

(1) A five-year capital improvement plan will be developed biannually and updated annually, including anticipated funding sources. Capital improvement projects are defined as infrastructure or equipment purchases or construction that results in a capitalized asset exceeding \$10,000 and having a useful life (depreciable life) of one (1) year or more.

(2) The capital improvement plan will include all major capital projects with a total proposed cost valued at \$50,000 or more. Capital improvements with a value less than \$50,000 shall be included in the annual operating budget process. These improvements are referred to as capital outlays. Repairs are the maintenance of an existing capital asset to preserve or restore the asset to its original condition are not eligible for inclusion in the capital improvement plan. The city will expense repairs to the appropriate operating fund and department.

Section 4. Little Rock, Ark., Rev. Code § 2-260.4 (5) is amended to read as follows:

(5) The city will strive to provide for a minimum of five (5) percent of internal, pay-as-you-go financing for its capital improvement program. Funding may come from fund balance reserves or any other acceptable means of funding.

Section 5. Little Rock, Ark., Rev. Code § 2-260.5 (4) is amended to read as follows:

(4) Financing shall not exceed the useful life of the asset being acquired or constructed.

Section 6. Little Rock, Ark., Rev. Code § 2-260.5 (6) is amended to read as follows:

(6) The general policy of the city is to establish debt repayment schedules that use level annual principal and interest payments. Any deviations from this must be communicated prior to the issuance of the debt explaining the reason for the deviation.

Section 7. Little Rock, Ark., Rev. Code § 2-260.5 (9) is amended to read as follows:

(9) Utility or waste disposal rates will be set to ensure debt service coverage exceeds the bond indenture requirement of one hundred twenty-five (125) percent.

Section 8. Little Rock, Ark., Rev. Code § 2-260.6 (2) is amended to read as follows:

(2) The general fund goal is to set aside ten million dollars (\$10,000,000.00) or ten (10) percent of general fund revenues, whichever is greater, into a restricted reserve fund.

Section 9. Little Rock, Ark., Rev. Code § 2-260.6 (4) is amended to read as follows:

(4) The waste disposal fund will maintain an unrestricted net position reserve of no less than fifteen (15) percent of current year revenues.

Section 10. Little Rock, Ark., Rev. Code § 2-260.6 is amended to add an additional subsection to read as follows:

At the end of the fiscal year and upon completion of the related annual audit, the city will annually transfer any general fund surplus to the restricted reserve fund to meet target reserve requirements for future periods.

1 **Section 11.** Little Rock, Ark., Rev. Code § 2-260.7 (1) is amended to read as follows:

2 (1) Cash and investment programs will be maintained in accordance with the State law and the adopted
3 investment policy and will ensure that proper controls and safeguards are maintained. City funds will
4 be managed in a prudent and diligent manner governed by the primary objective of safety of principal;
5 the secondary objective shall be compliance with all legal restrictions and liquidity needs; and the final
6 objective shall be yield.

7 **Section 12.** Little Rock, Ark., Rev. Code § 2-260.8 (2) and (3) are amended to read as follows:

8 (2) An independent public accounting firm will perform an annual audit. The auditor's opinion will be
9 included with the city's published annual comprehensive financial report (ACFR). The ACFR will be
10 made available to the public via the city's website.

11 (3) The city's ACFR will be submitted to the GFOA certification of achievement for excellence in
12 financial reporting program. The financial report should be in conformity with GAAP, demonstrate
13 compliance with finance-related legal and contractual provisions, provide full disclosure of all financial
14 activities and related matters, and minimize ambiguities and potentials for misleading inference.

15 **Section 13.** Little Rock, Ark., Rev. Code § 2-260.8 is amended to add an additional section to read as
16 follows:

17 The city may supplement its ACFR with a simpler, popular annual financial report (PAFR) designed
18 to assist those citizens who prefer a less detailed overview of the city's financial activities. This report
19 will be issued concurrently with the ACFR.

20 **Section 14.** Little Rock, Ark., Rev. Code § 2-260.8 (6) is amended to read as follows:

21 (6) Monthly financial reports shall be prepared and presented to the board of directors on a timely
22 basis.

23 **Section 15.** Little Rock, Ark., Rev. Code § 2-260.8 is amended to add an additional section to read as
24 follows:

25 Monthly Sales and use tax collection report shall be prepared and presented to the board of directors
26 on a timely basis.

27 **Section 16. Severability.** In the event any title, section, paragraph, item, sentence, clause, phrase, or
28 word of this ordinance is declared or adjudged to be invalid or unconstitutional, such declaration or
29 adjudication shall not affect the remaining portions of the ordinance which shall remain in full force and
30 effect as if the portion so declared or adjudged invalid or unconstitutional was not originally a part of the
31 ordinance.

32 **Section 17. Repealer.** All ordinances, resolutions, bylaws, and other matters, or parts of the same , that
33 are inconsistent with any provision of this ordinance are hereby repealed to the extent of such inconsistency.

34 **Section 18. Emergency Clause.** *There is hereby found and declared to be an immediate need for*

1 *updates to the City's financial policies which benefits the public health, safety, and welfare of the City and*
2 *the inhabitants thereof. It is therefore declared that an emergency exists and this Ordinance, being*
3 *necessary for the immediate preservation of the public health, safety, and welfare, shall be in force and*
4 *take effect immediately upon and after its passage.*

5 **PASSED: December 16, 2025**

6 **ATTEST:**

APPROVED:

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9 **Allison Segars, City Clerk**

Frank Scott, Jr., Mayor

10 **APPROVED AS TO LEGAL FORM:**

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13 **Thomas M. Carpenter, City Attorney**

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