



Mike DeWine, Governor
Jon Husted, Lt. Governor

Office of Budget
and Management

Kimberly Murnieks, Director

Coronavirus Local Fiscal Recovery Fund (CLFRF)

Non-Entitlement Units of Local Government



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General Information

**CORONAVIRUS LOCAL FISCAL
RECOVERY FUND NON-ENTITLEMENT
UNITS OF LOCAL GOVERNMENT**



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The purpose of this document is to provide a general resource to non-entitlement units of local government (NEUs) to assist in their understanding of the Coronavirus Local Fiscal Recovery Funds (CLFRF). Non-entitlement units of local government are prime recipients of the United States Department of the Treasury (hereafter “Treasury”) and are directly responsible for reporting and compliance to the Treasury. The Ohio Office of Budget and Management (OBM) serves as a fiduciary for distributing payments in accordance with the Treasury guidance and to assist Treasury in disseminating guidance and information. OBM has no authority to restrict the use of funds, add or interpret requirements, or provide any authoritative guidance or direction.

Funding Information and Distribution Process

The American Rescue Plan Act of 2021 (ARPA) appropriates \$19.53 billion to States for distribution to tens of thousands of “non-entitlement units of local government” (NEUs). ARPA directs Treasury to make payments to each State for distribution to NEUs within the State. NEUs, defined in section 603(g)(5) of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021, are local governments typically serving populations under 50,000. NEUs include cities, villages, towns, townships, or other types of local governments. A State is required to allocate and distribute the Local Fiscal Recovery Fund payment received from Treasury to each NEU in the State an amount that bears the same proportion to the amount of such payment as the population of the NEU bears to the total population of all the NEUs in the State. However, the total amount to be distributed to an NEU may not exceed the amount equal to 75 percent of its most recent budget as of January 27, 2020.

Treasury will make payments to States from the Local Fiscal Recovery Fund for distribution to NEUs in two tranches, with the Second Tranche payment to be made no earlier than 12 months after the date on which the First Tranche payment is paid to the State. OBM is distributing funds to Ohio NEUs following the guidance from the Treasury. NEUs receiving funds are considered prime recipients of the Treasury and will be responsible for reporting directly to the Treasury. OBM only serves as a fiduciary for distributing payments in accordance with the Treasury guidance and disseminating Treasury guidance and information.

To meet the Treasury requirements, OBM will require eligible NEUs to register for funding at <https://grants.ohio.gov/fundingopportunities.aspx> under the American Rescue Plan Act Coronavirus Local Recovery Fund – Non-Entitlement Units of Local Government opportunity. As part of the distribution process, OBM is required to:

- Validate that an NEU is not excluded or disqualified on SAM.gov;
- Capture organizational information to include the DUNS number, Entity's Taxpayer Identification Number, contact information, and payment details;

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- Obtain budget information to ensure the allocation does not exceed 75 percent of the total annual budget as of January 27, 2020;
 - Gather signed award terms and conditions agreement (provided from Treasury); and
 - Gather a signed assurance of compliance with Title VI of the Civil Rights Act of 1964 (provided by Treasury).

OBM is not required to validate that a DUNS is registered with SAM.gov prior to distributing a payment; however, Treasury has advised that NEUs should ensure they have an active registration with SAM.gov soon after receiving payment. NEUs should reference [the Treasury NEU checklist](#). The checklist provides basic information to prepare for the registration process.

Eligible NEUs

OBM determined eligible NEUs in accordance with Treasury's [Guidance on Distribution of Funds to Non-entitlement Units of Local Government](#).

Treasury requires States to identify eligible NEUs by the following guidelines:

- Treasury has provided on its website a list with names and population estimates for each local government (List), categorized by State, based on data from the Bureau of the Census (Census Bureau) with some clarifications by Treasury.
- The List includes both “incorporated places” and “minor civil divisions” (MCDs).
- All incorporated places on the List are eligible for payment.
- Treasury identified Ohio as a weak-MCD State, thus requiring an additional facts-and-circumstances test to determine whether NEUs identified as MCDs (specifically townships) have the legal and operational capacity to accept funds and provide a broad range of services that would constitute eligible uses under the American Rescue Plan Act.

Treasury has identified most Ohio townships as being MCDs. Ohio townships provide a variety of essential governmental services to the millions of Ohioans that live within their boundaries. Ohio Townships have a Fiscal Officer and governing body of trustees, and in some cases a Township Administrator to help plan, coordinate, and implement township goals, all of which illustrates their organizational capacity to accept and manage federal funds. They have effectively spent federal aid provided to them from the state's Coronavirus Relief Funds (CRF) on a broad range of eligible needs and projects that have helped them further support their community. Although Townships in Ohio vary in size and composition, they commonly provide residents with services such as road maintenance, cemetery management, police and fire protection, emergency medical services, solid waste disposal, parks and recreation, and zoning. Despite their variances in budget and size, each Township in Ohio still shares the need to provide COVID-19 mitigation efforts in public owned facilities, support public health and safety, continue vital general government services that risk being cut from losses in public sector revenue, and address negative economic impacts to those small businesses and households within their jurisdiction. The Ohio General Assembly included townships in the appropriation for NEUs in Section 220.11 of Amended Substitute House

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Bill 168 of the 134th General Assembly, enacted on June 29, 2021. Due to these facts and circumstances, The state of Ohio has determined that Ohio townships are eligible for non-entitlement unit distributions under ARPA.

Federal Regulations and Guidance

Funds have been assigned a Catalog of Federal Domestic Assistance (CFDA) or Assistance Listing Number of 21.027. The assistance listing includes helpful information including program purpose, statutory authority, eligibility requirements, and compliance requirements for recipients. NEUs are strongly encouraged to reference the Assistance Listing information on [SAM.gov](https://www.sam.gov), particularly to understand the applicable sections of the Uniform Guidance that apply to the funding. NEUs should be aware that this program has additional sections of the Uniform Guidance that are applicable as opposed to the Coronavirus Relief Funds.

The Treasury has established a [Coronavirus State and Local Fiscal Recovery Funds webpage](#) which provides a complete resource for allocations and methodology, a fact sheet and quick reference guide, frequently asked questions, non-entitlement units of local government guidance and documents, reporting and compliance guidance, and the interim final rule. When determining program requirements and appropriate use of funds, NEUs should particularly reference the following:

- [Interim Final Rule](#)
- [Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions](#)
- [Title VI of the Social Security Act Sec. 603 \[as amended through P.L. 117-2\]](#)
- [Recipient Compliance and Reporting Guidance](#)

NEUs should be aware that the Frequently Asked Questions are updated often and are subject to change or have additional comment. It may be necessary to frequently review this document for changes. The Interim Final Rule has been published to the federal register and Treasury is seeking comment on all aspects of the rule. NEUs can submit comments electronically through the Federal eRulemaking Portal (<https://www.regulations.gov/document/TREAS-DO-2021-0008-0002>) on or before July 16, 2021. Comments received will be part of the public record and subject to public disclosure. Do not disclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Performance Period

Payments from the Fiscal Recovery Fund can only be used for costs incurred from March 3, 2021, through December 31, 2024. The Interim Final Rule defines **costs incurred** in alignment with the Uniform Guidance and requires funds to be **obligated** by **December 31, 2024**.

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Recipients are not permitted to use funds to cover pre-award costs (only those on or after March 3, 2021, which were made with the intention of receipt of future funding). The **period of performance** will run until **December 31, 2026** to provide recipients time to complete projects funded with payments from the Fiscal Recovery Funds.

Reporting

As prime recipients of a Federal award, NEUs are required to report to Treasury on the use of funds. NEUs should refer to the Treasury [Compliance and Reporting Guidance](#) for specific details on reporting. The first report is due to Treasury by October 31, 2021. In addition to other reporting requirements, NEUs will be asked to provide:

- NEU Recipient Number (a unique identification code for each NEU provided by OBM in the registration approval e-mail sent to the grant contact);
- Copy of the signed award terms and conditions agreement (provided from Treasury) that was provided to OBM;
- Copy of the signed assurances of compliance with Title VI of the Civil Rights Act of 1964 (provided from Treasury) that was provided to OBM; and
- Copy of actual budget documents validating the top-line budget total provided to the State as part of the request for funding.

Frequently Asked Questions

NOTE: The following Frequently Asked Questions are designed to assist NEUs with registering for funds with OBM and are not intended to provide guidance on the funds themselves.

What information will be needed to complete the registration?

- Local government name, address, and valid DUNS number. OBM will not accept registrations without a valid number;
- State OAKS supplier ID (if known);
- Entity's Taxpayer Identification Number;
- Authorized representative name, title, and email;
- Contact person name, title, phone, and email;
- Provide your local government's top-line budget total (defined as your local government's total annual budget, including the general fund and other funds, in effect as of January 27, 2020);
- Provide a signed award terms and conditions agreement (as provided by Treasury and attached to the funding opportunity)
- Provide a signed assurances of compliance with Title VI of the Civil Rights Act of 1964 (as provided by Treasury and attached to the funding opportunity)

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What if I do not know my government's state OAKS supplier ID?

If your government does not know their number, this should not cause any issue with completing the registration. There is a look-up feature which will allow for finding the correct number during the registration process. The only advantage of having the number is the ability to save time without needing the search functionality.

How do I get the required Treasury forms that need signed and submitted to OBM?

The Award Terms and Conditions Agreement and the Assurances of Compliance with Title VI of the Civil Rights Act of 1964 will be available as an attachment to the Funding Opportunity. NEUs must download these documents, have an authorized representative sign them, and upload them during their registration.

Do I need to provide my budget document that supports my reported top-line budget total to OBM?

No, OBM only needs an NEU to provide their top-line budget total. However, the Treasury does require submission of the supporting budget document with the first required report due October 31, 2021.

Do I have the ability to save a partial submission and return at a later time to complete and submit it?

No, the OBM grants portal does not require a log-in; therefore, the portal does not provide the ability to save a registration and return to it. NEUs are cautioned to be prepared to complete the entire registration along with the required uploads at the time of submission. Please ensure information is accurately entered as any rejection of a registration will require a new registration to be completed.

What is the difference between the Authorized Representative and the Grant Contact?

OBM is collecting information from NEUs based on requirements for Treasury. The Authorized Representative is the main executive within the NEU that can authorize acceptance of the funds on behalf of the NEU. The Grant Contact should be the main contact person that Treasury can contact for administrative purposes. This contact should be the one responsible for completing the reporting with Treasury on behalf of the NEU. NEUs **cannot** enter the same person for both contacts.

Is an NEU required to register on OBM's grants site to receive funds?

Yes, OBM is required by Treasury to establish a portal for the registration of funds. The registration portal will be available for 60 days. NEUs that do not complete the registration by September 4, 2021 will be declared non-responsive, and funds will be reallocated in a subsequent distribution across all remaining eligible NEUs.

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How do I complete the registration?

OBM has a job aid attached to the funding opportunity which can assist in completing the registration. The registration can be completed by either the Authorized Representative or the Grant Contact. Make sure you click the register button from the funding opportunity accessed through <https://grants.ohio.gov/fundingopportunities.aspx>.

What if an NEU does not want funding, can they transfer the funds to another NEU?

No, an NEU may not merely transfer funds to another NEU in lieu of accepting the award. Under Section 603(c)(4) of the Act, an NEU that does not want the funding may transfer funds back to the State. NEUs wishing to decline funds **should not** complete the registration process. Instead, NEUs wishing to formally decline funds should notify the Ohio Grants Partnership at grants@obm.ohio.gov to indicate the desire to decline funding and transfer funds back to the State. Treasury will consider this action as a cancellation of the award on the part of the eligible NEU. A form required by Treasury will be required to be completed. OBM is awaiting Treasury's publication of the official form and will share it once available.

How do I determine my top-line budget total as of January 27, 2020?

Treasury defines this as your local government's total annual budget, including both operating and capital expenditure budgets, in effect as of January 27, 2020. The total budget should include the general fund and all other funds.

NEUs that are operating on a temporary budget as of January 27, 2020 need to assess if the temporary budget was based on a reduced portion of resources for a short period of time and was not all encompassing of annual estimated resources. In aligning with the Treasury guidance of "total annual operating budget," an NEU may need to look back to the last official "total annual operating budget" which may be the final total annual budget amount as of December 31, 2019. It is an NEU's responsibility to identify the most appropriate top-line budget amount to submit to OBM. Please note that OBM will use the top line budget total reported to calculate an NEU's maximum award – which is 75 percent of the budget total. NEUs will be required to provide documentation of the budget total directly to Treasury as part of the first required report due to Treasury on October 31, 2021.

How much is my NEU eligible to receive?

OBM calculated maximum allocation amounts for each eligible NEU in accordance with the Treasury's [Guidance on Distribution of Funds to Non-entitlement Units of Local Government](#) and has published the list to the Funding Opportunity. NEUs should be aware that they may not be eligible to receive the entire maximum allocation. Section 603(b)(2)(C)(iii) of the Social Security Act and the Treasury Interim Final Rule provide that each NEU's total award (i.e., the total of distributions under both the First and Second Tranche) is capped at 75 percent of its annual total operating budget, including the general fund and other funds, in effect as of January 27, 2020.

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OBM will be required to reduce the total maximum allocation for amounts over the cap, thus deriving a final allocation amount for each NEU. Payments to NEUs will be made in two tranches. The First Tranche will be half the final eligible allocation and the Second Tranche, paid out twelve months later, will be the remaining half. OBM is required to return to the Treasury any allocation amounts for an NEU that exceed the 75 percent cap.

Is there a reallocation process of funds for NEUs that do not claim their funding?

After OBM has made reasonable efforts to contact an NEU that remains unresponsive in registering for funds, those funds may be issued to NEUs that have not exceeded the 75 percent cap in a subsequent distribution from the First Tranche amount. This subsequent distribution process will occur after the application period ends on September 4, 2021. An NEU cannot be provided a subsequent distribution beyond their 75 percent cap. OBM will make the subsequent distribution in accordance with the Treasury's [Guidance on Distribution of Funds to Non-entitlement Units of Local Government](#). This subsequent distribution process only includes funds from unresponsive NEUs, funds in excess of an NEU's cap are required to be returned to the Treasury.

Should my local government set up a separate fund to account for the Coronavirus Local Fiscal Recovery Funds?

Yes, local governments will need a separate Special Revenue Fund to separately track the receipt and expenditure activity of funds distributed to them. Since this is a new federal program with a restricted purpose, local governments have authority under Ohio Revised Code Section 5705.09 to establish the new fund, without seeking Auditor of State (AOS) approval. These funds must be maintained separate from the Coronavirus Relief Funds as they are different programs with different CFDA/Assistance Listing numbers. See [AOS Bulletin 2021-004](#) for additional accounting guidance.

How do I get my NEU Recipient Number required for reporting to the Treasury?

OBM will assign a unique NEU recipient number upon approval of the registration. This number will be required for all reporting to the Treasury throughout the grant period. The grant contact listed on the registration will receive an approval e-mail with this information in the body of the e-mail. Should an NEU lose or not receive this information, they should reach out to the Ohio Grants Partnership at grants@obm.ohio.gov to request the number.

What is the process after completing the registration?

OBM will make every effort to review and approve registrations timely upon submission. Once a registration is approved, the individual listed as a Grant Contact should be monitoring their e-mail. If all the information is correctly entered, validated, and the required signed attachments are uploaded then the registration will be approved for payment processing. An e-mail indicating approval along with the NEU Recipient Number will be sent to the Grant Contact. Should an issue

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arise with a registration, the Grant Contact will get a rejection e-mail with details on the issue. A new registration will be required to be completed once the original one is rejected.

How soon will my NEU be paid after receiving an approval of the registration?

OBM will process payments as quickly as possible. Payments will be processed on a rolling basis as complete applications are submitted and approved. OBM expects that payments for approved applications will begin by mid-July.

What does my NEU have to do to receive the Second Tranche payment?

The NEU will not be required to take any action to receive the Second Tranche payment. Section 603 of the Social Security Act, as added by the American Rescue Plan Act of 2021, directs Treasury to make two tranches of payments to states for distribution to NEUs. The statute does not require, and Treasury will not require, NEUs to provide additional substantive information or receive special approval to receive a distribution from their state for the Second Tranche payment. Therefore, OBM will distribute the Second Tranche as soon as administratively feasible upon receipt from Treasury. The NEU Authorized Representative and Grant Contact will be notified of the incoming payment.

If my NEU is unresponsive with the First Tranche payment, can they still be eligible for the Second Tranche payment?

No, only those NEUs responsive with the First Tranche are eligible for the Second. The Treasury guidance on distribution provides for a subsequent distribution of funds from unresponsive NEUs to all responsive NEUs for the First Tranche payment. The guidance indicates that the Second Tranche payment is guaranteed for NEUs receiving the First, provided they comply with the terms and conditions of the funding which would include reporting and providing of key documentation and assurances prior to the Second Tranche payment.

How will my NEU receive their payment?

NEUs that have banking information already established with the state will receive payments electronically. NEUs that have not completed this process will receive a check in the mail to the address selected during registration.

Who is my grant contact for questions or concerns?

The Ohio Grants Partnership is available to answer any questions or concerns that you may have via e-mail at grants@obm.ohio.gov; however, NEUs are considered prime recipients of the Treasury. NEUs should direct questions requiring an authoritative response to the Treasury via e-mail at slfrp@treasury.gov.

