

Hi Kris and Sharon,

Once again, my deepest apologies for being late to our call yesterday and gratitude for your patience with me!

As discussed, the resolution template is attached, and the instructions are below. Looking forward to a follow up call to talk about any questions you may have. Just let me know what works best for you.

The PDF named “ARPA Fund Balance” is an ARPA-to-date detail transactions report showing expenditures that through today’s run total \$583,351.65. Based on the award total above less the amount spent to date, there are \$565,392.92 in ARPA funds remaining. Of these remaining ARPA funds (\$565,392.92), how much is “obligated” meaning it has a signed contract or a vendor accepted purchase order to support it? I can see in the spreadsheet a long list of “allocations” but unless these items have signed contracts, POs or the checks have been written for the purpose listed, they are not obligated by Treasury’s definition ([HERE](#)).

++++
++++

Transferring ARPA to the General Fund:

If the legislative body decides to transfer remaining ARPA funds that are not yet [obligated](#) into the general fund, then it must make this decision in the realm of a warned meeting and record this action in the minutes. VLCT recommends the legislative body take this action before October 1, 2024 so their ARPA award can be obligated and expended well before Treasury’s 12/31/2024 deadline as well as the general election that will take place in November. Here is a suggested process:

- *If it chooses, the legislative body could use the attached Resolution. It must be edited in the highlighted sections (please give it a close proof – I filled out much of it for you already with sample language – feel free to edit it and if you can include more specificity in the exact expenses and period for which ARPA funds will be expended, please do [ex. Municipal staff salaries/wages and health insurance FY2024 for the period of July 1, 2023 – April 15, 2024]).*

- *Add “Resolution for ARPA Allocation” to a legislative body meeting agenda prior to October 1, 2024 (if you can do this sooner, please do so).*
- *During the meeting, pass a motion to “approve the Resolution to expend SLFRF funds in an amount up to \$XXXXXXX for the purpose of municipal workforce retention to pay for payroll* expenses for the period XX/XX/XXXX through XX/XX/XXXX.” (This is the same sample language that is in Section 1 of the Resolution – again, feel free to edit it and if you can include more specificity in the period for which ARPA funds will be expended, please do [ex. FY2024 for the period of July 1, 2023 – April 15, 2024]). You can also cover expenses retroactively per Treasury’s rules back to March 3,2021.*
- *After the Resolution has been approved and signed, share a copy of it with the:*
 - *Town/Village Clerk’s Office so that it can be recorded as an attachment to the meeting minutes*
 - *Town/Village Treasurer so they can perform a journal entry to transfer the remaining ARPA funds to the general fund (or to whatever fund[s] from which payroll expenses are paid). Sample language for the description in the journal entry: “Per the decision of the Selectboard on XX/XX/24 during their duly warned regular meeting, and attached Resolution, the municipality’s remaining ARPA funds are transferred to the XXXXXX (General?) Fund for the provision of government services to expend on the following municipal payroll expenses XXXXXX (expense name and amount for each) for the period XX/XX/XXXX though XX/XX/XXXX.” If the Treasurer keeps paper copies of journal entries, then they could attach a copy of the meeting minutes and signed Resolution to the JE when it is filed.*

**Per Treasury allowable payroll expenses include: employee’s wages and salaries, covered benefits which includes costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (federal and state), workers compensation insurance, and Federal Insurance Contributions Act (FICA) taxes (which includes Social Security and Medicare taxes).*

Taking this approach will free up general fund revenue that would have otherwise paid for the municipal operating expenses identified in the Resolution. Using one-time

unanticipated revenue (ARPA) will create fund balance in the general fund. The legislative body can then decide how to use this fund balance (considering existing policies, practices and processes), which includes using it as a revenue source in upcoming budgets, transferring it to an existing reserve fund or creating a reserve fund(s) ([24 V.S.A. § 2804](#)) to hold the money until the legislative body is ready to fully leverage it. Since the legislative body will be using general funds (not ARPA) the federal character of the money no longer exists (no timelines or regulations).

Creating a New Reserve Fund ([24 V.S.A. § 2804](#)):

If the legislative body decides to create a reserve fund, then they must ask the voters for their permission to do so and include this in a future Town Meeting warning. **Do not include the reference of ARPA anywhere in the name or description of the reserve fund.** Keep in mind that the funds being used to create the reserve fund are NOT ARPA – they are general funds. Here is an excerpt about reserve funds from VLCT’s Municipal Assistance Center (MAC) [Model Town Meeting Articles](#):

Reserve fund:

- Shall the town establish a reserve fund to be called the [insert name of reserve fund] to be used for [insert purpose of reserve fund] in accordance with 24 V.S.A. § 2804?
- Shall the town [insert funding mechanism such as “raise and appropriate the sum of \$X,” or “deposit \$X from the general fund surplus”] to fund the [insert name] reserve fund?

Note: The key elements of creating a reserve fund are the creation of a fund, the name and purpose of a fund, and the method of appropriating money to the fund. A single article can be used to create the reserve fund and appropriate money to it, or two articles can be used, as the example above illustrates. Naturally, voting from the floor is more flexible than the Australian ballot system of voting as voters can amend the amount appropriated to a reserve fund or divide the question if necessary to facilitate passage. If your town uses a single article to create and fund a reserve fund and votes by Australian ballot, the article should be carefully crafted, as the voters may choose to disapprove the otherwise agreeable creation of the reserve fund based on the amount appropriated to the fund in the article. Regardless of the method of voting, while the reserve fund itself will continue to

exist until rescinded by the voters, any funding mechanism that is approved is only in effect for the ensuing year.

A reminder: once you have determined your ARPA roadmap on how to proceed, run all the steps by your professional auditor, as applicable, to ensure they support your approach.

++++
++++

Best,

KB



Katie Buckley
Federal Funding Assistance Program Director
Vermont League of Cities & Towns

89 Main St. Suite 4, Montpelier, VT 05602

Cell: 802-343-6323

kbuckley@vlct.org

Pronouns: she, her, hers

VLCT.ORG

or the checks have been written for the purpose listed, they are not obligated by Treasury's definition ([HERE](#)).