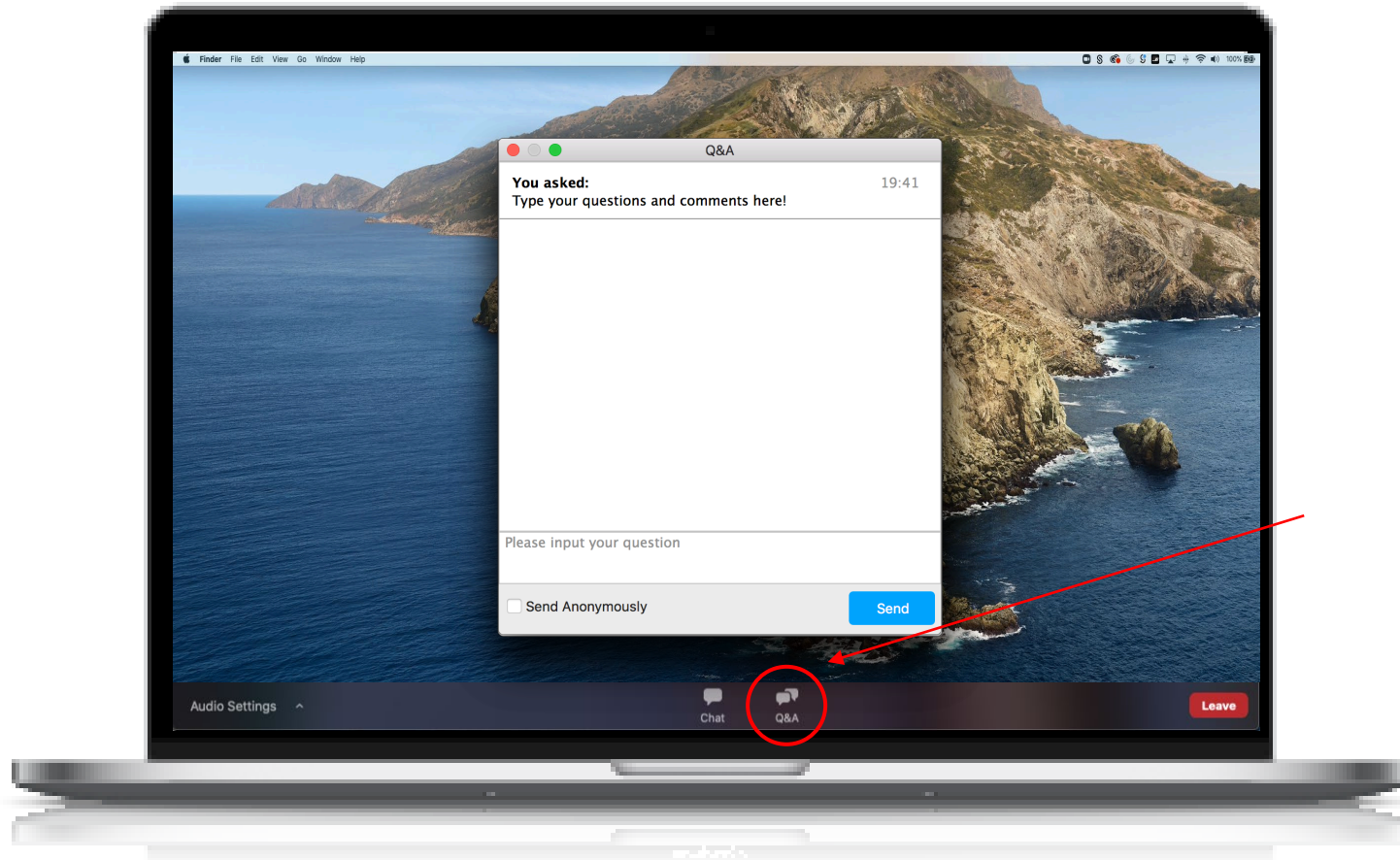




Department of
**Finance &
Administration**

Local Government Training Program

Eligibility: Revenue Loss



Objectives

- Revenue loss overview
- Eligible expenses
- Reporting requirements



Revenue Loss Overview

Revenue Loss Overview

Local Fiscal Recovery Funds may be used for the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.

Revenue Loss Overview

Purpose of the provision is to “allow recipients facing budget shortfalls to use payments from the Fiscal Recovery Funds to avoid cuts to government services and, thus, enable State, local, and Tribal governments to continue to provide valuable services and ensure that fiscal austerity measures do not hamper the broader economic recovery.”

Revenue Loss Overview

- Interim Final Rule provides detailed methodology for calculating revenue loss.
- Revenue loss will be calculated by comparing actual revenue to a counterfactual trend representing what could have been expected to occur in the absence of the pandemic.
- Actual revenue used in the calculation will be based on general revenue as defined in the Interim Final Rule and Treasury FAQs.

Revenue Loss Overview

- Recipients should use audited data when calculating revenue loss where available.
- If audited data is not available, recipients may still calculate revenue loss, but all information should be complete and accurate.
- Revenue loss may be calculated on the cash, accrual, or modified accrual basis provided the chosen methodology is applied consistently across all revenue loss calculations.



Eligible Expense

Eligible Expenses

- Governments services are eligible expense to the extent of the calculated revenue loss.
- Government services may include but are not limited to:
 - Maintenance or pay-go funded building of infrastructure;
 - Modernization of cybersecurity;
 - Health services;
 - Environmental remediation;
 - School or education services;
 - Provision of police, fire, and other public safety services.

Ineligible Expenses

- Eligible government services must provide direct provision of services to citizens.
- Eligible government services do **NOT** include:
 - Paying interest or principal on outstanding debt;
 - Paying short-term revenue or tax anticipation notes;
 - Paying fees or issuance costs associated with the issuance of new debt;
 - Paying settlements or judgments ;
 - Replenishing rainy day or other reserve funds;
 - Depositing into pension funds;
 - Paying non-federal match where barred by regulation or statute.



Reporting Requirements

Reporting Requirements

- Data elements used in revenue loss calculation
 - General revenue in the last full fiscal year prior to the public health emergency
 - Fiscal year end date
 - Growth adjustment used
 - General revenue collected over the past 12 months as of the most recent calculation date
 - Calculated revenue loss
- Explanation of how revenue replacement funds were allocated to government services
 - Treasury to provide additional instructions and/or template in user guide.

TN Comptroller of the Treasury

Division of Local Government Audit

- Message from Bryan Burklin, *Assistant Director*

Questions?

Please contact TNARPA.Support@hornellp.com.