

ORDINANCE NO: 2011- 8

AN ORDINANCE ADOPTING A RESERVE and BALANCED BUDGET POLICY.

WHEREAS, the City wishes to establish a comprehensive set of reserve and budget policies for the CITY OF CHEROKEE VILLAGE, ARKANSAS that will serve as a guideline for operational and strategic decision making related to financial matters; and

WHEREAS, The goal is to maintain the City's financial stability in order to be able to continually adapt to local and regional economic changes. Such policies will allow the City to maintain and enhance a sound fiscal condition; and

WHEREAS, The City should have sufficient un-appropriated funds for un-foreseen expenses and emergencies.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF CHEROKEE VILLAGE, ARKANSAS

Section 1: Standards

- A. The City shall operate in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).
- B. All revenues and expenses shall be accounted for in three (3) separate Account Funds respectively, herein and hereafter referred to as, the General Fund, Fire Department Fund, and Street Department Fund.
- C. All Funds, expenses and revenues, with the exception of, Fire Department Funds, and Street Department Funds, shall be included and accounted for in the General Fund.

Section 2: Budget Responsibilities

The purpose of a Cherokee Village City budget shall be for the development of municipal services by the City of Cherokee Village for each calendar year.

The mayor shall prepare the City budget annually, submit it to the City Council for its approval or disapproval in accordance with ACA § 14-58-201 et seq, and be responsible for its administration after adoption.

The City Council, upon recommendation of the mayor, shall adopt a budget for the operation of the City in accordance with ACA § 14-58-202 et seq. which establishes specific funds into which accrued funds are deposited and establishes specific funds from which disbursements are made. The budget will normally be adopted by Resolution.

The City Council may alter or revise the budget from time to time including re-appropriating funds to another purpose except as follows:

1. Funds levied under statutes or ordinances for specific purposes or other restricted funds shall not be diverted to another purpose other than intended.
2. Appropriated funds shall not be diverted to another purpose where any creditor of the City would be prejudiced thereby.

The City Council shall exercise fiscal control of reserve and/or any un-pledged funds in accordance with this Policy, including appropriations, supplemental appropriations or the investment of such funds.

Section 3: Fund Collections and Disbursements

All funds accruing to the City of Cherokee Village from any and all sources shall be paid into either the applicable General Fund, Street Department Fund or Fire Department Fund in accordance with the current

adopted budget. Should funds be received that are not identified in the adopted budget, the funds shall be paid into the General Fund unless allocated differently by the City Council.

The adopted budget amounts to an appropriation of those funds to the items contained therein. All disbursements by the City shall be in accordance with the current adopted budget.

Section 4: Balanced Budget

The amount of specified and restricted funds shall be determined and budgeted first.

A realistic anticipated revenue for all accounts from all income sources, not including the specified and restricted funds, shall be determined. The unspecified and unrestricted carry-over funds and 90% of all anticipated revenues for all accounts shall then be budgeted or invested. The remaining 10% of anticipated revenue shall then be budgeted for an Un-Appropriated Reserve Fund for each of the 3 city Fund Accounts respectively. Should the Un-Appropriated Reserve Fund balance exceed the specified 15% minimum, the budget may be revised; however the budget shall not be revised such that appropriations could exceed revenues or such that any Un-Appropriated Reserve Fund balance is less than the specified minimum.

Section 5: Reserve Fund

- A. The General Fund, Street Department Fund and Fire Department Fund shall each have a separate Un-Appropriated Reserve Fund for un-foreseen expenses and emergencies. The balance for each of these funds shall be shown as a separate line item in the adopted annual budget and all financial reports. The budgeted amount of each Un-Appropriated Reserve Fund shall be no less than fifteen percent (15%) of its respective Fund Account total annual budget appropriations.
- B. No funds shall be transferred from any Un-Appropriated Reserve Fund without authorization and vote of the City Council.
- C. The Un-Appropriated Reserve Fund shall be funded by carry over funds from previous years and from the ten percent (10%) remainder from budgeting only 90% of anticipated revenues.
- D. Any Un-Appropriated Reserve Fund in excess of the 15% specified minimum may be transferred by City Council authority or invested in some type of interest producing account to provide additional revenue income for the City.
- E. As unspecified and unrestricted city revenues are received and paid to the General Fund, Street Department Fund or Fire Department Fund, 10% of the amount paid to the Fund Account shall be credited to the respective Fund Account Un-Appropriated Reserve Fund. This will result in the Un-Appropriated Reserve Fund accumulated balance for each of the General Fund, Street Department Fund or Fire Department Fund being 10% of actual unspecified and unrestricted revenue for the respective Fund Account plus the beginning year balance, less any authorized disbursements.

Section 6: Update of This Policy

This policy shall be reviewed from time to time to ensure that it remains current.

Section 7: Awareness of This Policy

A copy of this Ordinance shall be attached and made a part of the annual City Budget.

Section 8: Severability

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF CHEROKEE VILLAGE,
ARKANSAS.**

DATE: 12/16/11

Lloyd Hefley Mayor
Lloyd Hefley
Attest: Lana Hamilton Clerk
Lana Hamilton