipients must report on whether projects are primarily serving disadvantaged communities (see Project Demographic Distribution section above for details)
 - See the <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf> for additional required metrics



Treasury Reporting Eligible Use Categories

4: Premium Pay

4.1 Public Sector Employees

4.2 Private Sector: Grants to Other Employers

5: Infrastructure

5.1 Clean Water: Centralized Wastewater Treatment

5.2 Clean Water: Centralized Wastewater Collection and Conveyance

5.3 Clean Water: Decentralized Wastewater

5.4 Clean Water: Combined Sewer Overflows

5.5 Clean Water: Other Sewer Infrastructure

5.6 Clean Water: Stormwater

5.7 Clean Water: Energy Conservation

5.8 Clean Water: Water Conservation

5.9 Clean Water: Nonpoint Source

5.10 Drinking water: Treatment

5.11 Drinking water: Transmission & Distribution



Premium Pay

- Intended for those essential workers who fall into a lower income bracket. Examples:
 - Grocery store and gas station workers
 - Childcare workers
 - Janitorial and sanitation workers
- Justification is required if the premium pay would increase their total pay to above 150% of their state's average annual pay for all occupations.
- Maximum of \$13 per hour worked and 25,000 total per worker



Water Sewer Infrastructure

- Interim Final Rule directs grantees to follow the eligibility requirements for either the Clean Water State Revolving Funds (CWSRF) or the Drinking Water State Revolving Funds (DWSRF)
 - CWSRF - https://www.epa.gov/sites/default/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf
 - DWSRF - https://www.epa.gov/sites/default/files/2019-10/documents/dwsrf_eligibility_handbook_june_13_2017_updated_5_08_versioni.pdf
- Has many additional metrics to report



Treasury Reporting Eligible Use Categories

5: Infrastructure

5.12 Drinking water: Transmission & Distribution: Lead Remediation

5.13 Drinking water: Source

5.14 Drinking water: Storage

5.15 Drinking water: Other water infrastructure

5.16 Broadband: "Last Mile" projects

5.17 Broadband: Other projects

6: Revenue Replacement

6.1 Provision of Government Services

7: Administrative

7.1 Administrative Expenses

7.2 Evaluation and Data Analysis

7.3 Transfers to Other Units of Government

7.4 Transfers to Non-entitlement Units (States and territories only)



Broadband Infrastructure

- Expected to be designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps
- Provided to unserved and underserved households and businesses
- Additional metrics will be required for reporting to the Treasury, including the numbers of households/ businesses served, speeds/pricing tiers, miles of fiber, etc.

Revenue Loss - Calculation

- Must include all revenues entity-wide, that are included in the Census Bureau's definition of "general revenues from own sources". Common ***exclusions*** include:
 - Federal Revenue – including federal revenue passed through states
 - Utilities Receipts – such as water, gas, electric or transit system
 - Debt proceeds and internal transfers
 - Private Purpose Trust or Agency fund revenues
 - Correcting transactions or GASB fixed asset financial statement revenues
- Compare last full fiscal year prior to the pandemic (Base year) to each calendar year (2020-2023) with the growth factor of either 4.1% or the entities growth factor calculated by the last 3 years prior to the pandemic.



Revenue Loss – Expenditures

- Once the entity has calculated their loss, they may allocate up to the amount of loss towards most general governmental services
 - These expenditures do **not** have to meet one of the other expenditure categories eligibility criteria
 - The revenue loss may **not** be used to fund the following:
 - Debt service payments
 - Settlement of Judgement payments
 - Replenishment of reserve funds





ARPA Portal Demonstration

Overview of www.NorfolkCountyARPA.com

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Questions and Answers





Create Opportunities

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

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Closing & Resources

- Hannah York:
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- Shawn McGoldrick:
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- COVID-19 Spending Checklist Article:
 - [Governments: Review This Checklist Before Spending COVID-19 Relief Funds : 2021 : Articles : Resources : CLA \(CliftonLarsonAllen\) \(claconnect.com\)](#)
- ARPA Treasury:
 - [Coronavirus State and Local Fiscal Recovery Funds | U.S. Department of the Treasury](#)
- ARPA FAQs:
 - [American Rescue Plan Act: Coronavirus State & Local Fiscal Recovery Fund FAQs \(naco.org\)](#)
- Revenue Loss Calculation classification:
 - [U.S. Bureau of the Census - Government Finance and Employment](#)
- Example CLA portals:
 - www.PlymouthCountyARPA.com
 - www.NorfolkCountyARPA.com



Thank you for your time and
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