

Regular City Council Meeting Agenda

January 23, 2023

7:30 p.m. **Call to Order**
Pledge of Allegiance
Roll Call
Approval of City Council Minutes: January 9, 2023
Approval of Bills: None
Approval of Agenda
Consent Agenda
1. DDA Board Appointees – David Barton and Abraham Ayoub
2. Housing Commission Appointee – Linda Benson

Proclamation – Showerman’s IGA

Public Comment

Discussion - Downtown

Fire Chief Report
Police Chief Report

I. Unfinished Business
1. ARPA Recommendations

II. New Business
1. GASB 74/75 Actuarial Valuation for Fiscal Year Ending June 30, 2022
2. Fiscal Year 2022-2023 Budget Amendments
3. 2023-2024 Budget Meeting Dates

III. Budget
IV. Public Comment
V. Manager’s Report
VI. Council Comments
VII. Adjournment

***Please see reverse side for rules of conduct for public comment at City Council meetings**

Rules of Conduct for Public Comment at Council Meetings*

Members of the public may speak at a Council meeting upon recognition by the Mayor. Public comment may only occur during periods designated on the agenda for public comment or a public hearing. A person may speak for up to two (2) minutes during each of the two public comment periods on agenda items or non-agenda items. Waivers of the time requirement may only be granted in the discretion of the Mayor, and waivers to speak at a time other than a designated comment period may only be granted by the Council. Any person wishing to make a presentation longer than two minutes or requiring audio-visual equipment is asked to contact the City Clerk requesting to appear on a future agenda.

A person may only address Council from the podium. Only one person may occupy the podium at a time. All remarks are to be directed to the Mayor and Council. Speakers are not to engage in direct dialog with other meeting attendees.

Any person who violates the Rules of Conduct, disturbs the peace at the meeting, and/or interferes with the meeting may be warned, ordered to be seated, removed, and/or ticketed.

*This summarizes Council Resolution 04-18. Complete Rules, including guidelines for considering waivers, are available in the Council Chambers and from the City Clerk.

City of South Lyon
Regular City Council Meeting
January 9, 2023

Mayor Pelchat called the meeting to order at 7:30 p.m.

Mayor Pelchat led those present in the Pledge of Allegiance

Roll Call: Mayor Pro Tem Kennedy and Councilmembers: Dilg, Kivell, Mosier and Hansen

Also present: City Manager Zelenak, Fire Chief Thorington, Chief Baaki, and Clerk/Treasurer Deaton

Absent: Councilmember Kurtzweil

CM 1-1-23 MOTION TO EXCUSE ABSENCE

Motion by Kennedy, supported by Dilg

Motion to excuse the absence of Councilmember Kurtzweil

VOTE: MOTION CARRIED UNANIMOUSLY

MINUTES- 12/12/22

CM 1-2-23 MOTION TO APPROVE MINUTES

Motion by Kivell, supported by Kennedy

Motion to approve the minutes as presented

VOTE: MOTION CARRIED UNANIMOUSLY

BILLS

CM 1-3-23 MOTION TO APPROVE BILLS

Motion by Mosier, supported by Kennedy

Motion to approve the bills as presented

VOTE: MOTION CARRIED UNANIMOUSLY

AGENDA

CM 1-4-23 MOTION TO APPROVE AGENDA

Motion by Kennedy, supported by Mosier

Motion to approve the agenda as presented

VOTE: MOTION CARRIED UNANIMOUSLY

CONSENT AGENDA

1. 2023 City Council meeting schedule
2. Designated Assessor
3. Board of Review appointment- Frank Fogarty

CM 1-5-23 MOTION TO APPROVE CONSENT AGENDA

Motion by Kennedy, supported by Kivell

Motion to approve consent agenda as presented

VOTE: MOTION CARRIED UNANIMOUSLY

PUBLIC COMMENT

Katie Wolchowski of 7827 Spring Tree, Brighton stated she is here on behalf of Elissa Slotkin. She stated she is beginning her 3rd term, but only the first term here since the redistricting. She stated she is extending a hello and reminded Council to learn more of the opportunities for the City of South Lyon and the constituent services and they are looking forward to working with South Lyon.

Jeff Heinen of 350 S Lafayette thanked the Fire Department, the Police Department and the DPW for all their work at the New Years Eve event. He stated they couldn't have the events without them.

DISCUSSION- Downtown

Downtown and Economic Director Nate Mack stated this Saturday is the 3rd Winter Farmers Market. He then stated the DDA will be meeting this Thursday and will be discussing the 2 vacant positions and a social district for downtown, as well as the event calendar. He stated there will be a new tenant in the old KV Sports building. He stated he is meeting with the RRC planner shortly and then we will get a base line report which will be sent to Council. He further stated the South Lyon Herald had a nice article on the DuaVino restaurant. Mr. Mack stated there has been a delay with the EV charging stations. There were some changes to the contract that had to be made due to us being a local government. He was notified the car wash on Pontiac Trail has been sold. Councilmember Hansen asked if they will be contacting sponsors for the Farmers Market. Mr. Mack stated they will be reaching out to past sponsors, then they will reach out to new sponsors. Councilmember Kennedy stated the report from the Ordinance Officer showed 9 out of 10 complaints about snow not being removed was about downtown businesses. He asked if Mr. Mack could discuss this with the business owners at their meeting. They should be cleaning in front of their stores for their customers. Mr. Mack stated he would speak with them at their next business owner meeting. Councilmember Kivell stated some of the sidewalks are very old, and some are lower than the grade on their yards. He stated he is hoping maybe some can take advantage of the 50/50 sidewalk program to help with that.

FIRE CHIEF REPORT

Fire Chief Thorington stated they have had 1,079 incidents, and 2022 was the busiest year yet. Someone had asked at a previous meeting if it is due to the mutual aid with other communities. He stated that is not the case. In 2020 we had 56 mutual aid runs, 2021 58, and in 2022 we had 30. He then stated we still have smoke detectors and carbon monoxide detectors available for residents. Chief Thorington stated we still don't have any offers on the old fire truck, but we are expecting our new ladder truck middle of January.

POLICE CHIEF REPORT

Chief Baaki stated he has been working with Synergy in regards to outfitting the new truck. He stated we are waiting for some of the new equipment, and then we will be seeing what we can use from the old vehicle. He stated we have 2 vehicles right now that are beginning to break down and come to the end of their service life.

UNFINISHED BUSINESS- N/A

NEW BUSINESS

1. Oakland County local government investment policy

City Manager Zelenak stated in 2021 the city approved an amendment to the investment policy to allow for investments into Oakland County Investment Pool. He stated we are asking Council to adopt a resolution to allow those investments. Councilmember Kivell stated he imagines this was initiated by Brooks, and since there is a new County Executive he is wondering if there will be a change in direction for policies. Finance and Benefit Administrator Patricia Tiernan stated it doesn't appear any changes will be made, although they recently updated their investment policy overall. It is a good strong program and the other communities that are involved seem happy with it. We get very low returns on the money we have in the bank. We get .02% from Huntington, .05% from Comerica and .02% from PNC. She stated it is always good to diversify and Plante Moran has mentioned that as well. Councilmember Kivell stated

he wonders if the local banks will try to do better for us when we pull some of the money out of their bank.

CM 1-6-23 MOTION TO APPROVE RESOLUTION

Motion by Kennedy, supported by Mosier

Motion to approve the resolution to approve the agreement between Oakland County and the City of South Lyon in accordance with the local government investment pool

ROLL CALL VOTE:

Kivell- Yes

Mosier- Yes

Kennedy- Yes

Hansen- Yes

Dilg- Yes

Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

2. Award bid for demolition of 464 S Lafayette

City Manager Zelenak stated as part of our efforts to improve McHattie Park, we have solicited bids to remove asbestos and demolish the abandoned building at 464 S Lafayette. The low bid was the Adams Group of Rochester Hills with a bid of \$35,080.

CM 1-7-23 MOTION TO ACCEPT BID TO DEMOLISH 464 S LAFAYETTE

Motion by Kivell, supported by Dilg

Motion to approve the award of the bid to demolish the buildings at 464 S Lafayette to the Adams Group of Rochester Hills at an amount not to exceed \$35,080 from account #101-690-801

ROLL CALL VOTE:

Dilg- Yes

Hansen- Yes

Kennedy- Yes

Mosier- Yes

Kivell- Yes

Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

BUDGET No discussion was held

PUBLIC COMMENT- No public comment was made

MANAGER'S REPORT

City Manager Zelenak stated at an upcoming meeting we will be discussing the Nyhart study and discuss potential uses of the ARPA funds. We will also have budget amendments and Police Department promotion announcements and their introductions. He then reminded Council to give him suggestions for the upcoming budget. City Manager Zelenak explained our bond sale is scheduled for this Wednesday. As part of the process, we have been preparing extensive financial information for S&P Global, Bond Counsel, and MFCT for their review. He then thanked Patricia for her efforts in this endeavor. Because of our work and City Council, our bond rating has moved from AA to AA+ which will allow us to get a better interest rate on our bonds and save the city thousands of dollars on our borrowing costs. He then stated the building at 110 Detroit Street was demolished on January 3rd. City Manager Zelenak stated the City-Wide Garage Sale for 2023 will be the first weekend of May. He then reminded everyone that City Hall will be closed on January 16th in observance of Martin Luther King Jr. Day.

COUNCIL COMMENTS

Councilmember Dilg thanked Jeff Heinanen for the New Years Eve event and for partnering with the city. She then thanked the Police, Fire and DPW for all their help with the events as well.

Councilmember Hansen wished everyone a Happy New Year. He then stated he wants to give a shout out to Active Faith and Blessings in a Backpack which assisted some underprivileged people in our community to have nice holidays.

Councilmember Kennedy reminded everyone to take advantage of the free smoke detectors and their installation from the South Lyon Fire Department. These devices have the potential to save lives. So, please contact the South Lyon Fire Department at 248.437.2616 and request to have one installed if you don't have one in your home.

Councilmember Mosier thanked Jeff Heinanen for the 3 great events he put on this year.

Councilmember Kivell stated he is looking forward to finding out what the owners of 110 Detroit Street have planned for the property. He hopes it will be something that will enhance the downtown.

Mayor Pelchat stated he hopes everyone had a great holiday season. He thanked all of Council and everyone at the city. He stated we are on our 150th year as a city and we are looking at different ideas to celebrate that. He then thanked Frank Fogarty and stated he is an asset to our community. He then thanked Jeff Heinanen for the events he and his family put on this year.

ADJOURNMENT

CM 1-8-23 MOTION TO ADJOURN

Motion by Kurtzweil

Motion to adjourn the meeting at 8:00 p.m.

VOTE:

MOTION CARRIED UNANIMOUSLY

Respectfully submitted,

Mayor Dan Pelchat

City Clerk/Treasurer Lisa Deaton

AGENDA NOTE

Consent Agenda 1

MEETING DATE: January 23, 2023

PERSON PLACING ITEM ON AGENDA: City Manager

AGENDA TOPIC: Downtown Development Authority Appointee

EXPLANATION OF TOPIC: We have received a candidate questionnaire from both David Barton and Abraham Ayoub, who both would like to be more active in the community and requested to be placed on the Downtown Development Authority.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: City Candidate Questionnaires

POSSIBLE COURSES OF ACTION: Appoint or not appoint David Barton and Abraham Ayoub to the Downtown Development Authority.

SUGGESTED MOTION: Motion by _____, supported by _____ to approve David Barton and Abraham Ayoub to the Downtown Development Authority.



CANDIDATE QUESTIONNAIRE

The City of South Lyon wishes to thank you for your interest in serving as a Volunteer Citizen Representative on a Board, Commission or Committee. Your Candidate Questionnaire will be kept on file and entered for consideration for posted openings on any Board, Commission or Committee that you expressed an interest in for a period of two years. Please feel free to submit an updated Candidate Questionnaire to the City Clerk at any time.

Please be advised that the information contained in this Questionnaire is not confidential, and will be reviewed by the Mayor, City Council and other appropriate personnel as vacancies or openings occur on the various Boards, Commissions and Committees. This Candidate Questionnaire may also be included in any City Council Meeting Packet which is published and made available for public inspection in print and on the Internet. Your address, phone numbers and email will not be published, even in the Meeting Packet.

Please be advised that even though you may submit an application to serve on a Board, Commission or Committee, it does not guarantee that you will be appointed to that Board, Commission or Committee.

BOARDS/COMMISSIONS/COMMITTEES ON WHICH YOU WANT TO SERVE (please check up to five applicable boxes; see attachment for descriptions):

Appointed by Mayor-Confirmed by City Council

- ☒ Planning Commission
- ☐ Zoning Board of Appeals
- ☐ Cable Commission
- ☐ Cultural Arts Commission
- ☐ Historical Commission
- ☐ Parks and Recreation Commission
- ☒ Downtown Development Authority
- ☐ Housing Commission
- ☐ Board of Ethics



NAME David Barton CITY OF SOUTH LYON RESIDENT FOR 0 YEARS
ADDRESS _____ ZIP 48178
PHONE (home) _____ PHONE (business or cell) 248-437-9463 bus
EMAIL _____

OCCUPATION: Self Employed

ARE YOU A CITIZEN OF THE UNITED STATES? ☒ YES ☐ NO
IS ANY MEMBER OF YOUR FAMILY ON ANOTHER BOARD OR COMMISSION? ☐ YES ☒ NO
IF SO, WHO? _____


INTERESTS/REASONS/QUALIFICATIONS: (Resume may be attached)
Interest in helping South Lyon community grow and prosper

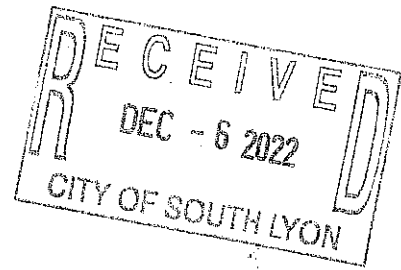
BOARDS/COMMISSIONS/COMMITTEES ON WHICH YOU HAVE SERVED (LIST MUNICIPALITIES AND DATES):
NA

ELECTIVE OFFICES THAT YOU HAVE HELD:
NA

OTHER ORGANIZATIONS: (Ex. Homeowners Association, Volunteer Groups, PTA, etc...)
Various groups in business organizations from product planning, real-estate expansion, customer acquisition, talent growth, etc.

ADDITIONAL INFORMATION:

Signature  Date 1/27/2022



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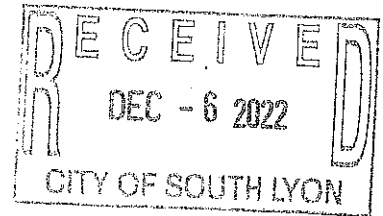
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- ☐ Historical Commission
- ☐ Parks and Recreation Commission
- ☒ Downtown Development Authority
- ☐ Housing Commission
- ☐ Board of Ethics
- ☐ Road Improvement Committee
- ☐ Other



NAME ABRAHAM AYUB *South Lyon area resident for 23 years* CITY OF SOUTH LYON RESIDENT FOR 0 YEARS

Business

ADDRESS 417 S. Lafayette Mayfair Real Estate ZIP 48178

PHONE (home) _____ PHONE (business or cell) 248 939 6432

EMAIL SOLDABE@comcast.net

OCCUPATION: Real Estate Broker

ARE YOU A CITIZEN OF THE UNITED STATES? ☒ YES ☐ NO

IS ANY MEMBER OF YOUR FAMILY ON ANOTHER BOARD OR COMMISSION? ☐ YES ☒ NO
IF SO, WHO? _____

INTERESTS/REASONS/QUALIFICATIONS: (Resume may be attached)

Been in Real Estate for 30 yrs, lived in area 23 yrs.

BOARDS/COMMISSIONS/COMMITTEES ON WHICH YOU HAVE SERVED (LIST MUNICIPALITIES AND DATES):

Board of review Lyon Twp, Park Committee Lyon Twp, South Lyon DDA, Aid on call Fire Lyon Twp member of Kiwanis and Masons

ELECTIVE OFFICES THAT YOU HAVE HELD:

0

OTHER ORGANIZATIONS: (Ex. Homeowners Association, Volunteer Groups, PTA, etc...)

Lyon Twp Homeowners Association member 10 yrs, Kiwanis 17 yrs, Masons 3 yrs

ADDITIONAL INFORMATION:

Signature

Date

12/6/22



AGENDA NOTE

Consent Agenda 2

MEETING DATE: January 23, 2023

PERSON PLACING ITEM ON AGENDA: Mayor Pelchat

AGENDA TOPIC: South Lyon Housing Commission

EXPLANATION OF TOPIC: The South Lyon Housing Commission consists of 5 members and are appointed by the Mayor and approved by Council. Each member will serve a 5-year term. The Commission oversees the Washington Street Manor apartments.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: Application from Linda Benson dated August, 11, 2022 to join the South Lyon Housing commission or the Planning Commission.

POSSIBLE COURSES OF ACTION: Approve or not approve the nomination by the Mayor to approve Linda Benson to the South Lyon Housing Commission.

SUGGESTED MOTION: Motion by _____, supported by _____ to approve Mayor Dan Pelchat's nomination Linda Benson to the South Lyon Housing Commission.



CANDIDATE QUESTIONNAIRE

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Please be advised that the information contained in this Questionnaire is not confidential, and will be reviewed by the Mayor, City Council and other appropriate personnel as vacancies or openings occur on the various Boards, Commissions and Committees. This Candidate Questionnaire may also be included in any City Council Meeting Packet which is published and made available for public inspection in print and on the Internet. Your address, phone numbers and email will not be published, even in the Meeting Packet.

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- ☐ Cable Commission
- ☐ Cultural Arts Commission
- ☐ Historical Commission
- ☐ Parks and Recreation Commission
- ☐ Downtown Development Authority
- ☒ Housing Commission
- ☐ Board of Ethics
- ☐ Road Improvement Committee
- ☐ Other

RECEIVED

AUG 11 2022

CITY OF SOUTH LYON
OFFICE OF TREASURER



NAME Linda J. Benson CITY OF SOUTH LYON RESIDENT FOR 8 YEARS

ADDRESS _____ ZIP 48178

PHONE (home) _____ PHONE (business or cell) _____

EMAIL _____

OCCUPATION: Retired

ARE YOU A CITIZEN OF THE UNITED STATES? ☒ YES ☐ NO

IS ANY MEMBER OF YOUR FAMILY ON ANOTHER BOARD OR COMMISSION? ☐ YES ☒ NO
IF SO, WHO? _____

INTERESTS/REASONS/QUALIFICATIONS: (Resume may be attached)
Very interested in safe, needed for future development
of South Lyon

BOARDS/COMMISSIONS/COMMITTEES ON WHICH YOU HAVE SERVED (LIST MUNICIPALITIES
AND DATES):

Alger County-Commissioner/Chairperson 2001 Munising, MI 49862
Election Worker South Lyon

ELECTIVE OFFICES THAT YOU HAVE HELD:
Alger Co Chairperson Commissioner

OTHER ORGANIZATIONS: (Ex. Homeowners Association, Volunteer Groups, PTA, etc...)
Habitat / Red Cross Instructor / Adm. Assistant Macomb Co

ADDITIONAL INFORMATION:

I have managed B+B's when owners go away

Owner/Operator of Quarry Cafe/Pacific B+B I have knowledge of
I.T. and what makes a successful business.

I thoroughly inspect B+B's in Michigan to qualify for membership in Michigan
B+B Association

Signature Linda Benson Date 8/11/2022



LINDA BENSON

SOUTH LYON, MICHIGAN 48178

OBJECTIVE:

Seeking employment or volunteer status in local politics or business in the Hospitality world.

QUALIFICATIONS:

Past owner of Bed & Breakfast/Restaurant. Member of Michigan Bed and Breakfast Association. Quality Review of Inns for Membership MBBA. Membership Representative for MBBA. Member of Interim Innkeepers. Knowledge of Reservations software. Management of Inns. Presenter of yearly Conferences of MBBA. Vendor at Association of Lodging Professionals (ALP) Conference in Baltimore, Maryland 2022. Trainer of Prospective Innsitters/Innkeepers.

COMMUNITY:

Member of Cross of Christ Church, South Lyon, Michigan
Election Worker-South Lyon, Michigan
Alger County Commissioner/Chairperson Munising, Mi 2003
Lutheran Women's Missionary League-Cross of Christ Church

EDUCATION:

2010-Instructor for American Red Cross
1994-MSU-Employment Training Specialist
1964-Graduate-Lutheran High School West, Detroit, Michigan

EMPLOYMENT:

2018-Present: Michigan Bed & Breakfast Association
Quality Reviewer of B&B Inns
Membership Representative
2014-Present: Just Sitting Inn: www.justsittinginn.com
Trainer of Innsitters/Innkeepers
Interim Innsitter-Interiminnkeepers.net
2009-2013: American Red Cross of Georgia
Secretary and Instructor
2008-2009: Holiday Inn of Jackson- Room Inspector
1985-1993: Owner Operator of Pacific Hotel/Quarry Café. Seats 60



Mayor

Daniel L. Pelchat

Council Members

Glenn Kivell

Lisa Dilg

Margaret J. Kurtzweil

Stephen Kennedy

Alex Hansen

Lori Mosier

City Manager

Paul Zelenak

Clerk/Treasurer

Lisa Deaton

335 S Warren

South Lyon, MI 48178

Phone: 248-437-1735

Fax: 248-486-0049

www.southlyonmi.org

Office of the Mayor

PROCLAMATION

WHEREAS, small businesses have shaped our communities, embodied the entrepreneurial spirit, and become pillars of our economy; and

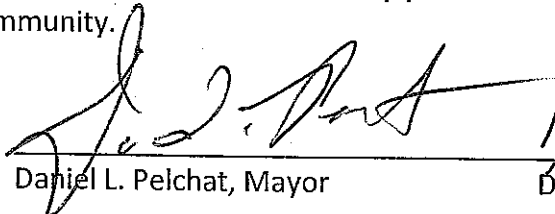
WHEREAS, Showerman's IGA opened for business on January 1, 1941 in the former RCA Building; and

WHEREAS, Showerman's IGA occupied many locations in downtown South Lyon before moving to their final location at 9 Mile & Pontiac Trail; and

WHEREAS, Showerman's IGA has been an important, caring part of the community contributing to many causes and needs without hesitation; and

WHEREAS, the owners of Showerman's IGA have served on the boards of the South Lyon Historical Society and the Planning Commission; and

NOW THEREFORE, I, Daniel L. Pelchat, Mayor of the City of South Lyon on behalf of the City Council and the entire community offer congratulations to Showerman's IGA for their many years of business in the South Lyon community.


Daniel L. Pelchat, Mayor

1/23/23
Date

AGENDA NOTE

Unfinished Business # 1

MEETING DATE: January 23, 2023

PERSON PLACING ITEM ON AGENDA: City Manager

AGENDA TOPIC: Discuss potential uses of ARPA Funds.

EXPLANATION OF TOPIC: In October and November we discussed the \$1.2 million in ARPA Funds that the City of South Lyon will be receiving as part of the American Rescue Act.

The State and Local Fiscal Recovery Funds (SLFRF) Final Rules issued in January 2022 outlined eligibility guidelines. The corresponding FAQs dated July 27, 2022 details Eligible Uses including the category Revenue Loss. NEU recipients may elect a “standard allowance” of up to \$10M (the City’s award is \$1,242,254) to spend on government services through the period of performance. It is a simple, convenient way to determine revenue loss without using Treasury’s full formula. Electing Revenue Loss allows a municipality to use the SLFRF award towards any service traditionally provided by the government (except the few Treasury has prohibited such as payment towards pension liability). Treasury has clarified that permitted uses include renovations to government facilities, infrastructure repairs and equipment to facilitate and improve government services. Such equipment could be: road building and maintenance, water and service services, railways, and equipment. The goal is to fund investments that serve the needs of the community or assist the municipality in providing those needs.

Revenue loss is the most flexible eligible use category under SLFRF program and funds are subject to streamlined reporting and compliance requirements. Essentially the \$1.2M could be elected as Revenue Loss and the expenditures amount reported with the standard allowance. The funding would be recognized as revenue this Fiscal Year (moved out of unearned revenue) and available for use immediately. This would free up other City funds raised through traditional sources (tax revenue, service charges, miscellaneous funds to be used towards projects not identified as ARPA eligible. This would also assist with the potential limitation the City may encounter trying to gain bids from contractors for identified projects who aren’t able to meet the Federal Awards Uniform Guidance on competitive bidding, procurement, and prevailing wages.

We have discussed this with Plante Moran. The auditors work with multiple communities that have selected this option with their SLFRF award.

Since our last discussion, City Council members have given their input on potential uses for the funds. I have also met with department heads to see if there are potential uses for these funds within each department. City Council members also provided input as to items they would like considered as well.

Some of the suggested uses by department heads were equipment that was needed within each departments were: imaging cameras, software, vehicles, replacement of city signage. improvement to building or facilities, including storage building at DPW, new flooring, security cameras and equipment. I additionally included the total cost for all potential improvements that were identified in plans for various parks and trailways.

I have compiled a list of the recommended items, provide by council members and staff, with their approximate costs, and which department they are associated with.

At tonights meeting, I am looking to narrow down the list of potential uses. Its important to know that we don't have to rush to spend all the money. The funds are to be allocated by December 2024, and spent by December 2026.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: Potential uses (by Department) for the ARPA funds, Coronavirus State and Local Fiscal Recovery Funds FAQ.

POSSIBLE COURSES OF ACTION: Give staff direction on narrowing down the list of potential uses of the funds. Getting bids on supplying items. Selecting the top items on the list.

SUGGESTED MOTION: None

ARPA Fund Potential Uses

<u>Department</u>	<u>Item</u>	<u>Estimate Cost</u>
Police	Police Car	\$60,000
	Upgrade Guns	\$25,000
	Security Upgrade	\$10,000
Fire	Reporting Software	\$13,000
	Imaging Camera	\$7,500
	Fire Mask Tester	\$12,000
	Fast Board	\$2,500
	Security Upgrades	\$10,000
DPW	Utility Tracer	\$8,000
	Building Interior Improvements	\$15,000
	Storage Building	\$75,000
	Security Upgrades	\$25,000
Water / Sewer	Security Upgrades	\$50,000
DDA	Façade Improvement Program	\$50,000
	Social District Improvements	\$30,000
	Crosswalk Improvements	\$12,000
	Farmers Market Structure	\$400,000

City Parks	Volunteer Park	\$200,000 to \$5,000,000
	McHattie Park	\$200,000 to \$3,000,000
	Paul Baker Park	\$10,000
	Columbia Park	\$10,000
	Lafayette Park	\$800,000
	Historical Village	\$500,000
	Veterans / First Responders Parking	\$200,000
City Hall	Security Upgrades	\$20,000
	Carpeting	\$30,000
	Election Equipment	\$25,000
Misc Improvements	Solar Carports	\$100,000
	Charging Carports	\$100,000
	City Image / Signage	\$75,000
	Park Security Upgrade	\$20,000
Trail Improvements	MST Bridge	\$200,000
	Oak Creek Bridge	\$200,000
	Sidewalks	\$500,000
	Trail Improvements Including trailheads	\$5,000,000 to \$6,000,000

Coronavirus State and Local Fiscal Recovery Funds

Final Rule: Frequently Asked Questions

This document contains answers to frequently asked questions regarding the Final Rule of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF, or Fiscal Recovery Funds). The final rule became effective on April 1, 2022. Treasury intends to update this document periodically in response to questions received from stakeholders. Recipients and stakeholders should consult the final rule for additional information, as this document does not describe all relevant requirements that apply to the SLFRF program. Recipients also may find helpful the Overview of the Final Rule, which provides a summary of major provisions of the final rule for informational purposes.

- For overall information about the program, including information on requesting funding, please see <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>
- For general questions about SLFRF, please email SLFRF@treasury.gov.

Answers to frequently asked questions on distribution of funds to non-entitlement units of local government (NEUs) can be found in this FAQ supplement.

Answers to frequently asked questions on the taxability and reporting of payments from SLFRF can be found in this FAQ issued by the IRS.

The FAQs in this document are applicable to the final rule, although readers will notice that many have been incorporated from the FAQs that were available in connection with the interim final rule, because they remain applicable. Answers to frequently asked questions that are unique to the interim final rule remain available at Interim Final Rule: Frequently Asked Questions. A categorization is provided on the following page to assist in identifying the FAQs that remain largely the same as in the FAQ document associated with the interim final rule and the FAQs that are new or have been updated in conformity with the final rule.

Throughout these FAQs, Treasury may refer readers to relevant sections of the Overview of the Final Rule. The Overview of the Final Rule provides a summary of major provisions of the final rule for informational purposes and is intended as a brief, simplified user guide to the final rule provisions. The descriptions provided in the Overview summarize key provisions of the final rule but are non-exhaustive, do not describe all terms and conditions associated with the use of SLFRF funds, and do not describe all requirements that may apply to this funding. Any SLFRF funds received are also subject to the terms and conditions of the agreement entered into by Treasury and the respective jurisdiction, which incorporate the provisions of the final rule and the guidance that implements this program.

FAQ Categorization

Version	Date	Category	FAQ #
1.0	April 27, 2022	FAQs retained with slight modifications from the <u>Interim Final Rule: Frequently Asked Questions</u> document (please note that FAQ numbering has changed between the two documents)	#1.1 – #1.2, #1.4 – 1.7, #2.10, #2.12 – #2.13, #3.8 – #3.13, #4.3, #4.5, #6.10 – #6.11, #6.14, #8.1, #8.3, #10.1 – #10.2, #11.1 – 11.3, #11.6 – 11.12, #12.1 – 12.2
1.0	April 27, 2022	New or Substantially Updated FAQs	#1.3, #1.8, #2.1 – #2.9, #2.11, #2.14 – #2.24, #3.1 – 3.7, #3.14, #4.1 – #4.2, #4.4, #4.6, #4.7 – #4.10, #5.1 – #5.4, #6.1 – #6.9, #6.12 – #6.13, #6.15 – #6.16, #8.2, #11.4 – #11.5, Section 13
2.0	July 27, 2022	Updated FAQs	#2.14, #3.1, #4.9
2.0	July 27, 2022	New FAQs	#6.17 - #6.20, #13.13 - #13.17

1. Eligibility and Allocations

1.1. Which governments are eligible for funds?

The following governments are eligible:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities
- Non-entitlement units, or smaller local governments

1.2. Which governments receive funds directly from Treasury?

Treasury distributes funds directly to each eligible state, territory, metropolitan city, county, or Tribal government. Smaller local governments that are classified as non-entitlement units receive funds through their applicable state government.

1.3. Are special-purpose units of government eligible to receive funds?

Special-purpose units of local government are not eligible to receive an award as a recipient under the SLFRF program; however, a state, territory, local, or Tribal government may transfer funds to a special-purpose unit of government to carry out a program or project on its behalf as a subrecipient. Special-purpose districts perform specific functions in the community, such as fire, water, sewer or mosquito abatement districts. A recipient can also provide funds to an entity that is special-purpose government for the purpose of directly benefitting the entity as a result of the entity experiencing a public health impact or negative economic impact of the pandemic.

1.4. How are funds being allocated to Tribal governments, and how will Tribal governments find out their allocation amounts?

\$20 billion of Fiscal Recovery Funds was reserved for Tribal governments. The American Rescue Plan Act specified that \$1 billion would be allocated evenly to all eligible Tribal governments. The remaining \$19 billion was to be distributed using an allocation methodology determined by Treasury, which was based on enrollment and employment.

There were two payments to Tribal governments. Each Tribal government's first payment included (i) an amount in respect of the \$1 billion allocation that was to be divided equally among eligible Tribal governments and (ii) each Tribal government's pro rata share of the Enrollment Allocation. Tribal governments were notified of their allocation amount and delivery of payment 4-5 days after completing request for funds in the Treasury Submission Portal. The deadline to make the initial request for funds was June 21, 2021.

The second payment included a Tribal government's pro rata share of the Employment Allocation. There was a \$1,000,000 minimum employment allocation for Tribal governments. In late June 2021, Tribal governments received an email notification to re-enter the Treasury Submission Portal to confirm or amend their 2019 employment numbers that were submitted to Treasury for the CARES Act's Coronavirus Relief Fund. To receive an Employment Allocation, including the minimum employment allocation, Tribal governments must have confirmed employment numbers by July 23, 2021. Treasury calculated employment allocations for those Tribal governments that confirmed or submitted amended employment numbers by the deadline. In August, Treasury communicated to Tribal governments the amount of their portion of the Employment Allocation and the anticipated date for the second payment.

1.5. My county is a unit of general local government with population under 50,000. Will my county receive funds directly from Treasury?

Yes. All counties that are units of general local government receive funds directly from Treasury and should apply via the [online portal](#). The list of county allocations is available [here](#).

1.6. My local government expected to be classified as a non-entitlement unit. Instead, it was classified as a metropolitan city. Why?

The American Rescue Plan Act (ARPA) defines, for purposes of the Coronavirus Local Fiscal Recovery Fund (CLFRF), metropolitan cities to include those that are currently metropolitan cities under the Community Development Block Grant (CDBG) program but also those cities that relinquish or defer their status as a metropolitan city for purposes of the CDBG program. This would include, by way of example, cities that are principal cities of their metropolitan statistical area, even if their population is less than 50,000. In other words, a city that is eligible to be a metropolitan city under the CDBG program is eligible as a metropolitan city under the CLFRF, regardless of how that city has elected to participate in the CDBG program.

Unofficial allocation estimates produced by other organizations may have classified certain local governments as non-entitlement units of local government. However, based on the statutory definitions, some of these local governments should have been classified as metropolitan cities.

1.7. In order to receive and use funds, must a recipient government maintain a declaration of emergency relating to COVID-19?

No. Neither the statute establishing the SLFRF nor the final rule requires recipients to maintain a local declaration of emergency relating to COVID-19.

1.8. Can nonprofit or private organizations receive funds? If so, how?

Yes. Under section 602(c)(3) of the Social Security Act, a State, territory, or Tribal

government may transfer funds to a “private nonprofit organization . . . , a Tribal organization . . . , a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of State or local government.” Similarly, section 603(c)(3) authorizes a local government to transfer funds to the same entities (other than Tribal organizations). The interim final rule clarified that the lists of transferees in sections 602(c)(3) and 603(c)(3) are not exclusive, and the final rule clarified that recipients may transfer funds to any entity to carry out, as a subrecipient, an eligible activity on behalf of the SLFRF recipient (transferor), as long as they comply with the SLFRF Award Terms and Conditions and other applicable requirements. A transferee receiving a transfer from a recipient under sections 602(c)(3) and 603(c)(3) will be considered a subrecipient and will be expected to comply with all subrecipient reporting requirements.

Additionally, a recipient can provide funds to an entity, including a nonprofit organization, for the purpose of directly benefitting the entity as a result of the entity experiencing a public health impact or negative economic impact of the pandemic. In this instance, these entities will be considered beneficiaries, not subrecipients, and will not be expected to comply with subrecipient reporting requirements. Beneficiary reporting requirements will apply.

The ARPA does not authorize Treasury to provide SLFRF funds directly to nonprofit or private organizations. Thus, a nonprofit or private organization should seek funds from SLFRF recipient(s) in their jurisdiction (e.g., a State, local, territorial, or Tribal government).

2. Eligible Uses – Responding to the Public Health Emergency / Negative Economic Impacts

2.1. If a use of funds is not explicitly permitted in the final rule as a response to the public health emergency and its negative economic impacts, does that mean it is prohibited?

No. The final rule provides a non-exhaustive list of enumerated uses that respond to pandemic impacts. The final rule also presumes that some populations experienced pandemic impacts and are eligible for responsive services. Recipients also have broad flexibility to (1) identify and respond to other pandemic impacts and (2) serve other populations that experienced pandemic impacts, beyond the enumerated uses and presumed eligible populations. Recipients can also identify groups or “classes” of beneficiaries that experienced pandemic impacts and provide services to those classes.

2.2. What types of services are eligible as responses to the negative economic impacts of the pandemic?

Eligible uses to respond to the negative economic impacts of the pandemic include assistance to households and communities; assistance to small businesses and nonprofits; aid to impacted industries; and uses to support public sector capacity and workforce. For

an overview of the eligible uses within each of these subcategories, please see pages 12-13 and 16-34 of the Overview of the Final Rule. The eligible uses within this category include programs and services to respond to impacts of the pandemic on households and communities, such as:

- Cash assistance
- Food assistance (e.g., child nutrition programs, including school meals) & food banks
- Childcare and early learning services, home visiting programs, services for child welfare-involved families and foster youth & childcare facilities
- Programs or services to support long-term housing security, including development of affordable housing and permanent supportive housing

They also include uses to bolster public sector capacity and workforce, such as:

- Payroll and covered benefits for public safety, public health, health care, human services and similar employees of a recipient government, for the portion of the employee's time spent responding to COVID-19.
- Payroll and covered benefits for additional public sector workers up to a pre-pandemic baseline that is adjusted for historic underinvestment in the public sector, providing additional funds for employees who experienced pay cuts or were furloughed, avoiding layoffs, providing worker retention incentives, and paying for ancillary administrative costs related to hiring, support, and retention.

These tools can allow recipients not only to bring back laid-off workers, but to address critical shortages of teachers, instructional aides, transportation workers, behavioral health workers, and other key government personnel, by funding positions at competitive wages and improving job quality in these sectors (see FAQs [#2.15](#), [#2.16](#), [#2.17](#)).

Recipients also have broad flexibility to identify and respond to other pandemic impacts and serve other populations that experienced pandemic impacts, beyond the enumerated uses. For more information on identifying eligible uses beyond those enumerated, please see pages 32-34 of the Overview of the Final Rule.

2.3. What types of COVID-19 response, mitigation, and prevention activities are eligible?

Please see pages 12-14 of the Overview of the Final Rule for a non-exhaustive list of enumerated eligible uses relating to COVID-19 mitigation and prevention, as well as information about how to design other responses that are not included in the list.

2.4. May recipients use funds to respond to the public health emergency and its negative economic impacts by providing direct cash transfers to households?

Yes. Cash transfers, like all eligible uses in the public health and negative economic impacts category, must respond to the negative economic impacts of the pandemic on a household or class of households. Recipients may presume that low- and moderate-income households (as defined in the final rule), as well as households that experienced unemployment, food insecurity, or housing insecurity, experienced a negative economic impact due to the pandemic. Recipients may also identify other households or classes of households that experienced a negative economic impact of the pandemic and provide cash assistance that is reasonably proportional to, and not grossly in excess of, the amount needed to address the negative economic impact. For example, in the ARPA, Congress authorized Economic Impact Payments to households at certain income levels, identifying and responding to a negative economic impact of the pandemic on these households.

Treasury has reiterated in the final rule that responses to negative economic impacts should be reasonably proportional to the impact that they are intended to address. Uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses. Reasonably proportional refers to the scale of the response compared to the scale of the harm. It also refers to the targeting of the response to beneficiaries compared to the amount of harm they experienced; for example, it may not be reasonably proportional for a cash assistance program to provide assistance in a very small amount to a group that experienced severe harm and in a much larger amount to a group that experienced relatively little harm. Please also see questions 7-10 from the IRS-issued FAQ on SLFRF relating to the taxability of cash transfers.

2.5. May recipients use funds to respond to the public health emergency and its negative economic impacts by replenishing unemployment funds?

Recipients may only use SLFRF funds for contributions to unemployment insurance trust funds and repayment of the principal amount due on advances received under Title XII of the Social Security Act up to an amount equal to (i) the difference between the balance in the recipient's unemployment insurance trust fund as of January 27, 2020 and the balance of such account as of May 17, 2021, plus (ii) the principal amount outstanding as of May 17, 2021 on any advances received under Title XII of the Social Security Act between January 27, 2020 and May 17, 2021. Further, recipients may use SLFRF funds for the payment of any interest due on such Title XII advances. Additionally, a recipient that deposits SLFRF funds into its unemployment insurance trust fund to fully restore the pre-pandemic balance may not draw down that balance and deposit more SLFRF funds, back up to the pre-pandemic balance. Through December 31, 2024, recipients that deposit SLFRF funds into an unemployment insurance trust fund, or use SLFRF funds to repay principal on Title XII advances, may not take action to reduce benefits available to unemployed workers by changing the computation method governing regular unemployment compensation in a way that results in a reduction of average weekly benefit amounts or the number of weeks of benefits

payable (i.e., maximum benefit entitlement).

2.6. May funds be used to reimburse recipients for costs incurred by state, local and Tribal governments in responding to the public health emergency and its negative economic impacts prior to passage of the American Rescue Plan?

Use of SLFRF is generally forward looking. The final rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

2.7. May recipients use funds for general economic development?

Generally, no. General economic development – activities that do not respond to negative economic impacts of the pandemic but rather seek to more generally enhance the jurisdiction’s business climate – would generally not be eligible under this eligible use category.

To identify an eligible use of funds under the public health and negative economic impacts category, a recipient must identify a beneficiary or class of beneficiaries that experienced a harm or impact due to the pandemic, and eligible uses of funds must be reasonably designed to respond to the harm, benefit the beneficiaries that experienced it, and be related and reasonably proportional to that harm or impact. For example, job training and other supports – like childcare, transportation, and subsidized employment – for unemployed workers may be used to address negative economic impacts of the public health emergency and be eligible.

2.8. How can recipients use funds to assist the travel, tourism, and hospitality industries? May recipients use funds to assist impacted industries other than travel, tourism, and hospitality?

Please see pages 24-25 of the [Overview of the Final Rule](#).

2.9. How does the final rule help address the disparate impact of COVID-19 on certain populations and geographies?

In recognition of the long-standing disparities in health and economic outcomes in underserved communities that have amplified and exacerbated the impacts of the pandemic, the final rule identifies certain populations as “disproportionately impacted” by the pandemic and enumerates a broad range of services and programs to address health disparities, to build stronger communities through investments in neighborhoods, to address educational disparities, to provide rental assistance vouchers or assistance relocating to areas of greater economic opportunity, and other eligible uses to respond to negative economic impacts in disproportionately impacted communities.

Specifically, Treasury will presume that certain populations were disproportionately impacted by the pandemic and therefore automatically eligible to receive responsive services. See page 19 of the [Overview of the Final Rule](#) for a full list of the

populations presumed disproportionately impacted by the pandemic. Recipients may also provide responsive services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately impacted communities, recipients should be able to support their determination for how the pandemic disproportionately impacted the populations, households, or geographic areas to be served.

Treasury has provided a non-exhaustive list of eligible responses to serve disproportionately impacted communities on page 20 of the Overview of the Final Rule. Note that these are an enhanced set of responses available in addition to responses available to respond to impacts of the pandemic on households and communities (including those listed on page 18 of the Overview).

2.10. May recipients use funds to pay for vaccine incentive programs (e.g., cash or in-kind transfers, lottery programs, or other incentives for individuals who get vaccinated)?

Yes. Under the final rule, recipients may use SLFRF funds to respond to the COVID-19 public health emergency, including expenses related to COVID-19 vaccination programs.

Programs that provide incentives reasonably expected to increase the number of people who choose to get vaccinated, or that motivate people to get vaccinated sooner than they otherwise would have, are an allowable use of funds so long as such costs are reasonably proportional to the expected public health benefit.

2.11. How can recipients use funds to support workers returning to work?

Under the final rule, recipients may use SLFRF funds under the public health and negative economic impacts eligible use category to provide assistance to individuals who want and are available for work, including job training, public jobs programs and fairs, support for childcare and transportation to and from a jobsite or interview, cash and other incentives for newly employed workers, subsidized employment, grants to hire underserved workers, assistance to unemployed individuals to start small businesses, and development of job and workforce training centers.

2.12. What staff are included in “public safety, public health, health care, human services, and similar employees”? Would this include, for example, 911 operators, morgue staff, medical examiner staff, or EMS staff?

As discussed in the final rule, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, for the portion of the employee’s time that is dedicated to responding to the COVID-19 public health emergency.

Public safety employees would include police officers (including state police officers),

sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel. Note that this category encompasses both public health and health care employees; both are treated as public health employees for the purposes of this eligible use category. Human services staff include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

2.13. May recipients use funds to establish a public jobs program?

Yes. Under the public health and negative economic impacts eligible use category, the final rule permits a broad range of services to unemployed or underemployed workers and other individuals that suffered negative economic impacts from the pandemic. That can include public jobs programs, subsidized employment, combined education and on-the-job training programs, or job training to accelerate rehiring or address negative economic or public health impacts experienced due to a worker's occupation or level of training. The broad range of permitted services can also include other employment supports, such as childcare assistance or assistance with transportation to and from a jobsite or interview.

2.14. Can funds be used for investments in affordable housing?

Yes. Under the final rule, "Development, repair, and operation of affordable housing and services or programs to increase long-term housing security" is an enumerated eligible use to respond to impacts of the pandemic on households and communities. Treasury continues to strongly encourage the use of SLFRF for affordable housing and has updated this FAQ to promote clarity and administrability in the use of these funds.

Affordable housing projects must be responsive and proportional to the harm identified. This standard may be met by affordable housing development projects—which may involve large expenditures and capital investments—if the developments increase the supply of long-term affordable housing for households that experienced associated pandemic impacts under the final rule.

Presumptively Eligible Uses

For purposes of this standard, if a project fits within either of the below presumptions, Treasury will presume that a project is eligible. As discussed more below, Treasury will presume that the following affordable housing investments are eligible uses of SLFRF funds as responses to the negative economic impacts of the pandemic: (1) projects that would be eligible for funding under an expanded list of federal housing programs and (2) projects for the development, repair, or operation of affordable rental housing with certain income and affordability requirements. Recipients' affordable housing projects may use

either of these presumptions to qualify as a presumptively eligible use. If a recipient uses one presumption for an affordable housing project, the recipient may still use a different presumption for another affordable housing project.

Presumption 1: Treasury will presume that any project that is eligible to be funded under any of the following federal housing programs is an eligible use of SLFRF funds as a response to the negative economic impacts of the pandemic:

- The National Housing Trust Fund (HTF, administered by HUD);
- The Home Investment Partnerships Program (HOME, administered by HUD);
- The Low-Income Housing Tax Credit (administered by Treasury);
- The Public Housing Capital Fund (administered by HUD);
- Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program (administered by HUD);
- Project-Based Rental Assistance (PBRA) (administered by HUD); and
- Multifamily Preservation & Revitalization program (administered by USDA).

In previous guidance, presumptive eligibility for affordable housing projects was limited to HOME and HTF. Treasury has updated this list by adding additional programs in an effort to increase administrability and clarity in the use of SLFRF funds for affordable housing purposes. This update is also expected to decrease the transaction costs associated with layering SLFRF funds with existing projects. Note that these programs use different income limits than the definitions of low- and moderate-income adopted by Treasury. Given the severity of the affordable housing shortage, and the ways in which the pandemic has exacerbated the need for affordable, high-quality dwelling units, Treasury has determined that the households served by these federal housing programs have been impacted by the pandemic and its negative economic impacts and that development of affordable housing consistent with these programs is a related and reasonably proportional response to those impacts. Additionally, affordable housing projects provided by a Tribal government are eligible uses of SLFRF funds if they would be eligible for funding under the Indian Housing Block Grant program, the Indian Community Development Block Grant program, or the Bureau of Indian Affairs Housing Improvement Program.

To the extent that a recipient chooses to use SLFRF funds to invest in affordable housing projects in alignment with these federal housing programs, the investment agreement must require the covered project or units to adhere to all applicable local codes, and comply, at a minimum, with the applicable federal housing program's requirements related to:

- Resident income restrictions;
- The period of affordability and related covenant requirements for assisted units;
- Tenant protections; and
- Housing quality standards.

Presumption 2: Treasury will presume that an investment in the development, repair, or

operation of any affordable rental housing unit is an eligible use of SLFRF funds to respond to the negative economic impacts of the pandemic if the unit has a limited maximum income of 65% area median income (AMI), as imposed through a covenant, land use restriction agreement, or other enforceable legal requirement for a period of at least 20 years. A jurisdiction may establish a longer period of affordability at its discretion. This presumption is available even if the project does not align with the federal housing programs specified in Presumption 1.

Under this presumption, recipients may use SLFRF funds as part of the financing for a mixed-income housing project if the total financing made up of SLFRF funds does not exceed the total development costs attributable to affordable housing units limited to households at or below 65% AMI for the affordability period. For example, if 25% of a project's units are reserved for families at or below 65% AMI for the affordability period, and 20% of the total development costs of the project are attributable to such reserved units, then SLFRF funds may be used to pay for up to 20% of the total development costs.

The income limit and 20-year affordability covenant does not need to apply to specific units, but rather it may specify a number of units within the development, in which case the covenant should also specify the bedroom size mix.

Using 65% AMI as the income limit aligns to the AMI component of Treasury's definition of moderate-income households, which is one population that Treasury presumes impacted by the pandemic or its negative economic impacts. Because of the highly localized nature of housing costs and the broad use of AMI in affordable housing development, repair, and operation, Presumption 2 requires funded units to be at or below 65% AMI but does not incorporate the 300% FPL level that is also used to define moderate-income households under the final rule.

Recipients are strongly encouraged to prioritize SLFRF investments for affordable housing in close proximity to, or with strong transit linkages to, centers of employment and/or institutions that provide high quality education or childcare, health care, services and healthy foods.

Additional Eligible Uses:

Note that other affordable housing projects, beyond those eligible under the presumptions described above, may also be eligible uses of SLFRF funds under the final rule if they are related and are reasonably proportional to addressing the negative economic impacts of the pandemic and otherwise meet the final rule's requirements. As an example, in certain rental markets, data indicates that there are gaps in financing for units serving households between 50% and 80% AMI and/or significantly higher than average housing costs relative to AMI that have led communities in this income threshold to be impacted by the pandemic. In such cases, it may be reasonably proportional to address the negative economic impacts of the pandemic by funding units (e.g., up to 80% AMI) that do not fall into the presumptively eligible categories listed above.

To further support sustainable and durable homeownership, recipients may consider

offering down payment assistance, such as through contributions to a homeowner's equity at origination or that establish a post-closing mortgage reserve account on behalf of the borrower that may be utilized to make a missed or partial mortgage payment at any point during the life of the loan (e.g., if the borrower faces financial stress). Homeownership assistance that would be eligible under the Community Development Block Grant (at 24 CFR 507.201(n)) is also an eligible use of SLFRF funds.

2.15. Can I use funds to raise public sector wages and hire public sector workers?

Yes. Under the increased flexibility of the final rule, SLFRF funding may be used to support a broader set of uses to restore and support public sector employment. Eligible uses include hiring up to a pre-pandemic baseline that is adjusted for historic underinvestment in the public sector, providing additional funds for employees who experienced pay cuts or were furloughed, avoiding layoffs, providing worker retention incentives, including reasonable increases in compensation, and paying for ancillary administrative costs related to hiring, support, and retention.

Under the set of eligible uses for public-sector rehiring, recipients may fill vacancies and add additional employees using SLFRF funds (see pages 4385-4387 of the final rule and pages 27-28 of the Overview of the Final Rule). Recipients have two options to restore pre-pandemic employment, depending on the recipient's needs. First, if the recipient simply wants to hire back employees for pre-pandemic positions, recipients may use SLFRF funds to hire employees for the same positions that existed on January 27, 2020 but that were unfilled or eliminated as of March 3, 2021. Recipients may use SLFRF funds to cover payroll and covered benefits for such positions through the period of performance.

Second, if the recipient wants to hire above the pre-pandemic baseline and/or would like to have flexibility in positions, recipients may use SLFRF funds to pay for payroll and covered benefits associated with the recipient increasing its number of budgeted FTEs up to 7.5 percent above its pre-pandemic baseline. Filling these roles may require recipients to increase wages and improve benefits above and beyond what they currently offer, especially in roles with historically low wages and acute staffing needs. This compensation would be an eligible use of SLFRF funds.

SLFRF funds also may be used to provide worker retention incentives, including reasonable increases in compensation to persuade employees to remain with the employer as compared to other employment options. Retention incentives must be entirely additive to an employee's regular compensation, narrowly tailored to need, and should not exceed incentives traditionally offered by the recipient or compensation that alternative employers may offer to compete for the employees. Treasury presumes that retention incentives that are less than 25 percent of the rate of base pay for an individual employee or 10 percent for a group or category of employees are reasonably proportional to the need to retain employees, as long as other requirements are met.

2.16. How can funds be used to improve job quality and address labor supply challenges in the education and childcare sectors?

SLFRF funds can pay for the full salary and benefits of many school and childcare staff, including increased wages needed to recruit and retain excellent staff, and to fund premium pay, bonuses, training, and other worker supports. Some examples of potential uses of funds related to supporting the education and childcare sectors are provided below:

- Under the public health and negative economic impacts eligible use category, SLFRF funds can be used broadly for re-hiring public sector staff, such as school staff, to restore the public sector, including payroll and covered benefits for new or re-hired public employees (see [FAQ #2.15](#))
 - Even where the recipient, such as the municipality, does not have budgetary authority over a school district, it may choose to sub-award SLFRF funds to districts and other government entities for these purposes (see [FAQ #2.17](#)).
- SLFRF can fund premium pay for essential workers, including school personnel and childcare providers working in person in both the public and private sector, to compensate them for their service during the pandemic (see pages 35-36 of the [Overview of the Final Rule](#) and [section 5 of the FAQs](#)).
- Under the public health and negative economic impacts eligible use category, SLFRF can fund supports for unemployed and underemployed workers, including hiring bonuses, training, and other labor supports, regardless of sector (see [FAQ #2.11](#)).
 - Under this provision, recipients can help childcare providers and school districts by strengthening pipelines into these sectors, including by using SLFRF funds to train potential workers to fill in-demand roles in childcare and education, including as school bus drivers, school nutrition staff, paraprofessionals, and other staff.
- Childcare subsidies and other supports for childcare programs – public or private – that serve low- and moderate-income families, are broadly eligible uses of SLFRF funding under the public health and negative economic impacts eligible use category (see [FAQ #2.25](#)). These subsidies can support improvements to wages and job quality that make childcare employment an attractive career.
- Recipients can also provide assistance to small businesses under the public health and negative economic impacts eligible use category – which many state and local governments can use to help childcare small businesses expand their business, raise wages for workers, and complete training and other technical assistance to support high-quality care, given the impacts these businesses have faced over the course of the pandemic (see pages 21-22 of the [Overview](#)).

2.17. How can recipients use funds to invest in their public sector workforce when the recipient government is not the direct employer, as is the case with some transit agencies and local educational agencies?

Under the increased flexibility of the final rule, SLFRF funds may be used to support a broader set of uses to restore and support public sector employment as a response to the pandemic and its negative economic impacts (see [FAQ #2.15](#)).

Treasury acknowledges that funding models for public sector workers vary drastically across jurisdictions, and the direct employer of a public sector worker may be an entity separate from the SLFRF recipient government, like an independent transit agency or local educational agency (LEA), rather than the recipient government itself. Recipients may still use SLFRF funds to hire workers in these sectors under such circumstances.

Using the calculation detailed on page 4386 of the final rule and pages 27-28 of the [Overview of the Final Rule](#), a recipient may calculate at an entity level the actual number of FTEs for the entity and the adjusted pre-pandemic baseline for the entity. The difference between the actual number of FTEs and the adjusted pre-pandemic baseline represents the number of FTEs that can be hired using SLFRF funds.

A recipient may then transfer funds to the entity, which would act as a subrecipient and cover payroll, covered benefits, and other costs associated with hiring up to this number of FTEs. A recipient may, in addition, “transfer” the FTEs it may hire based on its own calculation to the entity. A recipient may not, however, perform the calculation on the behalf of an entity, and then “transfer” to itself, or to any other entity, any of the FTEs able to be hired by the entity.

As an illustrative example, consider a recipient county government that would like to fund the salary and benefits costs for hiring teachers in a school district.

The school district has 2000 budgeted FTEs on January 27, 2020. The school district’s pre-pandemic baseline is 2000 FTEs; its adjusted pre-pandemic baseline is $2000 * 1.075 = 2150$ FTEs. The county’s pre-pandemic baseline is 1000 FTEs; its adjusted pre-pandemic baseline is $1000 * 1.075 = 1075$ FTEs. Now, assume that on March 3, 2021, the school district had 1800 budgeted FTEs in total, and the county had 1000 budgeted FTEs.

The county would be able to transfer funds to the school district to hire up to 350 FTEs with SLFRF funds (that is, $2150 - 1800 = 350$ FTEs), and additionally, “transfer” up to 75 FTEs to the school district (that is, $1075 - 1000 = 75$ FTEs). If the county decided to “transfer” all of its 75 FTEs to the school district, then the school district could hire up to $350 + 75 = 425$ FTEs using funds from the county. However, the county may not directly hire any more than 75 FTEs under this public sector hiring provision, and may not use any of the funds for the 350 FTEs able to be hired by the school district to fund any of the county’s FTE positions.

This public sector rehiring provision is a powerful tool for addressing staffing needs and shortages across government.

2.18. Can I use SLFRF funds to provide childcare to households?

Yes. Childcare and early learning services, home visiting programs, services for child welfare involved families and foster youth are an enumerated use eligible to respond to impacts of the pandemic on households and communities. These eligible uses can include new or expanded services, increasing access to services, efforts to bolster, support, or preserve existing providers and services, and similar activities. Further, improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures, subject to the other eligibility standards for capital expenditures.

2.19. How can funds be used for “installation and improvement of ventilation systems in congregate settings, health care settings, or other public facilities” like commercial buildings, office buildings, schools, nursing homes, multi-family residential buildings, and restaurants?

As a general matter, ventilation improvements, including updates to HVAC systems, improved air filtration, and increased outdoor air flow, can help reduce the concentration and risk of exposure to aerosols, and thus infection with COVID-19.¹ The National COVID-19 Preparedness Plan specifies that improving ventilation and air filtration is a key component of keeping schools and businesses safely open. Although improvements to ventilation and air cleaning cannot on their own eliminate the risk of airborne transmission of the SARS-CoV-2 virus, the Environmental Protection Agency (EPA) has recommended taking steps to improve indoor air quality (IAQ) including optimizing fresh air ventilation, enhancing air filtration and cleaning, and managing the way air flows as components of a larger approach that may include individual actions and layered prevention strategies.

Under the SLFRF program, funds for installation and improvement of ventilation systems can be used for projects that respond to the pandemic’s public health impacts and provide longer-term benefits, including the inspection, testing, commissioning, maintenance, repair, replacement, and upgrading of HVAC systems to improve indoor air quality in facilities. Projects can include assessing current HVAC systems, updating HVAC systems, updating air filters, installing functional windows for improved ventilation, repairing windows and doors, installing in-room air cleaning devices, and other projects for improving indoor air quality. For a more extensive guide of how to effectively use funds for ventilation improvements, Treasury recommends reviewing EPA’s Clean Air in Buildings Challenge, a call to action and a set of guiding principles and best practices to assist building owners and operators with improving IAQ in buildings, as well as EPA’s resource page on “Ventilation and Coronavirus (COVID-19).” For a guide on federal programs and resources to support school infrastructure, including ventilation improvements, Treasury recommends consulting the “White House Toolkit: Federal

¹ <https://www.cdc.gov/coronavirus/2019-ncov/community/ventilation.html>;
<https://www.epa.gov/coronavirus/indoor-air-and-coronavirus-covid-19>.

Resources for Addressing School Infrastructure Needs.” Further, Treasury recommends that recipients engage with public health and infection prevention professionals to develop and support an effective COVID-19 mitigation strategy. Finally, Treasury recommends that recipients ensure that the inspection, testing, commissioning, maintenance, repair, replacement, and upgrading of ventilation systems is performed by a skilled, trained, and certified workforce.

Recipients that undertake ventilation system investments under the public health and negative economic impacts eligible use category should review capital expenditure requirements in the final rule and note that capital expenditures must be related and reasonably proportional to the pandemic impact identified.

2.20. In what types of buildings can recipients use funds to install and improve of ventilation systems?

In addition to directly installing and improving ventilation systems in congregate settings, health care settings, or other public facilities, recipients may grant or loan funds to businesses, non-profits, and other entities that may benefit from COVID-19 mitigation measures.

In making these investments, Treasury recommends that recipients consult with public health and infection prevention professionals and that recipients ensure work is performed by a workforce that is skilled, trained, and certified in ventilation systems work. Many buildings would benefit from ventilation improvements, including settings where risk of infection is higher, such as when people are indoors for prolonged periods of time, are in crowded environments, or are performing activities that increase emission of respiratory fluids (such as speaking loudly, singing, or exercising).² This includes commercial buildings, office buildings, dense worksites, schools, nursing homes and other long-term care facilities, multi-family residential buildings, restaurants, correctional facilities, transportation hubs, and public transit vehicles, among other locations. Recipients are encouraged to consider congregate settings and other key locations as priorities for installation and improvement of ventilation systems. Please note that use of funds is not limited to government-owned public facilities and funds may be distributed by recipients to private businesses, non-profits, and others for COVID-19 mitigation and prevention, as the final rule clarifies that recipients may identify the general public as the impacted population for COVID-19 prevention and mitigation services. Recipients should review capital expenditure requirements for the public health and negative economic impacts eligible use category in the final rule before undertaking investments in ventilation systems.

For more information on ventilation system upgrades for school settings, Treasury recommends consulting:

- Creating Healthy Indoor Air Quality in Schools: <https://www.epa.gov/iaq-schools>
- Efficient and Healthy Schools campaign: <https://efficienthealthyschools.lbl.gov/>

² <https://www.epa.gov/coronavirus/indoor-air-and-coronavirus-covid-19>.

- Efficient and Healthy Schools website:
<https://www.energy.gov/eere/buildings/efficient-and-healthy-schools>

For more information on ventilation system upgrades for office and other commercial building settings, Treasury recommends consulting:

- Enhancing Health with Indoor Air: <https://sftool.gov/learn/about/626/enhancing-health-indoor-air>
- Sustainable Response to COVID-19:
<https://sftool.gov/learn/about/625/sustainable-response-covid-19>
- Better Buildings Resource Center: Building Operations during COVID-19
<https://betterbuildingssolutioncenter.energy.gov/covid19>

For more information on ventilation system upgrades for residential settings, Treasury recommends consulting:

- Improving Ventilation in Your Home: <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/Improving-Ventilation-Home.html>
- Ventilation in Buildings: <https://www.cdc.gov/coronavirus/2019-ncov/community/ventilation.html>

2.21. Can SLFRF funds be used to support public school facility improvements, upgrades, and new construction – such as those that make buildings more energy efficient, increase their use of renewable energy, address capacity constraints, and respond to health and safety concerns?

Yes. There are numerous ways in which SLFRF funds may be used to support public school facility improvements and upgrades.

First, as part of the public health and negative economic impacts (PH-NEI) eligible use category, SLFRF funds may be used address educational disparities in disproportionately impacted communities,³ which may include funding improvements or new construction of schools and other educational facilities or equipment. Recipients may consider energy efficiency improvements as part of their facility investments, and may also use funds for pre-project development costs, such as assessment of building conditions, energy audits, feasibility studies, HVAC commissioning and testing, and lead testing, that are tied to or reasonably expected to lead to an eligible investment in school facilities to address educational disparities in disproportionately impacted communities. Recipients should review and comply with the requirements applicable to capital expenditures under the public health and negative economic impacts eligible use category as outlined in the final rule.⁴

³ Please see FAQ 2.9 for more on disproportionately impacted communities, and the [Overview of the Final Rule](#) (p.19) for a list of presumed disproportionately impacted communities. For services to address educational disparities, Treasury will recognize Title I eligible schools as disproportionately impacted and responsive services that support the school generally or support the whole school as eligible.

⁴ Please see the [Overview of the Final Rule](#) (p. 30-31) for a summary of capital expenditure requirements for the public health and negative economic impacts eligible use category.

Second, as part of the PH-NEI eligible use category, recipients may use funds for adaptations to schools for the purpose of mitigating the spread of COVID-19, including for ventilation improvements. Similar to the above, recipients should ensure compliance with the capital expenditure requirements for the eligible use category.

Third, as part of the water and sewer infrastructure eligible use category, recipients may invest in certain projects to support lead remediation, including replacement of internal plumbing and faucets and fixtures in schools and childcare facilities. Recipients can also invest in certain green water infrastructure projects. Eligible water and sewer projects are generally aligned with those allowable under the EPA's Drinking Water and Clean Water State Revolving Funds, and Treasury has added additional eligible projects as part of the final rule. Recipients should review and comply with the specific requirements provided for in the water and sewer infrastructure eligible use category as outlined in the final rule.

Fourth, as part of the revenue loss eligible use category, which is the broadest eligible use category that is capped by either the \$10 million standard allowance (up to a recipient's award size) or a recipient's calculated revenue loss, recipients may use SLFRF funds on government services. These government services include any service traditionally provided by a government unless Treasury has stated otherwise. Eligible government services that may be covered under the revenue loss eligible use category include maintenance, improvement, or new construction of public school facilities, including those that address over-crowding and capacity constraints, support energy efficiency, and respond to health and safety concerns, among other purposes.

Under the SLFRF program, recipients must obligate all funds by December 31, 2024 and expend funds by December 31, 2026. Recipients may transfer funds to other entities, including local educational agencies, to carry out as a subrecipient an eligible use of funds by the recipient, as long as they comply with program requirements. Recipients should note that the Davis-Bacon Act requirements (prevailing wage rates) do not apply to projects funded solely with award funds from the SLFRF program, except for certain SLFRF-funded construction projects undertaken by the District of Columbia. The National Environmental Policy Act (NEPA) does not apply to Treasury's administration of the SLFRF program, although projects supported with SLFRF funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs.

2.22. Would investments in improving outdoor spaces (e.g., parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts?

There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses; several are highlighted below, though there may be other ways that a specific investment in outdoor spaces would meet eligible use criteria.

First, in recognition of the disproportionate negative economic impacts on certain communities and populations, the final rule includes enumerated eligible uses in disproportionately impacted communities for developing neighborhood features that

promote improved health and safety outcomes, such as parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup, and other projects to revitalize public spaces.

Second, recipients may provide assistance to disproportionately impacted small businesses. The final rule included rehabilitation of commercial properties, storefront improvements, and façade improvements as enumerated eligible assistance to these small businesses.

Third, recipients can assist small businesses, nonprofits, or other entities to create or enhance outdoor spaces to mitigate the spread of COVID-19 (e.g., restaurant patios).

Recipients pursuing many of these uses should also note the eligibility standards for capital expenditures in the final rule, which are summarized on pages 30-31 of the Overview of the Final Rule.

2.23. Would expenses to address a COVID-related backlog in court cases be an eligible use of funds as a response to the public health emergency?

Yes. The final rule maintains that SLFRF funds may be used to address administrative needs of recipient governments that were caused or exacerbated by the pandemic. Please see pages 4388-4389 of the final rule. During the COVID-19 public health emergency, many courts were unable to operate safely during the pandemic and, as a result, now face significant backlogs. Court backlogs resulting from the inability of courts to safely operate during the COVID-19 pandemic decreased the government's ability to administer services. Therefore, steps to reduce these backlogs, such as implementing COVID-19 safety measures to facilitate court operations, hiring additional court staff or attorneys to increase speed of case resolution, and other expenses to expedite case resolution are eligible uses.

2.24. Can funds be used for eviction prevention efforts or housing stability services?

Yes. Treasury provided a non-exhaustive list of eligible services in the final rule: Rent, rental arrears, utility costs or arrears (e.g., electricity, gas, water and sewer, trash removal, and energy costs, such as fuel oil), reasonable accrued late fees (if not included in rental or utility arrears), mortgage payment assistance, financial assistance to allow a homeowner to reinstate a mortgage or to pay other housing-related costs related to a period of forbearance, delinquency, or default, mortgage principal reduction, facilitating mortgage interest rate reductions, counseling to prevent foreclosure or displacement, relocation expenses following eviction or foreclosure (e.g., rental security deposits, application or screening fees).

Treasury also clarified that assistance to households for delinquent property taxes, for example to prevent tax foreclosures on homes, was permissible under the interim final

rule and continues to be so under the final rule. In addition, Treasury also clarified that recipients may administer utility assistance or address arrears on behalf of households through direct or bulk payments to utility providers to facilitate utility assistance to multiple consumers at once, so long as the payments offset customer balances and therefore provide assistance to households. The public health and negative economic impacts eligible use category also includes emergency assistance for individuals experiencing homelessness, either individual-level assistance (e.g., rapid rehousing services) or assistance for groups of individuals (e.g., master leases of hotels, motels, or similar facilities to expand available shelter). Please see page 4360 of the final rule for further relevant clarifications.

3. Eligible Uses – Revenue Loss

3.1. Does a recipient need to calculate or provide proof of its revenue loss to use funds for government services?

Recipients may elect a “standard allowance” of up to \$10 million to spend on government services through the period of performance. The standard allowance is available to all recipients and offers a simple, convenient way to determine revenue loss, instead of using the full formula specified in the final rule. Recipients must make a one-time, irrevocable election to either take the standard allowance or calculate revenue loss. Recipients were able to indicate this choice in their Project and Expenditure Reports due April 30, 2022, and recipients may update their revenue loss election, as appropriate, in future reporting cycles through the April 2023 reporting period. Upon update, any prior revenue loss election will be superseded. For example, if a recipient previously elected to calculate revenue loss in their Project and Expenditure Report due April 30, 2022 and this recipient would like to update their election, Treasury’s reporting portal will allow the recipient to supersede their prior election in future reporting cycles and instead take the standard allowance. Similarly, recipients who previously elected the standard allowance and would like to supersede their prior election and instead calculate revenue loss may also update their revenue loss election in future reporting cycles. Recipients continue to be required to employ a consistent methodology across the period of performance (i.e., choose either the standard allowance or the full formula) and may not elect one approach for certain reporting years and the other approach for different reporting years. Recipients who elect the standard allowance do not have to produce any further demonstration or calculation of revenue loss.

Electing the standard allowance does not increase or decrease a recipient’s total allocation. For example, a recipient with an allocation of \$6 million would be allowed to claim no more than \$6 million as revenue loss to use for government services, and a recipient with an allocation of \$12 million would be allowed to claim the full \$10 million standard allowance and use the remaining allocation towards other eligible use categories. Recipients who elect to calculate revenue loss by formula must do so as articulated in the final rule and described in the [Overview of the Final Rule](#) and [FAQ #3.6](#).

3.2. Can revenue loss funds be used for a purpose that is not explicitly listed as an

example of a government service in the Overview of the Final Rule or Final Rule?

Yes. Government services generally include any service traditionally provided by a government, unless Treasury has stated otherwise. Common examples are listed on page 11 of the Overview of the Final Rule and page 4408 of the final rule, but these lists are not exhaustive. In addition to the common examples described in the final rule, many recipients and stakeholders have asked if using funds for activities like payroll for specific public sector staff, renovations to particular government facilities, and equipment to facilitate and improve government services such as health services, waste disposal, road building and maintenance, and water and sewer services would be eligible as government services. Treasury is clarifying here that under the final rule, payroll for government employees, contracts, grants, supplies and equipment, rent, and the many other costs that governments typically bear to provide services are costs that could comprise the costs of government services, and are eligible uses of funds.

Revenue loss is the most flexible eligible use category under the SLFRF program, and funds are subject to streamlined reporting and compliance requirements. Recipients should be mindful that certain restrictions, which are detailed further in the Restrictions on Use section in the Overview of the Final Rule and Final Rule and apply to all eligible use categories, apply to government services as well. Note also that every use that is eligible under other eligible use categories is also eligible under revenue loss, because those eligible uses are also services provided by recipient governments, and Treasury encourages recipients to use their funds for investments that serve the needs of their communities and build a stronger and more equitable recovery.

3.3. Can revenue loss funds be used for a project eligible under other eligible use categories, such as addressing the public health and negative economic impacts of the pandemic, providing premium pay, or investing in water, sewer, or broadband infrastructure?

Yes. The revenue loss eligible use category allows recipients to expend funds with flexibility and streamlined reporting requirements, including on expenditures that would not be eligible under other eligible use categories, like general infrastructure repairs. Recipients may also use revenue loss funds to carry out investments that would be eligible under other eligible use categories, because those eligible uses are also services provided by recipient governments. Treasury encourages the use of government services funds on uses enumerated in these categories, including but not limited to affordable housing, childcare investments, supporting public sector workers, job training and workforce development, and investments in public health.

3.4. How is revenue defined for the purpose of the revenue loss calculation formula?

The final rule adopts a definition of “General Revenue” that is based on, but not identical, to the Census Bureau’s concept of “General Revenue from Own Sources” in the Annual Survey of State and Local Government Finances.

General Revenue means money that is received from tax revenue, current charges, and miscellaneous general revenue, excluding refunds and other correcting transactions and proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and intergovernmental transfers from the Federal Government, including transfers made pursuant to section 9901 of the American Rescue Plan Act. General Revenue also includes revenue from liquor stores that are owned and operated by state and local governments. General Revenue does not include revenues from utilities, except recipients may choose to include revenue from utilities that are part of their own government as General Revenue provided the recipient does so consistently over the remainder of the period of performance. Revenue from Tribal business enterprises must be included in General Revenue.

Please see the appendix for a diagram of the final rule's definition of General Revenue within the Census Bureau's revenue classification structure.

3.5. Will revenue be calculated on an entity-wide basis or on a source-by-source basis (e.g. property tax, income tax, sales tax, etc.)?

Recipients should calculate revenue on an entity-wide basis. This approach minimizes the administrative burden for recipients, provides for greater consistency across recipients, and presents a more accurate representation of the net impact of the COVID-19 public health emergency on a recipient's revenue, rather than relying on financial reporting prepared by each recipient, which vary in methodology used and which generally aggregate revenue by purpose rather than by source.

Recipients should classify revenue sources as they would if responding to the U.S. Census Bureau's Annual Survey of State and Local Government Finances. According to the Census Bureau's Government Finance and Employment Classification manual, the following is an example of current charges that would be included in a state or local government's General Revenue from own sources: "Gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities."

Please refer to the appendix for further details on the definition of General Revenue.

3.6. For recipients not electing the \$10 million standard allowance, what is the formula for calculating the reduction in revenue?

Recipients calculate revenue loss at four distinct points in time, either at the end of each calendar year (e.g., December 31 for years 2020, 2021, 2022, and 2023) or the end of each fiscal year of the recipient. Under the flexibility provided in the final rule, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. To calculate revenue loss at each of these dates, recipients must follow a four-step process:

a. Calculate revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.

b. Estimate counterfactual revenue, which is equal to the following formula, where n is the number of months elapsed since the end of the base year to the calculation date:

$$\text{base year revenue} \times (1 + \text{growth adjustment})^{n/12}$$

The *growth adjustment* is the greater of either a standard growth rate—5.2 percent—or the recipient’s average annual revenue growth in the last full three fiscal years prior to the COVID-19 public health emergency.

c. Identify actual general revenue, which equals revenues collected over the twelve months immediately preceding the calculation date. Under the final rule, recipients must adjust actual revenue totals for the effect of tax cuts and tax increases that are adopted after the date of adoption of the final rule (January 6, 2022). Specifically, the estimated fiscal impact of tax cuts and tax increases adopted after January 6, 2022, must be added to or subtracted from the calculation of actual revenue for purposes of calculation dates that occur on or after April 1, 2022. Recipients may subtract from their calculation of actual revenue the effect of tax increases enacted prior to the adoption of the final rule. Note that recipients that elect to remove the effect of tax increases enacted before the adoption of the final rule must also remove the effect of tax decreases enacted before the adoption of the final rule, such that they are accurately removing the effect of tax policy changes on revenue.

d. Revenue loss for the calculation date is equal to counterfactual revenue minus actual revenue (adjusted for tax changes) for the twelve-month period. If actual revenue exceeds counterfactual revenue, the loss is set to zero for that twelve-month period. Revenue loss for the period of performance is the sum of the revenue loss for each calculation date.

The supplementary information in the final rule provides an example of this calculation, which recipients may find helpful, in the Revenue Loss section. Recipients should see the final rule for the full description of the requirements to reflect the effect of tax cuts and tax increases on actual revenue.

3.7. Are recipients expected to demonstrate that reduction in revenue is due to the COVID-19 public health emergency?

Under the final rule, any diminution in actual revenue calculated using the formula above would be presumed to have been “due to” the COVID-19 public health emergency, in the case of both the standard allowance and the formula, which, as discussed above adjusts for certain tax policy changes.

3.8. May recipients use pre-pandemic projections as a basis to estimate the reduction in revenue?

No. Treasury is disallowing the use of projections to ensure consistency and comparability across recipients and to streamline verification. However, in estimating the revenue shortfall using the formula above, recipients may incorporate their average annual revenue growth rate in the three full fiscal years prior to the public health emergency.

3.9. In calculating revenue loss, are recipients required to use audited financials?

Where audited data is not available, recipients are not required to obtain audited data. Treasury expects all information submitted to be complete and accurate.

3.10. In calculating revenue loss, should recipients use their own data, or Census data?

Recipients should use their own data sources to calculate General Revenue, and do not need to rely on published revenue data from the Census Bureau. Treasury acknowledges that due to differences in timing, data sources, and definitions, recipients' self-reported General Revenue figures may differ somewhat from those published by the Census Bureau.

3.11. Should recipients calculate revenue loss on a cash basis or an accrual basis?

Recipients may calculate revenue loss on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology for all inputs of the revenue loss calculation throughout the period of performance and until reporting is no longer required.

3.12. In identifying intergovernmental revenue for the purpose of calculating General Revenue, should recipients exclude all federal funding, or just federal funding related to the COVID-19 response? How should local governments treat federal funds that are passed through states or other entities, or federal funds that are intermingled with other funds?

In calculating General Revenue, recipients should exclude all intergovernmental transfers from the federal government. This includes, but is not limited to, federal transfers made via a state to a locality pursuant to the Coronavirus Relief Fund or Fiscal Recovery Funds. To the extent federal funds are passed through states or other entities or intermingled with other funds, recipients should attempt to identify and exclude the federal portion of those funds from the calculation of General Revenue on a best-efforts basis.

3.13. What entities constitute a government for the purpose of calculating revenue

loss?

In determining whether a particular entity is part of a recipient's government for purposes of measuring a recipient's General Revenue, recipients should identify all the entities included in their government and the General Revenue attributable to these entities on a best-efforts basis. Recipients are encouraged to consider how their administrative structure is organized under state and local statutes. In cases in which the autonomy of certain authorities, commissions, boards, districts, or other entities is not readily distinguishable from the recipient's government, recipients may adopt the Census Bureau's criteria for judging whether an entity is independent from, or a constituent of, a given government. Recipients may not include independent entities in calculating General Revenue. For an entity to be independent, it generally meets all four of the following conditions:

- The entity is an organized entity and possesses corporate powers, such as perpetual succession, the right to sue and be sued, having a name, the ability to make contracts, and the ability to acquire and dispose of property.
- The entity has governmental character, meaning that it provides public services, or wields authority through a popularly elected governing body or officers appointed by public officials. A high degree of responsibility to the public, demonstrated by public reporting requirements or by accessibility of records for public inspection, also evidences governmental character.
- The entity has substantial fiscal independence, meaning it can determine its budget without review and modification by other governments. For instance, the entity can determine its own taxes, charges, and debt issuance without another government's supervision.
- The entity has substantial administrative independence, meaning it has a popularly elected governing body, or has a governing body representing two or more governments, or, in the event its governing body is appointed by another government, the entity performs functions that are essentially different from those of, and are not subject to specification by, its creating government.

If an entity does not meet all four of these conditions, a recipient may classify the entity as part of the recipient's government and include the portion of General Revenue that corresponds to the entity.

To further assist recipients in applying the foregoing criteria, recipients may refer to the Census Bureau's *Individual State Descriptions: 2017 Census of Governments* publication, which lists specific entities and classes of entities classified as either independent (defined by Census as "special purpose governments") or constituent (defined by Census as "dependent agencies") on a state-by-state basis. Recipients should note that the Census Bureau's lists are not exhaustive and that Census classifications are based on an analysis of state and local statutes as of 2017 and subject to the Census

Bureau's judgment. Though not included in the Census Bureau's publication, state colleges and universities are generally classified as dependent agencies of state governments by the Census Bureau.

If an entity is determined to be part of the recipient's government, the recipient must also determine whether the entity's revenue is covered by the final rule's definition of General Revenue. For example, some cash flows may be outside the definition of General Revenue. In addition, note that the definition of general revenue includes Tribal enterprises in the case of Tribal governments. Refer to [FAQ #3.4](#) and the Appendix for the components included in General Revenue.

3.14. How should recipients that receive multiple allocations (e.g., a city and a county consolidated government) calculate their revenue loss?

If a government entity receives a combined award (e.g., in its capacity both as an NEU and as a Unit of General Local Government (UGLG) within a non-UGLG county), it must determine its revenue loss only once as the combined entity. The government entity may not, for example, elect the standard allowance once as an NEU and once as an UGLG (i.e., it would only be able to claim up to a total of \$10 million standard allowance against all of its awards). Similarly, if the government entity elects to calculate its revenue loss according to the formula set out in the final rule, it must do so on a combined basis.

In the case of an award to an UGLG within a non-UGLG county under section 603(b)(3)(B)(ii) of the Social Security Act, the UGLG is considered the prime recipient of this award. Therefore, the prime recipient in this circumstance may treat these transferred funds as its own award for purposes of the revenue loss determination.

For example, if an NEU receives \$2 million in its NEU distribution, and then receives an additional \$13 million as an UGLG within a non-UGLG county, and the NEU elects the standard allowance of \$10 million in revenue loss, the NEU would be able to spend up to a total of \$10 million on government services under revenue loss against its awards, and would be able to spend the remaining \$5 million in other expenditure categories.

4. Eligible Uses – General

4.1. How do I know if a specific use is eligible?

The best way to begin evaluation of whether a specific use is an eligible use of SLFRF funds is to consider which of the four eligible use categories the use may fall into.

As a reminder, there are four eligible use categories, ordered below from the broadest and most flexible to the most specific. The [Overview of the Final Rule](#) serves as a summary of the major provisions of each category.

- Replace lost public sector revenue, using this funding to provide government services up to the amount of revenue loss due to the pandemic. (pages 9-11 of the

Overview)

- Support the COVID-19 public health and economic response by addressing COVID-19 and its impact on public health as well as addressing economic harms to households, small businesses, nonprofits, impacted industries, and the public sector. (pages 12-34 of the Overview)
- Provide premium pay for eligible workers performing essential work, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors. (pages 35-36 of the Overview)
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and to expand affordable access to broadband internet. (pages 37-40 of the Overview)

The SLFRF program provides substantial flexibility for each jurisdiction to meet local needs within these eligible use categories. In general, recipients should think about what services they are trying to provide, and for which groups or populations, and assess whether this use of funds would fit within the parameters of the eligible use category as outlined in the Overview and the final rule. Recipients also should be mindful that various forms of assistance have been made available during the pandemic (e.g., Economic Injury Disaster Loans through the U.S. Small Business Administration), and certain restrictions on duplications of benefits may apply.

Revenue loss eligible use category

If a use does not appear to be eligible under the water, sewer, and broadband infrastructure, premium pay, or public health and negative economic impacts eligible use categories, then recipients should consider using funds under the revenue loss eligible use category. The revenue loss eligible use category provides recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue due to the pandemic.

All recipients may elect a “standard allowance” of up to \$10 million to spend on government services through the period of performance (see [FAQ #3.1](#)), or elect to calculate their revenue loss under the formula provided in the final rule. Under this eligible use category, government services generally include any service traditionally provided by a government, unless Treasury has stated otherwise (see [FAQ #3.2](#)). While recipients can refer to common examples on page 11 of the Overview of the Final Rule and page 4408 of the final rule, these lists are not exhaustive. Every use that is eligible under other eligible use categories is also eligible under revenue loss.

Public health and negative economic impacts eligible use category

To assess the eligibility of a use under the public health and negative economic impacts

eligible use category, recipients may refer initially to the non-exhaustive lists of enumerated uses that respond to pandemic impacts, and the lists of populations presumed to have experienced pandemic impacts and be eligible for responsive services. These lists appear in the Overview and the final rule organized by sub-categories around the types of assistance a recipient may provide. Recipients should first determine the sub-category where their use of funds may fit (e.g., public health, assistance to households, assistance to small businesses), based on the entity that experienced the health or economic impact. Then, recipients should refer to the relevant section for more details on each sub-category of eligible responses.

If a recipient intends to provide enumerated uses of funds to populations presumed eligible, then the use of funds is clearly consistent with the final rule. However, if the intended expenditure does not match an enumerated use serving a presumed eligible population, that does not necessarily mean it is ineligible. Recipients can consider using the broad flexibility available in this eligible use category to (1) identify and respond to other pandemic impacts and (2) serve other populations that experienced pandemic impacts, beyond the enumerated uses and presumed eligible populations. Recipients can also identify groups or “classes” of beneficiaries that experienced pandemic impacts and provide services to those classes.

Premium pay eligible use category

To assess whether a use falls under the premium pay eligible use category, recipients can follow the steps outlined on p. 35-36 of the Overview, and refer to the FAQs in section 5.

Water, sewer, and broadband infrastructure eligible use category

To assess whether a use falls under the water, sewer, and broadband infrastructure category, recipients can consult p. 37-40 of the Overview, and refer to the FAQs in section 6.

Recipients should also note the restrictions on use, which are applicable across all eligible use categories, and summarized on p. 41-42 of the Overview.

When assessing whether a specific use is eligible, recipients are not required to submit planned expenditures for prior approval by Treasury, and Treasury is not pre-approving proposed expenditures or calculations of revenue loss. Recipients should review the final rule and the Overview of the Final Rule, and consult with counsel as needed, to evaluate whether a particular expenditure is an eligible use of funds.

4.2. May recipients use funds to invest in traditional infrastructure projects other than water, sewer, and broadband projects (e.g. roads, bridges)?

As discussed in FAQ #3.2, recipients have broad flexibility to use revenue loss funds to provide government services, which generally include any service traditionally provided by a government. These services may include, but are not limited to, maintenance of

infrastructure or pay-go spending for building of new infrastructure, including roads.

Under the public health and negative economic impacts eligible use category, a general infrastructure project typically would not be considered an eligible response unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing).

4.3. May recipients use funds to pay interest or principal on outstanding debt?

No. The final rule maintains the restriction on the use of funds for debt service for the reasons described on page 4430 of the final rule and clarifies that this restriction applies to all eligible use categories.

This applies to paying interest or principal on any outstanding debt instrument, including, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt.

4.4. Are governments required to submit proposed expenditures to Treasury for approval?

No. Recipients are not required to submit planned expenditures for prior approval by Treasury. Recipients are subject to the requirements and guidelines for eligible uses contained in the final rule. For more information on compliance and reporting, please see the SLFRF Compliance and Reporting Guidance.

4.5. Do restrictions on using funds to cover costs incurred beginning on March 3, 2021 apply to costs incurred by the recipient (e.g., a State, local, territorial, or Tribal government) or to costs incurred by households, businesses, and individuals benefiting from assistance provided using funds?

The final rule permits funds to be used to cover costs incurred beginning on March 3, 2021. This limitation applies to costs incurred by the recipient (i.e., the state, local, territorial, or Tribal government receiving funds). Recipients may use SLFRF funds to provide assistance to households, businesses, and individuals within the eligible use categories described in the final rule for economic harms experienced by those households, businesses, and individuals prior to March 3, 2021. For example,

- Public Health/Negative Economic Impacts – Recipients may use SLFRF funds to provide assistance to households – such as rent, mortgage, or utility assistance – for economic harms experienced or costs incurred by the household prior to March 3, 2021 (e.g., rental arrears from preceding months), provided that the cost of providing assistance to the household was not incurred by the recipient prior to March 3, 2021.

- Premium Pay – As discussed further in [FAQ #5.2](#), recipients may provide premium pay retrospectively for work performed at any time since the start of the COVID-19 public health emergency. Such premium pay must be “in addition to” wages and remuneration already received and the obligation to provide such pay must not have been incurred by the recipient prior to March 3, 2021. Employers may not simply reimburse themselves for pay already received by the employee.
- Revenue Loss – The final rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue due to the pandemic. If the recipient has elected to calculate lost revenue, the calculation begins with the recipient’s revenue in the last full fiscal year prior to the COVID-19 public health emergency. However, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021.
- Investments in Water, Sewer, and Broadband – Recipients may use SLFRF funds to make necessary investments in water, sewer, and broadband. See [FAQ Section 6](#). Recipients may use funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the funds were incurred after March 3, 2021.

4.6. May recipients use funds to satisfy non-federal matching requirements?

Generally, yes, if using funds available under the revenue loss eligible use category, and no, if using funds under any other eligible use category, except as discussed further below.

Funds available under the revenue loss eligible use category (sections 602(c)(1)(C) and 603(c)(1)(C) of the Social Security Act) generally may be used to meet the non-federal cost-share or matching requirements of other federal programs. However, note that SLFRF funds may not be used as the non-federal share for purposes of a state’s Medicaid and Children’s Health Insurance Programs (CHIP) because the Office of Management and Budget has approved a waiver as requested by the Centers for Medicare & Medicaid Services pursuant to 2 CFR 200.102 of the Uniform Guidance and related regulations.

If a recipient seeks to use SLFRF funds to satisfy match or cost-share requirements for a federal grant program, it should first confirm with the relevant awarding agency that no waiver has been granted for that program, that no other circumstances enumerated under 2 CFR 200.306(b) would limit the use of SLFRF funds to meet the match or cost-share requirement, and that there is no other statutory or regulatory impediment to using the SLFRF funds for the match or cost-share requirement.

SLFRF funds beyond those that are available under the revenue loss eligible use category may not be used to meet the non-federal match or cost-share requirements of other federal programs, other than as specifically provided for by statute. As an example, the Infrastructure Investment and Jobs Act provides that SLFRF funds may be used to meet the non-federal match requirements of authorized Bureau of Reclamation projects and certain broadband deployment projects. Recipients should consult the final rule for further

details if they seek to utilize SLFRF funds as a match for these projects.

4.7. May recipients pool funds for regional projects?

Yes, provided that the project is itself an eligible use of SLFRF funds for each recipient that is contributing to the pool of funds and that recipients are able to track the use of funds in line with the reporting and compliance requirements of the SLFRF. In general, when pooling funds for regional projects, recipients may expend funds directly on the project or transfer funds to another government or other entity that is undertaking the project on behalf of multiple recipients. To the extent recipients undertake regional projects via transfer to another organization or government, recipients would need to comply with the rules on transfers specified in the final rule supplementary information. A recipient may transfer funds to a government outside its boundaries (e.g., county transfers to a neighboring county, or an NEU transferring its funds to a County), provided that the transferor can document that the transfer constitutes an eligible expense of the transferor government and that its jurisdiction receives a benefit proportionate to the amount transferred.

4.8. May recipients fund a project with both ARPA funds and other sources of funding (e.g., blending, braiding, or other pairing funding sources), including in conjunction with financing provided through a debt issuance?

Generally, yes, provided that the costs are eligible costs under each source program and are compliant with all other related statutory and regulatory requirements and policies, including restrictions on use of funds.

The recipient must comply with applicable reporting requirements for all sources of funds supporting the SLFRF projects.

Recipients may source funding for a project in multiple ways, including, but not limited to, the following:

- Using funds available under the revenue loss eligible use category for non-federal match (see [FAQ #4.6](#))
- Pooling funds for a joint project with another SLFRF recipient (see [FAQ #4.7](#))
- Transferring funds to a subrecipient to finance a project that also uses other sources of funding
- Blending or braiding SLFRF funds with other sources of government funding, including debt issuance, to pursue a project

Localities may also transfer their funds to the state through section 603(c)(4) of the Social Security Act, which will decrease the locality's award and increase the state award amounts.

Note that using a recipient blending and braiding funds in conjunction with other sources of funding is distinct from using funds for non-federal match. In the case of non-federal match, the recipient would be using SLFRF funds to satisfy cost-sharing or matching requirements in order to qualify for another source of federal funding, while blending and braiding refers to using multiple sources of funding for complementary purposes.

If the entirety of a project is funded with SLFRF funds, then the entire project must be an eligible use. The use of funds would be subject to the deadline on obligating funds no later than December 31, 2024 and expending funds no later than December 31, 2026. If a project is only partially funded with SLFRF funds, then the portion of the project funded must be an eligible use and the SLFRF funds must also be obligated by December 31, 2024 and expended by December 31, 2026. In either case, recipients must be able to, at a minimum, determine and report to Treasury on the amount of SLFRF funds obligated and expended and when such funds were obligated and expended.

SLFRF funds may not be used to fund the entirety of a project that is partially, although not entirely, an eligible use under Treasury's final rule. However, SLFRF funds may be used for a smaller component project that does constitute an eligible use, while using other funds for the remaining portions of the larger planned project that does not constitute an eligible use. In this case, the "project" for SLFRF purposes under this program would be only the eligible use component of the larger project. For example, a recipient government may use SLFRF funds to subsidize the production of affordable housing units as a response to the pandemic and its negative economic impacts and use other funds to build other parts of a larger development that contains these affordable units.

4.9. May funds be used to make loans or other extensions of credit ("loans") to support an eligible use?

Yes. SLFRF funds may be used to make loans, provided that the loan supports an activity that is an eligible use of funds, the SLFRF funds used to make the loan are obligated by December 31, 2024 and expended by December 31, 2026, and the cost of the loan is tracked and reported in accordance with the points below. For example, a recipient may, consistent with the requirements of the interim final rule and final rule, use funds to finance the construction of affordable housing, or to finance a necessary investment in water, sewer or broadband.

Funds must be used to cover "costs incurred" by the recipient between March 3, 2021, and December 31, 2024, and funds must be expended by December 31, 2026. Accordingly, recipients must be able to determine the amount of funds used to make a loan.

- For loans that mature or are forgiven on or before December 31, 2026, the recipient must account for the use of funds on a cash flow basis, consistent with the approach to loans taken in the Coronavirus Relief Fund.
 - Recipients may use SLFRF funds to fund the principal of the loan and in that

case must track repayment of principal and interest (i.e., “program income,” as defined under 2 CFR 200).

- When the loan is made, recipients must report the principal of the loan as an expense.
- Repayment of principal may be re-used only for eligible uses and subject to restrictions on timing of use of funds. Interest payments received prior to the end of the period of performance will be considered an addition to the total award and may be used for any purpose that is an eligible use of funds. Recipients are not subject to restrictions under 2 CFR 200.307(e)(1) with respect to such payments.
- For loans with maturities longer than December 31, 2026, the recipient may use funds for only the projected cost of the loan.
 - Recipients can project the cost of the loan by estimating the subsidy cost. The subsidy cost is the estimated present value of the cash flows from the recipient (excluding administrative expenses) less the estimated present value of the cash flows to the recipient resulting from a loan, discounted at the recipient’s cost of funding and discounted to the time when the loan is disbursed. The cash flows are the contractual cash flows adjusted for expected deviations from the contract terms (delinquencies, defaults, prepayments, and other factors). A recipient’s cost of funding can be determined based on the interest rates of securities with a similar maturity to the cash flow being discounted that were either (i) recently issued by the recipient or (ii) recently issued by a unit of state, local, or Tribal government similar to the recipient.
 - Alternatively, recipients may treat the cost of the loan as equal to the expected credit losses over the life of the loan based on the Current Expected Credit Loss (CECL) standard. Recipients may measure projected losses either once, at the time the loan is extended, or annually over the period of performance.
 - Under either approach for measuring the amount of funds used to make loans with maturities longer than December 31, 2026, recipients would not be subject to restrictions under 2 CFR 200.307(e)(1) and need not separately track repayment of principal or interest.
 - Additionally, recipients may use funds for eligible administrative expenses incurred in the period of performance, which include the reasonable administrative expenses associated with a loan made in whole, or in part, with funds. See section IV.E of the final rule.
- Contributions to Revolving Loan Funds. A recipient may contribute funds to a revolving loan fund if the loaned SLFRF funds are restricted to financing eligible

uses under the public health emergency/negative economic impacts, premium pay, and necessary water, sewer and broadband categories (or under the government services category if the contribution to the revolving fund is made using revenue loss funds). The funds contributed using SLFRF funds must be limited to the projected cost of loans made over the life of the revolving loan fund, following the approach described above for loans with maturities longer than December 31, 2026.

- Loans funded with SLFRF funds under the revenue loss eligible use category. Notwithstanding the above, if a recipient uses revenue loss funds to fund a loan, whether or not the maturity of the loan is after December 31, 2026, the loaned funds may be considered to be expended at the point of disbursement to the borrower, and repayments on such loans are not subject to program income rules. Similarly, any contribution of revenue loss funds to a revolving loan fund may also follow the approach of loans funded under the revenue loss eligible use category.
- Loans to fund investments in affordable housing projects. Notwithstanding the above requirements for loans with maturities beyond December 31, 2026, Treasury has determined that SLFRF funds may be used to finance certain loans that finance affordable housing investments, as it is typical for state and local governments to finance such investments through loans and because the features of these loans significantly mitigate concerns about funds being deployed for purposes of recycling funds, potentially for ineligible uses, following the SLFRF program's expenditure deadline. Specifically, under the "public health and negative economic impacts" eligible use category, recipients may use SLFRF funds to make loans to finance affordable housing projects, funding the full principal amount of the loan, if the loan and project meet the following requirements:
 - The loan has a term of not less than 20 years;
 - The affordable housing project being financed has an affordability period of not less than 20 years after the project or assisted units are available for occupancy after having received the SLFRF investment; and
 - For loans to finance projects expected to be eligible for the low-income housing credit (LIHTC) under section 42 of the Internal Revenue Code of 1986 (the Code),
 - the project owner must agree, as a condition for accepting such a loan, to waive any right to request a qualified contract (as defined in section 42(h)(6)(F) of the Code); and
 - the project owner must agree to repay any loaned funds to the entity that originated the loan at the time the project becomes non-compliant, including if such project ceases to satisfy the requirements to be a qualified low-income housing project (as defined in section 42(g) of the Code) or a qualified residential rental project (as defined in section 142(d) of the Code), or if such project fails to comply with any of the requirements of the extended low-income housing commitment that

are described in section 42(h)(6)(B)(i)-(iv) of the Code.

Loans that fund investments in affordable housing projects under the public health and negative economic impacts eligible use category and meet the above criteria may be considered to be expended at the point of disbursement to the borrower, and repayments on such loans are not subject to program income rules. Loan modifications are permitted if the modifications do not result in repayment of all or substantially all funds to the lender prior to the end of the affordability period. To reduce administrative complexity, the start date of the 20-year affordability covenant may conform to the start date of other covenants on the same project or units that are required by another source of federal or state funding associated with the project or units.

4.10. May funds be used for outreach to increase uptake of federal assistance like the Child Tax Credit or federal programs like SNAP?

Yes. Eligible uses to address negative economic impacts include “assistance accessing or applying for public benefits or services.” This can include benefits navigators or marketing efforts to increase consumer uptake of federal tax credits, benefits, or assistance programs that respond to negative economic impacts of the pandemic.” Of note, per the final rule, allowable uses of funds for evaluations may also include other types of program evaluations focused on program improvement and evidence building.

5. Eligible Uses – Premium Pay

5.1. What criteria should recipients use in identifying workers to receive premium pay?

SLFRF may be used to provide premium pay to eligible workers performing essential work during the pandemic or to provide grants to eligible employers that have eligible workers who perform essential work. Premium pay may be awarded to eligible workers up to \$13 per hour. Premium pay must be in addition to wages or remuneration (i.e., compensation) the eligible worker otherwise receives. Premium pay may not exceed \$25,000 for any single worker during the program.

Premium pay must be responsive to eligible workers performing essential work during the pandemic, and like the interim final rule, the final rule emphasizes the need for recipients to prioritize premium pay for lower-income workers. Premium pay that would go to a worker whose total pay is above 150% of the greater of the state or county average annual wage for all occupations (with or without the premium) requires specific justification for how it responds to the needs of these workers unless that worker is not exempt from the Fair Labor Standards Act overtime provisions.

For a detailed description of what constitutes an eligible worker and essential work as well other premium pay requirements, please see pages 35-36 of the Overview of the

Final Rule.

5.2. May recipients provide premium pay retroactively for work already performed?

Yes. Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic. SLFRF funds may not be used to reimburse a recipient or eligible employer grantee for premium pay or hazard pay already received by the employee. To make retroactive premium payments funded with SLFRF funds, a recipient or eligible employer grantee must make a new cash outlay for the premium payments and the payments must be in addition to any wages or remuneration the eligible worker already received.

5.3. Can SLFRF be used to pay for benefits and taxes associated with premium pay wages?

Premium pay is taxable as wage income, and therefore, employers are encouraged to treat the premium pay earned by the employee just as they would other wage income and withhold from the additional pay any required taxes. For further guidance, please see the FAQ published by the IRS on SLFRF.

5.4. Does non-base compensation, such as overtime, count toward the 150% pay threshold? Is the 150% threshold calculated based off of income only from the awarding employer or from an employee's total yearly compensation?

Yes, non-base compensation, including overtime and bonuses, counts toward the 150% pay threshold; however, the 150% pay threshold does *not* take into account other sources of income earned by an employee (e.g., income from a second job). For an hourly employee, or an employee that does not have a year's worth of earnings, an employer should extrapolate the hourly wage at an annual rate by multiplying the hourly rate by forty hours per week and then by fifty-two weeks per year.

6. Eligible Uses – Water, Sewer, and Broadband Infrastructure

6.1. What types of water and sewer projects are eligible uses of funds?

Eligible water and sewer projects are outlined on pages 37-38 of the Overview of the Final Rule. Under the interim final rule, SLFRF funds could be used to fund projects that would be eligible under EPA's Clean Water State Revolving Fund or Drinking Water State Revolving Fund. With broadened eligibility under the final rule, SLFRF funds may also be used to fund additional types of projects — such as additional stormwater infrastructure, residential wells, lead remediation, and certain rehabilitations of dams and reservoirs — beyond the CWSRF and DWSRF, if they are found to be “necessary” according to the definition provided in the final rule and outlined on page 38 of the Overview.

6.2. May recipients use funds as a non-federal match for the Clean Water State

Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF)?

Per [FAQ #4.6](#), SLFRF funds available for the provision of government services, up to the amount of the recipient's reduction in revenue due to the public health emergency (the revenue loss eligible use category), may be used to meet the non-federal cost-share or matching requirements of other federal programs, including the CWSRF and DWSRF programs administered by the EPA. Per [FAQ #4.9](#), loans funded under the revenue loss eligible use category may be deemed expended at the point of disbursement. Thus, recipients using SLFRF funds available under revenue loss for non-federal matching requirements for the DWSRF or CWSRF may consider funds expended at the point the recipient makes the deposit into the State Revolving Funds. Recipients using SLFRF funds available under revenue loss should log projects under expenditure category 6.2.

As further noted in [FAQ #4.6](#), SLFRF funds beyond those that are available under the revenue loss eligible use category may not be used to meet the non-federal match or cost-share requirements of other federal programs, other than as specifically provided for by statute. Recipients using funds under the eligible use category for water and sewer infrastructure may not use funds as a state match for the CWSRF and DWSRF.

6.3. Does the National Environmental Policy Act (NEPA) apply to projects funded with SLFRF funds?

NEPA does not apply to Treasury's administration of the funds, including funds expended under the revenue loss, public health and negative economic impacts, and water, sewer, and broadband infrastructure eligible use categories. Projects supported with payments from the funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs or have certain federal licensing or registration requirements.

6.4. What types of broadband projects are eligible uses of funds?

Recipients are required to design projects that, upon completion, reliably meet or exceed symmetrical 100 Mbps download and upload speeds where practicable. More details on eligible broadband projects, including eligible areas for investment and the affordability requirement, are outlined on pages 39-40 of the [Overview of the Final Rule](#).

6.5. For broadband investments, may recipients use funds for related programs such as cybersecurity or digital literacy training?

Yes. In the final rule, Treasury maintained the enumerated eligible use for assistance to households for internet access and digital literacy programs. Recipients may use funds to provide assistance to households facing negative economic impacts due to the pandemic, including digital literacy training and other programs that promote access to the Internet.

SLFRF may be used for modernization of cybersecurity for existing and new broadband infrastructure, regardless of their speed delivery standards. This includes modernization of

hardware and software. Under the final rule, recipients may also invest in general cybersecurity upgrades, unrelated to broadband infrastructure, under the revenue loss eligible use category.

6.6. Do I need pre-approval for my water, sewer, or broadband project?

See [FAQ #4.4](#). Generally, recipients are not required to submit planned expenditures for prior approval by Treasury and recipients are subject to the requirements and guidelines for eligible uses contained in the final rule.

While recipients must ensure that water and sewer infrastructure projects pursued are eligible under the final rule, recipients are not required to obtain project pre-approval from Treasury or any other federal agency when using SLFRF funds for necessary water and sewer infrastructure projects unless otherwise required by federal law. For projects that are being pursued under the eligibility categories provided through the DWSRF or CWSRF programs, project eligibilities are based on federal project categories and definitions for the programs and not on each state's eligibility or definitions. While reference in the final rule to the DWSRF, CWSRF, or other federal water programs is provided to assist recipients in understanding the types of water and sewer infrastructure projects eligible to be funded with SLFRF, recipients do not need to apply for funding from the applicable state programs or through any federal water program. Similarly, besides eligible project categories, the final rule does not incorporate other program requirements or guidance that attach to the DWSRF, CWSRF, or other federal water programs. However, as noted above, recipients should be aware of other federal or state laws or regulations that may apply to construction projects or water and sewer projects, independent of SLFRF funding conditions, and that may require preapproval from another federal or state agency.

6.7. For broadband infrastructure investments, what are eligible areas of investment?

Recipients are encouraged to prioritize projects that are designed to serve locations without access to reliable wireline 100/20 Mbps broadband service, but are broadly able to invest in projects designed to provide service to locations with an identified need for additional broadband investment. For more details, see page 39 of the [Overview of the Final Rule](#).

6.8. May recipients use payments from the SLFRF for “middle mile” broadband projects?

Yes. Under the final rule, recipients may use payments from the SLFRF for “middle-mile projects,” but Treasury encourages recipients to focus on projects that will achieve last-mile connections—whether by focusing on funding last-mile projects or by ensuring that funded middle-mile projects have potential or partnered last-mile networks that could or would leverage the middle-mile network.

6.9. For broadband infrastructure investments, what does the requirement to “reliably” meet or exceed a broadband speed threshold mean?

See page 39 of the Overview of the Final Rule, as well as pages 4419-4420 of the final rule.

6.10. May recipients use funds for pre-project development for eligible water, sewer, and broadband projects?

Yes. To determine whether funds can be used on pre-project development for an eligible water or sewer project, recipients should consult whether the pre-project development use or cost is eligible under the Drinking Water and Clean Water State Revolving Funds (DWSRF and CWSRF, respectively). Generally, the CWSRF and DWSRF often allow for pre-project development costs that are tied to an eligible project, as well as those that are reasonably expected to lead to a project. For example, the DWSRF allows for planning and evaluations uses, as well as numerous pre-project development costs, including costs associated with obtaining project authorization, planning and design, and project start-up like training and warranty for equipment. Likewise, the CWSRF allows for broad pre-project development, including planning and assessment activities, such as cost and effectiveness analyses, water/energy audits and conservation plans, and capital improvement plans.

Similarly, pre-project development uses and costs for broadband projects should be tied to an eligible broadband project or reasonably expected to lead to such a project. For example, pre-project costs associated with planning and engineering for an eligible broadband infrastructure build-out is considered an eligible use of funds, as well as technical assistance and evaluations that would reasonably be expected to lead to commencement of an eligible project (e.g., broadband mapping for the purposes of finding an eligible area for investment).

All funds must be obligated by recipients within the statutory period between March 3, 2021 and December 31, 2024, and expended to cover such obligations by December 31, 2026.

6.11. May funds be used to support energy or electrification infrastructure that would be used to power new water treatment plants and wastewater systems?

The EPA's Overview of Clean Water State Revolving Fund Eligibilities describes eligible energy-related projects. This includes a "[p]ro rata share of capital costs of offsite clean energy facilities that provide power to a treatment works." Thus, SLFRF funds may be used to finance the generation and delivery of clean power to a wastewater system or a water treatment plant on a pro-rata basis. If the wastewater system or water treatment plant is the sole user of the clean energy, the full cost would be considered an eligible use of funds. If the clean energy provider provides power to other entities, only the proportionate share used by the water treatment plant or wastewater system would be an eligible use of funds.

6.12. How should states and local governments assess whether a stormwater management project, such as a culvert replacement, is an eligible project?

Pages 37-38 of the Overview of the Final Rule describe the overall approach that recipients must take to evaluate the eligibility of water or sewer projects. With broadened eligibility under the final rule, a wide range of culvert repair, resizing, and removal, replacement of storm sewers, and additional types of stormwater infrastructure are eligible projects, as outlined further in the final rule.

6.13. May recipients use funds for road repairs and upgrades that occur in connection with an eligible water or sewer project?

Yes, recipients may use SLFRF funds for road repairs and upgrades directly related to an eligible water or sewer project. For example, a recipient could use funds to repair or repave a road following eligible sewer repair work beneath it. However, use of funds for general infrastructure projects is subject to the limitations described in [FAQ #8.1](#). Water and sewer infrastructure projects are often a single component of a broader transportation infrastructure project, for example, the implementation of stormwater infrastructure to meet Clean Water Act established water quality standards. In this example, the components of the infrastructure project that interact directly with the stormwater infrastructure project may be funded by SLFRF funds.

6.14. May funds be used to build or upgrade broadband connections to schools or libraries?

As outlined in the final rule, recipients may use SLFRF funds to invest in broadband infrastructure that, where practicable, is designed to deliver service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps to households or businesses with an identified need for additional broadband investment. “Businesses” in this context refers broadly to include non-residential users of broadband, including private businesses and institutions that serve the public, such as schools, libraries, healthcare facilities, and public safety organizations.

6.15. Are eligible water, sewer, and broadband infrastructure projects, eligible capital expenditures under the public health and negative economic impacts eligible use category, and eligible projects under the revenue loss eligible use category subject to the Davis-Bacon Act?

The Davis-Bacon Act requirements (prevailing wage rates) do not apply to projects funded solely with award funds from the SLFRF program, except for SLFRF-funded construction projects undertaken by the District of Columbia. The Davis-Bacon Act specifically applies to the District of Columbia when it uses federal funds (SLFRF funds or otherwise) to enter into contracts over \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Recipients may be otherwise subject to the requirements of the Davis-Bacon Act when SLFRF award funds are used on a construction project in conjunction with funds from another federal program that requires enforcement of the Davis-Bacon Act. Additionally, corollary state prevailing-wage-in-construction laws (commonly known as “baby Davis-Bacon Acts”) may apply to projects. Please refer to

FAQ #4.8 concerning projects funded with both SLFRF funds and other sources of funding.

Treasury has indicated in its final rule that it is important that capital expenditure projects and necessary investments in water, sewer, or broadband infrastructure be carried out in ways that produce high-quality results, avert disruptive and costly delays, and promote efficiency. Treasury encourages recipients to ensure that capital expenditure projects and water, sewer, and broadband projects use strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions, not only to promote effective and efficient delivery of high-quality projects, but also to support the economic recovery through strong employment opportunities for workers. Using these practices in projects may help to ensure a reliable supply of skilled labor that would minimize disruptions, such as those associated with labor disputes or workplace injuries.

Treasury has also indicated in its reporting guidance that recipients will need to provide documentation of wages and labor standards for capital expenditure projects and infrastructure projects over \$10 million, and that these requirements can be met with certifications that the project is in compliance with the Davis-Bacon Act (or related state laws, commonly known as “baby Davis-Bacon Acts”) and subject to a project labor agreement. Please refer to the Reporting and Compliance Guidance for more detailed information on the reporting requirement.

6.16. What is the difference between using funds for eligible water and sewer projects and using funds under revenue loss for non-federal match for the Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF)?

As noted in FAQ #6.1 and the Overview of the Final Rule, eligible projects that a recipient may fund under the water and sewer infrastructure eligible use category of SLFRF include eligible projects under EPA’s CWSRF and EPA’s DWSRF. Recipients may also fund certain additional projects, including a wide set of lead remediation, stormwater infrastructure, and aid for private wells and septic units. Per FAQ #6.6, recipients spending SLFRF funds under the water and sewer eligible use category are not required to obtain project pre-approval from Treasury or any other federal agency unless otherwise required by federal law.

Projects that recipients undertake with SLFRF funds under the water and sewer eligible use category are separate and distinct from projects that a recipient manages through their CWSRF and DWSRF. As noted in FAQ #4.6 and FAQ #6.2, recipients may use funds under the revenue loss eligible use category for non-federal matching requirements, including for EPA’s Clean Water State Revolving Fund and EPA’s Drinking Water State Revolving Fund. By contrast, funds spent under the water and sewer infrastructure eligible use category may not be used to meet non-federal matching requirements.

6.17. Can SLFRF funds be used to pay for the replacement or placement of utility poles under the water, sewer, and broadband infrastructure eligible use category?

Under the water, sewer, and broadband infrastructure eligible use category, the replacement or placement of utility poles is eligible when it is directly related to or part of an eligible SLFRF infrastructure project, such as an eligible SLFRF broadband infrastructure project that is consistent with Treasury's final rule. The use of SLFRF funds to fund a project for which the only purpose is to pay for the replacement or placement of utility poles is not an eligible use under the water, sewer, broadband infrastructure eligible use category.

6.18. Do the Buy America Preference requirements for infrastructure projects apply to awards made under the SLFRF program?

Awards made under the SLFRF program are not subject to the Buy America Preference requirements set forth in section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act, Pub. L. 117-58.

6.19. Do the Buy America Preference requirements for infrastructure projects apply to SLFRF-funded projects if they are supplemented with funding from other federal financial assistance programs?

Infrastructure projects funded solely with SLFRF award funds are not subject to the Buy America Preference requirements set forth in section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act, Pub. L. 117-58. SLFRF recipients may be otherwise subject to the Buy America Preference requirements when SLFRF award funds are used on an infrastructure project in conjunction with funds from other federal programs that require compliance with the Buy America Preference requirements. Recipients are advised to consult with the other federal agencies administering federal financial assistance that is being blended or braided with SLFRF funds regarding the applicability of the Buy America Preference requirements.

6.20. Does Section 106 of the National Historic Preservation Act (NHPA) apply to projects funded with SLFRF funds?

Section 106 of the NHPA does not apply to Treasury's administration of SLFRF funds, including funds expended under the revenue loss, public health and negative economic impacts, and water, sewer, and broadband infrastructure eligible use categories. Projects supported with payments from the funds may still be subject to Section 106 of the NHPA if they involve participation from other federal agencies, including funding from other federal financial assistance programs, or are subject to receipt of approvals from other federal agencies.

7. Non-Entitlement Units (NEUs)

Answers to frequently asked questions on distribution of funds to NEUs can be found in this [FAQ supplement](#).

8. Ineligible Uses

8.1. May recipients use funds to replenish a budget stabilization fund, rainy day fund, or similar reserve account?

No. Funds made available to respond to the public health emergency and its negative economic impacts are intended to help meet pandemic response needs and provide immediate stabilization for households and businesses. Contributions to rainy day funds and similar reserve funds would not address these needs or respond to the COVID-19 public health emergency, but would rather be savings for future spending needs. Similarly, funds made available for the provision of governmental services (to the extent of reduction in revenue) are intended to support direct provision of services to citizens. Contributions to rainy day funds are not considered provision of government services, since such expenses do not directly relate to the provision of government services.

8.2. What is meant by a pension “deposit”? Can governments use funds for routine pension contributions for employees whose payroll and covered benefits are eligible expenses?

In the context of the restriction on deposits into pension funds, “deposit” means an extraordinary payment of an accrued, unfunded liability. The term deposit does not refer to routine contributions made by an employer to pension funds as part of the employer’s obligations related to payroll, such as either a pension contribution consisting of a normal cost component related to current employees or a component addressing the amortization of unfunded liabilities calculated by reference to the employer’s payroll costs.

In general, if an employee’s wages and salaries are an eligible use of SLFRF funds, recipients may treat the employee’s covered benefits as an eligible use of funds.

8.3. May recipients use Fiscal Recovery Funds to fund Other Post-Employment Benefits (OPEB)?

OPEB refers to benefits other than pensions (see, e.g., Governmental Accounting Standards Board, “Other Post-Employment Benefits”). Treasury has determined that Sections 602(c)(2)(B) and 603(c)(2) of the Social Security Act, which refer only to deposits to pensions funds, do not prohibit SLFRF recipients from funding OPEB. Recipients may use funds for eligible uses, and a recipient seeking to use SLFRF funds for OPEB contributions would need to justify those contributions under one of the four eligible use categories.

9. Reporting

Recipients should consult the Recipient Compliance and Reporting Responsibilities [page on Treasury’s website](#) to access the latest Compliance and Reporting Guidance. Recipients

should consult this guidance for additional detail and clarification on recipients' compliance and reporting responsibilities. User guides, which also contain FAQs pertaining to reporting, are provided for additional information.

10. Miscellaneous

10.1. Are recipients required to remit interest earned on SLFRF payments made by Treasury?

No. SLFRF payments made by Treasury to states, territories, and the District of Columbia are not subject to the requirement of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR Part 205 to remit interest to Treasury. SLFRF payments made by Treasury to local governments and Tribes are not subject to the requirements of 2 CFR 200.305(b)(8) and (9) to maintain SLFRF award funds in an interest-bearing account and remit interest earned above \$500 on such payments to Treasury. Moreover, interest earned on SLFRF award funds is not subject to program restrictions. Finally, states may retain interest on payments made by Treasury to the state for distribution to NEUs that is earned before funds are distributed to NEUs, provided that the state adheres to the statutory requirements and Treasury's guidance regarding the distribution of funds to NEUs. Such interest is also not subject to program restrictions.

Among other things, states and other recipients may use earned income to defray the administrative expenses of the program, including with respect to NEUs.

10.2. May recipients use funds to cover the costs of consultants to assist with managing and administering the funds?

Yes. Recipients may use funds for administering the SLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.

11. Operations

11.1. How do I know if my entity is eligible?

The American Rescue Plan Act of 2021 set forth the jurisdictions eligible to receive funds under the SLFRF program, which are:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities (typically, but not always, those with populations over 50,000)
- Non-entitlement units of local government, or smaller local governments

(typically, but not always, those with populations under 50,000)

11.2. How does an eligible entity request payment?

Eligible entities (other than non-entitlement units) must submit their information to the Treasury Submission Portal. Please visit the Coronavirus State and Local Fiscal Recovery Fund website for more information on the submission process.

11.3. I cannot log into the Treasury Submission Portal or am having trouble navigating it. Who can help me?

If you have questions about the Treasury Submission Portal or for technical support, please email covidreliefitsupport@treasury.gov.

11.4. What do I need to do to receive my payment?

All eligible payees are required to have a Unique Entity ID (UEI) as part of registration in addition to maintaining an active registration in the System for Award Management (SAM) (<https://www.sam.gov>).

Eligible payees must have a bank account enabled for Automated Clearing House (ACH) direct deposit. Payees with a Wire account are encouraged to provide that information as well.

More information on these and all program pre-submission requirements can be found on the SLFRF website.

11.5. Why is Treasury employing ID.me for the Treasury Submission Portal?

ID.me is only required for submitting applications for funding in the Treasury Portal. ID.me is not required for users accessing the Treasury portal to complete reporting.

ID.me provides secure digital identity verification to those government agencies and healthcare providers to validate the individual entity – and block fraudulent attempts to access online services. All personally identifiable information provided to ID.me is encrypted and disclosed only with the express consent of the user. Please refer to ID.me Contact Support for assistance with your ID.me account. Their support website is <https://help.id.me>.

11.6. Why is an entity not on the list of eligible entities in the Treasury Submission Portal?

The ARPA lays out which governments are eligible for payments. The list of entities within the Treasury Submission Portal includes entities eligible to receive a direct

payment of funds from Treasury, which include states (defined to include the District of Columbia), territories, Tribal governments, counties, and metropolitan cities.

Eligible non-entitlement units of local government will receive a distribution of funds from their respective state government and should not submit information to the Treasury Submission Portal.

If you believe an entity has been mistakenly left off the eligible entity list, please email SLFRF@treasury.gov.

11.7. What is an Authorized Representative?

An Authorized Representative is an individual with legal authority to bind the government entity (e.g., the Chief Executive Officer of the government entity). An Authorized Representative must sign the Acceptance of Award terms for it to be valid.

11.8. How do I know the status of my request for funds (submission)?

Entities can check the status of their submission at any time by logging into the [Treasury Submission Portal](#).

11.9. My Treasury Submission Portal submission requires additional information/correction. What is the process for that?

If your Authorized Representative has not yet signed the award terms, you can edit your submission within the [Treasury Submission Portal](#). If your Authorized Representative has signed the award terms, please email SLFRF@treasury.gov to request assistance with updating your information.

11.10. My request for funds was denied. How do I find out why it was denied or appeal the decision?

Please check to ensure that no one else from your entity has applied, causing a duplicate submission. Please also review the list of all eligible entities on the [Coronavirus State and Local Fiscal Recovery Fund website](#).

If you still have questions regarding your submission, please email SLFRF@treasury.gov.

11.11. When will entities get their money?

Before Treasury is able to execute a payment, a representative of an eligible government must submit the government's information for verification through the [Treasury Submission Portal](#). The verification process takes approximately four business days. If

any errors are identified, the designated point of contact for the government will be contacted via email to correct the information before the payment can proceed. Once verification is complete, the designated point of contact of the eligible government will receive an email notifying them that their submission has been verified. Payments are generally scheduled for the next business day after this verification email, though funds may not be available immediately due to processing time of their financial institution.

11.12. How does a local government entity provide Treasury with a notice of transfer of funds to its State?

For more information on how to provide Treasury with notice of transfer to a state, please email SLRedirectFunds@treasury.gov.

12. Tribal Governments

12.1. Do Treasury's pandemic recovery program awards terms and conditions impose civil rights laws on Tribes?

The award terms and conditions for Treasury's pandemic recovery programs, including SLFRF, do not impose antidiscrimination requirements on Tribal governments beyond what would otherwise apply under federal law. Treasury has amended its reporting requirements with respect to the SLFRF, Treasury's Emergency Rental Assistance Program, and Homeowner Assistance Fund to reflect this clarification.

12.2. How does a Tribal government determine its allocation?

Tribal governments received information about their allocation when their submission to the Treasury Submission Portal was confirmed to be complete and accurate.

13. Uniform Guidance

13.1. What provisions of the Uniform Guidance for grants apply to these funds? Will the Single Audit requirements apply?

Most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, including the Cost Principles and Single Audit Act requirements. Recipients should refer to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program. The Assistance Listing will be available at <https://sam.gov/fal/7cecfdef62dc42729a3fdcd449bd62b8/view>.

For information related to Single Audit requirements specifically, please refer to the [Compliance Supplement materials](#) released by the Office of Management and Budget.

13.2. Do federal procurement requirements apply to SLFRF?

Yes. The procurement standards for federal financial assistance are located in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200.317 through 2 CFR 200.327 and apply to procurements using SLFRF funds. Pursuant to 2 CFR 200.317, recipients that are non-state entities, such as, metropolitan cities, counties, non-entitlement units of local government, and Tribes must comply with the procurement standards set forth in 2 CFR 200.318, through 2 CFR 200.327, when using their SLFRF award funds to procure goods and services to carry out the objectives of their SLFRF award. States, the District of Columbia, and U.S. Territories must follow their own procurement policies pursuant to 2 CFR 200.317, as well as comply with the procurement standards set forth at 2 CFR 200.321 through 2 CFR 200.323, and 2 CFR 200.327 when using their SLFRF award funds to procure goods and services to carry out the objectives of their SLFRF award. *See also* SLFRF Award Terms and Conditions.

Recipients are prohibited from using SLFRF funds to enter into subawards and contracts with parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs. *See* 2 CFR 200.214.

Moreover, a contract made under emergency circumstances under the Coronavirus Relief Fund (CRF) cannot automatically be transferred over to SLFRF. These programs are subject to different treatment under the Uniform Guidance. Under the CRF program, recipients are permitted to use their own procurement policies to acquire goods and services to implement the objectives of the CRF award. Under the SLFRF program, recipients are required to follow the procurement standards set out in 2 CFR Part 200 (Uniform Guidance) pursuant to the SLFRF Award Terms and Conditions executed by the recipients in connection with their SLFRF awards.

13.3. What is the threshold for competitive bidding for my government?

As stated above, recipients are required to comply with the procurement standards set forth in 2 CFR 200.317 through 2 CFR 200.327 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Pursuant to 2 CFR 200.317, States, the District of Columbia, and U.S. Territories should refer to the competitive bidding thresholds described in their own procurement policies and procedures. Other non-federal entities, such as metropolitan cities, counties, non-entitlement units of local government, and Tribes must adhere to the competitive bidding thresholds set forth in 2 CFR 200.320 for the relevant procurement methods.

2 CFR 200.320 describes methods of procurement based on two procurement thresholds. There are two thresholds that recipients should keep in mind related to procurement requirements: the Micro purchase threshold (MPT) and the Simplified Acquisition Threshold (SAT).

Micro-purchase threshold (MPT) - 2 CFR 200.320(a)(1): Purchase of supplies and services for a price below the MPT, currently set at \$10,000, are not required to be solicited competitively. However, there are circumstances when a recipient may have a MPT that is greater than \$10,000. For example, all non-Federal entities may increase their MPT up to

\$50,000 if they follow the protocols described in 200.320(a)(1)(iv). Additionally, non-federal entities such as metropolitan cities, counties, non-entitlement units of local government, and Tribes may use their own MPT if they follow the protocols described in 200.320(a)(1)(iv).

Simplified Acquisition Threshold (SAT) - 2 CFR 200.320(a)(2): Purchases of property and services at a price above the recipient's MPT and below the SAT, currently set at \$250,000, may be made following the small purchase procedures described in the definition of SAT in 2 CFR 200.1 and 2 CFR 200.320(a)(2). Procurement of property and services at a price above the SAT must follow the formal procurement methods outlined in 2 CFR 200.320(b).

13.4. Can a recipient prequalify firms for projects funded with SLFRF?

The Uniform Guidance permits recipients to use prequalified lists of persons, firms, or products so long as a list is current and includes enough qualified sources to ensure maximum open and free competition. The Uniform Guidance does not specifically define the term "current" for purposes of 2 CFR 200.319(e), and Treasury has not adopted additional guidance regarding this requirement as it applies to the SLFRF. As such, recipients must determine when a prequalified list would be sufficiently current, and a recipient must not preclude potential bidders from qualifying during the solicitation period. See 2 CFR 200.319(e). Furthermore, recipients may not utilize this provision to evade conducting their procurement transactions in a manner that provides for full and open competition.

Recipients should be mindful that other provisions of the Uniform Guidance inform the procurement requirements. For example, metropolitan cities, counties, non-entitlement units of local government, and Tribes must have and use documented procurement procedures, consistent with binding State, local, and Tribal laws and regulations. See 2 CFR 200.318(a).

13.5. Where can one find the most current information on assuring minority-owned businesses are included in the awards process?

The most up-to-date information on assuring that minority-owned businesses are included in the procurement process is located in 2 CFR 200.321, *Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms*.

13.6. Is there certain language that needs to be included in a bidding package?

Treasury does not require that there be specific language included in bidding packages, but SLFRF recipients must ensure all contracts made with SLFRF award funds contain the applicable contract provisions listed in 2 CFR Part 200, Appendix II.

13.7. Are recipients allowed to leverage existing contracts?

Recipients may leverage existing contracts for SLFRF activities if the existing contracts conform to the procurement standards in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200 (Uniform Guidance). States, the District of Columbia, and U.S. Territories must follow their own procurement policies pursuant to 2 CFR 200.317 as well as comply with the procurement standards set forth at 2 CFR 200.321 through 2 CFR 200.323, and 2 CFR 200.327. All other recipients must follow 2 CFR 200.318, *General procurement standards*, through 200.327, *Contract provisions*.

13.8. Would an interlocal agreement—an agreement entered into between governments to effectuate an eligible use of the funds—or a cooperative purchase agreement need to be bid out?

States, the District of Columbia, and U.S. Territories must follow their own procurement policies pursuant to 2 CFR 200.317 as well as comply with the procurement standards set forth at 2 CFR 200.321 through 2 CFR 200.323, and 2 CFR 200.327. All other recipients must follow 2 CFR 200.318, *General procurement standards*, through 200.327, *Contract provisions*.

Recipients should consult the applicable procurement standards or policies to determine whether a cooperative purchase agreement must be bid out. Information on when competition is required and when exceptions to competition are permitted are located in 2 CFR 200.319, *Competition*, and 2 CFR 200.320, *Methods of procurement to be followed*.

It is permissible for recipients to use interlocal agreements but procurement standards set forth in the Uniform Guidance may still apply.

13.9. How is a “contract” different than a “subaward”?

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200 (Uniform Guidance) provides definitions for “contract” and “subaward.” A *contract* is a legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program under a federal award. A *subaward* is distinct from a contract in that a subaward is an award provided by a recipient of a federal award to a subrecipient to carry out part of a federal award on behalf of the recipient. Recipients may make subawards through any form of legal agreement, including an agreement that the recipient considers a contract. See 2 CFR 200.331 for more information on the differences between contracts and subawards.

13.10. What other background laws must recipients comply with?

SLFRF recipients must comply with all laws outlined in the SLFRF Award Terms and Conditions that the recipients accepted in connection with their SLFRF award and all other applicable executive orders, federal statutes, and regulations in carrying out their SLFRF award. Recipients must also provide for such compliance by other parties in any agreements it enters into with other parties relating to the award. The award terms listed

specific statutes and regulations that apply to the award, but the award terms made clear that these lists were not exclusive. Particularly in the case of the SLFRF, it's not possible to enumerate the full list of federal statutes, regulations and executive orders that may be applicable to the award given that the range of eligible uses of funds is so broad, including the provision of government services.

13.11. How does Treasury treat program income?

Per 2 CFR 200.307, Treasury is specifying here that recipients may add program income to the Federal award. Any program income generated from SLFRF funds must be used for the purposes and under the conditions of the Federal award.

Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds **is not** program income. For more information on what constitutes "Program Income" please see 2 CFR 200.1.

13.12. Does COVID-19 and the national emergency qualify as "exigency" as a special circumstance under 2 CFR 200.320 (c) in which a noncompetitive procurement can be used? If so, may a contract utilizing this special circumstance have a term that extends beyond the national emergency? For example, may the County execute a contract (without going through a competitive solicitation) immediately with a contractor to provide services with a term through the end of 2024, relying upon this special circumstance?

The COVID-19 public health emergency does not itself qualify as a "public exigency or emergency" under 2 CFR 200.320 (c). In other words, a recipient may not justify a noncompetitive procurement simply on the basis that the procurement is conducted during the public health emergency or that the project is in response to the public health emergency.

Instead, the recipient must make its own assessment as to whether in the case of a particular project there is a public exigency or emergency that "will not permit a delay resulting from publicizing a competitive solicitation."

13.13. What compliance and reporting requirements apply to subrecipients and beneficiaries?

As detailed in Treasury's Compliance and Reporting Guidance (pg. 11), subrecipients are required to comply with all of the restrictions applicable to recipients, including audit requirements under the Single Audit Act, whereas beneficiaries are not subject to these requirements. The distinction between subrecipients and beneficiaries is addressed in the

supplemental information to Treasury's final rule.⁵ For example, when recipients of SLFRF funds provide award funds to individuals or entities as a result of experiencing a public health or negative economic impact of the pandemic, those receiving such funding are beneficiaries of the funds. In contrast, when recipients provide award funds to an entity to carry out a program in response to the public health emergency or its negative economic impacts, the entities receiving such funding are subrecipients.

Treasury requires recipients to report detailed information in the Treasury reporting portal as part of the Project and Expenditure Report regarding subrecipients that receive subawards of \$50,000 or more and certain beneficiaries that receive direct payments of \$50,000 or more in SLFRF funds. Requirements for this reporting can be found in the Compliance and Reporting Guidance (pg. 21).

Recipients are not required to separately identify payments to specific individuals receiving funds as beneficiaries in the Project and Expenditure Report. Those funds must be reported in the aggregate as part of the "Payments to Individuals" section.

As in the case of reporting under the Coronavirus Relief Fund, information on both beneficiaries and subrecipients will be collected in a single form in the Project and Expenditure Report.

13.14. Do recipients need to report subrecipient information for the revenue loss eligible use category?

No. Treasury is not collecting subaward data for projects categorized under Expenditure Category Group 6 "Revenue Replacement." Treasury has determined that there are no subawards under this eligible use category. The definition of subrecipient in the Uniform Guidance provides that a subaward is provided for the purpose of "carrying out" a portion of a federal award. Recipients' use of revenue loss funds does not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award.

13.15. Which requirements of the Uniform Guidance apply to revenue loss funds?

Under the statute and the final rule, recipients may use SLFRF funds for the provision of government services up to the amount of their revenue loss due to the pandemic. Under the final rule, recipients may either calculate their revenue loss amount using a formula provided in the rule or elect up to a \$10 million "standard allowance" of revenue loss over the life of the program. Recipients have considerable flexibility to use SLFRF revenue loss funds on activities to address the diverse needs of their communities, as discussed in FAQ 3.2, but may not use the funds for the following ineligible uses:

- Offset a reduction in net tax revenue (applicable to states and territories)
- Make a deposit into a pension fund (applicable to all recipients except Tribes)

⁵ Coronavirus State and Local Fiscal Recovery Funds, 87 FR 4338, 4394.

- Service debt or replenish financial reserves (e.g., “rainy day funds”) (applicable to all recipients)
- Satisfy settlements and judgments (applicable to all recipients)
- Fund programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19 (applicable to all recipients)

In-depth descriptions of the ineligible uses can be found in the “Restrictions on Use” section of the Coronavirus State and Local Fiscal Recovery Funds: Overview of the Final Rule.

The SLFRF award terms and conditions provide that the requirements of the Uniform Guidance, 2 C.F.R. Part 200, apply to SLFRF awards other than such provisions as Treasury may determine are inapplicable to the award and subject to such exceptions as may be otherwise provided. The 2022 Compliance Supplement also provided that the requirements of 2 C.F.R. Part 200 are applicable unless stated otherwise. As such, recipients are required to follow Subparts A, B, C, and F of the Uniform Guidance for expenses categorized under Expenditure Category 6 “Revenue Replacement.” However, given the purpose and very broad scope of eligible uses of the revenue replacement funds, only a subset of the requirements in Subparts D and E of the Uniform Guidance apply to recipients’ use of such funds. The applicable requirements are listed below. In general, these requirements provide that recipients should not deviate from their established practices and policies regarding the incurrence of costs, and that they should expend and account for the funds in accordance with laws and procedures for expending and accounting for the recipient’s own funds.⁶ Recipients’ use of revenue replacement funds remains subject to the other applicable requirements of the SLFRF program, including among other things the deadlines for obligations and expenditures and the application of federal antidiscrimination requirements.

Uniform Guidance Subpart D and E Requirements Applicable to Revenue Loss Funds Used for the Provision of Government Services

Subpart D Post Federal Award Requirements

- 200.300 Statutory and national policy requirements.
- 200.302 Financial management.
- 200.303 Internal controls.
- 200.328 Financial reporting.
- 200.329 Monitoring and reporting program performance.
- Record Retention and Access (2 C.F.R. 200.334 – 200.338)
 - 200.334 Retention requirements for records.
 - 200.335 Requests for transfer of records.
 - 200.336 Methods for collection, transmission, and storage of information.
 - 200.337 Access to records.
 - 200.338 Restrictions on public access to records.

⁶ Cf. 2 CFR 200.302(a), 2 CFR 200.404(e).

- Remedies for Noncompliance (2 C.F.R. 200.339 – 200.343)
Note: These sections will apply to Treasury's administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply these provisions with respect to subrecipient relationships.
 - 200.339 Remedies for noncompliance.
 - 200.340 Termination.
 - 200.341 Notification of termination requirement.
 - 200.342 Opportunities to object, hearings, and appeals.
 - 200.343 Effects of suspension and termination.
- 200.344 Closeout.
Note: This section will apply to Treasury's administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply this provision with respect to subrecipient relationships.
- 200.345 Post-closeout adjustments and continuing responsibilities.
Note: This section will apply to Treasury's administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply this provision with respect to subrecipient relationships.
- 200.346 Collection of amounts due.

The program income requirements of 2 CFR 200.307 do not apply under revenue loss eligible use category. As such, recipients may maintain program income, which will not be considered an addition to the federal award.

Consistent with the Uniform Guidance, if SLFRF is to be used to cover a cost incurred by a recipient, the cost must be one that is allowable. In determining whether a cost is allowable for purposes of funds used under the revenue loss eligible use category, only the following factors and requirements apply:

Subpart E – Cost Principles

- 200.400(a) - (c), and (e) Policy guide.
- 200.403(a), (c), (d), (g), and (h) Factors affecting allowability of costs.
- 200.404(e) Reasonable costs.

13.16. What are the use and disposition requirements for assets purchased with SLFRF funds?

SLFRF funds may be used to acquire real and personal property, supplies, and equipment. For example, a recipient may use SLFRF funds to, among other things, construct or renovate affordable housing, childcare facilities, schools, and hospitals under the eligible use category for responding to the public health emergency or its negative economic impacts pursuant to Treasury's implementing Final Rule, 31 CFR 35.6(b), and to make investments in water, sewer, and broadband infrastructure pursuant to Final Rule, 31 CFR 35.6(e).

Except for property, supplies, or equipment acquired using revenue loss funds, recipients must follow the applicable provisions of the Uniform Guidance regarding property standards (2 CFR 200.310-316), subject to the requirements set out in this FAQ.

During the period of performance, a recipient may use property, supplies, or equipment purchased or improved with SLFRF funds for a purpose other than the purpose for which it was purchased or improved if such other purpose is also consistent with the eligible use requirements. If a recipient changes the use of an asset to an ineligible use or sells the asset prior to the end of the period of performance, then the recipient must follow the disposition procedures in the Uniform Guidance. *See* 2 CFR 200.311, 200.313, 200.314, and 200.315.

After the period of performance, the property, supplies, or equipment must be used consistent with the purpose for which it was purchased or improved or for any other eligible purpose in the same category as the purpose reported to Treasury as of the final reporting period, as set forth in the table below.

Category	Use Requirements
Public Health and Assistance to Households and Individuals	Property, supplies, or equipment last reported as being used to respond to the public health impacts of the public health emergency, as outlined in 31 CFR 35.6(b)(3)(i), or being used for the provision of services to households provided in 31 CFR 35.6(b)(3)(ii)(A), are authorized to fulfill any eligible use of funds provided in these subparagraphs of the Final Rule.
Assistance to Small Businesses, Nonprofits, and Impacted Industries	Property, supplies, or equipment last reported as being used for the provision of services to small businesses, nonprofits, and impacted industries outlined in 31 CFR 35.6(b)(3)(ii)(B)-(D) are authorized to fulfill any eligible use of funds outlined in the public health and negative economic impacts eligible use category.
Water, Sewer, or Broadband Infrastructure	Property, supplies, or equipment last reported as being used to make investments in water, sewer, or broadband infrastructure pursuant to 31 CFR 35.6(e) are authorized to fulfill any eligible use of funds outlined in the water, sewer, and broadband infrastructure eligible use category.
Government Services/Revenue Loss	Property, supplies, or equipment acquired with revenue loss funds are exempt from the use and disposition requirements of the Uniform Guidance, regardless of award size.
Premium Pay	N/A

If an asset's use shifts within the parameters of the eligible purpose according to this table after the period of performance, no repayment would be required. For example, converting a hospital to a behavioral health facility would qualify as being used for the eligible purpose because both expenditures respond to the public health impacts of the public health emergency, as outlined in 31 CFR 35.6(b)(3)(i), so reimbursement to Treasury would be unnecessary.

If an asset's use shifts outside the parameters of the eligible purpose according to this table after the period of performance, then the recipient or subrecipient must follow the disposition procedures in the Uniform Guidance. *See* 2 CFR 200.311, 200.313, 200.314, and 200.315.

Recipients are responsible for being able to substantiate their determinations on whether the use of an asset is authorized and maintain a record of that determination in accordance with the requirements set forth in the financial assistance agreement accepted in connection with their award. Recipients are not required to seek or obtain the approval of Treasury prior to changing the use within the parameters of the authorized purpose.

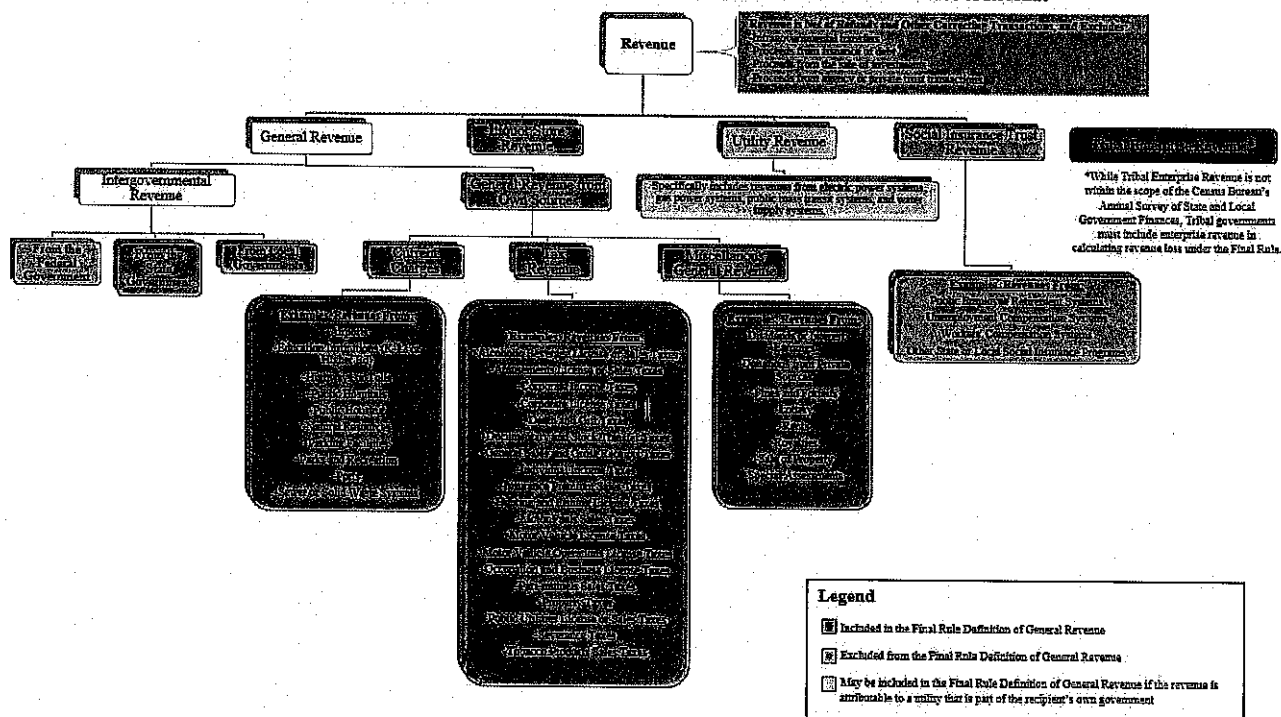
13.17. In the definition of “obligation” in the final rule, what does Treasury mean by “similar transactions that require payment?”

As stated in the final rule, obligation means “an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment.” See 31 CFR 35.3.

As contemplated by this definition, Treasury recognizes that recipients may obligate funds through means other than contracts or subawards, for example in the case of payroll costs. In these circumstances, recipients must follow state or local law and their own established practices and policies regarding when they are considered to have incurred an obligation and how those obligations are documented. For example, a recipient may have incurred an obligation even though the recipient and its employee may not have entered into an employment contract.

Appendix

Final Rule Definition of General Revenue Within the Census Bureau Classification Structure of Revenue



Source: U.S. Bureau of the Census Government Finance and Employment Classification Manual, 2006; Annual Survey of State and Local Government Finances

AGENDA NOTE

New Business Item #1

MEETING DATE: January 23, 2023

PERSON PLACING ITEM ON AGENDA: Patricia Tiernan, Finance and Benefit Administrator

AGENDA TOPIC: GASB 74/75 Actuarial Valuation for Fiscal Year Ending June 30, 2022

EXPLANATION OF TOPIC: The City of South Lyon engaged The Howard E. Nyhart Company Inc. to collect data and prepare a comprehensive actuarial valuation report based upon the requirements of GASB 74/75 for Fiscal Year Ending June 30, 2022. Page 31 of the Valuation includes PA 202 Uniform Assumptions Disclosures that were filed with the State of Michigan. The New Entrant Normal Cost Exhibit for employees hired after July 30, 2018 is listed on Page 32 of the Valuation. The Actuarially Determined Contributions for Fiscal Year 2022-2023 is \$63,467. The City budgeted a contribution of \$72,000 toward the MERS Retiree Health Funding Vehicle OPEB Trust.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: GASB 74/75 Actuarial Valuation for Fiscal Year Ending June 30, 2022. MERS Retiree Health Funding Vehicle Investment Statement as of 9-30-2022.

POSSIBLE COURSES OF ACTION: No action required.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
1134 MUNICIPAL WAY
LANSING, MI 48917



PERIOD
07.01.2022 —
09.30.2022

CALL CENTER 800.767.MERS (6377)
WWW.MERSOFMICH.COM

YOUR TOTAL ACCOUNT BALANCE

\$184,831.29

CITY OF SOUTH LYON
CITY OF SOUTH LYON



ACCOUNT SUMMARY

	RHFV
Beginning Balance on 07.01.2022	\$194,764.81
Contributions	0.00
Gain/Loss	(9,843.95)
Distributions	0.00
Fees/Expenses	(89.57)
Other	0.00
Ending Balance on 09.30.2022	\$184,831.29
Your Personal Rate of Return¹	
This Period	-5.06%
Year To Date	-16.14%

MESSAGE CENTER

Market Volatility

Volatility in the market is a hot topic these days. Did you know MERS has resources to help you navigate these uncertain times?

- Our market volatility resource website is full of information to help you better understand historical market performance and tips to focus on during challenging times.
- The Inside MERS Investments podcast offers a look at MERS investments. Topics of previous and upcoming episodes include exploring market performance, future forecasting and how the MERS investment strategy adjusts to meet long-range goals.

More information on both of these resources is available on the MERS website at www.mersofmich.com.

¹Your personal rate of return is calculated using the Modified Dietz Method which assumes a constant rate for the period, weighting each cash flow by the time held and relative balances in each investment.



INVESTMENT PERFORMANCE

Election	Fund Name (Ticker)	Fund Balance (\$)	Annualized Total Return			Expense Ratio ³	Admin Expense	Fund Type
			1 Year	5 Year	10 Year ²			
100.00%	MERS TOTAL MARKET PORTFOLIO (MSZF1)	\$184,831.29	(13.44%)	4.15%	6.11%	0.28%	0.18%	Moderately Conservative Balanced
	MERS DIVERS BOND PORT (0/100) (MRLD1)		(12.52%)	(0.43%)	0.96%	0.05%	0.18%	Global Bonds
	INTERNATIONAL STOCK INDEX (MRMA)		(25.90%)	(1.36%)	3.17%	0.08%	0.18%	Diversified International Equities
	EMERGING MARKET STOCK (SSBRC)		(29.13%)	(2.85%)	N/A	0.17%	0.18%	Emerging Market Equities
	MERS GLOBAL STOCK PORT (100/0) (SSBR5)		(21.91%)	3.39%	N/A	0.06%	0.18%	Global Equities
	LARGE CAP STOCK INDEX (SSBR9)		(15.47%)	9.17%	11.54%	0.05%	0.18%	Large Cap Core Equities
	MERS EST MARKET PORT (60/40) (MRLB1)		(18.18%)	2.06%	5.23%	0.06%	0.18%	Moderately Aggressive Balanced
	MID CAP STOCK INDEX (SSBRA)		(15.24%)	5.87%	10.05%	0.05%	0.18%	Mid Cap Core
	SMALL CAP STOCK INDEX (SSBRB)		(18.61%)	5.23%	N/A	0.05%	0.18%	Small Cap Core Equities

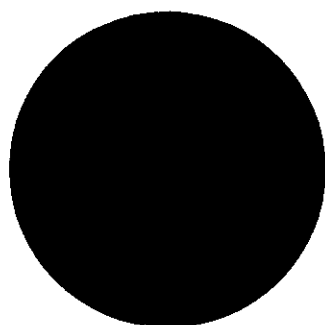
Log in to your online account to see fund benchmarks and fund performance less than one year.

² Since inception if 10-year return not available.

³ Expense ratios include fund management fees, 12b-1 fees, 12b-1 fees and other fund expenses. They do not reflect waivers, fee reimbursements, or plan level fees for advice, management or administrative services, if any.

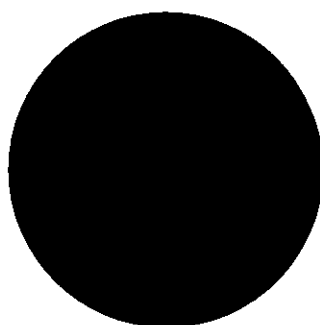
ASSET ALLOCATION

INVESTMENT ELECTION



■ Moderately Conservative
Balanced (100.0%)

ACCOUNT BALANCE



■ Moderately Conservative
Balanced (100.0%)

You should periodically review the asset allocation of your account to ensure that it reflects your investment goals. In doing so, you should consider these important aspects of your account:

Investment Election: Shows your instructions for the investment of all new deposits to your account from all sources (e.g., your 401(k) deferral, company contributions, or rollovers). The percentages listed above will be used to purchase investments proportionately with each deposit.

Account Balance: Shows the value of your investments as a percentage of the total account as of the period end date. These percentages change as the value of each investment fluctuates. You may change these investments by realigning your account balance, transferring a specific amount, or setting up an automated account realignment.

Disclosures

Returns

Returns are presented after the Investment Expense. Returns for periods greater than one year are annualized. Past performance is no guarantee of future results. Current performance may be higher or lower. Funds are subject to investment risk from a number of sources, including the management style of the fund and market volatility. Markets are volatile and can rise or decline significantly in response to company, political, regulatory, market, or economic developments. A fund's total return, like securities prices generally, will fluctuate within a wide range. As a result, you could lose money over short or even long periods. Funds are also subject to investment-related risk, which is the chance that returns from companies invested in by the fund will trail returns from other asset classes or the overall market.

Fees

The Total Annual Operating Expense consists of MERS operating costs, custody and recordkeeping costs, and investment management expenses.

Diversification

To help achieve a long-term security, you should give careful consideration to the benefits of a well-balanced investment portfolio. Spreading assets among different

types of investment categories can help achieve a favorable rate of return while minimizing overall risk of losing money. This is because market or other economic conditions that cause one category of assets — or particular fund — to perform very well often cause another asset category — or another particular fund — to perform poorly. Diversification is not a guarantee against loss; however, it is an effective strategy to help you manage risk.

This summary is designed to provide descriptive information only. You should research all possible investment choices by reading each fund's summary sheet. MERS, as a governmental plan, is exempted by state and federal law from registration from the SEC. The MERS Funds consist of a portfolio of assets in a separate account in a collective trust, specifically for MERS Plans. Unlike a mutual fund, only the participants in a MERS Plan can invest in the MERS Funds.

It is important to periodically review investments, investment objectives, and investment options on a regular basis.

MERS has made every effort to ensure that the information provided is accurate and up to date. Please see MERS website at mersofmich.com for recent information, or contact MERS at 800.767.MERS (6377).

The products offered: (1) are not FDIC insured, (2) are not deposits or other obligations of the bank or guaranteed by a bank, and (3) involve investment risks, including possible loss of principal amount invested.



GASB 74/75 ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2022

CITY OF SOUTH LYON

CONTACT

Jack Leemhuis, ASA

jack.leemhuis@nyhart.com

PHONE

General (317) 845-3500

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August 9, 2022

Paul Zelenak
City of South Lyon
335 S. Warren
South Lyon, MI 48178

This report summarizes the GASB actuarial valuation for the City of South Lyon 2021/22 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). This report may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

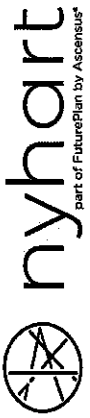
The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.



Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

Should you have any questions please do not hesitate to contact us.

Jack Leemhuis, ASA
Actuary

Cody Kocher, ASA, MAAA
Actuary

Executive Summary

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending June 30, 2022 compared to the prior fiscal year as shown in the City's Notes to Financial Statement.

	As of June 30, 2021		As of June 30, 2022	
Total OPEB Liability	\$	563,268	\$	645,690
Actuarial Value of Assets	\$	(144,995)	\$	(194,765)
Net OPEB Liability	\$	418,273	\$	450,925
Funded Ratio		25.7%		30.2%
	FY 2020/21		FY 2021/22	
OPEB Expense	\$	76,456	\$	42,704
Annual Employer Contributions	\$	180,650	\$	94,011
Actuarially Determined Contribution	\$	78,997	\$	60,192
	As of June 30, 2021		As of June 30, 2022	
Discount Rate		7.35%		7.35%
Expected Return on Assets		7.35%		7.35%
	As of June 30, 2022			
Total Active Participants	43			
Total Retiree Participants	3			

The active participants' number above may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

Executive Summary

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Summary of Results

Below is a breakdown of total GASB 75 liabilities allocated to past and current service compared to the prior year. The table below also provides a breakdown of the Total OPEB Liability allocated to pre- and post-Medicare eligibility. The liability shown below includes explicit (if any) and implicit subsidies. Refer to the Substantive Plan Provisions section for complete information on the Plan Sponsor's GASB subsidies.

Present Value of Future Benefits		As of June 30, 2021	As of June 30, 2022
Active Employees	\$	623,700	\$ 693,071
Retired Employees		103,114	76,882
Total Present Value of Future Benefits	\$	726,814	\$ 769,953

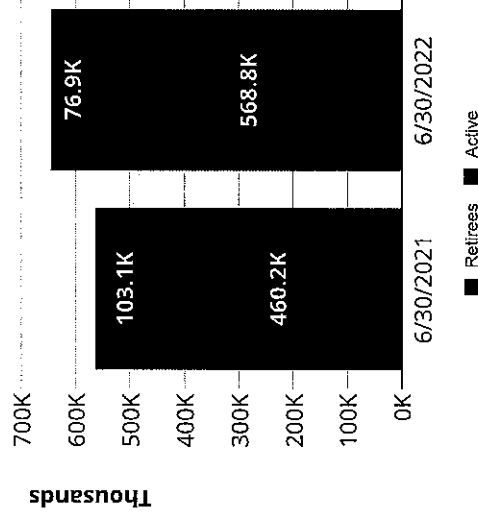
Total OPEB Liability		As of June 30, 2021	As of June 30, 2022
Active Pre-Medicare	\$	460,154	\$ 568,808
Active Post-Medicare		0	0
Active Liability	\$	460,154	\$ 568,808

Retiree Pre-Medicare	\$	103,114	\$ 76,882
Retiree Post-Medicare		0	0
Retiree Liability	\$	103,114	\$ 76,882

Total OPEB Liability	\$	563,268	\$ 645,690
-----------------------------	-----------	----------------	-------------------

Discount Rate		As of June 30, 2021	As of June 30, 2022
		7.35%	7.35%

Changes In Total OPEB Liability



Present Value of Future Benefits (PVFB) is the amount needed as of June 30, 2022 and June 30, 2021, to fully fund the City's retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

Total OPEB Liability is the portion of PVFB considered to be accrued or earned as of June 30, 2022 and June 30, 2021. This amount is a required disclosure in the Required Supplementary Information section.

GASB Disclosures

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
Total OPEB Liability					
Total OPEB Liability - beginning of year	\$ 563,268	\$ 696,587	\$ 545,542	\$ 464,775	\$ 601,126
Service cost	23,561	42,275	28,071	23,545	28,001
Interest	42,265	19,156	19,711	18,637	22,363
Change of benefit terms	0	37,742	0	0	0
Changes in assumptions	10,744	(195,900)	42,861	13,697	(9,871)
Differences between expected and actual experience	29,863	1,061	84,734	38,510	(167,844)
Benefit payments	(24,011)	(37,653)	(24,332)	(13,622)	(9,000)
Net change in total OPEB liability	\$ 82,422	\$ (133,319)	\$ 151,045	\$ 80,767	\$ (136,351)
Total OPEB Liability - end of year	\$ 645,690	\$ 563,268	\$ 696,587	\$ 545,542	\$ 464,775
Plan Fiduciary Net Position					
Plan fiduciary net position - beginning of year	\$ 144,995	\$ 0	\$ 0	\$ 0	\$ 0
Contributions - employer	94,011	180,650	24,332	13,622	9,000
Contributions - active employees	0	0	0	0	0
Net investment income	(19,896)	2,127	0	0	0
Benefit payments	(24,011)	(37,653)	(24,332)	(13,622)	(9,000)
Trust administrative expenses	(334)	(129)	0	0	0
Net change in plan fiduciary net position	\$ 49,770	\$ 144,995	\$ 0	\$ 0	\$ 0
Plan fiduciary net position - end of year	\$ 194,765	\$ 144,995	\$ 0	\$ 0	\$ 0
Net OPEB Liability - end of year					
	\$ 450,925	\$ 418,273	\$ 696,587	\$ 545,542	\$ 464,775
Plan fiduciary net position as % of total OPEB liability	30.2%	25.7%	0.0%	0.0%	0.0%
Covered employee payroll	\$ 2,906,807	\$ 2,855,707	\$ 2,633,383	\$ 2,705,916	\$ 2,084,986
Net OPEB liability as % of covered payroll	15.5%	14.6%	26.5%	20.2%	22.3%

GASB Disclosures

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the City's financial statements.

	FY 2021/22		FY 2020/21	
Actuarially Determined Contribution (ADC)	\$	60,192	\$	78,997
Contributions in relation to the ADC		94,011		180,650
Contribution deficiency/(excess)	\$	(33,819)	\$	(101,653)
Covered employee payroll	\$	2,906,807	\$	2,855,707
Contribution as a % of covered payroll		3.2%		6.3%

GASB Disclosures

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

OPEB Expense

OPEB Expense	FY 2021/22		FY 2020/21
Discount Rate			
Beginning of year	7.35%		2.66%
End of year	7.35%		7.35%
Service cost	\$ 23,561	\$	42,275
Interest	42,265		19,156
Change of benefit terms	0		37,742
Projected earnings on OPEB plan investments	(13,172)		(1,888)
Reduction for contributions from active employees	0		0
OPEB plan administrative expenses	334		129
Current period recognition of deferred outflows / (inflows) of resources			
Differences between expected and actual experience	\$ (2,488)	\$	(5,474)
Changes in assumptions	(14,362)		(15,436)
Net difference between projected and actual earnings on OPEB plan investments	6,566		(48)
Total current period recognition	\$ (10,284)	\$	(20,958)
Total OPEB expense	\$ 42,704	\$	76,456

GASB Disclosures

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2022
June 30, 2018	\$ (167,844)	10	\$ (16,784)	\$ (83,924)
June 30, 2019	\$ 38,510	11	\$ 3,501	\$ 24,506
June 30, 2020	\$ 84,734	11	\$ 7,703	\$ 61,625
June 30, 2021	\$ 1,061	10	\$ 106	\$ 849
June 30, 2022	\$ 29,863	10	\$ 2,986	\$ 26,877

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2022
June 30, 2018	\$ (9,871)	10	\$ (987)	\$ (4,936)
June 30, 2019	\$ 13,697	11	\$ 1,245	\$ 8,717
June 30, 2020	\$ 42,861	11	\$ 3,896	\$ 31,173
June 30, 2021	\$ (195,900)	10	\$ (19,590)	\$ (156,720)
June 30, 2022	\$ 10,744	10	\$ 1,074	\$ 9,670

GASB Disclosures

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Deferred Outflows / (Inflows) of Resources (Continued)

Net Difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2022
June 30, 2018	\$ 0	N/A	\$ 0	\$ 0
June 30, 2019	\$ 0	N/A	\$ 0	\$ 0
June 30, 2020	\$ 0	N/A	\$ 0	\$ 0
June 30, 2021	\$ (239)	5	\$ (48)	\$ (143)
June 30, 2022	\$ 33,068	5	\$ 6,614	\$ 26,454

As of fiscal year ending June 30, 2022	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 113,857	\$ (83,924)
Changes in assumptions	49,560	(161,656)
Net difference between projected and actual earnings in OPEB plan investments	26,311	0
Total	\$ 189,728	\$ (245,580)

Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2022 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2023	\$ (10,284)
2024	\$ (10,284)
2025	\$ (10,283)
2026	\$ (10,238)
2027	\$ (16,855)
Thereafter	\$ 2,092

GASB Disclosures

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Sensitivity Results

The following presents the Net OPEB Liability as of June 30, 2022, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 7.35%.
- The 1% decrease in discount rate would be 6.35%.
- The 1% increase in discount rate would be 8.35%.

As of June 30, 2022	Net OPEB Liability	
1% Decrease	\$	492,180
Current Discount Rate	\$	450,925
1% Increase	\$	412,379

The following presents the Net OPEB Liability as of June 30, 2022, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 7.50%, decreasing to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 6.50%, decreasing to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 8.50%, decreasing to an ultimate rate of 5.50%.

As of June 30, 2022	Net OPEB Liability	
1% Decrease	\$	413,391
Current Trend Rates	\$	450,925
1% Increase	\$	492,565

* HRA trend rate is a flat 2.00%. The sensitivity results above account for a 1% increase/decrease to this rate as well.

GASB Disclosures

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Asset Information

Asset Breakdown		FY 2020/21	FY 2021/22
Assets			
Cash and deposits	\$	0	\$ 0
Securities lending cash collateral		0	0
Total cash	\$	0	\$ 0
Receivables			
Contributions	\$	0	\$ 0
Accrued interest		0	0
Total receivables	\$	0	\$ 0
Investments			
Fixed income	\$	0	\$ 0
Equities		0	0
Mutual Funds		144,995	194,765
Total investments	\$	144,995	\$ 194,765
Total Assets	\$	144,995	\$ 194,765
Liabilities			
Payables			
Investment management fees	\$	0	\$ 0
Securities lending expense		0	0
Total liabilities	\$	0	\$ 0
Net Position Restricted to OPEB	\$	144,995	\$ 194,765

GASB Disclosures

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Asset Information (Continued)

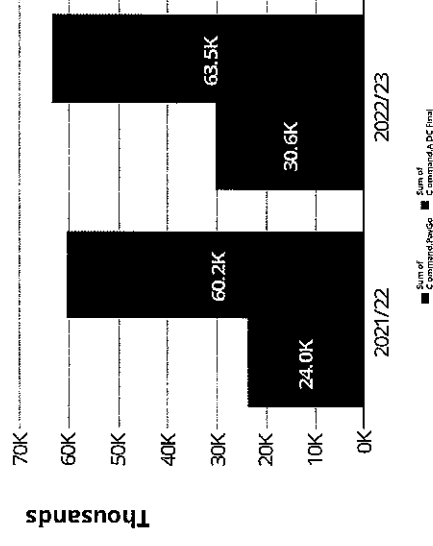
Asset Reconciliation		FY 2020/21	FY 2021/22
Additions			
Contributions Received			
Employer	\$	180,650	\$ 94,011
Active employees		0	0
Total contributions	\$	180,650	\$ 94,011
Investment Income			
Net increase in fair value of investments	\$	2,127	\$ (19,896)
Interest and dividends		0	0
Investment expense, other than from securities lending		0	0
Securities lending income		0	0
Securities lending expense		0	0
Net investment income	\$	2,127	\$ (19,896)
Total additions	\$	182,777	\$ 74,115
Deductions			
Benefit payments	\$	37,653	\$ 24,011
Administrative expenses		129	334
Other		0	0
Total deductions	\$	37,782	\$ 24,345
Net increase in net position	\$	144,995	\$ 49,770
Net position restricted to OPEB			
Beginning of year	\$	0	\$ 144,995
End of year	\$	144,995	\$ 194,765

Actuarially Determined Contributions

City of South Lyon GASB 74/75 Valuation For Fiscal Year Ending June 30, 2022

	FY 2021/22	FY 2022/23
Discount rate (Funding)	7.35%	7.35%
Payroll growth factor used for amortization	N/A	N/A
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization type	Level % of Salary	Level % of Salary
Amortization period (years)	Level Dollar	Level Dollar
	30	29
Actuarial Accrued Liability (AAL) - beginning of year	\$ 563,268	\$ 645,690
Actuarial Value of Assets (AVA) - beginning of year	(144,995)	(194,765)
Unfunded AAL - beginning of year	\$ 418,273	\$ 450,925
Normal Cost	\$ 23,561	\$ 23,722
Amortization of Unfunded AAL	32,510	35,400
Total normal cost plus amortization	\$ 56,071	\$ 59,122
Interest to end of year	4,121	4,345
Actuarially Determined Contribution - Preliminary	\$ 60,192	\$ 63,467
Expected Benefit Payments	24,011	30,559
Actuarially Determined Contribution - Final	\$ 60,192	\$ 63,467

Cash Vs Accrual Accounting



Actuarially Determined Contribution (ADC) is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

Projection of GASB Disclosures

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

The Total OPEB Liability (TOL) is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the total OPEB liability and whether they increase or decrease the liability.

Expected Events

- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

Unexpected Events

- Increases in TOL when actual health care costs increase more than expected. A liability decrease occurs when the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

Projection of Total OPEB Liability (TOL)		FY 2021/22	FY 2022/23	Projection of Actuarial Value of Assets (AVA)		FY 2021/22	FY 2022/23
TOL as of beginning of year	\$	563,268	\$ 645,690	AVA as of beginning of year	\$	144,995	\$ 194,765
Normal cost as of beginning of year		23,561	23,722	Exp. employer contributions during the year		94,011	63,467
Exp. benefit payments during the year		(24,011)	(30,559)	Exp. benefit payments during the year		(24,011)	(30,559)
Interest adjustment to end of year		42,265	48,099	Expected investment income		13,172	15,487
Exp. TOL as of end of year	\$	605,083	\$ 686,952	Exp. Trust administrative expenses		(334)	(449)
Actuarial Loss / (Gain)		40,607	TBD	Exp. AVA as of end of year	\$	227,833	\$ 242,711
Actual TOL as of end of year	\$	645,690	\$ TBD	Differences between expected and actual experience		(33,068)	TBD
Discount rate as of beginning of year		7.35%	7.35%	AVA as of end of year	\$	194,765	\$ TBD
Discount rate as of end of year		7.35%	TBD	Expected asset return as of beginning of year		7.35%	7.35%
				Expected asset return as of end of year		7.35%	TBD

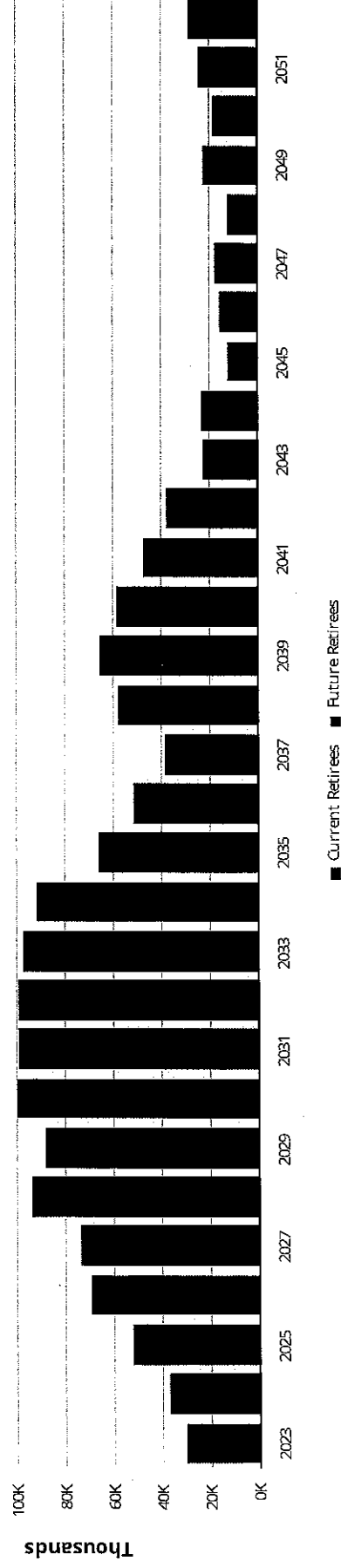
Cash Flow Projections

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next thirty years. Results are shown separately for a closed group of current/future retirees. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees*	Total	FYE	Current Retirees	Future Retirees*	Total	FYE	Current Retirees	Future Retirees*	Total
2023	\$ 22,712	\$ 7,847	\$ 30,559	2033	\$ 0	\$ 97,373	\$ 97,373	2043	\$ 0	\$ 22,570	\$ 22,570
2024	\$ 22,600	\$ 14,736	\$ 37,336	2034	\$ 0	\$ 91,473	\$ 91,473	2044	\$ 0	\$ 23,213	\$ 23,213
2025	\$ 15,754	\$ 36,368	\$ 52,122	2035	\$ 0	\$ 66,537	\$ 66,537	2045	\$ 0	\$ 12,555	\$ 12,555
2026	\$ 15,648	\$ 54,039	\$ 69,687	2036	\$ 0	\$ 51,564	\$ 51,564	2046	\$ 0	\$ 16,135	\$ 16,135
2027	\$ 6,605	\$ 66,979	\$ 73,584	2037	\$ 0	\$ 38,788	\$ 38,788	2047	\$ 0	\$ 17,678	\$ 17,678
2028	\$ 6,557	\$ 87,010	\$ 93,567	2038	\$ 0	\$ 57,853	\$ 57,853	2048	\$ 0	\$ 12,623	\$ 12,623
2029	\$ 0	\$ 88,605	\$ 88,605	2039	\$ 0	\$ 65,240	\$ 65,240	2049	\$ 0	\$ 23,094	\$ 23,094
2030	\$ 0	\$ 99,719	\$ 99,719	2040	\$ 0	\$ 58,463	\$ 58,463	2050	\$ 0	\$ 18,518	\$ 18,518
2031	\$ 0	\$ 99,433	\$ 99,433	2041	\$ 0	\$ 47,923	\$ 47,923	2051	\$ 0	\$ 24,565	\$ 24,565
2032	\$ 0	\$ 99,195	\$ 99,195	2042	\$ 0	\$ 37,813	\$ 37,813	2052	\$ 0	\$ 29,208	\$ 29,208

Projected Employer Pay-go Cost



* Projections for future retirees do not take into account future new hires.

Discussion of Discount Rates

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

1. The long-term expected rate of return on OPEB plan investment is assumed to be 7.35%. As of January 1, 2022, the rate of return of the MERS Total Market Portfolio, where the OPEB Trust is invested, is 7.35%. This was determined using a building block method in which expected future rates of return are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation and includes expected inflation (2.50%). The best estimates of arithmetic returns for each major asset class of the MERS Total Market Portfolio included in the OPEB Plan's target asset allocation as of June 30, 2022 are summarized in the following table.

Asset Class	Target Allocation	L/T Expected Real ROR
Global Equity	60.0%	5.25%
Global Fixed Income	20.0%	1.25%
Private Investments	20.0%	7.25%
Total	100.0%	4.85%

2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Yield as of	July 1, 2021	June 30, 2022
Bond Buyer Go 20-Bond Municipal Bond Index	2.16%	3.54%
S&P Municipal Bond 20-Year High Grade Rate Index	2.19%	4.09%
Fidelity 20-Year Go Municipal Bond Index	1.94%	3.69%
Bond Index Range	1.94% - 2.19%	3.54% - 4.09%

3. With the expectation that the City will contribute the ADC each year, the Trust is expected to be sufficient to pay for all future projected benefit payments, and there will not be a cross-over point. As such, the final equivalent single discount rate used for this year's valuation is 7.35% as of June 30, 2022.

Summary of Plan Participants

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Active Employees

Actives with coverage		Single ¹	Non-Single	Total	Avg. Age	Avg. Svc	Salary
General		9	15	24	47.3	11.6	\$ 1,437,647
Police		3	11	14	46.1	20.6	\$ 1,127,409
Total actives with coverage		12	26	38	46.8	14.9	\$ 2,565,056
Actives without coverage				Total	Avg. Age	Avg. Svc	Salary
Total actives without coverage				5	52.6	11.6	\$ 341,751

Active employees who currently have no coverage are assumed not to elect coverage at retirement. They have been excluded from the GASB valuation.

¹ Single enrollment above includes employee only and employee + child(ren) coverage levels.

Summary of Plan Participants

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Active Age-Service Distribution

Age	Years of Service										Total
	< 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25											0
25 to 29		1									1
30 to 34	1	1	3		1						6
35 to 39		1		1							2
40 to 44	1	1		1	1	1					5
45 to 49		1		2		3					6
50 to 54			2			3	2	3			10
55 to 59		3	1			1		1			6
60 to 64					1	1					2
65 to 69											0
70 & up											0
Total	2	8	6	4	3	9	2	4	0	0	38

Summary of Plan Participants

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Retirees

Retirees with coverage	Single	Non-Single	Total	Avg. Age
General	2		2	*
Police	1		1	*
Total retirees with coverage	3	0	3	60.7

*Average age is shown in aggregate for privacy purposes.

Retiree Age Distribution

Age	Retirees
< 45	
45 to 49	
50 to 54	
55 to 59	1
60 to 64	2
65 to 69	
70 to 74	
75 to 79	
80 to 84	
85 to 89	
90 & up	
Total	3

Substantive Plan Provisions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Eligibility

All employees retiring under Regular, work related disability, or workers compensation retirement are eligible to continue healthcare coverage until age 65. Police Regular retirees are required to have 25 years of service to be eligible for the employer stipend. General retirees have no service requirement.

Spouse Benefit

Spousal coverage continues until the earlier of (1) the date the retiree becomes Medicare eligible and (2) the date the spouse becomes Medicare eligible. Surviving spouses are eligible for COBRA coverage.

Medical Benefits

Same benefits are available to retirees as active employees. The HRA PPO Gold health plan is fully-insured and partially experience-rated. The monthly funding rates vary by age and are effective on July 1, 2022. Rates at sample ages are as shown below.

Age	Rate
55	\$ 632.32
60	\$ 769.55
64	\$ 850.65

Retiree Cost Sharing

Retirees pay for the portion of the premium rates not covered by the City's explicit subsidy.

Explicit Subsidy

Eligible Police retirees from the POAM union receive a stipend of up to \$700 per month for healthcare premiums. Eligible Police retirees from the POLC union receive a stipend of up to \$900 per month for healthcare premiums. Eligible General Retirees receive a stipend of up to \$500 per month for healthcare premiums. To the extent the stipend exceeds the monthly healthcare premiums, the remainder may be used to offset spousal healthcare premiums

HRA

The City funds \$4,000 annually in a health reimbursement account. The cost of this benefit is not included in the healthcare premium funding rates shown above. The flat monthly premium for the HRA benefit as of July 1, 2022 is \$128.44 for single coverage and \$281.72 for two-person coverage.

Actuarial Methods and Assumptions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

The actuarial assumptions used in this report represent a reasonable long-term expectation of future OPEB outcomes. As national economic and City experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

There are changes to the actuarial methods and assumptions since the last GASB valuation, which was for the fiscal year ending June 30, 2020. Refer to Actuary's Notes section for complete information on these changes. For the current year GASB valuation, we have also updated the per capita costs. We expect to update discount rate, health care trend rates, mortality table, and per capita costs again in the next full GASB valuation, which will be for the fiscal year ending June 30, 2024.

Measurement Date

For fiscal year ending June 30, 2022, a June 30, 2022 measurement date was used.

Actuarial Valuation Date

June 30, 2022 with no adjustments to get to the June 30, 2022 measurement date. Liabilities as of July 1, 2021 are based on an actuarial valuation date of July 1, 2020 projected to July 1, 2021 on a "no loss / no gain" basis.

Discount Rate

7.35% as of June 30, 2022 and July 1, 2021 for accounting and funding disclosure purposes.

Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.

The discount rate was chosen by the plan sponsor based on the information provided in the "Discussion of Discount Rates" section above

Actuarial Methods and Assumptions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Payroll Growth

From the MERS actuarial valuation as of December 31, 2020. Sample rates are as follows and include assumed inflation of 3.00%:

Service	Total Salary Growth Rate
0	9.70%
5	4.90%
10	4.10%
15	3.70%
20	3.60%
25	3.40%
30	3.20%
35	3.10%
40+	3.00%

Inflation Rate

3.00% per year

The inflation rate is based on the current economic environment and future expectations.

Cost Method

Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

Employer Funding Policy

Pay-as-you-go cash basis

Census Data

Census information was provided by the City and it was provided in July 2022. We have reviewed it for reasonableness and no material modifications were made to the census data.

Experience Study

Best actuarial practices call for a periodic assumption review and Nyhart recommends the City to complete an actuarial assumption review (also referred to as an experience study) in the future.

Actuarial Methods and Assumptions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Health Care Coverage Election Rate

Active employees with current coverage: 100%
Active employees with no coverage: 0%

Inactive employees with current coverage: 100%
Inactive employees with no coverage: 0%

It is assumed 100% of current and future eligible retirees receive the stipend regardless of whether they have healthcare coverage through the City.

The participation rates are based on City experience.

Spousal Coverage

Spousal coverage for current and future retirees is based on actual data.

Spousal age for current retirees is based on actual data. For future retirees, husbands are assumed to be three years older than wives.

The spousal coverage is based on City experience.

Actuarial Methods and Assumptions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Mortality

General: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021

Police: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021

Disabled General Retirees: SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021

Disabled Police Retirees: SOA Pub-2010 Public Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021

Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021

The plan does not have sufficient data to have credible experience. Therefore, mortality assumptions are set to reflect general population trends based upon Pub-2010 Mortality tables and the most recent generational projection scale MP-2021 released by the Society of Actuaries (SOA) for future mortality improvements.

Disability

From the MERS actuarial valuation as of December 31, 2020. Since 20% of disability incidence are assumed to be work related, we have used 20% of the rates shown in the MERS actuarial valuation. The assumptions from the state-wide valuations provide reasonable estimates for experience for municipal employers such as the City of South Lyon. Sample rates are as follows:

Age	Percent Becoming Disabled (Work Related)
20	0.004%
25	0.004%
30	0.004%
35	0.010%
40	0.016%
45	0.040%
50	0.058%
55	0.076%
60+	0.078%

Actuarial Methods and Assumptions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Turnover Rate

Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months.

The termination rates are based on MERS pension actuarial valuation for FYE December 31, 2020, adjusted by 0.6 for the City's actual experience from 2014 through 2018. Sample annual turnover rates are shown below:

General		Public Safety	
Years of Service	Rate	Years of Service	Rate
0	14.04%	0	8.34%
5	4.98%	5	2.94%
10	3.24%	10	1.92%
15	2.40%	15	1.44%
20	1.86%	20	1.08%
25+	1.56%	25+	0.90%

Retirement Rate

100% at age 58 for Police employees
100% at age 61 for General employees

Health Care Trend Rates

FYE	Medical/Rx	FYE	Medical/Rx
2023	7.5%	2027	5.5%
2024	7.0%	2028	5.0%
2025	6.5%	2029+	4.5%
2026	6.0%		

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

HRA benefit premium is assumed to increase 2.0% per year. General and Police stipends are assumed to remain flat (0% increase).

Retiree Contributions

Retiree contributions are assumed to increase according to health care trend rates.

Actuarial Methods and Assumptions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Per Capita Costs

Annual per capita costs were calculated based on the 2022 funding rates. Since the rates are age appropriate, they have been used without adjustment as shown on page 20. These costs are assumed to increase with health care trend rates.

The HRA benefit per capita cost was based on the HRA monthly premium and was actuarially increased using a retiree load of 1.5. Annual pre-65 HRA per capita costs are as shown below:

Retiree	Spouse
\$ 2,312	\$ 2,759

The per capita costs represent the cost of coverage for a retiree-only population.

Actuarial standards require the recognition of higher inherent costs for a retired population versus an active population.

Explicit Subsidy

The difference between (a) the premium rate and (b) the retiree contribution. Below is an example of the monthly explicit subsidies for a General retiree age 60 with spouse of the same age enrolled in the HRA PPO Gold Plan.

	Premium Rate A	Retiree Contribution B	Explicit Subsidy C = A - B
Retiree	\$ 897.99	\$ 397.99	\$ 500.00
Spouse	\$ 922.83	\$ 922.83	\$ 0.00

Implicit Subsidy

The difference between (a) the per capita cost and (b) the premium rate. Below is an example of the monthly implicit subsidies for a General retiree age 60 with spouse of the same age enrolled in the HRA PPO Gold Plan

	Per Capita Cost A	Premium Rate B	Implicit Subsidy C = A - B
Retiree	\$ 962.21	\$ 897.99	\$ 64.22
Spouse	\$ 999.47	\$ 922.83	\$ 76.64

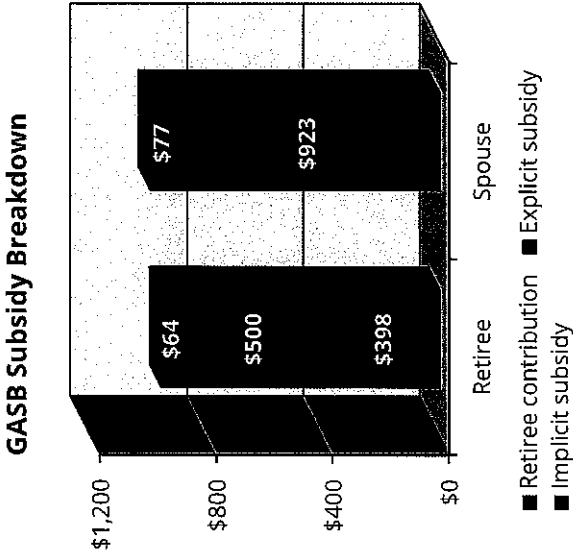
All employers that utilize premium rates based on blended active/retiree claims experience will have an implicit subsidy. There is an exception for Medicare plans using a true community-rated premium rate.

Actuarial Methods and Assumptions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

GASB Subsidy Breakdown

Below is a breakdown of the GASB 75 monthly total cost for a General retiree age 60 with spouse of the same age enrolled in the HRA PPO Gold Plan.

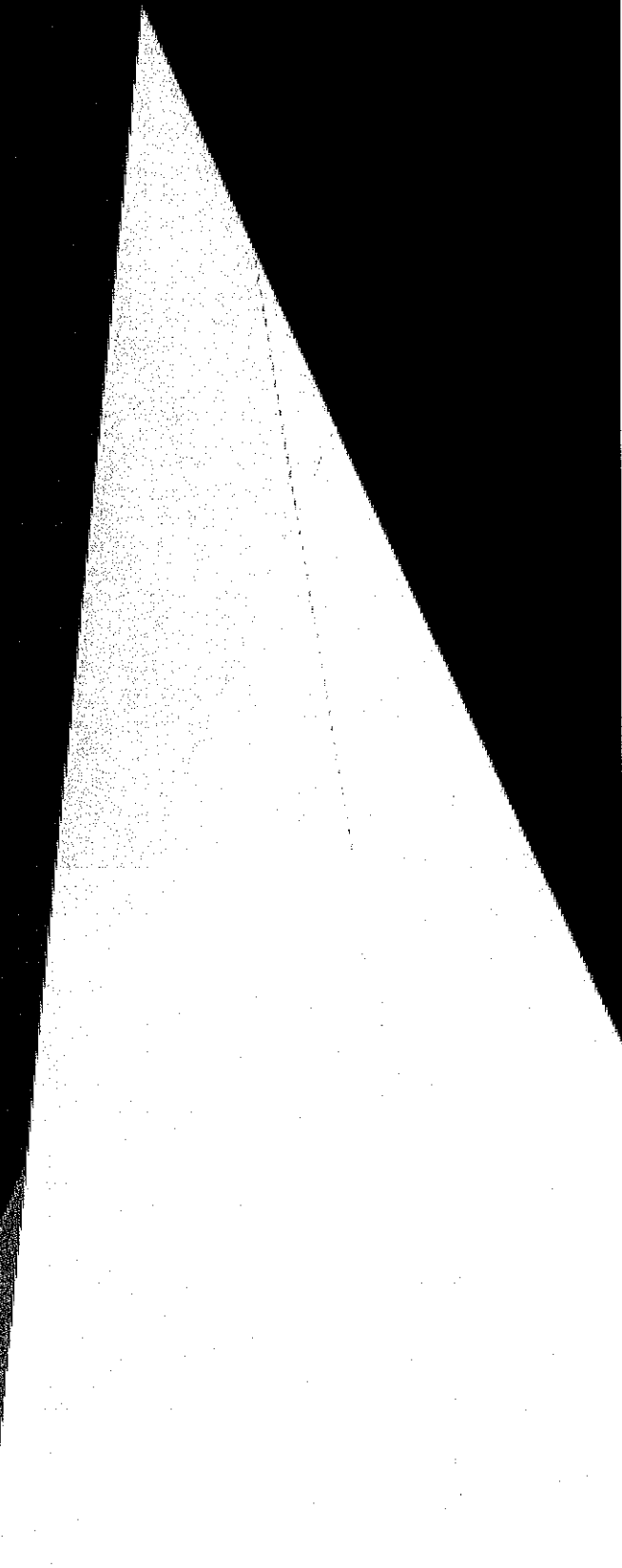


Models

ProVal

Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is appropriate for performing this valuation.

APPENDIX



Appendix

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Comparison of Participant Demographic Information

The active participants' number below may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

	As of June 30, 2020	As of June 30, 2022
Active Participants	42	43
Retired Participants	5	3
Averages for Active		
Age	45.3	47.5
Service	13.2	14.5
Averages for Inactive		
Age	60.9	60.7

Appendix

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Detailed Actuary's Notes

There have been no substantive plan provision changes since the last valuation, which was for the fiscal year ending June 30, 2021.

Per capita costs for 2022 were updated, resulting in a slight increase in liabilities. The updated census data as of June 30, 2022 that was utilized in the valuation resulted in an increase in liabilities.

The following assumptions have been updated since the prior valuation:

1. The mortality assumption has been updated from the SOA MP-2019 mortality improvement scale to the SOA MP-2021 improvement scale. The base mortality tables are unchanged. The impact of this change is a slight increase in liabilities for the City.
2. The termination and payroll growth assumptions have been updated to follow the MERS Actuarial Valuation as of December 31, 2020. The net impact of these changes is an increase in liabilities.
3. Health care trend rates have been updated to an initial rate of 7.50% decreasing by 0.50% per year to an ultimate rate of 4.50%. This change caused a slight increase in liabilities for the City.

Appendix

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

PA 202 Uniform Assumption Disclosures

The information presented below is for the purposes of filing Form No. 5572 under PA 202 uniform assumption requirements. Per regulation, Form No. 5572 must be filed no later than six months after the end of the fiscal year. Governmental fund revenues are not shown below and should be determined by the City. Refer to the Michigan Department of Treasury website for additional information.

Form 5572 Line	Description	City of South Lyon
Line 28	Actuarial Value of Assets as of June 30, 2022	\$194,765
Line 29	Actuarial Accrued Liability as of June 30, 2022	\$665,897
Line 31	Actuarially Determined Contribution (ADC) for fiscal year ending June 30, 2022	\$62,421

Line 31 (Actuarially Determined Contribution) was calculated using level dollar amortization with a 6.85% discount rate. The amortization period is a closed, 26-year period.

Under PA 202 requirements, uniform assumption setting is mandated in reporting of liabilities, assets, and ADC. The following is a description of the PA 202 uniform assumption guidance and final assumption used for the City for purposes of calculating the figures above.

Assumption	Uniform Assumption Guidance	City Assumption
Investment Rate of Return	Maximum of 6.85%	6.85% (for funding/ADC purposes)
Discount Rate	Blended discount rate calculated per GASB 74/75: <ul style="list-style-type: none"> Maximum of 6.85% where plan assets are sufficient to make projected benefit payments 2.16% for periods where assets are insufficient to make projected benefit payments 	6.85% (for calculation of the OPEB liability)
Salary Increase	Minimum of 3.00% or based on actuarial experience study within the past 5 years	Same as GASB 74/75 valuation
Mortality Table	A version of Pub-2010 with Scale MP-2020 generational mortality improvement or based on an actuarial experience study conducted within the past 5 years	Same PUB-2010 tables as GASB 74/75 valuation with Scale MP-2020 generational mortality improvement
Amortization Period	Maximum closed period of 27 years for Retiree Health Care Systems	For FY 2021/22, 27 years on a closed period basis
Asset Valuation	Market Value as reported on Financial Statements	Same as GASB 74/75 valuation
Healthcare Inflation	Non-Medicare: Initial rate of 7.25% decreasing 0.25% per year to a 4.50% long-term rate Medicare: Initial rate of 5.50% decreasing 0.25% per year to a 4.50% long-term rate	Same as PA 202 uniform assumption

Appendix

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

New Entrant Normal Cost Exhibit

Normal Cost was calculated for those employees hired after June 30, 2018, as shown below:

FYE 6/30/2022	
Normal Cost	6,257

The above Normal Cost was calculated using the City's actuarial assumptions shown in the "Actuarial Methods and Assumptions" section of the report.

GLOSSARY

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Glossary – Decrements Exhibit

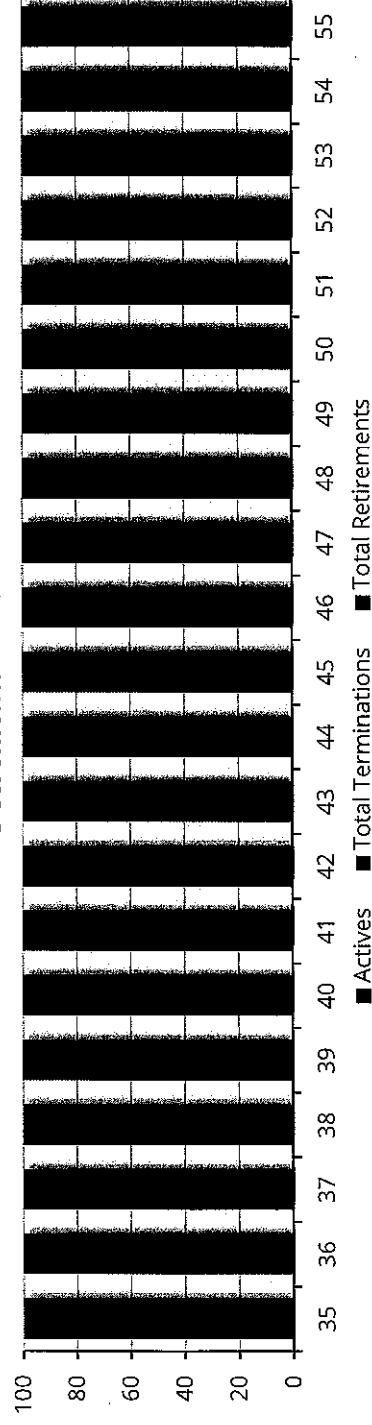
City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. Starting with 100 employees at age 35, the illustrated actuarial assumptions show that 44.43 employees out of the original 100 are expected to retire and could elect retiree health benefits at age 55.

Age	# Remaining Employees	# of Terminations per Year ²	# of Retirements per Year	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

Age	# Remaining Employees	# of Terminations per Year	# of Retirements per Year	Total Decrements
46	55.938	2.085	0.000	2.085
47	53.853	1.866	0.000	1.866
48	51.987	1.656	0.000	1.656
49	50.331	1.452	0.000	1.452
50	48.880	1.253	0.000	1.253
51	47.627	1.060	0.000	1.060
52	46.567	0.877	0.000	0.877
53	45.690	0.707	0.000	0.707
54	44.983	0.553	0.000	0.553
55	44.430	0.000	44.430	44.430

Decrements Exhibit



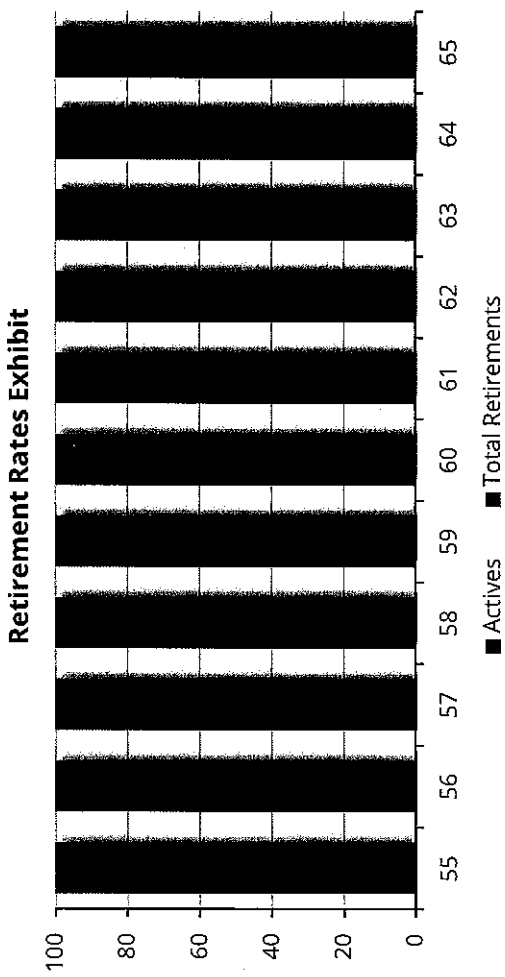
² The above rates are illustrative rates and are not used in our GASB calculations.

Glossary – Retirement Rates Exhibit

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. The illustrated retirement rates show the number of employees who are assumed to retire annually based on 100 employees age 55 who are eligible for retiree health care coverage. The average age at retirement is 62.0.

Age	Active Employees BOY	Annual Retirement Rates*	Retirements per Year	Active Employees EOY
55	100,000	5.0%	5,000	95,000
56	95,000	5.0%	4,750	90,250
57	90,250	5.0%	4,513	85,738
58	85,738	5.0%	4,287	81,451
59	81,451	5.0%	4,073	77,378
60	77,378	5.0%	3,869	73,509
61	73,509	5.0%	3,675	69,834
62	69,834	30.0%	20,950	48,884
63	48,884	15.0%	7,333	41,551
64	41,551	15.0%	6,233	35,318
65	35,318	100.0%	35,318	0,000



* The above rates are illustrative rates and are not used in our GASB calculations.

Glossary – Definitions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

GASB 75 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
2. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of Future Benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Service Cost and a Total OPEB Liability.
3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.
4. **Actuarial Present Value** – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:
 - a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
 - b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
 - c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.
5. **Deferred Outflow / (Inflow) of Resources** – represents the following items that have not been recognized in the OPEB Expense:
 - a. Differences between expected and actual experience of the OPEB plan
 - b. Changes in assumptions
 - c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)
6. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.
7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.

Glossary – Definitions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

8. **Healthcare Cost Trend Rate** – The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
9. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.
10. **OPEB** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.
12. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.
13. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.
14. **Present Value of Future Benefits** – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.
15. **Real Rate of Return** – the rate of return on an investment after adjustment to eliminate inflation.

Glossary – Definitions

City of South Lyon GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that are attributed to a valuation year by the Actuarial Cost Method.
18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.
19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits which is attributed to past periods of employee service (or not provided for by the future Service Costs).

AGENDA NOTE

New Business Item # 2

MEETING DATE: January 23, 2023

PERSON PLACING ITEM ON AGENDA: Patricia Tiernan, Finance and Benefit Administrator

AGENDA TOPIC: Fiscal Year 2022 - 2023 Budget Amendments

EXPLANATION OF TOPIC: Fiscal Year 2022-2023 budget amendments totaling \$8,000 for General Fund Expenditures, \$3,300 for DDA Fund Expenditures, \$27,321 for Drug Forfeiture Fund Expenditures, \$26,175 for Water & Sewer Fund Expenditures and \$29,829 for Equipment Replacement Fund Expenditures.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: Budget Amendment Explanation for General Fund, DDA Fund, Drug Forfeiture Fund, Water & Sewer Fund and Equipment Replacement Fund. Amended Department Budget Spreadsheets.

POSSIBLE COURSES OF ACTION: Approve/Reject the proposed budget amendments.

SUGGESTED MOTION: Motion by _____, supported by _____ to approve the proposed Fiscal Year 2022-2023 budget amendments.

Budget Amendment Explanation

FYE June 30, 2023

General Fund – Expenditures

Administration:

Proposed increase of \$8,000 to Elections account line item (101-222.000-818.000) from \$17,000 to \$25,000. Increase attributed to higher than anticipated election expenses from the November 2022 General Election.

Total Department increase in expenditures: \$8,000.

Total appropriation for General Fund expenditures will increase \$8,092,005 to \$8,100,005.

DDA Fund – Expenditures

Proposed creation of new GL Account Code Farmers Market Promotions (248-000.000-880.600) for promotional activities related to the Farmers Market. Increased marketing activities for the Farmers Market and inclusion of a Winter Market have incurred additional unbudgeted expenditures. The DDA Board has approved to amend the FY2022-2023 DDA Fund Budget in the amount of \$3,300.

Total appropriation for DDA Fund expenditures will increase \$3,300 to \$91,750.

Drug Forfeiture Fund – Expenditures

Proposed increase of \$27,321 to Capital Expenditures account line item (265-000.000-984.000) from \$28,400 to \$55,721. This increase is due to FY2021-2022 budgeted purchase of 2022 Ford F-150 4x4 Truck being delayed until November 2022. Due to timing, the truck expenditure was paid during the FY2022-2023 budget year.

Total appropriation for Drug Forfeiture Fund expenditures will increase \$27,321 to \$55,745.

Water & Sewer Fund – Expenditures

Water Repair:

Proposed increase of \$12,175 to Repairs & Maintenance account line item (592-540.000-930.000) from \$30,000 to \$42,175. This increase is due to a FY2021-2022 Council approved purchase on Agenda Note dated June 13, 2022 for one hundred fire hydrant caps being delayed

until October 2022. Due to a supply issue, the expenditure was paid during the FY2022-2023 budget year.

Total Department increase in expenditures: \$12,175.

Water Department:

Proposed increase of \$7,000 to Telephone account line item (592-556-000.830.000) from \$3,200 to \$10,200. This increase is needed for monthly Badger Meter Cellular Service to water meters at .89 cents per meter for approximately 1,300 meters. Cost split with Sewer Department (557).

Total Department increase in expenditures: \$7,000.

Sewer Department:

Proposed increase of \$7,000 to Telephone account line item (592-557.000-830.000) from \$4,200 to \$11,200. This increase is needed for monthly Badger Meter Cellular Service to meters at .89 cents per meter for approximately 1,300 meters. Cost split with Water Department (556).

Total Department increase in expenditures: \$7,000.

Total appropriation for Water & Sewer Fund expenditures will increase \$26,175 to \$6,826,800.

Equipment Replacement Fund – Expenditures

Proposed increase of \$29,829 to 5-yard Dump/Salt Truck account line item (642-000.000-979.500) due to price increase of cab and chassis from originally budgeted amount of \$195,000. Expenditure increase was approved in City Council Agenda Note dated August 22, 2022.

Total appropriation for Equipment Replacement Fund expenditures will increase \$29,829 to \$303,697.

101-222 GENERAL FUND OPERATION							
ADMINISTRATION							
		Audited	Amended	Adopted	Amended	Proposed	Proposed
Expenditure	Description	2020-2021	2021-2022	2022-2023	2022-2023	2023-2024	2024-2025
702.000	Wages/Salaries	419,979	385,129	403,172	403,172	413,252	423,583
715-720	Fringe Benefits	161,103	164,889	195,249	195,249	200,130	205,133
725.000	OPEB Retiree Health Care Trust	31,983	17,880	16,560	16,560	17,000	17,500
727.000	Office Supplies	5,712	5,600	5,600	5,600	5,600	5,600
740.000	Operating Expense	38,833	44,900	48,000	48,000	49,200	50,430
740.100	Cash Drawer +/-	379	-	-	-	-	-
801.000	Professional Services	513,726	626,590	466,290	466,290	470,000	470,000
802.000	Contractual Services	102,594	129,000	121,271	121,271	118,903	121,876
807.000	Auditor	30,720	40,000	45,000	45,000	46,125	47,278
817.000	Planning Consultant	54,029	65,000	55,000	55,000	56,375	57,784
818.000	Elections	40,533	27,090	17,000	25,000	17,425	17,861
820.000	Computers	18,873	21,000	15,000	15,000	15,375	15,759
826.000	Legal Fees	67,135	70,000	75,000	75,000	76,875	78,797
827.000	Insurance & Bonds	51,351	57,000	57,000	57,000	58,425	59,886
830.000	Memberships & Dues	12,894	13,380	13,380	13,380	13,715	14,057
853.000	Telephone	15,145	23,000	16,000	16,000	16,400	16,810
861.000	Transportation & Mileage	398	5,600	5,000	5,000	5,125	5,253
863.000	Vehicle Maintenance	-	-	500	500	513	525
880.000	Community Promotions	68,574	94,500	96,000	96,000	98,400	100,860
888.000	Grant Expenditures	27,549	-	-	-	-	-
900.000	Printing	4,551	7,000	7,000	7,000	7,175	7,354
900.100	Publishing	5,709	6,000	11,000	11,000	11,275	11,557
920.000	Utilities	28,970	26,650	27,000	27,000	27,675	28,367
931.000	Building Maintenance	3,532	3,000	3,000	3,000	3,075	3,152
957.000	Education/Training	2,451	7,000	6,000	6,000	6,150	6,304
962.000	Miscellaneous Expense	418	1,000	1,000	1,000	1,025	1,051
969.000	Contribution to Community Schools	1,119	-	-	-	-	-
969.200	Contribution-Solid Waste	25,466	43,000	43,000	43,000	44,075	45,177
969.300	Contribution-Comm Schools--A/V Equip.	-	20,000	-	-	-	-
971.100	Beautification	2,866	6,000	5,000	5,000	5,125	5,253
972.000	Capital Improvements	1,697	-	-	-	-	-
974.100	Rental Properties	-	-	-	-	-	-
977.000	Equipment Miscellaneous	-	500	2,500	2,500	2,563	2,627
995.248	Transfer Out to D.D.A.	-	4,000	4,000	4,000	-	-
	TOTAL	1,738,289	1,914,708	1,760,522	1,768,522	1,786,974	1,819,834
Printed:	1/12/2023						

GENERAL FUND OPERATION							
SUMMARY OF EXPENDITURES							
		Audited	Amended	Adopted	Amended	Proposed	Proposed
Expenditure	Description	2020-2021	2021-2022	2022-2023	2022-2023	2023-2024	2024-2025
222	Administration	1,738,289	1,914,708	1,760,522	1,768,522	1,786,974	1,819,834
301	Police	2,734,968	2,887,688	3,279,633	3,279,633	3,368,563	3,456,567
336	Fire	761,323	1,223,403	1,165,896	1,165,896	1,201,693	1,225,049
346	Ambulance	2,304	5,680	5,680	5,680	5,680	5,680
441	Public Works	913,455	1,025,197	1,056,462	1,056,462	1,085,043	1,114,404
567	Cemetery	121,662	147,960	201,241	201,241	207,017	212,961
596	Public Transportation	91,060	87,076	90,000	90,000	91,800	94,095
751	Parks & Recreation	225,016	320,493	462,365	462,365	474,193	486,334
800	Cable	1,044	13,925	13,925	13,925	3,425	3,425
802	Cultural Arts	623	2,975	5,200	5,200	5,200	5,200
803	Historical	25,900	34,125	43,580	43,580	28,210	29,073
820	Veterans Memorial Project	9,498	9,000	7,500	7,500	0	0
	Totals	6,625,143	7,672,230	8,092,005	8,100,005	8,257,798	8,452,621
Printed:	1/13/2023						

248 DOWNTOWN DEVELOPMENT AUTHORITY							
OPERATING FUND							
		Audited	Amended	Adopted	Amended	Proposed	Proposed
Revenue	Description	2020-2021	2021-2022	2022-2023	2022-2023	2023-2024	2024-2025
402.000	Current Property Taxes (Captured)	54,862	51,705	55,083	55,083	56,185	57,308
582.100	Patronicity Funds Economic Development	7,183	-	-	-	-	-
665.000	Interest Income	21	100	-	-	-	-
674.300	Contribution - Gift Certificates	-	500	500	500	500	500
675.100	Contribution - FM Sponsorship Fees	6,273	7,350	7,500	7,500	7,500	7,500
675.200	Contribution - Winter Events	-	2,000	6,000	6,000	6,000	6,000
675.300	Ladies Night Out Sponsorship Fees	-	2,000	4,000	4,000	4,000	4,000
675.410	Contribution - FM Vendor Fees	6,721	6,000	7,500	7,500	7,500	7,500
675.700	Contribution - Street Banner	-	-	-	-	-	-
675.900	Contribution - Murals	-	5,000	5,000	5,000	5,000	5,000
675.910	Contribution Business Directory	-	500	500	500	500	500
680.000	Miscellaneous	(7,631)	-	-	-	-	-
682.000	Grant Money	-	5,500	-	-	-	-
680.200	Contribution EV Charging Stations	-	-	2,200	2,200	-	-
699.101	Transfer In - General Fund	-	4,000	4,000	4,000	4,000	4,000
	Total Revenues	67,429	84,655	92,283	92,283	91,185	92,308
Expenditure	Description	Audited	Amended	Adopted	Amended	Proposed	Proposed
		2020-2021	2021-2022	2022-2023	2022-2023	2023-2024	2024-2025
702.200	Wages/Salaries	11,146	12,500	12,500	12,500	12,813	13,133
715.000	Fringe Benefits	-	-	-	-	-	-
740.000	Operating Expense	2,570	1,000	2,500	2,500	2,563	2,627
740.200	Seasonal Improvements	6,139	7,700	8,250	8,250	8,456	8,668
801.000	Professional Services	-	5,500	6,500	6,500	6,663	6,829
880.000	Community Promotion	1,083	2,500	2,500	2,500	2,563	2,627
880.100	Community Prom. CBD Winter	-	2,000	2,000	2,000	2,050	2,101
880.200	Community Promo. Design	-	7,500	9,000	9,000	9,225	9,456
880.400	Community Events	669	8,850	14,500	14,500	14,863	15,234
880.500	Community Promo. Gift Certificate	-	500	500	500	513	525
880.600	Farmers Market Promotions	-	-	-	3,300	-	-
888.000	Grant Expenditures	11,992	5,500	-	-	-	-
900.000	Printing/Publishing	2,945	5,600	6,500	6,500	6,663	6,829
957.000	Education & Training	1,534	4,000	4,000	4,000	4,100	4,203
962.000	Miscellaneous Expense	(4,865)	1,000	1,000	1,000	1,025	1,051
972.000	Capital Improvements	1,955	15,000	18,700	18,700	19,168	19,647
995.101	Transfer to General Fund	-	-	-	-	-	-
	Total Expenditures	35,169	79,150	88,450	91,750	90,661	92,928
	BEGINNING FUND BALANCE	29,399	61,659	67,164	67,164	70,997	71,520
	TOTAL FISCAL YEAR REVENUES	67,429	84,655	92,283	92,283	91,185	92,308
	TOTAL EXPENDITURES	35,169	79,150	88,450	91,750	90,661	92,928
	ENDING FUND BALANCE	61,659	67,164	70,997	67,697	71,520	70,900
Printed:	1/13/2023						

265 DRUG FORFEITURE							
		Audited	Amended	Adopted	Amended	Proposed	Proposed
Revenue	Description	2020-2021	2021-2022	2022-2023	2022-2023	2023-2024	2024-2025
659.001	Drug Forfeiture Funds	68,555	-	-	-	-	-
659.002	DEA Foreiture Funds	-	-	-	-	-	-
665.100	Interest Income	18	50	10	10	8	5
680.000	Miscellaneous Income	-	-	-	-		-
	TOTAL REVENUES	68,573	50	10	10	8	5
Expenditure	Description	2020-2021	2021-2022	2022-2023	2022-2023	2023-2024	2024-2025
740.000	Operating Expense	-	-	24	24	24	24
984.000	Capital Expenditures	14,059	43,500	28,400	55,721	-	-
962.000	Miscellaneous Expenditures						
	TOTAL EXPENDITURES	14,059	43,500	28,424	55,745	24	24
	BEGINNING FUND BALANCE	27,376	81,890	38,440	68,599	10,026	10,010
	TOTAL FISCAL YEAR REVENUES	68,573	50	10	10	8	5
	TOTAL EXPENDITURES	14,059	43,500	28,424	55,745	24	24
	ENDING FUND BALANCE	81,890	38,440	10,026	12,864	10,010	9,991
Printed: 1/13/2023							

592 WATER AND SEWER OPERATIONS							
EXPENDITURES							
Expenditure	Description	Audited 2020-2021	Amended 2021-2022	Adopted 2022-2023	Amended 2022-2023	Proposed 2023-2024	Proposed 2024-2025
452	Water/Sewer Construction						
801.000	Professional Service	-	40,000	40,000	40,000	40,000	40,000
801.100	Professional Service	-	-				
802.000	Contractual Service-Water Storage Tank	1,641,139	1,500,000	900,000	900,000	-	-
	SUBTOTAL	1,641,139	1,540,000	940,000	940,000	40,000	40,000
556	Water Distribution System						
702.000	Wages/Salaries	232,134	268,421	244,506	244,506	251,841	259,397
715-720	Fringe Benefits	156,166	147,861	136,995	136,995	140,420	143,931
721.000	Uniforms	3,480	3,300	2,347	2,347	2,405	2,465
725.000	OPEB Retiree Health Care Trust	14,609	6,288	5,163	5,163	5,292	5,424
727.000	Office Supplies	1,032	1,500	2,000	2,000	2,000	2,000
740.000	Operating Expense	92,728	61,000	68,000	68,000	69,700	71,443
801.000	Professional Service	27,198	150,000	105,000	105,000	107,625	110,316
801.111	Vulnerability Assessment	-	12,500	12,500	12,500	-	-
801.211	Wellhead Protection	690	7,500	7,500	7,500	7,500	7,500
802.000	Contractual Services	21,895	49,557	52,357	52,357	53,666	55,008
807.000	Auditor	6,008	10,000	10,000	10,000	10,250	10,500
820.000	Computer	857	1,200	1,500	1,500	1,500	1,500
827.000	Insurance & Bonds	13,756	15,000	15,000	15,000	15,000	15,000
830.000	Memberships & Dues	637	850	850	850	850	850
853.000	Telephone	2,264	2,800	3,200	10,200	3,280	3,300
860.000	Gas & Oil	8,905	8,200	8,500	8,500	8,600	8,700
861.000	Transportation/Mileage	76	500	500	500	500	500
863.000	Vehicle Maintenance	11,619	17,000	18,000	18,000	18,000	18,000
900.000	Printing	418	500	500	500	500	500
920.000	Utilities	102,907	100,000	105,000	105,000	107,625	110,316
931.000	Building Maintenance	26,211	94,000	183,000	183,000	183,000	183,000
957.000	Education & Training	1,760	3,500	4,000	4,000	4,000	4,000
962.000	Miscellaneous Expense	3,787	7,500	8,500	8,500	5,000	5,000
968.000	Depreciation Expense	771,539	-	-	-	-	-
972.000	Capital Improvements	41,272	674,000	51,750	51,750	620,000	525,000
977.000	Equipment Miscellaneous	-	25,000	15,000	15,000	-	-
991.100	Debt-Principal	120,000	125,000	125,000	125,000	130,000	135,000
991.999	Paying Agent Fees	-	750	750	750	750	750
993.100	Debt-Interest	49,031	46,750	43,625	43,625	40,500	37,250
	SUBTOTAL	1,710,979	1,840,477	1,231,043	1,238,043	1,789,804	1,716,650
540	Water Repair						
702.000	Wages/Salaries	54,491	55,860	64,629	64,629	66,568	68,565
715-720	Fringe Benefits	16,282	30,250	37,159	37,159	38,088	39,040
740.000	Operating Expense	1,482	5,610	6,500	6,500	6,663	6,829
801.000	Professional Service	-	1,530	102,000	102,000	104,550	107,164
802.000	Contractual Services	780	510	1,000	1,000	1,025	1,051
861.000	Transportation/Mileage	-	100	100	100	103	105
930.000	Repairs & Maintenance	9,469	25,500	30,000	42,175	30,750	31,519
940.000	Equipment Charges	25,000	25,500	25,500	25,500	25,500	25,500
956.000	Miscellaneous Expense	1,964	5,610	6,000	6,000	6,150	6,304
957.000	Education & Training	-	-	-	-	-	-
	SUBTOTAL	109,469	150,470	272,888	285,063	279,397	286,077
592 WATER AND SEWER OPERATIONS							
EXPENDITURES							

592 WATER AND SEWER OPERATIONS							
EXPENDITURES							
		Audited	Amended	Adopted	Amended	Proposed	Proposed
Expenditure	Description	2020-2021	2021-2022	2022-2023	2022-2023	2023-2024	2024-2025
557	Wastewater System						
702.000	Wages/Salaries	375,478	413,350	366,759	366,759	377,762	389,095
715-720	Fringe Benefits	228,271	220,955	205,493	205,493	210,630	215,896
721.000	Uniforms	1,342	3,800	3,520	3,520	3,550	3,600
725.000	OPEB Retiree Health Care Trust	21,911	9,432	7,744	7,744	7,938	8,136
727.000	Office Supplies	1,032	1,500	2,000	2,000	2,000	2,000
740.000	Operating Expense	132,144	125,000	130,000	130,000	130,000	130,000
801.000	Professional Service	(15,742)	125,000	46,000	46,000	46,000	46,000
802.000	Contractual Services	31,907	47,000	48,400	48,400	49,610	50,850
807.000	Auditor	9,012	10,200	10,200	10,200	10,455	10,716
820.000	Computer	1,943	2,550	2,500	2,500	2,500	2,500
827.000	Insurance & Bonds	13,317	15,300	15,500	15,500	15,500	15,500
830.000	Memberships & Dues	278	510	600	600	615	630
853.000	Telephone	4,396	4,080	4,200	11,200	4,305	4,413
860.000	Gas & Oil	2,738	6,500	7,500	7,500	7,688	7,880
861.000	Transportation & Mileage	-	510	600	600	615	630
863.000	Vehicle Maintenance	21	-	-	-	-	-
900.000	Printing	418	510	600	600	615	630
920.000	Utilities	225,042	219,300	225,000	225,000	230,625	235,000
931.000	Building Maintenance	103,929	262,000	117,000	117,000	119,925	122,925
957.000	Education & Training	1,896	4,000	4,500	4,500	4,500	4,500
962.000	Miscellaneous Expense	2,549	7,000	7,500	7,500	7,500	7,500
968.000	Depreciation Expense	771,540	-	-	-	-	-
968.100	Bad Debt Expense	-	-	-	-	-	-
972.000	Capital Improvements	29,112	1,565,000	2,209,250	2,209,250	949,000	429,000
977.000	Equipment Miscellaneous	7,058	90,000	110,000	110,000	-	-
988.000	Pre-Paid Financial Cost	-	-	-	-	-	-
993.100	Debt - Interest	133,997	-	-	-	-	-
995.307	Transfer to Debt Fund	-	-	-	-	-	-
	SUBTOTAL	2,083,592	3,133,497	3,524,866	3,531,866	2,181,333	1,687,401
550	Sanitary Sewer Repair						
702.000	Wages/Salaries	55,100	55,063	65,352	65,352	67,313	69,332
715-720	Fringe Benefits	(4,055)	29,771	37,575	37,575	38,514	39,477
740.000	Operating Expense	4,944	13,950	14,000	14,000	14,350	14,709
801.000	Professional Services	-	2,500	42,500	42,500	43,563	44,652
802.000	Contractual Services	780	510	600	600	615	630
930.000	Repairs & Maintenance	5,439	45,900	42,500	42,500	42,500	42,500
940.000	Equipment Charges	25,000	25,500	25,500	25,500	25,500	25,500
956.000	Miscellaneous	-	6,630	6,500	6,500	6,663	6,829
	SUBTOTAL	87,209	179,824	234,527	234,527	239,018	243,629
528	Solid Waste Collection						
804.000	Refuse Collection	599,734	573,400	597,300	597,300	621,204	646,042
	SUBTOTAL	599,734	573,400	597,300	597,300	621,204	646,042
	TOTAL	6,232,122	7,417,668	6,800,623	6,826,798	5,150,755	4,619,799
Printed:	1/12/2023						

642 VEHICLE/EQUIPMENT REPLACEMENT							
REVENUES							
		Audited	Amended	Adopted	Amended	Proposed	Proposed
Revenue	Description	2020-2021	2021-2022	2022-2023	2022-2023	2023-2024	2024-2025
665.000	Interest	85					-
667.101	Rental General Fund-DPW	10,000	10,200	10,200	10,200	10,200	10,200
667.202	Rental Major Streets	22,000	22,000	22,000	22,000	22,000	22,000
667.203	Rental Local Streets	24,000	17,000	17,000	17,000	17,000	17,000
667.567	Rental Cemetery	4,600	4,600	4,600	4,600	4,600	4,600
667.592	Rental Water & Sewer Oper.	50,000	51,000	51,000	51,000	51,000	51,000
667.751	Rental Parks & Recreation	11,025	11,025	11,025	11,025	11,025	11,025
	Charges for Services						
	TOTAL	121,710	115,825	115,825	115,825	115,825	115,825
	BEGINNING FUND BALANCE	344,351	423,019	425,802	425,802	270,627	386,452
	TOTAL REVENUES	121,710	115,825	115,825	115,825	115,825	115,825
	TOTAL EXPENDITURES	43,042	113,042	271,000	303,697	-	-
	ENDING FUND BALANCE	423,019	425,802	270,627	237,930	386,452	502,277
EXPENDITURES							
		Audited	Amended	Adopted	Amended	Proposed	Proposed
Expenditure	Description	2020-2021	2021-2022	2022-2023	2022-2023	2023-2024	2024-2025
979.100	Leaf Vac/Chipper	-	-	-	-	-	-
979.300	F350 Pickup w/plow	-	-	-	-	-	-
979.400	4 X 4 Truck/Street Sweeper	43,042	43,042	-	-	-	-
979.500	5 yard Dump/Salt Truck	-	-	195,000	224,829	-	-
979.600	Backhoe	-	-	-	-	-	-
979.700	Attachment - Remote Easement Machine	-	50,000	-	-	-	-
979.800	Mowing Equipment - 16' Mower Deck	-	20,000	-	-	-	-
979.900	Bobcat/Toolcat	-	-	76,000	78,868	-	-
	TOTAL	43,042	113,042	271,000	303,697	-	-
Printed:	1/12/2023						

AGENDA NOTE

New Business Item # 3

MEETING DATE: January 23, 2023

PERSON PLACING ITEM ON AGENDA: City Manager

AGENDA TOPIC: 2023-2024 Budget Meeting Dates

EXPLANATION OF TOPIC: Each year the City Council sets dates for our Budget Meetings to discuss the upcoming 2023-2024 Budget. This year we are proposing to hold our Pre-Budget Meeting sometime within the first two weeks of March. At this meeting we plan on discussing the Road Improvement Plan. Our regular budget meeting where we will discuss the proposed 2023-2024 Budget is planned to be held during the first week of April. Please plan on coming to the meeting with dates and times that you would be available to meet.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: March and April Calendars, highlighted with weeks for our proposed meetings.

POSSIBLE COURSES OF ACTION: Set the dates of our Pre Budget Meeting, and our 2023- 2024 Budget Meeting.

SUGGESTED MOTION: Motion by _____, supported by _____ to approve _____ as the date to hold our City of South Lyon Pre-Budget Meeting, and _____ as the date to hold our 2023-2024, Budget Meeting.

March 2023

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 X	2	3	4
5	6 X	7 X	8 X	9 P/c	10	11
12	13 cc	14	15	16 ZBA	17	18
19	20	21	22	23 P/c	24	25
26	27 cc	28	29	30	31	

April 2023

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3 X	4 X	5 X	6 X	7	8
9	10	11	12	13	14 Good Friday	15
16 Easter	17 CC	18	19	20 PIC	21	22
23	24	25	26	27 ZBA	28	29
	CC			PIC		
30						



VETERANS' SERVICES

DAVID COULTER
OAKLAND COUNTY EXECUTIVE

ADVISE. ASSIST.
ADVOCATE.

ALEJANDRA ROSALES
U.S. Marine Corps

VETERANS RESOURCE FAIR













Cost: Free | Registration Required

January 26, 2023 | 9 AM - Noon

Wixom Community Center | 49015 Pontiac Trail | Wixom, MI 48393

Register at: tinyurl.com/3dtb78np

Representatives will be onsite to serve all Veterans and their families with these resources:

-  FREE food boxes
-  Oakland County Veterans' Services—Providing information and claims assistance regarding Veteran benefits and giving away \$50 Meijer gift cards—to be eligible you must be a Veteran and Oakland County resident, and you must present a copy of your DD214
-  Oakland County Michigan Works!—Providing Veterans and their families with career planning, training programs, job search resources and the opportunity to meet with an employment specialist
-  Oakland County Housing & Neighborhood Development—Helping residents with housing counseling
-  Oakland County Parks & Recreation—Giving out free annual vehicle permits
-  Detroit VA Healthcare System—Offering registration help and exams for non-enrolled Veterans
-  Dorsey College Cosmetology Program—Hairstylists will be on site giving free haircuts to Veterans
-  Oakland Community Health Network—Addressing any behavioral health issues and concerns, including behavioral health needs for children
-  VA Suicide Prevention—Providing free gun locks
-  Gary Burnstein Community Health Clinic—Scheduling free dental appointments
-  Michigan Veterans Affairs Agency—Printing DD214's on site
-  Ride SMART—Providing information on their Veteran transportation program

Contact: Tyrone Jordan at jordant@oakgov.com | (248) 285-8016



U.S. Department of Veterans Affairs
Veterans Health Administration
Detroit VA Health Care System

