

HANDBOOK

Introduction

The Alaska Legislature has appropriated \$50 million in the state's Fiscal Year 2022 budget from the state's American Rescue Plan Act (ARPA) Funds toward a local government relief program of "Grants to local governments with significant revenue loss due to COVID-19."

Grantees may use awarded funds for government services, as outlined in the guidance and rules provided by the [United States Department of the Treasury for ARPA funds](#).

Allowable and non-allowable uses of funds are listed below.

References

Interim Final Rule [2021-10283.pdf \(govinfo.gov\)](#)

Frequently Asked Questions [SLFRPFAQ.pdf \(treasury.gov\)](#)

[DCRA's Lost Revenue Relief Program page](#)

Application

The completed application package will include:

1. Municipal applicant information and federal SAM and DUNS number
2. Revenue calculations and worksheet
3. Resolution by municipal legislative body
4. Certification

Eligibility

Alaska municipal governments are eligible for this program. No other entities, public or private, are eligible for this program. The applicant must be qualified to receive federal funds. Eligibility does not guarantee funding.

Calculation of Revenue Loss for the Purpose of this Program

Revenue calculations for the purpose of this program are based on the text of the Interim Guidance published May 17, 2021, and any subsequent federal guidance and law.

Calculation of revenues for granting purposes will be made by formula on a form provided by the department available on [DCRA's Lost Revenue Relief Program page](#). The formula is available in the Interim Guidance and in the instructions below. Treasury's Interim Guidance sets four points in time that revenue loss can be calculated, starting with the period from January 1, 2020, through December 31, 2020, the initial application period for this grant program.

Allowable uses for Local Fiscal Recovery Funds

Federal rules and guidelines give recipients broad latitude to use funds to the extent of reduction of revenue. These funds may be used for the provision of government services.

Government services can include but are not limited to:

- Maintenance of infrastructure
- Pay-go spending for building new infrastructure, including roads (“pay-go” means financing expenditures with funds that are currently available rather than borrowed)
- Modernization of cybersecurity;
- Health services;
- Environmental remediation;
- School or educational services; and,
- Provision of police, fire, and other public safety services.

The funds may **NOT** be used to:

- Pay interest or principal on outstanding debt,
- Replenish rainy day or reserve funds,
- Pay settlements or judgements; or,
- Other expenditures not considered to be for the direct provision of government services.

Required information

The local government is required to input revenue calculations based on the instructions below.

The local government will include a passed resolution by the assembly, council, or other representative body affirming it is applying for the award.

A grant agreement that is signed and certified as correct by a chief executive or other authorized representative will be required after grant award amounts are finalized.

Recipients should use their own data sources to calculate general revenue. Recipients may be required to provide financial documentation in support of their certified revenue statements. Where audited data is not available, recipients are not required to obtain audited data. All information submitted is expected to be complete and accurate.

Other considerations

Receipt of these funds may affect a municipality's eligibility for certain audits based on federal funds amounts.

The funds must be separately accounted for to track spending for allowable purposes.

Governments are not required to submit proposed expenditures for prior approval.

There will be required reporting of expenditures.

Program Definitions

The Federal Interim Final Rule adopts a **definition of "General Revenue"** that is based on, but not identical, to the Census Bureau's concept of "General Revenue from Own Sources."

For the purposes of this program, General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue. Miscellaneous general revenue does **not** include: Refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts. General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the CRF or the Fiscal Recovery Funds.

Local government's general revenue from own sources: Gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities.

INSTRUCTIONS

Application Instructions

Fill out the top section of the application. When you reach Dollar Amount of Lost Revenue and Percent of Lost Revenue, use the loss calculation tool as described below.

(For additional help, please see the attached “General Revenue Guide” available on [DCRA’s Lost Revenue Relief Program page](#)

Complete the “calculating reduction in revenues” steps below.

Calculating reduction in revenues

General revenues for the purposes of this program are all revenues, **excluding**:

- Refunds and other correcting transactions;
- Proceeds from issuance of debt or the sale of investments;
- Agency or private trust transactions;
- Revenue generated by utilities and insurance trusts; and,
- Intergovernmental transfers from the federal government.

FISCAL YEARS

Go to cell C2 on the calculation tool and use the drop down menu to select the appropriate “Date of end of Fiscal Year”--either 31-DEC (CY) if the municipality budgets based on the calendar year ending December 31 or 30-Jun (FY) if the budget year ends June 30.

For ALL APPLICANTS:

As specified in Treasury’s Guidance, the revenue calculation for 2020 uses the calendar year. Calculate revenues from January 1, 2020, through December 31, 2020.

RECOMMEDED CALCULATION METHOD

NOTE: You must use the supplied DCRA calculation tool

Add revenue numbers from all sources, excluding:

- Refunds and other correcting transactions;

- Proceeds from issuance of debt or the sale of investments;
- Agency or private trust transactions;
- Revenue generated by utilities and insurance trusts; and,
- Intergovernmental transfers from the Federal government.

For the Municipal Fiscal Years 2016 and 2019 calculate the qualifying municipal revenues and enter in the yellow highlighted cells of the spreadsheet.

For the period January 1, 2020, through December 31, 2020, calculate the qualifying municipal revenues and enter in the orange highlighted cell of the spreadsheet.

For further assistance, consult the “General Revenue QuickBooks Guide.”

If the number appearing in the green “Percentage of general revenue loss” cell is less than 10 percent, the applicant is not eligible for the initial round of funding.

If the number in the green “Percentage of general revenue loss” cell is equal to or greater than that 10 percent, transfer the “Dollar Amount of Lost Revenue” number and “Percentage of General Revenue Loss” number to the appropriate line of the application.

NOTE: The spreadsheet provided incorporates the following formula provided by the United States Treasury:

A reduction in a recipient’s General Revenue equals:

$$\text{Max } \{[\text{Base Year Revenue} * (1 + \text{Growth Adjustment})^{(nt/12)}] - \text{Actual General Revenue}_t ; 0\}$$

Where:

Base Year Revenue is General Revenue collected in the most recent full fiscal year prior to the COVID-19 public health emergency.

Growth Adjustment is equal to the greater of 4.1 percent (or 0.041) and the recipient’s average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency.

n equals the number of months elapsed from the end of the base year to the calculation date.

Actual General Revenue is a recipient’s actual general revenue collected during 12-month period ending on each calculation date.

Subscript *t* denotes the calculation date.