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ORDINANCE NO. _____

AN ORDINANCE TO PROVIDE FOR AND TO ADOPT THE 2021 BUDGET FOR THE CITY OF LITTLE ROCK, ARKANSAS, FOR THE PERIOD BEGINNING JANUARY 1, 2021, AND ENDING DECEMBER 31, 2021; TO APPROPRIATE RESOURCES AND USES FOR EVERY EXPENDITURE ITEM AND FUND; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

WHEREAS, Little Rock, Ark., Rev. Code § 2-214 (1988), as amended by mandates that the Board of Directors adopts a budget for the ensuing fiscal year by not later than December 30th; and,

WHEREAS, the Mayor and the City Manager have fulfilled the requirements of Little Rock, Ark., Rev. Code § 2-212 (1988), and Little Rock, Ark., Ordinance No. 19,761 (June 12, 2007), and submitted for consideration of the Board of Directors a proposed budget and such other explanatory information as requested by the Board; and,

WHEREAS, the Board of Directors has reviewed the proposed Fiscal Year 2021 Budget as presented by the Mayor and the City Manager, and is of the opinion that based upon the financial information presented to the Board, the following constitutes an appropriate determination of anticipated revenues, expenditures and expenses for Fiscal Year 2021, and should be adopted as the 2021 Budget for the City of Little Rock, Arkansas.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CITY OF LITTLE ROCK, ARKANSAS:

Section 1. This ordinance shall be known as the FY2021 Budget Ordinance of the City of Little Rock, Arkansas, for the twelve (12)-month period beginning January 1, 2021, and ending December 31, 2021, reflecting estimated resources and uses as set forth below.

Section 2. All resources identified within this ordinance herein are estimated and subject to change, and all appropriation uses identified within this ordinance are calculated upon available resources, and are also subject to change.

Section 3. Definitions. For purposes of this ordinance, the following terms shall have the following meanings:

(A) *Board of Directors* means the Mayor and members of the Board of Directors of the City of Little Rock, Arkansas.

(B) *City Clerk* means the City Clerk, or designated representative, of the City, or if no one is

1 officially serving in the position, the Acting City Clerk, or designated representative.

2 (C) *City Manager*, means the City Manager, or designated representative, of the City, or if no one
3 is officially serving in the position, the Acting City Manager, or designated representative,
4 which may include an Acting Assistant City Manager.

5 (D) *Chief Financial Officer* means the Chief Finance Officer and Treasurer, or designated
6 representative, for the City, or if no one is serving in the position, the Acting Chief Financial
7 Officer and Treasurer.

8 (E) *Expenditures* means decreases in net financial resources under the current financial resources
9 measurement focus, and pertains to payment of normal operating payments and encumbrances.

10 (F) *Expenses* mean the cost of doing business in a proprietary organization, and can be either
11 outflows or the using up of assets – cost expiration – such as the depreciation of fixed assets.
12 Within the context of this budget ordinance, “proprietary organization,” or “proprietary fund”
13 refers only to a method of accounting and is not used as any reference to whether the enterprise
14 is conducted in a governmental or proprietary manner, as that term is understood in Arkansas
15 State Law. All enterprises referred to in this ordinance shall be operated by the City in its
16 governmental capacity.

17 (G) *Fund Balance* means the difference between assets and liabilities reported in the governmental
18 fund and represents the excess of revenues or expenditures that has accumulated since the
19 inception of the fund.

20 (H) *Revenue(s)* means:

21 (i) Increases in the net current assets of a Governmental Fund Type from other than
22 expenditure refunds and residual equity transfers, but does not include any general
23 long-term debt proceeds and operating transfers in – which are classified as “other
24 financing sources,” unless these constitute a reservation of fund balances for
25 encumbrances carried forward from a prior year and the expenditure for which the fund
26 balance was created has also been carried forward; or,

27 (ii) Increases in the net position of a Proprietary Fund Type from other than expense
28 refunds, capital contributions and residual equity transfers, but does not include
29 operating transfer in which are classified separately from revenues, unless these
30 constitute a reservation of fund balances for encumbrances carried forward from a prior
31 year and the expense for which the fund balance was created has also been carried
32 forward.

33 **Section 4. Compliance with Existing Laws, Statutes and Ordinances.** This ordinance has been
34 prepared in accordance with various Arkansas Statutes that deal with municipal fiscal reporting

1 requirements, the *Financial Reporting Standards for the City of Little Rock, Arkansas*, as approved in Little
 2 Rock, Ark., Rev. Code §§ 2-245 to 260.8 (1988), and the standards of the Government Finance Officers
 3 Association as authorized in Little Rock, Ark., Resolution No. 15,366 (December 1, 2020)

4 **Section 5. Fiscal Year 2021 Budget.** The following respective amount for every resource and
 5 appropriate use is herein set forth as follows:

6 **(A) APPROPRIATE OPERATING RESOURCES:**

7	General Fund	\$210,100,969
8	Street	21,279,119
9	Waste Disposal	23,671,871
10	Parking Garages	2,507,462
11	Fleet Services	13,390,623
12	<u>Vehicle Storage Facility</u>	<u>1,759,847</u>
13	<u>TOTAL RESOURCES</u>	<u>\$272,709,891</u>

14 **(B) APPROPRIATE OPERATING USES:**

15 **General Fund Departments**

16	Executive Administration	\$22,889,405
17	Board of Directors	338,715
18	Community Programs	465,049
19	City Attorney	1,654,033
20	Municipal Court – Criminal	1,343,070
21	Municipal Court – Traffic	1,255,694
22	Municipal Court – Environmental	539,585
23	Finance	4,057,149
24	Human Resources	2,051,039
25	Office of Information Technology	6,039,340
26	Planning & Development	2,708,492
27	Housing & Neighborhood Programs	5,710,466
28	Public Works	1,110,957
29	Parks and Recreation	10,181,728
30	River Market	774,678
31	Golf	1,572,011
32	Fitness and Aquatics	867,184
33	Zoo	6,481,505
34	Fire	53,350,321

1	Police	80,200,891
2	Debt Service	4,258,645
3	Transfer to Street Fund	194,000
4	FUTURE Little Rock, Special Projects, PIT, Grant Match	7,057,012
5	Contingency	1,000,000
6	<u>Vacancy Allocation (Authorized Unfilled Positions)</u>	<u>(6,000,000)</u>
7	TOTAL GENERAL FUND	\$210,100,969
8	Street Fund	21,279,119
9	Solid Waste	23,671,871
10	Parking Garages	1,760,887
11	Fleet Services	13,390,623
12	<u>Vehicle Storage Facility</u>	<u>1,699,157</u>
13	<u>TOTAL USES</u>	<u>\$271,902,626</u>

14 **Section 6. *Outside Agency Contributions.*** The appropriation for operating uses in Section 5 above
15 includes the following amounts for various entities with which the City contracts for public services, or in
16 which the City has an ownership interest include the following:

17	(A) Rock Region Metro (Central Arkansas Transit Authority)	\$9,854,118
18	(B) Pulaski County Regional Detention Center	2,554,153
19	(C) Arkansas Arts Center	800,000
20	(D) Museum of Discovery	192,000
21	(E) Metroplan	178,042
22	(F) Downtown Partnership	145,000
23	(G) PAGIS	134,850
24	(H) Pulaski County Health Unit	56,100
25	(I) SCI St. Vincent	25,381
26	(J) <u>City Beautiful</u>	<u>2,500</u>
27	<u>TOTAL OUTSIDE AGENCY CONTRIBUTIONS</u>	<u>\$13,942,144</u>

28 **Section 7. *PILOT Payments.*** In accordance with Act 497 of 1981, Act 713 of 1991, and Act 1629 of
29 2001, of the Arkansas General Assembly, the Director of Finance shall make appropriate payments to the
30 Little Rock School District, the Pulaski County Special School District, and Pulaski County from any
31 affected payment-in-lieu of taxes (PILOT) made to the City by a company for which an Act 9 Industrial
32 Development Bonds was issued; it is estimated that the gross amount of these resources for FY2021 is One
33 Million, Seven Hundred Three Thousand, Eight Hundred Twenty-Seven Dollars (\$1,703,827.00).

1 **Section 8. *Appropriation for the Compensation of Elected Officials.*** This budget contains a personnel
2 appropriation for the Mayor and the Members of the Board of Directors as follows:

3 (A) Annual compensation of the Mayor is One Hundred Sixty Thousand Dollars (\$160,000.00),
4 and such other amounts as may from time-to-time be approved during the time this ordinance
5 is effective;

6 (B) Annual compensation for each member of the Board of Directors is Eighteen Thousand Dollars
7 (\$18,000.00), plus an annual stipend of Three Thousand Dollars (\$3,000.00);

8 (C) In addition to these amounts, there are expenditures noted within this ordinance which
9 document the amounts paid for Mayor and Board member expenses and benefits.

10 **Section 9. *Definition of Significant Variance.***

11 (A) In order to prepare this budget it has been necessary to estimate the amount of revenue or other
12 resources that the City will have available to it in Fiscal Year 2021, and the cost of the various
13 expenditures and expenses that the City will incur during this period.

14 (B) To assure the efficient and responsible operation of the City, and the maintenance of its various
15 programs and facilities, it is important for the Board of Directors to be timely advised of a
16 significant variance in revenues, or expenditures, during the course of the fiscal year. Further,
17 it is important for the Board of Directors, the City Manager and the Director of Finance, to
18 agree as to what constitutes a “significant variance” of these items.

19 (C) It is further necessary to have a definition of “significant variance” that can be reviewed on an
20 annual basis as a part of the City budget process, and which can best reflect the point at which
21 the Board of Directors believes it should be notified that such a change of circumstances has
22 occurred in relation to any expenditure, expense, fund balance, revenue, or resource.

23 (D) For Fiscal Year 2021, a “significant variance” shall be deemed to have occurred if, during any
24 reporting period, there has been an increase or decrease from the budgeted amount for the
25 period covered by a Monthly Financial Report that is:

26 (i) Greater than 5% of the amount anticipated for that item for the period of time covered;

27 and,

28 (ii) More than Fifty Thousand Dollars (\$50,000.00) from the amount anticipated for that
29 item for the period of time covered.

30 **Section 10. *Timeline for Department of Finance.*** The timeline for events related to the timely
31 preparation of reports and statements to the Board of Directors for Fiscal Year 2021 is attached as Exhibit
32 A to this ordinance.

33 **Section 11. *Severability.*** In the event any title, subtitle, section, subsection, subdivision, paragraph,
34 subparagraph, item, sentence, clause, phrase, or work of this ordinance is declared or adjudged to be invalid

1 or unconstitutional, such declaration or adjudication shall not affect the remaining portions of the ordinance
2 which shall remain in full force and effect as if the portion so declared or adjudged invalid or
3 unconstitutional was not originally a part of this ordinance.

4 **Section 12. Repealer.** All ordinances and resolutions, including but not limited to Little Rock, Ark.,
5 Ordinance No. 21,817 (December 3, 2019) (“the 2020 Budget Ordinance”), and any other ordinances or
6 resolutions that relate to financial reporting within the City, are hereby repealed to the extent of such
7 inconsistency.

8 **Section 13. Emergency Clause.** *It is imperative that a Budget Ordinance for the ensuing fiscal year*
9 *and calendar year be passed prior to the end of the current calendar year in order to assure the continued*
10 *provision of City services, operations, and facilities; such continuation is essential to the public health,*
11 *safety and welfare, an emergency is, therefore, declared to exist and this ordinance, with the exception of*
12 *Section 8 which deals with the compensation of the Mayor and Members of the Board of Directors, shall*
13 *be in full force and effect on January 1, 2021, and the various City Departments shall operate immediately*
14 *upon its passage, and for purposes of record keeping and otherwise, as if it were in full force and effect*
15 *from and after the date of its passage.*

16 **PASSED: December 29, 2020**

17 **ATTEST:**

APPROVED:

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19 _____
20 **Susan Langley, City Clerk**

_____ **Frank Scott, Jr., Mayor**

21 **APPROVED AS TO LEGAL FORM:**

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23 _____
24 **Thomas M. Carpenter, City Attorney**

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EXHIBIT A: FY 2021 BUDGET ORDINANCE FOR THE CITY OF LITTLE ROCK, ARKANSAS

[NOTE: The Board of Directors enacted financial reporting standards for the City. Little Rock, Ark., Rev. Code §§ 2-245 to 260.8 (1988) Section 2-260 this ordinance requires that as a part of the annual budget process the Board of Directors set a timeline for action by the Department of Finance to assure the timely preparation of Financial Reports. This timeline is to be adopted upon recommendation of the City Manager after consultation with the Chief Financial Officer and the various financial institutions the City uses. This timeline is to be reviewed each year to assure that it sets reasonable expectations for City Staff, but at the same time, assures the preparation and publication of reports to the Board of Directors as quickly as possible. Reports to the Board of Directors are based upon certain events after the month-end close. The month-end close is defined as the last business day of the calendar month that is two months following the end of the reporting period. The two (2)-month closing period is required to accommodate the schedule for receipt of revenue from the State, County and utility providers. For FY2021 the calendar of events is as follows:

CALENDAR OF EVENTS RELATED TO TIMELY PREPARATION OF CITY FINANCIAL REPORTS

EVENT	WORKING DAY (after the end of the calendar month)
Department notification of deposits submitted to accounting	3
City obtains monthly bank statement	1
Department processes bank files to produce combined and payroll outstanding check lists	5
City obtains monthly investment statement	7
Department reconciles book balance and bank statements for all bank accounts	25
Department reconciles book balance and investment balances	30
Department finalizes and enters all remaining journal entries	38
Department reviews and corrects work to date	40
Department conducts final review of information for reports	42
Department processes computer system reports (month-end close)	43
Department completes preparation of monthly reports	45
City Manager and Chief Financial Officer distribute monthly report to Board of Directors	
Chief Financial Officer has monthly report posted in City website following Board distribution	
City Manager and Chief Financial present financial reports quarterly to Board of Directors	
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