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

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

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

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

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

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

(H) Revenue(s) means:

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

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

Section 4. Compliance with Existing Laws, Statutes and Ordinances. This ordinance has been
prepared in accordance with various Arkansas Statutes that deal with municipal fiscal reporting
requirements, the Financial Reporting Standards for the City of Little Rock, Arkansas, as approved in Little Rock, Ark., Rev. Code §§ 2-245 to 260.8 (1988), and the standards of the Government Finance Officers Association as authorized in Little Rock, Ark., Resolution No. 15,366 (December 1, 2020)

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

(A) Appropriate Operating Resources:

(A) Appropriate Operating Resources:

General Fund $210,100,969
Street 21,279,119
Waste Disposal 23,671,871
Parking Garages 2,507,462
Fleet Services 13,390,623
Vehicle Storage Facility 1,759,847

TOTAL RESOURCES $272,709,891

(B) Appropriate Operating Uses:

(B) Appropriate Operating Uses:

General Fund Departments
Executive Administration $22,889,405
Board of Directors 338,715
Community Programs 465,049
City Attorney 1,654,033
Municipal Court – Criminal 1,343,070
Municipal Court – Traffic 1,255,694
Municipal Court – Environmental 539,585
Finance 4,057,149
Human Resources 2,051,039
Office of Information Technology 6,039,340
Planning & Development 2,708,492
Housing & Neighborhood Programs 5,710,466
Public Works 1,110,957
Parks and Recreation 10,181,728
River Market 774,678
Golf 1,572,011
Fitness and Aquatics 867,184
Zoo 6,481,505
Fire 53,350,321
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>80,200,891</td>
</tr>
<tr>
<td>Debt Service</td>
<td>4,258,645</td>
</tr>
<tr>
<td>Transfer to Street Fund</td>
<td>194,000</td>
</tr>
<tr>
<td>FUTURE Little Rock, Special Projects, PIT, Grant Match</td>
<td>7,057,012</td>
</tr>
<tr>
<td>Contingency</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Vacancy Allocation (Authorized Unfilled Positions)</td>
<td>(6,000,000)</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL FUND</strong></td>
<td><strong>$210,100,969</strong></td>
</tr>
<tr>
<td>Street Fund</td>
<td>21,279,119</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>23,671,871</td>
</tr>
<tr>
<td>Parking Garages</td>
<td>1,760,887</td>
</tr>
<tr>
<td>Fleet Services</td>
<td>13,390,623</td>
</tr>
<tr>
<td>Vehicle Storage Facility</td>
<td>1,699,157</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$271,902,626</strong></td>
</tr>
</tbody>
</table>

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

- (A) Rock Region Metro (Central Arkansas Transit Authority) $9,854,118
- (B) Pulaski County Regional Detention Center 2,554,153
- (C) Arkansas Arts Center 800,000
- (D) Museum of Discovery 192,000
- (E) Metroplan 178,042
- (F) Downtown Partnership 145,000
- (G) PAGIS 134,850
- (H) Pulaski County Health Unit 56,100
- (I) SCI St. Vincent 25,381
- (J) City Beautiful 2,500

**TOTAL OUTSIDE AGENCY CONTRIBUTIONS** $13,942,144

**Section 7. PILOT Payments.** In accordance with Act 497 of 1981, Act 713 of 1991, and Act 1629 of 2001, of the Arkansas General Assembly, the Director of Finance shall make appropriate payments to the Little Rock School District, the Pulaski County Special School District, and Pulaski County from any affected payment-in-lieu of taxes (PILOT) made to the City by a company for which an Act 9 Industrial Development Bonds was issued; it is estimated that the gross amount of these resources for FY2021 is One Million, Seven Hundred Three Thousand, Eight Hundred Twenty-Seven Dollars ($1,703,827.00).
Section 8. Appropriation for the Compensation of Elected Officials. This budget contains a personnel appropriation for the Mayor and the Members of the Board of Directors as follows:

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

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

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

Section 9. Definition of Significant Variance.

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

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

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

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

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

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

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

Section 11. Severability. In the event any title, subtitle, section, subsection, subdivision, paragraph, subparagraph, item, sentence, clause, phrase, or work of this ordinance is declared or adjudged to be invalid...
or unconstitutional, such declaration or adjudication shall not affect the remaining portions of the ordinance which shall remain in full force and effect as if the portion so declared or adjudged invalid or unconstitutional was not originally a part of this ordinance.

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

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

PASSED: December 29, 2020

ATTEST:

_________________________  ___________________________
Susan Langley, City Clerk    Frank Scott, Jr., Mayor

APPROVED AS TO LEGAL FORM:

_________________________
Thomas M. Carpenter, City Attorney

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[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

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