



**Brunswick County**  
**American Rescue Plan Act of 2021**  
**Coronavirus State and Local Fiscal Recovery Funds**

**Program Income Policy**

**WHEREAS** Brunswick County has received an allocation of funds from the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF); and

**WHEREAS** Brunswick County shall comply with the terms of ARP/CSLFRF, and the US Treasury's federal regulations governing the spending of ARP/CSLFRF funds, including the [Final Rule](#), and US Treasury's regulations governing expenditures of ARP/CSLFRF funds, including the [Award Terms and Conditions](#), [Compliance and Reporting Guidance](#) (together the "Federal regulations"), and any additional guidance US Treasury has issued or may issue governing the spending of ARP/CSLFRF funds; and

**WHEREAS** Brunswick County shall comply with the [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part § 200](#) (the "Uniform Guidance"); and

**WHEREAS** Brunswick County shall account for program income per the requirements set forth in the Uniform Guidance, including, but not limited to, [2 C.F.R. § 200.307](#), and as stipulated in [Compliance and Reporting Guidance for the State and Local Recovery Funds](#), which provides: "Recipients of CSLFRF funds should calculate, document, and record the organization's program income. Additional controls that your organization should implement include written policies that explicitly identify appropriate allocation methods, accounting standards and principles, compliance monitoring checks for program income calculations, and records."<sup>1</sup>

**BE IT RESOLVED** that the Board of Commissioners of Brunswick County hereby adopts and enacts the following policies and procedures for the use of program income earned from the expenditure of ARP/CSLFRF funds pursuant to the ARP/CSLFRF award.

I. Purpose and Scope

Brunswick County enacts the following procedures for its use of program income earned from the expenditure of ARP/CSLFRF funds to ensure compliance with the Uniform Guidance, including, but not limited to, 2 C.F.R. § 200.307, the ARP/CSLFRF award, and all applicable Federal regulations governing the use of program income. Brunswick County hereafter agrees to administer program income according to the requirements set forth in this policy and as required by the Federal regulations and State law.

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<sup>1</sup> Compliance and Reporting Guidance, p. 9.

The responsibility for following this policy lies with the County's ARPA Committee, including the ARPA Funding Manager, the County Attorney, and the Director of Fiscal Operations, who are charged with the administration and financial oversight of the ARP/CSLFRF award. Questions on the use and/or reporting of program income should be directed to the ARPA Committee.

## II. Definitions<sup>2</sup>

- a. *ARP/CSLFRF award* means the Federal program governing the use of Coronavirus State and Local Fiscal Recovery Funds as provided in the [Assistance Listing](#) and as administered by the US Treasury pursuant to the American Rescue Plan Act of 2021 ("ARPA"), Pub. L. No. 117-2 (Mar. 11, 2021).
- b. *CSLFRF funds* means the portion of Federal financial assistance from the Coronavirus State Fiscal Recovery Funds and Coronavirus Local Fiscal Recovery Funds (collectively "CSLFRF") awarded to Brunswick County pursuant ARPA.
- c. *Federal award* means the Federal financial assistance that a recipient receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in § 200.101. The Federal award is the instrument setting forth the terms and conditions of the grant agreement, cooperative agreement, or other agreement for assistance.
- d. *Federal awarding agency* means the Federal agency that provides a Federal award directly to a non-Federal entity.
- e. *Federal financial assistance* means the assistance that non-Federal entities receive or administer in the form of grants, cooperative agreements, non-cash contributions, direct appropriations, food commodities, or other financial assistance, including loans.
- f. *Federal program* means all Federal awards which are assigned a single Assistance Listings Number.
- g. *Non-Federal entity* means a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.
- h. *Period of performance* means the total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods. ***The period of performance for the ARP/CSLFRF award ends December 31, 2026.***
- i. *Program income* means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in [§ 200.307\(f\)](#).

## III. Program Income Overview

For purposes of this policy, program income is the gross income earned by Brunswick County that is directly generated by a supported activity or earned as a result of the ARP/CSLFRF award during the period of performance, which closes December 31, 2026. (2 C.F.R. § 200.1)

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<sup>2</sup> Excluding the first two, the definitions in this section are found in 2 C.F.R. § 200.1.

Program income includes, but is not limited to, the following sources of income:

- The collection of fees for services performed.
- Payments for the use or rental of real or personal property.
- The sale of commodities or items fabricated under the Federal award.
- The payment of principal and interest on loans made under the Federal award.

Program income does not include fees or revenue from the following:

- The use of rebates, credits, discounts, and interest earned on any of them.
- Governmental revenues, such as taxes, special assessments, levies, or fines.
- Proceeds from the sale of real property, equipment, or supplies.<sup>3</sup>

#### IV. Use of Program Income

Pursuant to [2 C.F.R. § 200.307\(e\)](#), there are three methods for how program income may be used: the deduction method, the addition method, and the cost sharing/matching method. US Treasury has indicated that program income earned pursuant to expenditures of ARP/CSLFRF funds shall be accounted for pursuant to the addition method. US Treasury has further indicated that program income requirements do not apply under the revenue loss eligibility category. As such, recipients may retain program income earned pursuant to eligible expenditures of ARP/CSLFRF funds and use it as general fund revenue. Program income does not need to be considered an addition to the total award amount and is not limited to expenditures on eligible projects.

#### V. Repayment of Principal and Interest on Loans Made with ARP/CSLFRF Funds

US Treasury has imposed different requirements on loans of ARP/CSLFRF funds under the revenue loss category and loans of ARP/CSLFRF under other expenditure categories. Brunswick County agrees to appropriately account for the repayment of loaned ARP/CSLFRF funds according to the ARP/CSLFRF award terms, as follows:

**(1) Loans made under the revenue loss eligibility category.** Loans of ARP/CSLFRF funds under the revenue loss eligibility category may be considered to be expended at the point of disbursement to the borrower, and repayments on such loans are not subject to program income requirements.<sup>4</sup> Accordingly, Brunswick County shall not separately account for the repayment of principal and interest on loans of ARP/CSLFRF under the revenue loss eligibility category.

**(2) Non-revenue loss loans (i.e., loans made under the public health emergency/negative economic impacts category and/or the necessary water, sewer, and broadband infrastructure category)**

a. **Loans that mature or are forgiven on or before December 31, 2026:** Brunswick County shall add the repayment of principal and interest (program income) to the

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<sup>3</sup> 2 C.F.R. § 200.1 and 2 C.F.R. § 200.307 each define and limit the sources of program income.

<sup>4</sup> [Final Rule FAQ 4.9.](#)

ARP/CSLFRF award pursuant to 2 C.F.R. 200.317(e)(2). When the loan is made, Brunswick County shall report the principal of the loan as an expense. Brunswick County shall expend the repayment of principal only on eligible uses and is subject to restrictions on the timing of the use of ARP/CSLFRF funds pursuant to the ARP/CSLFRF award.

- b. **Loans with maturities longer than December 31, 2026:** Brunswick County is not required to separately account for the repayment of principal and interest on loans of ARP/CSLFRF with maturities after the ARP/CSLFRF award's period of performance. Brunswick County shall expend ARP/CSLFRF funds for only the projected cost of the loan. Brunswick County shall project the cost of the loan by estimating the subsidy cost according to one of the calculation methods outlined in US Treasury's [Final Rule FAQs, question 4.9](#) (updated 4/27/22).

**(3) Contributions to revolving loan funds:** Brunswick County may contribute funds to a revolving loan fund if the loaned ARP/CSLFRF funds are restricted to financing eligible uses. The amount of ARP/CSLFRF funds contributed to a revolving loan fund must be limited to the projected cost of loans made over the life of the revolving loan fund, following the approach described above for loans with maturities longer than December 31, 2026.

- a. Any contribution of ARP/CSLFRF revenue loss funds to a revolving loan fund shall follow the approach of loans funded under the revenue loss eligible use category outlined in Section V, paragraph 1.<sup>5</sup>

## VI. Additional Program Income Requirements

- (a) **Identifying, Documenting, Reporting, and Tracking.** To ensure compliance with the requirements of program income as outlined by the Federal regulations, the terms and conditions of the ASP/CSLFRF award, and the requirements set forth herein, each department shall identify potential sources of program income and properly report the program income for the period in which it was earned and dispersed.

Program income shall be accounted for separately. Brunswick County shall not commingle program income earned from programs supported by ARP/CSLFRF funds with the general award of ARP/CSLFRF funds Brunswick County received from US Treasury. Any costs associated with generating program income revenue shall be charged as expenditures to the ARP/CSLFRF award.

- (b) **Program Income Earned After the Period of Performance.** Brunswick County shall have no obligation to report program income earned after the period of performance (December 31, 2026). However, Brunswick County shall report program income expended after the period of performance if that program income was earned on or before December 31, 2026.

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<sup>5</sup> *Id.*

- (c) **Subawards.** Brunswick County agrees to ensure that any subrecipient of ARP/CSLFRF funds abides by the award of the terms and conditions of this policy and is aware that the subrecipient is responsible for accounting for and reporting program income to the Brunswick County on a quarterly basis or at such other frequency as mutually agreed to between County and subrecipient.
- (d) **Compliance with State law.** Program income shall not be expended for purposes prohibited under State law.
- (e) **Subject to Audit.** Brunswick County recognizes that its use of program income may be audited and reviewed for compliance with Federal laws and regulations, State law, and the terms of the ARP/CSLFRF award.

VII. Implementation of Policy

The ARPA Committee will adopt procedures to identify potential program income during the project eligibility and allowable cost review, document actual program income, and follow the requirements in this policy related to the treatment of program income.