

## M E M O R A N D U M

**To:** Tom Harmer, Town Manager  
**From:** Sue Smith, Finance Director  
**Report date:** August 22, 2022  
**Meeting date:** September 12, 2022  
**Subject:** Resolution 2022-22, Amending the FY22 Budget in the Amount of \$1,827,114 for Appropriations of American Rescue Plan Act (ARPA) Funds

### **Recommended Action**

Pass Resolution 2022-22.

### **Background**

The American Rescue Plan Act (ARPA) was signed into law March 11, 2021 providing \$350 billion in funding to State and local governments. The Town was awarded \$3,654,228 and received one-half of the funds in the amount of \$1,827,114 in September 2021 and the final payment on August 15, 2022. The interim final rule (31 CFR Part 35) provided guidance on the eligible uses of the funds and were categorized into four groups:

- Government Services to the extent of lost public sector revenue
- Public Health/Negative Economic Impacts
- Premium pay for essential workers
- Improvements in water, sewer and broadband infrastructure

Subsequent guidance, *Coronavirus State and Local Fiscal Recovery Funds*, (“the Final Rule”), was released on January 6, 2022. The Final Rule allows entities to recognize up to a \$10 million “blank check” of revenue losses, regardless of whether the calculated revenue loss was lower. After discussion with our auditors, it was recommended that the simplest approach to Federal reporting, as well as minimizing Single Audit requirements is to recognize the entire award as revenue loss all in one fiscal year. Based on this approach, the Town is recognizing \$3,654,228 of FY22 Public Safety Expenditures (Police and Fire), excluding payments into any pension fund, as allowable Government Services expenditures in the General Fund, and reporting the award as expended in FY22 for Single Audit reporting.

On March 7, 2022, the Commission passed Resolution 2022-03, amending the ARPA Special Revenue Fund to transfer the ARPA funds into the General Fund in order to complete the transaction by fiscal year end (FY22). Both ARPA payments have been transferred to the General Fund, increasing Unappropriated Fund Balance by \$3,654,228.

At the November 18, 2021 Commission Retreat, the Commission provided direction that ARPA funds would be used for the top-two ranked long-term issues, the Subaqueous

Force Main and Sea Level Rise/Stormwater Management Control projects. Resolution 2022-03, passed in March 2022, approved the transfer of the initial ARPA payment of \$1,827,114 from General Fund Unappropriated Fund Balance to the Water and Wastewater Capital Fund for the Subaqueous Force Main project.

Now that the second payment has been received, the following proposed budget amendment, Resolution 2022-22, provides for the transfer of General Fund Unappropriated Fund Balance to the Streets Fund for Stormwater Management Control projects.

As a result of both transfers, the ARPA funding will be split between the two Commission priorities. If for some reason the Commission would like to later adjust the funding based on a specific initiative in either fund, the staff would process the necessary budget amendment.

**General Fund (#001)**

To transfer funds out of the General Fund to the Streets Fund using Unappropriated Fund Balance:

<b>Account number</b>	<b>Account Description</b>	<b>Increase (Decrease)</b>
001-90-30-581.0301	Transfer Out / Streets Capital Project	\$1,827,114
N/A	Unappropriated Fund Balance	(\$1,827,114)

**Streets Fund (#301)**

Increases the Revenue source line coming from the General Fund and establish the Budget Expense Line for the project:

<b>Account number</b>	<b>Account Description</b>	<b>Increase (Decrease)</b>
Revenue		
301-00-32-381.0001	Transfer In/General Fund	\$1,827,114
Expenditures		
301-50-32-565.6502- STRMWTR	Stormwater Management	\$1,827,114

The FY23 Recommended Budget and Five-Year Capital Plan has also been updated to reflect the carryover of Stormwater Management Control projects. If Resolution 2022-22 is not approved, the FY23 Recommended Budget will be updated accordingly, prior to second reading at the September 27, 2022 Special Meeting at 5:01pm.

**Staff Recommendation**

Pass Resolution 2022-22.

**Attachments**

Resolution 2022-22

## RESOLUTION 2022-22

**A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA, AMENDING THE FISCAL YEAR ADOPTED BUDGET BEGINNING OCTOBER 1, 2021, AND ENDING SEPTEMBER 30, 2022; TRANSFERRING FUNDS FROM REVENUES, OTHER FINANCING SOURCES OR UNAPPROPRIATED FUND BALANCE TO COVER EXPENDITURES; AMENDING THE GENERAL FUND; AMENDING THE STREETS FUND; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed the appropriations), pursuant to Town Charter is at the Department level; and,

**WHEREAS**, the Town Manager has the authority to transfer appropriations up to \$22,083 between or within departments within the same fund; and,

**WHEREAS**, budget transfers greater than \$22,083, or amendments which change the original budget in total or amendments requiring the use of unappropriated fund balance, require Town Commission approval; and,

**WHEREAS**, the Town has been awarded \$3,654,228 under the American Rescue Plan Act ("ARPA"); and,

**WHEREAS**, the Final Rule allows entities to recognize up to \$10 million of revenue losses, regardless of whether the calculated revenue loss was lower; and,

**WHEREAS**, the Town has elected to recognize \$3,654,228 of Public Safety Expenditures (Police and Fire), excluding payments into any pension fund, as allowable Government Services expenditures under the program in the General Fund; and,

**WHEREAS**, the Town, through the passing of Resolution 2022-03 on March 7, 2022, approved the use \$1,827,114, of ARPA funds for the Subaqueous Force Main project in the Water and Wastewater Capital Project Fund, using Unappropriated General Fund Fund Balance; and,

**WHEREAS**, the Town desires to use \$1,827,114 of the remaining ARPA funds for Stormwater Management Control projects; and,

**WHEREAS**, the Town desires to increase the Drainage Improvements Project budget line \$1,827,114, within the Streets Capital Project Fund using unappropriated General Fund Fund Balance; and,

**WHEREAS**, the Finance Director certifies that sufficient unappropriated balances are available in the above referenced funds to make the required appropriations; and,

**WHEREAS**, Article V, Section 9 of the Town Charter provides for such a supplemental appropriation.

**NOW, THEREFORE**, be it resolved by the Town Commission of the Town of Longboat Key, Florida, that:

SECTION 1. The above Whereas clauses are true and correct and are hereby

ratified, confirmed and fully incorporated by reference.

SECTION 2. The Adopted Budgets of the designated Funds referenced above of the Town of Longboat Key for the fiscal year beginning October 1, 2021, and ending September 30, 2022, as adopted pursuant to Resolution 2021-10 are hereby amended as follows:

General Fund (#001)

<b>Account number</b>	<b>Account Description</b>	<b>Increase (Decrease)</b>
001-90-30-581.0301	Transfer Out / Streets Capital Project	\$1,827,114
N/A	Unappropriated Fund Balance	(\$1,827,114)

Streets Fund (#301)

<b>Account number</b>	<b>Account Description</b>	<b>Increase (Decrease)</b>
301-00-32-381.0001	Transfer In/General Fund	\$1,827,114
301-50-32-565.6502- STRMWTR	Stormwater Management	\$1,827,114

SECTION 3. If any section, subsection, sentence, clause, or provision of this Resolution is held invalid, the remainder of the Resolution shall not be affected.

SECTION 4. This Resolution shall become effective immediately upon adoption.

Adopted at a meeting of the Town Commission of Longboat Key, Florida, following public hearing, this 12th day of September, 2022.

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Kenneth Schneier, Mayor

ATTEST:

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Trish Shinkle, Town Clerk

**End of Agenda Item**