

# Bulletin

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## **Accounting for Coronavirus State and Local Fiscal Recovery Funds**

TO: Local Officials  
FROM: Anthony Rassias, Acting Director of Accounts  
DATE: May 24, 2021  
SUBJECT: Accounting for Coronavirus State and Local Fiscal Recovery Funds

This Bulletin is the first in a series that will provide guidance regarding the accounting treatment of revenues received by cities and towns from the American Rescue Plan Act of 2021 (ARPA), Pub. L. No. 117-2, signed into law on March 11, 2021 by the President of the United States. This law provides resources through the new Coronavirus Local Fiscal Recovery Fund (CLFRF) to local governments to respond to the public health emergency caused by the Coronavirus Disease (COVID-19). This fund is administered by the US Department of the Treasury (hereafter, “US Treasury” or “Treasury”). As each Bulletin is finalized, it will be sent to local officials via the DLS Alert system. Future Bulletins will include more detailed accounting instruction and journal entries. If you are not registered for DLS Alerts, you can do so [here](#).

Note that the information contained in this Bulletin reflects information currently in federal law and relevant guidance from the US Treasury. If this information is modified by future federal actions, the Executive Office for Administration and Finance’s (A&F) Federal Funds Office and/or the Director of Accounts (Director) of the Division of Local Services (DLS) may issue further guidance.

This accounting guidance pertains only to the funds received relative to CLFRF. Guidance regarding the accounting treatment of CARES and FEMA COVID-19 reimbursements is covered in [Bulletin 2020-7](#), issued in June 2020.

The guidance (referred to as the Interim Final Rule or IFR) from the US Treasury indicates that this is a federal grant and the provisions of G.L. c. 44, § 53A apply. Accordingly, a separate CLFRF special revenue fund should be established in your local accounting system. Please do not comingle this account with other COVID-19 related grants previously received.

Additionally, the IFR indicated that most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, “including the Cost Principles and Single Audit Act requirements.” This, coupled with CARES and FEMA funds received, may cause a Single Audit if a community expends \$750,000 or more in federal awards in a fiscal year. For this reason, DLS cautions communities to plan for the cost of such an audit.