ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM AGENCY PROGRAM COMMENTARY 2003 - 2005

The revenue sources for cities and towns come from three (3) primary sources. The sources are Local Sales Tax, Utility Franchise Taxes and State Turnback Funds. Local Sales Taxes, which are subject to voter approval and have in some cases reached a saturation point, have been used by numerous municipalities over the last twenty years to replace Federal Revenue Sharing which was eliminated about the same time the legislature wisely authorized local sales taxes. The Utility Franchise Fee, once a stable, reliable and growing source of revenues for municipalities, now fluctuates due to customer rate refunds and stable or declining overall utility rates. The property tax is constitutionally limited and more properly utilized by school districts. Therefore, perhaps the most important source of revenues for municipalities is State Turnback Funds. These funds provide for at least a minimum level of local service.

Municipal Aid has been frozen, even reduced temporarily, for well over a decade. Our budget request for the next biennium reflects the need to recoup some of the real buying power lost due to inflation over the years. Municipalities also need new resources to engage in the pursuit of new endeavors such as e-government and possibly Broadband Internet capability for citizens and businesses. Municipalities also need increased funds in order to pay workers properly for the work that they perform and to insure their salaries are protected from the adverse impact of inflation. Municipalities covered by the Arkansas Public Employee Retirement System (APERS) will likely see their mandatory contributions go up in 2003. Our biennium request is based on our need to recover buying power and assist our municipalities in transitioning into the computer age.

Our budget request for the next biennium is for a 10% annual increase over the appropriation contained in ACT 1041 of 2001. We respectfully submit our request as follows:

General Turnback FY 2004 \$33,149,812 FY 2005 \$36,464,794

AGENCY

ARKANSAS MUNICIPAL LEAGUE

DIRECTOR

Don A. Zimmerman

AGENCY PROGRAM COMMENTARY

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DIVISION OF LEGISLATIVE AUDIT AUDIT OF: COUNTY AND MUNICIPAL AID FOR THE YEAR ENDED JUNE 30, 2001

Findings	Recommendations
None	None

SA0407401

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM

Biennial Department Appropriation Summary

Agency Name MUNICIPAL AID Agency Code 076

A	ppropriation	2001-02 2002-03					Agency Red	quest			Executive Recom	mendation	
Code	Name	Actual	Pos.	Budget	Pos.	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
034	General Revenue to Cities	24,894,217		27,506,526	0	33,149,812	0	36,464,794	0	27,506,526	0	27,506,526	(
035	Special Revenue to Cities	68,340,004		120,000,000	0	110,000,000	0	120,000,000	0	110,000,000	0	120,000,000	-
Grand Total		93,234,221		147,506,526	0	143,149,812	0	156,464,794	0	137,506,526	0	147,506,526	- 1

Fund	ing Sources												
Name	Code		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
General Revenue	4000010	24,894,217	26.7	27,506,526	18.6	33,149,812	23.2	36,464,794	23.3	27,506,526	20.0	27,506,526	18.6
Special Revenue	4000030	68,340,004	73.3	120,000,000	81.4	110,000,000	76.8	120,000,000	76.7	110,000,000	80.0	120,000,000	81.4
Total Funding		93,234,221	100.0	147,506,526	100.0	143,149,812	100.0	156,464,794	100.0	137,506,526	100.0	147,506,526	100.0
Excess Appro/(Funding)		0		0		0		0		0		0	
Grand Total		93,234,221		147,506,526		143,149,812		156,464,794		137,506,526		147,506,526	

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM ANALYSIS OF BUDGET REQUEST 2003 - 2005

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 in General Revenue Turnback (034) over the 2001-2003 authorized level each year of the biennium bringing the total request to \$33,149,812 in FY04 and \$36,464,794 in FY05. The increase is requested to recover buying power and assist municipalities in transitioning into the computer age through the use of e-government and Broadband Internet capabilities.

The Municipal League of Arkansas is also requesting that Special Revenue to Cities (035) be continued at the 2001-03 authorized levels of \$110,000,000 for FY04 and \$120,000,000 for FY05. Base Level for FY04 reflects this request.

The Executive Recommendation provides for Base Level for General Revenue Turnback to Cities in the amount of \$27,506,526 for each year of the biennium. The Executive Recommendation also provides for Agency Request to continue Special Revenue received by the cities at the current level of appropriation.

AGENCY		APPROF	PRIATION	TREASU	RY FUND	ANALYSIS OF	PAGE
Name:	Municipal Aid	Name:	Various Appropriations	Name:	Municipal Aid Fund	BUDGET REQUEST	
							380
Code:	076	Code:	034, 035	Code:	MLM		

Agoncy Name Agency Code

MUNICIPAL AID

Appropriation Name General Revenue to Cities 034

Appropriation Code

Municipal Aid Fund Fund Name

Fund Code

250000000000000000000000000000000000000	100000000000000000000000000000000000000	Expen	ditures				Agency				Request							Recomme	endations		
Character	2001-02	2002-03		2002-03				2003-04					0.00	2004-05		and the same		1	Exec	utive	
Name	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2003-04	Pos.	2004-05	Pos.
General Revenue - Cities	24,894,217	27,506,526	0	30,136,193	0	27,506,526	0	5,643,286	0	33,149,812	0	27,506,526	0	8,958,268	0	36,464,794	0	27,506,526	0	27,506,526	0
Grand Total	24,894,217	27,506,526	0	30,136,193	0	27,506,526	0	5,643,286	0	33,149,812	0	27,506,526	0	8,958,268	0	36,464,794	0	27,506,526	0	27,506,526	0

Funding Sources Name									the state of the s				and discounts in				T-112				**************************************
General Revenue	24,894,217	27,506,526	********		********	27,506,526	*******	5,643,286		33,149,812	********	27,506,526	********	8,958,268	********	36,464,794	*******	27,506,526	*******	27,506,526	*******
Total Funding	24,894,217	27,506,526	********		********	27,506,526	*******	5,643,286	********	33,149,812	********	27,506,526	*******	8,958,268		36,464,794	*******	27,506,526	********	27,506,526	********
Excess Appro/(Funding)	0	0	********	***************************************	*******	0	********	0	********	0	*******	0		0	*******	0	********	0	********	0	*******
Grand Total	24 894 217	27 506 526	********	***************************************	*******	27 506 526	********	5 643 286	********	33 149 812	********	27.506.526	********	8 958 268	********	36,464,794	*******	27.506.526	********	27.506.526	********

Agency Name MUNICIPAL AID

Agency Code 076

Appropriation Name General Revenue to Cities

Appropriation Code 034

Fund Name Municipal Aid Fund

Fund Code MLM

			Expen	ditures		
Characte	Character		2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
General Revenue - Cities	5100004	24,894,217	27,506,526	0	30,136,193	0
Grand Total		24,894,217	27,506,526	0	30,136,193	0

Funding So	ources					
Name	Code					
General Revenue	4000010	24,894,217	27,506,526	******	******	*****
Total Funding		24,894,217	27,506,526	******	******	******
Excess Appro/(Funding)		0	0	******	******	******
Grand Total		24,894,217	27,506,526	******	******	******

Agency Name

MUNICIPAL AID

Agency Code

076

Appropriation Name

General Revenue to Cities

Appropriation Code

034

Fund Name

Municipal Aid Fund

Fund Code

MLM

							Agency R	equest					
Character				2003-04						2004-05			
Name	Code	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
General Revenue - Cities	5100004	27,506,526	0	5,643,286	0	33,149,812	0	27,506,526	0	8,958,268	0	36,464,794	0
Grand Total		27,506,526	0	5,643,286	0	33,149,812	0	27,506,526	0	8,958,268	0	36,464,794	0

Funding Sou	Irces												
Name	Code												
General Revenue	4000010	27,506,526	*******	5,643,286	*******	33,149,812	*******	27,506,526	*******	8,958,268	*******	36,464,794	*******
Total Funding		27,506,526	*******	5,643,286	*******	33,149,812	*******	27,506,526	*******	8,958,268	*******	36,464,794	*******
Excess Appro/(Funding)		0	********	0	*******	0	*******	0	*******	0	*******	0	*******
Grand Total		27,506,526	*******	5,643,286	*******	33,149,812	*******	27,506,526	*******	8,958,268	*******	36,464,794	*******

Agency Name

MUNICIPAL AID

Agency Code

076

Appropriation Name

General Revenue to Cities

Appropriation Code

034

Fund Name

Municipal Aid Fund

Fund Code

MLM

				1	Recomme	endations			
Characte	er		Exec	utive			Legisl	ative	
Name	Code	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
General Revenue - Cities	5100004	27,506,526	0	27,506,526	0	0	0	0	0
Grand Total		27,506,526	0	27,506,526	0	0	0	0	0

Funding So	urces								
Name	Code								
General Revenue	4000010	27,506,526	******	27,506,526	******	0	******	0	*****
Total Funding		27,506,526	******	27,506,526	******	0	******	0	*****
Excess Appro/(Funding)		0	******	0	******	0	*****	0	*****
Grand Total		27,506,526	******	27,506,526	******	0	******	0	*****

Agency Name

MUNICIPAL AID

Agency Code

076

Appropriation Name

Special Revenue to Cities

Appropriation Code
Fund Name
Fund Code

035 Municipal Aid Fund MI M

nd Code M

		Expen	ditures								Agency	Request			W-150-	v	0.00		endations	-000	
Character	2001-02	2002-03		2002-03		101 490 734		2003-04		WASHINGTON .				2004-05		4299923		Esperation 1	Execu	utive	-
Namo	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2003-04	Pos.	2004-05	Pos.
Special Revenue - Cities	68,340,004	120,000,000	0	120,000,000	0	110,000,000	0	0		0 110,000,000	0	120,000,000	0	0	0	120,000,000	0	110,000,000	0	120,000,000	(
Grand Total	68,340,004	120,000,000	0	120,000,000	0	110,000,000	0	0		0 110,000,000	0	120,000,000	0	0	0	120,000,000	0	110,000,000	0	120,000,000	(

Funding Sources Name	V																				
Special Revenue	68,340,004	120,000,000	*******		*******	110,000,000	********	0	*******	110,000,000	*******	120,000,000	********	0	*******	120,000,000	*******	110,000,000	*******	120,000,000	*******
Total Funding	68,340,004	120,000,000	*******	***************************************	*******	110,000,000	*******	0	•••••	110,000,000	*******	120,000,000	*******	0	*******	120,000,000	*******	110,000,000	********	120,000,000	********
Excess Appro/(Funding)	0	0	*******	****************	*******	0	********	0	*******	0	*******	0	********	0	*******	0	*******	0	*******	0	********
Grand Total	68,340,004		*******	***************************************	*******	110,000,000	*******	0	*******	110,000,000	*******	120,000,000	*******	0	*******	120,000,000	********	110,000,000	*******	120,000,000	*******

Base Level for FY04 reflects the agency's request to continue 2001-03 authorized levels of \$110,000,000 and \$120,000,000 respectively.

Agency Name

MUNICIPAL AID

Agency Code

076

Appropriation Name

Special Revenue to Cities

Appropriation Code

035

Fund Name

Municipal Aid Fund

Fund Code

MLM

		Expenditures										
Charact	er	2001-02	2002-03		2002-03							
Name	Code	Actual	Budget	Pos.	Authorized	Pos.						
Special Revenue - Cities	5100004	68,340,004	120,000,000	0	120,000,000	0						
Grand Total		68,340,004	120,000,000	0	120,000,000	0						

Funding So	ources					
Name	Code					
Special Revenue	4000030	68,340,004	120,000,000	******	******	*****
Total Funding		68,340,004	120,000,000	*****	*******	******
Excess Appro/(Funding)		0	0	******	******	******
Grand Total		68,340,004	120,000,000	******	******	*****

Base Level for FY04 reflects the agency's request to continue 2001-03 authorized levels of \$110,000,000 and \$120,000,000 respectively.

Agency Name

MUNICIPAL AID

Agency Code

076

Appropriation Name

Special Revenue to Cities

Appropriation Code

035

Fund Name

Fund Code

Municipal Aid Fund MLM

			Agency Request												
Characte		2004-05													
Name	Code	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.		
Special Revenue - Cities	5100004	110,000,000	0	0	0	110,000,000	0	120,000,000	0	0	0	120,000,000	0		
Grand Total		110,000,000	0	0	0	110,000,000	0	120,000,000	0	0	0	120,000,000	0		

Funding So	urces												
Name	Code												
Special Revenue	4000030	110,000,000	*******	0	******	110,000,000	*******	120,000,000	******	0	******	120,000,000	*******
Total Funding		110,000,000	*******	0	*******	110,000,000	*******	120,000,000	*******	0	******	120,000,000	******
Excess Appro/(Funding)		0	******	0	******	0	*******	0	******	0	******	0	******
Grand Total	200	110,000,000	******	0	******	110,000,000	*******	120,000,000	*******	0	******	120,000,000	*******

Base Level for FY04 reflects the agency's request to continue 2001-03 authorized levels of \$110,000,000 and \$120,000,000 respectively.

Agency Name

MUNICIPAL AID

Agency Code

076

Appropriation Name

Special Revenue to Cities

Appropriation Code

035

Fund Name

Municipal Aid Fund

Fund Code

MLM

				F	Recomme	ndations				
Charact	er	i u	Exec	utive	Legislative					
Name	Code	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.	
Special Revenue - Cities	5100004	110,000,000	0	120,000,000	0	0	0	0	0	
Grand Total		110,000,000	0	120,000,000	0	0	0	0	0	

Funding Sc	ources								
Name	Code								
Special Revenue	4000030	110,000,000	******	120,000,000	*****	0	*****	0	*****
Total Funding		110,000,000	******	120,000,000	*****	0	******	0	*****
Excess Appro/(Funding)		0	******	0	*****	0	******	0	*****
Grand Total		110,000,000	*****	120,000,000	*****	0	******	0	*****