

## Position Paper

---

**File #:** 26-068

**Agenda Date:** 6/15/2026

**Agenda #:**

---

### Agenda Item Request

Authorize the County Treasurer to adjust the Tax Stabilization Reserve, the Special Revenue accounts, establish Capital Reserve accounts and re-authorize ARPA interest funded expenditures.

### Background and Purpose of Request

County staff have been working on the County's Special Revenue chart of accounts, some dating back a number of years. Some of these accounts had negative balances and would require funding to be credited to eliminate the liability. Additionally, staff have looked at establishing a more consistent and sustainable way to aid in the funding of the capital budget through the development of "reserves". Lastly, items that have previously been presented as using ARPA interest funding are brought forward for re-authorization in order to formally account for these large projects that the interest was used to fund.

### Special Revenue Accounts

The Issue: Long-standing negative balances in Special Revenue funds are being carried forward as liabilities.

The County Commissioners must execute authorization to credit these accounts and eliminate the liabilities.

ACFR Impact: This eliminates negative fund balances; which auditors view as a red flag. It prevents future material weakness or significant deficiency findings in your annual audit

### Capital Reserves and Contingency Limits

Capital Reserves: Formally establishing these accounts through dedicated revenue streams is an excellent way to smooth out short-term capital spikes.

### Contingency Reserve Limitation:

The county budgets \$45,000 annually for the Commissioners' emergency fund.

The state statute caps this specific reserve at \$100,000.00.

Action Needed: Because contingency funds roll over, you must implement an accounting control that

prevents the cumulative cash balance from exceeding \$100,000. If the balance reaches \$100,000, further annual appropriations must be paused or redirected.

### **ARPA Interest Re-Authorization**

The Request: Re-authorizing capital and operational costs previously charged against ARPA interest earnings to formalize them under the ARPA funding source.

The Rules: The U.S. Treasury allows local governments to utilize interest earned on advanced ARPA State and Local Fiscal Recovery Funds (SLFRF). However, these interest earnings are not subject to the strict ARPA programmatic restrictions and deadlines. They become local funds, but they must still be spent in accordance with state law and local procurement policies.

Action Needed: Pass a formal re-authorization through the Board of Commissioners. This creates a clean paper trail for auditors, showing that while the funds were initially approved, they are now officially categorized and tracked under the formalized ARPA-interest budget line.

**Funding Amount and Source:** Special Revenue Accounts, Tax Stabilization Account and ARPA Interest

**Effective Date:** June 15, 2026

**Attachments:** Spreadsheet showing the proposed use and transfer of funding.