

EXHIBIT H – ELIGIBLE EXPENSES

The County shall pay Subrecipient, up to the Maximum Grant Amount as stated in this agreement for allowable costs. Subrecipient is prohibited from using any part of this Grant to satisfy a delinquent federal debt.

1. ***Code of Federal Regulations 2 CFR Part 200, Subpart E Allowable Costs/Principles.*** As outlined in the Code of Federal Regulations 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that a Subrecipient is responsible for the effective administration of federal funding, application of sound management practices, and administration of federal funds in a manner consistent with the program objectives and terms and conditions of the award. Subrecipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability.

Allowable Costs are those incurred in the performance of the Agreement that are determined by the County to be allowable, allocable, and reasonable in accordance with the:

- (A) Provisions of this Agreement,
- (B) Applicable Federal cost principles as outlined in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, see Code of Federal Regulations 2 CFR Part 200, Grants and Agreements. Subrecipient must obtain prior written approval for certain costs as outlined in the Code of Federal Regulations 2 C.F.R. §200.407. If these regulations are revised or clarified during the period of performance of this Agreement the most recent revision or clarification shall apply, and
- (C) The regulations and allowable expenses in the Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) program.

2. Indirect Cost Rates

The allowable indirect cost rate is either the Negotiated Indirect Cost Rate Agreement (NICRA) or alternatively, any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII to Code of Federal Regulations 2 C.F.R. Part 200 – States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph D.1.b, may elect to charge a de minimis rate of 10 percent of modified total direct costs (MTDC) which may be used indefinitely.

As described in Code of Federal Regulations 2 C.F.R. Part 200.403, *Factors affecting allowability of costs*, costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

3. Period of Availability of Funds

Subrecipient may charge to the Grant only allowable costs resulting from obligations incurred during the performance period.

4. Profits

No fee, profit, or other increment above allowable costs shall be paid to Subrecipient.

5. Examples of Ineligible COVID Related Expenses

The following is a list of examples of costs that may *not* be eligible expenditures of payments from the Luzerne County ARPA Grant.

1. Damages covered by insurance
2. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency
3. Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the Federal government pursuant to the CARES Act of contributions by State-to-State unemployment funds
4. Reimbursement to donors for donated items or services
5. Workforce bonuses other than hazard pay or overtime
6. Severance Pay
7. Legal settlements