

Procedures to Determine Timely Expenditures

Community Development Block Grant
Disaster Recovery (CDBG-DR)

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Change Log

Version	Date	Description
1	7/29/2025	CDBG-DR Procedures to Determine Timely Expenditures

Overview

Pursuant to the United States (U.S.) Department of Housing and Urban Development (HUD) January 8, 2025, [Federal Register Notice \(90 FR 1754\)](#) (Updated March 19, 2025) ("Revised Universal Notice"), the County of Manatee ("County") must implement procedures that pursue the timely expenditure of Community Development Block Grant Disaster Recovery (CDBG-DR) funds to support long-term recovery efforts following Hurricanes Debby, Helene, and Milton ("2024 Hurricanes"). To ensure expenditure of all CDBG-DR funds within the required six-year expenditure period, the County must provide forecasts on the allocation and spending of these funds throughout the award period, along with the expected results of the program activities. The six-year deadline for full expenditure of funds is calculated from the date HUD executes the grant agreement, as specified in Section III.F.1. of the Revised Universal Notice.

These projections enable the County and HUD to assess progress on program activities and ensure recovery efforts are achieved in a timely manner. To achieve these objectives, the County has established the following procedures for all County administered projects and any grant agreements with subrecipients (if applicable). In addition, the County will provide technical assistance and support to subrecipients as needed so that quarterly goals are achieved, and funds are expended within the required timeframes.

The County's Grants Administration Division, located within the Government Relations Department, is responsible for the coordination of CDBG-DR Program Managers, contractors, and subrecipients as well as the procedures to determine timely expenditure of funds:

Contact Information for Lead Department

Department	Grants Administration Division
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To manage its financial responsibilities, the County follows established financial management procedures that cover financial reporting, recordkeeping, accounting systems, payment processes, and audit requirements. Federal and state grant awards received and administered by the County are tracked through Finance Enterprise, the County's primary accounting system. All budgets and financial transactions are recorded and processed within this system, which is configured to maintain proper segregation of financial responsibilities.

Currently, the County processes financial transactions, including reimbursement requests for existing federal programs, within Finance Enterprise, and this practice will continue for the CDBG-DR program to ensure accurate reporting and compliance with HUD requirements. Unlike reimbursement-based programs such as FEMA Public Assistance, the CDBG-DR program operates on a cash-need basis, where the County will draw funds from HUD via HUD's Disaster Recovery Grant Reporting (DRGR) system as costs are incurred. This method ensures timely access to funds and alignment with HUD's financial management standards. The County uses the DRGR system to draw funds, report expenditures, track activity performance, and submit Quarterly Performance Reports (QPRs), which are used by HUD to monitor timely progress.

To reinforce compliance, the County will develop and monitor internal expenditure benchmarks and spend-down schedules to ensure each project and subrecipient remains on track toward full expenditure within the six-year period. If projects or subrecipients are underperforming, the County will provide targeted technical assistance or consider reprogramming funds to alternate eligible activities to prevent delays.

Failure to meet timely expenditure requirements may result in HUD recapturing unspent funds or implementing other enforcement actions, as outlined in the Revised Universal Notice.

Projection of CDBG-DR Expenditures

To support compliance with HUD's six-year expenditure requirement, the County will prepare and maintain detailed projections of CDBG-DR fund expenditures by program and activity. These projections will be submitted to HUD via DRGR and updated on a quarterly basis or as needed when changes occur.

Initial projections will be developed within 60 days of Action Plan approval and will align with budgeted activities, delivery schedules, and subrecipient implementation timelines. To ensure transparency and accountability, these projections will be published on the County's recovery website at www.mymanatee.org/lastingmanatee, enabling the public to compare projected and actual performance over time.

The County will either use or amend [HUD's Grantee Projections and Expenditures and Outcomes Template](#) for this purpose and will require subrecipients to provide their own projections as part of project startup and ongoing monitoring. The variance between projected and actual expenditures will be reviewed regularly as part of internal oversight. If trends indicate a risk of underperformance, the County may implement corrective actions,

including technical assistance, revised implementation plans, or reallocation of funds to ensure timely expenditure across the grant.

Procedures to Track Progress and Program Expenditures

The County will collect data from implementation contractors, internal project leads, and subrecipients to track and submit required documentation to demonstrate grant performance and ensure timely expenditure of funds within the six-year expenditure period. This will be accomplished through a combination of scheduled progress review meetings, milestones tracking, monthly budget and performance reviews, reviewing key data points, and analyzing reporting from the County's financial management system and HUD's DRGR.

Designated entities will include:

- Subrecipients – Responsible for entering performance data, identifying risks, and reporting barriers to implementation;
- Implementation Contractors – assist with project delivery and/or data management;
- County Project Leads – will oversee program progress, validate subrecipient submissions, and coordinate internal reviews.

Subrecipients, designated implementation contractors, and County project leads will notify the County of any barriers that may impact compliance or delay the timely completion of status reports, tasks, or deliverables. The County will use this information to determine whether technical assistance, timeline adjustments, or corrective actions are warranted.

When applicable, the following items will be reviewed

- The process to identify and resolve stalled or inactive activities, including reallocation if necessary;
- Performance of contractors and subrecipients (including comparison of actual to projected deliverables and expenditures); and
- How program income is received, tracked in DRGR, and expended before additional draws

To ensure proper management oversight, the County will produce a monthly internal budget and expenditure report for CDBG-DR funds which will be distributed to leadership. The County will also conduct quarterly reviews aligned with HUD's Quarterly Performance Reports (QPRs) to assess overall grant progress and submit required updates in DRGR.

Reporting to HUD

HUD mandates that grantees enter and maintain detailed information into the DRGR system to enable the Department to review quarterly grantee performance via the QPR.

The County will use data entered into the DRGR Action Plan, the QPR, transactional data from the DRGR system, and other information provided by subrecipients to provide reports to HUD and the public to:

1. Monitor for anomalies or performance problems that suggest fraud, abuse of funds, and duplication of benefits;
2. Reconcile budgets, obligations, funding draws, and expenditures;
3. Calculate expenditures to determine compliance with applicable funding caps and the overall percentage of funds that benefit low- and moderate-income (LMI) persons; and
4. Analyze the risk of subrecipient projects to determine monitoring priorities and opportunities to provide technical assistance.

The County will submit a QPR through the DRGR system no later than 30 days following the end of each calendar quarter, as required by the Revised Universal Notice. Each QPR will reflect actual performance compared to projections and include narratives on accomplishments, delays, and any corrective actions.

The County will ensure all data submitted in DRGR is consistent with its financial management system, internal reporting tools, and documentation retained by subrecipients. DRGR entries will be reviewed and validated by program and finance staff before submission to HUD.

Within three days of submission to HUD, each QPR will be posted on the County's official CDBG-DR website. To meet quarterly goals, the County will establish monthly performance benchmarks and data collection schedules for both County and subrecipient administered projects. Subrecipients will be required to submit monthly progress and financial reports to support accurate and timely QPR reporting.

Program Income

Certain CDBG-DR funded projects may generate income. Any program income earned as a result of CDBG-DR funded projects will be subject to the CDBG-DR alternative requirements governing program income as outlined in the Revised Universal Notice. In the Notice, HUD provides grantees the option to either: (1) use program income as CDBG-DR funds are

subject to the same requirements until grant closeout, or (2) transfer the income to a grantee's annual CDBG program (if applicable and approved). The County will treat program income as CDBG-DR funds unless otherwise approved and documented.

The County will apply program income received from the CDBG-DR projects in accordance with the Action Plan, with the final determination of end use made by the County. To the maximum extent feasible, HUD requires that program income be expended before additional withdrawals from the U.S. Treasury are made, per Section III.B.12. of the Revised Universal Notice.

In accordance with 24 CFR § 570.503, each written agreement between the County and its subrecipients will specify that the subrecipient will be required to report and remit to the County all program income as defined at 24 CFR § 570.500(a). All program income generated by subrecipient activities will be remitted to the County from the subrecipient prior to contract close-out. The County will allocate and utilize the program income in compliance with the requirements set forth in the Revised Universal Notice.

Definition of CDBG-DR Program Income

Program income is defined by HUD to include any "gross income received by a State, a unit of general local government, or a subrecipient of the unit of general local government 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..." (as modified by the Revised Universal Notice, which supersedes the standard definition at 24 CFR § 570.489(a)).

Program income refers to gross income (greater than \$35,000 annually in the aggregate per program year per organization) generated from the use of CDBG-DR funds and received by a recipient or a subrecipient, except as provided in HUD's Revised Universal Notice; for example, the Notice provides alternative requirements for how to treat net income from the use of rental property owned by a local government or a subrecipient that was constructed or improved with CDBG-DR funds.

When income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used (e.g., a single loan supported by CDBG-DR funds and other funds, or a single parcel of land purchased with CDBG-DR funds and other funds). If CDBG funds are used with CDBG-DR funds on an activity, any income earned on the CDBG portion would not be subject to the waiver and alternative requirement in the Revised Universal Notice.

All program income will be tracked in the DRGR system and flagged for use before additional drawdowns from the U.S. Treasury. The County will ensure that the program income is fully expended before requesting additional grant funds, in accordance with HUD draw sequencing requirements.

Subrecipients will be required to identify and report program income on a monthly basis using County-provided reporting forms. All program income must be remitted to the County prior to final draw or contract closeout. The County will verify compliance with these requirements during its regular financial and programmatic monitoring.

Sources of program income include, but are not limited to:

- Proceeds from the disposition by sale or long-term lease of real property purchased or improved with grant funds;
- Proceeds from the disposition of equipment purchased with grant funds;
- Gross income from the use or rental of real or personal property acquired or improved by the County or its subrecipients with CDBG-DR funds, less the costs incidental to the generation of the income;
- Gross income from the use or rental of real property acquired or improved by the County or its subrecipients with CDBG-DR funds, less the costs incidental to the generation of the income;
- Payments of principal and interest on loans made using grant funds;
- Proceeds from sale of loans or obligations secured by loans made with grant funds;
- Interest earned on funds held in a revolving fund account or earned on program income pending disposition of the income;
- Interest earned on lump sum drawdowns for financing of property rehabilitation activities as described in [24 CFR § 570.513](#);
- Funds collected through special assessments made against properties owned and occupied by households not of low- and moderate-income, where special assessments are used to recover all or part of the grant portion of a public improvement;
- Gross income paid to a state, local government, or subrecipient thereof, from the ownership interest in a for-profit entity in which the income is in return for the provision of CDBG-DR assistance; and
- Any income received by State or local government grantees related to the CDBG-DR grant after closeout, including income received by subrecipients after closeout.

Program income does not include the following:

- Any income received in a single program year by the County and its subrecipients that does not exceed \$35,000, other than revolving funds that are retained by the County and its subrecipients (all funds from revolving funds are considered program income). It is

the procedure of the County to report 100 percent of program income generated by the CDBG-DR program in the DRGR system, regardless of threshold;

- Amounts generated by neighborhood revitalization, community economic development or energy conservation activities eligible under section 105(a)(15) of the HCD Act ([42 U.S.C. 5305\(a\)\(15\)](#)) and carried out by an entity described in that section of the HCD Act.
- Payments of principal and interest made by a subrecipient carrying out a CDBG-DR activity for the County, toward a loan from the County to the subrecipient, to the extent that program income received by the subrecipient is used for such payments;
- Income (except for interest described in [24 CFR § 570.513](#)) earned from the investment of initial proceeds of a grant advance from the U.S. Treasury; interest earned on loans or other forms of assistance with CDBG-DR funds that are used for activities that are determined by HUD to be ineligible or to fail to meet a national objective; interest earned on the investment of amounts reimbursed to the CDBG-DR program account prior to the use of the reimbursed funds for eligible activities;
- Funds collected through special assessments to recover non-CDBG-DR outlays of capital improvements;
- The following classes of interest will be remitted to HUD for transmittal to the U.S. Treasury and will not be returned to the County's CDBG-DR line of credit:
- Interest income from CDBG-DR funded loans or other forms of assistance where the activities were determined by HUD to be ineligible or failed to meet a national objective in accordance with the requirements of the HCD Act, the Revised Universal Notice, or other applicable legal authority;
 - Interest income from deposits of amounts reimbursed to the County's CDBG-DR program account prior to the County's disbursement of the reimbursed funds for eligible purposes; and
 - Interest income received by a subrecipient on deposits of grant funds before disbursement of the funds for activities, except that the subrecipient may keep interest payments of up to \$100 per year for administrative expenses otherwise permitted to be paid with CDBG-DR funds.
- Proceeds from the sale of real property purchased or improved with CDBG-DR funds, if the proceeds are received more than five years after the expiration of the subrecipient agreement between the County and the subrecipient (refer to 24 CFR § 570.503(b)(7)).

The County will perform an annual reconciliation of all reported program income across DRGR, subrecipient records, and County financial systems to confirm accuracy and compliance.

At the time of subrecipient or program closeout, the County will review all applicable activities to ensure any residual program income is reported and remitted. Any unreported or unused program income must be returned to the County prior to closeout.

Post-closeout, any program income earned by the County or subrecipients will be used in accordance with the Revised Universal Notice and applicable HUD guidance.

Monitoring

The County will monitor performance reports and provide technical assistance to County assigned Program Managers and subrecipients as necessary to ensure the timely obligation and expenditure of CDBG-DR funds. Monitoring will include a review of both financial and programmatic data, as well as compliance with the Action Plan, subrecipient agreements, and applicable federal regulations.

In addition, each project will be monitored at least once annually for compliance with federal regulations and performance. Monitoring may include remote (desktop) reviews, onsite visits, and/or interviews with staff and beneficiaries. All monitoring activities will be conducted in accordance with the County's CDBG-DR Monitoring Plan and documented using standardized checklists and monitoring forms.

The County will conduct an annual risk assessment of all subrecipients and projects to prioritize monitoring based on factors such as funding amount, prior audit findings, complexity, and performance history. Higher-risk projects may be subject to more frequent reviews.

Monitoring types will include:

- Risk-based monitoring
- Performance-based monitoring
- Financial and expenditure compliance monitoring
- Procurement and contract compliance reviews

If findings or concerns are identified, the County will issue a written Monitoring Report with required corrective actions, timelines for resolution, and follow-up procedures.

County or subrecipient administered projects or activities that are not meeting monthly or quarterly performance metrics are subject to potential corrective action and/or reallocation to other CDBG-DR projects, activities, or subrecipients. Failure to address monitoring findings may result in the suspension of fund disbursements or termination of subrecipient agreements.

Technical Assistance

An initial risk analysis will be conducted on each County and subrecipient project or activity prior to or upon execution of the subrecipient agreement or contract to determine the level of monitoring necessary. This risk analysis will consider factors such as project complexity, dollar amount, staff experience, and past performance.

High risk projects and subrecipients will be monitored onsite or via virtual review in the same fiscal year in which the risk analysis was conducted so that technical assistance can be provided to ensure all federal requirements are met. The County will prioritize high-risk entities for early intervention, capacity-building support, and more frequent communication.

Ongoing technical assistance regarding project reporting and metrics will be provided upon signing an agreement and as necessary thereafter. Technical assistance may include training sessions, written guidance, one-on-one coaching, review of DRGR entries, and clarification of applicable rules under the Revised Universal Notice, cross-cutting requirements such as 2 CFR Part 200, and 24 CFR Part 570.

The County will document all technical assistance activities and track subrecipient progress over time. If persistent issues are identified, technical assistance efforts may escalate to formal corrective actions as outlined in the Monitoring section.

Reallocation

Both the County and subrecipient administered projects or activities are subject to reallocation to other projects or subrecipients if participation and/or expenditure rates do not meet established monthly or quarterly performance projections.

The County will regularly assess project performance using internal benchmarks, DRGR data, and subrecipient reporting. If projects or activities are determined to be underperforming, stalled, or otherwise unable to meet projected timelines, the County may initiate a reallocation process to ensure funds are expended timely and effectively in accordance with the Revised Universal Notice. Reallocated funds may be reassigned to other eligible CDBG-DR projects, activities, or subrecipients that demonstrate readiness and capacity to meet program goals and expenditure deadlines.

Consistent with limits established in the HUD-approved Action Plan, the County may move funds between programs and activities to expedite expenditures. If necessary, the County may prepare and submit Substantial or Non-Substantial Action Plan Amendments to re-

program funds to meet quarterly performance metrics or anticipated outcomes. Amendments will be submitted for HUD review and approval, if required, and will follow the procedures outlined in the County's HUD-approved Citizen Participation Plan, including requirements for public notice, comment periods, and transparency.

The County will document the justification for reallocation decisions and communicate changes to affected stakeholders. Subrecipients at risk of reallocation will receive written notice and may be offered technical assistance or an opportunity to submit a corrective action plan before final decisions are made.

Responsible Agency

The County's Grants Administration Division is tasked with the responsibility of oversight, tracking, and reporting of CDBG-DR obligation and expenditure rates on a monthly and quarterly basis. This office serves as the lead agency for ensuring compliance with HUD's Revised Universal Notice and all federal requirements made applicable under 2 CFR Part 200 and 24 CFR Part 570.

The office will also be responsible for using the DRGR system to track program income receipts and disbursements, monitor leveraged funds (if applicable), and ensure the timely upload of the QPR and other performance reports to the County's official CDBG-DR webpage.

The office will designate a CDBG-DR Program Manager to serve as the primary liaison between HUD and oversee internal coordination of compliance and reporting requirements. This individual will ensure that DRGR data entries are complete, accurate, and reviewed for consistency with internal records.

To support effective implementation, the office will coordinate closely with the County's finance, procurement, and legal departments to align expenditure tracking, obligation milestones, contract documentation, and drawdown approvals. This office will also manage DRGR access, enforce segregation of duties between data entry and approval, and oversee the certification of each QPR prior to submission. In addition, the office will ensure all programmatic records are retained in accordance with HUD's recordkeeping requirements and that documentation is audit ready.

In coordination with the County's monitoring team, the office will review monitoring results, track progress on corrective action, and ensure the resolution of any findings or concerns related to expenditure, compliance, or reporting performance.