

**From:** [Joseph Napoli](#)  
**To:** [Aaron Kendrick](#); [Tedra Allen](#)  
**Subject:** Fwd: AGENDA ITEM—REVENUE RECOGNITION (and Cash reconciliation)  
**Date:** Friday, September 30, 2022 1:04:55 PM  
**Attachments:** [Sheet 1 \( City August 2022 P&L\).pdf](#)  
[Sheet 2 \( City December 2021 P&L\).pdf](#)  
[Sheet 4 \(Audited 2021 BS\).pdf](#)  
[Sheet 3 \(Audited 2021 P&L\).pdf](#)  
[sheet 5 - \(auditor adjusting journal entry\).pdf](#)

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Please see below.

Begin forwarded message:

**From:** Commissioner Pulcini <MPulcini@coopercity.gov>  
**Date:** September 30, 2022 at 11:31:26 AM EDT  
**To:** Joseph Napoli <JNapoli@coopercity.gov>  
**Cc:** Jacob Horowitz <JHorowitz@gorencherof.com>  
**Subject:** AGENDA ITEM—REVENUE RECOGNITION (and Cash reconciliation)

AGENDA ITEM—REVENUE RECOGNITION (and Cash reconciliation)

Joe,

Please include this email with attachments as backup.

I need further clarification on the City accounting for the ARPA funds. I understand that the City reports under what the City of Cooper City refers to as the “unaudited” basis of accounting. I still believe our reporting should reflect an accurate position as people may be looking at our unaudited financials.

Please see the 5 attachments as follows:

1. Sheet 1- City August 2022 P&L
2. Sheet 2 – City December 2021 P&L
3. Sheet 3 – Audited 2021 P&L
4. Sheet 4 – Audited 2021 Balance Sheet
5. Sheet 5 – Auditor Adjusting Journal Entries.

Note that I have requested some information as I am writing this but have yet to receive it. So I cannot fully explain what I am about to discuss.

Sheet 2 has an ARPA beginning of year fund balance of \$8,965,280. This means that, according to the internally prepared financials, we started the current (FY 2022) with unexpended revenues of \$8,965,280 received and recognized in previous fiscal year. A quick interlude- look at sheets 3 and 4 – according to our audit we spent \$84,773 in ARPA funds and had \$8,880,507 left over recorded on balance sheet (BS) as a liability.

How could we have carried over the entire \$8,965,280? Were these internal financials correct?

Sheet 1 City financials. Same fiscal year. The \$8,965,280 is now absent from the beginning of year fund balance. Instead, we are now recording \$17,085,665 as revenue. Is the City changing how we record ARPA funds? I am uncertain what to expect on a monthly basis related to these expenditure grants.

My general understanding is that the ARPA grant cash receipts are recorded as a liability on our balance sheet until the funds are spent. I believe this is done so that if not all funds are expended or not expended on approved projects we would have to return the funds. The manner in which the ARPA funds are reflected on our internal City financials implies that the funds are ours. I believe our internal financials should be maintained as described in disclosure 12 of our audited financial statements. See excerpt below:

**NOTE 12. COMMITMENTS AND CONTINGENCIES** (continued)

COVID-19: The COVID-19 coronavirus outbreak in the United States has resulted in disruption of national and global markets and economies since the declaration of the pandemic in March 2020. The City continues to evaluate and monitor the potential adverse effect COVID-19 may have on its financial position, operations, and cash flows. The full impact of COVID-19 is unknown, and therefore, the City is unable to estimate the extent of the impact of COVID-19 on the City's operational and financial performance.

On March 11, 2021, Congress passed the American Rescue Plan Act of 2021. The bill provides additional relief to address the continued impact of COVID-19. The Coronavirus Local Fiscal Recovery Funds (CLFRF) program is a component of the American Rescue Plan Act of 2021. It provides funding to local governments to broadly respond to the COVID-19 public health emergency. This City was awarded approximately \$18 million through this Act with a spending deadline of December 31, 2024. The City received the first tranche of the award amounting to \$8.9 million in fiscal year 2021, and the remaining \$11 million is expected to be received within the next fiscal year. As of September 30, 2021, \$84,773 was spent and the remaining \$8.9 million received is reported as a deferred inflow of resources in the accompanying financial statements.

**CASH RECONCILIATIONS**

Sheet 5- please provide detailed AR schedule for Other AR. What AR accounts were credited because of the \$250K cash reconciliation discrepancy?

Thanks,