

**SPARK ROUND 1 - LOCAL GOVERNMENT  
 REIMBURSEMENT & DIRECT AID REVIEW  
 MEMORANDUM**

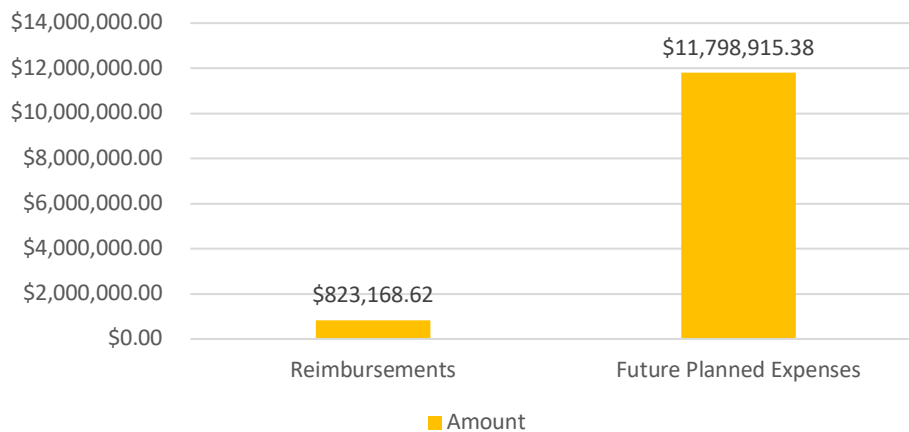
**Date** September 3, 2020  
**Re** Review of Reimbursement and Direct Aid Spending Plan for Reno County

**General Information**

Population: 61,998  
 COVID-19 Cases 8/24/2020: 585

Total Allocation Amount: \$12,622,084.00  
 Total Submitted for Reimbursement: \$823,168.62  
 Total Submitted for Future Planned Expenditures: \$11,798,915.38

**SPENDING PLAN OVERVIEW**



**Reimbursement Request Overview**

Total Amount for County Expenditures: \$447,292.21  
 Total Amount for Subrecipients: \$375,876.41

**Subrecipients and Amounts**

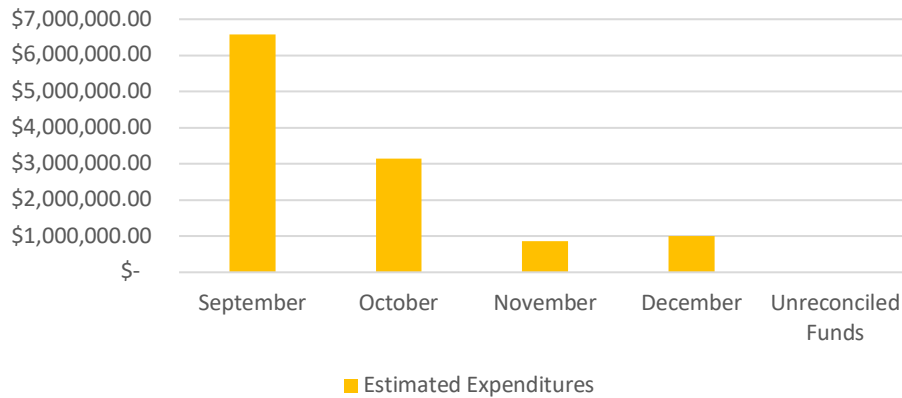
| Subrecipient                      | Type                         | Amount      |
|-----------------------------------|------------------------------|-------------|
| USD 308                           | Educational Institution      | \$22,910.93 |
| USD 309                           | Educational Institution      | \$47,734.90 |
| USD 310                           | Educational Institution      | \$80,677.45 |
| USD 311                           | Educational Institution      | \$5,815.82  |
| USD 312                           | Educational Institution      | \$33,064.96 |
| USD 313                           | Educational Institution      | \$14,080.00 |
| Reno County Education Cooperative | Educational Institution      | \$5,815.01  |
| Hutchinson Community College      | Higher Education Institution | \$87,993.95 |
| City of Hutchinson                | City                         | \$30,836.18 |
| City of Nickerson                 | City                         | \$7,992.61  |
| City of Pretty Prairie            | City                         | \$2,386.10  |

|                           |                              |                     |
|---------------------------|------------------------------|---------------------|
| South Hutchinson          | City                         | \$2,242.94          |
| Hutch Rec. Center         | Recreation Center            | \$17,377.98         |
| Hutchinson Public Library | Library                      | \$6,859.90          |
| Reno County Extension     | Higher Education Institution | \$3,173.41          |
| Kansas State Fair         | State Agency                 | \$6,914.27          |
| <b>Total</b>              |                              | <b>\$375,876.41</b> |

**Direct Aid Overview – Future Spending Plan**

Total Amount for County Expenditures: \$2,969,432.75  
 Total Amount for Transfers: \$7,739,984.09  
 Total Amount for Programs: \$1,089,498.54

**PROJECT SPEND DOWN RATE**



**Subrecipients/Transfers and Amounts**

| Subrecipient                                  | Type                         | Amount         |
|---|------------------------------|----------------|
| USD 308 Hutchinson Distance Learning          | Educational Institution      | \$1,274,532.00 |
| USD 308 Hutchinson Distance Health and Safety | Educational Institution      | \$1,164,791.00 |
| USD 308 Hutchinson Payroll                    | Educational Institution      | \$392,000.00   |
| USD 309 Nickerson                             | Educational Institution      | \$782,081.91   |
| USD 310 Fairfield Public Health               | Educational Institution      | \$1,895.00     |
| USD 310 Fairfield Payroll                     | Educational Institution      | \$43,900.00    |
| USD 310 Fairfield Distance Learning           | Educational Institution      | \$15,000.00    |
| USD 310 Fairfield Technology                  | Educational Institution      | \$76,907.38    |
| USD 311 Pretty Prairie                        | Educational Institution      | \$221,047.00   |
| USD 312 Haven Public Health                   | Educational Institution      | \$279,910.00   |
| USD 312 Haven Distance Learning               | Educational Institution      | \$179,565.00   |
| USD 312 Haven Payroll Transfer                | Educational Institution      | \$65,000.00    |
| USD 313 Buhler                                | Educational Institution      | \$1,536,250.00 |
| Reno County Education Cooperative             | Educational Institution      | \$170,900.00   |
| Hutchinson Community College                  | Higher Education Institution | \$813,156.00   |
| City of Arlington                             | City                         | \$29,710.00    |
| City of Buhler                                | City                         | \$34,600.00    |

Laura Kelly, Governor

|   |                              |                       |
|---|------------------------------|-----------------------|
| City of Hutchinson Engineering Dept               | City                         | \$1,045.00            |
| City of Hutchinson Fire Dept                      | City                         | \$177,586.00          |
| City of Hutchinson Police Dept                    | City                         | \$10,000.00           |
| City of Hutchinson Tech Department                | City                         | \$38,135.00           |
| City of Hutchinson Law/Municipal Court Department | City                         | \$8,600.00            |
| City of Hutchinson Parks Department               | City                         | \$46,765.00           |
| City of Hutchinson Public Works Department        | City                         | \$18,582.00           |
| City of Hutchinson Utility Billing Department     | City                         | \$5,118.00            |
| City of Hutchinson Payroll                        | City                         | \$180,000.00          |
| City of Nickerson                                 | City                         | \$5,700.00            |
| City of Pretty Prairie Transfer 1                 | City                         | \$61,480.00           |
| City of Pretty Prairie Transfer 2                 | City                         | \$1,330.00            |
| City of Pretty Prairie Transfer 3                 | City                         | \$5,108.80            |
| City of Pretty Prairie Transfer 4                 | City                         | \$225.00              |
| City of Pretty Prairie Transfer 5                 | City                         | \$283.00              |
| City of South Hutchinson                          | City                         | \$27,486.00           |
| Hutchinson Recreation Commission                  | City                         | \$61,695.00           |
| Reno County Extension Office                      | Higher Education Institution | \$9,600.00            |
| <b>Total</b>                                      |                              | <b>\$7,739,984.09</b> |

### Proposed Programs

| Program Title   | Program Description   | Program Budget Amount |
|---|---|-----------------------|
| Nonprofit/Social Services and Private (K-12) School Grant Program | Grant Program for local non-profits and private schools (K-12) in Reno County. Project scope will involve an allocation process for all nonprofit organizations and private schools (K-12) within Reno County based on need. The allocation process will involve the appointment of an Allocations Committee appointed by the Reno County Commission. The Allocation Committee will establish an application portal, eligibility guidelines and make funding recommendations to the Reno County Commission. | \$1,089,498.54        |
| <b>Total</b>  |   | <b>\$1,089,498.54</b> |

### Definitions

General Considerations – Summarizes county expenditure data.

Payroll Considerations – Summarizes county expenditure data on payroll expenses.

Technical Understanding of SPARK Process – Assesses compliance of applicant expenditure information with SPARK guidance.

Identified Compliance Considerations – Highlights requested items that may present potential complications for CRF support eligibility.

Spending Plan Request for Additional Information – Specifies what information is still needed from the recipients.

Modifications Required – Requests any changes still needed to a Reimbursement or Direct Aid plan for proper review.

Conclusion – Gauges whether the County’s plan has sufficient information to move forward in the eligibility review process and highlights any remaining concerns.

## General Considerations

Reno County has prioritized its reimbursement requests for county and educational institution expenditures. Total county reimbursements equal 54.3% of all expenditures, while education institution requests total 36.6% of the \$823,168.62 submitted for reimbursement review.

Reno County's substantially larger direct aid request similarly prioritizes educational institution expenditures, which amounts to 52.7% of the \$11,798,915.38 submitted for direct aid review. Transfers to subrecipients increased approximately twenty times compared to the reimbursements request, to a total of \$7,739,984.09. Educational institutions account for 90.8% of transfer requests while cities account for the remainder of requests.

The County should ensure that expenses respond clearly to purpose and intent of CRF funding, meet all eligibility criteria and will be documented to the county file to support the expenses were incurred before December 30, 2020.

## Technical Understanding of SPARK Process

Reno County and its subrecipients demonstrate a generally proficient understanding of the intent of the SPARK committee and reporting expectations as exemplified by their detailed reporting of expenditures for reimbursements and direct aid. However, USD 313's request for at-home internet stipends for teachers, Hutchinson Community College's cybersecurity contract, and potential Hutchinson Rec Center revenue replacement may not meet SPARK eligibility standards and therefore carry increased levels of risk. Our identified risks and compliance considerations for these are outlined below.

## Identified Compliance Considerations

### 1. Payroll Expenses

The matter of reimbursement for previously budgeted but substantially dedicated public safety and public health staff to COVID-19 related responsibilities remains an item of subjective interpretation. The Office of Recovery understands that many Counties and Cities are intending to utilize funding provided through CRF to account for this staff time. At this time, consistent with recently released guidance, the Office of Recovery has determined that the County may proceed with reimbursing the following payroll expenses:

- COVID-19 related FFCRA and FMLA leave costs
- Payroll for budgeted personnel and services diverted to a substantially different use than previously budgeted position (example: utility clerk re-assigned to support contact tracing)
- Previously unbudgeted staff hired to assist with COVID-19 related response or mitigation.
- Payroll for budgeted public safety and public health personnel that are considered substantially dedicated to preparing for, mitigating against or responding to COVID-19, and whose actions can be clearly documented. Public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.
- Overtime cost burden associated with public safety, public health, health care, human services, or other employees experienced by the County, Cities or Schools as a result of increased workload associated with mitigating or responding to COVID-19 -or- backfill coverage as a result of staffing shortages tied to COVID-19 (including as a result of staff out due to a qualifying FFCRA or FMLA leave).

The U.S. Treasury's Office of Inspector General recently released additional guidance on how payroll expenses should be documented (OIG-CA-20-028; #62, 69-71). The County should ensure that all payroll is documented compliant to the OIG Guidance.

## 2. Hutchinson Rec Center Revenue Replacement

\$2,272.13

Reimbursement

The Hutchinson Rec Center has requested reimbursement for “third party registration fees not recovered when activities canceled due to COVID.” It is not clear if the Hutchinson Recreation Center is a department of the City of Hutchinson. If so, replacement of potential revenue associated with refunds and/or loss of revenue may be considered government revenue replacement. CRF funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. County should review the expense again to ensure that it does meet the purpose and intent of CRF funding.

### Spending Plan Request for Additional Information

The following items require additional information for the State to feel comfortable with proceeding

| Item                           | Recipient             | Amount     | Comment  |
|--------------------------------|-----------------------|------------|--|
| Rec Center Revenue Replacement | Hutchinson Rec Center | \$2,272.13 | More information is requested to determine if this is revenue replacement or coverage of an operating expense. |

### Modifications Required

No modifications are required at this time.

### Conclusion

1. Based on the documents provided by Reno County, it appears they have an adequate understanding of the eligibility requirements relative to CARES Act funding and have appropriately followed this process.
2. Reno County should provide responses to all requests for additional information outlined in this memo.
3. Reno County has an appropriate Project Spend Down Rate representing a low risk of funds not being expended on or before December 30, 2020.
4. The County should ensure that all expenses respond clearly to purpose and intent of CRF funding, meet all eligibility criteria and will be documented to the county file to support the expenses incurred before December 30
5. For the Nonprofit/Social Services and Private (K-12) School Grant Program, if not already in place, Reno County should consider development of an application process and establish a review committee to ensure equal access to funds from potential qualified applications. The County should also appropriately advertise the program within the community.
6. Reno County has proposed many potential subrecipient arrangements. The County should ensure they have the appropriate level of administrative capacity to effectively monitor these subrecipients.
7. Reno County should consider developing a templated sub-recipient monitoring plan to ensure consistent monitoring of subrecipients (cities, schools, non-profits) for compliance use of funds.

Subject to review of the additional documentation requested and considerations regarding payroll expenses, Reno County may proceed with implementation of its CARES Act funding allocation as outlined in its provided reimbursement and direct aid plan.