

Maine
Cumberland **County**
Staff memo

TO: Cumberland County Commissioners
FROM: Sandra Warren, Compliance and Audit Manager
DATE: 12/02/2024
SUBJECT: SLFRF Budget Adjustments for Treasury Compliance.

Purpose: This staff memo outlines the necessity for Cumberland County to adjust the SLFRF budget to incorporate changes made over the past 12 months. These adjustments are required to comply with the U.S. Treasury's Final Interim Rule of 2023 and related obligation guidance; ensuring funds are obligated by the December 31, 2024 deadline and expended effectively.

Background:

Since the last report to the County Commissioners, the Treasury has issued updated guidance through the Interim Final Rule of 2023 and additional obligation-related rules. These rules emphasize that:

- Funds must be **obligated** no later than December 31, 2024.
- Obligations require specific transactions such as contracts, subawards, or interagency agreements with enforceable payment terms.
- Budgets, appropriations, or intentions to allocate funds do not qualify as obligations.

Over the last 12 months, staff have taken proactive measures to ensure compliance and optimize the use of ARPA funds:

1. Review and Reprogramming:

- Staff reviewed existing allocations and assessed ARPA-funded projects to confirm they are on track for obligation and expenditure deadlines.
- Projects failing to meet progress benchmarks were cancelled, and funds were reallocated to other existing projects with a higher likelihood of meeting deadlines.

2. Prioritization of Unallocated Funds:

- Unallocated funds were evaluated and prioritized for high-impact projects, ensuring efficient allocation and alignment with federal guidelines.

3. Streamlined Procurement:

- Procurement and contract approval processes were expedited to avoid delays in obligating funds.

4. Enhanced Documentation:

- Staff updated internal language and processes to accurately document obligations in compliance with Treasury's reporting requirements.

Key Definitions:

- **Obligation:** A legally binding commitment to pay for property, services, contracts, subawards, or interagency agreements, as specified in Treasury guidance.
- **Non-Obligations:** Budgets, resolutions, appropriations, or intentions without a legally binding agreement are not obligations.

Key Deadline:

- All SLFRF funds must be **obligated by December 31, 2024**. Failure to meet this deadline will result in forfeiture of unused allocations.

Next Steps:

Cumberland County must take the following actions to meet the obligation requirements:

1. Update all **interagency agreements** to include language-ensuring compliance with Treasury's standards (FAQ 17.6).
2. Align payroll expenses for employees supported by SLFRF funds with the Treasury's eligibility criteria (FAQ 17.7).
3. Commit SLFRF dollars to projects through contracts, purchase orders, or other enforceable agreements to formalize obligations by the deadline.
4. Approve the presented budget, which reflects:
 - Formalized commitments to existing projects.
 - Adjustments for internal department requests addressing cost overruns.

Request for Approval:

By approving the updated SLFRF budget presented today, the County Commissioners will:

- Formalize Cumberland County's compliance with federal regulations.
- Ensure necessary adjustments to SLFRF allocations and commitments.
- Support the County's ability to meet the December 31, 2024 obligation deadline.

Attached Documents:

Please review the attached spreadsheets detailing reallocated funds, project progress, and budget adjustments for your consideration.

Conclusion:

Cumberland County is committed to meeting the Treasury's guidelines and maximizing the impact of ARPA funds. Staff request approval of the updated budget to ensure timely obligation and effective expenditure of these critical resources.