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**AMENDED STATE EXAMINER DIRECTIVE 2021-1**

Date: March 22, 2022

Subject: Accounting for American Rescue Plan Act (ARPA), Accounting Processes for Subtitle M-Coronavirus State and Local Fiscal Recovery Funds

Authority: IC 5-11

Application: This Directive applies Counties, Cities, and Towns

From: Paul D. Joyce, CPA, State Examiner

The purpose of this directive is to prescribe the accounting procedures for federal assistance received through the American Rescue Plan Act of 2021 (ARPA).

**Separate Fund Required.** Assistance provided through the ARPA must be received into a separate fund. There are many funding provisions in this Act. A separate fund must be established for each separately identified assistance provided with ARPA in the naming title.

The fund name and number for each ARPA grant fund must be assigned as follows:

Counties: ARP (or ARPA) [Name of Grant]; Fund Number Range 8950-8975  
Cities and Towns: ARP (or ARPA) [Name of Grant]; Fund Number Range 2401-2499  
(formerly 176-199 on the chart of accounts in effect prior to January 1, 2022)

**ARPA Coronavirus Local Fiscal Recovery Fund.** Counties, Cities, and Towns will each receive an allocation of Coronavirus State and Local Fiscal Recovery Funds. Each local unit that receives an allocation from the Coronavirus Local Fiscal Recovery Fund under Section 603 of the Social Security Act, as added by Section 9901 of the ARP, shall establish by ordinance a separate local grant fund called the ARPA Coronavirus Local Fiscal Recovery Fund within the fund number range described above. For a county, the ARPA grant fund must be established by ordinance of the County Commissioners. For a city or town, the ARPA grant fund must be established by ordinance of the legislative body. The ordinance must specify the uses of the fund in accordance with the purposes outlined in Section 603(c). The ordinance should reference a plan that will provide the details for the use of these funds. All moneys received from the Local Fiscal Recovery Fund must be receipted into the separate ARPA grant fund.

Before money in the fund is disbursed, the fiscal body must appropriate the money in the fund for a use consistent with Section 603(c) as stated in the adopted ordinance and the plan. Only a local appropriation is needed. To ensure accountability and transparency of the use of these funds, all disbursements must be made from the ARPA grant fund; money from the ARPA fund may not be transferred to another fund of the county, city, or town.

A detailed accounting of the fund is required by the ARPA. All related expenditure records (accounts payable vouchers, minutes, correspondence, contracts, etc.) must be maintained in a separate file for future audits of ARPA funds. It is important that you track every dollar disbursed and maintain supporting documentation for those disbursements. Each disbursement must be directly tied to a use listed in Section 603(c). The grant funding may be used to cover costs obligated by December 31, 2024 and expended by December 31, 2026. It is extremely important that these files be complete and accurate for this time period.

**Government Services Eligible Use Category.** If your unit chooses to use the ARPA funds to cover costs incurred for the provision of governmental services as provided in Section 603(c)(1)(C), you must either select the standard allowance of \$10 million or maintain detailed calculations of the reduction in revenue due to COVID-19 per the formula provided in the U.S. Treasury Final Rule. For purposes of this calculation, the most recent full fiscal year prior to the emergency is 2019.


The use of the funds for the provision of governmental services is limited to the standard allowance of \$10 million or the extent of the reduction in revenue due to the COVID-19 public health emergency per the formula provided in the U.S. Treasury Final Rule.

All disbursements for eligible uses, including government services, must be made directly from the ARPA Fund to ensure compliance with the U.S. Treasury Final Rule, uniform guidance, and conflict of interest requirements. Money may not be transferred to the General Fund or any other fund of the governmental unit.

**Other ARPA Assistance or Grants.** Other assistance or grants may be coming through the ARP. As stated above, each form of assistance or grant must be separately identified and accounted in a separate fund with a fund name and number as described. The Indiana State Board of Accounts will prescribe accounting procedures for these funds as more information becomes available.

**Internal Controls.** Sufficient internal controls over all transactions must be in place. Separate funds, maintaining records, detailed comments that provide audit trails, appropriate approvals, etc., are all part of good internal controls.

These prescribed accounting procedures will promote transparency and accountability of funds received through the Coronavirus Local Fiscal Recovery Fund. This Directive may be amended from time to time and may be rescinded at any time in writing by the State Examiner or Deputy State Examiner.

  
Paul D. Joyce, CPA  
State Examiner