



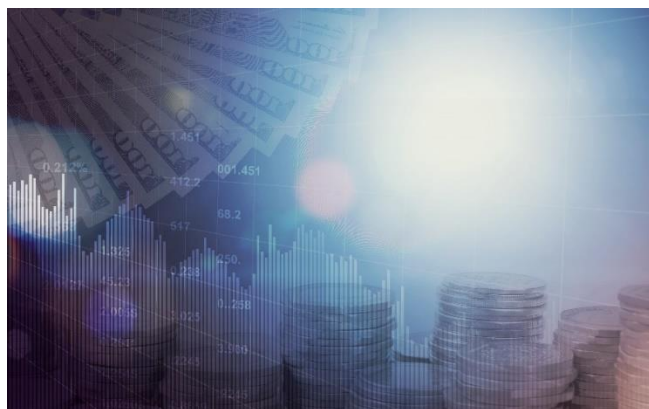
## Friday, October 30, 2020

### MESSAGE FROM OBM DIRECTOR KIM MURNIEKS

I hope that you will find this second edition of Ohio Connect\$ helpful as we work together to target resources to the COVID-19 public health emergency. I know that calendar year 2020 has been challenging, and public finance professionals across our state continue to be critical in fighting the virus and helping our citizens who have been impacted.

The impact of the pandemic on our state and local budgets is an ongoing challenge. OBM closely reviewed the revenue data for the first quarter of the state's fiscal year. As you know, revenues for the first few months of fiscal year 2021 were boosted by the effects of federal stimulus, pent-up spending demand, and the overall resiliency and Ohioans great efforts to fight off COVID-19 across all our communities. The link to the latest edition of the OBM Monthly Financial Report is below in the Economic Update section.

Ohio was in a strong position at the onset of the pandemic, and our economic recovery depends on our public health efforts. I am grateful to serve with each of you. Thank you for your continued service and stewardship of the hard work of Ohio's taxpayers and please do not hesitate to reach out to my team if we can assist you.



### AROUND THE STATE

#### Coronavirus Relief Fund Resources

House Bill 614 provided the third installment of Coronavirus Relief Funds to County, City, Village and Township governments in Ohio. All three installments have provided \$1.175 billion in funding to assist local governments with necessary expenditures incurred due to the public health emergency. The Office of Budget and Management has conducted several webinars and provided guidance to assist with appropriate use of these funds. OBM published

the "CRF Guide to Subgranting Funds" and "How to Use Coronavirus Relief Funding to Impact Ohio Communities" to provide further assistance as local governments make funding decisions. These

documents along with the guidance and link to the US Treasury guidance and FAQ are available at <https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief>. Additional training webinars also can be found at <https://grants.ohio.gov/helpfulresources.aspx#helpful-resources-citizen-grant-training>.

The Auditor of State has also issued an Advisory Memo on the Use of Federal Coronavirus Relief Funds to Support Small Businesses and Provide Housing Assistance which can be found at [http://ohioauditor.gov/resources/Covid19/AOS\\_Advisory\\_CARES\\_Act\\_100720.pdf](http://ohioauditor.gov/resources/Covid19/AOS_Advisory_CARES_Act_100720.pdf).

### Coronavirus Relief Fund Reminders

With the third installment of Coronavirus Relief Funds from HB 614 going out in early October, OBM would like to remind those jurisdictions receiving funds from HB 481, HB 614, or through Controlling Board action are required to register and report on the use of those funds on the grants portal. Registration is still available until November 30 and can be found under the Coronavirus Relief Fund Local Government Assistance Program funding opportunity at <https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-welcome>. Once the registration is approved, the Grants Contact listed on the registration will be provided an e-mail with log-in information to the grants portal to report spending. Also, in accordance with language in HB 481 and HB 614 jurisdictions are required to submit a resolution to their County Auditor and OBM to receive funds. If your jurisdiction has not yet submitted your resolution to OBM, please do so soon via e-mail at [grants@obm.ohio.gov](mailto:grants@obm.ohio.gov).

Also, we are less than a month away from the required redistribution of CRF among local governments. Below is a summary of the redistribution process. **The most important step to take right now is to encumber your CRF allocations before November 20 if you do not want any of your CRF to be redistributed.**

- Subdivisions must return to the county treasury unencumbered funds as of November 20, 2020 – this will include funds distributed under HB 481, HB 614, and Controlling Board (an estimate of the allocations so far is available here: [https://grants.ohio.gov/Documents/Coronavirus\\_Relief\\_Fund/Estimated\\_Payment\\_Allocations\\_for\\_Locals.pdf](https://grants.ohio.gov/Documents/Coronavirus_Relief_Fund/Estimated_Payment_Allocations_for_Locals.pdf)).
  - If a subdivision is located in more than one county, it must return the unencumbered funds to multiple counties, apportioned and returned according to the cumulative amount of money the subdivision received from each county.
- The returned funds will then be redistributed November 25, 2020 to eligible subdivisions within the county.
  - The subdivisions that can receive funds under the redistribution **exclude** the following:
    - Any subdivision that returns unencumbered funds
    - Any subdivision that failed to adopt the required resolution or ordinance (and therefore should never have received funds)
    - Any subdivision that received a “direct payment” from the Federal Government under Section 5001 of the CARES Act
- 25% of the returned funds goes to the county if it did not receive a direct payment from the federal government and did not return unencumbered funds
  - The remainder is paid to other eligible subdivisions within the county based on population.

- If less than 25% of the municipal corporations and townships within the county qualify for redistribution, then the county is to receive 50% of the returned funds if it qualifies to receive funds under the redistribution.
- County auditors are required to report to OBM the amount of the unencumbered balance paid to the county treasury by each subdivision making such a payment, the amount distributed to each subdivision receiving a redistribution of the previously unencumbered funds, and, if no subdivision made such a payment to the county treasury, that no such payments were made.
- Subdivisions must return unencumbered CARES Act funding to the state by February 1, 2021. The CARES act only authorizes expenses incurred until December 30, 2020. During the period from December 30, 2020, to February 1, 2021, subdivisions are permitted to hold open their local coronavirus relief funds for accounting purposes only and not to incur additional expenses.

### **Coronavirus Relief Fund Guidance Update**

On October 1, OBM updated the Coronavirus Relief Fund Local Government Assistance Program guidance document to reflect recent updates published by the US Treasury guidance and Frequently Asked Questions and to align with HB 614. The updated guidance can be found at [https://grants.ohio.gov/Documents/Coronavirus\\_Relief\\_Fund/Coronavirus\\_Relief\\_Fund\\_Guidance\\_Updated\\_2020-10-01.pdf](https://grants.ohio.gov/Documents/Coronavirus_Relief_Fund/Coronavirus_Relief_Fund_Guidance_Updated_2020-10-01.pdf). Notable updates include:

- Changes in reporting to align with the additional liquidation period granted until February 1, 2021 as a result of HB 614;
- Revisions to references from HB 481 that were amended by HB 614 such as the new return of funds date and redistribution dates; Inclusion of new FAQs as a result of frequent questions such as encumbering of funds for obligations such as payroll and how to handle interest earnings;
- Added due dates for County Auditor reporting of distributions back to OBM; and
- Updated the personnel costs section and FAQs based on new US Treasury guidance regarding “presumed” public safety and public health personnel costs.

### **Reporting of Coronavirus Relief Funds**

The US Treasury Office of Inspector General (OIG) is responsible for monitoring and oversight of the receipt, disbursement, and uses of the Coronavirus Relief Fund. The US Treasury OIG provided reporting requirements to prime recipients on July 31, 2020 and August 28, 2020 (OIGCA-20-025 and OIG-CA-20-028). As the prime recipient, the Ohio Office of Budget and Management put together supplemental guidance which is intended to assist recipients that received funding from the State of Ohio and have a subsequent reporting requirement. This guidance can be found [https://grants.ohio.gov/Documents/Coronavirus\\_Relief\\_Fund/CRF\\_Grants\\_Portal\\_Guidance\\_Document\\_2020-10-02.pdf](https://grants.ohio.gov/Documents/Coronavirus_Relief_Fund/CRF_Grants_Portal_Guidance_Document_2020-10-02.pdf).

Coronavirus Relief Funds received by local governments through OBM as the result of HB 481, Ohio Controlling Board action, and HB 614 are required to complete reporting to the Office of Budget and Management in the grants portal at [grantsportal.ohio.gov](https://grantsportal.ohio.gov). The Grant Contact entered on the initial registration was provided access via e-mail when the registration was completed with OBM. This reporting is critical as it assists the State as the prime recipient to complete reporting back to the US Treasury. OBM is requiring two interim and a final financial status report:

- The first interim report was due October 20, 2020 for activity through September 30, 2020.

- The second interim report is due January 6, 2021 for activity from October 1, 2020 through December 31, 2020. Any unobligated funds reported on this report must be returned to OBM no later than February 1, 2021.
- A final close-out report is due February 10, 2021 to report final liquidation activities that occurred from January 1, 2021 to January 31, 2021. Any cash on hand reported on this report must be returned to OBM no later than February 1, 2021.

Those required to complete reporting should refer to the Reporting Guidance Document, Reporting Job Aid, and Reporting Training Webinar available at <https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief>. Any questions regarding reporting can be directed to the Ohio Grants Partnership at [grants@obm.ohio.gov](mailto:grants@obm.ohio.gov).

### Single Audit Requirements

Did you know if you have federal expenditures of \$750,000 or more in a single fiscal year that you are required to have a single audit? Many local governments may be receiving federal funds for the first time and may not realize this requirement. The total federal expenditure amount for the fiscal year is determined on a cash basis and is for all federal sources, to include Federal Emergency Management Agency Public Assistance Funds and Coronavirus Relief Funds. Federal funds that are received and expended as a subgrant from another local government or entity also count towards the total federal expenditures. This could be a significant impact to those that do not already receive a single audit, particularly governments that currently have a two-year audit.

## ECONOMIC UPDATE

### Monthly Financial Reports (MFR)

As a reminder, the Office of Budget and Management publishes a detailed financial report each month that provides an economic overview and detailed information about state revenues and expenditures. To view the October 13, 2020 report, please click [here](#).



## GRANTS ADMINISTRATION

### Subgranting Funds

OBM has seen an influx of questions regarding the subgranting of Coronavirus Relief Funds to other entities. It is important to remember several things when determining to subgrant funds:

- Entities cannot merely transfer or donate funds to another entity or organization. These actions are considered subgranting funds and there are responsibilities spelled out in 2 CFR 200.331, which require a notice of award, review of a subrecipient's audits and follow-up on issues with funds awarded, evaluating risk of the subrecipient, and monitoring the activities and use of funds. The entity subgranting the funds still ultimately remain responsible on the use of the funds.
- Funds that are subgranted to another entity do not lose their identify. In other words, they remain federal and carry the same requirements as when they were awarded to your jurisdiction. Those requirements must be passed down to the subrecipient.
- An entity cannot subgrant funds to avoid a single audit. The expenditure of the funds to the subrecipient will count as federal expenditures for the fiscal year.

- Transactions that are made on behalf of another entity are considered a subgrant and should be recorded as federal receipts and expenditures on the subrecipient's ledger. See Auditor of State Bulletin 2000-008 at <https://ohioauditor.gov/publications/bulletins/2000/2000-008.pdf> for additional guidance.

These considerations should not deter a jurisdiction from subgranting if that is the best option.

Subgranting funds is a great way to achieve program goals that a government would be unsuccessful at achieving on its own. The following are some recommended practices:

- Involve legal counsel in developing the notice of award;
- Subgrant to those that have previous grants experience or a track record with funds when possible;
- Run a reimbursement program and require supporting documentation prior to making payment;
- Find a way to track the subgrant programmatic and financial activity;
- Define specific outcomes on the use of funds;
- Establish a budget and narrative on use of funds up front;
- Be available to answer questions and provide help; and
- Identify specific eligible use of funds to include administrative costs.

OBM has published a basic guide to assist with subgranting funds. It can be found at

[https://grants.ohio.gov/Documents/Coronavirus\\_Relief\\_Fund/CRF\\_Guide\\_to\\_Subgranting\\_Funds\\_2020-08-19.pdf](https://grants.ohio.gov/Documents/Coronavirus_Relief_Fund/CRF_Guide_to_Subgranting_Funds_2020-08-19.pdf).



### **Ohio Grants Partnership**

The Office of Budget and Management's Ohio Grants Partnership held the first Ohio Grants Summit on September 15, 2020. The Summit offered a free day of training and information on managing and applying for grants to assist local governments and non-profits who seek or receive grant funds from the state. The Summit had nearly 1,000 participants throughout the day either in the session or

viewing the livestream on the Ohio Channel. If you happened to miss the Summit, the recordings and PowerPoint presentation are available by clicking [here](#).

## **WEATHER PREPAREDNESS**

### **Winter Safety Awareness**

Most of us are enjoying the beautiful colors and temperatures that the fall season brings. Before we know it the colder weather will be here and being prepared is important. Did you know that Winter Safety Awareness week is November 15-21, 2020? The Ohio Committee for Severe Weather Awareness (OCSWA) provides tools and resources to assist Ohio's schools and citizens to prepare for colder weather. To learn more, click [here](#).

## **WELCOME**

### **Ohio Connects Partnerships**

In August, the Office of Budget and Management held the first virtual meeting with the Ohio Connects Editorial Board. The board is comprised of the following members:

Ed Albright, Ohio Municipal League  
Jon Azoff, Treasurer of State's Office  
Jesse Carroll, Ohio Auditor of State's Office  
James Coyne, Ohio Auditor of State's Office  
Betty Dever, County Auditors Association of Ohio  
Kevin Furyk, County Treasurers Association of Ohio  
Jim Kennedy, Ohio Office of Budget and Management  
Charlotte Kirschner, Ohio Office of Budget and Management  
Teri Lester, Ohio Office of Budget and Management  
Pete LuPiba, Ohio Office of Budget and Management  
Mark Margolies, Treasurer of State's Office  
Stacie Massey, Ohio Office of Budget and Management  
Keary McCarthy, Ohio Mayors Alliance  
Ralph Meacham, County Auditors Association of Ohio  
Melvin Striblin, Ohio Office of Budget and Management  
Jill Thompson, County Auditors Association of Ohio



Thank you to Director Kimberly Murnieks for supporting this partnership and her opening remarks at the meeting. We appreciate everyone's participation and willingness to ensure our local government receives timely and relevant information e.g. budget-related, COVID-19 and grants updates through this quarterly newsletter.

*#YourOhioBudgetAtWork*

*Ohio state government Financial News provided to you by the Ohio Office of Budget and Management.*