



American Rescue Plan Act (ARPA) Reporting and Compliance Guidance Update for NEU Cities

Bill Goldy

Iowa League of Cities Funding Consultant

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What is the ARPA SLFRF?

- Provided funding to cities to respond to COVID-19 pandemic
- Funds provided to cities on a per capita basis
- All funding received must be obligated before the end of 2024
- All funding must be spent before the end of 2026
- Compliance report must be submitted by non-entitlement cities (NEUs) annually by April 30th through 2027

Final Rule: Ineligible Uses

- Funding may not be used directly or indirectly to reduce property taxes
 - Deposits into pension funds are prohibited
 - Cannot be used to repay debt service
 - May not be used to for judgements or settlements
 - Use on projects prior to March 2021 are ineligible
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Final Rule: Eligible Uses

Standard Allowance for Revenue Loss Up to \$10 Million

- Assumption all recipients experienced a loss due to COVID-19
- Cities can use the funding received for “government services” which provides the most flexibility on use of funds
- By taking the standard allowance the reporting process is simpler / streamlined
- Most NEU cities in Iowa took the standard allowance

Word from the Department of Treasury and the National League of Cities (NLC) Is...

- Treasury is taking a closer look at NEUs on compliance
- Many NEUs have not obligated or expended any funds to date
- Emails to entities that have not reported will be threatened with recoupment (returning funds to Treasury)
- De-obligating and new obligation **will not** be allowed after the 12/31/2024 deadline to obligate funds

Obligate and Expend it...Don't Lose Your ARPA Funds

What Is an Obligation?

- From the Final Rule: “an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment.”
- Be mindful of the definition of obligation. It is not just budgeting the money, a municipality must go further and expend the funds, create a contract, subaward or similar transaction requiring payment prior to the end of 2024.
- If possible, the Iowa League recommends obligating any remaining funding before the end of this reporting period (March 31, 2024), and reporting the obligations when filing your compliance reports in April 2024

Obligate and Expend it...Don't Lose Your ARPA Funds

Spend the ARPA Funds and Considerations to Expend the Funds

- It's budget time now. Budget the funds, obligate the funds, and expend all remaining ARPA funds as soon as possible
- Many cities have ongoing projects that have expenses and/or are waiting for reimbursement from FEMA, IDOT, etc.; remaining ARPA funds can be used on these expenses in most instances
- Need guidance on obligating or expending funds? Reach out to us at: <https://iowaleague.org/resource/contact-us-on-federal-funding-questions/>



We Are Here to Help!

Bill Goldy, Iowa League Funding Consultant

Email: billgoldy@iowaleague.org

Mobile: (970) 222-0611