



CITY OF APPLETON

MEMORANDUM

Date: April 21, 2025

To: Finance Committee

From: Jeri Ohman, Finance Director

Subject: Request to establish a reserve fund for ARPA-related obligations

The American Rescue Plan Act (ARPA) funds received in 2021 and 2022 were deposited into a separate interest-bearing bank account. This account was maintained independently from other City funds to ensure proper tracking and reporting. As eligible expenditures were made, corresponding amounts were transferred from the ARPA account to the City's primary operating account to maintain a clear audit trail.

The interest earned on these funds are not subject to ARPA or federal grant restrictions. Through 2024, the interest accrued amounts to \$1,500,000. City staff recommend establishing a reserve using the accrued interest to cover potential increases in project costs or to fulfill obligations for ARPA-related projects through December 2026.

Contract increases will remain subject to Council approval in accordance with the City's Procurement Policy. At the end of the ARPA expenditure period, any remaining funds in the reserve would be allocated in accordance with the General Fund Excess Fund Balance Policy.

This proposed reserve fund ensures the City takes a fiscally prudent approach and mitigates risk related to the City's portfolio of ARPA-funded projects, with funds derived from ARPA/federal funds, not City funds. Thank you for your consideration of this request. Please feel free to contact me if you have any questions.