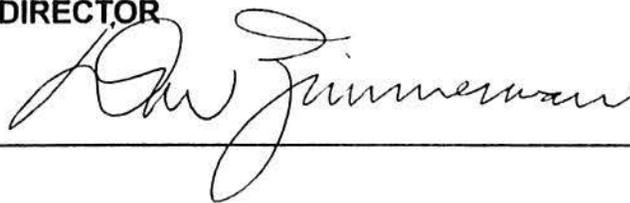


**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
1999 - 2001**

Budgets for cities and towns are composed of revenue from primarily three (3) sources. They are: Local Sales Taxes, Utility Franchise Fees, and State Turnback Funds. Local sales taxes, which are subject to voter approval, have been used by numerous municipalities to replace Federal Revenue Sharing that was eliminated in the 1980's. The Utility Franchise Fee, a once reliable source of revenue for municipalities, is now entering a phase of uncertainty with various utility deregulation proposals. Therefore, the most important source of revenue for municipalities is State Turnback Funds. These funds provide for at least a minimum level of local services for all municipalities.

As local economies grow so does the State economy. Municipal Aid has been frozen for over a decade. Our budget request for the next biennium reflects the philosophy of allowing the municipalities to participate with and be a partner in the economic growth and prosperity of the State of Arkansas. Our biennium request is based on the partnership principal.

The budget request for the state funded Municipal Aid Appropriation reflects a 10% increase each year of the 1999-01 biennium. This increase would allow the Municipal Aid Appropriation to participate in the overall growth of state revenue for the past two bienniums. Total request is \$33,149,812 in FY00 and \$36,464,794 in FY01.

<p><b>AGENCY</b></p> <p>Arkansas Municipal League</p>	<p><b>DIRECTOR</b></p> 	<p><b>AGENCY PROGRAM COMMENTARY BR21</b></p>	<p><b>PAGE</b></p> <p><b>168</b></p>
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COUNTY AND MUNICIPAL AID  
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 1996

Assets

<u>Cash and Investments</u>	<u>Fixed</u>	<u>Other</u>	<u>Total</u>
\$ 453,734	\$ 0	\$ 0	\$ 453,734

Liabilities

<u>Current</u>	<u>Long-Term</u>	<u>Total</u>	<u>Total Equity</u>
\$ 453,734	\$ 0	\$ 453,734	\$ 0

Revenues

<u>Inter- governmental</u>	<u>Federal</u>	<u>Licenses and Fees</u>	<u>Other</u>	<u>Total</u>
\$ 181,849,654	\$ 105,109	\$ 0	\$ 345,416	\$ 182,300,179

Expenditures

<u>Salaries and Matching</u>	<u>Grants and Aid</u>	<u>Capital</u>	<u>Other Operating</u>	<u>Total</u>	<u>Other Sources (Uses)</u>
\$ 0	\$ 177,131,187	\$ 0	\$ 4,795,521	\$ 181,926,708	\$ 0

Findings

None

Recommendations

None

## ARKANSAS BUDGET SYSTEM DEPARTMENT APPROPRIATION SUMMARY

AGENCY TITLE Municipal Aid (076)		1997-99 Expenditures				1999-01 Biennium Request				Executive Recommendation			
Appropriations		Actual	No. of	Budgeted	No. of	Year 1	No. of	Year 2	No. of	Year 1	No. of	Year 2	No. of
Code	Name	1997-98	Pos.	1998-99	Pos.	1999-00	Pos.	2000-01	Pos.	1999-00	Pos.	2000-01	Pos.
034	General Revenue to Cities	\$30,035,673		\$30,136,193		\$33,149,812		\$36,464,794		\$30,136,193		\$30,136,193	
035	Special Revenue to Cities	63,245,982		100,000,000		100,000,000		100,000,000		100,000,000		100,000,000	
<b>TOTALS</b>		<b>\$93,281,655</b>		<b>\$130,136,193</b>		<b>\$133,149,812</b>		<b>\$136,464,794</b>		<b>\$130,136,193</b>		<b>\$130,136,193</b>	
Funding Sources			% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances													
General Revenues		30,035,673	32.2%	30,136,193	23.2%	33,149,812	24.9%	36,464,794	26.7%	30,136,193	23.2%	30,136,193	23.2%
Special Revenues		63,245,982	67.8%	100,000,000	76.8%	100,000,000	75.1%	100,000,000	73.3%	100,000,000	76.8%	100,000,000	76.8%
Federal Funds													
Const. & Fiscal Agency Fund													
State Central Services Fund													
Non-Revenue Receipts													
Cash Funds													
Other													
<b>Total Funding</b>		<b>93,281,655</b>	<b>100.0%</b>	<b>130,136,193</b>	<b>100.0%</b>	<b>133,149,812</b>	<b>100.0%</b>	<b>136,464,794</b>	<b>100.0%</b>	<b>130,136,193</b>	<b>100.0%</b>	<b>130,136,193</b>	<b>100.0%</b>
Excess Appro./ (Funding)													
<b>TOTAL</b>		<b>\$93,281,655</b>		<b>\$130,136,193</b>		<b>\$133,149,812</b>		<b>\$136,464,794</b>		<b>\$130,136,193</b>		<b>\$130,136,193</b>	
DEPARTMENT Municipal Aid (076)			DIRECTOR Don Zimmerman						DEPARTMENT APPROPRIATION SUMMARY BR 40				

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
1999 - 2001**

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These appropriations provide spending authority for the Treasurer's Office to distribute General and Special Revenues designated for the cities. The Municipal League of Arkansas is requesting a 10% increase over the 1999 authorized appropriation amount in General Revenue Turnback. The total request is \$33,149,812 in FY00 and \$36,464,794 in FY01. No increase is requested for the special revenue appropriation utilized each year of the biennium to distribute available revenue to the cities.

The Executive Recommendation for General Revenue Turnback to Cities continues the 1999 funding level of \$30,136,193 each year of the 1999-01 biennium. Appropriation for the Special Revenue received by the Cities is recommended at the requested amount.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: Municipal Aid  Code: 076	Name: Various Appropriations  Code: 034,035	Name: Municipal Aid Fund  Code: MLM	BUDGET REQUEST  BR20	<b>171</b>

ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	EXPENDITURES			99-00 FISCAL YEAR			00-01 FISCAL YEAR			RECOMMENDATIONS			
	97-98	98-99	98-99	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED							99-00	00-01	99-00	00-01
GENERAL REVENUES-CITIES	30,035,673	30,136,193	30,136,193	30,136,193	3,013,619	33,149,812	30,136,193	6,328,601	36,464,794	30,136,193	30,136,193		
TOTAL	30,035,673	30,136,193	30,136,193	30,136,193	3,013,619	33,149,812	30,136,193	6,328,601	36,464,794	30,136,193	30,136,193		
PROPOSED FUNDING SOURCES			*****										
UNDEVELOPED BALANCES			*****										
GENERAL REVENUES	30,035,673	30,136,193	*****	30,136,193	3,013,619	33,149,812	30,136,193	6,328,601	36,464,794	30,136,193	30,136,193		
FEDERAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
STATE FUNDS			*****										
OTHER			*****										
TOTAL FUNDING	30,035,673	30,136,193	*****	30,136,193	3,013,619	33,149,812	30,136,193	6,328,601	36,464,794	30,136,193	30,136,193		
CESS APPRO/ (FUNDING)			*****										
TOTAL	30,035,673	30,136,193	*****	30,136,193	3,013,619	33,149,812	30,136,193	6,328,601	36,464,794	30,136,193	30,136,193		

PT 004 CONSTITUTIONAL OFFICES  
 Y 076 MUNICIPAL AID  
 PRO 034 GENERAL REVENUES TO CITIES  
 IND MLM MUNICIPAL AID FUND(076)

APPROPRIATION SUMMARY

BR 215

ARKANSAS BUDGET SYSTEM

01                      02                      03                      04                      05                      06                      07                      08                      09                      10                      11                      12                      13                      14

CHARACTER TITLE	-----EXPENDITURES-----			-----99-00 FISCAL YEAR-----			-----00-01 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	97-98	98-99	98-99	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO		LEVEL	REQUEST		LEVEL	REQUEST	99-00	00-01	99-00	00-01
SPECIAL REVENUES-CITIES	63,245,982	100,000,000	100,000,000	100,000,000	0	100,000,000	100,000,000	0	100,000,000	100,000,000	100,000,000		
<b>TOTAL</b>	<b>63,245,982</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>0</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>0</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES			*****										
GENERAL REVENUES			*****										
SPECIAL REVENUES	63,245,982	100,000,000	*****	100,000,000		100,000,000	100,000,000		100,000,000	100,000,000	100,000,000		
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS			*****										
OTHER			*****										
<b>TOTAL FUNDING</b>	<b>63,245,982</b>	<b>100,000,000</b>	<b>*****</b>	<b>100,000,000</b>		<b>100,000,000</b>	<b>100,000,000</b>		<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>		
EXCESS APPRO/ (FUNDING)			*****										
<b>TOTAL</b>	<b>63,245,982</b>	<b>100,000,000</b>	<b>*****</b>	<b>100,000,000</b>		<b>100,000,000</b>	<b>100,000,000</b>		<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>		

DEPT 004 CONSTITUTIONAL OFFICES  
 AGY 076 MUNICIPAL AID  
 APPRO 035 SPECIAL REVENUES TO CITIES  
 FUND MLM MUNICIPAL AID FUND(076)

APPROPRIATION SUMMARY

BR 215