If we use the standard allowance for revenue loss and spend ARPA funds on public health & economic response, premium pay, or water, sewer and broadband, should I still report them under the

Yes, report ALL spending under Expenditure Category 6.1 Provision of Government Services, regardless of the type of project you undertake of spending daily your AR A award.

Source: Treasury 3/21 webinar: https://youtu.be/oNE1ZQXzOWo (minute: 13:55)