Volusia County
FLORIDA

Office of the Chief Financial Officer

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May 28, 2021

Office of the Undersecretary for Domestic Finance
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Subject: Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule Comments

As the Chief Financial Officer of Volusia County, Florida, I am writing this letter to provide my comments to the interim final rule regulating the Coronavirus State and Local Fiscal Recovery Funds ("CSLFRF"). I appreciate the opportunity to provide these comments, and hope they will be considered by the Department of the Treasury to ease administrative burden (comment #1) and provide additional guidance (comments #2 through #4) for recipients of the CSLFRF.

Comment #1: For the calculation of revenue loss, Treasury should allow the use of the local government's own fiscal year-end dates for the annual calculations of revenue loss, as the Treasury already prescribed for the base year and growth adjustment calculations.

In the Interim Final Rule, the Treasury adopted "a definition of 'general revenue' based largely on the components reported under 'General Revenue from Own Sources' in the Census Bureau's Annual Survey of State and Local Government Finances" (herein referred to as "Annual Survey"). The Treasury cited that "relying on a methodology that is both familiar and comprehensive, this approach minimizes the burden to recipients and provides consistency in the measurement of general revenue".[1] I appreciate the Treasury using an already established and known method for reporting government finances to the federal government, via the Annual Survey. Of note however, the Annual Survey is completed each year using the local government's own fiscal year-end date, not solely December 31, as is required by the Interim Final Rule.[2]

[1] Page 48, Interim Final Rule, pagination based on (https://public-inspection.federalregister.gov/2021-10283.pdf).
[2] Page 52, Interim Final Rule. *"Recipients should calculate the extent of the reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023."*

Finance • Office of the Chief Financial Officer • 123 W Indiana Ave, Room 300 • Deland, FL 32720-4609
Tel: (386) 736-5933 (DeLand) • (386) 248-8135 (Daytona Beach) • (386) 423-3344 (New Smyrna Beach) • FAX: (386) 822-5042
www.volusia.org

The Census Bureau maintains the *Government Finance and Employment Classification Manual* for local governments to use in the preparation of the Annual Survey.[3] Included in the *Government Finance and Employment Classification Manual*, the Census Bureau notes the following regarding the use of fiscal years consistent with the governments responsible for completing the Annual Survey:

> *"Governments keep their financial accounts on a fiscal year basis, almost always a 12 month period. For this Census Bureau program, statistics are collected so that they cover each government's own fiscal year period,* ***rather than a standard calendar-based reporting period that cuts across government fiscal years. This methodology is used because it links directly to the manner in which governments maintain their financial records. Any attempt to standardize the time frame for 80,000 plus governments would create an insurmountable data collection challenge and would be cost prohibitive."*** [Emphasis Added]

I urge the Treasury to be consistent with the Census Bureau and allow local governments to utilize their own fiscal year-end date for the calculation of revenue loss under the CSLFRF. To demonstrate the challenge that the Census Bureau is referring to in the emphasized statement, below I will describe the impact of the December 31 calculation date to Volusia County, with its fiscal year-end of September 30.

I believe Volusia County is similar to the majority of local governments in how it maintains its accounting records. Specifically, for the majority of the fiscal year, revenues are recorded primarily on a cash-basis (there are a few exceptions). Only at fiscal year-end is the county required to adjust its accounting records to be in full conformance with Governmental Accounting Standards Board ("GASB") revenue recognition standards. These adjustments include:

Adjustment	**Estimated Volume**	**Estimated Staff Time to Complete for Volusia County Using Experienced Staff[4]**
Accrual of all intergovernmental revenues, current charges and miscellaneous revenues within the government's availability period for governmental fund types. Full accrual of all enterprise fund revenues based on services rendered through the fiscal year-end.	250 adjustments with underlying analysis	100 hours

[3] https://www.census.gov/programs-surveys/gov-finances/technical-documentation/classification-manuals.html, 2006 Classification Manual.
[4] If the County were to hire additional staff to assist with these calculations, the time to train the temporary staff on the County's accounting systems and practices to complete the additional accruals, calculations and adjustments would be significantly higher.

Adjustment	**Estimated Volume**	**Estimated Staff Time to Complete for Volusia County Using Experienced Staff**[4]
Accrual of all state and local grants based on the eligible work completed under the grant as of the close of the fiscal year. This is not completed based on timing of cash receipts, but instead based on the eligible activities (often expenditures) performed under the grants at the fiscal year-end.	40 state or local grants	120 hours
Accrual of all federal grant administered by the state based on the eligible work completed under the grant as of the close of the fiscal year. This is not completed based on timing of cash receipts, but instead based on the eligible activities (often expenditures) performed under the grants at the fiscal year-end (see also comment #2).	30 federal grants passed through the state	90 hours (see comment #2)
Accrual of property taxes receivable based on the entire tax roll at a point-in-time.	10 levies	If data is retroactively available, 2 hours.
Review and adjustment of the general ledger asset accounts to ensure all billed receivables are collectible.	50 adjustments with underlying analysis	25 hours
Coordination of all of the above items with separate units of local government that are consolidated into the primary government, as well as component units.	5 constitutional officers (Sheriff, Tax Collector, Property Appraiser, Clerk of the Circuit Court, Supervisor of Elections), 3 advertising authorities, 3 finance authorities (housing, educational and industrial development), 1 law library	Unknown – These entities might have significant burdens to comply such that they determine they cannot comply.

By requiring the calculation of revenue loss to occur on December 31, the Treasury is requiring all of the same adjustments currently completed only at the close of the fiscal year to be revaluated at December 31 for each of the calculation years. This is especially burdensome when it relates to external entities that provide financial information to the county but do not share a general ledger with the county. Finally, for the first calculation only, the accruals and adjustments must be calculated at both December 31, 2019 and December 31, 2020, in order to determine the results of operations for calendar year 2020; therefore, all amounts on the chart above would be required twice.

I again urge the Treasury to be consistent with the calculation of the base year and growth adjustment, as well as the Census Bureau's *Government Finance and Employment Classification Manual* and allow local governments the <u>option</u> to use their own fiscal year-end date for the calculation of revenue loss under the CSLFRF.

Comment #2: Treasury should provide clarifying guidance regarding the inclusion of federal grants passed through state and local governments in the calculations related to the determination of revenue loss. [5]

In the interim final rule, it is not clear if federal grants passed through a state or local government should be included in the calculations related to the determination of revenue loss.[6] One section of the interim final rule contains the following excerpt, which excludes <u>all</u> transfers from the Federal Government[7], but for transfers from the state government, <u>only excludes the CRF and Fiscal Recovery Funds</u>:

> "*Finally, the term "general revenue" includes intergovernmental transfers between State and local governments, but excludes intergovernmental transfers from the Federal Government, including Federal transfers made via a State to a local government pursuant to the CRF or as part of the Fiscal Recovery Funds.*" [8]

This is repeated in the frequently asked questions document issued by Treasury for the CSLFRF, which states:

> "*General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the CRF or the Fiscal Recovery Funds*." [9]

Further, the frequently asked questions document issued by Treasury for the CSLFRF also states the following:

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[5] The calculation of revenue loss refers to both the base year and growth adjustment calculations as well as the calculation of revenue loss at the various calculation dates for this comment.
[6] *Supra* note 5.
[7] Assumed to mean only direct transfers in this context.
[8] Page 50, Interim Final Rule, pagination based on (https://public-inspection.federalregister.gov/2021-10283.pdf).
[9] Question 3.1, https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf, retrieved May 27, 2021.

> "*If a recipient is unsure whether a particular revenue source is included in the Interim Final Rule's definition of "General Revenue," the recipient may consider the classification and instructions used to complete the Census Bureau's Annual Survey.*" [10]

In the Census Bureau's *Government Finance and Employment Classification Manual,* intergovernmental revenue from the Federal Government does not include Federal funds flowing through the state, as the manual states "for local governments, [this category] includes only direct aid from the Federal Government." [11] Instead, in the manual, intergovernmental revenue from State Governments includes "federal aid passed through the state government and state aid channeled through intermediate local governments (e.g., counties)." [12]

Contradicting the above, the interim final rule also states the following:

> "Accordingly, and to better measure the funds available for the provision of government services, the definition of general revenue would include intergovernmental transfers from States or local governments other than funds transferred pursuant to ARPA, CRF, **or another Federal program.** This formulation recognizes the importance of State transfers for local government revenue." [Emphasis Added] [13]

While a majority of the guidance provided [in both interim rule and frequently asked questions] as well as the Census Bureau's position in the *Government Finance and Employment Classification Manual* appear to allow only the exclusion of the CRF and Fiscal Recovery Funds passed through the state, the immediately preceding quote excludes more. It appears to exclude all federal grants flowing through a state, unless "Federal program" is meant to mean something other than Federal grants.

I urge the Treasury to provide additional clarity on the treatment of Federal grants passed through state or local governments as it pertains all parts of the calculation of revenue loss.[14]

Absent additional clarification, the addition in the interim final rule of "or another Federal program" in only one place appears inconsistent. However, this inconsistency is not contradictory to the other guidance. Therefore, based on that single quote and the apparent intent in footnote 120 to the interim final rule, I would assume that all federal grants passed through the states are to be excluded in all parts of the calculation related to revenue.

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[10] Question 3.9, https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf, retrieved May 27, 2021.
[11] Section 4.9, General Revenue by Type, Intergovernmental Revenues, Category – Intergovernmental Revenue from Federal Government.
[12] Section 4.9, General Revenue by Type, Intergovernmental Revenues, Category – Intergovernmental Revenue from State Governments.
[13] *Supra* note 8.
[14] *Supra* note 5.

Comment #3: For the calculations related to the determination of revenue loss[15], Treasury should confirm that unrealized gains and losses recorded as investment income in accordance with Governmental Accounting Standards Board ("GASB") Statement Numbers 31 and 72 are to be included in all parts of the calculation.

Governments reporting under standards issued by the GASB are required, under statement numbers 31 and 72, to report investments at fair market value. Consequently, any unrealized gains and losses related to those investments are reported as adjustments to investment earnings.[16] In six different sections, the Census Bureau's *Government Finance and Employment Classification Manual* can be inferred to indicate that unrealized gains and losses recorded in this manner should be included as "general revenues", since 2005. However, there is one section of the Census Bureau's *Government Finance and Employment Classification Manual* that appears to contradict the inference.

The following statements from the Census Bureau's manual appear to confirm the inclusion of unrealized gains and losses as "general revenues":

1) "*3.4 Accounting Basis*
The major source of these finance statistics is the governments' own accounting systems, either directly from a ***government's own records*** *…*" [Emphasis Added]

2) "*3.4.2 Cash versus Accrual Basis of Accounting*
State and local government accounting reports and records may provide data on a cash, accrual, or modified accrual basis. For a particular government, the basis of reporting may differ among funds. ***Census Bureau statistics generally adopt whatever basis the government itself uses so long as that basis (1) conforms to generally accepted accounting procedures and (2) is applied consistently from year-to-year****. Because of the growing standardization of accounting methods by governments (see below), this means that most finance statistics pertaining to governmental fund types are based on the modified accrual basis; proprietary (enterprise) fund types are based on the full accrual basis; and fiduciary fund types are recognized on the basis consistent with the fund's accounting measurement objective.*" [Emphasis Added]

3) "*4.1.2.2 Measurement Issues: Timing*
Revenue is measured over the full fiscal year of the government (see Section 3.2). Revenue received at any time during the fiscal year is included in the measurable amounts reported. Thus total property tax revenue reflects such tax collections

[15] The calculation of revenue loss refers to both the base year and growth adjustment calculations as well as the calculation of revenue loss at the various calculation dates for this comment.
[16] Governmental Accounting Standards Board Statement No. 31, Paragraph 13 (https://gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176160029202)

received by the government over the full twelve months of its fiscal year. ***As discussed in Chapter 3, governments often report revenue, and keep their official accounting records, in terms of a modified accrual form of accounting. Where this happens, Census Bureau statistics reflect this accounting approach****, even though it does not correspond exactly to the concept of cash received during the fiscal year.*" [Emphasis Added]

4) "*3.4.3 Special Topics: Governmental Accounting Standards Board (GASB)*
The Census Bureau's government finance statistics have been increasingly influenced by the adoption by governments of generally accepted accounting procedures issued under the aegis of the Governmental Accounting Standards Board (GASB). *Until the 1990s, the accounting rules for governments were broad enough that each could develop their own unique form of accounting for their finances. Each financial report, for instance, looked differently and reported varying degrees of detail.*

In recent years, more governments have adopted standard accounting procedures for their reporting systems, which has had a profound effect on the Bureau's data collection efforts. On the one hand, finance data are being recorded by governments in a more consistent fashion. On the other hand, the products of this system result in a lower level of detail than in the past, forcing the Census Bureau to rely less on published financial reports and more on internal accounting records of governments. This has both complicated the work involved and resulted in the modification of selected categories of data and the basis by which some categories are measured.

The most profound effects have been to statistics on government indebtedness and cash and security holdings. See Chapters 6 and 7 for a discussion of these two topics." [Emphasis Added]

5) "*7.2.2 Measurement Issues: Valuation*
Assigning a value to assets is one of the most complex aspects of the Census Bureau's program on government finance statistics. As discussed in Section 3.12, the Census Bureau program is first and foremost statistical in nature and is not intended to reflect the same types of measures developed for purely accounting purposes. Nevertheless, the Census Bureau uses standard accounting records to develop its government finance statistics, so accounting definitions and concepts must be taken into consideration.

Consequently, Census Bureau statistics are impacted by accounting industry changes such as the GASB guidelines noted throughout this Government Finance and Employment Classification Manual. GASB Statement 34 (issued in 1999) had a major impact on the way governments (and especially government administered *employee retirement systems) valued their assets for accounting purposes.* ***The Census Bureau decided to adopt GASB standards for reporting the value of assets that were in-scope for Census Bureau surveys (The Census Bureau obtained approval for this change in definition from the Office of Management and Budget. The Census Bureau also sought and received concurrence from two major users affected by the change, the Federal Reserve Board and the Bureau of Economic Analysis).*** *This change was phased in over two stages, as summarized below. Appendix 1 contains a more lengthy explanation of this change to the definition used in the Census Bureau's statistical program.*

This edition of the Government Finance and Employment Classification Manual contains this major change to asset valuation. ***It was first applied to statistics effective with the 2002 Census of Governments. At that time, the Census Bureau began to use the market value of corporate stocks, corporate bonds, and international securities held by public employee retirement systems.*** *Prior to the 2002 Census of Governments, Census Bureau statistics for these three asset types represented the book value (cost) of the asset. For assets other than corporate stocks, corporate bonds, and international securities, the statistics continued to reflect the book value (cost) of the holdings.*

Then, effective with this edition of the Government Finance and Employment Classification Manual and with government finance statistics for 2005, market value became the basis of measurement for <u>all government cash and security holdings</u>. [17] *Prior to 2005, these assets were valued using a mix of concepts, but primarily using book value (cost) of the asset. Appendix Table 1.1 in Appendix 1 provides an explanation of the historical changes to the valuation method applied to cash and security holdings for the three time periods:*

2005 to Current
2002 through 2004
Pre - 2002

The Census Bureau made no adjustment to historical data on assets to reflect this change in definition. This was because of the difficulty of obtaining reliable statistics on the differences in reporting at the government unit level. Analysts noted that some components units of governments, particularly employee retirement systems, had been changing to market valuation in their reporting for Census surveys.

[17] As noted at the close of this section of the Census Bureau's *Government Finance and Employment Classification Manual*, the use of market value is recorded at the close of the government's fiscal year. The required adjustment to the accounting records when recording cash and investments at fair market value is reported as investment earnings (see GASB Statement No 31, paragraph 13 and Government Finance Officer's Association Governmental Accounting, Auditing, and Financial Reporting ("Blue Book"), Appendix A, Page 43, "Appreciation in the fair value of investments" (http://www.gfoa.org/GAAFR/AppendixA).

Market value of cash and security holdings is defined in two ways, depending on the type of asset. For cash and cash-based short-term investments such as certificates of deposit, the valuation is based on current dollar value of the holdings. For all other security holdings, market value is the amount that a government can reasonably expect to receive for an investment in a current sale between a willing buyer and willing seller (other than in a force or liquidation sale). This definition is essentially the same as found in GASB statement 25. ***In both cases, the measure is taken as of the close of the government's fiscal year****. Market value also is referred to as "fair value" in many accounting references.*"

6) "*Appendix 1.6.6 Cash and Security Classification Changes – Market Value*
There were no changes to the statistical classification categories for reporting cash and security holdings, based on the 2005 redesign of the government finance program. The changes to cash and security holdings categories for public employee retirement systems, effective 2002, were explained previously in Appendix 1.5.

The 2005 redesign of the government finance program did include a major change in definition for all cash and security holdings, however. *The definition for all of the categories was modified to reflect market value of holdings. This change was made to maintain consistency with current accounting practices used by governments.*

This major change in how the Census Bureau "valued" cash and security holdings was based largely on the evolution of governmental accounting practices. As a direct result of GASB guidelines, described earlier in this Government Finance and Employment Classification Manual, most governments and the associated government accounting industry converted to market valuation for official financial reports. The definition of market value for purpose of the Census Bureau's government finance classification system, is noted in Chapter 7 and repeated here (see Section 7.2.2):

> *Market value of cash and security holdings is defined in two ways, depending on the type of asset. For cash and cash-based short-term investments such as certificates of deposit, the valuation is based on current dollar value of the holdings. For all other security holdings, market value is the amount that a government can reasonably expect to receive for an investment in a current sale between a willing buyer and willing seller (other than in a force or liquidation sale). This definition is essentially the same as found in GASB statement 25.* ***In both cases, the measure is taken as of the close of the***

> ***government's fiscal year****. Market value also is referred to as "fair value" in many accounting references.*
>
> *As noted earlier in this Appendix, the market value concept had been applied to several categories of cash and security holdings for public employee retirement systems, effective with the 2002 Census of Governments. Those categories included corporate stocks (code Z78), corporate bonds (codes Z77, Z62, and Z63), and foreign and international securities (code Z70).* ***The decision to value all assets at market value applied the same methodology to the remaining categories.***" [18] [Emphasis Added]

In all six exhibits above, the Census Bureau's *Government Finance and Employment Classification Manual*, confirms that general government investments are to be measured at market value. This would also infer that unrealized gains and losses should be included as general government revenue. [19]

As described in Appendix 1.6.6 of the Census Bureau's *Government Finance and Employment Classification Manual,* general government investments started to be reported at market value in 2005, while they were implemented three years earlier, in 2002, for public employee pension systems. Related to the fact that the public employee pension systems were first to change to market value reporting in 2002, it appears that one section of the *Government Finance and Employment Classification Manual,* related to public employee pension systems, was not updated to reflect the 2005 change. Specifically, Section 8.4.8 of the Government Finance and Employment Classification Manual states the following:

> "***In the Fiscal Year 2002 finance survey****, the Census Bureau recognized the futility of trying to collect employee retirement revenue data from retirement systems in a manner that differed from the GASB procedures they employed for their regular reporting. As a result, the Bureau reluctantly changed its definition of employee retirement investment revenues to match that of the systems reporting them: that is, it now includes both realized and unrealized gains and losses during the year.*
>
> *It is important to stress that the basis for this change was procedural, or survey-based, rather than definitional. As a result,* ***this treatment was not extended to any other revenue categories on government finances, including those of other types of insurance trust systems.***" [Emphasis Added]

It should be noted that Section 8.4.8 of the *Government Finance and Employment Classification Manual* is related to public employee retirement systems, while the other six sections (listed on pages 6 through 10 of this letter) all applied to general government activities. Absent additional clarification from the Treasury,

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[18] *Supra* note 17.
[19] *Supra* note 17.

the overwhelming evidence in the *Government Finance and Employment Classification Manual* appears to confirm that unrealized gains and losses should be included in “general revenues”.

Outside of the analysis of the *Government Finance and Employment Classification Manual* as shown above, the Government Accounting Standards Board has made it clear that the revenues from investment activities include unrealized gains and losses.[20] The inclusion of unrealized gains and losses more accurately reflects investment performance during any given fiscal year. In a fiscal year where bond yields decrease, as occurred during the onset on the pandemic in March 2020, bond prices rise. The rise in bond prices results in unrealized gains for securities held at the close of the fiscal year. To record the unrealized gain at the close of the fiscal year properly reports income associated with the whole-picture of investment activity for the county, instead of just reflecting interest income on a cash-basis. See below a scenario based on a single security held in the County’s portfolio:

Security Principal Value: $5,000,000
Purchase Date: 12/19/2019
Maturity Date: 9/19/2022 (approximately 2 years remaining at 9/30/2020)
Coupon Interest: 1.70% ($85,000 annually based on $5,000,000 principal)
Market Value at 9/30/2020: $5,150,000
Coupon of 2 Year Security at 9/30/2020: 0.20% ($10,000 annually based on $5,000,000 principal)
Interest Rates Remaining Stable from 9/30/2020 to 9/30/2022

Scenario / Investment Earning Component	**FY 20**	**FY 21**	**FY 22**
No Sale:			
Interest Receipts	$ 63,750 [a]	$ 85,000	$ 85,000
Realized Gain/(Loss)	$ -	$ -	$ -
Unrealized Gain/(Loss)	$ 150,000	($ 75,000)	($ 75,000)
Total Revenues – No Sale	**$ 213,750**	**$ 10,000**	**$ 10,000**
Sale and Reinvest **at 9/30/2020:**			
Interest Receipts	$ 63,750 [a]	$ 10,000	$ 10,000
Realized Gain/(Loss)	$ 150,000	$ -	$ -
Unrealized Gain/(Loss)	$ -	$ -	$ -
Total Revenues – Sale and Reinvest	**$ 213,750**	**$ 10,000**	**$ 10,000**

[a] Seventy-five percent of annual amount based on purchase date.

If interest income was required to be recognized on a cash-basis, and unrealized gains/losses were ignored, it would shift the revenue into periods where the market truly does not create that level of yield ($85,000 per year in above “No Sale” example for FY 21 and FY 22). By including unrealized gains and losses as

[20] Governmental Accounting Standards Board Statement No. 31, Paragraph 13 (https://gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176160029202)

revenue, the market supported level of yield is recognized regardless of whether the security is sold or not ($10,000 per year in above example).

I urge the Treasury to confirm that unrealized gains and losses recorded as investment income in accordance with Governmental Accounting Standards Board ("GASB") Statement Numbers 31 and 72 are to be included all parts of the calculation, which would be consistent with the majority of the Census Bureau *Government Finance and Employment Classification Manual*, as well as more accurately reflect the significantly lower investment yields available to the county as a result of the COVID-19 pandemic.

This confirmation would provide clarity in an area with a discrepancy in the Census Bureau *Government Finance and Employment Classification Manual.* Absent the clarification, based on the overwhelming evidence above, the inclusion of unrealized gains/losses will be assumed to be the correct way to proceed in all parts of the calculation of revenue loss.

Comment #4: Treasury should provide clarifying guidance regarding the inclusion of intergovernmental state grant funding for utilities and miscellaneous revenues related to utilities in the determination of revenue loss. [21]

The interim final rule states that "the definition of general revenue also would exclude revenue generated by utilities" and "any revenue that is generated by public utilities typically is used to support the public utility's continued operation, rather than being used as a source of revenue to support government services generally." [22]

The frequently asked questions document issued by Treasury for the CSLFRF states the following:

1) "*If a recipient is unsure whether a particular revenue source is included in the Interim Final Rule's definition of "General Revenue," the recipient may consider the classification and instructions used to complete the Census Bureau's Annual Survey*." [23]

2) "*General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue.*" [24]

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[21] The calculation of revenue loss refers to both the base year and growth adjustment calculations as well as the calculation of revenue loss at the various calculation dates for this comment.
[22] Page 49, Interim Final Rule, pagination based on (https://public-inspection.federalregister.gov/2021-10283.pdf).
[23] Question 3.9, https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf, retrieved May 27, 2021.
[24] Question 3.1, https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf, retrieved May 27, 2021.

In the Census Bureau's *Government Finance and Employment Classification Manual*, it states the following:

1) "*Utility revenue relates only to the revenue from sales of goods or services and by-products to consumers outside the government.* ***Revenue arising from outside other aspects of utility operations is classified as general revenue*** *(e.g., interest earnings).*" [Emphasis Added] [25]

2) "*3.11.4 Anomalies of Government Finance Statistics*
The classification system for government finances described above has resulted in several anomalies that deserve mentioning.
   - ***All intergovernmental revenue is, by definition, included in the general government sector****, including the utility intergovernmental codes first used in the fiscal year 1988 finance survey.*" [Emphasis Added]

Once again, the interim rule stated as a reason to exclude utility current charges that "any revenue that is generated by public utilities typically is used to support the public utility's continued operation, rather than being used as a source of revenue to support government services generally."

It would seem this reasoning would also extend to miscellaneous revenues (such as interest) and intergovernmental revenues derived from utility systems, both of which are typically restricted for a purpose/project *not* supporting government services (as the reasoning was used to excluded utility current charges).

I urge the Treasury to provide additional clarity regarding the inclusion of intergovernmental state grant funding for utilities and miscellaneous revenues related to utilities in the determination of all aspects of the calculation of revenue loss.[26]

Absent additional clarification, it would appear based on the Census Bureau's *Government Finance and Employment Classification Manual*, that both intergovernmental state grant funding for utilities and miscellaneous revenues related to utilities should be included in all parts of the calculations surrounding lost revenue, which might not be the intent of the Treasury, based on the reasoning used by the Treasury to exclude utility current charges.

Once more, I appreciate the opportunity to provide these comments, and hope they will be considered by the Treasury.

[25] Section 3.5 "Four Sectors of Government from a Finance Viewpoint", Utilities Sector Section (https://www.census.gov/programs-surveys/gov-finances/technical-documentation/classification-manuals.html, 2006 Classification Manual)
[26] *Supra* note 21.

I would most strongly encourage the Treasury consider my first comment and make an amendment to the interim final rule to provide relief the administrative burden caused by an off-cycle calculations date for governments that do not have a December 31 fiscal year-end.

For the remaining comments, posting additional questions and answers to the frequently asked questions document would easily clarify these issues. However, in the absence of Treasury-produced clarifications, I do consider this to be my documentation for the conclusions I have reached in determining what elements to include and exclude in the calculations applicable to the revenue loss provisions.

For your consideration,

Ryan Ossowski, CPA
Chief Financial Officer
County of Volusia, Florida