

## Local Government Recovery Fund

### Eligible Activity Examples and Documentation Expectations

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#### Introduction

The following comments are based upon the “Frequently Asked Questions” (FAQ) prepared by the State of South Dakota. This is not an official document of the State. The final determination of reimbursement eligibility will be made by state officials, a contracted auditing firm and the U.S. Department of Treasury. This information provides an initial guide in considering the probability of obtaining federal CARES Act assistance. Questions should be directed to the appropriate Planning District staff member.

#### Dates to Remember

- Eligible costs must be incurred between **March 1 and December 30, 2020**.
- Eligible costs must not be accounted for (with certain significant exceptions) in local government budgets, adopted as of **March 27, 2020**.
- Allocated funding could be subject to reallocation if there is no activity from the local government. This issue applies to the redirection of apparently unneeded funds.

#### Rules of Thumb

1. If the expense was planned and/or budgeted before the pandemic, it will **probably not** be eligible.
2. If the expense is directly related to the COVID-19 pandemic, was incurred after March 1<sup>st</sup>, and is listed in the State’s FAQ, it **probably is** eligible.
3. If the expense exceeds the limits of common sense, even if it has some COVID connection, it may not pass the eligibility test.
4. If the type of expense is **not** referenced, in a general sense, by the State’s FAQ it may have a tougher time being approved.
5. The first choice for reimbursement submission should be those costs that are clearly identified in the State’s FAQ, such as support for public health and safety activities.
6. All assistance will be on a reimbursement basis, so there are varying degrees of risk associated with expenditures.
7. Purchases made solely because there is money allocated for an entity may be the most risky.
8. Third parties may not be helped by “passing through” reimbursements for eligible costs without prior state approval. If approved, the City or County will have the risk of paying back any disallowed costs by U.S. Treasury. Federal compliance requirements will extend to the third party.
9. If an entity is getting state money for an activity (example: Emergency Management Office), the original source may be a federal program. Federal sources present an issue with “double dipping” and reimbursements will not be made for funding from a federal grant or local money used to match a federal grant. Other contributions or payments to a local government will also be “out of bounds” for reimbursement. An example is an insurance payment.
10. The bottom line on the assistance is twofold: *“Does the reimbursement request fit the state FAQ and/or is the expense COVID related?”* and *“If the expense is disallowed later by the federal government, are you prepared to pay that money back?”*

## Cost Reimbursement Snapshot

### Key

Green: Costs are generally eligible, and documentation should be easy to provide

Yellow: Care must be taken to show a connection to COVID-19 and a level of judgement will be involved in determining eligibility

Red: Eligibility is not assumed, without appropriate documentation and approval. The risk of denial is higher

Category	Example	Considerations	Documentation
Supplies	Hand Sanitizer Masks Gloves Other Clothing Coverings Cleaning Solutions Disposable Cleaning Items	The supplies need to be focused on COVID, not normal cleaning or protection activities. Reasonable stockpiles should be targeted on this current disaster situation.	Receipts (item, date, cost)
Equipment	Air Purifiers Sterilizers Disinfectant Devices Thermometers	The equipment must be dedicated for COVID response or prevention.	Receipts (item, date, cost)
Facility Modification	Plexiglass Barriers Floor Spacing Patches Special Signs	The modifications need to relate to the safety of employees and/or the public.	Receipts for materials. Paid invoices for labor.
Payroll for Public Health and Public Safety Employees Exempted from Budget Limitations, Including Contracted Services	Police Department Sheriff Department Emergency Management Staff Fire Department Ambulance Service and EMTs Public Health Nurse	These payroll costs <b>cannot</b> be already paid for by a federal grant or used to match a federal grant. Benefits are included. These salaries and benefits are eligible even if they were budgeted. The <b>entire</b> salary and benefits are eligible.	Official local government payroll ledger or other forms that attest to the paid salary and benefits.
Testing and Isolation	Test Expenses Payroll for Employees Under Quarantine Costs Associated with Keeping Someone Isolated	Many of these expenses are authorized under recent federal regulations. The expenses need a direct correlation to COVID-19.	Receipts (item, date, cost)
Payroll for Administrative Leave Situations	Paid Employees sent home, but were not working from home	The key is the person was not furloughed, but paid while being home for COVID related reasons. They also did not perform work from home.	Payroll records
Payroll for <i>Other</i> Public Health and Public Safety Employees	Jail Personnel Medical Personnel Correctional Officers	Only the payroll costs <b>directly</b> associated with COVID-19 preparatory or response work are eligible. The employee may or may not have encountered a COVID situation, but their time was focused on COVID issues.	Time estimates and time utilization descriptions. Official local government payroll ledger or other forms that attest to the paid salary and benefits.

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Payroll for Additional Employee Situations	Utilities Personnel Administrative Staff	Any eligible time will be based upon the person's duties being <b>substantially different</b> because of COVID-19 activities. A key will be explaining <b>why</b> or <b>how</b> their work time changed.	Time records and an explanation of the work performed.
Contracts and Professional Services	Legal Fees Contract Law Enforcement	Legal fees must be in addition to any services provided under a "blanket" retainer and must be related to COVID issues. Contracts for law enforcement are eligible, but just for the payroll costs (salary and benefits). These items must be identified as a percentage or specific amount within the contract.	Legal fee invoices should contain information on the COVID related work. The paid invoice for law enforcement should note the time period and the provider will need to break out the payroll costs from other contract expenses.
Election Expenses	Extra Personnel Publication Costs Mail In Ballots	These expenses must be associated with COVID impacts, such as delays or maintaining social distancing and cannot be reimbursed by other programs.	Paid invoices and receipts
Technology	Hardware and Software that Supports Remote Working or Meeting Activities	The equipment must have a purpose that is focused on maintaining services during the pandemic. The type and amount of technology need to be reasonable and not just a "wish list" item.	Receipts and a description of how the technology will be employed.
<b>3<sup>rd</sup> Party Pass Throughs</b>	Supplies Equipment Payroll	This situation involves a "sub-sub-recipient" relationship and could be a monitoring and compliance challenge for the entity sharing the assistance. The 3 <sup>rd</sup> party will be subject to all federal requirements.	Paid Invoices, receipts, and payroll records Sub-sub-recipient agreement Prior State Approval