

# OHIO AUDITOR OF STATE KEITH FABER



In August 2023, Treasury released the 2023 Interim Final Rule which expands eligible uses of State and Local Fiscal Recovery Funding (SLFRF) to include natural disasters, community development, and surface transportation projects. The 2023 Interim Final Rule does not impact the existing eligible uses. These FAQs have not been updated for the new guidance. For additional information, see Treasury's SLFRF website (<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>).

## To All Local Government, Public Offices, and IPAS: Coronavirus (COVID-19) Frequently Asked Questions<sup>1</sup>

*For Archived FAQs, refer to the [Archived FAQs](#).*

This FAQ document is intended to help local governmental entities with important local-level decisions they may encounter related to COVID-19 funding. The Auditor of State's office (AOS) is continuing to view various forums such as those posted by the Ohio Association of School Business Officials (OASBO), Ohio Township Association (OTA), Ohio Attorney General's Office (OAG), etc. as well as keeping communication lines open in the AOS office to help provide guidance on COVID-19 funding and Federal programs. **The FAQs will be updated on a regular basis as additional information is available.**

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<sup>1</sup> Updated June 6, 2023. New and updated entries are noted by the date in parenthesis and updates are indicated by double underline and strikeout text.

# Audit Services, Compliance & Financial Reporting Considerations

**1. Will auditors be required to be on-site to perform my audit? (*updated February 11, 2021 and July 21, 2022*)**

The Auditor of State has a long-standing remote work location policy that allows audit staff to perform their duties remotely - from home, in governmental offices, or on location with audit clients. The Auditor of State will continue to provide audit staff flexibility to work remotely, where feasible.

While some time on-site may be necessary during audit fieldwork, records can be transmitted electronically using Microsoft OneDrive and AOS e-services. Auditors will use these services to request and receive documents for audit procedures as necessary.

Audit teams will remain engaged with audit clients, not only in the completion of the assigned audit work but to offer assistance to clients as issues arise. In short, the Auditor of State remains open for business, and we are here to serve and assist.

**2. Will the receipt and expenditure of COVID-19 funding significantly affect audit costs, particularly for smaller jurisdictions that do not routinely accept federal funds? (*Updated July 21, 2022*)**

Yes, receipt and expenditure of COVID-19 funding will increase audit scope and audit costs; however, the extent of the increase is contingent on the specific facts and circumstances of each individual audit.

**3. Will the AOS audit of these funds be rolled into the regular annual audit process? (*Updated January 28, 2022, December 13, 2022, and February 17, 2023*)**

Yes. Local governments currently on a biennial audit schedule for fiscal years 2022 and 2023 will also need to alert their auditors as soon as possible if the total expenditures of federal funds in fiscal year 2022 are anticipated to exceed \$750,000, qualifying them for a Single Audit. Where this occurs, the auditor will need to plan to conduct a timely Single Audit for fiscal year 2022.

**4. Will audit customers see major changes in procedures? (*updated February 11, 2021, October 21, 2021, January 28, 2022, and July 21, 2022*)**

AOS recognizes the unprecedented challenges that are being faced by local governments at this time and appreciates the efforts made to obtain insight into the audit impact of the new and increased federal financial assistance to local governments. AOS will be required to audit many of the COVID-19 federal funds as part of the Single Audit Act (31 U.S.C. §§ 7501-7507) and the related provisions of the Uniform Guidance, 2 C.F.R. §200, Subpart F.

In many cases, instead of an agency-wide response (e.g., HHS) or specific guidance provided through the OMB Compliance Supplement, each program/office within an agency (e.g., CMS, ACF, etc.) is issuing its own guidance which should be considered for program administration and the related audit procedures. The Federal government's decentralized approach to managing awards and providing programmatic guidance adds more complexity to identifying the requirements and assessing the audit impact.

With unprecedented levels of federal funding in response to COVID-19, AOS anticipates some local governments will qualify for a first-time Single Audit. We also anticipate that auditors may be required to test more high-risk type A programs for Single Audits. These variables make it difficult for AOS to estimate the impact COVID-19

funding will have on local government audit costs. However, AOS is committed to providing effective, efficient, and transparent audits. Training and other resources for first-time Single Audit clients is located on our COVID-19 Resources page under “Guidance for Clients” at: [https://ohioauditor.gov/resources/covid19\\_clients.html](https://ohioauditor.gov/resources/covid19_clients.html).

We continue to do our best to share new information timely.

Local governments not qualifying for a Single Audit but receiving new and increased COVID-19 federal funding can anticipate an increase in their audit scope. While AOS does not anticipate the expanded scope to create “major changes” in our procedures (i.e., auditors will still test receipts and expenditures, etc. as we ordinarily would), local governments will need to be prepared to provide documentation supporting compliance with the Federal program guidance related to program expenditures. AOS will audit in accordance with this guidance as we conduct our audits.

**5. How do I reimburse expenditures made out of other state and local funds with my COVID-19 federal funding? (updated October 1, 2020, July 30, 2021, July 21, 2022, and December 13, 2022)**

See guidance provided within the [Auditor of State Advisory Memo: Prior Fiscal Year Expenditures Reimbursed with Federal Funds in the Subsequent Fiscal Year](#) as well as [Auditor of State Bulletin 2021-004](#).

For reimbursements and reallocations occurring in a subsequent year, governments should be careful not to overstate intergovernmental revenue in the year in which the reimbursement or reallocation is posted. For entities filing on the AOS Regulatory or OCBOA basis, the fund receiving reimbursement from the COVID Special Revenue Fund should record the revenue as other/miscellaneous so as to not overstate intergovernmental revenue related to this funding. In this situation, a footnote disclosure should be made to provide transparency about material amounts classified as other/miscellaneous revenue. For entities filing on the GAAP basis, when unexpended prior year COVID-19 monies are in Unearned Revenue, the government can record the reimbursement or reallocation to miscellaneous revenue on the day-to-day books and budgetary statements but can adjust to intergovernmental revenue for GAAP reporting purposes.

**6. Do I reduce the appropriations in the general fund and increase appropriations in the Special Revenue Federal Fund for COVID-19 Federal funding? (updated November 23, 2020, October 21, 2021 and July 21, 2022)**

Local governments do not need to reduce the appropriation in the general fund. An appropriation for a newly created special revenue fund (for federal grant moneys) is effectively created by operation of Ohio Rev. Code § 5705.42. Ohio Rev. Code § 5705.42 indicates Federal and State grants or loans are “deemed appropriated” for such purpose by the taxing authority as provided by law. In addition, those moneys are also treated as if they are in the process of collection by the fiscal officer of the subdivision. This means that under Ohio Rev. Code § 5705.42, the moneys are treated by the fiscal officer as if they have been appropriated for a specific purpose, without requiring the taxing authority to adopt an amended appropriation measure. However, the fiscal officer should include the appropriated amounts on the (amended) certificate if the legislative authority intends to appropriate and expend the excess revenue. The amounts need not be included on the (amended) certificate until the entity intends to spend the moneys. The fiscal officer should also record the estimated revenues from the amended certificate and appropriation in the accounting system.

**7. Are there resources available to help local governments recognize, arrest, and reverse patterns of financial decline?**

Yes, many associations offer tools to assist local government deal with the tenuous financial situation. For example, GFOA has provided a program called Fiscal First Aid: Recovering from Financial Distress. This program was created

more than 10 years ago to help local governments deal with the 2008 Great Recession. It was very popular at the time and a number of GFOA members have indicated they are using it again now.

The site at <https://www.gfoa.org/ffa> contains the following:

- A 12-step process for financial recovery: The web site breaks down the three stages of recovery described above into 12 detailed steps.
- Catalog of fiscal first aid techniques: The site highlights the most and least recommended techniques for providing short-term relief for financial distress.
- Catalog of long-term treatments: A number of strategies to improve financial condition over the long term are discussed.
- Diagnostic model: A full, ready-to-use diagnostic model is available to help find causes of financial distress that you can address.

Additionally, the Auditor of State has Fiscal Distress resources available at: <http://www.ohioauditor.gov/fiscaldistress.html>. Local governments seeking assistance may contact the Local Government Services (LGS) division of our office by calling 800-282-0370.

**8. For local governments, can we collect daily deposits in a single location and hold them in a safe location to allow the virus to dissipate over a 2-3 day time frame?**

Local governmental entities must continue to comply with Ohio Rev. Code Section 9.38 during the pandemic. However, this statute provides allowable options for depositing public moneys with the treasurer/fiscal officer until they can be deposited in a designated depository.

Public money must be deposited with the treasurer/fiscal officer of the public office or to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt.

For example, a government employee, other than the fiscal officer collecting funds and issuing a receipt, must deposit the funds with the government's fiscal officer on the business day following the day of receipt. As an alternative to depositing the funds with the government's fiscal officer, the employee instead may deposit funds with the government's designated depository on the business day following the day of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

Note: The statute does not require the fiscal officer to deposit receipts with the designated depository on the business day following the day of receipt, or any other specified time. However, the fiscal officer should avoid holding significant amounts of cash and checks for an unreasonable period.

**9. We have some employees scheduled for out of state professional development meetings that were cancelled. Airlines are issuing credits in the employee's name instead of cash refunds. Do you have a recommendation on how to account for those situations?**

Ohio Ethics Commission Advisory Opinion No. 91-010 prohibits a state official or employee (Ohio Rev. Code §102.03(D) and (E)) and a state officer or employee (Ohio Rev. Code Sections 2921.42(A)(4) and 2921.43(A)) from accepting, soliciting, or using the authority or influence of her position to secure, for personal travel, a discounted or free "frequent flyer" airline ticket or other benefit from an airline if she has obtained the ticket or other benefit from the purchase of airline tickets, for use in official travel, by the department, division, agency, institution, or other entity with which she serves, or by which she is employed or connected.

Governmental entities should have adopted policies to allow employees and/ or officials to be reimbursed for travel related to official business, training, etc. The government should have a policy governing travel reimbursements established by the government's legislative body. These policies should, at a minimum, identify the types of travel authorized; guidelines for allowable and unallowable expenses; limitations on amount of reimbursement; types of supporting documentation required for reimbursement requests; reporting; monitoring of use by appropriate levels of management; and other guidelines the legislative body deems appropriate. Governing boards should consider including procedures for reimbursing the public office for credits employees receive from travel vendors for refunded travel costs.

Additionally, local governments wishing to allocate the cost of out of state professional development meetings to federal programs should refer to the terms and conditions and federal program guidance available from their awarding entity to determine whether such nonrefundable costs are chargeable a federal program when an event has been cancelled due to the COVID-19 pandemic. Certain federal awarding agencies/programs are offering flexibility with regard to a conference, training, or other activity related to a grant that is cancelled due to COVID-19. However, in most cases, local governments are first required to seek recovery of nonrefundable costs (e.g., travel, registration fees) associated with a grant from the relevant entity charging the fee. Some entities are offering flexibility with regard to refunds, credits and other remedies for losses due to the COVID-19 outbreak. Moreover, many agreements or contracts contain an emergency, or "act of God" provision and the grantee must consult with their statutory legal counsel and seek to exercise those clauses to the extent possible in light of the pandemic before allocating such costs to a federal program.

**10. Should my local government setup a separate fund to account for federal COVID-19 financial assistance? (updated July 21, 2022)**

Local governments should refer to the terms and conditions of their federal award. Generally, federal programs with new or expanded COVID-19 assistance require separate accountability and local government will need to establish one of the following to separately account for the receipt and expenditure activity of the COVID-19 funding:

- A separate fund (usually a Special Revenue Fund, however, there may be exceptions where other fund types are appropriate) for a new program, or
- A subfund/special cost center for expanded assistance within an existing federal program.

**11. Ohio Executive Order 2020-01D provided for members of a public body to hold meetings by means of teleconference, video conference, or any other similar electronic technology until July 1, 2021. Is my Board permitted to continue meeting virtually even though the Executive Order has expired? (October 21, 2021, updated July 21, 2022)**

Meetings of a public body may continue to be presented by teleconference, videoconference, or other similar electronic technology after July 1, 2021. However, the Open Meeting Act, including the period from July 1, 2022 through February 16, 2022 and after June 30, 2022, requires members of a public body be present in-person to be counted in the quorum and to vote. These Open Meeting Act requirements may not apply to charter municipalities, charter counties, and/or limited home-rule townships which have adopted charter language directly contrary or a valid ordinance or resolution to the same effect.

**12. Do recipients of Federal COVID funds need to separately identify these expenditures on their Schedule of Expenditures of Federal Awards (SEFA)? (updated September 23, 2020 and January 28, 2022)**

On June 18, 2020, OMB issued Memo 20-26 which states all recipients and subrecipients must separately identify the COVID-19 Emergency expenditures on the SEFA, data collection form, and any audit report findings.

While the guidance from OMB does not specifically illustrate how this identification must be presented, the following is a possible example:

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Awards Amount	Expenditures
Clusters:				
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the State Department of Education: Noncash Assistance (Commodities) - National Lunch Program Bonus Commodities 2019-20				
	N/A	10.555	\$ 93,034	\$ 93,034
Cash Assistance:				
National School Lunch Program 2018-19	191960	10.555	752,609	89,674
National School Lunch Program 2019-20	201960	10.555	447,046	447,245
COVID-19 - Unanticipated School Closures 2019-20	200902	10.555	313,953	313,953
National School Lunch Program (incl. commodities) Subtotal		10.555	1,606,642	943,906
National School Breakfast Program Subtotal		10.553	645,112	291,157
Summer Food Service Program Subtotal		10.559	44,224	25,734
<b>Total Child Nutrition Cluster</b>			<b>2,295,978</b>	<b>1,260,797</b>

Row Number (auto-generated)	CFDA #		Additional Award Identification <sup>3</sup>	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total <sup>4</sup> (auto-generated)	Cluster Total <sup>5</sup> (auto-generated)
	Federal Awarding Agency Prefix <sup>1</sup>	CFDA Three-Digit Extension <sup>2</sup>						
1	93	558		TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$3,000,000.00		\$4,000,000.00	
2	93	558	COVID-19	COVID-19 - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$1,000,000.00		\$4,000,000.00	
Total Federal Awards Expended =					\$4,000,000.00			

**13. Are COVID-19 vaccines considered Federal Financial assistance in accordance with 45 CRF part 75 and should they be included as expenditures or non-cash assistance in the SEFA? (March 23, 2021)**

No, according to an email communication from Tammie Brown at the Department of Health and Human Services (HHS) Office of the Inspector General (OIG), for the purposes of the Vaccination Program, COVID-19 vaccine doses do not transfer to recipients, but rather remain federal property until the point at which they are administered to

individuals. According to the communication, it has been determined that the vaccines do not meet the definition of Federal financial assistance.

**14. How are receivables related to COVID-19 funding streams calculated and reported? (December 13, 2022)**

Receivable determination can be somewhat complex due to the different funding streams. Local governments should review GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended (codified as Section N50 of the GASB Codification; GASB Technical Bulletin 2020-1 (Questions 1 and 3); and the GASB Comprehensive Implementation Guide No. 2021-1 Paragraph 4.23 for information on receivable determination. The guidance leaves room for interpretation therefore auditors will be flexible when evaluating how local governments post these transactions and will accept any reasonable approach.

Local governments and school districts should also refer to the Auditor of State's [Miscellaneous GAAP FAQs](#). Question 3 discusses receivables related to COVID-19 funding. Question 5 discusses the calculation of receivables for funding received by schools via the Ohio Department of Education's CCIP.

## Training & Education

**1. How do I obtain my Certified Public Records Training (CPRT) also known as Ohio Sunshine Law Training during this time?**

The Ohio Attorney General's Office has provided an online webinar during periods where no in-person trainings are being conducted. Refer to the Ohio Attorney General Website link below: <https://sunshinelaw.ohioattorneygeneral.gov/>

**2. How do I obtain my Fiscal Integrity Act (FIA) training during this time? (updated December 3, 2020 and July 21, 2022)**

Information and registration for the Local Government Officials and other key conferences can be found on the [Training Department page](#) of the Auditor of State's website. Further, the Auditor of State's Office has made webinars available on the Training Department page, and topics that qualify for FIA credit are identified.

**3. I'm a local government official, how do I obtain continued professional education during this time? (updated December 3, 2020 and July 21, 2022)**

Information and registration for the Local Government Officials and other key conferences can be found on the [Training Department page](#) of the Auditor of State's website. Further, the Auditor of State's Office has made webinars available on the Training Department page, and topics that qualify for FIA credit are identified.

# Coronavirus State and Local Fiscal Recovery Funds

## Allocations & Financial Reporting Considerations

**1. Which Ohio Governments are eligible to receive Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)? (July 12, 2021, updated January 31, 2022)**

Eligible recipients who received money directly from the U.S. Department of Treasury include the State of Ohio, all 88 counties, and metropolitan cities with a population that exceeds 50,000. Currently, direct allocations also include 3 townships in southwest Ohio meeting the population requirement. Allocations for direct recipients can be found on Treasury's CSLFRF website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

Smaller local governments, referred to as "Non-Entitlement Units" or NEUs, are also eligible to receive CSLFRF funds which will be passed through the State of Ohio. Information available from the U.S. Department of Treasury related to the NEUs, including allocation information, can be found at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/non-entitlement-units>. NEUs can find additional information on OBM's website, [here](#).

**2. As a direct recipient, in order to apply for CSLFRF, can I designate more than one person to access the Treasury Submission portal? Who should that/those person(s) be? (July 12, 2021)**

Only one person needs to apply in the Treasury portal and go through the ID.me process (see below). The Ohio Office of Budget and Management (OBM) recommends the person that will be doing the reporting for the funds be the one that gains access to apply. Two different contacts are needed for the grant, 1) the Authorized Representative that can commit the entity to the funds and 2) the Contact who will be assisting with reporting and managing the funds (who will apply for them as noted above). The Authorized Representative can "docusign" the CSLFRF agreement without having to have access to the portal.

**3. Is an ID.me account required for my entity to obtain CSLFRF funding? What can I do if I am uncomfortable providing the significant amounts of personal information required? (July 12, 2021, updated July 7, 2022)**

To the best of our knowledge, ALL DIRECT recipients (counties, metropolitan cities, and 3 townships) are required to have an authorized representative complete the ID.me process to receive funds under this program. While the ID.me program is intended to keep information completely secure, local officials have understandably expressed concerns over having to submit significant personal identifying information to apply for public grant funds. Therefore, the Auditor of State will not take exception to entities who purchase fraud protection for the length of the program for individuals submitting their personal information for application of these funds, assuming the level of coverage is reasonable. Payment for this coverage may be paid using local unrestricted funds or revenue loss dollars under SLFRF. Additional information is available via the AOS Advisory Memo [American Rescue Plan Coronavirus State and Local Fiscal Recovery Fund ID.me Submission Requirements and Fraud Protection Insurance](#).

**4. The AOS has noted it will not take exception to entities who purchase fraud protection for the length of the program for individuals submitting their personal information for application of the CSLFRF funds assuming the level of coverage is reasonable. What is considered "reasonable" for these purposes? (July 12, 2021)**

Reasonable is not defined in the Advisory because it can vary by entity, but the amount of funding would not be a determining factor. Since the risk to the person submitting their information to the U.S. Treasury drives the allowance for the policy, what is reasonable would be decided by management and those charged with governance.

While purchasing coverage at exorbitant amounts is a concern, one possible way to gauge what is reasonable is to consider what a private individual would purchase for themselves, if required to obtain their own policy, then consider if it needs adjusted for specific factors for that individual. The entity should perform an analysis and maintain documentation of why they obtained the dollar amount coverage they purchased and how they determined the amount was reasonable.

**5. What legislation is required to be passed by jurisdictions to receive CSLFRF monies? (July 12, 2021, updated January 31, 2022 and July 7, 2022)**

Unlike Coronavirus Relief Funds (CRF), the General Assembly has not passed legislation requiring specific resolutions or ordinances at the local level in order to receive CSLFRF amounts. However, accounting for the monies requires separate accountability and a special revenue fund for CSLFRF (see #7 below and [Bulletin 2021-004](#) for additional information on accounting requirements). Ohio Rev. Code § 5705.09 requires subdivisions to establish separate funds for each class of revenue derived from a source other than the general property tax, which the law (i.e., terms and conditions of a federal program) requires to be used for a particular purpose. While Local governments do not need to seek AOS approval for establishing new funds for COVID-19 federal programs, legislation to create the fund should be approved by the entity's governing board. Additionally, the governing board of direct recipients and NEU's should pass a resolution to apply for and accept ARP funds. Further, the governing boards of local governments seeking to utilize the self-certification process to increase their micropurchase threshold under UG procurement requirements must adopt additional legislation to self-certify (see the [Procurement Requirements](#) section for further information).

**6. Is a separate fund required for CSLFRF monies received? Can I use my previously established CRF fund? (July 12, 2021, updated January 31, 2022)**

Yes, Ohio Rev. Code § 5705.09 requires subdivisions to establish separate funds for each class of revenue derived from a source other than the general property tax, which the law (i.e., terms and conditions of a federal program) requires to be used for a particular purpose. You should not use the existing Coronavirus Relief Fund (CRF) to account for the new American Rescue Plan (ARP) federal programs since they have very different compliance requirements, etc. Even if your CRF money has already been spent and the fund has no balance, the CRF program itself is still active through December 31, 2021 and will be subject to audit and potential oversight even after that date, therefore the CRF fund should not be used to account for any ARP activity. See [Bulletin 2021-004](#) for additional information on accounting requirements.

Fund numbers to be utilized by local governments on the Uniform Accounting Network (UAN) for CSLFRF awards can be found in the User Note dated July 7, 2021, available [here](#). UAN users should refer to the Auditor of State's [COVID-19 Resources page](#) for additional guidance, including information on how to [reallocate expenditures and revenues](#) within UAN.

**7. How should governments account for transactions charged to the new CSLFRF fund? (July 12, 2021, updated July 7, 2022 and December 13, 2022)**

The AOS issued [Bulletin 2021-004](#) with information on accounting requirements related to the funding received under ARP. Due to the increasing complexities of accounting for the COVID-19 funding, including reimbursement accounting, the Bulletin discusses, in detail, the following guidelines for accounting for the broad activities of the CSLFRF monies:

- a. Place the Local Fiscal Recovery Fund award (i.e., receipts) into a special revenue fund called the "Local Fiscal Recovery Fund."

- b. Pay costs directly from the special Local Fiscal Recovery Fund as often as practicable. Expenditures for all categories of allowable costs (public health and emergency response, water and sewer infrastructure, broadband infrastructure, premium pay, and provision of government services up to the revenue loss amount) can be recorded as direct charges to the special Local Fiscal Recovery Fund.
- c. Proprietary fund accounting highlights the extent to which charges for services cover the cost of providing goods and services; therefore, all costs should be reflected within the respective proprietary funds. Option b above does not align with the focus of proprietary accounting, meaning recording proprietary fund expenditures in the Local Fiscal Recovery Fund is not practicable. In keeping with proprietary fund accounting, local governments should continue to charge those costs to the appropriate proprietary funds. The local government can use a billing/revenue reallocation process to redistribute the Local Fiscal Recovery revenue. This reallocation process is further explained in [Bulletin 2021-004](#).
- d. An appropriation for the newly created special Local Fiscal Recovery Fund is effectively created by operation of Ohio Rev. Code §5705.42 as Federal and State grants or loans are “deemed appropriated” for such purpose by the taxing authority as provided by law under this section. In addition, those moneys are also treated as if they are in the process of collection by the fiscal officer of the subdivision. This means that under Ohio Rev. Code §5705.42, the moneys are treated by the fiscal officer as if they have been appropriated for a specific purpose, without requiring the taxing authority to adopt an amended appropriation measure. However, other budgetary considerations require additional filings with the County Auditor/Fiscal Officer. Please refer to [Bulletin 2021-004](#).

Local governments should be aware of the transfer requirements contained within Ohio Rev. Code Sections 5705.14-.16. Monies are not able to be transferred from the CSLFRF Special Revenue fund to the General or other funds without approval of the Tax Commissioner. The alternative methods provided in [Bulletin 2021-004](#) (also see [September 2020 UAN User Note](#)) and summarized above provide options for reallocating revenue and reimbursing expenditures which do not violate transfer laws.

For reimbursements and reallocations occurring in a subsequent year, governments should be careful not to overstate intergovernmental revenue in the year in which the reimbursement or reallocation is posted. For entities filing on the AOS Regulatory or OCBOA basis, the fund receiving reimbursement from the COVID Special Revenue Fund should record the revenue as other/miscellaneous so as to not overstate intergovernmental revenue related to this funding. In this situation, a footnote disclosure should be made to provide transparency about material amounts classified as other/miscellaneous revenue. For entities filing on the GAAP basis, when unexpended prior year COVID-19 monies are in Unearned Revenue, the government can record the reimbursement or reallocation to miscellaneous revenue on the day-to-day books and budgetary statements but can adjust to intergovernmental revenue for GAAP reporting purposes.

- 8. How should governments track and use interest earned on SLFRF monies? (August 16, 2021, updated July 7, 2022)** Treasury clarified in FAQ 10.3 ([Interim Rule Frequently Asked Questions](#)) and FAQ 10.1 ([Final Rule Frequently Asked Questions](#)) that SLFRF payments made by Treasury to states are **not** subject to the requirements of the Cash Management Improvement Act and 31 CFR part 205 requiring entities to remit interest to Treasury. States may retain interest on payments made by Treasury to the State for distribution to NEUs that is earned before funds are distributed to NEUs. Such interest is **not** subject to program restrictions and may be used, among other things, to defray the administrative expenses of the program.

Further, SLFRF payments to local governments are **not** subject to the requirements of 2 CFR 200.305(b)(8)-(9) to maintain balances in an interest-bearing account and remit payments to Treasury. Treasury also clarified that

interest earned on SLFRF payments is **not** subject to program restrictions therefore interest is not required to be credited to the SLFRF fund.

Note that this is unique to the SLFRF, and entities should be aware that other programs under the American Rescue Plan Act may have different requirements for interest earned.

For UAN entities, refer to the UAN User Note for instructions [here](#).

**9. Is the Board required to approve increased appropriations and obtain an (amended) certificate of estimated resources for the CSLFRF Special Revenue Fund? (October 21, 2021)**

An appropriation for the newly created special revenue fund (for the federal CSLFRF moneys) is effectively created by operation of Ohio Rev. Code § 5705.42. Ohio Rev. Code § 5705.42 indicates Federal and State grants or loans are “deemed appropriated” for such purpose by the taxing authority as provided by law. In addition, those moneys are also treated as if they are in the process of collection by the fiscal officer of the subdivision. This means that under Ohio Rev. Code § 5705.42, the moneys are treated by the fiscal officer as if they have been appropriated for a specific purpose, without requiring the taxing authority to adopt an amended appropriation measure. However, the fiscal officer should include the appropriated amounts on the (amended) certificate, if the legislative authority intends to appropriate and expend the excess revenue. The amounts need not be included on the (amended) certificate until the entity intends to spend the monies. The fiscal officer should also record the estimated revenues from the amended certificate and appropriation in the accounting system.

**10. Is CSLFRF funding passed through another local government required to be reported on the SEFA of the recipient government? (July 7, 2022)**

If the recipient government is a subrecipient of the pass-through government, expenditures of the CSLFRF funding must be reported on the recipient government’s SEFA (and reported as amounts passed through to another entity on the pass-through government’s SEFA). However, some recipient governments may be beneficiaries rather than subrecipients depending on the relationship with the pass-through government. Refer to the [Compliance and Reporting Guidance](#) and [Final Rule](#) from Treasury as well as the [Subrecipient versus Beneficiary Infographic](#) for further information on beneficiary versus subrecipient. In both cases, whether a subrecipient or beneficiary of federal funding, local governments must record the cash or value of the asset received in their accounting system.

**11. When will local governments receive the CSLFRF funding? (July 7, 2022)**

Funding will be received in two tranches – the first tranche paid in 2021 and the second tranche in 2022, not less than 12 months after the first tranche. The combined amount received in the two tranches is the local government’s total allocation of CSLFRF. For further information regarding allocations and payments to NEUs, please refer to the [Ohio Grants Partnership](#) website. For non-NEU recipients, please refer to [Treasury’s website](#) for information on allocations and payments.

**12. Can you explain the difference between a subrecipient and beneficiary relationship when a local government passes CSLFRF funding to other local governments? (July 7, 2022, updated September 9, 2022)**

Local governments can make subgrants to other local governments either as subrecipients (i.e. advance payments, reimbursement grants, etc.) or as beneficiaries. All recipients and subrecipients must comply with Treasury’s eligible use requirements, Federal procurement rules, the Uniform Guidance Act (UG), and any other applicable laws or requirements. Primary recipients are responsible for the actions of their subrecipients or beneficiaries. The primary local government making the award can also, in some circumstances, create additional requirements that

pass through to the local government subrecipient, so long as those requirements do not conflict with Treasury's Final Rule, the UG, etc.

In a subrecipient relationship, the subrecipient has ongoing compliance responsibility to maintain compliance with various requirements, make decisions about allowable spending in accordance with the terms and conditions of the subaward, obtain a single audit, etc. In a beneficiary relationship, there are no ongoing compliance responsibilities; the beneficiary need only meet eligibility requirements for the award. This is typically more common in a reimbursement-type award where the beneficiary had to provide proof in the form of documentation that the beneficiary incurred financial damages due to the pandemic which qualified the beneficiary for reimbursement of the eligible damages. If the awarding local government reviews all documentary evidence/proof supporting allowable costs/damages were incurred prior to making the award, this may be a beneficiary type payment. In a beneficiary award, the beneficiary does not have to report the reimbursement on a Federal Schedule as it will be subject to Single Audit as part of the awarding entity's Single Audit (since all supporting documentation/proof was obtained upfront and there were no ongoing compliance responsibilities to the beneficiary who already incurred the eligible costs).

For a helpful checklist in determining Subrecipient vs. Beneficiary relationships, refer [here](#).

On July 27, 2022, Treasury released updated SLFRF Frequently Asked Questions which indicate that Treasury has determined that there are no subawards under the revenue loss eligible use category. The definition of subrecipient in the Uniform Guidance provides that a subaward is provided for the purpose of "carrying out" a portion of a federal award. Recipients' use of revenue loss funds does not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award.

**13. If a local government uses SLFRF funding to pay for the installation of broadband infrastructure via an internet service provider (ISP), is the ISP considered a subrecipient or a contractor? (June 6, 2023)**

The local government must make the determination of whether the ISP is a subrecipient or contractor based on the substance and form of the agreement between the local government and the ISP. 2 CFR 200.331 provides guidance on the subrecipient versus contractor determination. Local governments should also review Treasury's [SLFRF and CPF Supplementary Broadband Guidance](#) for further information.

## Allowable Uses

**1. Are the allowable uses of the CSLFRF the same as the Coronavirus Relief Fund (CRF)? (July 12, 2021, updated January 31, 2022 and July 7, 2022)**

In short, no. While the CRF awards expenditures were limited to those meeting three "prongs" of allowability focused on response, CSLFRF allowable costs fall into four broad categories focused on response and recovery:

- a. To respond to the [public health emergency 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;
- c. For the provision of [government services to the extent of the reduction in revenue](#) due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and

- d. To make necessary investments in water, sewer, or [broadband infrastructure](#).

The U.S. Department of Treasury has issued several documents to assist jurisdictions in administering CSLFRF awards, including the [Interim Final Rule](#), [Interim Rule Frequently Asked Questions \(FAQs\)](#), [Fact Sheet](#), and a [Quick Reference Guide](#).

In January 2022, Treasury issued the [Final Rule](#), effective April 1, 2022, as well as the [Overview of the Final Rule](#) which provides a summary of the major provisions of the Final Rule. The Final Rule delivers broader flexibility and greater simplicity for the CSLFRF, and recipients may take advantage of the flexibilities and simplifications of the Final Rule prior to the April 1, 2022 effective date. Treasury will continue to issue guidance on the [CSLFRF website](#). For further information on the flexibilities afforded by Final Rule, refer to the [Final Rule](#), [Final Rule Frequently Asked Questions](#), and the [Overview of the Final Rule](#).

**2. Do projects or expenditures require prior approval by Treasury? (July 12, 2021, updated January 31, 2022 and July 7, 2022)**

No. The U.S. Department of Treasury clarified in [Interim Rule FAQ #4.5](#) and [Final Rule FAQ #4.4](#) that recipients are not required to submit planned expenditures for prior approval by Treasury. Treasury further clarified in the [Final Rule](#) that, “Treasury does not preapprove uses of funds; recipients are advised to review the final rule and may pursue eligible projects under it.” AOS is encouraging recipients to carefully read and consider the Treasury Guidance available at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds> prior to making expenditures.

Additionally, the AOS recommends that each government entity accepting ARP funds clearly document their rationale for each expenditure of ARP funds, ideally through legislation passed by the entity’s legislative body explaining how the expenditure meets the legal requirements of ARP. To aid in our future audit work, we also ask that each expenditure be carefully tracked and documented.

**3. What is the reduction in revenue calculation? (July 12, 2021, updated November 9, 2021, January 31, 2022, and July 7, 2022)**

Recipients calculate revenue loss at four distinct points in time, either at the end of each calendar year (December 31 for years 2020, 2021, 2022, and 2023) or the end of each fiscal year of the recipient. The Interim Final Rule describes the calculation process as a four-step process:

- Step 1: Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.
- Step 2: Estimate counterfactual revenue, which is equal to base year revenue  $\times [(1 + \text{growth adjustment})^{(n/12)}]$ , where n is the number of months elapsed since the end of the base year to the calculation date, and growth adjustment is the greater of 4.1 percent and the recipient’s average annual revenue growth in the three full fiscal years prior to the COVID-19 public health emergency.
- Step 3: Identify actual revenue, which equals revenues collected over the past twelve months as of the calculation date.
- Step 4: The extent of the reduction in revenue is equal to counterfactual revenue less actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.

The [Final Rule](#) largely maintains the revenue loss formula as set forth in the interim final rule, with a few major changes:

- **The Final Rule permits recipients to elect a “standard allowance” of \$10 million for revenue loss over the entire period of performance, not to exceed the recipient’s total CSLFRF award amount.** Any recipient can use this standard allowance instead of calculating revenue loss pursuant to the formula, so long as recipients employ a consistent methodology over the period of performance (i.e. choose either the standard allowance or the regular formula).
- Treasury has adjusted the definition of “general revenue” to allow recipients who operate utilities that are part of their own government to choose whether to include revenue from these utilities in their revenue loss calculation.
- Treasury has added liquor store revenue to the definition of “general revenue.”
- Recipients can elect to calculate revenue loss on a fiscal year or calendar year basis, though they must be consistent with their use of the selected basis throughout the period of performance.
- The final rule requires recipients to exclude revenue loss due to tax changes adopted after January 6, 2022:
  - Changes in general revenue that are caused by tax cuts adopted after the date of adoption of the final rule (January 6, 2022) will not be treated as due to the public health emergency, and the estimated fiscal impact of such tax cuts must be added to the calculation of “actual revenue” for purposes of calculation dates that occur on or after April 1, 2022.
  - Recipients must subtract from their calculation of actual revenue the effect of tax increases adopted after the date of adoption of the final rule (January 6, 2022) for purposes of calculation dates that occur on or after April 1, 2022.

Note that due to independence standards, auditors cannot review and “approve” clients’ revenue loss calculations.

Further information regarding the reduction in revenue calculation may be found in the [Interim Final Rule](#), [Interim Final Rule FAQs](#), [Lost Revenue Infographic](#), [Final Rule](#), [Final Rule FAQs](#), and [Overview of the Final Rule](#). The Appendix to the Final Rule FAQs presents an updated decision tree to assist recipients in determining what constitutes “general revenue” for the purpose of the calculation of reduction in revenue.

**4. For the purposes of calculating revenue loss, should a temporary sales tax in place during the base year but subsequently phased out be considered a part of sales tax revenue? (August 16, 2021, updated January 31, 2022 and July 7, 2022)**

Yes. The Appendix to Treasury’s [Interim Rule FAQs](#) and [Final Rule FAQs](#) includes taxes under “Tax Revenue.” Further, the [Interim Final Rule](#) states, “Although revenue may decline for reasons unrelated to the COVID-19 public health emergency, to minimize the administrative burden on recipients and taking into consideration the devastating effects of the COVID-19 public health emergency, any diminution in actual revenues relative to the counterfactual pre-pandemic trend would be presumed to have been due to the COVID-19 public health emergency.” Regardless of the short-term status, this revenue source would be included in the revenue loss calculation.

In the [Final Rule](#), Treasury has maintained the presumption that a reduction in a recipient’s revenue is due to the public health emergency with certain adjustments to respond to comments and to better account for revenue loss “due to the COVID–19 public health emergency.” The final rule makes adjustments to the presumption to take into account certain government actions to change tax policy. See FAQ #3, above, and the [Final Rule](#) for further information.

5. **For the purposes of calculating revenue loss, should dividends/rebates from the Ohio Bureau of Workers' Compensation (BWC) be included as revenue? (November 30, 2021, updated January 31, 2022 and July 7, 2022)**

The interim final rule defines the term "general revenue" to include revenues collected by a recipient and generated from its underlying economy and would capture a range of different types of tax revenues, as well as other types of revenue that are available to support government services. In the Final Rule, Treasury has maintained the definition of "general revenue" from the interim final rule, with the two exceptions:

1. Treasury has adjusted the definition to allow recipients who operate utilities that are part of their own government to choose whether to include revenue from these utilities in their revenue loss calculation and
2. Treasury has added liquor store revenue to the definition of general revenue.

Consistent with the Census Bureau's definition of "general revenue from own sources," the definition of general revenue in the interim final rule *excludes* refunds and other correcting transactions. The final rule did not substantively change this; however, the final rule utilizes the term '*net of*' refunds and other correcting transactions.

Many Ohio governments participate in the Ohio Bureau of Workers' Compensation (BWC) Retrospective Ratings Program. BWC occasionally issues dividend/rebate payments to participating local governments. **Treasury's guidance to date on the inclusion/exclusion of these payments is conflicting and Treasury needs to weigh in on this issue.** Until Treasury weighs in, AOS suggests local governments evaluate currently available information, identify their options, and gage the risk of potential claw back of funds in the event Treasury later clarifies or changes its guidance.

Based on the available guidance, AOS recommends a conservative approach and that local governments obtain a supporting legal opinion. Until or unless Treasury issues further guidance, local governments may consider the payments from BWC to be partially refunds and partially revenue for the purposes of calculating revenue. The portion of the payment which constitutes a refund is calculated by examining the extent to which the payment refunds the local government for a premium previously paid by the local government, even if that premium was paid over more than one year. The local government should retain documentation establishing premiums paid that were not previously part of a rebate or refund from the BWC. The portion of the payment determined to be a refund should be *excluded* from the calculation of revenue. The remaining portion of the BWC payment would be considered a dividend which meets the definition of "general revenue" and therefore should be *included* in the calculation of revenue.

6. **The Interim Final Rule generally aligns eligible uses of the Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF). What are some eligible projects and where can I find additional information on these programs? (July 12, 2021, updated January 31, 2022 and July 7, 2022)**

Under the DWSRF, categories of eligible projects include: treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development. Information regarding the DWSRF program is available at <https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook>.

Under the CWSRF, categories of eligible projects include: construction of publicly-owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment

systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act. Additional information regarding CWSRF projects is available at <https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf#eligibilities>.

The Final Rule expanded the projects which may be funded using the “Water and Sewer Infrastructure” bucket of the CSLFRF, including providing enumerated eligible uses. Recipients should review the [Final Rule](#), [Final Rule FAQs](#), and [Overview of the Final Rule](#) for enumerated eligible uses and further guidance on eligible projects.

**7. Can CSLFRF funds be used to fund infrastructure projects other than water, sewer, or broadband such as road improvements? (July 12, 2021, updated August 16, 2021, January 31, 2022, and July 7, 2022)**

While the ARP specifically allows water, sewer, and broadband projects as part of the CSLFRF program, it also allows recipients to use payments from the CSLFRF for the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency (see #3 above for additional information on that calculation and availability of the standard allowance). Road maintenance and improvements would be considered a government service and therefore an allowable expense under the Revenue Loss allowable use section. See [Treasury Interim Rule FAQ #3.8](#), as well as Treasury’s [Interim Final Rule](#), [Interim Rule Frequently Asked Questions \(FAQs\)](#), [Fact Sheet](#), [Quick Reference Guide](#), [Final Rule](#), [Final Rule FAQs](#), and [Overview of the Final Rule](#).

Additionally, Treasury Interim Rule FAQ #6.15 and Final Rule FAQ #6.13 clarify that recipients may use CSLFRF for road repairs and upgrades directly related to an eligible water or sewer project. For example, CSLFRF may be used to repair or re-pave a road following eligible sewer repair work beneath it. If an eligible water and sewer infrastructure project is a single component of a broader infrastructure project, only the components of the project that interact directly with the eligible water and sewer infrastructure project may be funded with CSLFRF.

In the Final Rule, Treasury further expanded allowable infrastructure projects. First, Treasury expanded the eligible uses to include stormwater system infrastructure projects regardless of whether there is an expected water quality benefit from the project. Recipients may also use CSLFRF funds for road repairs and upgrades that interact directly with an eligible stormwater infrastructure project. Second, the Final Rule allows recipients to use SLFRF to invest in capital expenditures as part of their public health or economic response. Note that Treasury does require recipients to complete a written justification (WJ) for capital expenditures over \$1 million (this is *not* a pre-approval). Refer to the table below for further guidance on WJ requirements and to the [Final Rule](#) and [Overview of the Final Rule](#) for further information and enumerated eligible capital projects under this bucket of funding.

If a project has total capital expenditures of	and the use is enumerated by Treasury as eligible, then	and the use is beyond those enumerated by Treasury as eligible, then
Less than \$1 million	No Written Justification required	No Written Justification required
Greater than or equal to \$1 million, but less than \$10 million	Written Justification required but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
\$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

**8. Can CSLFRF funds be used to fund water, sewer, or broadband infrastructure projects that had been initiated prior to March 3, 2021? (*July 12, 2021, updated January 31, 2022 and July 7, 2022*)**

Treasury guidance indicates CSLFRF awards are forward looking for costs from March 3, 2021, with a specific exception for retro premium pay, which is allowable for the pandemic period. 31 CRF Part 35 (codified Interim Final Rule) 2021-10283.pdf (govinfo.gov) includes some clarification:

*§ 35.5 Use of funds*

- (a) In General. A recipient may only use funds to cover costs incurred during the period beginning March 3, 2021, and ending December 31, 2024, for one or more of the purposes enumerated in sections 602(c)(1) and 603(c)(1) of the Social Security Act, as applicable, including those enumerated in section § 35.6 of this subpart, subject to the restrictions set forth in sections 602(c)(2) and 603(c)(2) of the Social Security Act, as applicable.
- (b) Costs incurred. A cost shall be considered to have been incurred for purposes of paragraph (a) of this section if the recipient has incurred an obligation with respect to such cost by December 31, 2024.

*Section III. D. Timeline for Use of Fiscal Recovery Funds*, footnote 173 states:

- a. Given the nature of this program, recipients will not be permitted to use funds to cover pre-award costs, i.e., those incurred prior to March 3, 2021.

The Final Rule reinforces the requirement that CSLFRF funds may only be used for costs incurred within a specific time period, beginning March 3, 2021, with all funds obligated by December 31, 2024 and all funds spent by December 31, 2026.

If the obligations for the costs or portions of the costs of the project(s) were incurred prior to March 3, 2021, those obligated costs would be considered incurred and are not within the covered period. On the other hand, if the entity did not incur obligations for the costs or portions of the costs of the project(s) prior to March 3, 2021, those costs may still be incurred during the covered period. Recipients may use Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the Coronavirus State and Local Fiscal Recovery Funds were incurred after March 3, 2021. We recommend you work with your legal counsel to evaluate the specifics of the project, awards and guidelines.

The U.S. Department of Treasury has issued several documents to assist jurisdictions in administering CSLFRF awards, including the [Interim Final Rule](#), [Interim Rule Frequently Asked Questions \(FAQs\)](#), [Fact Sheet](#), [Quick Reference Guide](#), [Final Rule](#), [Final Rule FAQs](#), and [Overview of the Final Rule](#).

**9. May Coronavirus State and Local Fiscal Recovery Funds be used to make loans or other extensions of credit (“loans”), including loans to small businesses and loans to finance necessary investments in water, sewer, and broadband infrastructure? (August 16, 2021, updated July 7, 2022 and September 9, 2022)**

Yes. Treasury has clarified in [Final Rule FAQ #4.9](#) that CSLFRF awards may be used to make loans, provided the loan is an eligible use and the cost of the loan is tracked and reported, as detailed below. Consistent with all CSLFRF activity, funds must be used to cover costs incurred by the recipient between March 3, 2021 and December 31, 2024 and must be expended by December 31, 2026.

- For loans that mature or are forgiven on or before December 31, 2026:
  - Recipient must account for the use of funds on a cash flow basis.
    - Recipients may use CSLFRF to fund the principal of the loan and in that case must track repayment of principal and interest.
    - When the loan is made, recipients must report the principal of the loan as an expense.
    - Repayment of principal may be re-used only for eligible uses, and is subject to restrictions on timing of use of funds. Interest payments received prior to the end of the period of performance will be considered an addition to the total award and may be used for any purpose that is an eligible use of funds.
- For loans that mature after December 31, 2026:
  - The recipient may use CSLFRF for only the projected cost of the loan. Recipients can project the cost of the loan by estimating the subsidy cost. Recipients may also treat the cost of the loan as equal to the expected credit losses over the life of the loan based on the Current Expected Credit Loss (CECL) standard. See Treasury Final Rule FAQ #4.9 for further details.
  - Recipients are not subject to program income restrictions (2 CFR 200.307(e)(1)) and need not separately track repayment of principal or interest.
  - Additionally, recipients may use funds for eligible administrative expenses incurred in the period of performance, which include the reasonable administrative expenses associated with a loan made in whole, or in part, with funds.
- Any contribution of CSLFRF to a revolving loan fund must follow the approach described above for loans with maturities longer than December 31, 2026. A recipient may contribute SLFRF to a revolving loan fund, provided that the revolving loan fund makes loans that are restricted to financing eligible uses under the CSLFRF and the CSLFRF contributed funds must be limited to the projected cost of loans made over the life of the revolving loan fund.
- If a recipient uses revenue loss funds to fund a loan, whether or not the maturity of the loan is after December 31, 2026, the loaned funds may be considered to be expended at the point of disbursement to the borrower, and repayments on such loans are not subject to program income rules. Similarly, any contribution of revenue loss funds to a revolving loan fund may also follow the approach of loans funded under the revenue loss eligible use category.
- On July 27, 2022, Treasury released updated SLFRF Frequently Asked Questions (FAQ) which provided additional guidance on the use of SLFRF for loans that finance affordable housing investments. Notwithstanding the above requirements for loans with maturities beyond December 31, 2026, Treasury has determined that SLFRF funds may be used to finance certain loans that finance affordable housing investments. Specifically, under the ‘public health and negative economic impacts’ eligible use category, recipients may use SLFRF funds to make loans to finance affordable housing projects, funding the full

principal amount of the loan, if the loan and project meet the requirements listed below. Loans that fund investments in affordable housing projects under the public health and negative economic impacts eligible use category and meet the above criteria may be considered to be expended at the point of disbursement to the borrower, and repayments on such loans are not subject to program income rules.

- The loan has a term of not less than 20 years;
- The affordable housing project being financed has an affordability period of not less than 20 years after the project or assisted units are available for occupancy after having received the SLFRF investment; and
- For loans to finance projects expected to be eligible for the low-income housing credit (LIHTC) under section 42 of the Internal Revenue Code of 1986 (the Code):
  - The project owner must agree, as a condition for accepting such a loan, to waive any right to request a qualified contract (as defined in section 42(h)(6)(F) of the Code); and
  - The project owner must agree to repay any loaned funds to the entity that originated the loan at any time the project becomes non-compliant, including if such project ceases to satisfy the requirements to be a qualified low-income housing project (as defined in section 42(g) of the Code) or a qualified residential rental project (as defined in section 142(d) of the Code), or if such project fails to comply with any of the requirements of the extended low-income housing commitment that are described in section 42(h)(6)(B)(i)-(iv) of the Code.

**10. The State of Ohio established the Ohio Residential Broadband Expansion Grant Program in May 2021 with the goal of expanding broadband service to unserved and underserved areas of the state. Is it allowable to utilize SLFRF to provide a match for this program? (November 9, 2021, updated April 17, 2023)**

Counties and other local governments should proceed with caution before utilizing SLFRF as a match for the Ohio Residential Broadband Expansion Grant Program. Governments should consider whether the project aligns with the minimum upload and download speeds included in SLFRF regulations as well as the State program. Further, governments must consider whether the broadband providers meet the definitions of contractor or subrecipient under Uniform Guidance regulations. The relationship established will result in additional requirements imposed on the Government, including monitoring requirements.

**11. The Interim Final Rule requires SLFRF recipients to provide to Treasury and make publicly available a written justification of how premium pay is responsive to workers performing essential work during the public health emergency if the premium pay would increase a worker's total pay above 150 percent of their residing state's average annual wage for all occupations\* or their residing county's average annual wage\*, whichever is higher, on an annual basis. In determining the average annual wages, should all workers be included or just those within a similar classification (i.e. all grocery workers in a county versus all workers in a county)? (November 9, 2021, updated January 31, 2022 and April 17, 2023)**

The Interim Final Rule (pg. 26798) states "If premium pay would increase a worker's total pay above 150 percent of their residing state's average annual wage for all occupations, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, or their residing county's average annual wage, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, whichever is higher, on an annual basis, the State, local, or Tribal government must provide Treasury and make publicly available, whether for themselves or on behalf of a grantee, a written justification of how the premium pay or grant is responsive to workers performing essential worker during the public health emergency."

Therefore, it is acceptable to use the average annual wage *for all occupations or occupational group* when determining whether premium pay increases a worker's total pay above the 150 percent threshold. However, the methodology chosen should be consistent for all calculations within the entity.

\* as defined by the [Bureau of Labor Statistics' Occupational Employment and Wage Statistics](#).

Note that under the final rule, a recipient may show that premium pay is responsive by demonstrating that the eligible worker receiving premium pay is not exempt from the FLSA overtime provisions. This change will expand the number of workers eligible to receive premium pay and *does not* require recipients to provide written justification to Treasury regarding the workers who are not exempt from the FLSA overtime provisions. The written justification is only necessary if the worker's pay (with or without the premium) exceeds the threshold, *and* the worker is exempt from the FLSA overtime provisions.

On March 23, 2023 Congress voted to terminate the national emergency concerning COVID-19 which was declared in 2020. The termination was effective April 10, 2023. The SLFRF statute and final rule provide that recipients can use SLFRF funds to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency. As such, recipients *may not* use SLFRF funds to provide premium pay to essential workers for work conducted after April 10, 2023, the termination of the public health emergency. Recipients may continue to use SLFRF funds to support workers through the public health and negative economic impact and revenue loss eligible use categories.

**12. Are SLFRF monies able to be used for rental assistance initiatives? (November 9, 2021)**

Yes, recipients may use their SLFRF grant funds toward rental assistance initiatives. Recipients should document how their rental assistance initiatives meet one of the SLFRF Eligible Use Categories and retain their documentation and conclusions for audit. Also, recipients and their auditors should be cautious not to commingle SLFRF with Treasury's Emergency Rental Assistance (ERA I & II) programs as these are two separate programs with different allowable uses and restrictions. The ERA programs should be accounted for in a separate fund (i.e., using subfunds or special cost centers to distinguish ERA I and ERA II).

**13. Is reimbursement to funds which experienced revenue loss an allowable use of the calculated revenue loss portion of SLFRF? (November 9, 2021)**

No, revenue loss is not the same as revenue replacement. All revenue loss dollars must be accounted for and supported by a qualifying expenditure and may not exceed the amount of calculated revenue loss. AOS [Bulletin 2021-004](#) provides detailed guidance on how to record the disbursement of revenue loss dollars.

**14. Is the \$10 million standard allowance for revenue loss an annual allowance? What if my award total is less than \$10 million? (January 31, 2022)**

The [Final Rule](#) permits recipients to elect a "standard allowance" of \$10 million for revenue loss over the entire period of performance, not to exceed the recipient's total CSLFRF award amount. In other words, recipients electing to use the standard allowance may use \$10 million for revenue loss over the life of the program, not annually. Further, the allowance is capped at the award amount if the total award amount is under \$10 million. For instance, if an entity receives \$8 million under CSLFRF, the full \$8 million may be used as revenue loss. See also [Lost Revenue Infographic](#).

**15. How is 'government services' defined for the purpose of determining allowable uses for Revenue Loss monies? (July 7, 2022)**

Treasury clarified in the [Final Rule](#):

“...generally speaking, services provided by the recipient governments are “government services” under the interim final rule and final rule, unless Treasury has stated otherwise.

Government services include, but are not limited to, maintenance or pay-go funded building of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

The aforementioned list of government services is not exclusive. However, recipients should be mindful that other restrictions may apply, including those articulated in the section Restrictions on Use. In the final rule, Treasury is maintaining the limitations on government services included in the interim final rule and has addressed and responded to public commenters on these issues in the section Restrictions on Use.”

Treasury further clarified within the [Final Rule FAQs](#):

Government services generally include any service traditionally provided by a government, unless Treasury has stated otherwise. Common examples are listed on page 11 of the [Overview of the Final Rule](#) and page 4408 of the [final rule](#), but these lists are not exhaustive. Treasury is clarifying here that under the final rule, payroll for government employees, contracts, grants, supplies and equipment, rent, and the many other costs that governments typically bear to provide services are costs that could comprise the costs of government services, and are eligible uses of funds. Recipients should be mindful that certain restrictions, which are detailed further in the Restrictions on Use section in the Overview of the Final Rule and Final Rule and apply to all eligible use categories, apply to government services as well. Note also that every use that is eligible under other eligible use categories is also eligible under revenue loss, because those eligible uses are also services provided by recipient governments, and Treasury encourages recipients to use their funds for investments that serve the needs of their communities and build a stronger and more equitable recovery.

Treasury also issued an [Overview of the Final Rule](#) that provides easy to digest guidance on allowable uses.

**16. If a local government initially intended to use CSLFRF for infrastructure, public health and emergency response, or premium pay but wants to instead use CSLFRF for government services under the revenue loss category is the government able to update? (July 7, 2022, updated July 21, 2022)**

Yes, local governments may choose to spend CSLFRF on costs which fall under any of the four broad allowable use categories. Many local governments have determined that it’s advantageous to charge to the revenue loss category due to simplified reporting requirements. Keep in mind, local governments must make a one-time election to use the \$10 million standard allowance or calculate revenue loss dollars. This election will be reported to Treasury as a part of required reporting. AOS also strongly encourages local governments to adopt an ordinance or resolution memorializing the decision for public transparency and audit purposes.

Note that In July 2022, Treasury decided to keep the revenue loss methodology portion of the reporting portal open for recipients in upcoming reporting cycles, which will permit recipients to update their prior revenue loss election, as appropriate. Upon update, the prior revenue loss election will be superseded. Treasury will keep this portion of the reporting portal open through the April 2023 reporting period.

**17. Is the purchase of a new street maintenance truck allowable as a government service under the revenue loss category? (July 7, 2022, updated December 13, 2022)**

Yes; however, keep in mind that Ohio Competitive bidding laws may apply to expenditures under the revenue loss category. While procurement requirements must be followed for SLFRF expenditures in other categories, Treasury

issued updated SLFRF FAQs in July 2022 which, in part, removed the applicability of Federal procurement requirements (2 CFR 200.317 - .327) for government service-related expenditures from the Revenue Loss eligible use category.

Procurement guidance is available on the [General Federal Resources](#) page of the Auditor of State website. The Auditor of State also encourages local governments to work closely with legal counsel on procurements.

**18. In a small local government, which officials/employees should be responsible for internal controls related to CSLFRF? (July 7, 2022)**

In small local governments, there may be a lack of segregation of duties. In that situation, governments should consider internal controls that involve additional oversight, review, and monitoring by one or more of the governing board members to compensate for the lack of segregation of duties.

**19. Under the water and sewer infrastructure 'bucket,' are stormwater projects eligible? (July 7, 2022)**

Under the [Final Rule](#), additional stormwater infrastructure projects were added to the list of projects presumed to be eligible in the water and sewer infrastructure bucket. Further, the revenue loss bucket allows for flexibility to fund stormwater projects as they are considered a government service. See also the [Overview of the Final Rule](#) for easy to digest information about allowable uses.

**20. CSLFRF cannot be used to buy land, except in limited circumstances; however, from the perspective of a park district, would land purchase fall under the government service category therefore be allowable use under revenue loss? (July 7, 2022)**

Land purchases are very limited under CSLFRF therefore the Auditor of State would encourage park districts to work closely with legal counsel on this question. The Auditor of State will generally defer to a well-reasoned legal opinion in an audit. Additionally, under the Final Rule, Treasury did specifically include parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup, and other projects to revitalize public spaces as enumerated eligible uses in disproportionately impacted communities under the public health and economic response allowable use category. Entities should keep in mind that there are additional eligibility standards which apply to capital expenditures under the public health and economic response allowable use category and work closely with legal counsel when seeking to use SLFRF funding for capital purchases.

**21. If a use of funds is not explicitly permitted in the final rule as a response to the public health emergency and its negative economic impacts, does that mean it is prohibited? (July 7, 2022)**

No. Per the [Final Rule FAQs](#), the final rule provides a non-exhaustive list of enumerated uses that respond to pandemic impacts. The final rule also presumes that some populations experienced pandemic impacts and are eligible for responsive services. Recipients also have broad flexibility to (1) identify and respond to other pandemic impacts and (2) serve other populations that experienced pandemic impacts, beyond the enumerated uses and presumed eligible populations. Recipients can also identify groups or "classes" of beneficiaries that experienced pandemic impacts and provide services to those classes.

**22. May recipients use funds for under the public health and economic response category for general economic development? (July 7, 2022)**

Generally, no. General economic development – activities that do not respond to negative economic impacts of the pandemic but rather seek to more generally enhance the jurisdiction's business climate – would generally not be eligible under this eligible use category.

To identify an eligible use of funds under the public health and negative economic impacts category, a recipient must identify a beneficiary or class of beneficiaries that experienced a harm or impact due to the pandemic, and eligible uses of funds must be reasonably designed to respond to the harm, benefit the beneficiaries that experienced it, and be related and reasonably proportional to that harm or impact. For example, job training and other supports – like childcare, transportation, and subsidized employment – for unemployed workers may be used to address negative economic impacts of the public health emergency and be eligible.

**23. Under the public health and economic response category, what staff are included in ‘public safety, public health, health care, human services, and similar employees?’ (July 7, 2022)**

As discussed in the [final rule](#), funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, for the portion of the employee’s time that is dedicated to responding to the COVID-19 public health emergency.

Public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel. Note that this category encompasses both public health and health care employees; both are treated as public health employees for the purposes of this eligible use category. Human services staff include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

**24. Can revenue loss funds be used for a project eligible under other eligible use categories, such as addressing the public health and negative economic impacts of the pandemic, providing premium pay, or investing in water, sewer, or broadband infrastructure? (July 7, 2022)**

Yes. The revenue loss eligible use category allows recipients to expend funds with flexibility and streamlined reporting requirements, including on expenditures that would not be eligible under other eligible use categories, like general infrastructure repairs. Recipients may also use revenue loss funds to carry out investments that would be eligible under other eligible use categories, because those eligible uses are also services provided by recipient governments. Treasury encourages the use of government services funds on uses enumerated in these categories, including but not limited to affordable housing, childcare investments, supporting public sector workers, job training and workforce development, and investments in public health.

**25. Are administrative costs an allowable use of SLFRF monies? (July 7, 2022)**

Yes. Under the [Final Rule](#), Treasury clarified that direct and indirect administrative expenses are permissible uses of SLFRF funds and are a separate eligible use category from “[e]xpenses to improve efficacy of public health or economic relief programs,” which refers to efforts to improve the effectiveness of public health and economic programs through use of data, evidence, and targeted consumer outreach. Treasury’s [Compliance and Reporting Guidance](#) provides further details on permissible direct and indirect administrative costs. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs.

**26. Does the termination of the national emergency concerning COVID-19 impact the allowable uses of SLFRF funding? (April 17, 2023)**

On March 23, 2023 Congress voted to terminate the national emergency concerning COVID-19 which was declared in 2020. The termination was effective April 10, 2023. The SLFRF statute and final rule provide that recipients can use SLFRF funds to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency. As such, recipients *may not* use SLFRF funds to provide premium pay to essential workers for work conducted after April 10, 2023, the termination of the public health emergency. Recipients may continue to use SLFRF funds to support workers through the public health and negative economic impact and revenue loss eligible use categories.

The termination of the national emergency does not impact the remaining SLFRF eligible use categories (public health and negative economic impact, revenue loss, water and sewer infrastructure, and broadband infrastructure).

## Procurement Requirements

### **1. Do I have to follow UG procurement requirements for SLFRF expenditures? (July 7, 2022, updated September 9, 2022)**

Yes, procurement requirements must be followed for SLFRF expenditures. However, in July 2022 Treasury issued updated SLFRF FAQs which, in part, removed the applicability of procurement requirements (2 CFR 200.317 - .327) for expenditures from the Revenue Loss eligible use category.

Treasury guidance indicates that “most” of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program including the Cost Principles and Single Audit Act requirements. While this guidance is not specific, Treasury has advised in [Interim Rule FAQ](#) #9.3 and [Final Rule FAQ](#) #13.1 “recipients should refer to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program.”

Assistance Listings (formerly CFDA) for the program are now available on [SAM.gov](https://sam.gov) and include 2 CFR Subpart D, Post Federal Award Requirements as an applicable Compliance Requirement. Procurement standards are included within 2 CFR Subpart D. As such, procurement requirements under the Uniform Guidance must be followed for expenditures from all eligible use categories other than Revenue Loss.

### **2. What transactions / expenditure types are subject to procurement requirements? (July 7, 2022)**

Local governments must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the federal Procurement rules, for the acquisition of property or services required under a Federal award or subaward. The local government's documented procurement procedures must conform to the procurement standards identified in 2 CFR §§ 200.318 through 200.327. Local governments should keep in mind that force account projects will generally be considered to be non-competitive procurement under the Federal Procurement Rules. Therefore, local governments should take care to review the criteria for non-competitive procurement projects to be allowable prior to undertaking a project by force account. Simply using CSLFRF to pay for an eligible employee's salaries and benefits that is not related to a construction-type project but is permissible under the Final Rule would not be considered a procurement activity.

### **3. How do I determine applicable procurement thresholds (i.e. micro-purchase threshold and simplified acquisition threshold)? (July 7, 2022)**

[2 CFR § 200.1](#) defines micro-purchase threshold as the dollar amount at or below which a non-Federal entity may purchase property or services using micro-purchase procedures (see [2 CFR § 200.320](#)). Generally, the micro-purchase threshold for procurement activities administered under Federal awards is not to exceed the amount set by the FAR at [48 CFR part 2, subpart 2.1](#) (\$10,000). Non-federal entities may increase the micro-purchase threshold

up to \$50,000 via self-certification (see [2 CFR § 320\(a\)\(1\)\(iv\)](#)) and over \$50,000 via cognizant agency approval (see [2 CFR § 320\(a\)\(1\)\(v\)](#)).

[2 CFR § 200.1](#) defines the simplified acquisition threshold as \$250,000 except for specific purchases as specified in [2 CFR § 200.1](#).

**4. UG procurement rules indicate that, where appropriate, an analysis will be made of lease versus purchase alternatives and any other appropriate analysis to determine the most economical approach. How should a local government balance the requirement to use the most economical purchase approach with the need to timely liquidate funding under CSLFRF? (July 7, 2022)**

Local governments must conduct either a price or cost analysis for each procurement above the simplified acquisition threshold, which is currently \$250,000. If the local government is required to perform a cost or price analysis at a threshold lower than the federal simplified acquisition threshold by a state or local statute/ordinance, regulation, or the local government's own procurement policy (the local government's procurement policy must have a procedure describing how the local government will ensure the reasonableness and necessity of the cost as required by UG), then the local government must ensure it is compliant the more restrictive requirement.

A price analysis is the examination and evaluation of a proposed price without evaluating its separate cost elements and proposed profit. Price analysis is typically used when acquiring commercial items (which are items that generally maintain similar standards or quality and differ only in price) or when using the procurement through sealed bidding method.

A cost analysis is the review and evaluation of the separate cost elements (such as labor hours, overhead, materials, etc.) and proposed profit in a proposal and the application of judgement to determine how well the proposed costs represent what the contract cost should be. Cost analysis is typically used to establish the basis for negotiating contract prices when: (1) using the competitive proposals method; (2) using the sealed bidding method and price competition is not sufficient; (3) situations where price analysis by itself does not ensure price reasonableness; or (4) procuring professional, consulting, and architectural engineering services contracts.

If a local government follows the aforementioned requirements and still concludes that leasing and purchasing are comparable with minimal differences, the local government can then choose which option is best for the circumstances of the project.

**5. Is there a website which lists Federal surplus property? (July 7, 2022)**

Yes, see <https://das.ohio.gov/Divisions/General-Services/Surplus/Federal-Surplus-Property>.

**6. Is there a sample procurement policy specifically for NEUs receiving CSLFRF? (July 7, 2022, updated April 17, 2023)**

The Ohio Township Association has created several resources which may be helpful: <https://www.ohiotownships.org/american-rescue-plan-and-ohio-townships>. However, local governments should work closely with their legal counsel to develop their own policies that are customized to their unique needs and requirements. UG requires this. A township's requirements will be different from a county's requirements. Additionally, no two townships are same (differing needs, size, etc.). Note that the Auditor of State cannot endorse any sample policies for independence reasons.

**7. Are there any simplified tables or resources which provide thresholds and procurement rules? (July 7, 2022)**

Yes, refer to the following resources from the Auditor of State General Federal Resources page:

- [https://ohioauditor.gov/resources/covid19/Procurement\\_Claw.pdf](https://ohioauditor.gov/resources/covid19/Procurement_Claw.pdf)
- [https://ohioauditor.gov/resources/docs/CAAO\\_avoiding\\_top\\_10\\_mistakes.pdf](https://ohioauditor.gov/resources/docs/CAAO_avoiding_top_10_mistakes.pdf)
- [https://ohioauditor.gov/resources/docs/CAAO\\_top\\_10\\_mistakes.pdf](https://ohioauditor.gov/resources/docs/CAAO_top_10_mistakes.pdf)

**8. Procurement rules for small purchases require a local government to obtain quotes from ‘an adequate number of sources.’ What is considered an adequate number? (July 7, 2022, updated December 13, 2022)**

Most federal agencies consider an adequate number of sources to be at least three sources. For this reason, AOS strongly encourages local governments to obtain quotes from at least three sources for all methods of procurement, unless the entity is allowably using the sole-source Non-Competitive Procurement option. AOS strongly encourages local governments to obtain informal estimates from at least three sources for the micro-purchase threshold as well. These informal estimates can be based on research, experience, purchase history or other information the local government deems appropriate to help document its evaluation of cost reasonableness pursuant to 2 CFR 200.320(a)(1), 200.403, & 200.404. Also, local government procurement policies should address the documentation required to be obtained under each procurement type, including the number of quotes.

**9. What are prepositioned contracts, and would they be allowable under CSLFRF? (July 7, 2022)**

Prepositioned contracts are "advance contracts" that local governments can use to procure assistance in anticipation of future needs. They are commonly used in a FEMA natural disaster prevention scenario. The Federal procurement rules permit them with some limitations. However, the terms and conditions of the Federal program being used can limit a local government's ability to use them. In the case of CSLFRF, it would be difficult for a local government to use a prepositioned contract given the relatively short period of performance and date to obligate (December 31, 2024).

**10. What is the best method to use for advertising for bids? (July 7, 2022)**

Generally speaking, the newspaper is considered the minimum source of advertising. However, it's good practice to also use the local government's own website and social media to help circulate awareness about procurement opportunities. It's important for the invitation for bids, including specifications and pertinent attachments, to clearly define the items or services needed in order for the bidders to properly respond to the invitation.

**11. How should a local government document the risk assessment required by [2 CFR § 200.320\(a\) \(1\)\(iv\)](#) to self-certify a micro-purchase threshold up to \$50,000? (July 7, 2022)**

The Federal Procurement rules do not provide any details on how a risk assessment must be performed or what documentation should be retained. However, the Auditor of State suggests local governments consider it an internal review of the risk of noncompliance with the various requirements of Federal programs. The assessment should consider whether internal controls are sufficient to prevent and detect noncompliance with Federal programs timely. Meaning, management has the ability to catch its own mistakes before the expenditure is made or soon thereafter, prior to audit.

**12. Can a local government utilize a vendor from the State of Ohio Cooperative Purchasing Program rather than procuring at the local level? (July 7, 2022, updated December 13, 2022)**

Local governments should proceed with caution in this area. Federal procurement rules encourage local governments to collaborate on procurement actions for goods and services where the result will lead to cost savings. However, the Federal procurement rules applicable to states differ from those applicable to local governments. Full and open competition must be maintained on Federal procurements. State entities follow the procurement standards found at 2 C.F.R §200.317, which directs them to utilize their own procurement standards, comply with applicable guidelines regarding procurement of recovered materials as set forth in 2 C.F.R. § 200.322,

and include all necessary contract provisions required by 2 C.F.R. § 200.326. Conversely, local governments must adhere to their own procurement policies and procedures, applicable state and/or local laws, and the federal procurement under grant requirements found at 2 C.F.R. §§ 200.318-326.

Further, as it relates to local governments, the federal procurement under grant standards at 2 CFR § 200.319(b) prohibit the use of statutorily or administratively imposed local, state, and/or local geographic preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preferences. However, because the state is not subject to regulations at 2 CFR §200.319, the regulation bears no applicability to the state. If Ohio law requires the State to comply with geographic preferences in procurement, the State can allowably do so under 2 CFR §200.317. This presents some risk to local governments wishing to utilize the State of Ohio's Cooperative Purchasing Program since the items procured by the State of Ohio may not have complied with the more rigid requirements applicable to local governments.

The State of Ohio Cooperative Purchasing Program may be used as one price quote under the micro-purchase or small purchase thresholds. In the event that a local government must competitively bid a Federal procurement transaction, the local government should work closely with the State of Ohio to determine the process the state followed in its own procurement of the item prior to utilizing the Cooperative Purchasing program. If the state maintained full and open competition in a manner that local governments are required to follow, then the local government may be able to proceed with the Federal procurement through the State's Cooperative Purchasing Program.

Local governments should also keep in mind that Subpart D, 2 CFR §200.320(c) indicates non-competitive procurement can only be used if one or more of the following conditions apply:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold;
- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
- The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
- After solicitation of a number of sources, competition is determined inadequate

Lastly, local governments wishing to utilize intergovernmental agreements, etc. must be able to demonstrate that the procurements complied with all applicable federal procurement under grant rules before undertaking.

**13. If a local government is expending CSLFRF under the 'revenue loss' bucket, are those dollars still subject to procurement rules? (July 7, 2022, updated September 9, 2022)**

On July 27, 2022, Treasury released updated [SLFRF Frequently Asked Questions](#) (FAQ) which included a new FAQ clarifying the Uniform Guidance requirements applicable to expenditures under the Revenue Loss eligible use category. Treasury clarified in the new FAQ that procurement requirements under the Uniform Guidance are **not** applicable to expenditures under the revenue loss bucket.

**14. Appendix II to 2 CFR Part 200 sets forth prevailing wage requirements. If a project falls below the threshold for prevailing wage requirements, does a local government still need to follow prevailing wage requirements? (July 7, 2022)**

If the project is funded in whole or in part with federal funding, federal prevailing wage laws will be required to be followed. If only state funding is used, local governments must follow state laws.

**15. How does a local government perform a search to determine if a potential vendor is suspended or debarred? (July 7, 2022)**

The only way to ensure a vendor is not suspended or debarred is to check the Excluded Party list on [sam.gov](https://sam.gov). Local governments should be wary of offers from outside vendors to perform such searches for a fee as sam.gov is free and simple to use.

**16. Does COVID-19 and the national emergency qualify as ‘exigency’ as a special circumstance under 2 CFR 200.320(c) in which noncompetitive procurement can be used? (July 7, 2022, updated April 17, 2023)**

The COVID-19 public health emergency does not itself qualify as a “public exigency or emergency” under 2 CFR 200.320 (c). In other words, a recipient may not justify a noncompetitive procurement simply on the basis that the procurement is conducted during the public health emergency or that the project is in response to the public health emergency.

Instead, the recipient must make its own assessment as to whether in the case of a particular project there is a public exigency or emergency that “will not permit a delay resulting from publicizing a competitive solicitation.”

On March 23, 2023 Congress voted to terminate the national emergency concerning COVID-19 which was declared in 2020. The termination was effective April 10, 2023.

**17. Do the Buy America Preference requirements for infrastructure projects apply to awards made under the SLFRF program? (September 9, 2022)**

Awards made under the SLFRF are **not** subject to the Buy America Preference requirements set forth in section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act, Pub. L. 117-58. However, SLFRF recipients may otherwise be subject to Buy America Preference requirements when SLFRF award funds are used on an infrastructure project in conjunction with funds from other federal programs that require compliance with Buy America Preference requirements. Recipients are advised to consult with other federal agencies administering federal financial assistance that is being blended or braided with SLFRF funds regarding the applicability of the Buy America Preference requirements.

## Reporting

**1. What reports will be required for direct recipients and when will they be due? (July 12, 2021, updated August 16, 2021, October 21, 2021, November 9, 2021, and July 7, 2022)**

Treasury has noted in [Compliance and Reporting Guidance](#) that recipients will be required to submit an interim report, quarterly project and expenditure reports, and annual recovery plan performance reports as specified below, regarding their utilization of Coronavirus State and Local Fiscal Recovery Funds.

- *Interim reports:* The interim report was submitted under the interim final rule and includes a recipient’s expenditures by category at the summary level and for states information related to distributions to NEUs must also be included in the interim report. The interim report covers activity from the date of award to July 31, 2021 and was due to Treasury by August 31, 2021 or sixty days after receiving funding, if funding was received between July 15 and October 15, 2021.

- *Quarterly Project and Expenditure reports:* This report will include financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of award funds. Reports will be required to be submitted quarterly with the exception of NEUs allocated less than \$10 million in SLFRF funding and metropolitan cities and counties with a population below 250,000 residents allocated less than \$10 million in SLFRF funding, which will report annually. Quarterly Project and Expenditure Reports are due as described in the table below, with differing due dates and frequency of reports depending on the recipient tier. The reports will include the same general data as those submitted by recipients of the Coronavirus Relief Fund, with some modifications to expenditure categories and the addition of data elements related to specific eligible uses.
- *Recovery Plan Performance reports:* States, metropolitan cities and counties with a population that exceeds 250,000 residents will also be required to submit an annual recovery plan performance report to Treasury. This report will include descriptions of the projects funded and information on the performance indicators and objectives of each award, helping local residents understand how their governments are using the substantial resources provided by CSLFRF program. The initial recovery plan performance report will cover activity from date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021 or sixty days after receiving funding. Subsequent Recovery Plan Performance reports must be submitted to Treasury by July 31<sup>st</sup> each year. Each annual recovery plan performance report must be posted on the public-facing website of the recipient. Local governments with fewer than 250,000 residents, Tribal governments, and NEUs are not required to develop a Recovery Plan Performance report. To ease the burden of creating the Recovery Plan Performance report, Treasury released a shell which may, but is not required to, be used as a starting point. The shell can be found here: [Recipient Compliance and Reporting Responsibilities](#). However, each jurisdiction may determine the general form and content of the Recovery Plan Performance Report as long as it meets the minimum requirements noted in the [SLFRF Compliance and Reporting Guide](#).

Treasury provided the following table in the [SLFRF Compliance and Reporting Guide](#) which illustrates reporting requirements by recipient type:

**Table 2: Reporting requirements by recipient type**

Tier	Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
1	States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021 or 60 days after receiving funding if funding was received by October 15, with expenditures by category.	By January 31, 2022, and then 30 days after the end of each quarter thereafter  <i>Note: NEUs were not required to submit a Project and Expenditure Report on January 31, 2022. The first reporting date for NEUs will be April 30, 2022.</i>	By August 31, 2021 or 60 days after receiving funding, and annually thereafter by July 31
2	Metropolitan cities and counties with a population below 250,000 residents that are allocated more than \$10 million in SLFRF funding, and NEUs that are allocated more than \$10 million in SLFRF funding.	<i>Note: NEUs were not required to submit an Interim Report</i>	By April 30, 2022, and then annually thereafter	
3	Tribal Governments that are allocated more than \$30 million in SLFRF funding			
4	Tribal Governments that are allocated less than \$30 million in SLFRF funding			
5	Metropolitan cities and counties with a population below 250,000 residents that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding.			

Note that the guidance above reflects deadline extensions announced by Treasury on September 30, 2021 and November 5, 2021.

- 2. What reports will be required for NEUs and when will they be due? (July 12, 2021, updated October 21, 2021)**  
[Interim Rule FAQ #9.2](#) says NEUs will be required to submit the project and expenditure report annually (see #1 above). The initial annual Project and Expenditure report for NEUs will cover activity from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.

On September 30, 2021, Treasury announced an extension of the deadlines for Project and Expenditure Reports. NEUs are required to submit their first project and expenditure report on April 30, 2022 (instead of Oct 31, 2021).

- 3. If a recipient has received but has not incurred obligations or expenditures as of the end of the reporting period, what are the reporting requirements? (August 16, 2021, updated July 7, 2022)**

According to [Treasury’s Portal for Recipient Reporting SLFRF](#):

Interim Report: Recipients should submit a report showing no (\$0) obligations or expenditures have yet been incurred. If no projects have been established as of the end of the reporting period, no project level reporting is required in the Interim report.

Recovery Plan: Recipients should submit a Recovery Plan describing the planned approach to the use of funds and planned projects.

There is no requirement for the Recovery Plan to be approved by the governing board. Further, the Recovery Plan will be updated on an annual basis and is anticipated to be fluid throughout the period of performance of the grant based on actual outcomes, changing needs, and the trajectory of the pandemic.

See also the discussion starting on page 22 of Treasury's [Project and Expenditure Report User Guide](#) for discussion on how to complete the Project and Expenditure Report if no obligations were incurred as of the end of the reporting period.

**4. How is revenue loss reported in Treasury's portal? (July 7, 2022)**

Within the portal, local governments will describe the specific types of government services provided using revenue loss dollars as described in Treasury's [Project and Expenditure Report User Guide](#).

**5. What compliance and reporting requirements apply to subrecipients and beneficiaries? (September 9, 2022)**

Subrecipients are required to comply with all of the requirements applicable to recipients, including audit requirements under the Single Audit Act. Beneficiaries are not subject to these requirements.

Treasury requires recipients to report detailed information in the Treasury reporting portal as part of the Project and Expenditure Report regarding subrecipients that receive subawards of \$50,000 or more and certain beneficiaries that receive direct payments of \$50,000 or more in SLFRF funds. Recipients are **not** required to report subrecipient information in the Revenue Loss eligible use category. On July 27, 2022, Treasury released updated SLFRF Frequently Asked Questions (FAQ) which indicated that Treasury has determined that there are no subawards under this eligible use category. The definition of subrecipient in the Uniform Guidance provides that a subaward is provided for the purpose of "carrying out" a portion of a federal award. Recipients' use of revenue loss funds does not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award.

Additionally, recipients are not required to separately identify payments to specific individuals receiving funds as beneficiaries in the Project and Expenditure Report; rather, such payments are reported in the aggregate as part of the 'Payments to Individuals' section.

## Single Audit Requirements

**1. What is the Assistance Listing number for the CSLFRF program? (July 12, 2021)**

The Assistance Listing number (formerly CFDA number) assigned to the program is 21.027, according to [Interim Rule FAQ #9.5](#). Further, the FAQ notes "The assistance listing includes helpful information including program purpose, statutory authority, eligibility requirements, and compliance requirements for recipients. The CFDA number is the unique 5-digit code for each type of federal assistance, and can be used to search for program information, including funding opportunities, spending on [usaspending.gov](https://www.usaspending.gov), or audit results through the Federal Audit Clearinghouse."

Treasury also indicates in Interim Rule FAQ #9.5 that "to expedite payments and meet statutory timelines, Treasury issued initial payments under an existing CFDA number. If you have already received funds or captured the initial CFDA number in your records, please update your systems and reporting to reflect the final CFDA number 21.027. Recipients must use the final CFDA number for all financial accounting, audits, subawards, and associated program reporting requirements." This change applies ONLY to funds received under the CSLFRF program.

Despite perceived similarities between the CRF and CSLFRF the allowable uses ARE NOT THE SAME. As always, be sure to review you grant documents for the proper assistance listing number as well as any terms and conditions of the grant.

**2. Is the CSLFRF program subject to Single Audit and Uniform Guidance (UG) requirements? (July 12, 2021, updated July 7, 2022 and September 9, 2022)**

Treasury guidance indicates that “most” of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program including the Cost Principles and Single Audit Act requirements. While this guidance is not specific, Treasury has advised in [Interim Rule FAQ #9.3](#) and [Final Rule FAQ #13.1](#) “recipients should refer to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program.”

Assistance Listings (formerly CFDA) for the program are now available on [SAM.gov](https://sam.gov) and include the following “Compliance Requirements”:

*Policy Requirements:*

The following 2CFR policy requirements apply to this assistance listing:

- Subpart B, General provisions
- Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards
- Subpart D, Post Federal; Award Requirements
- Subpart E, Cost Principles
- Subpart F, Audit Requirements

The following 2CFR policy requirements are excluded from coverage under this assistance listing:

- Not Applicable

*Additional Information:* The following 2 CFR Policy requirements also apply to this assistance listing: 2 C.F.R. Part 25, Universal Identifier and System for Award Management; 2 C.F.R. Part 170, Reporting Subaward and Executive Compensation Information; and 2 C.F.R. Part 180, OMB Guidelines to Agencies on Government wide Debarment and Suspension (Non-procurement). The following 2 CFR Policy requirements are excluded from coverage under this assistance listing: For 2 CFR Part 200, Subpart C, the following provisions do not apply to the SLFRF program: 2 C.F.R. § 200.204 (Notices of Funding Opportunities); 2 C.F.R. § 200.205 (Federal awarding agency review of merit of proposal); 2 C.F.R. § 200.210 (Pre-award costs); and 2 C.F.R. § 200.213 (Reporting a determination that a non-Federal entity is not qualified for a Federal award). For 2 CFR Part 200, Subpart D, the following provisions do not apply to the SLFRF program: C.F.R. § 200.305 (b)(8) and (9) (Federal Payment); 2 C.F.R. § 200.308 (revision of budget or program plan); 2 C.F.R. § 200.309 (modifications to period of performance); and 2 C.F.R. § 200.320(c)(4) (noncompetitive procurement).

Treasury further clarified in a new [SLFRF FAQ](#) issued in July 2022 that SLFRF recipients are required to follow Subparts A, B, C, and F of the Uniform Guidance for expenditures categorized under the Revenue Loss eligible use category. Given the purpose and broad scope of eligible uses under the Revenue Loss category, only a subset of the requirements in Subparts D and E of the Uniform Guidance apply to the use of funds under the Revenue Loss eligible use category. The applicable requirements are as follows:

Subpart D Post Federal Award Requirements

- 200.300 Statutory and national policy requirements
- 200.302 Financial management
- 200.303 Internal controls
- 200.328 Financial reporting
- 200.329 Monitoring and reporting program performance
- Record Retention and Access (2 C.F.R. 200.334 – 200.338)
  - 200.334 Retention requirements for records
  - 200.335 Requests for transfer of records
  - 200.336 Methods for collection, transmission, and storage of information
  - 200.337 Access to records
  - 200.338 Restrictions on public access to records

- Remedies for Noncompliance (2 C.F.R. 200.339 – 200.343)

*Note: These sections will apply to Treasury’s administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply these provisions with respect to subrecipient relationships.*

- 200.339 Remedies for noncompliance
- 200.340 Termination
- 200.341 Notification of termination requirement
- 200.342 Opportunities to object, hearings, and appeals
- 200.343 Effects of suspension and termination

- 200.344 Closeout

*Note: This section will apply to Treasury’s administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply this provision with respect to subrecipient relationships.*

- 200.345 Post-closeout adjustments and continuing responsibilities

*Note: This section will apply to Treasury’s administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply this provision with respect to subrecipient relationships.*

- 200.346 Collection of amounts due

The program income requirements of 2 CFR 200.307 do not apply under Revenue Loss eligible use category. As such, recipients may maintain program income, which will not be considered an addition to the federal award.

Consistent with the Uniform Guidance, if SLFRF is to be used to cover a cost incurred by a recipient, the cost must be one that is allowable. In determining whether a cost is allowable for purposes of funds used under the revenue loss eligible use category, only the following factors and requirements apply:

#### Subpart E – Cost Principles

- 200.400(a) - (c), and (e) Policy guide
- 200.403(a), (c), (d), (g), and (h) Factors affecting allowability of costs
- 200.404(e) Reasonable costs

**3. How do assistance listing numbers (ALNs) (formerly CFDA) with alpha codes impact reporting of Department of Education programs on the Schedule of Expenditures of Federal Awards (SEFA) and Data Collection Form (DCF)? (August 16, 2021, updated October 21, 2021)**

The Department of Education requires recipients identify on their SEFA and DCF (1) whether the program is novel coronavirus 2019 (COVID-19) relief assistance and (2) the subprogram Assistance Listing Number (ALN) alpha.

For reporting within the SEFA section of the DCF, the following should be included in Column C “Additional Award Identification”:

- For COVID-19 relief assistance programs *without* an ALN alpha:
  - “COVID-19” should be included in Column C
- For COVID-19 relief assistance programs *with* an ALN alpha:
  - “Covid-19, [ALN][Alpha]” should be included in Column C
    - For example, if an entity received ESSER under ALN 84.425D, Column C would show “COVID-19, 84.425D”
- For relief assistance programs *with* an ALN alpha which are *not* COVID-19 relief assistance:
  - “[ALN][Alpha]” should be included in Column C
    - For example if an entity received Title I Grants to Local Educational Agencies under ALN 84.010A, Column C would show “84.010A”

	a	b	c	d
Row Number (auto-generated)	CFDA #		Additional Award Identification <sup>3</sup>	Federal Program Name
	Federal Awarding Agency Prefix	CFDA Three-Digit Extension <sup>2</sup>		

This guidance is applicable for all single audit submissions that include Department of Education programs on or after Monday, August 9, 2021. For additional information, see the August 4, 2021 Memo from the Department of Education, located [here](#).

**4. When are revenue loss dollars reported on the Schedule of Federal Awards Expenditures (SEFA)? (November 9, 2021)**

Revenue loss monies are reported on the SEFA when they have been expended by the recipient on qualifying expenditures. The movement of revenue loss dollars to “replace” a loss in revenue during the pandemic is not permitted and does not constitute a Federal expenditure.

## Equipment and Real Property Management

**1. What are the use and disposition requirements for assets purchased with SLFRF funds? (September 9, 2022)**

On July 27, 2022, Treasury released updated SLFRF Frequently Asked Questions (FAQ) which clarified that for assets purchased with SLFRF funds, *other than those purchased under the Revenue Loss allowable use category*, recipients must follow all applicable provisions of the Uniform Guidance regarding property standards (2 CFR 200.310 - .316).

## Emergency Rental Assistance Program

### 1. **What is the Emergency Rental Assistance Program? (updated May 27, 2021, July 30, 2021, November 9, 2021, and July 21, 2022)**

The Emergency Rental Assistance Program (ERAP) was created and authorized under the Consolidated Appropriations Act of 2021 (ERA1), with additional funding provided in the American Rescue Plan Act (ERA2). Emergency Rental Assistance payments will be made directly to States and local governments with more than 200,000 residents. Details on the data, programmatic requirements, and methodology used to determine allocations for states, local governments and territories may be accessed at <https://home.treasury.gov/policy-issues/cares/emergency-rental-assistance-program>.

U.S. Treasury is the federal awarding agency for ERAP and has assigned Assistance Listing Number 21.023 to the ERAP program. As indicated by U.S. Treasury, the Uniform Guidance and Single Audit Act are applicable to ERAP.

In October 2021, Treasury began the process of recapturing excess funds that exceeded a jurisdiction's needs or administrative capacity and reallocating them to jurisdictions with demonstrated needs for the assistance. Grantees should refer to [Treasury's website](#) for further guidance on the process, including where to find the necessary forms to certify the threshold has been met to avoid reallocation and the program improvement plan template that must be used if grantees have not reached the expenditure threshold.

## County Funding

### 1. **Can a County waive a taxpayer's obligation to pay fees associated with electronic payment of taxes for the duration of the COVID-19 crisis?**

Fees associated with the electronic payment of taxes for the duration of the COVID19 crisis may be waived by the county commissioners. County commissioners must pass a resolution to take on the fee obligation and ensure that it does not violate any agreement(s) governing the use and acceptance of the financial transaction device. R.C. 301.28(E).

## Township Funding

### 1. **Is the Township Stimulus Program from ODOT considered COVID-19 Federal assistance and required to be reported on my Schedule of Expenditures of Federal Awards (SEFA)? (July 21, 2022)**

No, the Township Stimulus Program is not considered Federal funding for Township recipients therefore is not required to be reported on your SEFA and is not subject to Federal restrictions (procurement, cost principles, etc.). ODOT received funding for revenue losses under the Highway Infrastructure Programs – CRRSAA and passed a portion of that funding to townships for use on approved projects. The Federal Highway Administration clarified that CRRSAA funds based on revenue loss lose their identity as Federal funds when provided to the states. These funds essentially become state funds which can be used by state agencies (i.e. ODOT) as they see fit.

## School Funding

1. **What funds should be used to track American Rescue Plan Act funded programs sub granted to our school by DE? (October 21, 2021, updated July 7, 2022)**

Program Name and AL Number	USAS Fund	Additional Information
ARP Homeless Children and Youth, #84.425W	507, Separate SCC	Program is a subset of ESSER and will be presented on the SEFA.
ARP IDEA #84.027X	516, Separate SCC	Separate SCC will simplify accounting while accomplishing separate accountability required.
ARP Early Childhood Special Ed, #84.173X	587, Separate SCC	Separate SCC will simplify accounting while accomplishing separate accountability required.
Emergency Connectivity Fund, #32.009	599, Separate SCC	Separate SCC will accomplish separate accountability required.

2. **Are schools exempt from other requirements as a result of COVID-19? (February 11, 2021, updated January 28, 2022)**

Yes, many flexibilities and waivers have been granted to schools in Ohio as a result of the pandemic. Refer to the ODE *Reset and Restart Education* webpage at <http://education.ohio.gov/Topics/Reset-and-Restart> and the *Back to School: Resources for Return* webpage at <https://education.ohio.gov/Topics/Back-to-School> for additional information.

3. **Are schools required to refund students for cancelled student activities? (updated November 5, 2020)**

The District's should follow their current policy on refunds. If they do not have a policy, then the School Board should adopt one and/or take action on the decision to refund or not and for which programs and in what amount(s).

4. **With GASB delaying the implementation date for GASB 84, do schools need to begin budgeting according to GASB 84 fund classifications for fiscal year 2021, as originally indicated in AOS Bulletin 2020-003? (updated November 5, 2020)**

No, with the delayed implementation of GASB 84, schools will need to begin budgeting according to GASB 84 fund classifications for fiscal year 2023. However, there is nothing to prevent a school from adopting their fiscal year 2021 budget following GASB 84 fund structure.

5. **What if I have accounted for my HEERF grants to students within Agency Fund No. 022 instead of the Adult Education Fund, Fund No. 012? (December 3, 2020)**

AOS is aware that some schools report their Adult Education Fund, Fund No. 012, as either a Special Revenue Fund or Proprietary Enterprise Fund depending on their individual facts and circumstances. Schools should evaluate the criteria in GASB Codification 1300 to determine proper classification of their Adult Education programs. Additionally, AOS has heard that some schools may be using an Agency Fund, Fund No. 022, to account for the portion of their Adult Education program related to student grants. Where this is the case, the schools should consider whether the use of an Agency Fund is appropriate in light of the school's administrative

involvement in making grants to students under the HEERF program. Upon adoption of GASB Statement No. 84, schools will no longer be able to utilize Agency Fund No. 022 to account for school-administered grants to students. Rather, schools will be required to reclassify such activity to either a Special Revenue Fund or Proprietary Enterprise Fund based on evaluation of the criteria in GASB Codification 1300. Refer to AOS Guidance on adoption and implementation of GASB Statement No. 84 at: [https://www.ohioauditor.gov/publications/bulletins/2020/GASB84\\_FAQs\\_10\\_5\\_2020.pdf](https://www.ohioauditor.gov/publications/bulletins/2020/GASB84_FAQs_10_5_2020.pdf).

For more information about HEERF programs, refer to USDE's website, including FAQs, at: <https://www2.ed.gov/about/offices/list/ope/caresact.html>.

**6. How do I report my Education Stabilization Fund or Higher Education Emergency Relief Fund (HEERF) and related other programs with an Assistance Listing No. of 84.425 on my Schedule of Expenditures of Federal Awards (SEFA)? (December 3, 2020, updated July 30, 2021, January 28, 2022, July 21, 2022, and September 9, 2022)**

The U.S. Department of Education (USDE) created a single program known as the "Education Stabilization Fund, Assistance Listing No. 84.425, to allocate multiple subprograms distributed among two general categories of funding created by the CARES Act, CRRSA, and American Rescue Plan Act - Education Stabilization and HEERF. USDE is providing these programs to states, schools, and institutions of higher education. Within this large program are various subprograms that the USDE is delineating with the addition of a letter after the Assistance Listing number (e.g., 84.425A, 84.425B, 84.425N, etc.). Below is a summary identifying several of the various subprograms of the Education Stabilization Fund and HEERF provided under Assistance Listing No. 84.425. For a full list of subprograms, see the [2022 OMB Compliance Supplement Part 4](#).

**84.425 - Education Stabilization Fund**

- 84.425A Educational Stabilization Fund – State Educational Agency (Outlying Agencies)
- 84.425C Governor's Emergency Education Relief (GEER) Fund
- 84.425D Elementary and Secondary School Emergency Relief (ESSER) Fund
- 84.425H Educational Stabilization Fund – Governors (Outlying Areas)
- 84.425R Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS)
- 84.425U American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)
- 84.425V American Rescue Plan – Emergency Assistance to Non-Public Schools (ARP EANS)
- 84.425X American Rescue Plan – State Educational Agency (Outlying Areas) (ARP-OA SEA)

**84.425 Higher Education Emergency Relief Fund (HEERF)**

- 84.425E Higher Education Emergency Relief Fund (HEERF) Student Aid Portion
- 84.425F HEERF Institutional Aid Portion
- 84.425J HEERF Historically Black Colleges and Universities
- 84.425K HEERF Tribally Controlled Colleges and Universities
- 84.425L HEERF Minority Serving Institutions
- 84.425M HEERF Strengthening Institutions Program
- 84.425N HEERF Fund for the Improvement of Postsecondary Education (FIPSE)
- 84.425P Institutional Resilience and Expanded Postsecondary Opportunity (HEERF IREPO)
- 84.425S HEERF Supplemental Assistance to Institutions of Higher Education (SAIHE) Program
- 84.425T HEERF Supplemental Support Under American Rescue Plan (SSARP)

**7. When reporting Education Stabilization Fund (Assistance Listing #84.425) payments to the Federal Audit Clearinghouse via the Data Collection Form (DCF), how should the additional alpha identifier be reported? (February 11, 2021, Updated October 21, 2021)**

The Department of Education requires recipients identify on their SEFA and DCF (1) whether the program is novel coronavirus 2019 (COVID-19) relief assistance and (2) the subprogram Assistance Listing Number (ALN) alpha.

For reporting within the SEFA section of the DCF, the following should be included in Column C “Additional Award Identification”:

- For COVID-19 relief assistance programs *without* an ALN alpha:
  - “COVID-19” should be included in Column C
- For COVID-19 relief assistance programs *with* an ALN alpha:
  - “Covid-19, [ALN][Alpha]” should be included in Column C
    - For example, if an entity received ESSER under ALN 84.425D, Column C would show “COVID-19, 84.425D”
- For relief assistance programs *with* an ALN alpha which are *not* COVID-19 relief assistance:
  - “[ALN][Alpha]” should be included in Column C
    - For example, if an entity received Title I Grants to Local Educational Agencies under ALN 84.010A, Column C would show “84.010A”

	a	b	c	d
	CFDA #		Additional Award Identification <sup>3</sup>	Federal Program Name
Row Number (auto-generated)	Federal Awarding Agency Prefix	CFDA Three-Digit Extension <sup>2</sup>		

This guidance is applicable for all single audit submissions that include Department of Education programs on or after Monday, August 9, 2021. For additional information, see the August 4, 2021 Memo from the Department of Education, located [here](#).

**8. Some colleges/universities are using HEERF dollars to provide payments to all attending students. Are College-Credit Plus (CCP) students eligible to receive these payments? (November 9, 2021)**

The U.S. Department of Education issued an Interim Final Rule on May 14, 2021 defining student as “any individual who is or was enrolled (as defined in 34 CFR § 668.2) at an eligible institution (as defined in 34 CFR § 600.2) on or after March 13, 2020, the date of declaration of the national emergency due to the coronavirus (85 FR 15337).”

As far as whether CCP students are considered eligible to receive payments, it depends on which round of HEERF funding is used for the payments to students.

- If HEERF I (funded by CARES Act, issued between June 11 and December 27, 2020) is used to fund the payments, CCP students **would not** be eligible to receive the payments. The CARES Act required students to

be eligible for FAFSA in order to receive assistance and CCP students have not earned their diploma or equivalent.

- If HEERF I (funded by CARES Act, **as amended** by the Consolidated Appropriations Act, issued after December 27, 2020) is used to fund the payments, CCP students **would be** eligible to receive the payments. The Consolidated Appropriations Act (CRRSA) amended the CARES Act FAFSA requirement.
- If HEERF II (funded by CRRSA) or HEERF III (funded by American Rescue Plan) is used to fund the payments, CCP students **would be** eligible to receive the payment **if** the college or university prioritized funding to students with the greatest financial need.

Note that HEERF student aid grants are payable only to students under the three Congressional Acts. Colleges and universities do not have authority to provide these payments to public school districts or the state as a reimbursement for CCP costs covered by them. Rather, payments must benefit the student and their families for costs and challenges incurred due to the pandemic.

**9. How did the Tydings Amendment impact the period of availability for the various rounds of ESSER and GEER funding? (November 9, 2021)**

The legislative period of availability for these programs was extended by 12 months with the Tydings Amendment. See tables below for the extended deadlines for the respective programs:

Legislation	Legislative Period of Availability End Date	Legislative Period of Availability End Date Plus 12 Month Tydings Amendment Period	Liquidation Period End Date
CARES Act – ESSER I	September 30, 2021	September 30, 2022	January 28, 2023
CRRSA – ESSER II	September 30, 2022	September 30, 2023	January 28, 2024
ARP Act – ESSER III	September 30, 2023	September 30, 2024	January 28, 2025

Legislation	Legislative Period of Availability End Date	Legislative Period End Date of Availability Plus 12 Month Tydings Amendment Period
CARES Act – GEER I	September 30, 2021	September 30, 2022
CRRSA – GEER II	September 30, 2022	September 30, 2023
ARP Act – GEER III	September 30, 2023	September 30, 2024

**10. If a portion of HEERF is allocated to lost revenue, does the amount need to be supported with allowable expenditures? (January 28, 2022)**

In March 2021, the U.S. Department of Education updated its guidance on lost revenue under HEERF. The prior guidance required all lost revenue be supported with allowable expenditures which did not include replacement of revenue. In the updated guidance, which applies retroactively to the beginning of the program, lost revenue was added as one of the allowable uses of all HEERF institutional funds and is applicable to CARES (HEERF I), Consolidated Appropriations Act (HEERF II), and ARP HEERF (HEERF III).

The [U.S. Department of Education’s FAQs](#) indicate lost revenue evaluations must be associated with the coronavirus pandemic and can be made back to the March 13, 2020 national emergency declaration.

FAQ #2 states that reimbursement for lost revenue is allowable for the Institutional Portion program (assistance listing number 84.425F) and the (a)(2) and (a)(3) programs (assistance listing numbers 84.425J, K, L, M, and N) for HEERF grant funds received under:

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (HEERF I);
- The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) (HEERF II); and
- The American Rescue Plan (ARP) (HEERF III).

Reimbursement for lost revenue is not an allowable use of funds for the Student Aid Portion program (assistance listing number 84.425E) under HEERF I, HEERF II, or HEERF III or the Proprietary Grant Funds to Students program (assistance listing number 84.425Q), as those grant programs may be used only to provide financial aid grants to students.

FAQ #12 states, the incurring of the “cost” of lost revenue on an institution’s HEERF grant award does not need to be assigned to any costs or expenses that the institution will pay using the amount of lost revenue since the allowable cost in the HEERF grant programs is the reimbursement of the lost revenue itself.

**11. How do I calculate lost revenue under HEERF and report the lost revenue on my SEFA? (January 28, 2022)**

The [U.S. Department of Education’s FAQs](#) provide that allowable sources of lost revenue include tuition, room, board, fees, summer camps, bookstore, parking, and various other auxiliary services, to name a few (see FAQ #3). FAQ #9 indicates that institutions who claim students who have dropped classes as lost revenue cannot also provide those same students with tuition reimbursement.

Lost revenue does not have to be associated with, or netted against, expenses and is considered an allowable use (type of expenditure) for quarterly and annual reporting to ED and on the Schedule of Expenditures of Federal Awards (SEFA).

## Emergency Connectivity Fund (ECF)

**1. How are ECF expenditures determined and reported on the SEFA? (July 6, 2022, updated April 17, 2023)**

The Emergency Connectivity Fund is a reimbursement-basis program administered by the Federal Communications Commission (FCC). The FCC allows for two reimbursement methods:

- Billed Entity Applicant Reimbursement (BEAR) in which the local government pays the vendor and subsequently seeks reimbursement from the FCC.
- Service Provider Invoicing (SPI) in which the service provider invoices the FCC directly for program expenditures.

If the SEFA is prepared on a cash basis, expenditures should be reported on the SEFA based on the date the expenditure is made for the goods/services regardless of the reimbursement method used (i.e. BEAR or SPI method). If SPI, the local government needs to work with the service provider to determine the date paid.

The FCC provides decision letters and commitment decision letters to local governments as a part of project approvals. Those letters do not necessarily dictate when expenditures are recorded on the SEFA, expenditures should be reported when actually paid. However, the decision letters and commitment decision letters may impact SEFA reporting if the approval process and expenditures span more than one fiscal year. For instance, if a local government plans to seek reimbursement for expenditures paid in October 2021 but doesn’t receive a decision

letter until early 2022, then as of December 31, 2021 the grant isn't executed, and the expenditures wouldn't be reported on the SEFA. In that case, the local government should refer to the guidance in the [Prior Fiscal Year Expenditure Advisory Memo](#).

**2. Is ECF required to be tracked in a separately established special revenue fund or can it be reported within the General fund? (July 6, 2022)**

Entities subject to ORC 5705.09, .12, .14, and/or .16, including school districts, are required to establish a separate special revenue fund to track grant activity. Most libraries are not subject to these ORC sections, so they have more flexibility as to how they track grant activity; however, they are still subject to Federal requirements for separate accountability.

**3. How should ECF expenditures be reported on the financial statements? (July 6, 2022)**

Local governments should record receipts when received and expenditures when paid in their ledgers. For on-behalf (SPI) activity, the receipt and related expenditures should be recorded as memo entries when the service provider executes the payment (or issues a credit).

For GAAP statements, local governments need to determine whether the grant is executed as of fiscal year-end and the decision letter and/or commitment decision letter would indicate that the grant is executed. When the letters and project expenditures straddle fiscal years, there may be situations where 2021 expenditures would be recorded in 2022 if the decision letter and/or commitment decision letter was received in 2022. If the grant is executed, a receivable should be recorded only to the extent that allowable costs have been incurred but not reimbursed at year-end. The receivable should be offset by deferred inflows or revenue based on the local government's revenue recognition period. In the rare case that any dollars are received prior to being expended, they would be recorded as unearned revenue.

## ESC Funding

**1. We entered into a contract with ODE to provide services to nonpublic schools under the Emergency Assistance to Nonpublic Schools (EANS) program. How should this funding be treated? (February 17, 2023)**

Under the contracts between ESCs and ODE, the ESCs are a vendor and not a subrecipient of EANS funding. As such, EANS receipts should not be recorded as intergovernmental revenues and the expenditures should not be reported on the ESCs' SEFAs. Revenues should be considered charges for services for the ESC. The list of participating ESCs, total EANS funding, and administrative fees are linked in [CCIP Note #469](#).

**2. Can nonpublic schools receiving assistance via Emergency Assistance to Nonpublic Schools (EANS) funding claim reimbursement for past purchases? How long are the funds available? (February 17, 2023)**

Nonpublic schools were eligible to apply for the funding in 2021 and are able to claim reimbursement for pandemic-related purchases retroactive to March 13, 2020. Contracts will be executed by ODE through June 30, 2023; however funds will be available for services through September 2023.

**3. Who determines if the Emergency Assistance to Nonpublic Schools (EANS) reimbursements are for allowable activities? (February 17, 2023)**

To request payment from ODE for reimbursable expenses and/or services rendered, ESCs fill out an EANS Invoice and Supporting Documentation Form with necessary service information and submit to ODE for review. ODE reviews the form to ensure funds are to be used for allowable activities and then approves the invoice and remits payment to the ESC.