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SUBJECT: Approval of the assignment of fund balance for the General Fund for the balance of the ARPA grant funds remaining on June 30, 2021, and authorize the Finance Director to adjust the assignment annually based on the remaining balance of the funds.

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL:

BACKGROUND INFORMATION:

On May 19, 2021, the City received the first installment of the American Rescue Plan Act Grant (ARPA) totaling $2,498,189.50 (the second equal installment will be received in May 2022). The Mayor and City Council approved the use of $504,385 of these funds for the Save Our Seniors (SOS) program during fiscal year 2021 but the use of the remaining funds has not been determined. The remaining ARPA funds totaling $1,993,804.50 are shown as a revenue in the General Fund at June 30, 2021 and will ultimately end up in fund balance in the annual finance statements. To highlight the fact that the ARPA funds have been received and will be allocated to specific priorities of the City, the accounting rules allow the City Council to "assign" (set aside) part of fund balance and note its particular purpose. The accounting rules require the governing body formally approve the assignment of fund balance and require the intended use to be noted. If approved, the annual financial statements in the General Fund at June 30, 2021 will show $1,993,804.50 in fund balance as "Assigned – ARPA Grant Funds". If no assignment is made, the ARPA funds will become part of the "unassigned" fund balance of the General Fund in the June 30, 2021 annual audit. The approval also allows the Finance Director to adjust the assignment annually based on the remaining balance of the funds.

RECOMMENDED ACTION: Approval of the assignment of fund balance for the General Fund for the balance of the ARPA grant funds remaining on June 30, 2021, and authorize the Finance Director to adjust the assignment annually based on the remaining balance of the funds.