

ORDINANCE NO. 2015-03

**AN ORDINANCE TO AMEND ORDINANCE NO. 2011-8: AN ORDINANCE
TO ADOPT A RESERVE FUND AND BUDGET POLICY
AND FOR OTHER PURPOSES**

WHEREAS, the City of Cherokee Village desires to establish a reserve fund and budget policy for the city, that will serve as a guideline for city financial matters; and

WHEREAS, the objective is to maintain financial stability as a city government by adapting to economic changes and this policy will allow the City of Cherokee Village to maintain an appropriate fiscal condition; and

WHEREAS, the City of Cherokee Village should have sufficient un-appropriated funds for emergency expenditures, thus

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

Sect. 1-Standards:

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

Sect. 2-Budget Responsibility:

- A. The purpose of the budget for the City of Cherokee Village shall be for the operation of municipal services by the city for each calendar year.
- B. The Mayor shall annually prepare the City budget, submit it to the City Council for approval or disapproval, in accordance with ACA 14-58-201 et seq. and be responsible for administration of the budget upon being adopted.
- C. The City Council, upon recommendation of the Mayor, shall adopt a budget for city operations in accordance with ACA 14-58-202 et seq., which establishes specific accounts for depositing accrued funds, and which establishes specific accounts for expenditure of funds.

(2)

- D. The City Council may amend the budget from time-to-time including re-appropriating funds for another purpose, except as follows:
1. Funds levied under statutes or ordinances for specific purposes and/or other restricted funds shall not be diverted for another purpose other than intended.
 2. Appropriated funds shall not be diverted for another purpose where any creditor of the City of Cherokee Village would be prejudiced thereby.
- E. The City Council shall exercise fiscal control of reserved funds in accordance with this policy which includes appropriations, supplemental appropriations, or investment of such funds.

Sect. 3-Fund Collection and Disbursement:

All funds accruing to the City of Cherokee Village from any and all sources shall be paid into the General Fund, Fire Department Fund, or Street Department Fund in accordance with the annual adopted budget. If monies are received that are not identified in the annual adopted budget, these monies shall be paid into the General Fund unless allocated otherwise by the City Council.

The adopted budget is an appropriation of funds for the items contained therein. All disbursements by the City shall adhere to the annual adopted budget.

Sect. 4-Balanced Budget:

The amount of specified and restricted funds shall be determined and budgeted first in the annual budget process.

Anticipated revenue for all City accounts from all revenue sources, not including the specified and restricted funds shall be determined. The unspecified and unrestricted carry-over funds and all anticipated revenues for all accounts shall then be budgeted and/or invested. An amount of five percent(5%) of anticipated revenue, from the General Fund shall be budgeted for an Unappropriated Reserve Fund. If the Unappropriated Reserved Fund balance exceeds a fifteen percent(15%) minimum, the city budget may be amended; however the budget shall not be amended in that appropriations are to exceed revenues and/or the Unappropriated Reserve Fund balance is less than the minimum.

Sect. 5-Reserve Fund:

The General Fund shall have a separate Unappropriated Reserve Fund as an operational fund for an emergency and/or matter of similar nature. The balance of this fund shall be shown as a separate line item in the annual budget and in all financial reports. The annual budgeted amount for this fund shall be no less than five percent(5%) of the annual revenue designated for the General Fund.

- A. No monies shall be transferred from the Unappropriated Reserve Fund without approval of the City Council.
- B. The Unappropriated Reserve Fund shall be funded by carry-over monies from prior years and by the five percent(5%) from the annual budgeting of anticipated revenues for the General Fund.
- C. Unappropriated Reserve Funds in excess of the fifteen percent(15%) minimum may be transferred by City Council approval into the annual operational budget.
- D. As unspecified and unrestricted revenues are received and deposited to the General Fund, five percent(5%) of the amount deposited shall be credited to the Unappropriated Reserve Fund. This will result in the Unappropriated Reserve Fund accumulated balance for the General Fund being determined by the carry-over balance combined with the five-percent(5%) of the actual unspecified and unrestricted annual revenue for this account.

Sect. 6-Requirement Waiver:

The city council may waive the annual five percent(5%) requirement for monies to be deposited in the Unappropriated Reserve Fund.

Sect. 7-Update of this Policy:

This policy shall be reviewed annually during the budget process for the coming year.

Sect. 8-Severability:

If any provision of this ordinance or 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: 2-23-2015

Russell Stokes, Jr.
Russell Stokes, Jr., Mayor

Attest: Lana Hamilton
Lana Hamilton, City Clerk