

American Rescue  
Plan:  
Local Fiscal  
Recovery Funds

NEU Project &  
Expenditure Report



# When Do I Report?



| Tier | City  | Project and Expenditure Report                                      | Recovery Plan Performance Report |
|------|---|---|----------------------------------|
| 1    | Lexington, Louisville                           | By April 30, 2022,<br>then 30 days after the end of<br>each quarter | Annually by July 31              |
| 2    | Ashland, Bowling Green,<br>Covington, Owensboro |   | Not required                     |
| 3    | - [tribal]                                      |   |                                  |
| 4    | - [tribal]                                      |   |                                  |
| 5    | All other Kentucky cities                       | By April 30, 2022,<br>then annually thereafter                      |                                  |

*Even if cities did not spend any ARPA money through March 30, 2022, you still must submit a report by April 30 stating that no funds have been expended.*



## Getting Registered

ID.me – NEUs should **not** register through the ID.me process unless you already have an account set up.

- ID.me requires more personally identifiable information

Login.gov – This account works with all federal governmental entities.

- <https://login.gov/create-an-account/>
- Account administrator must preregister your account in the portal
- If you received an email from Treasury regarding Login.gov account setup, then you are preregistered.

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Treasury has portal instructions for both accounts (available on the [klc.org](http://klc.org) ARPA page).

# User Roles



Account administrator – Maintains names and contact information



Point of contact for reporting – Completes the reports



Authorized representative for reporting – Certifies and submits the reports



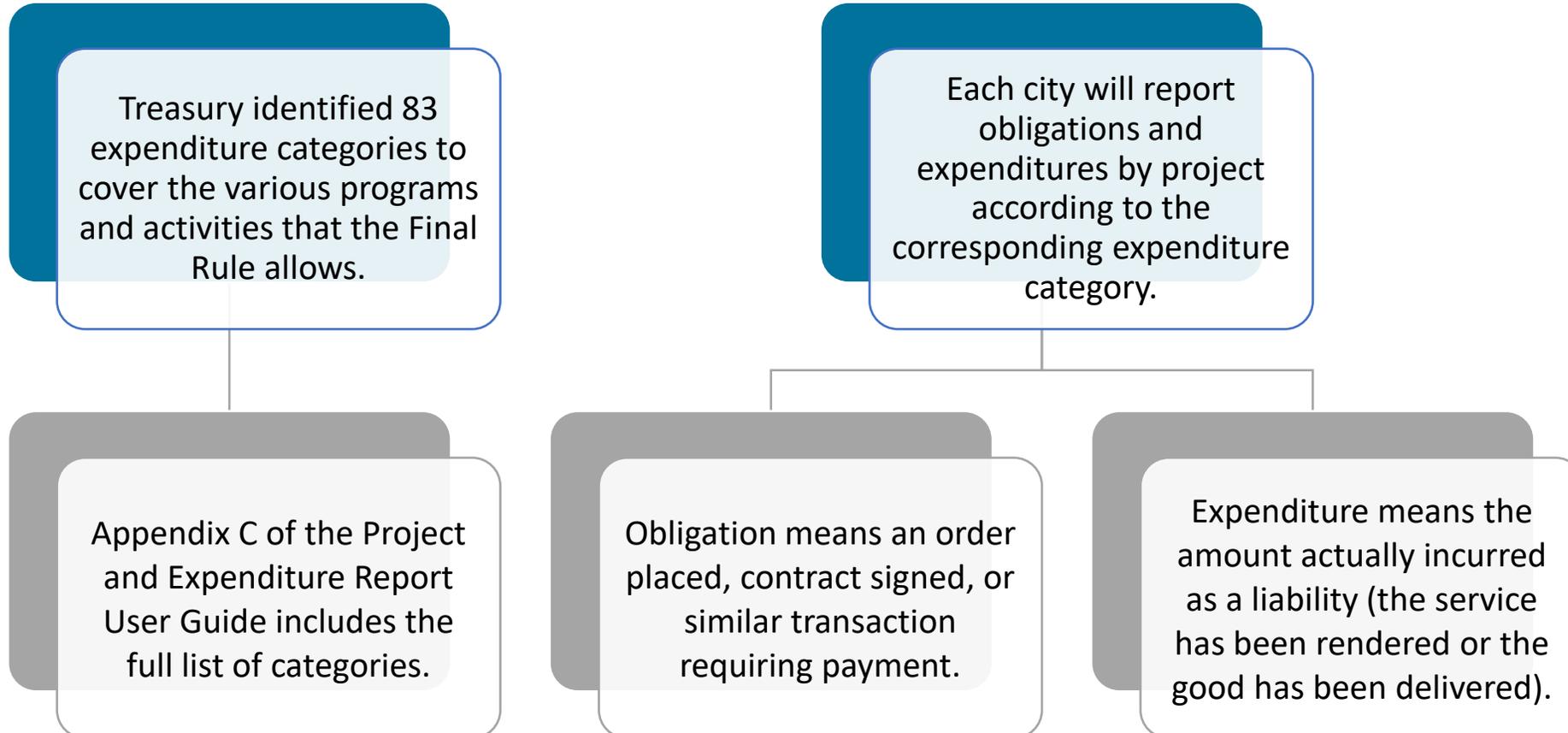
The same person can serve in more than one role, and more than one person can serve in a role.

# Designating Roles



- Appendix A of the Project and Expenditure Report User Guide provides information on how to assign roles.
- You will need to register for Login.gov then use the email Treasury sent to the point of contact for reporting to connect to the city's account.
- Treasury defaulted to send information to mayors in Kentucky, so that person may have received emails about registering.
- If you do not have an email link, you can contact Treasury through [SLFRP@treasury.gov](mailto:SLFRP@treasury.gov), and staff will provide a link.

# Expenditure Categories





Expenditure category 6.1 includes “Provision of Government Service”

- Cities will almost exclusively use this category
- Covers all “lost revenue”



## Revenue Replacement

Lost revenue can be calculated by either:

- 📊 Comparing FY 2019 revenues to FY/CY 2020 and FY/CY 2021 using a growth rate calculation, known as counterfactual revenue; or
- 📊 Electing the standard allowance of up to \$10 million, not to exceed a city’s actual allocation.



## Revenue Loss – Calculation of Counterfactual Revenue

Only six Kentucky cities – Ashland, Bowling Green, Covington, Lexington, Louisville, and Owensboro – may want to use this method.

- Calculate counterfactual revenue based on 5.2% annual revenue growth projects or the average revenue growth rate of the previous three fiscal years, whichever is higher.
- Cities can compare FY 2019 revenues to either fiscal years or calendar years.
- All utility revenue should be included.
- Cities must adjust actual revenue totals for the effect of tax rate cuts and/or increases occurring after January 6, 2022.

# Revenue Loss Calculation Reporting

If calculating counterfactual revenue for revenue loss, cities must report:

- FY 2019 total revenue
- Growth adjustment rate used (5.2% or recent local average)
- Year end date (either June 30 or December 31)
- Actual revenue collected in the year
- Estimated revenue loss due to the coronavirus pandemic
- That no funds were deposited into a pension fund
- An explanation of how revenue replacement funds were allocated to government services



# Revenue Loss – Provision of Government Services

Treasury defines “government services” as “any service traditionally provided by a government.”

The Final Rule includes the following examples:

-  Road building and maintenance and other infrastructure
  -  General government administration, staff, and administrative facilities
  -  Environmental remediation
  -  Provision of police, fire, and other public safety (including purchasing vehicles)
- Although the most flexible use category, certain restrictions still apply.

# Written Explanation



While the revenue loss portion is most flexible, city officials must still explain how they used the funding through March 31, 2022.

- ➔ If you have not spent any funding yet, simply report that the city did not spend any of its SLFRF allocation through March 31, 2022.
- ➔ The project overview page will have an option to select no projects to verify, but you must provide a narrative for why no projects have occurred so far.

If you have spent funds:

- ➔ Remember this is required reporting associated with a federal grant
- ➔ Your explanation should be brief yet filled with information



Include references to the Final Rule to demonstrate your knowledge of allowable expenses.

Use specific data whenever possible (e.g., employees impacted, households served, miles of water lines installed, etc.).

Only include what you have already spent through March 31, 2022, not what you spent in April 2022 or what you will spend in the future.

Type the draft in a word processing program and copy and paste into the essay box to reduce grammatical or spelling errors.



# TIPS

- 1 Include references to the Final Rule to demonstrate your knowledge of allowable expenses.
- 2 Use specific data whenever possible (e.g., employees impacted, households served, miles of water lines installed, etc.).
- 3 Only include what you have already spent through March 31, 2022, not what you spent in April 2022 or what you will spend in the future.
- 4 Type the draft in a word processing program and copy and paste into the essay box to reduce grammatical or spelling errors.

## Example

### Less Complete

The city spent \$50,000 to provide premium pay to its employees.

### More Complete

The city spent \$50,000 to provide premium pay in the amount of \$2/hour beginning on July 1, 2021, for essential work performed by the city's 50 eligible workers as defined by the Final Rule, not to exceed \$1,000 per employee. No employee exceeded 150% of the state or county's average annual wages.

## Example

### Less Complete

The city spent \$50,000 to provide premium pay to its employees.

The city spent \$100,000 to cover employee payroll.

### More Complete

The city spent \$50,000 to provide premium pay in the amount of \$2/hour beginning on July 1, 2021, for essential work performed by the city's 50 eligible workers as defined by the Final Rule, not to exceed 150% of the average

The city spent \$100,000 to cover a portion of employee payroll for all 50 of the city's public safety, general administration, and utility employees to ensure provision of government services.

# Example

## Less Complete

The city spent \$50,000 to provide premium pay to its employees.

The city spent \$100,000 to cover employee payroll.

The city spent \$500,000 to replace a water tank.

## More Complete

The city spent \$50,000 to provide premium pay in the amount of \$2/hour beginning on July 1, 2021, for essential work performed by the city's 50 eligible workers as defined by the Final Rule, not to exceed \$1,000 per employee. 150% of the average a

The city spent \$100,000 to cover a portion of employee payroll for all 50 of the city's public safety, general administration, and utility employees to ensure provision of

The city spent \$500,000 to replace an aging and leaking water tank to safely store 1 million gallons of drinking water to improve service for the city's 250 residential, commercial, and industrial customers.

# Summary of Revenue Loss Reporting



| <b>Data</b>  | <b>If Using Standard Allowance</b> | <b>If Not Using Standard Allowance<br/>(2020 and 2021 Information)</b> |
|--|------------------------------------|--|
| <b>Base year revenue</b>                                       | N/A                                | Required   |
| <b>Year end date</b>   | N/A                                | Required   |
| <b>Growth adjustment used</b>                                  | N/A                                | Required   |
| <b>Actual general revenue</b>                                  | N/A                                | Required   |
| <b>Revenue loss</b>  | Required                           | Required   |
| <b>Pension deposit response</b>                                | Required                           | Required   |
| <b>Explanation how funds were used for government services</b> | Required                           | Required   |

Written justification includes:

- Description of the harm or need to be addressed
- Explanation of why a capital expenditure is appropriate
- Comparison of proposed capital project against at least two alternative capital expenditures and demonstration of why the proposed expenditure is superior



# Capital Expenditures

| <b>If a project has total capital expenditures of:</b>   | <b>The use <u>is</u> enumerated by Treasury as eligible</b>  | <b>The use <u>is not</u> enumerated by Treasury as eligible</b>                     |
|--|--|---|
| <b>Less than \$1 million</b>                             | No written justification required  | No written justification required   |
| <b>\$1 million or greater but less than \$10 million</b> | Written justification required, but cities are not required to submit as part of regular reporting | Written justification required, and cities must submit as part of regular reporting |
| <b>\$10 million or more</b>                              | Written justification required, and cities must submit as part of regular reporting                |   |

# Capital Projects



Treasury presumes the following capital projects are ineligible:

-  New correctional facilities as a response to an increase in crime
-  New congregate facilities to decrease spread of COVID-19 in the facility
-  Convention centers, stadiums, or other projects for general economic development or to aid impacted industries

Strong labor standards are encouraged, but federal prevailing wages do not apply unless required by another federal program.

# Restrictions on Use



- ❌ No extraordinary contribution to deposit funds in a pension system to reduce unfunded liability.
  - SLFRF money can support regular CERS contributions
- ❌ No debt service or replenishing financial reserves.
  - While the Final Rule references “revenue replacement,” funds must be associated with a government service
- ❌ No payments associated with legal judgments or settlements.
- ❌ No projects that conflict with or contravenes the purpose of ARPA.



# Additional Resources



The KLC ARPA Resource Page has links to:

- ✓ Project and Expenditure Report User Guide
- ✓ NEU Introduction to Reporting recorded webinar
- ✓ NEU Reporting Overview recorded webinar and slide deck
- ✓ Treasury's web page for NEUs
- ✓ Treasury portal instructions for Login.gov and ID.me

# American Rescue Plan: Local Fiscal Recovery Funds

## Contact:

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