

ARRPA Strategies

May 24, 2023

Rehmann
EMPOWER YOUR PURPOSE

Presenters

Mike Birchmeier, CPA – Principal Public Sector Solutions

Doug Deeter, CPA, - Principal – Assurance and Financial Reporting

Rachel Frisch, CPA – Senior Manager – Public Sector Solutions

ARPA Strategies

Key Dates

Covered period: March 3, 2021 – December 31, 2024

Costs must be obligated by December 31, 2024

What does “obligated” mean?

Expended by December 31, 2026

ARPA Strategies

Spending Categories

1. Response to public health and economic impacts of COVID-19.
2. Premium pay for eligible workers
3. Provide government services to the extent of revenue loss
4. Investments in water, sewer and broadband Infrastructure

ARPA Strategies

Restrictions

1. Pension contributions – No extraordinary contributions to a pension fund for the purpose of reducing an accrued, unfunded liability.
2. Replenishing budget stabilization fund, rainy day fund, or similar reserve account.
3. Legal settlements
4. Outstanding debt repayment

ARPA Strategies

Revenue Loss

Final rule offers a standard allowance for revenue loss of up to \$10M.

All communities with less than \$10M awards are encouraged to use this allowance.

Permitted to use that amount to fund “general government services.”

Streamlines reporting function to Treasury and allows for the greatest flexibility.

When is it worth doing the revenue loss calculation?

ARPA Strategies

Recommendations

Use the \$10M revenue loss on traditional government services.

Free up existing unrestricted revenues to fund transformational projects that may or may not fit within one of the ARPA buckets.

Tell your story and guide the narrative.

Research program requirements prior to starting a project in one of the four categories – i.e., broadband initiatives.

Replenish reserves with unrestricted revenues or fund capital projects.

Don't use for ongoing costs – hiring new staff or expansion of programs without alternative revenue sources identified.

Leverage funds for additional support from other Federal and State grant sources.

ARPA Strategies

Recommendations cont.

Recognize funds now and give yourself flexibility to undertake large projects when labor and materials are available and competitively priced.

Re-granting with a community foundations, which would then provide grants to small businesses, smaller NFPs or households.

Direct assistance to low-income households or communities (property taxes, utilities, home repairs & weatherization, job training, food assistance/food banks)

Document, document, document - each program should have clear eligibility criteria, documentation on how it complies with the ARPA allowable costs, etc.



QUESTIONS

Wrap-up