

COMMISSIONERS OF WAYNE COUNTY

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Wayne County Program Income Reuse Policy May 19, 2022

This policy addresses program income, non-program income, interest earned on Federal Funds and CDBG revolving loans as part of the County's administrative policies and procedures in the event such income is realized. The policy addresses how the income generated will be reported, receipted, and reused pursuant to the requirements of DCED policy.

Definition of Program Income and Non-Program Income

Program Income is gross income received by the County that was generated from the use of Community Development Block Grant (CDBG) funds, regardless of when the CDBG funds were appropriated and whether the activity has been closed out. Program Income is the total amount of funds, which equals or exceeds \$35,000.00 received in a single year from activities, other than revolving loan funds, that is retained by the County. All funds received from revolving loan funds are considered program income, regardless of amount.

Wayne County will retain program income earned in a designated interest-bearing CDBG local account maintained by the County. Program Income shall be treated as additional CDBG funds and is subject to all applicable requirements of CDBG, regardless of whether the activity that generated the program income has been closed out.

Non-Program Income is income received up to \$35,000.00 by the County that does not meet the definition of Program Income. This is more specifically defined in the State CDBG regulations found at 24 CFR 570.489 (e) (2). The County will report on such income quarterly as detailed in Reporting and Receipting Income Procedures below. Once the annual total (January 1-December 31) of all income earned equals or exceeds \$35,000, the entire amount will be receipted and treated as program income and required to follow all applicable requirements of CDBG.

Cash Management

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Program Income: The County will notify DCED of the receipt of program income and provide the proper documentation necessary to demonstrate its receipt for tracking in IDIS no less than monthly, as detailed below. The County will expend program income prior to the request of additional grant funds from the US Treasury. Whenever advance payment procedures are used, the County will ensure that minimal time elapses between the transfer of funds from the US Treasury and disbursement by grantees and subgrantees.

Non-Program Income: The County will ensure the receipt of non-program income generated by CDBG investment is deposited to a local account established by the County and maintained separately of the CDBG account and/or revolving fund accounts as detailed in 24 CFR 570.489(e)(3)(ii)(A) and (B). When the \$35,000 annual threshold is met, all non-program income will be transferred to the CDBG local account and recorded as program income and receipted following the procedures detailed below in the Reporting and Receipting procedures. Until income earned takes on the identity of program income (\$35,000 annual earned income), the County will not expend these funds before a draw of funds from the US Treasury.

Interest Earned – Interest earned on federal funds will be treated in accordance with the rules defined by §200.305 of the Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Annually, the total of all interest earned exceeding \$500.00 from ALL federal sources shall be remitted to the Department of Health and Human Services Payment Management System. Instructions for payment may be found at 2 CFR 200.305(b)(9). Interest earned on ALL federal funds that is less than \$500.00 may be transferred to the County’s general fund or used for administration of the federal program. All interest earned will be reported quarterly (see below in Reporting and Receipting Procedures).

Reporting and Receipting Procedures

Program reporting year is designated as the program year, January 1 through December 31, regardless of when or which contract the CDBG funds were appropriated from that generated the income or whether or not that activity has been closed out.

The County will report quarterly on all income earned as a result of CDBG activity using the DCED report “Additional Fund Receipt Report” (CMT 154). The report will include earnings in the quarter of non-program income (\$0.01-\$34,999.99), program income (amounts \$35,000 and greater), interest, and funds retained in an approved revolving account.

Reports shall be submitted as described on the Annual Reporting Schedule from DCED. The CMT-154 will record the amount of income earned during the quarter, as well as the cumulative amount to date for the program year. The final report for the program year is due in January of the following year.

Once the cumulative total of non-program income earned equals or exceeds \$35,000, the entire amount (including funds earned up to \$35,000) will be considered program income and shall be receipted and treated as program income.

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Because the functionality of IDIS does not allow grantees to receipt program income retained in their local account, grantees shall provide to DCED appropriate documentation to receipt program income on its behalf. The County will receipt program income (\$35,000.00 +) in IDIS at least monthly. Pursuant to 24 CFR 570.489(e)(3)(ii)(C), program income will be disbursed ahead of grant funds and will be used before requesting additional funds from the US Treasury through IDIS.

Records will be maintained of any and all income earned as a result of CDBG investment to be retained for monitoring and compliance in accordance with 2 CFR 200.336 and 2 CFR 200.337.

Documentation submitted to receipt CDBG program income shall include, but is not limited to:

- A. Subgrantee name
- B. Source IDIS Activity number or grantee program equivalent activity identification; of the activity generating the program income when an activity was set up prior to the implementation of IDIS,
- C. Date of receipt as identified by the financial institution and/or grantee local account ledger, dollar amount of deposit and evidence of the payment of funds to the local account (i.e. a canceled check(s), copy of deposit slip(s), and/or bank ledger.)
- D. The County will identify if administration dollars will be allocated from the deposit of program income at the time of program income receipt submission taking consideration not to exceed the program administrative maximum requirement as identified in Federal Register Notice 5797-I-01.
- E. All supporting documentation must be no more than 90 days old.

Program Income Procedures

Decisions about the specific use of program income will be made on a case-by-case basis by the executive director of Human Services in accordance with these procedures.

CDBG Program Income earned when the County has an open CDBG contract - Program income will be deposited and receipted into the local CDBG bank account. The County may use the program income on activities in accordance with the special conditions and appendixes of the latest CDBG award.

CDBG Program Income earned if the County no longer has an open CDBG contract - Program income should be deposited and receipted into the local CDBG bank account of the County. The County may use the program income on activities in the County in accordance with the special conditions and appendixes of the latest CDBG award.

Administration Expenses Charged to Program Income – DCED may allow grantees to charge eligible administrative expenses to program income earned; however, the County must request authorization in advance of using program income for administrative expenses. Because FR Notice 597-I-01 limits the total administrative funds allowed to be charged per year to 20% of the total state allocation, regardless of PI earned, DCED’s ability to allow grantees to unilaterally use PI for administrative costs is limited.

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Revolving Funds – DCED may permit grantees to establish a revolving fund to carry out specific, identified activities. The County will seek DCED approval before establishing a new revolving fund. This approval will be detailed in the annual application submission. A revolving fund, for this purpose, is a separate fund established to carry out specific activities which generate payments to the fund for use in carrying out such activities. A revolving fund must be set up in a separate account, independent of other income or the CDBG program funds. Payments made to the revolving fund are program income and must be substantially disbursed for the purpose for which it was established (ex. Housing rehab revolving fund) before additional grant funds are drawn for the specific activity. Revolving funds must follow the rules of 570.489(f) and activities funded through the revolving fund must meet all CDBG eligibility requirements. The County will report on the receipt and expenditure of revolving funds, not less than quarterly, in the above referenced income report.

Monitoring – DCED will monitor tracking, use of program income and revolving funds, and submission of interest over \$500.00 during regular monitoring visits. A record of cash management procedures followed by the grantee will be reviewed and tested as it relates to cash on hand and program income earned and expended.

APPROVED this _____ day of _____, 2022.

Attest:

Signatures:

Andrew Seder, Chief Clerk Date

Brian W. Smith, Chairman Date

Joseph W. Adams, Commissioner Date

Jocelyn Cramer, Commissioner Date