
ARPA Compliance and Reporting Information

From Sara Hancock <shancock@erieco.gov>

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To Internal Council <internalcouncil@erieco.gov>

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Good afternoon, Mayor and Council,

Below is the requested information regarding the ARPA funds and restrictions based on expenditures, both completed and planned. I know there were specific questions regarding the Village at Coal Creek, which staff is compiling as well. However, given the lofty amount of information related to ARPA, Melissa and I determined that it would be helpful to share this information separately. I have distilled this down as best I can, so please feel free to ask additional questions if something is unclear!

In terms of “unwinding” or reversing the investment on the Page Property (Village at Coal Creek), including the consultant contract for conceptual plan, we cannot undo the investment or the use of ARPA funds. This is due to two reasons, one related to our statutory requirements of municipal financial reporting and the other related to ARPA reporting:

- The purchase and use of ARPA funds was reported in December of 2023, meaning that expenditure is included in the Town’s financial statements and have been reported to the state. Any change to an expenditure, especially at that dollar threshold, would require a financial statement re-issuance, a material audit finding, and could trigger a federal audit on a reversal of the ARPA funds. In the world of Finance, you never want to reissue financial statements unless a true mistake was made. ARPA funding was also subject to a single audit for 2023 financials, which has been completed and reported. We also confirmed that the funds will be subject to allowable expense testing once all ARPA funds are completely expended, which will be an added component of the final single audit on the funds. Additionally, reversing the expenditure and using an alternative funding source would likely have legal implications, as the previous Council held the authority to appropriate funds and a retroactive reversal is not within the current Council’s authority. We are consulting with the Town Attorney on any additional legal implications we need to consider.
- The ARPA Final Rule required that we identified the use of all funds no later than December 31, 2024. After that, we are locked into the reported purpose of the funds expended, especially if we have reported this already to the federal government. We reported the purchase and expenditure of the property in April 2024: *In 2023, the Town acquired a 2-acre parcel for a 35 affordable homeownership development and another parcel (about 25 acres of land (50% of a 49-acre parcel) for future affordable housing. In addition to land acquisition, the Town has also used ARPA funds to site prep on the 2-acre site and also fund impact/development fees.* Additionally, contracted services with Dig Studios were signed by Council in December 2024 and was reported to the federal government as obligated. Expenses spent to date include contracted work on existing conditions, site analysis, and select stakeholder interviews.

Ultimately, based on the guidance in the ARPA Final Rule, as well as the Grants Team’s research and advice from our auditors, we cannot make any changes to the use of the ARPA funds that have already been expended. Any change in intent would have had to been made before the end of 2024 and

reported with our final obligations. I cannot find any instance of a municipality returning funds unless they decided simply not to obligate them by the end of 2024.

I hope this is helpful and please let know if I can provide any additional information.

Sara Hancock | Director of Finance

Pronouns: She / Her

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