

American Rescue Plan funding is on the way: Learn how to access it and maximize it



michigan municipal league

Agenda

- ❑ **The importance of coordinating and collaborating on ARP funding**
Dan Gilmartin, Executive Director, MML
Steve Currie, Executive Director, MAC
- ❑ **How MML and MAC can help you strategize and plan for your ARP funds**
Shanna Draheim, Policy Director, MML
Sarah Razor, Client Relationship Executive, Guidehouse
Gabby Bryant, Managing Consultant, Guidehouse
- ❑ **Applying, reporting and more – understanding the technical requirements of your ARP dollars**
Manju Patnaik, Plante Moran



michigan municipal league



The importance of coordinating and collaborating on ARP funding

Dan Gilmartin, Executive Director, MML

Steve Currie, Executive Director, MAC

ServeMlCity



CARES ACT

The Michigan Municipal League leveraged \$100,000 for \$33 million



20%

of Michigan communities returned federal stimulus

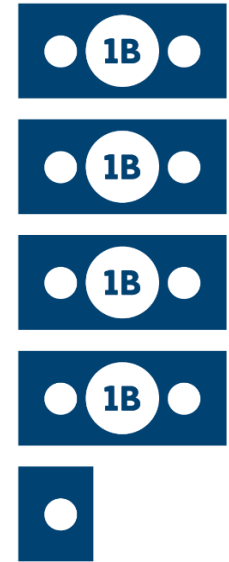
\$33
MILLION

\$100K

AMERICAN RESCUE PLAN



STATE OF MICHIGAN
\$6.4 BILLION



MICHIGAN LOCAL GOVERNMENT
\$4.4 BILLION

Additional funding **\$1 trillion**

GOAL


CATALYTIC, TRANSFORMATIONAL OPPORTUNITIES

- 1 SHORT-TERM TECHNICAL ASSISTANCE**
- 2 LONG-TERM STRATEGIC ASSISTANCE**
- 3 COMMUNICATION ASSISTANCE**



- Don't leave money on the table
- Develop partnerships with business, NPOs, philanthropy
- Rebuild trust
- Pivot to a positive narrative

ServeMI City



Contact Shanna Draheim at MML to get started
sdraheim@mml.org

Guidehouse team here today...

We support counties and cities across Michigan and the United States on a daily basis.



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Guidehouse at a glance – Building Trust in Society

We are shaping a new future for Michigan from our Detroit and Ann Arbor offices

Public Sector

Bringing the power of our federal, state, and local disaster recovery, grants management, and economic revitalization practices...

Financial Advisory

...with our deep experience in financial management, compliance, and economic development to assist communities recover and thrive...

OUR COMPANY



50+

locations globally



10,000+

employees



OUR PEOPLE



39% racially diverse



5 generations of professionals



50%



50%

11

HRC consecutive perfect scores



5 employee affinity groups



5% Veteran & Active Duty

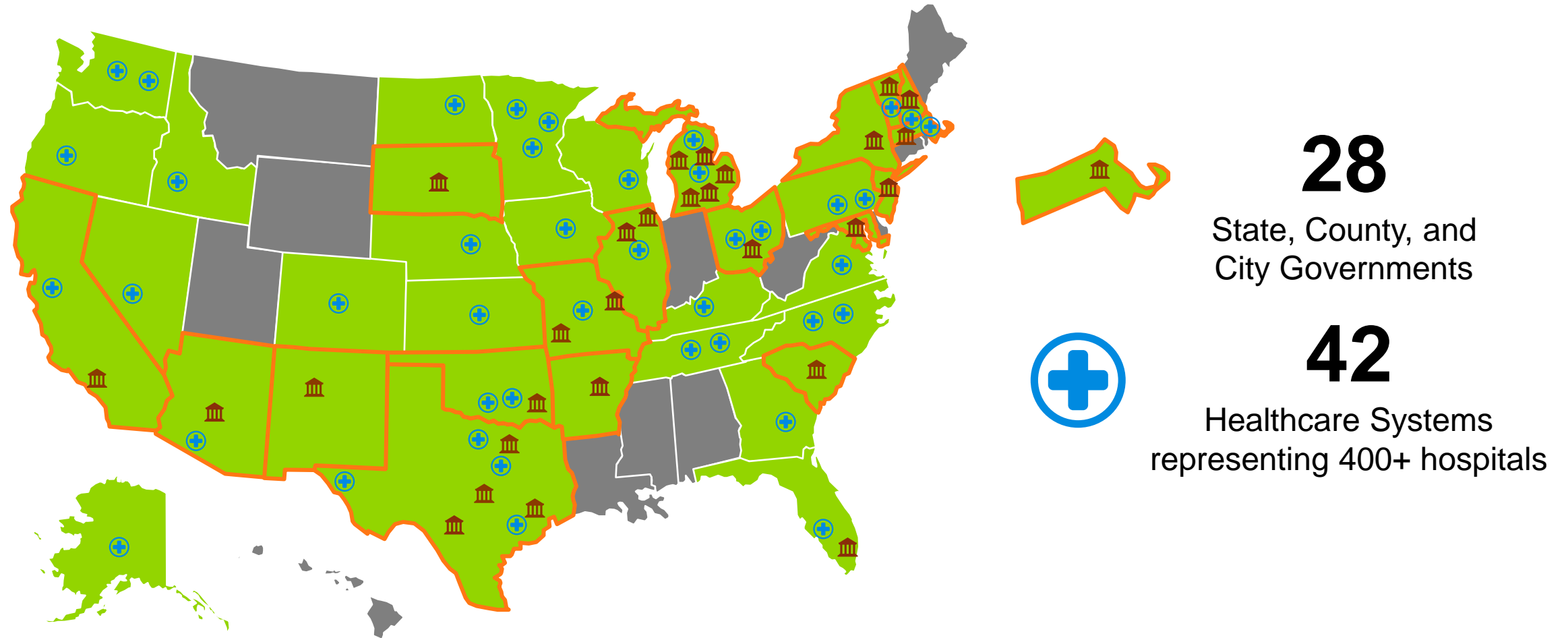
OUR AWARDS

4 consecutive years



Our Current COVID-19 National Experience

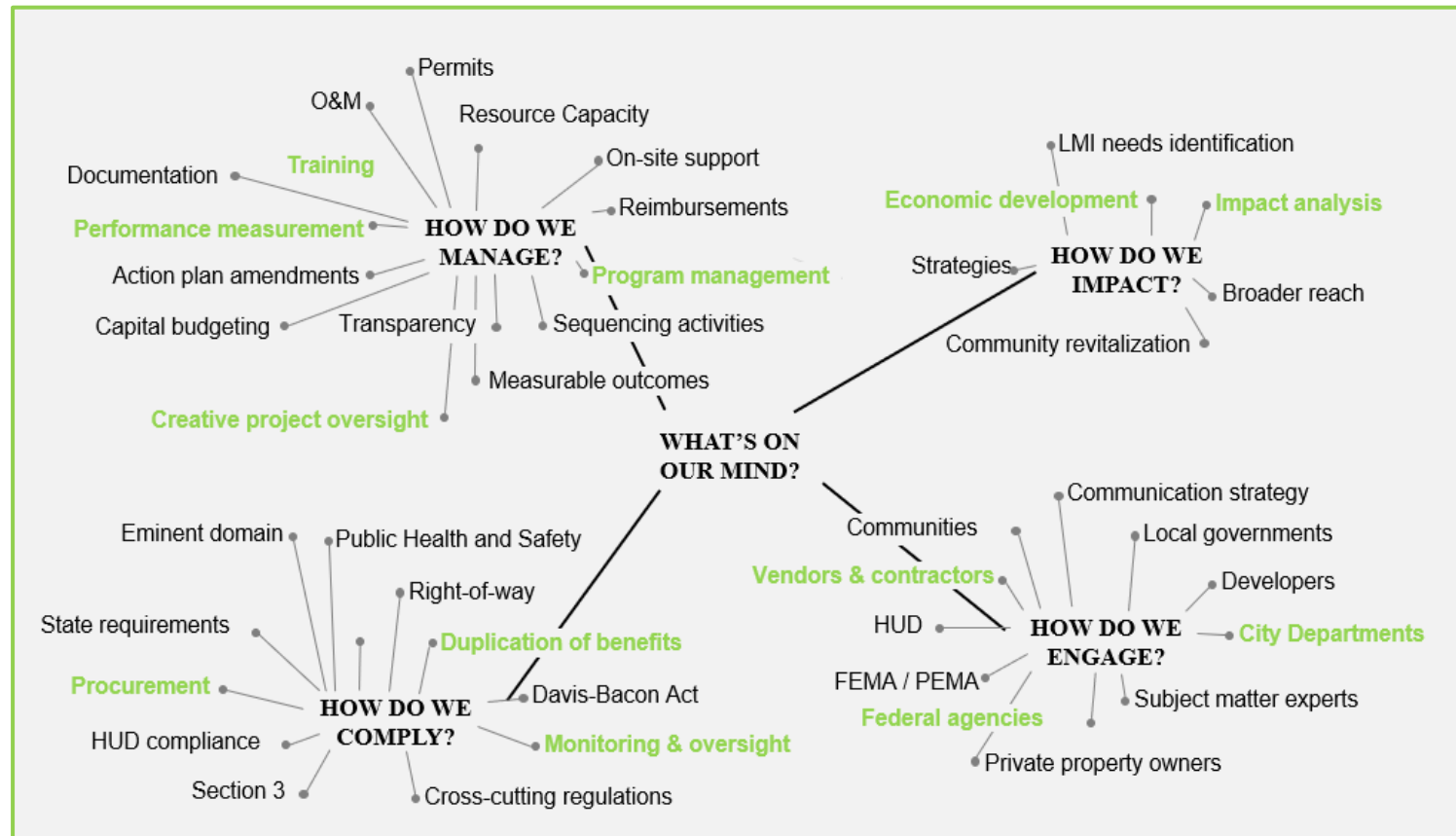
Bringing perspectives from across the country to Michigan public sector entities



“Where do we even begin?”

It's a question we hear a lot. One that leads to even more questions:

Your answers and your decisions must be documented, communicated and defensible but most importantly, they need to be right.



Michigan Association of Counties CoPro+ Livingston County Statewide Cooperative Contract

Consultative Services Agreement

Provides local governments with a contract vehicle to engage in professional COVID-19 consultative services.

Local governments can “**piggyback**” on this competitively bid contract vehicle through MAC CoPro+. Agreement is available for a one-year period with up to two additional one-year terms, for a total contract period not to exceed three years.

Based on understanding of current guidelines, consultative fees can be paid for with ARPA funding.

CONSULTANT SERVICES AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 2021, by and between the COUNTY OF LIVINGSTON, a municipal corporation and political subdivision of the State of Michigan (hereinafter referred to as the "County"), with offices at 304 E. Grand River Ave., Suite 201, Howell, MI 48843, and GUIDEHOUSE, INC., with offices at 2941 Fairview Park Dr., Suite 501, Falls Church, VA 22042 (hereinafter referred to as the "Consultant").

RECITALS:

WHEREAS, H.R. 1319 of the 117th Congress, also known as the American Rescue Plan Act of 2021, became law on March 11, 2021; and

WHEREAS, Title IX, Subtitle M – *Coronavirus State and Local Fiscal Recovery Funds* of the American Rescue Plan provides funding to metropolitan cities, nonentitlement units of local government, and counties to mitigate the fiscal effects stemming from the public health emergency with respect to the Coronavirus Disease (COVID-19); and

WHEREAS, eligible uses of the American Rescue Plan funds include:

(A) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

(B) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;

(C) for the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency;

(D) to make necessary investments in water, sewer, or broadband infrastructure; and

WHEREAS, the County is projected to receive American Rescue Plan (ARP) funds in two separate tranches, the First Tranche Amount to be received within 60 days of bill enactment and the Second Tranche Amount not earlier than 12 months after the first tranche payment is received; and

WHEREAS, the County Board of Commissioners desires to utilize the ARP Funds to swiftly and effectively provide aid to those County residents and businesses most affected by the COVID-19 pandemic; and

WHEREAS, the County requires professional services to assist in accessing and guiding appropriate uses of the ARP Funds (hereafter, "the Project"); and

WHEREAS, Livingston County will work with the Michigan Association of Counties CoPro+ Program to market and extend the contracted services to other government municipalities throughout the State of Michigan, which will enable public municipalities to "piggyback" and purchase Covid-19 Relief Consulting Services under this Agreement; and

WHEREAS, the Consultant has experience in the type of professional services required for the Project, and agrees to provide such services subject to the terms and conditions of this Agreement.

~1~

Services May Include:

- Inventory funding opportunities along with requirements for obtaining, utilizing, and accounting
- Assist in administering Federal and State grant monies
- Track and manage progress (applications made, receipts, distributions, etc.)
- Provide project reports
- Project auditing
- Project budgeting
- Financial forecasting
- Recommend internal controls
- Schedule and conduct/assist in meetings
- Other activities as deemed beneficial for the outcomes, and as mutually agreed to by the County/participating entities and the Contractor(s)

We use a common-sense, 2 phased approach

PHASE I Assess

Strategy & Funding

- Perform an initial assessment
- Assess needs through stakeholder outreach
- Assess capabilities to administer programs
- Identify funding opportunities
- Identify funding eligibility requirements

Technical Assistance

- Develop lost revenue calculation methodology
- Identify and assess existing funding programs
- Define and design funding programs
- Monitor funding program submission progress

PHASE II Implement

Project Management Office

- Develop scope, objectives and governance structure
- Prepare reports related to potential funding programs
- Attend briefing meetings to discuss key program developments

Program Administration

- Finalize Funding Program requirements
- Communicate funding program eligibility and process externally
- Kick off programs
- Disburse funds / awards

Compliance

- Evaluate funding program risk areas
- Identify important Client priorities
- Implement controls to reduce risk



Contact Us

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Wealth Management.

Coronavirus State and Local Fiscal Recovery Funds (CFDA 21.027)

July 15, 2021

David Helisek and Manju Patnaik



Overview



Overview

- **Overview of Coronavirus State and Local Fiscal Relief Fund**
- **MI Department of Treasury Application Portal**
- **Reporting Requirements**
- **Uniform Guidance –Audit Requirements**
- **Considerations while planning to spend the funds**
- **Revenue recognition**
- **Resources**



Coronavirus State and Local Fiscal Relief Fund (CSLFRF – CFDA 21.027)



Overview of CSLFRF

- **\$350 billion to states and local governments**
- **Entitlement units received funding directly from Treasury (first tranche of 50% of the initial allocations have been provided)**
- **Non-entitlement units (NEU) will receive funding from the State.**
- **The NEUs are still considered prime recipients and are NOT considered subrecipients of the State even though the flow of funds is through the State**



MI Department of Treasury Application Portal



MI Department of Treasury Application Portal

Top-Line Budget

- **State of MI has defined “Top-Line” budget in their numbered letter 2021-5.**
- **State of MI defines top-line budget to include the sum of the following:**

All budgeted expenditures (including other financing uses) for the general, special revenue, debt service, capital projects, and permanent funds; including transfers out for enterprise funds. This calculation includes all governmental and enterprise funds but excludes internal service and fiduciary funds. Budgeted expenditures are as of January 27, 2020.

Funds that do not have an adopted budget will use the actual expenditures (including other financing uses for governmental funds) or expenses (including both operating and nonoperating expenses and transfers out for enterprise funds) found in the most recent audited financial statements for the period ending prior to January 27, 2020.



MI Department of Treasury Application Portal

- **NEU's will request funds through the ELITE System. (Instructions available here)**
- **The portal opened on July 7th 2021 and the recommended due to date to complete applications is July 27th, 2021**
- **Prior to starting the application process NEU's should have the following information readily available:**
 - Municipality Tax ID number
 - DUNS number
 - Customer vendor number and Address ID from the State's SIGMA Vendor Self Service payment system (should auto populate). See instructions on "How to find your SIGMA Vendor Number"
 - Top-Line Budget (total annual operating budget)



MI Department of Treasury Application Portal

Prior to starting the application process NEU's should have the following information readily available

- **Attachment 1 – 5751 - CLFRF NEU Funding Election and Budget Certification Form**
- **Attachment 2 – Award Terms and Conditions (as provided by Federal Treasury)**
- **Attachment 3 – Compliance with Title VI of the Civil Rights Act of 1965 (as provided by Federal Treasury)**



Reporting Requirements



Reporting Requirements

Treasury issued [Compliance and Reporting guidance on June 24, 2021](#)

Table 2: Reporting requirements by recipient type

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			
Metropolitan cities and counties with a population below 250,000 residents which received less than \$5 million in SLFRF funding		By October 31, 2021, and then annually thereafter ¹¹	
NEUs	Not required		



Reporting Requirements

- **Interim report**
 - One-time report due 08/31/2021
 - Include expenditures by category from date of award through July 31, 2021
 - Report obligations by expenditure category
- **Project and Expenditure Report**
 - Quarterly reporting
 - First report to cover two-quarters from award date through September 30, 2021 and is due October 31, 2021
 - Subsequent reports will cover one quarter and reports are due within one-month after the end of the quarter.
- **Recovery Plan Performance Report (applicable only for states, territories, metro cities, and counties with a population that exceeds 250,000 residents)**
 - First report will cover the period from the award date through July 31, 2021, and is due August 31, 2021
 - Required to be filed every year for the 12-mnth period July 1 through June 30



Uniform Guidance – Audit Requirements



Uniform Guidance – Audit Requirements

- **Assistance Listing Number (ALN previously known as CFDA number) is 21.027**
- **To expedite payments and meet statutory timelines Treasury issued initial payments under an existing ALN, 21.019, assigned to the CRF. If you have already received funds or captured the initial number in your records, please update your systems and reporting to reflect the new ALN 21.027 for the SLFRF program.**
- **CSLFRF is subject to a Single Audit under Uniform Guidance**
 - **Note – a Single Audit is required when federal expenditures are \$750,000 or more.**



Uniform Guidance – Audit Requirements

Unlike CRF, UG applies to CSLFRF - **Subject to administrative requirements and cost principles under Uniform Guidance**

- Many of you may have first time Single Audits with the major program having to comply with UG
- Just so you don't find yourselves behind the eight ball, understand UG requirements. **Act Now**
 - **Identify applicable compliance requirements**
 - **Evaluate internal controls related to compliance to identify gaps and implement controls processes to bridge the gaps**
 - **Required written policies – policy on how allowable costs are identified, procurement policy, cash management policy and subrecipient risk assessment and monitoring policy**



Considerations While Planning to Spend the Funds



Revenue Loss

Revenue loss might appear to be the best use among the eligible uses. Some items to note:

- The amount of calculated revenue loss is **NOT** to be considered free money to replace lost revenue, clients will need to spend it towards “eligible government services” within the fiscal year.
- Depending on the revenue sources the revenue loss calculation may not amount to much – for a community whose revenue sources don’t include income tax revenue and significant revenue from use of facilities, the decline in general revenues as a result of the pandemic may NOT be significant.
- In many cases using CSLFRF towards eligible uses maybe simpler than calculating revenue loss



Revenue Recognition



ARPA Revenue Recognition

Key Question:

- Are these funds subject to any eligibility requirements under GASB 33?

In short – Yes:

- ARPA stipulates certain conditions that are required to be met, such as the incurrence of eligible expenditures
- Those conditions represent eligibility requirements under GASB 33 (reimbursement)



Applicable Guidance

GASB Technical Bulletin 2020-1:

- Concludes CRF funds are subject to eligibility requirements under GASB 33
- Funds received should be recognized as a liability until applicable eligibility requirements met

Question 4.23 in GASB Implementation Guide 2021-1 addresses revenue recognition more broadly for grants:

- Indicates that the incurrence of allowable costs that requires the existence of a contractual agreement isn't sufficient to fulfill recognition criteria in the absence of an executed agreement



ARPA Revenue Recognition

- A governmental entity receiving ARPA funds should recognize funds received in advance as a liability (**unearned revenue**) until they have incurred eligible expenditures
- Revenue/receivables also cannot be recognized until an award is officially executed



Resources



Resources

- GFOA - they have several resources such as the revenue loss calculator for their members
- [US Department of Treasury](#)
- [Michigan Department of Treasury](#)
- Your auditors
- Plante Moran



Thank you for attending!

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