

FISCAL YEAR 2008

BUDGET

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
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PRESENTED TO

**City of Fort Smith
Arkansas**

For the Fiscal Year Beginning

January 1, 2007

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Fort Smith for its annual budget for the fiscal year beginning January 1, 2007. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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BUDGET FORMAT

The City of Fort Smith Budget serves four primary roles: policy document, financial plan, operations guide and communications tool. In order to meet these roles, the Budget is organized into the following eight sections:

Preface

This section of the document includes the title page, management team listing, the City's Distinguished Budget Presentation Award, the table of contents and budget format description.

Introduction

The Introduction section begins with the City Administrator's Budget Message which outlines the City's accomplishments, goals for the current period and the budgetary plan for the current fiscal year. This section also includes an organization chart, graphic presentation of full-time personnel and a comparative list of authorized personnel. The amounts compared in the Budget Message are Adopted Budget 2007 and Adopted Budget 2008.

Budget Highlights

The Budget Highlights section of the document is intended to serve as a summary of the current fiscal year budget plan. The budget process, and the fiscal performance policies are included in this section. In addition, highlights of the current year budget including narratives, graphs and tables are presented.

Budget Summaries - All Funds

This section of the document includes financial statements for all funds of the City. A comparative summary of all funds for FY06 Actual, FY07 Budget, FY07 Estimated and FY08 Budget is included. A comparative summary for all funds with major revenue detail is presented for FY05 Actual, FY06 Actual, FY07 Budget, FY07 Estimated, and FY08 Budget. A combined summary of all funds for the FY08 Budget as well as individual fund statements by fund type for FY08 Budget is included. The City of Fort Smith financial structure and explanations for each fund are also included in this section.

Operating Funds Budget Summaries

The Operating Funds Budget Summaries section includes the basic financial statements for the four major funds of the City for which an annual budget is required. Comparative summaries and statements of revenue comparisons are provided for the operating funds combined and for each individual operating fund. The distribution of appropriations to the operating funds for FY08 is also incorporated in this section. Combined summaries by division and expenditure/expense classification are provided at the end of this section in statement and graphic form.

Division Summaries

This section of the document describes the operating programs of the City's basic organizational units which provide the essential services to the citizens of Fort Smith. City programs are organized into seven divisions:

- Policy and Administration Services
- Management Services
- Development Services
- Police Services
- Fire Services
- Operation Services (Streets and Traffic Control, Water and Sewer, Parks and Recreation, Convention Center, Sanitation and Transit)
- Non-Departmental

Each division includes a purpose, organization chart, overview for the current budget year, current goals, prior year goals and results, service measures/performance indicators, and workload/demand statistics, as applicable.

Capital Improvement Program

The Capital Improvement Program section provides highlights of the major capital projects in the various funds. A list of the capital outlay items authorized in the current budget and capital sinking fund transfers are included in this section. The effects of capital improvements on the operating budget are also included.

Related Financial Information

This section provides various data to aid the reader in understanding the budget document. The City's budget organizational structure, budgetary and accounting system control, classification of revenue sources for the operating funds, debt service schedules, glossary of key terms, Fort Smith notes, personnel count comparison and miscellaneous statistical data of the City are included in this section. An index is included to cross-reference pertinent information in the document.

INTRODUCTION

This document, the City of Fort Smith, Arkansas, Annual Budget, serves as the primary budget document of the City of Fort Smith. The Annual Budget serves as the appropriations document and provides detailed information about City government, its budget, and the services it provides.

December 6, 2007

The Honorable Ray Baker, Mayor
and City Directors
City of Fort Smith, Arkansas

Mayor and Directors:

We are pleased to present the 2008 Budget as adopted and approved on December 4, 2007. The 2008 Budget is a complete financial plan for all funds which includes all programs and activities of the City government.

Although the City was able to maintain its quality level of services during 2007 and completed some quality of life projects, the outlook for 2008 for the General Fund and Water and Sewer Operating Fund programs is more modest. Due to lower than expected revenues for both of these funds and the spending of reserves, the 2008 Budget for the General Fund and the Water and Sewer Operating Fund is very basic. In almost all the programs that rely on funding from these funds, operating costs are at or below the 2007 level and there is virtually no capital outlay.

In the General Fund, all capital outlay requests for police patrol vehicles, fire pumper, and all park related improvements were deferred. There are no new positions budgeted for 2008. The personnel accounts include funds to provide a 2% market adjustment for employees, however, there will be neither merit nor step pay increases during 2008.

The projected fund balance at December 31, 2008 for the General Fund is \$2.9 million which represents 7.4% of the 2008 operating expenditures. The main reasons that the reserve is presented below the City's policy of 15% of current operating expenditures are varied. Franchise fees are estimated at \$1.1 million below the original budget in 2007 and will be below the actual 2006 franchise revenue by \$353,000. Franchise fees levied on electric and natural gas utilities are affected by weather and the 2007 weather pattern has been very mild. Also the transit revenue for 2007 included federal funding for the transit transfer facility, but since that has been delayed, the General Fund estimated revenue does not include that \$1.2 million. During 2007, supplemental appropriations totaling \$840,336 were made to increase the contract for Carol Ann Cross Park lake improvements. This projects final cost was \$2.9 million and the funding for it came from the prior year's reserve funds. Additional costs for the Elm Grove Community Center approximating \$374,000 were paid from the reserve. The \$100,000 funding for the Marshall's Museum and \$250,000 that has been set aside for the Mallilieu demolition were provided by the General Fund reserve balance in 2007 as well. The City's share of the Sebastian County Courts Building totals \$1.4 million for 2007 and the remaining \$870,000 must be paid during 2008.

Water consumption billed in 2007 is estimated to be 6% less than in 2006. Consumption billed has been relatively flat since 2003 due to weather, rainfall, and conservation efforts. The City's rate structure is based upon volume demand factors, therefore, the revenue generated by rate increases have not met expectations. Furthermore, the level of revenue bonded indebtedness continues to require larger annual requirements be met. The annual debt service payment for the 2007 revenue bonds will average \$1.9 million per year. The 2008 water and sewer revenue was based upon consumption records for 2004, 2005, and 2006 in an effort to be as conservative as possible. Most of the capital requests for 2008 were deleted and operating costs have been reduced as much as possible for 2008. The projected working capital reserve at December 31, 2008 is \$1.2 million or 5.9% of 2008 operating expenses.

The financial condition of both the General Fund and the Water and Sewer Operating Fund present challenges for the City. The General Funds available revenue sources are very limited.

Recent Key Challenges and Accomplishments

Although the City faces financial challenges in 2008, the following major achievements in 2007 will strengthen our future. Highlighted accomplishments are as follows:

Fort Smith was selected as the site for the relocation of the U.S. Marshals Service museum. The city was one of 10 locations originally considered. The museum would attract tourists nationally and internationally, complement the Fort Smith National Historic Site, and possibly lead to the development of a museum cottage industry in Fort Smith. Land for this site has been donated.

Fort Smith's retail marketplace is expanding significantly with the construction on a third Wal-Mart Supercenter in the city and a new Target department store. Both are expected to open during 2008.

We have worked to attract three new major employers to the city who are expected to add 600 new jobs to our regional economy.

Fort Smith is expanding and enhancing its parks and recreation services. A new 5,500 square feet community center at Martin Luther King, Jr. Park was completed in September 2007 and the recreation lake at Carol Ann Cross Park was reconstructed and reopened in October 2007.

The city implemented "Request Partner", a new citizen relations program, to make it easier for residents and businesses to request services online and to track the status of their requests.

Automated refuse collection was expanded in 2007 to an additional 3,500 customers. More neighborhoods will be added each year. The program streamlines the collection of garbage and reduces the potential for litter.

Awarded the GFOA Distinguished Budget presentation Award for 2007, nineteenth consecutive recognition; and the GFOA Certificate of Achievement for Excellence in Financial Reporting for the 2006 CAFR, the twenty-second consecutive recognition.

Major 2008 Policy Initiatives

Through policy guidance by the City Board of Directors and in cooperation with the leadership of our educational institutions, business and industry, the City has enjoyed and shared the role of moving the community in a positive direction, over the past several years. To keep the momentum, the City will need to continue focusing its efforts on those policy issues facing her citizens and businesses in the coming year.

The City-wide goals for 2008 are as follows:

1. City-Wide Goal: Continue efforts to strengthen citizen service and citizen access to city government.
2. City-Wide Goal: Encourage economic development by working with partners to implement the Tipping Point report and strengthen ties with the Northwest Arkansas Council.
3. City-Wide Goal: Undertake "green" initiatives including revitalization of recycling efforts in city offices and facilities, paperless board packets, and less energy consumption by the City.
4. City-Wide Goal: Approve a new results-oriented model for outside agency funding to be implemented in 2009.
5. City-Wide Goal: Increase the city's presence in Washington, D.C. by using the services of a lobbyist to procure federal funds for city projects and to keep the city informed of federal issues.

The departmental goals which are presented in the Division Summaries section of this document have been developed to achieve these city-wide goals.

For the Future

As Chaffee Crossing continues to develop, the City must provide public safety, street maintenance and construction, utility services, planning and code enforcement for the area. The water and sewer infrastructure projects total \$28.3 million and may need to be designed and constructed between 2009 and 2010. The Fire Department estimates that a station will need to be constructed (\$950,000) and staffed (nine additional positions at an annual cost of approximately \$500,000) during 2009-2010. Funding must be identified for these improvements and services.

Implementation of the comprehensive plan will require future budget allocations to accomplish its key elements. The level of resources to dedicate for this purpose must be determined for the next several years.

The City's share of the county-wide sales tax represents 39% of total General Fund revenue. The reliance on a revenue that is impacted by external factors such as economic conditions is a concern. The City must continue to review other revenue options and continue to streamline expenditures in the General Fund to provide financial stability to continue providing the level of public services expected by the community.

The Parks and Recreation Commission report recommends expansion and improvement to parks projects, facilities and acreage and indicates a funding need of \$20 million over the next 10 years. Two possible funding sources may be considered. The first is a voter approved restaurant tax dedicated to park programs, and the second is reallocation of a small portion of the sales tax revenue dedicated to streets and drainage projects.

Future expansions of the Riverfront Park as well as continued improvements in the downtown area, such as expansion of the streetscape, will need to be prioritized and funding sources identified. Private participation and grants are options to review. Ongoing operating and maintenance costs will need to be considered.

Budget Summary

The 2008 Annual Budget is designed to present the City's operating programs in a comprehensive yet simple, clear and easy to read manner. The City's budget process is guided by its Fiscal Performance Policies which are presented in the Budget Highlights section of this document. The Policies were originally adopted in 1987 and have been updated regularly.

The City's 2008 Annual Budget, comprised of all funds, programs and activities, totals \$254.8 million or a \$32.3 million bottom line increase over the 2007 Annual Budget of \$222.5 million.

The City's 2008 Budget of \$254.8 million includes the 2008 Operating Budget of \$101.6 million as well as \$99.2 million for capital improvements; \$34.8 million for debt service; \$4.7 million for pension programs; \$8.6 million for self-funded workers' compensation and employee benefit programs; \$1.3 million for CDBG, housing and special grants programs; and \$3.9 million for the Advertising and Promotion Commission, Parking Authority, Convention Center and internal service funds. Excluding various interfund transfers of \$21.3 million, the City's Annual Budget totals \$233.5 million.

The table on the following page summarizes the major areas of change between the 2007 and 2008 Annual Budgets:

Overall Budget Summary

	2007	2008	Change	%
Operating Budget	\$95,142,216	\$101,649,288	\$6,507,072	6.8%
Capital Improvements	76,574,071	99,191,087	22,617,016	29.5%
Debt Service	31,784,718	34,818,853	3,034,135	9.5%
Pension Programs	4,637,500	4,676,100	38,600	0.8%
Workers' Compensation and Insurance Programs	8,272,512	8,635,000	362,488	4.4%
CDBG, Housing & Special Grants	1,592,200	1,903,000	310,800	19.5%
Special Projects	4,521,763	3,928,380	(593,383)	-13.1%
Total	\$222,524,980	\$254,801,708	\$32,276,728	14.5%
Less Interfund Transfers	18,369,035	21,286,320	2,917,285	15.9%
Total	\$204,155,945	\$233,515,388	\$29,359,443	14.4%

The 2008 Operating Budget is summarized in greater detail elsewhere. The 2008 Capital Budget of \$99.2 million includes \$38.8 million in various street and drainage improvements; \$56.2 million in water and sewer system improvements; \$3.6 million for the public safety radio system purchase; \$340,000 in sidewalk construction; and \$310,000 in parking facilities structural repairs.

The increase in debt service is due to the issuance of the 2007 Water and Sewer Revenue Bonds which carries a debt service requirement of \$1.9 million in 2008. Also, additional Sales and Use Tax Bonds, Series 2006, are expected to be called during 2008.

The pension program for the police and fire uniformed personnel remains stable between years.

The increase in worker's compensation and insurance programs is a result of initiating a trust account for accumulation of other post employment benefits (OPEB) for retirees.

The increase in CDBG, housing, and special grants is because it is anticipated that draws on funds available will be slightly higher for 2008. Estimated 2007 revenue is expected to exceed the 2007 Budget amount by approximately \$874,000.

The decrease in special projects is due to the significant decrease in capital projects for the convention center for 2008.

2008 Operating Budget Summary

The Fiscal Performance Policies, reproduced in the Budget Highlights section of the 2008 Annual Budget, require the adoption of an annual budget in which expenditures do not exceed reasonably estimated revenues and available fund balances/working capital.

The 2008 Operating Budget of \$101.6 million achieves this goal with anticipated revenues of \$98.4 million and \$3.3 million from prior year balances. The major revenue source of the General Fund is the City's share of the county-wide sales tax which represents 39% of total operating revenues. The county-wide sales tax is anticipated at \$15.7 million for 2008 which is a 2% increase over the estimated 2007 revenue. The franchise tax for 2008, estimated at \$7.2 million, reflects a 2% increase over estimated 2007 revenue. Property tax is estimated at \$5.4 million for FY08 which is 2% above the estimated FY07 amount.

The Street Maintenance Fund revenue remains stable from 2007 to 2008.

The Water and Sewer Operating Fund revenues are expected to increase by 9.7% due to the rate increases that became effective October 1, 2007.

The Sanitation Operating Fund reflects a 27.9% increase for FY08 as compared to the FY07 budgeted revenue. The increased revenue is a result the rate increases approved in July 2007 and August 2007.

The figures below summarize 2007 and 2008 Budget revenues by operating fund:

Revenues by Operating Fund

	2007	2008	Change	%
General	\$41,034,834	\$39,830,867	(\$1,203,967)	-2.9%
Street Maintenance	5,640,024	5,542,928	(97,096)	-1.7%
Water and Sewer	34,746,500	38,119,610	3,373,110	9.7%
Sanitation	11,623,600	14,871,365	3,247,765	27.9%
Total Revenues	\$93,044,958	\$98,364,770	\$5,319,812	5.7%
Prior Year Balance	2,097,258	3,284,518	1,187,260	56.6%
Total	\$95,142,216	\$101,649,288	\$6,507,072	6.8%

2008 Operating Budget-Expenditure Summary

The 2008 Operating Budget totals \$101.6 million, or \$6.5 million or 6.8% more than the 2007 Operating Budget of \$95.1 million. The 2008 Budget includes funds to provide a 2.0% market adjustment for employees. Due to financial constraints in the General Fund and the Water and Sewer Operating Fund, merit pay increases and step increases for any applicable employee are not planned during 2008. The approximate cost of the 2% COLA is \$905,000. The 2008 Operating Budget also includes a reduction of 2.0FTE due to the two District Judges becoming state employees in 2008.

The 2008 General Fund expenditures are anticipated to increase \$76,000 or 0.2% over 2007 budget expenditures. The increase is attributable to the 2% market adjustment (\$517,000), as well as other personnel cost increases (\$1.1 million). These personnel increases are offset by a reduction in capital between years (\$1.2 million) and the decrease in the City's share of the courts building between years (\$380,000).

The expenditures in the Street Maintenance Fund are expected to be 2.3% more in 2008 than budgeted for 2007. The increase is attributed to the 2% market adjustment, and increased operating cost such as fuel and materials.

Water and Sewer Operating expenses are anticipated to increase by 7.8% between years. The increase is due to the 2% wage adjustment (\$223,000) and the debt service requirement for the 2007 Bonds (\$1.9 million).

The Sanitation Operating Fund budgeted expenses for 2008 are 30% more than the 2007 budgeted expenses. The increase is attributable to the 2% market adjustment (\$102,000), additional landfill disposal fees paid to the state and the regional management district (\$440,000), the increase in capital outlay between years (\$1.65 million), and the increase in transfers for future landfill expansion and equipment sinking fund (\$932,000).

The figures shown on the next page compare 2007 and 2008 Budget expenditure/expense appropriations by operating fund, category of use, and service division.

Summary by Operating Fund

	2007	2008	Change	%
General	\$42,072,571	\$42,148,605	\$76,034	0.2%
Street Maintenance	6,740,625	6,893,516	\$152,891	2.3%
Water and Sewer	34,355,138	37,039,093	\$2,683,955	7.8%
Sanitation	11,973,882	15,568,074	\$3,594,192	30.0%
Total	\$95,142,216	\$101,649,288	\$6,507,072	6.8%

Summary by Use

	2007	2008	Change	%
Personnel	\$47,407,700	\$49,702,160	\$2,294,460	4.8%
Operating	24,429,020	25,995,193	1,566,173	6.4%
Capital	3,176,910	3,753,169	576,259	18.1%
Debt Service	14,656,025	16,568,710	1,912,685	13.1%
Transfers	5,472,561	5,630,056	157,495	2.9%
Total	\$95,142,216	\$101,649,288	\$6,507,072	6.8%

Summary by Service Division

	2007	2008	Change	%
Policy	\$3,573,150	\$3,719,210	\$146,060	4.1%
Management	6,713,420	6,584,100	(\$129,320)	-1.9%
Development	3,006,140	2,990,800	(\$15,340)	-0.1%
Police	14,950,260	14,884,290	(\$65,970)	-0.4%
Fire	9,140,630	9,935,900	\$795,270	8.7%
Operations	51,913,695	56,916,239	\$5,002,544	9.6%
Non-Departmental	5,844,921	6,618,749	\$773,828	13.2%
Total	\$95,142,216	\$101,649,288	\$6,507,072	6.8%

For reference purposes, Policy Services include the Mayor, Board of Directors, City Administrator, Economic Development, Internal Audit, Legal Services including the City Attorney, District Court, City Prosecutor, and Public Defender. Management Services include the City Clerk/Action Center, Finance, Human Resources and Information and Technology Systems. Development Services include Planning and Zoning, Engineering, and Building Safety. Operation Services include Street Maintenance, Water and Sewer, Parks and Recreation, Public Transit, and Sanitation. Police and Fire are self explanatory. Non-departmental includes interfund transfers and service contracts with outside agencies and organizations.

2008 Contingencies

The City's contingencies consist of unencumbered fund balances/working capital. Strong fund balances/working capital are absolutely essential to maintain a positive year-round cash flow, as well as to meet unexpected increases in the cost of providing services. Importantly they also serve as the City's only available reserve for unexpected claims, emergencies or downturns in revenues.

The fiscal performance policies require maintaining at least a 15% contingency based upon estimated operating expenditures/expenses for the current fiscal year. The General Fund projected ending balance is 7.4% and the Water and Sewer Operating Fund ending balance is 5.9% which fall below the target of 15%. In an effort to maintain current service levels, this is as near to the policy level that may be maintained for 2008. Our beginning balance of 11.3% will help with the downturn in 2008 revenues. The Street Maintenance Fund and the Sanitation Operating Budget achieved the desired level of reserve.

The figures shown below compare estimated 2007 and 2008 contingencies based upon the current year operating expenditures/expenses.

Contingencies by Operating Fund

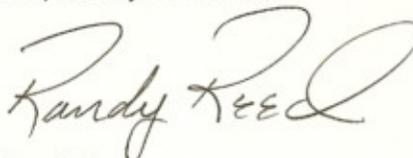
	2007		2008	
	Balance	% of Exp.	Balance	% of Exp.
General	\$4,372,257	11.3%	\$2,927,200	7.4%
Street Maintenance	1,829,742	29.6%	1,187,063	18.2%
Water and Sewer	2,371,051	11.7%	1,237,314	5.9%
Sanitation	1,340,652	13.8%	1,907,871	15.4%
Total	\$9,913,702	13.2%	\$7,259,448	14.2%

Message Summary

The Board of Directors has taken very clear, deliberate and progressive action to improve the long-term capability of the City government to continue providing responsive, effective and accountable public services. The Board is committed to providing financial stability for all programs and to provide long range forecasts of financial and planning needs for the City.

Special appreciation is expressed to Kara Bushkuhl, the Finance Department staff, and all City employees for their assistance in preparing the 2008 Budget.

Respectfully submitted,



Randy Reed
City Administrator

cd

**City of Fort Smith
2008 City-Wide Goals with Specific 2008
Departmental Service Objectives**

1. **City-Wide Goal: Continue efforts to strengthen citizen service and citizen access to city government.**
 - a. Continue the expansion of the Academy concept by engaging citizens in active experiences about their municipal government. (Economic Development)
 - b. Collaborate with FSPD, FSFD, and ITS to create a user-friendly method of applying for any of the three Citizen Academies by using just one application. (Economic Development)
 - c. Create an interface to allow District Court records to be available to the public on the Court's web site and implement online payments for fines and fees due the Court. (District Court)
 - d. Develop, display, and maintain a web-based GIS application for representing the most current state of the Capital Improvements Program (CIP) for streets and drainage and of the water/wastewater system. (GIS)
 - e. Provide up to date information on department's web page and expand the programming on Governmental Access Channel 5. (City Clerk)
 - f. Implement a streamlined application process and subsequent permit and license review for water and service taps, building permits, and business registration. (Finance)
 - g. Monitor the online payment procedures for effectiveness and implement enhanced attributes as available. (Finance)
 - h. Promote the Request Partners web portal in an effort to promote technology-based interaction between citizens and the city. (ITS)
 - i. Improve citizen service by increasing public information meetings during design and conducting post construction survey of citizens adjacent to city construction sites. (Engineering)
 - j. Strengthen customer service through regular neighborhood and stakeholders meetings to discuss neighborhood and development issues. (Development & Construction)

**City of Fort Smith
2008 City-Wide Goals with Specific 2008
Departmental Service Objectives**

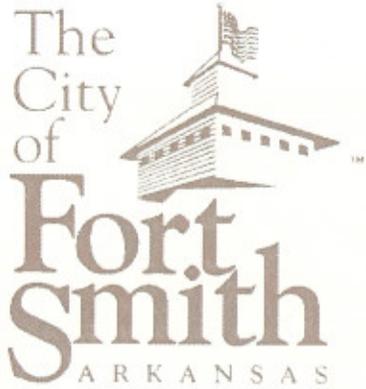
- k. Being receptive to requests from citizens and using all avenues of communication available to us to respond to these requests. (Streets & Traffic Control)
 - l. Improve citizen service by strengthening relationships with citizens, soliciting feedback, and providing online access to service objectives. (Utilities and Parks & Recreation)
 - m. Insist on innovation and improved uses of technology to better utilize public resources for serving the community. (Utilities and Parks & Recreation)
2. **City-Wide Goal: Encourage economic development by working with partners to implement the Tipping Point report and strengthen ties with the Northwest Arkansas Council.**
- a. Strengthen the city's relationship with IEC to provide resources for the programs visibility, communicating benefits to the public, and encouraging innovation and entrepreneurship at a grass-roots level. (Economic Development)
 - b. Work with downtown property owners to encourage the renovation, leasing, or sale of empty buildings. (Downtown Development)
 - c. Plan for additional blocks of the Streetscape program within the CBID to follow and/or encourage private investment. (Downtown Development)
 - d. Continue to provide support to organizations which use GIS technology including the Fort Smith Regional Chamber of Commerce program to promote economic development. (GIS)
 - e. Encourage economic development and enhance traffic flow by contracting and completing thoroughfare projects including Kelley Highway bridge over I-540 in 2008, Chad Colley extension in 2007-2008, Jenny Lind Road (Dallas to Dodson) in 2007-2008, Texas Road widening in 2008, and Jenny Lind Road (Zero to Cavanaugh) in 2008-2010. (Engineering)
 - f. Plan for water and sewer extensions to support growth and better serve neighborhoods. (Utilities)
 - g. Promote riverfront development, trails and greenways master plan, and recreational events with a regional impact. (Parks & Recreation)
 - h. Take a leading role in the city's economic development efforts through interface with those involved in development efforts, particularly on a regional level in surrounding counties in both Arkansas and Oklahoma. (Convention & Visitors Bureau)
 - i. Take an active role in "destination development" efforts to add tourist attractions to the Fort Smith area. Continue to take a leading role in development of the U.S. Marshal Service national museum. (Convention & Visitors Bureau)

City of Fort Smith
2008 City-Wide Goals with Specific 2008
Departmental Service Objectives

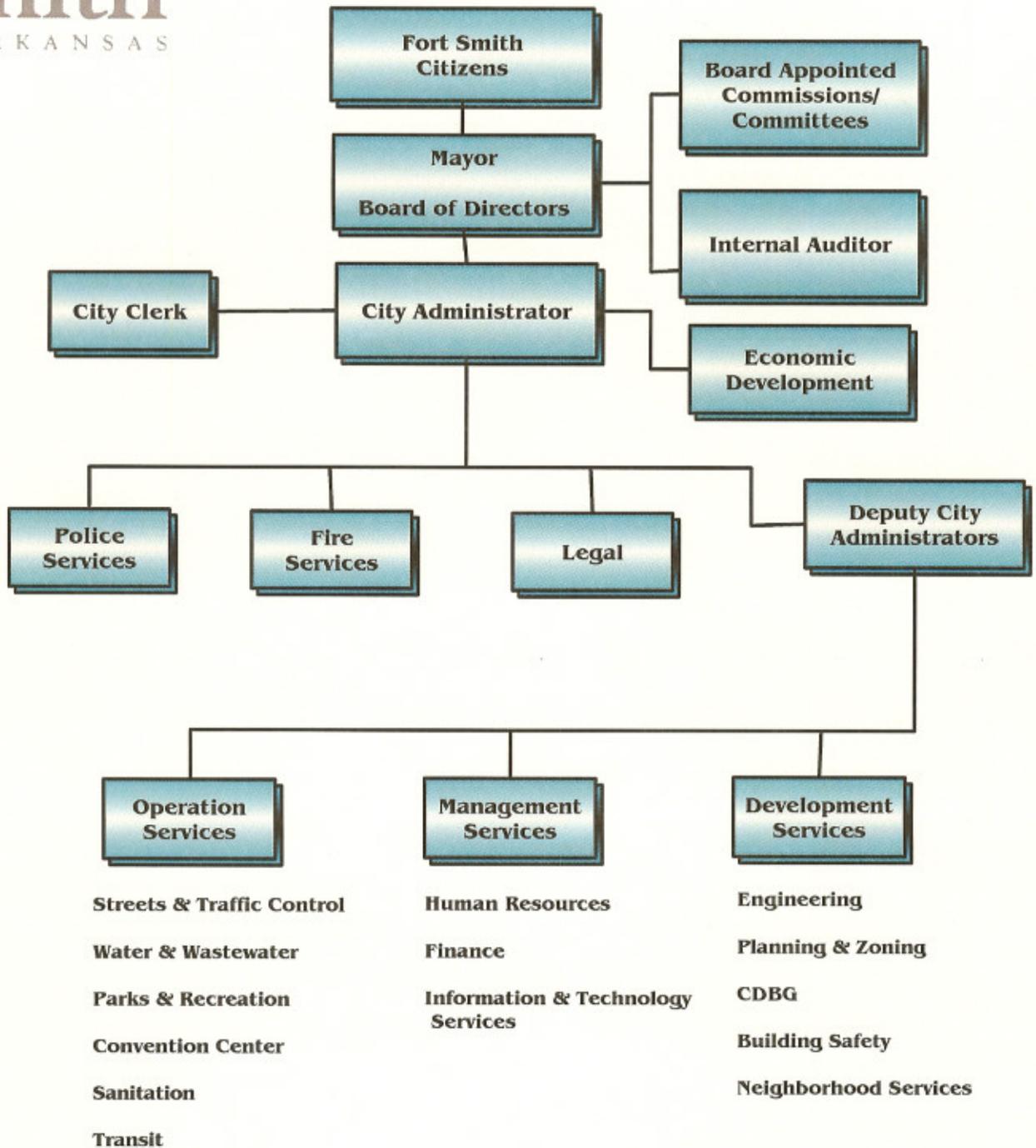
3. **City-Wide Goal: Undertake “green” initiatives including revitalization of recycling efforts in city offices and facilities and paperless board packets.**
 - a. Encourage and promote environmentally conscious behaviors including recycling discarded IT technology such as personal computers, printers, monitors and reducing the energy consumption of computer systems. (ITS)
 - b. Support the “green” initiative by providing urban aesthetics along Jenny Lind project between Zero and Cavanaugh and addressing neighborhood erosion and drainage concerns. (Engineering)
 - c. Improve environmental performances by encouraging concessionaires and vendors to practice waste reduction and recycling; purchase recycled-content supplies when possible; and use non-toxic cleaners and supplies whenever available. (Convention Center)
 - d. Increase awareness and participation in waste reduction, diversion, and recycling by commercial businesses. (Sanitation)
 - e. Implement an interoffice recycling program for all city departments and buildings. (Sanitation)
 - f. Work with the Arkansas Highway and Transportation Department (AHTD) on an automated vehicle locator program to track common passenger transportation routes, operating times, service gaps and redundancies among the River Valley transportation providers. (Transit)

4. **City-Wide Goal: Approve a new results-oriented model for outside agency funding to be implemented in 2009.**
 - a. Continue to develop an educational program for downtown business owners and local non-profit organizations from the district for teaching new and innovative ways of building their customer base on a regional level. (Downtown Development)
 - b. Coordinate the efforts of the committee formed to propose a new results-oriented model for outside agency funding with the 2009 Budget process. (Finance)

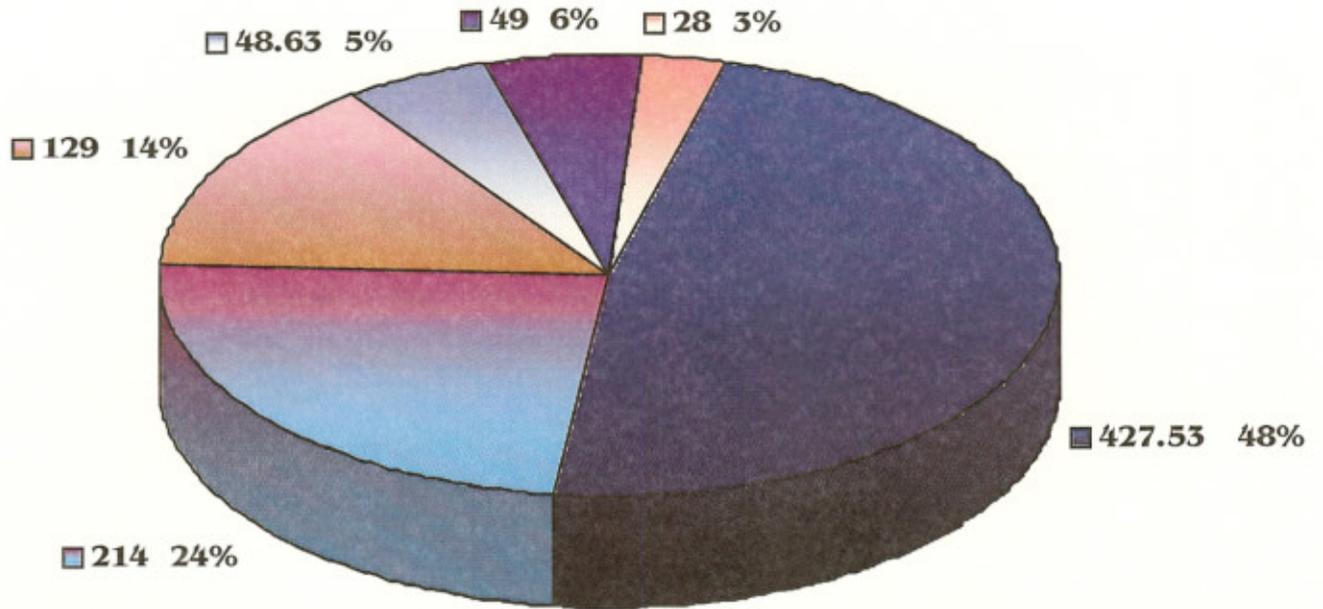
5. **City-Wide Goal: Increase the city’s presence in Washington, D.C. by using services of a lobbyist to procure federal funds for city projects and to keep the city informed of federal issues.**
 - a. Authorize a contract with a lobbyist for 2008 and monitor results throughout the year. (Administration)



Plan of Organization



896.16 FTE PERSONNEL FOR 2008



- | | |
|---------------------------------|--------------------------------|
| Operation Srvs/Non-Dept. | Police Srvs |
| Fire Srvs | Management Srvs |
| Development Srvs | Policy & Admin Srvs |

BY EXPENDITURE/EXPENSE CLASSIFICATION



CITY OF FORT SMITH

Mission, Vision and Values Statements

MISSION STATEMENT

We are a unified team committed to consistently providing citizen-focused services for the advancement of a thriving community.

VISION STATEMENT

Our vision is providing *WORLD CLASS SERVICES* by
--*VALUING* the contributions of every citizen and employee
--being *AGILE*
--being *VALUES-BASED*
--being *CONTINUOUS LEARNERS*

VALUES STATEMENT

Our shared values are . . .

INTEGRITY Always !
Absolute *PROFESSIONALISM* !!!
ACCESSIBILITY for ALL !!!

BUDGET HIGHLIGHTS

This Section provides a narrative and graphical summary of the major components of the FY08 Budget.

INTRODUCTION

This section contains a narrative summary of the budget process used by the City of Fort Smith, as well as the major funding and service level decisions reflected in this budget.

BUDGET PROCESS

The following procedures are adhered to in establishing the annual operating budget:

1. By December 1 of each year, the City Administrator is required to submit to the Mayor and the Board of Directors a proposed budget for the fiscal year beginning on the following January 1. The budget includes proposed expenditures/expenses and means of financing them.
2. Prior to adoption of the annual budget, a public hearing is conducted to obtain citizen comments.
3. State statutes require adoption of the Budget by February 1 of each year. For practical purposes, the Board of Directors usually adopt the Budget prior to January 1 of each year to coincide with the fiscal year.
4. Annual budgets are legally adopted for the operating funds which include the General Fund, Street Maintenance Fund, Water and Sewer Operating Fund and the Sanitation Operating Fund.
5. Generally accepted accounting principles (GAAP) state that the General Fund and the Street Maintenance Fund budgets are to be prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available for use during the year and expenditures are recognized when the related liability is incurred, except for interest and principal on general long-term debt, which are recorded when due or otherwise payable. The City follows GAAP for the General Fund and Street Maintenance Fund in preparing its budget. GAAP requires the Water and Sewer Operating Fund and the Sanitation Operating Fund budgets be prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City complies with GAAP for the Water and Sewer Operating Fund and the Sanitation Operating Fund with the exception that depreciation expense is not reflected in the budgets for these two funds as required under GAAP. Adjustments are made for this difference in the comprehensive annual financial report (CAFR). The basis of accounting for all other special revenue funds and the capital project fund is the modified accrual basis. The basis of accounting for all the other enterprise funds and all internal service funds is the accrual basis.
6. Working Capital is reflected for the Water and Sewer Operating Fund and the Sanitation Operating Fund budgets rather than net assets for comparative purposes. This provides a clearer picture of funds available for appropriation as Working Capital is current assets less current liabilities.
7. Amendments to the operating budgets during the year must be enacted by the Board of Directors. Ordinances are presented periodically during the fiscal year for amendments to the adopted budget. Transfers within appropriated amounts may be approved by the City Administrator.

8. The following budget preparation schedule was established for the 2008 Budget:

June 26, 2007	Receive Board of Directors input for city-wide goals for 2008 at study session.
June 27, 2007	Distribution of 2008 Budget package to all departments.
June 27, 2007 through August 2, 2007	Departments prepare budget worksheets/disks and summaries for 2008 requests and 2009 projections. Finance refines 2008 revenue estimates and prepares 2009 revenue projections.
July 10, 2007	Review outside agency status of 2007 allocations during Board study session.
July 20, 2007	Outside agency application notification.
July 31, 2007	Departments submit service objectives and outcome/performance measures for 2008 and submits a status report on 2007 service objectives and outcome/performance measures to the Finance Department.
August 3, 2007	The following departments submit completed budget packages to Finance: Administration; District Court; Finance; City Clerk; Human Resources; Internal Audit; Engineering; Planning, CDBG, Building Safety, and Neighborhood Services; Information & Technology Services; Convention Center; Health; Street Maintenance Department; and Transit.
August 6, 2007 through September 6, 2007	Finance verifies accuracy of amounts submitted by departments and prepares a preliminary budget supplement.
August 10, 2007	The following departments submit completed budget packages to Finance: Police; Fire; Parks; Water and Sewer; Sanitation and CVB.
August 28, 2007	Review departmental service objectives for 2008 and their corelation with city-wide goals for 2008 during the Board Study Session.
September 7, 2007	Deadline for submittal of application packets by outside agencies.
September 10, 2007 through September 28, 2007	City Administrator, Deputy City Administrators and Director of Finance review budget requests and meet with department directors to discuss the 2008 requests.
October 3, 2007	Review outside agency requests, budget progress report, and present proposed five year streets and drainage CIP at Board study session.
October 8, 2007 through November 16, 2007	Preparation of rough draft budget by Finance.
November 20, 2007	Deliver proposed budget to Mayor and Board of Directors.
November 27, 2007 through November 28, 2007	Review proposed budget with Mayor and Board of Directors; discussion with department directors.
December 4, 2007	Conduct 2008 Budget hearing and present 2008 Budget to the Board of Directors for adoption.

FISCAL PERFORMANCE POLICIES

The Fiscal Performance Policies represent an effort to establish written policies to guide the City's financial management and decision-making practices. They are designed to help contain the costs of city government, as well as to strengthen the financial capacity of the City to provide and maintain effective services and programs.

While some of the policy statements are specific and may limit certain types of financial practices, the policy statements are not intended to restrict the ability and responsibility of the Board of Directors to manage emergency or unusual service delivery needs above or beyond the limitation established by the Fiscal Performance Policies.

REVENUE POLICIES

1. The City will strive to maintain a diversified and stable revenue base that will equitably distribute the burden of supporting City services and will protect the City from short-term fluctuations in any one revenue source.
2. The City will estimate revenues on an objective and reasonable basis. Revenues will be projected on a five year basis with an annual update. This projection will be used for operating budget preparation.
3. The City will use one-time or special purpose revenues for capital expenditures or for expenditures required by the revenue, and not to subsidize recurring personnel, or operation and maintenance costs.
4. The City will establish and periodically review all user charges, licenses and fees at a level related to the cost of providing the services. Such charges, licenses and fees will be reviewed and established where possible so that those who directly benefit from a service principally pay for it.
5. The City will set and maintain water, sewer and sanitation rates at levels which support the total direct and indirect costs of the enterprise, including debt service and capital maintenance.
6. The City will annually review, and revise where necessary, its indirect cost allocation formula on an objective and reasonable basis.
7. The City will maintain timely collection systems and implement necessary enforcement strategies to collect revenues from available sources.
8. The City will give priority to those revenue alternatives which involve the least collection and administrative cost, per dollar raised, to the City government.
9. The City will seek a balanced revenue base through active support of area economic development, diversification, and retention efforts.

OPERATING EXPENDITURE/EXPENSE POLICIES

1. The City Administrator will propose, and the Board of Directors will adopt, a balanced operating budget in which expenditures/expenses will not be allowed to exceed reasonably estimated resources and revenues. Basic and essential services provided by the City will receive first priority for funding.
2. The City will estimate expenditures/expenses on an objective and reasonable basis. Operating expenditures/expenses will be projected on a five year basis with an annual update.
3. The City will establish service measurements for all program areas, when feasible. The service measures will reflect the demand, workload capability and projected outcomes for the program to accomplish its goals and objectives.
4. Annual budgets shall be legally adopted for the four operating funds- General Fund, Street Maintenance Fund, Water and Sewer Operating Fund and the Sanitation Operating Fund. Project budgets shall be approved for major capital projects.
5. The City will provide access to appropriate retirement plans for its employees. The City will make contributions for eligible employees at the level defined for the respective retirement plans.
6. The City will encourage delivery of services by other public and private organizations whenever and wherever greater efficiency, effectiveness and service can be expected, as well as to develop and internally use technology and productivity advancements that will help reduce or avoid increasing personnel costs. The intent is to control personnel costs as a proportion of the total budget, to more productively and creatively use available resources, and to avoid duplication of effort and resources.
7. The City will maintain a budgetary control system to help it adhere to the adopted budget, and will prepare and maintain a system of regular fiscal reports comparing actual revenues and expenditures/expenses to budgeted amounts.
8. All budgets shall be adopted on a basis consistent with generally accepted accounting principles (GAAP) except for depreciation expense in the applicable funds.
9. All appropriations lapse at yearend. Any encumbrance appropriated at yearend may be reappropriated by the Board of Directors in the subsequent year.
10. The legal level of budgetary control is the departmental program level. All departments will be given the opportunity to participate in the budget process.

CAPITAL IMPROVEMENT POLICIES

1. The City will prepare annually and update a five year capital improvements program (CIP) which will provide for the orderly maintenance, replacement, and expansion of capital assets.
2. The CIP will identify long-range capital projects and capital improvements of all types which will be coordinated with the annual operating budget to maintain full utilization of available revenue sources.
3. The CIP will reflect for each project the likely source of funding, the priority ranking of each project and attempt to quantify the project's impact to future operating expenditures/expenses.
4. The City will determine and follow the most cost-effective financing method for all capital projects. The City will pursue federal, state and other funding to assist in financing capital projects and improvements.
5. All equipment, projects and improvements with a value equal to or greater than \$5,000 per unit will be capitalized for financial reporting purposes.
6. Capital projects and improvements will be constructed to:
 - a. Protect or improve the City's quality of life.
 - b. Protect or enhance the community's economic vitality.
 - c. Support and service new development.

DEBT POLICIES

1. The City will issue debt to finance or refinance capital improvements and long-term fixed assets or other costs directly associated with financing a project which have been determined to be beneficial to a significant proportion of citizens in Fort Smith and for which repayment sources have been identified. Debt issuance shall be used only after considering alternative funding sources such as project revenues, federal and state grants and special assessments.
2. The scheduled maturity of bond issues should not exceed the expected useful life of the capital projects or improvements financed.
3. The City will consider refunding outstanding bonds if one or more of the following conditions exist:
 - a. Present value savings are at least 3% with certain exceptions, of the par amount of the refunding bonds.
 - b. The bonds to be refunded have restrictive or outdated covenants.
 - c. Restructuring debt is deemed to be desirable.
4. The City will seek credit enhancements, such as bond insurance or letters of credit, when necessary for cost-effectiveness.
5. The City will monitor compliance with bond covenants, adhere to Federal arbitrage regulations, and abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c 2-12 concerning primary and secondary market disclosure.
6. The City will encourage and maintain communications with financial bond rating agencies and continue to strive for improvements in the City's bond rating.
7. The City will require that the total annual payments for debt service not exceed 25% of total operating revenues of the applicable fund.
8. The City will evaluate the benefits of conducting financings on a competitive or negotiated basis. Negotiated financings may be used where market volatility or the use of an unusual or complex financing or security structure is a concern with regard to marketability.
9. The City will coordinate its debt issuances with other local government agencies in an effort to review overlapping debt in the community.

RESERVE POLICIES

1. The City will maintain an operating contingency reserve to:
 - a) provide for temporary funding of unforeseen needs of an emergency or nonrecurring nature,
 - b) permit orderly budgetary adjustments when revenues are lost through the action of other governmental bodies,
 - c) serve as local match for public or private grants,
 - d) meet unexpected small increases in service delivery costs, and
 - e) maintain an adequate cash-flow.
2. The contingency reserve will be maintained at not less than fifteen percent (15%) of estimated operating expenditures/expenses. Prior approval of the Board of Directors shall be required before spending contingency funds.
3. The City will develop an equipment reserve fund, and will appropriate funds to it annually to provide for the timely replacement of equipment. The reserve will be maintained in an amount adequate to finance the replacement of equipment. The replacement of equipment will be based upon the adopted equipment replacement schedule. The schedule will be updated annually.

INVESTMENT AND CASH MANAGEMENT POLICIES

1. The City's cash management system will be designed to accurately monitor and forecast revenues and expenditures/expenses in order to invest funds to the fullest extent possible. All cash and investments, other than accounts required by bond covenants, will be maintained in a single cash and investment pool. Interest revenue will be allocated to each investing fund consistent with fund ownership.
2. The objectives of the City's investment and cash management program will be to:
 - a) safely invest City funds to the fullest extent possible,
 - b) maintain sufficient liquidity to meet cash-flow needs, and
 - c) attain the maximum yield possible consistent with the other two objectives.
3. The City will limit its investments to the safest type of securities permitted by Arkansas statutes. These shall include those which:
 - a) have insurance on the principal guaranteed by the Federal Deposit Insurance Corporation, or
 - b) have security on the principal in the form of bonds or other interest bearing securities of the U.S. Government or its agencies, or
 - c) have security on the principal in the form of bonds or other interest bearing securities of the State of Arkansas, or its agencies or political subdivisions as defined in Arkansas statutes.
4. The City's investments will be diversified by type of investment, institution and maturity date to protect against changes in the market at a given time regarding any particular type of investment. Direct obligations of the U.S. Government shall be purchased from the Federal Reserve Bank.

5. Purchase and sale of securities will be made on the basis of competitive offers and bids in order to obtain the highest available rates. In order to keep administrative costs as low as possible, investments of less than \$100,000 may be made through a current depository bank. For investments exceeding \$100,000, institutions shall be contacted by telephone and given the opportunity to provide an interest quote on the identical investment and term. The bid of each institution shall be recorded and kept on file for one (1) year.
6. In the event of identical interest yield bids, the City may break the tie by use of an objective method to be determined by the City.
7. In the event no quotes are received from a banking institution in the City of Fort Smith insured by the FDIC, the City may invest its funds in any banking institution insured by the FDIC in the state meeting the City's security requirements.
8. Clear title to the principal of and collateral backing for any investment will be maintained by the City or by a third-party safekeeping agent under agreement to the City.
9. The City may specify monthly interest payment in order to enhance cash-flow and investment return.
10. The City Administrator, or his designated representative, will provide the Mayor and Board of Directors with monthly information concerning cash position and investment performance. The information shall include, as a minimum, type of investment, maturity date, face value, rate of interest, amount of interest received during the accounting period, and institution where the funds are invested.
11. A request for banking services will be issued every three (3) years to all qualified banks located within the City limits.
12. The standard of prudence to be applied by the investment officials shall be the "prudent person rule" and shall be applied in the context of managing an overall portfolio. Under the prudent person rule", investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, but for investment, considering the probable safety of their capital as well as the probable revenue to be derived.

FINANCIAL REPORTING POLICIES

1. The City will adhere to a policy of full and open public disclosure of all financial activity. The budget will be prepared in a manner to maximize its understanding by citizens and elected officials. Copies of financial documents will be made available to all interested parties. Opportunities will be provided for full citizen input prior to final decisions on the budget.
2. The City's accounting system will maintain records on a basis consistent with the accepted accounting standards of the Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB), and the State of Arkansas.
3. The City Administrator or his designee, will prepare regular quarterly and annual financial reports presenting a summary of financial activity by major types of funds and programs.
4. The City will employ an independent public accounting firm to perform an annual audit, and will make the annual audit available to the general public, bond and financial consultants, and other interested citizens and organizations. The audit shall be completed and submitted to the City within 180 days of the close of the fiscal year.
5. The City will prepare an annual budget document that provides a basic understanding of the City's planned financial operations for the coming fiscal year. Copies of the proposed and final budget will be made available to all interested parties and opportunities will be provided for citizen input prior to final adoption of the budget.
6. The City will seek annual renewal of the GFOA Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award.
7. The City will provide all financial documents to the internal and external auditors and City representatives will not improperly influence the conduct of audits.

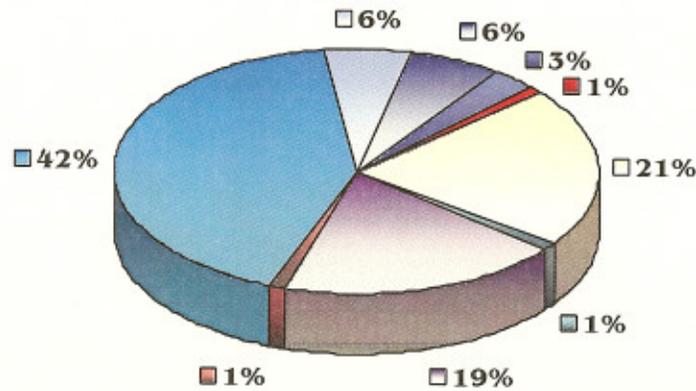
THE FY08 BUDGET

Total funding sources from all funds is estimated at \$339.2 million with expenditures/expenses totaling \$254.8 million for FY08. All funds for which revenues are received and expenditures/expenses are incurred are included in the Budget Summaries - All Funds section of this document.

The major sources of funding for FY08 are the prior year fund balance/working capital, taxes and assessments and service charges and fees. The prior year fund balance/working capital represents 42% of total resources. This is due to the inclusion of capital project budget balances which will be expended in future years. Taxes and assessments account for 21% of total resources. The City assesses a 3% local sales tax (2.0% city-wide plus 1.0% county-wide), a 4% utility franchise tax, a 3% hotel/motel tax and imposes a millage rate of \$.70 per \$100 of assessed property value. Service charges and fees account for 19% of total funding sources. Service charges and fees are primarily rates charged for municipal services of water, sewer and solid waste collection and disposal.

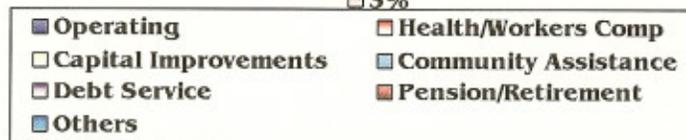
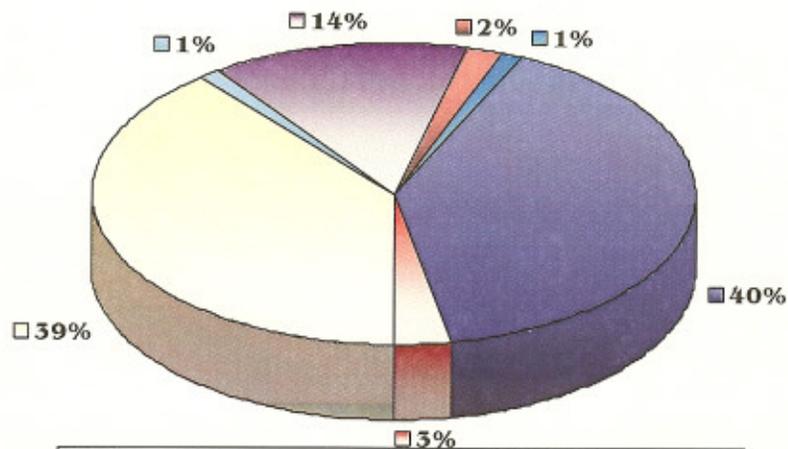
The major uses of funds for FY08 are operating expenditures/expenses, capital improvements and debt service. Operating expenditures/expenses comprise 40% of total uses and are primarily for personnel, day-to-day operating expenditures/expenses and equipment purchases. Capital improvements account for 39% of total uses. Capital improvements include the sales tax street program, the water and sewer projects and sanitary landfill projects. Debt service accounts for 14% of total uses and is comprised of the six water and sewer revenue bond issues, the parking facilities revenue bond issue, the two solid waste revenue bond issues, and the 2006 sales and use tax bond issues. More information concerning bonded indebtedness may be found at the conclusion of this section and in the Related Financial Information section of this document.

SUMMARY OF TOTAL RESOURCES FY 2008



Total Resources \$339,187,149

SUMMARY OF TOTAL USES FY 2008

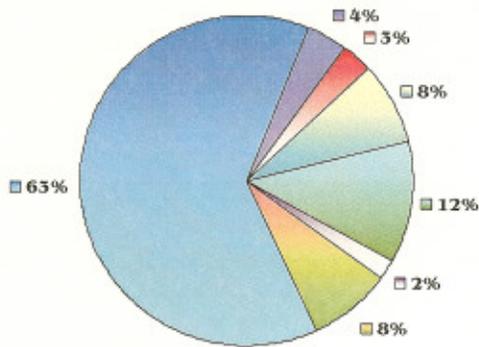
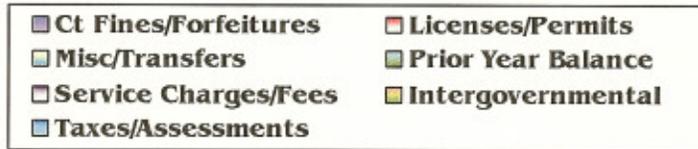
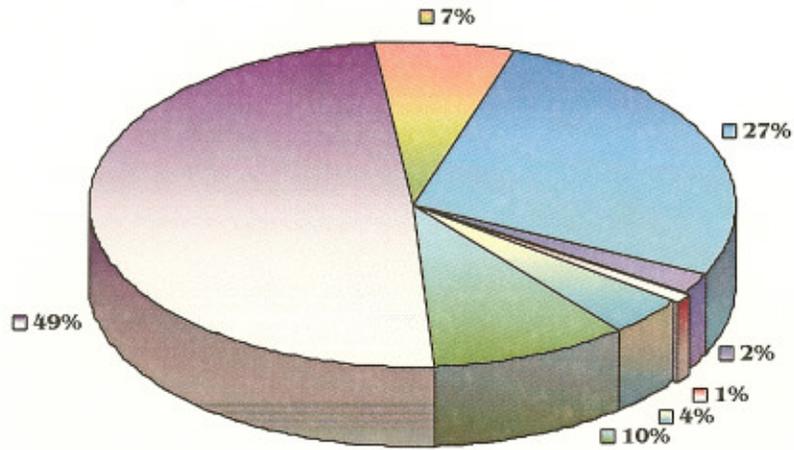


Total Uses \$254,801,708

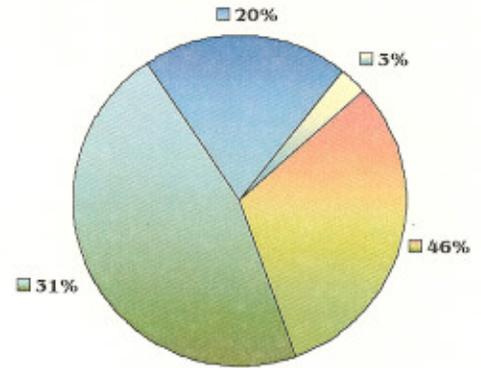
COMBINED OPERATING FUNDS

FISCAL YEAR JANUARY 1 - DECEMBER 31, 2008

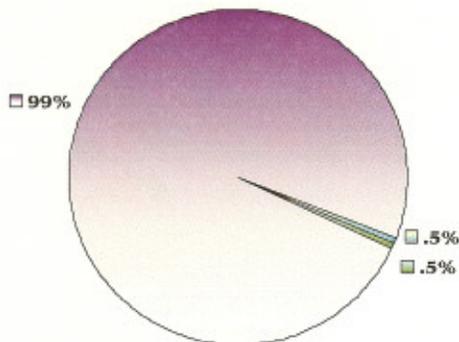
TOTAL FUNDING SOURCES \$108,908,736



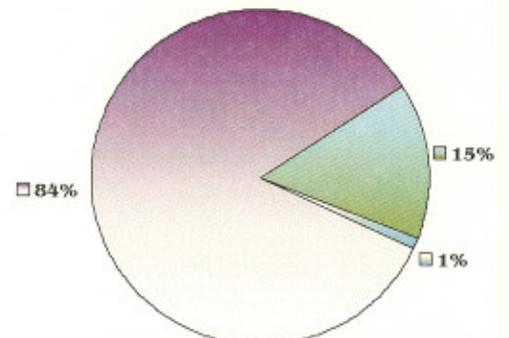
GENERAL FUND
\$45,075,804



STREET MAINTENANCE FUND
\$8,080,579



W/S OPERATING FUND
\$38,276,407

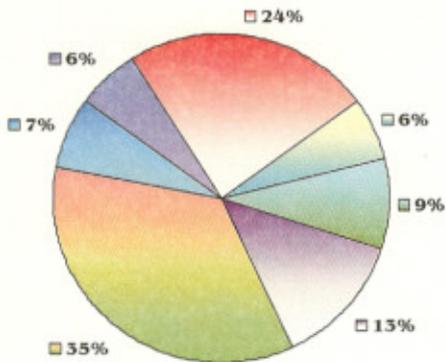
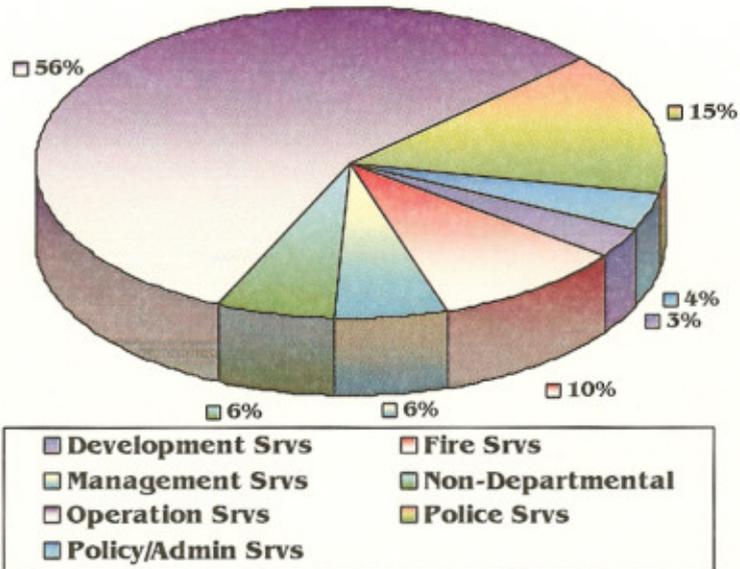


SANITATION OPERATION FUND
\$17,475,946

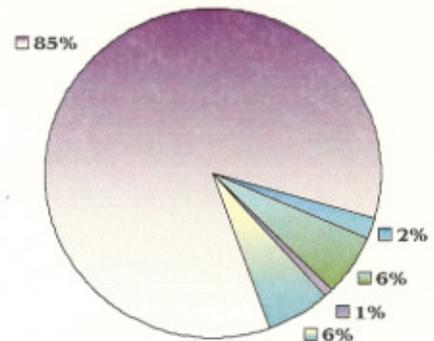
COMBINED OPERATING FUNDS

FISCAL YEAR JANUARY 1 - DECEMBER 31, 2008

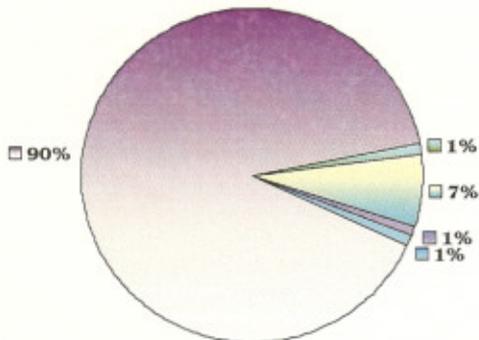
TOTAL APPROPRIATIONS \$101,649,288



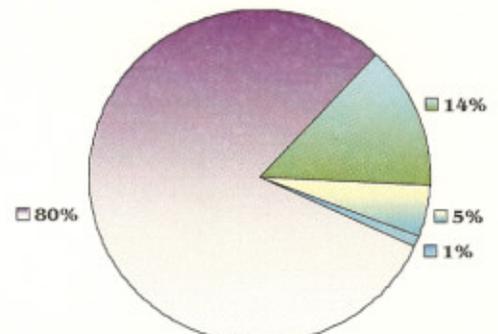
GENERAL FUND
\$42,148,605



STREET MAINTENANCE FUND
\$6,893,516



W/S OPERATING FUND
\$37,039,093



SANITATION OPERATION FUND
\$15,568,074

GENERAL FUND

Total funding sources for the General Fund in FY08 amount to \$45.1 million which represents a 2.9% decrease from FY07 Budget funding sources.

The major funding source for the General Fund is Taxes and Assessments which comprise 63% of total resources. Ad valorem taxes, franchise taxes and the county sales tax comprise this revenue classification. The General Fund receives 5.0 mills applied to assessed property values within the City limits. Estimated revenues from ad valorem tax for FY08 total \$5.4 million, which is an increase of 2% over the FY07 estimated amount of \$5.2 million. The tax rate for FY07 and FY08 remains constant at the maximum allowed by the state. The increase is a result of increased property values. Assessed property values are established by the Sebastian County Assessor. Graphic displays of the assessed property values for the past five years and the allocation of property tax rates for FY08 are shown on page 185.

Franchise taxes for FY08 are estimated at \$7.2 million, which is a 2% increase over the FY07 estimated revenue of \$7.1 million. A comparison of the franchise tax revenues between years is as follows:

	FY 07 ESTIMATED (Thousands)	FY 08 BUDGET (Thousands)
Electric	\$ 3,944	\$ 4,044
Gas	2,255	2,300
Cable	560	570
Telecommunications	294	280
	<u>\$ 7,053</u>	<u>\$ 7,194</u>

The increase between FY08 Budget and FY07 Estimated represents anticipated increases in usage during FY08.

In June 1994, the citizens of Fort Smith and Sebastian County approved a one-cent county-wide sales and use tax. Collection of the tax began August 1, 1994. The City receives approximately 70% of the total tax collection as the distribution is based on population within the County. The General Fund direct share of the county sales tax is estimated at \$15.7 million for FY08. This tax accounts for 39% of the General Fund revenue.

The General Fund appropriations for FY08 total \$42.1 million which is only \$76,000 more than the FY07 Budget. There are no additional positions for FY08 supported by the General Fund. However, there is a net reduction of 2.0FTE as the two District Court Judges will be state employees as of January 1, 2008. The City will contribute one-half of the two judges' salaries to the state.

The FY08 Budget includes a 2% market adjustment for all employees at an approximate cost of \$517,000. Due to fiscal constraints, merit pay and step increases will not be granted in FY08. Also, the use of the fund's sales tax allocations as outlines below is expected to increase 2% between years.

The General Fund uses for the County Sales Tax in FY08 are as follows:

Public Safety -	
Additional Police Officers	\$ 2,219,698
Additional Fire Personnel	898,141
Operating Expenditures	8,812,588
Total Public Safety	<u>\$ 11,930,427</u>
Public Library	941,876
Park Capital Maintenance	392,448
Senior Citizen Programs	235,469
Downtown Development & Projects	470,938
Public Transit	470,938
Privilege License Replacement	1,255,834
	<u>\$ 15,697,930</u>

The projected fund balance of the General Fund at December 31, 2008 is \$2,927,199 which represents 7.4% of operating expenditures for 2008. The Fiscal Performance Policies require a 15% contingency. Expenditure increases have outpaced the revenue increases such as the cost of labor, fuel, materials, and utilities. In the adopted FY07 Budget document the estimated ending balance was 11.3% compared to the FY07 estimated ending balance of 13% as indicated below. Any further reductions in appropriations would require eliminating positions which would reduce the level of services currently provided. The level of ending fund balances for the past four years, and projected for FY08 is:

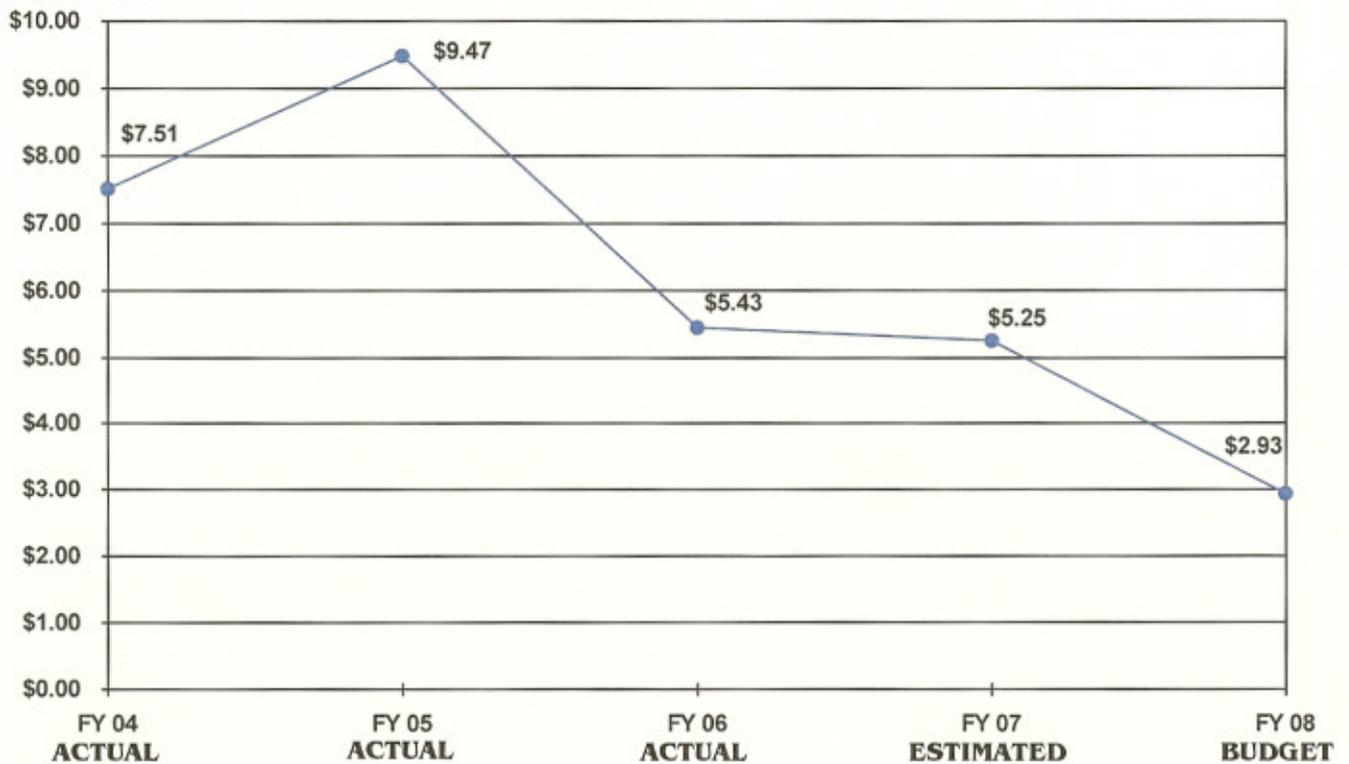
FY04	24.5%
FY05	18.5%
FY06	13.6%
FY07 Estimated	13.0%
FY08 Budget	7.4%

The graph on the following page depicts the past four years and current year projected ending balance for the General Fund.

GENERAL FUND

COMPARISON OF ENDING BALANCE

MILLIONS



STREET MAINTENANCE FUND

Total funding sources of the Street Maintenance Fund for FY08 amount to \$8.1 million which is \$0.5 million less than the FY07 Budget. The decrease is in the prior year balance brought forward.

The major funding source for the Street Maintenance Fund is provided by State Turnback of the Gasoline Tax allocated on the basis of population. The estimate for FY08 is \$45.00 compared to FY07 estimate of \$45.97.

This Fund also receives one-half of the 3.0 Road Millage levied by Sebastian County. Total estimate from this revenue for FY08 is \$1.6 million which reflects a 2% increase over FY07 estimated revenue.

FY08 appropriations for the Street Maintenance Fund total \$6.9 million compared to \$6.7 million in FY07. The 2.3% increase in estimated expenditures for FY08 is attributable to the 2% wage adjustment (\$62,400) and increased costs for fuel and materials.

The major appropriation classification of the Street Maintenance Fund is Operation Services involving the streets and traffic control programs. This classification represents 85% of total appropriations.

The estimated year end fund balance of the Street Maintenance Fund is \$1,187,063 which represents 18.2% of FY08 operating expenditures. This exceeds the 15% reserve requirement and will be used for future years needs.

WATER AND SEWER OPERATING FUND

Total funding sources for the Water and Sewer Operating Fund amount to \$38.3 million for FY08. This represents a 4.2% increase over FY07 total funding sources of \$36.7 million. Projected revenues for FY08 are \$38.1 million compared with estimated FY07 revenues of \$32.6 million or a 16.8% increase between years. The Board adopted water and sewer volume rate increases which became effective October 1, 2007 and results in the expected increase in service charges and fees.

Service charges and fees provide 99% of total resources for this fund.

Total Water and Sewer Operating Fund appropriations for FY08 total \$37 million compared to FY07 appropriations of \$34.4 million. The increase is due to the 2% market wage adjustments (\$223,500) and debt service requirements for the 2007 revenue bonds (\$1.9 million). Operating expenses are estimated at or below the prior year which may require supplemental appropriations during FY08.

The projected working capital at December 31, 2008, is \$1,237,314, which represents 5.9% of FY08 operating expenses. This does not meet the fiscal policy of a 15% reserve requirement. The prior year balance brought forward for FY08 was less than 1% of FY07 estimated operating expenses. During FY07, billed water consumption decreased approximately 6% due to the mild weather and heavy rainfall during the summer months.

SANITATION OPERATING FUND

Total funding sources of the Sanitation Operating Fund amount to \$17.5 million for FY08 and represent a 31.3% increase over FY07 budget sources of \$13.3 million. The Board increased solid waste collection and disposal fees for all classes of customers. The rates became effective July 1, 2007 for residential collection services and August 1, 2007 for commercial and industrial collections as well as landfill disposal charges. Service charges and fees are the major funding sources for the Sanitation Operating Fund reflecting 84% of this total.

Total appropriations for the Sanitation Operating Fund total \$15.6 million. This is a 30% increase over the total FY07 appropriations of \$12 million. The increase is attributable to the 2% wage adjustment (\$102,000), solid waste fees due the Sebastian County Regional Solid Waste Management District (\$527,000) implemented during FY07, capital purchases (\$2.4 million), and an increase in transfers for future landfill expansion (\$832,000).

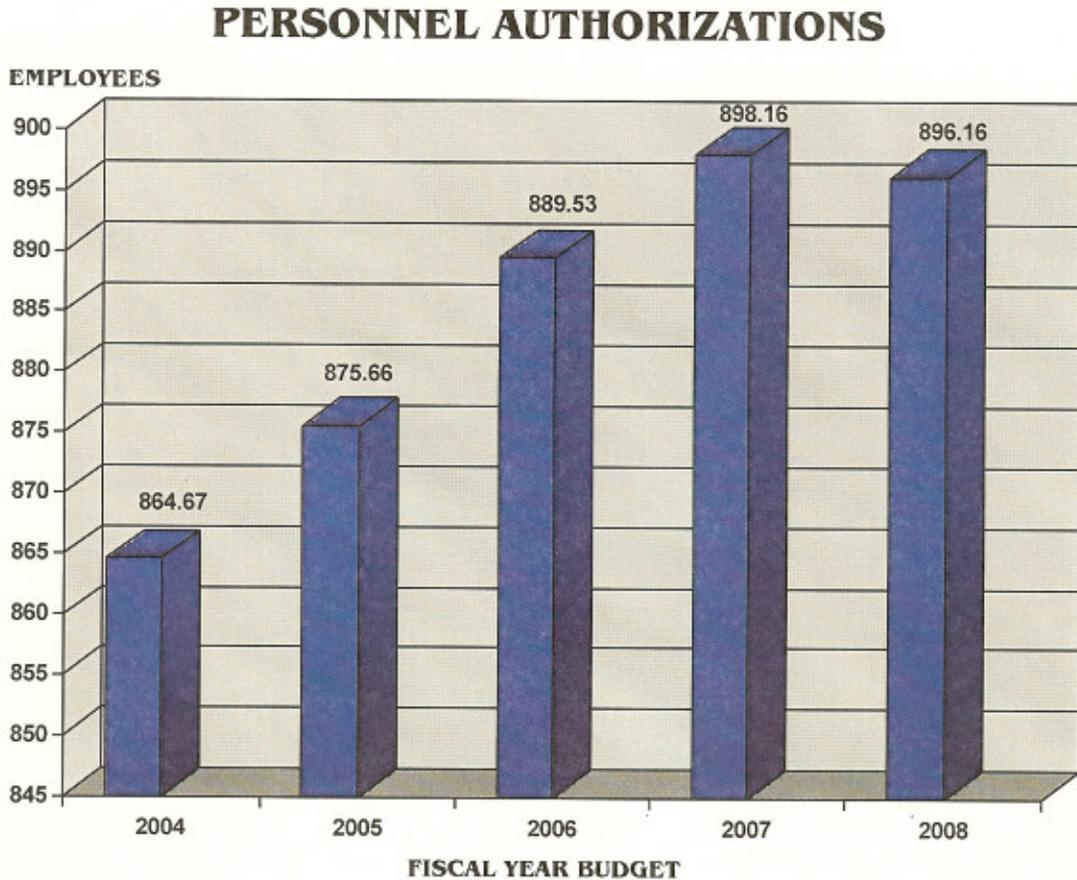
The major appropriation of the Fund is operation services which comprise 80% of the total appropriations.

The projected year end working capital of the Sanitation Operating Fund is \$1,907,872 and reflects 15.4% of FY08 operating expenses. This exceeds the required 15% level.

PERSONNEL AUTHORIZATIONS

Personnel costs for the City in FY08 represent 48.9% of total operating funds appropriations which was the same as for FY07.

The level of personnel for the past five years is represented in the graph below.



The net change in personnel between 2007 estimated and 2008 is a decrease of 2.00FTE. The following chart reconciles the 2007 estimated positions to the total positions for 2008.

	Full Time	Part-Time/ Seasonal	Total FTE
2007 Estimated	855	43.16	898.16
District Court	(2)	-	(2.00)
2008 Budget	853	43.16	896.16

CAPITAL IMPROVEMENT PROGRAM

Total capital improvements other than capital outlay for the operating programs for FY08 total \$99.2 million. Capital Improvements for the current fiscal year are provided by the five funds as indicated:

	Amount (Thousands)
Sales Tax Fund	\$ 38,759
Water and Sewer Capital Improvement Projects Fund	13,610
2006 Sales & Use Tax Construction Fund	46,172
City Sidewalk Construction Fund	340
Parking Authority Fund	310
Total	<u>\$ 99,191</u>

More detailed information may be found in the Capital Improvement Section of this document.

RETIREMENT PLANS

All uniformed police and fire personnel are members of the Arkansas Local Police and Fire Retirement System (LOPFI). The System is administered by the state. Contributions to the system are actuarially determined each year. The rates as a percentage of salary for active members in FY08 are 23.79% and 33.24% for police and fire personnel, respectively, as compared with FY07 rates of 22.47% and 32.93% for police and fire personnel, respectively. A special revenue fund entitled Arkansas LOPFI Contribution Fund accounts for these members' participation. Currently, there are 296 active members and 241 benefit recipients.

Benefit payments and retirement contributions for LOPFI for FY08 are estimated at \$4.7 million as compared to \$4.5 million for FY07. The increase is attributable to the pay adjustments for uniformed police and fire personnel for FY08 as well as the increase in contribution rates for 2008.

The District Court Judges and the District Court Clerk are members of the Arkansas Judges Retirement System and the Arkansas Public Employees Retirement System, respectively. These plans are administered by the state. During 2007, the City entered into an agreement with the state whereby the judges become state employees and the City contributes one-half of the judges' salaries to the state. Therefore, all fringe benefits for the judges are paid by the state including retirement contributions. The current employer contribution rate for the court clerk is 12.54%. The FY08 contribution for the court clerk will be made from reserved funds remaining from the closed Municipal Judge and Court Clerk's Retirement System which was maintained as a pension trust fund in the past. There is currently one retiree receiving benefits.

All other full-time employees are members of a 401(a) contribution plan administered by the International City Manager's Association Retirement Corporation (ICMARC). The City contributes 10% of pay to each employee's account. The employer contribution is accounted for in each program.

SELF-INSURANCE PROGRAMS

The City's employee insurance plan and workers' compensation program are basically provided for as self-insurance programs. The City has contracted with a third party administrator to handle claims for each program. Each program is accounted for as an internal service fund. The estimated cost to the City for these programs is \$8.6 million in FY08 as compared to the FY07 estimated costs of \$7.9 million. The increase is based upon historical costs as well as beginning to fund a trust account for other past employment benefits (OPEB) for retirees at \$400,000. The City's contribution for FY08 is budgeted at \$6.9 million which is consistent with the FY07 contribution.

The Employee Health and Wellness Fund provides for major medical benefits and life insurance premiums for City employees and dependents. Employees may select a preferred provider plan from either of the two main health providers in Fort Smith. Two health benefit and prescription drug options are offered to employees. If the core plan-Option 1 is selected, and the employee participates in the wellness program, a \$50 credit will be applied to the \$50 per month charge for the employee's share of premiums. If the employee's spouse enrolls in the wellness program, an additional \$25 credit is provided to help offset the cost of medical premiums. Option 2 or the buy-up plan provides basically the same benefits as the Core plan. The city offers a pretax cafeteria plan to lessen the impact of insurance costs to employees' pay. The following two schedules present the benefit options available and the proposed costs for employee health care for 2008.

Health and Drug Options:

Benefit Description	Core Plan Option 1		Buy-Up Plan Option 2	
	In Network	Out of Network	In Network	Out of Network
Lifetime Maximum	\$1 million	\$1 million	\$1 million	\$1 million
Deductibles:				
Employee	\$400	\$600	\$300	\$500
Family	\$1,200	\$1,800	\$900	\$1,500
Co-Insurance (unless otherwise noted)	80%	60%	90%	60%
Office Visit Co-Pay	\$25 Primary	60% after deductible	\$20 Primary	60% after deductible
Out of Pocket Maximum (excluding co-pay):				
Employee	\$2,500	\$10,000	\$2,000	\$8,000
Family	\$7,500	\$30,000	\$6,000	\$24,000
Out Patient				
Surgical Facility Pre- Admission/Operation Testing	80% ded. waived	60% after ded.	90% ded. waived	60% after ded.
In Patient Hospital	100% ded. waived	60% ded. waived	100% ded. waived	60% ded. waived
Organ Transplants	80% after ded.	60% after ded.	90% after ded.	60% after ded.
Physical Therapy	100% after ded.	50% after ded. to max of \$100,000	100% after ded.	50% after ded. to max of \$100,000
Wellness	80% ded. waived 60 visits/year	60% after ded. 60 visits/year	90% ded. waived 60 visits/year	60% after ded. 60 visits/year
Immunizations	100% Max \$500/yr to age 2 100% no limit			
Spinal Adjustments	100%	100%	100%	100%
	\$25 co-pay \$1,500/yr	60% after ded. \$1,500/yr	\$20 co-pay \$1,500/yr	60% after ded. \$1,500/yr
RX Drugs-				
Participating Retail Pharmacy:				
Name Brand	\$25 or 30% of actual cost		\$15 or 25% of actual cost	
Generic	\$8 or 20% of actual cost		\$5 or 15% of actual cost	
Name Brand- Non-Preferred	\$40 or 40% of actual cost		\$30 or 35% of actual cost	
Mail Order:				
Name Brand	\$50 or 30% of actual cost		\$37.50 or 25% of actual cost	
Generic	\$20 or 20% of actual cost		\$12.50 or 25% of actual cost	
Name Brand- Non Preferred	\$80 or 40% of actual cost		\$75 or 35% of actual cost	

Monthly Contribution Rates:

	'2007 and 2008		
	City	Employee	Total
Medical Plan-			
Option 1:			
Employee Only	\$335.78	\$67.00	\$402.78
Employee + Children	\$556.44	\$228.98	\$785.42
Employee + Spouse	\$577.64	\$276.26	\$853.90
Family	\$753.60	\$350.02	\$1,103.62
Option 2:			
Employee Only	\$335.78	\$127.42	\$463.20
Employee + Children	\$556.44	\$346.80	\$903.24
Employee + Spouse	\$577.64	\$404.34	\$981.98
Family	\$753.60	\$509.22	\$1,262.82
Dental Plan-			
Employee Only	\$32.74	\$0.00	\$32.74
Employee + One	\$48.26	\$17.20	\$65.46
Family	\$66.94	\$31.24	\$98.18
Vision Plan-			
Employee Only	\$6.56	\$0.00	\$6.56
Employee + One	\$8.87	\$3.88	\$12.75
Family	\$13.06	\$5.68	\$18.74

Funding for the Workers' Compensation Fund is provided by the four operating funds. Total funding for FY08 is \$333,000 which is approximately \$10,000 more than the FY07 amount. The City records total costs of workers' compensation which includes actual claims paid as well as reserves incurred but not yet paid. Recording total incurred costs provides covering potential risk. The estimated claims for FY08 total approximately \$380,000.

BONDED INDEBTEDNESS

The City currently has ten bond issues outstanding in 2008. A brief explanation of how each issue relates to the budget is as follows:

1. **Water and Sewer System Revenue Bonds- Series 1999**
These bonds are secured by the rates of the water and sewer system, which are reflected in the Water and Sewer Operating Fund. Debt service is provided by the Water and Sewer Operating Fund. These bonds were issued as parity bonds to the Series 1994 Water and Sewer Revenue Refunding and Construction Bonds. The FY08 appropriation is \$1,284,250 to cover FY08 principal and interest. The original issue amount was \$26.415 million and the bonds were issued to improve and expand the Lee Creek water treatment plant, improve the existing transmission, storage and distribution system, relocate the Lake Fort Smith State Park in order to accomplish the Lake Fort Smith water supply expansion project, engineering work on the Lake Fort Smith water supply expansion project and associated water system improvements. The issue was sold in September 1999. During 2005, \$16.375 million of the \$21.945 million bonds outstanding at June 1, 2005 were refunded in advance by the 2005A Water and Sewer Revenue Refunding Bonds. If revenues of the Operating Fund were not sufficient to cover debt service rates would have to be increased to meet the City's bond covenants. The Water and Sewer Operating Fund has sufficient revenues to provide for this required debt service in FY08.
2. **Water and Sewer System Revenue Bonds- Series 2002**
These bonds are secured by the rates of the water and sewer system, which are reflected in the Water and Sewer Operating Fund. Debt service is provided by the Water and Sewer Operating Fund. These bonds were issued as parity bonds to the 1994 and 1999 water and sewer revenue bonds. The FY08 appropriation of \$9,360,000 will cover the required principal and interest for the fiscal period. The bonds were issued in February 2002 and October 2002. The total original issue amount was \$111.755 million. Of this amount, \$94,905 million was issued to provide financing for the Lake Fort Smith water supply expansion project, \$9.015 million was issued to finance other water improvements, and \$7.835 million was issued to advance refund a portion of the 1994 Water and Sewer Refunding and Construction Bonds. The Water and Sewer Operating Fund has sufficient operating revenue to provide for the required debt service for this series in FY08.
3. **Water and Sewer Revenue Refunding Bonds- Series 2004-**
These bonds are secured by the rates of the water and sewer system which are reflected in the Water and Sewer Operating Fund. Debt service is provided by the Water and Sewer Operating Fund. These bonds were issued as parity bonds to the Series 1999 and Series 2002 water and sewer revenue bonds. The FY08 appropriation is \$1,898,950 to cover FY08 principal and interest requirements. The original issue was \$8.7 million and the bonds were issued to refund the remaining Series 1994 Water and Sewer Refunding and Construction Bonds. If revenues of the Operating Fund were not sufficient to cover debt service, rates would have to be increased to meet the City's bond covenants. The Operating Fund has sufficient operating revenues to provide for the required debt service in FY08.
4. **Water and Sewer Revenue Refunding Bonds- Series 2005A-**
These bonds are secured by the rates of the water and sewer system which are reflected in the Water and Sewer Operating Fund. Debt service is provided by the Water and Sewer Operating Fund. These bonds were issued on a parity basis with the water and sewer system revenue bonds Series 1999, 2002 and 2004. The bonds were issued to advance refund \$16.375 million of the Water and Sewer System Revenue Bonds, Series 1999. The original issue was \$17.605 million. The FY08 appropriation of \$759,880 will cover the required principal and interest payments due during the fiscal period. The Water and Sewer Operating Fund has sufficient operating revenues to provide for this required debt service coverage in FY08.

5. **Water and Sewer Revenue Construction Bonds- Series 2005B-**
 These bonds are secured by the rates of the water and sewer system which are reflected in the Water and Sewer Operating Fund. The Water and Sewer Operating Fund provides for transfers to meet the debt service requirements of the bonds. These bonds were issued on parity with the water and sewer system revenue bonds series 1999, 2002, 2004 and 2005A. The bonds were issued to provide financing for purchase of a portion of the South Sebastian Water Users Association transmission lines and extending services to the area, construction of an elevated storage tank in the Howard Hill area, installation of a 12" water line along Highway 45 West, and repainting the Wildcat Mountain water storage tank. The original issue was \$7.34 million. The FY08 appropriation of \$309,800 will cover the required principal and interest payments due during the fiscal period. The Water and Sewer Operating Fund is expected to have sufficient revenues to meet this required debt service in FY08.

6. **Water and Sewer Revenue Construction Bonds- Series 2007-**
 These bonds are secured by the water and sewer operating revenues as described in the bond covenants. These revenues are reflected in the Water and Sewer Operating Fund. The Water and Sewer Operating Fund provides for transfers to meet the annual debt service requirements. The 2007 bonds were issued on a parity with the water and sewer system revenue bonds, series 1999, 2002, 2004, 2005A, and 2005B. The original issue was \$24.47 million. The purposes of the bonds are the fund new sewer pump stations, sewer extensions in the southern growth area of the City, the Mountainburg water treatment plant rehabilitation and expansion, Midland Boulevard water transmission line replacement, neighborhood water line replacements, new water transmission line from Mountainburg to the City, water storage tank painting, Lee Creek water treatment plant instrumentation, and water transmission system metering. The FY08 appropriation of \$1,889,600 will provide the required debt service during FY08. The Water and Sewer Operating Fund should have sufficient revenues to meet this requirement in FY08.

7. **Parking Facilities Revenue Construction and Refunding Bonds - Series 1998**
 These bonds were issued to refund the Series 1991 Bonds and to provide construction of additional off-street parking sites in relation to the convention center and riverfront park improvements in the downtown area. The aggregate principal of the bonds is \$2,025,000. The bonds are secured by revenues of the system including parking meter revenues. The FY08 debt service requirement is \$135,415. Parking deck and parking meter revenues should be sufficient in FY08 to meet this required payment.

8. **Solid Waste Revenue Refunding Bonds- Series 1998**
 These bonds were issued to refinance the Series 1994 bonds which were originally issued to provide construction funds for the second cell of the City's landfill. The aggregate principal of the bonds is \$3,055,000. The FY08 Sanitation Operating Fund includes an appropriation of \$349,080 to cover the FY08 required debt service. The Sanitation Operating Fund has sufficient revenues to meet the required debt service in FY08.

9. **Solid Waste Revenue Refunding Bonds- Series 2002**
 These bonds are secured by the solid waste operations of the Sanitation Operating Fund. These bonds were issued to refund the Series 1995 Solid Waste Revenue Refunding Bonds. The 1995 Bonds, with a par amount of \$9.185 million, were originally issued to refund temporary bonds issued in 1993 and to fund a portion of the construction costs for the second cell at the sanitary landfill. The 2002 Bonds were issued at an aggregate principal amount of \$6,305,000. The Sanitation Operating Fund provides an appropriation totaling \$716,750 to cover the required debt service for FY08. The Sanitation Operating Fund has sufficient revenues to meet the required debt service in FY08.

10. **Sales and Use Tax Refunding and Construction Bonds- Series 2006**
 These bonds are secured by a special one percent (1%) local sales and use tax. The 2006 Bonds were issued in the amount of \$84.935 million in September 2006. The bonds were issued to redeem the outstanding 2001 Sales and Use Tax Bonds, to purchase a radio communications system, and to fund wastewater wet weather improvements. Sales tax revenue for FY08 is anticipated to be \$19,418,336. Adding interest earnings for the year, revenues will be sufficient to pay debt service requirements of \$11,334,728 as well as call approximately \$6.7 million in bonds during FY08.

Please refer to pages 172-176 in the Related Financial Information section of this document for more information regarding the City's debt.

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BUDGET SUMMARIES - ALL FUNDS

This section provides a summary of each of the City's funds which receive revenue and incur expenditures/expenses.

A comparative summary for FY06 Actual, FY07 Budget, FY07 Estimated and FY08 Budget is provided on a consolidated basis with interfund transfers included. A combined summary with more detailed revenue sources for FY05 Actual, FY06 Actual, FY07 Budget, FY07 Estimated and FY08 is included. A schedule of beginning and ending balances/working capital for all fund types for FY08 Budget is provided. Major revenue analyses are included in this section. Also included are individual fund statements for FY08 Budget.

**City of Fort Smith
FY08
Comparative Summary - All Funds**

	Actual FY06	Budget FY 07	Estimated FY 07	Budget FY 08
Revenues				
Intergovernmental	\$ 12,048,875	\$ 14,757,193	\$ 13,878,517	\$ 12,211,572
Taxes and Assessments	68,759,864	71,338,599	70,374,373	71,800,747
Licenses and Permits	1,292,182	1,273,500	1,212,374	1,291,000
Court Fines and Forfeitures	2,063,755	1,925,000	1,942,531	1,978,100
Service Charges and Fees	53,646,526	56,192,893	56,143,946	63,506,775
Interest	6,340,469	5,413,301	7,853,974	5,520,735
Contributions	2,170,215	900,600	978,878	4,017,473
Bond Proceeds (Note 3)	86,033,314	0	24,507,286	13,900,000
Miscellaneous	1,292,572	1,251,618	2,770,421	1,551,074
Transfers In	24,940,632	18,369,035	18,719,228	21,286,320
Total	\$ 258,588,404	\$ 171,421,739	\$ 198,381,528	\$ 197,063,796
Expenditures/Expenses				
Operating	\$ 90,392,384	\$ 95,142,216	\$ 96,269,797	\$ 101,649,288
Capital Improvements	48,085,472	76,574,071	52,281,539	99,191,087
Community Assistance (Note 1)	2,125,397	1,592,200	2,643,618	1,903,000
Debt Service	51,059,819	31,784,718	32,448,986	34,818,853
Pension Benefits/Retirement				
Contributions	4,311,729	4,637,500	4,536,582	4,676,100
Health Insurance and Workers'				
Compensation Claims	7,571,141	8,272,512	7,855,408	8,635,000
Other (Note 2)	3,130,510	4,521,763	4,112,347	3,928,380
Total	\$ 206,676,452	\$ 222,524,980	\$ 200,148,277	\$ 254,801,708
Excess (Deficiency) Revenues Over (Under) Expenditures/Expenses	\$ 51,911,952	\$ (51,103,241)	\$ (1,766,749)	\$ (57,737,912)
Fund Balance/Working Capital Beginning of Year	91,978,150	146,891,887	143,890,102	142,123,353
Fund Balance/Working Capital End of Year	\$ 143,890,102	\$ 95,788,646	\$ 142,123,353	\$ 84,385,441

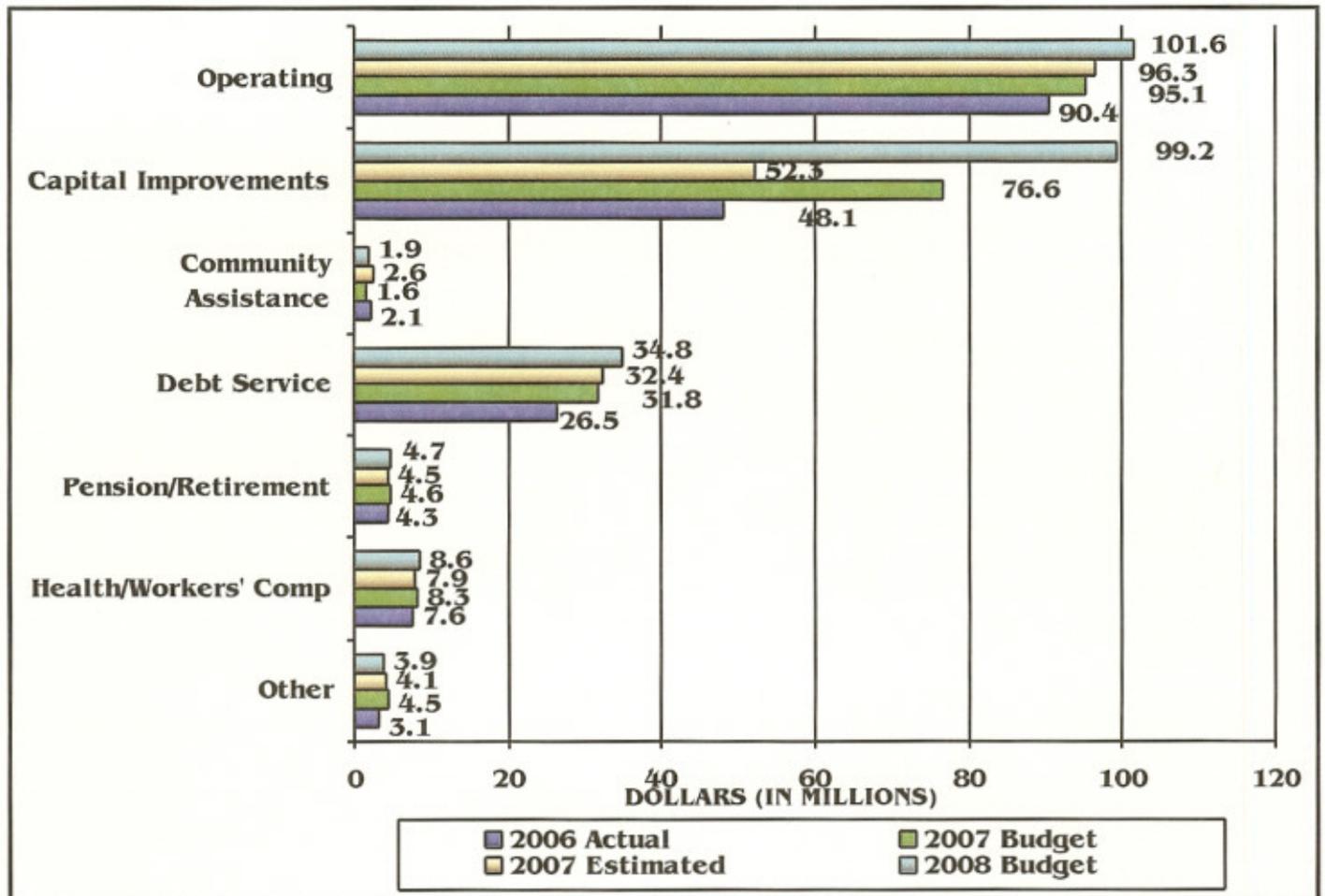
Note 1: Community Assistance includes the CDBG and HOME program as well as the recycling, economic development, and drug enforcement grant activity of the Special Grants Fund. Amounts for 2008 are: CDBG and HOME \$1,600,000; Special Grants \$303,000.

Note 2: Other expenditures/expenses include the costs for activities of the Advertising and Promotion Fund, the Parking Authority Fund, the Working Capital Fund, the Cleanup Demolition Program Fund, and the Convention Center Fund.

Note 3: The bond proceeds for FY06 actual are the 2006 Sales and Use Tax Bonds; for FY07 estimated are the 2007 Water and Sewer Revenue Bonds; and for FY08 are the 2008 Sales and Use Tax Bonds expected to be issued during 2008. Authorization for issuing the additional sales tax bonds has already been made.

COMPARATIVE SUMMARY - ALL FUNDS

EXPENDITURE/EXPENSE



**City of Fort Smith
FY07 Budget
Combined Summary-All Funds**

	Beginning Fund Balance/ Working Capital	Revenues	Expenditures/ Expenses	Ending Fund Balance/ Working Capital
General	\$ 5,244,938	\$ 39,830,867	\$ 42,148,605	\$ 2,927,200
Special Revenue Funds:				
Street Maintenance	2,537,651	5,542,928	6,893,516	1,187,063
Sales Tax	28,401,537	23,719,844	38,758,765	13,362,616
Community Development Block Grant	1,581	1,102,000	1,100,000	3,581
HOME Investment Partnership Act	0	500,000	500,000	0
Special Grants	132,497	305,500	303,000	134,997
Tilles Park	6,529	700	0	7,229
Advertising and Promotion	388,272	740,845	908,420	220,697
Arkansas LOPFI Contribution	13,435,902	4,674,500	4,676,100	13,434,302
Convention Center	1,007,745	1,844,051	1,480,000	1,371,796
Sub-Total	<u>45,911,714</u>	<u>38,430,368</u>	<u>54,619,801</u>	<u>29,722,281</u>
Debt Service Fund:				
2006 Sales & Use Tax Bonds	9,719,264	19,818,336	18,034,728	11,502,872
Capital Projects Funds:				
Sidewalk Construction	429,866	200,000	340,000	289,866
2006 Sales & Use Tax Construction	48,349,282	14,620,000	46,172,322	16,796,960
Sub-Total	<u>48,779,148</u>	<u>14,820,000</u>	<u>46,512,322</u>	<u>17,086,826</u>
Enterprise Funds:				
Water and Sewer	24,839,164	55,470,090	66,226,573	14,082,681
Sanitation	4,874,794	18,578,595	17,269,804	6,183,585
Parking Authority	295,056	447,500	684,875	57,681
Sub-Total	<u>30,009,014</u>	<u>74,496,185</u>	<u>84,181,252</u>	<u>20,323,947</u>
Internal Service Funds:				
Working Capital	36,865	680,000	670,000	46,865
Employee Health & Wellness	2,375,860	8,625,000	8,255,000	2,745,860
Workers' Compensation	46,550	363,040	380,000	29,590
Sub-Total	<u>2,459,275</u>	<u>9,668,040</u>	<u>9,305,000</u>	<u>2,822,315</u>
Total	\$ 142,123,353	\$ 197,063,796	\$ 254,801,708	\$ 84,385,441
Interfund Transfers	0	(21,286,320)	(21,286,320)	0
Adjusted Total	\$ 142,123,353	\$ 175,777,476	\$ 233,515,388	\$ 84,385,441

**City of Fort Smith
FY08
Comparative Summary - All Funds**

	Actual FY 05	Actual FY 06	Budget FY 07	Estimated FY 07	Budget FY 08
Revenues					
Intergovernmental					
Federal	\$ 3,916,506	\$ 3,589,675	\$ 6,498,345	\$ 5,289,513	\$ 4,168,693
State	8,406,758	8,444,962	8,228,848	8,588,504	8,032,879
Local	18,788	14,238	30,000	500	10,000
Taxes and Assessments					
Ad Valorem	8,624,431	8,948,367	8,968,040	8,968,040	9,166,500
Franchise	6,833,462	7,406,294	8,134,020	7,052,774	7,193,800
Sales Tax - City	34,744,280	36,841,831	38,075,168	38,075,168	38,836,672
Sales Tax - County	13,864,325	14,718,645	15,248,121	15,390,130	15,697,930
Hotel/Motel Tax	598,560	658,125	683,250	708,672	722,845
Other	196,863	186,602	230,000	179,589	183,000
Licenses and Permits	1,307,676	1,292,182	1,273,500	1,212,374	1,291,000
Court Fines and Forfeitures	2,064,332	2,063,755	1,925,000	1,942,531	1,978,100
Service Charges and Fees					
Water & Sewer	30,402,025	32,645,032	34,531,500	32,423,125	37,919,610
Sanitation	11,129,352	11,811,666	11,548,600	12,923,480	14,766,365
General Fund	990,987	1,139,150	1,148,720	1,092,766	1,120,760
Internal Service	6,990,350	7,890,836	8,789,073	9,516,605	9,513,040
Parking Operations	174,628	159,842	175,000	187,970	187,000
Interest	4,078,730	6,340,469	5,413,301	7,853,974	5,520,735
Contributions	811,460	2,170,215	900,600	978,878	4,017,473
Bond Proceeds	7,027,258	86,033,314	0	24,507,286	13,900,000
Miscellaneous	1,144,120	1,292,572	1,251,618	2,770,421	1,551,074
Transfers In	19,434,759	24,940,632	18,369,035	18,719,228	21,286,320
Total	\$ 162,759,650	\$ 258,588,404	\$ 171,421,739	\$ 198,381,528	\$ 197,063,796
Expenditures/Expenses					
Operating	\$ 80,884,916	\$ 90,392,384	\$ 95,142,216	\$ 96,269,797	\$ 101,649,288
Capital Improvements	51,940,773	48,085,472	76,574,071	52,281,539	99,191,087
Community Assistance	1,794,829	2,125,397	1,592,200	2,643,618	1,903,000
Debt Service	31,370,795	51,059,819	31,784,718	32,448,986	34,818,853
Pension Benefits/Retirement					
Contributions	3,708,991	4,311,729	4,837,500	4,536,582	4,676,100
Health Insurance and Workers'					
Compensation Claims	6,689,960	7,571,141	8,272,512	7,855,408	8,635,000
Other	3,338,845	3,130,510	4,521,763	4,112,347	3,928,380
Total	\$ 179,729,109	\$ 206,676,452	\$ 222,524,980	\$ 200,148,277	\$ 254,801,708
Excess (Deficiency) Revenues Over (Under) Expenditures/Expenses	\$ (16,969,459)	\$ 51,911,952	\$ (51,103,241)	\$ (1,766,749)	\$ (57,737,912)
Fund Balance/Working Capital Beginning of Year	108,947,609	91,978,150	146,891,887	143,890,102	142,123,353
Fund Balance/Working Capital End of Year	\$ 91,978,150	\$ 143,890,102	\$ 95,788,646	\$ 142,123,353	\$ 84,385,441

Major Revenue Analyses-2008 Budget

The City estimates annual revenues by using historical trends and a simple form of regression analysis. An analysis for each of the most significant revenues is provided.

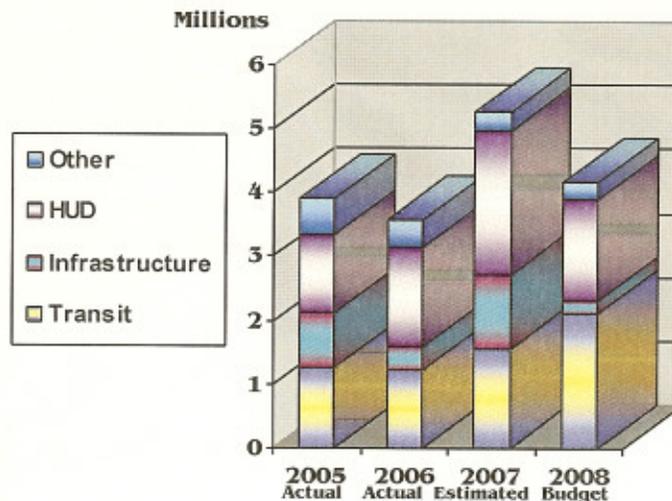
Intergovernmental

Federal-

Revenue Description- grants and contributions provided by the federal government including transit funds and infrastructure project participation for the street sales tax projects from the Department of Transportation (DOT) and community assistance grants from the department of Housing and Urban Development (HUD).

Revenue History- federal funding represents an average of only 3% of total annual revenues. However, the transit funding is accounted for in the General Fund and represents an average of 5% of its annual revenues. The CDBG and HOME grants from HUD represent 100% of the applicable fund's revenue source each year.

	Transit	Infrastructure Projects	HUD	Other	Total
2005 Actual	1,249,746	868,340	1,244,414	554,006	3,916,506
2006 Actual	1,202,281	380,425	1,577,908	429,061	3,589,675
2007 Est.	1,538,040	1,166,130	2,283,716	301,627	5,289,513
2008 Budget	2,128,613	200,000	1,600,000	240,080	4,168,693



2008 Revenue Estimates- the decrease in 2008 is due to less federal grants for infrastructure as the federally funded major street project was just begun and an expected decrease in the amount of HUD funds available. The decrease is offset by an increase in transit funds due to the inclusion of funds for a transfer station.

State-

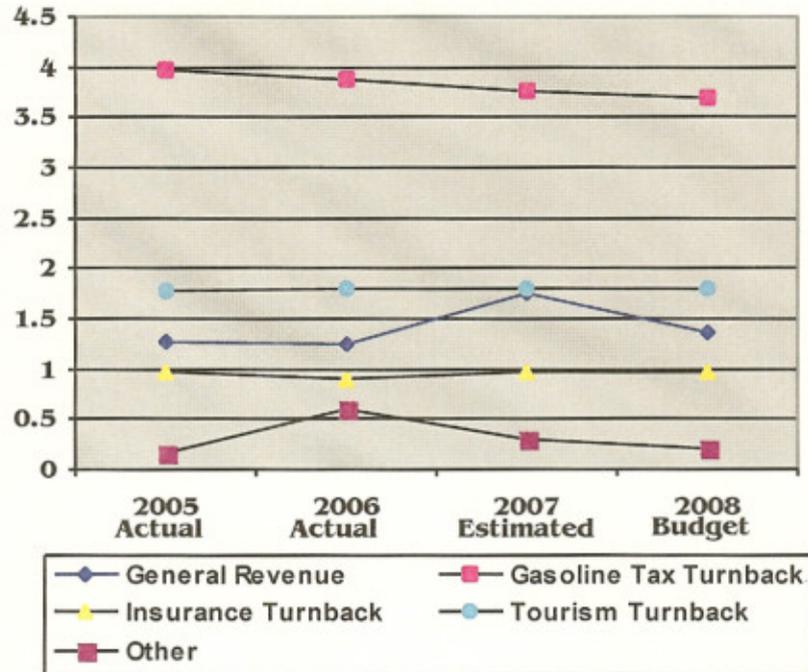
Revenue Description- state aid in the form of turnbacks from state tax levies, grants and special appropriations. The most significant state provided revenue is the gasoline tax turnback which is accounted for in the Street Maintenance Fund, the general revenue turnback, the insurance turnback for the police and fire pension plan contributions accounted for in the Arkansas LOPFI Contributions Fund, and the special tourism turnback for the Convention Center Fund.

State (continued)-

Revenue History- state funding represents an average of 4% of total revenues. However, the gasoline tax turnback represents an average of 67% of the Street Maintenance Fund annual revenue and the insurance turnback represents 21% of the Arkansas LOPFI Contribution Fund Revenue.

	General Revenue Turnback	Gasoline Tax Turnback	Insurance Turnback	Tourism Turnback	Other	Total
2005 Actual	1,277,028	3,961,373	978,008	1,782,552	157,484	8,156,445
2006 Actual	1,257,680	3,882,300	911,307	1,795,545	598,130	8,444,962
2007 Estimated	1,745,655	3,772,596	977,845	1,795,983	296,425	8,588,504
2008 Budget	1,364,500	3,692,328	980,000	1,796,051	200,000	8,032,879

Millions



2008 Revenue Estimates- the amount of general revenue turnback and gasoline tax turnback is allocated on a per capita basis with annual estimates provided by the Arkansas Municipal League (AML). During 2007, the state legislature approved a one time, supplemental general turnback of \$550,000 for Fort Smith. The tourism turnback is specified in state statutes. The insurance turnback is based on historical receipts for the past 5 years.

Taxes and Assessments:

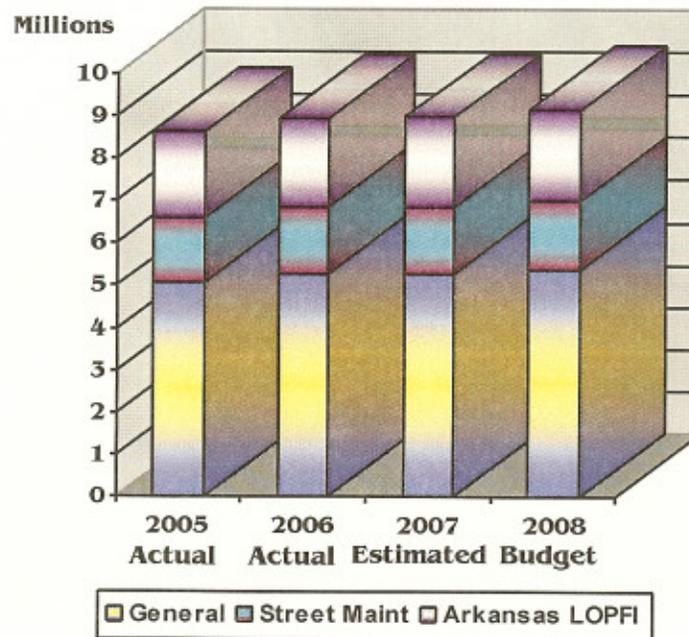
Ad Valorem-

Revenue Description- taxes upon the assessed value of taxable real and personal property as authorized by Sebastian County. The City levies 5 mills (.005) for the City's General Fund which is the maximum allowed by state law and 2 mills (.002) for the police and fire pension fund contributions. In accordance with state law, the City receives one-half of the county's three mills or 1.5 mills for the Street Maintenance Fund.

Revenue History- the City's share of ad valorem taxes totals 8.5 mills for the four years presented. Sebastian County is the assessment, bill and collection agency for all taxing entities. The property tax levy for the past five years is presented in graphic form on page 185 in the Related Financial Information section of this document.

Ad valorem taxes represent an average of 4.6% of total City revenues. The revenue for the three funds which receive property tax revenue since 2005 is as follows:

	General	Street Maintenance	Arkansas LOPFI Contribution	Total
2005 Actual	5,076,061	1,520,730	2,027,640	8,624,431
2006 Actual	5,265,212	1,578,274	2,104,640	8,948,367
2007 Estimated	5,295,000	1,574,160	2,098,880	8,968,040
2008 Budget	5,400,900	1,605,600	2,160,000	9,166,500



2008 Revenue Estimate-ad valorem taxes are expected to increase by approximately \$198,000 or 2% for 2008 due to an increase in the total value of property within the City limits.

Franchise Fees-

Revenue Description- a General Fund revenue which is a 4% fee assessed to franchised utilities' gross revenues earned within the City limits. The fee is assessed for the use of streets, alleys, highways and public grounds which are directly affected by the franchised utilities' activities and systems.

Revenue History- the two electric utilities and the gas utility gross revenues are directly related to rate adjustments and weather fluctuations. Franchise fees represent an average of 3.8% of total City revenues and an average 18.8% of total General Fund revenue.

	2005 Actual	2006 Actual	2007 Estimated	2008 Budget
Electric	3,516,001	4,222,940	3,942,899	4,042,950
Gas	2,475,013	2,367,671	2,255,182	2,300,000
Cable	483,333	485,032	559,944	570,000
Telephone	344,265	320,726	293,899	280,000
Other	12,850	9,925	850	850
	<u>6,833,462</u>	<u>7,406,294</u>	<u>7,052,774</u>	<u>7,193,800</u>

2008 Revenue Estimate- franchise fees are anticipated to increase by approximately \$141,000 or 2% over 2007 estimated revenue. The increase is primarily a result of anticipated higher electric and natural gas usage.

City Sales Taxes-

Revenue Description- the City assesses a 2% local sales and use tax upon taxable sales within the City. The state collects the sales taxes and remits the revenue to the City net of a 3% collection fee.

Revenue History- 1% of the City's local sales and use tax is dedicated for streets, bridges and associated drainage projects. The revenue is accounted for in the Sales Tax Fund and the tax has been in place since 1985. A 1% City sales and use tax is dedicated to the redemption of the 2006 Sales and Use Tax Bonds. The 2006 Bonds were issued in September 2006 to refund the remaining 2001 Sales and Use Tax Bonds, to provide funding for a new public safety and utility radio system, and to provide funding for wastewater projects in accordance with the EPA wet weather improvement mandates. A form of this tax has been in place since 1997.

	Street Sales Tax Fund	2006 Sales & Use Tax Bond Fund	Total
2005 Actual	17,372,140	17,372,140	34,744,280
2006 Actual	18,420,915	18,420,916	36,841,831
2007 Estimated	19,037,584	19,037,584	38,075,168
2008 Budget	19,418,336	19,418,336	38,836,672

2008 Revenue Estimate- City sales and use tax revenue is projected to increase 2% between years. The state, as collection agent, does not provide the City any information as to the various commodities which generate the tax, therefore, there are little forecasting techniques which would provide a trend analysis other than historical revenue.

County Sales Tax-

Revenue Description- a General Fund revenue which represents the City's share of a 1% Sebastian County sales and use tax assessed upon taxable sales within the county. The tax is distributed based upon population. This tax is also collected by the state and remitted to the City net of a 3% collection fee.

Revenue History- this tax was approved by voters in 1994 and reaffirmed in 2003 for extension through 2014.

Actual 2005	13,864,325
Actual 2006	14,718,645
Estimated 2007	15,390,130
Budget 2008	15,697,930

2008 Estimated Revenue- the county sales tax is expected to increase 2% over 2007. As in the case of the City's sales tax levies, the state does not provide any trend information for this revenue source.

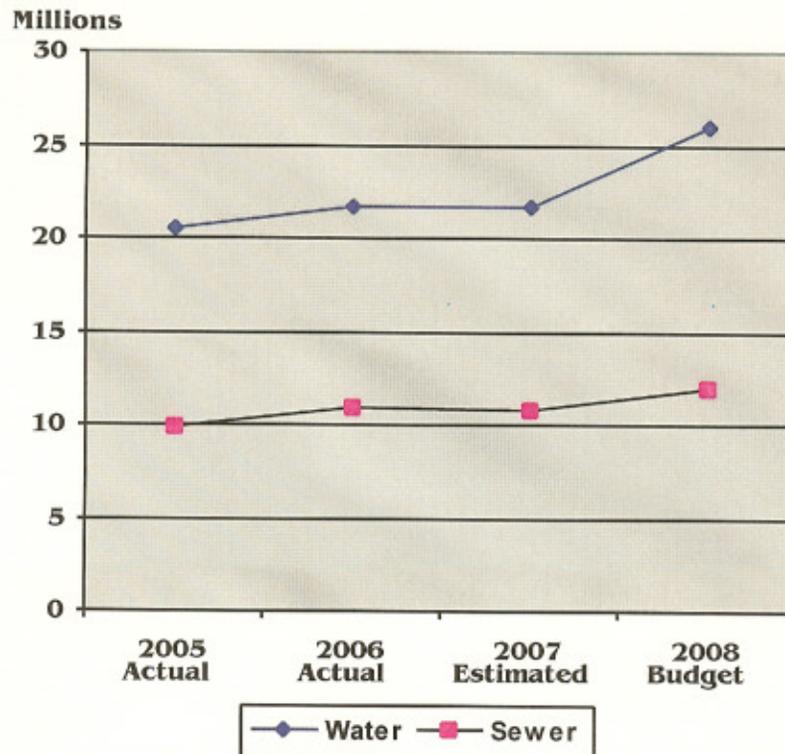
Service Charges and Fees:

Water and Sewer-

Revenue Description- the City of Fort Smith owns and operates the municipal water and wastewater utilities. Charges and fees for water and sewer services are allocated by customer type and usage. Rates are set by the Board of Directors.

Revenue History- usage fluctuates due to winter and summer weather patterns. Rate increases for both water and sewer services are periodically increased by the Board. The most recent rate increases for water and sewer services became effective October 1, 2007 to fund capital projects, meet debt service requirements, and maintain adequate debt service coverage. Additional rate increases have been approved which become effective January 1, 2009 and January 1, 2010. Combined water and sewer service charges and fees represent an average 18% of total city revenue.

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Actual 2005	20,564,860	9,837,165	30,402,025
Actual 2006	21,706,458	10,938,574	32,645,032
Estimated 2007	21,651,729	10,771,396	32,423,125
Budget 2008	26,023,610	11,896,000	37,919,610



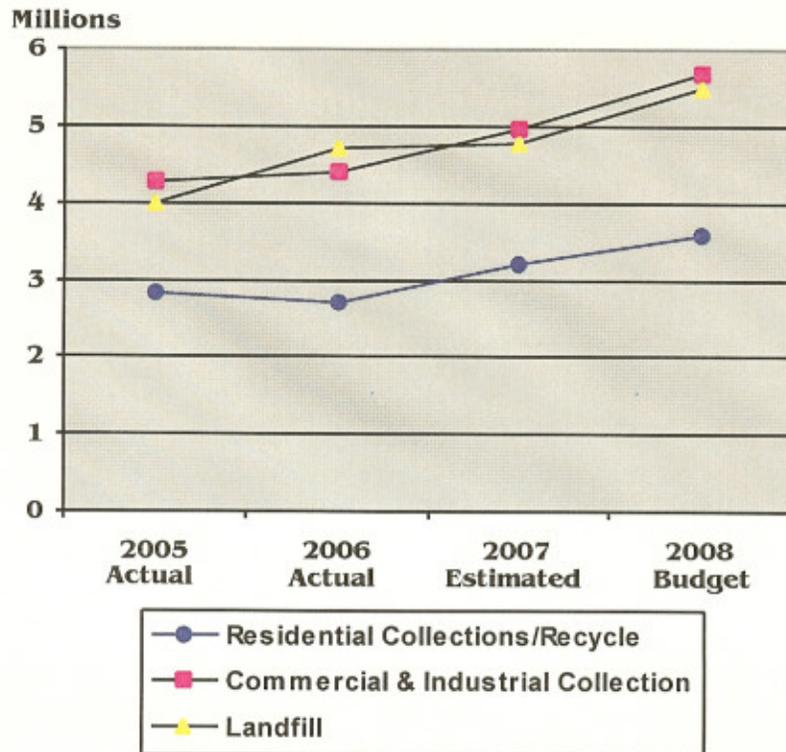
2008 Revenue Estimate- The rate increases that became effective October 1, 2007 are reflected in the 2008 revenue. The 2008 volume is based upon the previous three years' historical consumption. The estimated 2007 revenue reflects a drop in usage approximating 6% due to mild weather and excessive summer rains.

Sanitation-

Revenue Description- the City provides residential, commercial and industrial waste collection services and operates a sanitary landfill for disposal of solid waste. Rates are established by the Board of Directors.

Revenue History- the City allows private haulers to provide commercial and industrial services to enterprises within the City. In April 2004, the Board approved an agreement between the City and Waste Management, the largest private hauler in Fort Smith; whereby a specified amount of waste is disposed at the City's landfill. The City negotiated a rate with Waste Management in exchange for the disposal of waste. This rate is adjusted annually by the change in CPI. The agreement continues to be in effect. In addition, all rates for sanitation services were increased during 2007. New residential fees became effective July 1, 2007 and new rates for commercial collections, industrial collections, and solid waste disposal fees became effective August 1, 2007.

	Residential Collection/ Recycling	Commercial Industrial/ Collection	Landfill	Total
Actual 2005	2,842,221	4,283,548	4,003,583	11,129,342
Actual 2006	2,712,796	4,396,354	4,707,516	11,811,666
Estimated 2007	3,200,000	4,956,950	4,766,530	12,923,480
Budget 2008	3,580,000	5,682,600	5,503,765	14,766,365



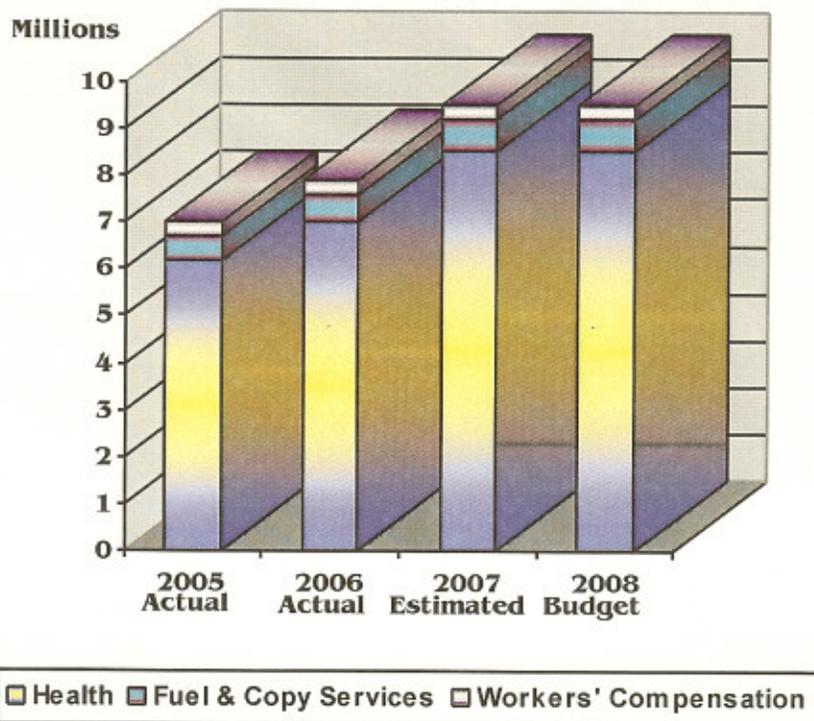
2008 Revenue Estimates- The rate increases approved during 2007 are reflected in the 2008 revenue amounts. The adjustment to private hauler rates which will become effective May 1, 2008 has also been included. The landfill revenue includes \$119,000 and \$175,000 in methane gas sales for 2007 and 2008, respectively.

Internal Service Operations-

Revenue Description- charges to provide health and wellness benefits, workers' compensation claims, fuel and copy services to City departments, employees and outside entities such as the Fort Smith Regional Airport are accounted for in three internal service funds.

Revenue History- the costs for providing workers' compensation claims, and fuel and copy services have increased by 14% and 26% respectively when comparing 2008 Budget with 2005 Actual. The significant increases in motor fuel has been the main reason for such a large fluctuation in fuel and copy services. The costs for health and welfare benefits have increased 38% over the past three years. The 2008 allocation will include the initial funding for OPEB for retirees.

	<u>Health & Welfare</u>	<u>Fuel & Copy Services</u>	<u>Workers' Compensation</u>	<u>Total</u>
Actual 2005	6,159,624	539,906	290,820	6,990,350
Actual 2006	6,996,689	589,337	304,810	7,890,836
Estimated 2007	8,541,271	652,574	322,760	9,516,605
Budget 2008	8,500,000	680,000	333,040	9,513,040



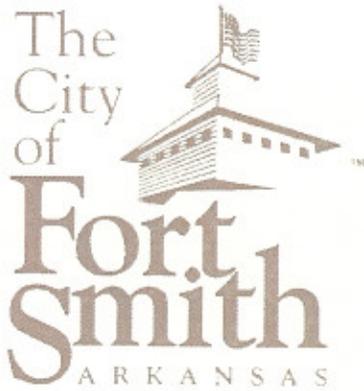
CITY OF FORT SMITH FINANCIAL STRUCTURE

The City provides the full range of municipal services as provided by the City Charter. These include public safety, water, sewer, sanitation, public transportation, parking, public improvements, recreational and general administrative services.

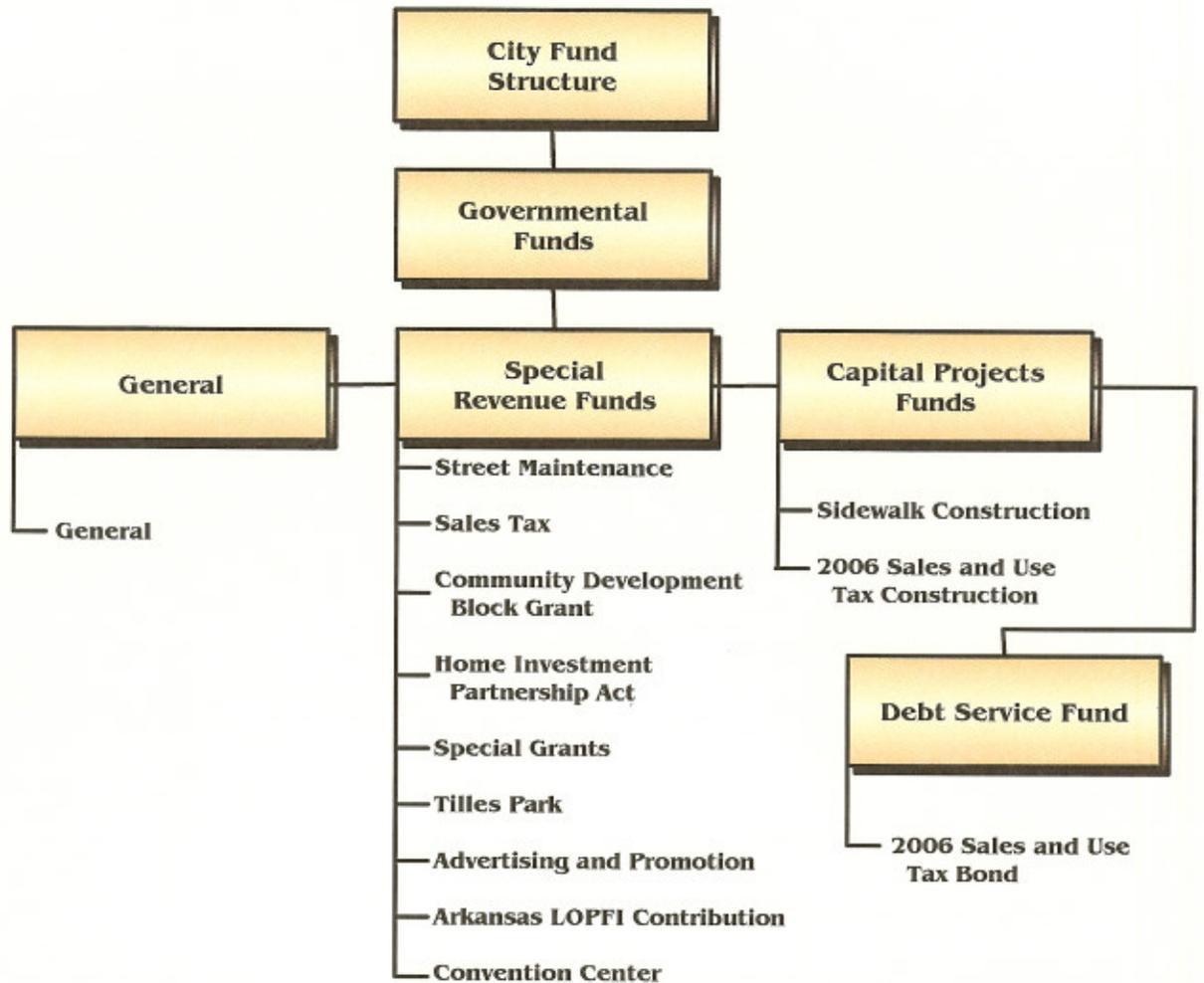
To account for these services, individual funds are maintained for various purposes. In governmental accounting, a fund is a fiscal and accounting entity with a self-balancing set of accounts established and maintained for a specific purpose or to attain a certain objective in accordance with legal and administrative restrictions.

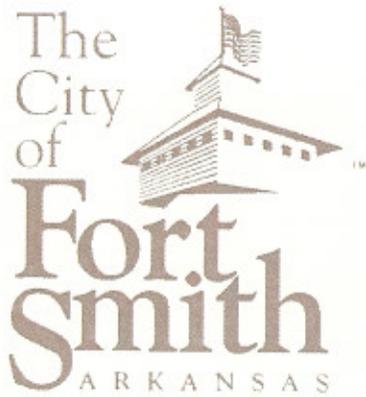
The charts, on pages 42 and 43, illustrate the City's active fund structure. Following the charts, the fund types and individual funds are defined. After this, the 2008 Budget for each individual fund by fund type is presented.

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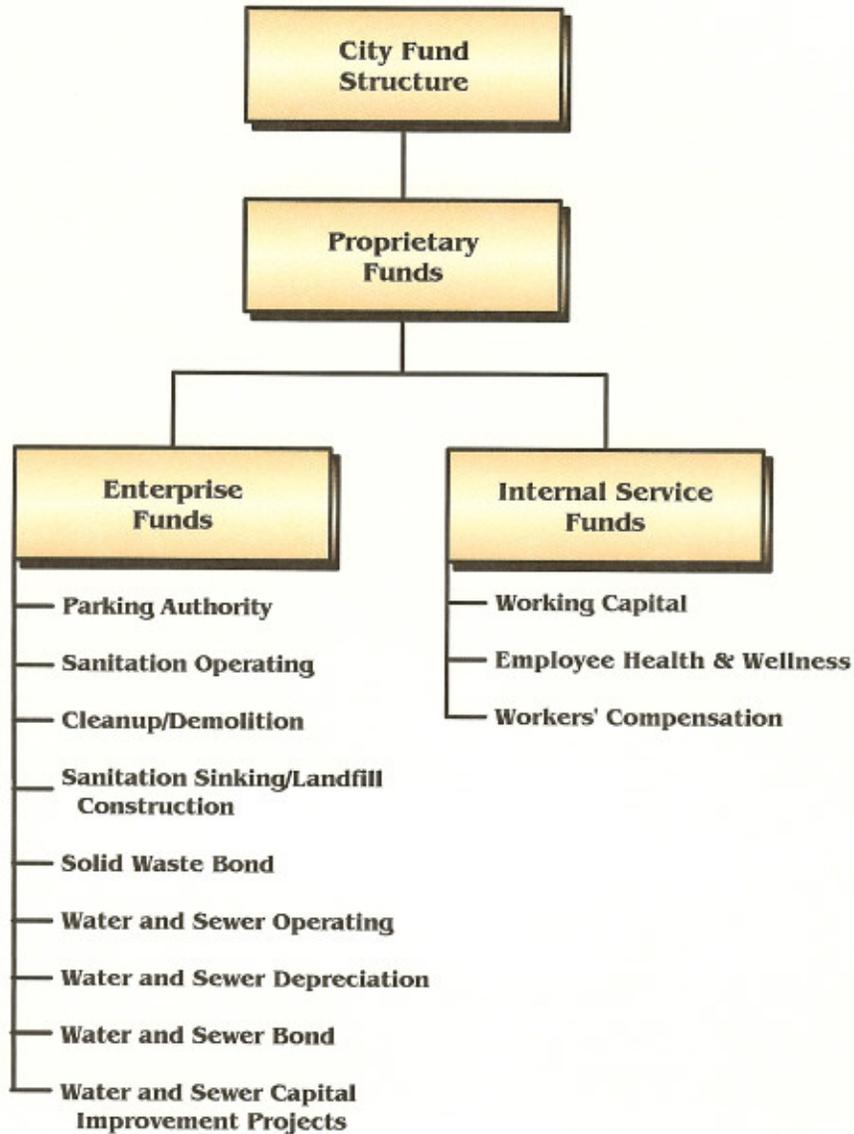


City of Fort Smith, Arkansas Chart of Fund Types





City of Fort Smith, Arkansas Chart of Fund Types



DEFINITION OF FUND TYPES AND INDIVIDUAL FUNDS

GENERAL FUND - The principal fund of the City. All general tax revenue and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

SPECIAL REVENUE FUNDS - Funds to account for the proceeds of specific revenue (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

STREET MAINTENANCE FUND - A special revenue fund accounted for as an operating fund to account for operations related to the repair, maintenance and improvement of the City streets and right-of- ways. Revenues collected in this fund are restricted for these uses and are derived from state turnback for gasoline tax and one-half of the three mill county road tax.

SALES TAX FUND - A special revenue fund to account for projects utilizing the City's operating sales tax revenues. Such revenues are restricted for repair, maintenance and improvement of City streets, bridges and associated drainage.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND - A special revenue fund to account for the operations of projects utilizing CDBG funds. Such revenues are restricted to expenditures for specified projects by the Department of Housing and Urban Development (HUD).

HOME INVESTMENT PARTNERSHIP ACT FUND - A special revenue fund to account for Federal funds administered by HUD to provide loans for affordable housing.

SPECIAL GRANTS FUND - A special revenue fund to account for Federal, state and local grants received by the City. Current grants include law enforcement, historic restoration, economic development, recycling, and police drug enforcement.

TILLES PARK FUND - A special revenue fund to account for donations received from the Tilles family estate. The money received is restricted for upgrading and maintaining Tilles Park.

ADVERTISING AND PROMOTION FUND - A special revenue fund to account for the proceeds of a three percent hotel/motel tax. Revenue derived from the tax is to be used for tourism development and promotion of Fort Smith.

ARKANSAS LOPFI CONTRIBUTION FUND - A special revenue fund to account for costs associated with the City's participation in the Local Police and Fire Retirement System (LOPFI) which is administered by a state agency. Revenues are restricted in this fund for retirement contributions. All uniformed police and fire personnel are covered by this Fund.

CONVENTION CENTER FUND- A special revenue fund to account for the operations of the Convention Center as well as staffing for the parking deck. Revenue is provided by a special turnback from the state of Arkansas. The City expects to receive this revenue through June 30, 2010.

DEBT SERVICE FUNDS- Funds used to account for the repayment of debt issued for general government purposes.

2006 SALES AND USE TAX BOND FUND- A debt service fund to account for the City's special assessment of a one percent (1%) sales and use tax for the repayment of the 2006 bonds. The 2006 bonds were issued to refund the remaining 2001 Sales and Use Tax Bonds, finance the purchase of a radio communications system, and fund wastewater improvements in response to the EPA administrative orders against the City.

CAPITAL PROJECTS FUNDS - Funds used to account for the acquisition of capital facilities being financed from bond proceeds, intergovernmental revenues, contributed capital, or transfers from other funds, other than those recorded in the Enterprise Funds, Internal Service Funds and Trust Funds.

SIDEWALK CONSTRUCTION FUND - A capital projects fund to account for resources utilized to construct sidewalks within the City limits. Revenues are derived from permit assessments on building permits.

2006 SALES AND USE TAX CONSTRUCTION FUND- A capital projects fund to account for the 2006 bond proceeds. Projects funded by the bonds include the replacement and upgrade for the public safety and utility radio communication system and wastewater improvements in response to the EPA administrative orders against the City.

ENTERPRISE FUNDS - Funds used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

PARKING AUTHORITY FUND - An enterprise fund to account for the provision of parking facilities within the City. All services necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

SANITATION OPERATING FUND - An enterprise fund accounted for as an operating fund for the City to account for the provision of sanitation services to residential, commercial and industrial customers of the City. Sanitary landfill services are also accounted for in this fund. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

CLEANUP/DEMOLITION PROGRAM FUND - An enterprise fund to account for cleanup of land costs and demolition of sub-standard structures. Funding is provided by the Sanitation Operating Fund.

SANITATION SINKING/LANDFILL CONSTRUCTION FUND - An enterprise fund to account for monies set aside for acquisition and construction of the City's landfill.

SOLID WASTE BOND FUND - An enterprise fund to account for the repayment of solid waste debt. Current debt issues are the Solid Waste Revenue Bonds, Series 1998 and Series 2002.

WATER AND SEWER OPERATING FUND - An enterprise fund accounted for as an operating fund for the City to account for the provision of water and sewer services to residential, commercial and industrial customers of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

WATER AND SEWER DEPRECIATION FUND - An enterprise fund to account for monies required by the revenue bond ordinances for repair and maintenance of the water and sewer system.

WATER AND SEWER BOND FUND - An enterprise fund to account for the repayment of bonds for the Water, Sewer System Revenue Bonds, Series 1999, Water and Sewer System Revenue Bonds, Series 2002.

WATER AND SEWER CAPITAL IMPROVEMENT PROJECTS FUND - An enterprise fund to account for large capital improvements for the water and sewer system. Funding is provided by the Water and Sewer Operating Fund and bond proceeds.

INTERNAL SERVICE FUNDS - Funds used to account for the financing of materials and services provided by one department of the City to other departments of the City on a cost-reimbursement basis and the City's self-insurance programs (employee insurance and workers' compensation).

WORKING CAPITAL FUND - An internal service fund to account for vehicle maintenance, office supplies and copy center services.

EMPLOYEE HEALTH AND WELLNESS FUND - An internal service fund to account for monthly premiums contributed by the City and its employees for health and life insurance coverage and dental coverage. The medical plan is self-insured with a third party administrator acting as paying agent for claims.

WORKERS' COMPENSATION FUND - An internal service fund to account for amounts contributed for workers' compensation claims. The fund is self-insured and claims are administered by a third party paying agent.

GENERAL FUND

REVENUES

Intergovernmental	\$	3,653,193
Taxes and Assessments		28,295,630
Court Fines and Forfeitures		1,846,100
Licenses and Permits		1,291,000
Service Charges and Fees		1,120,760
Miscellaneous		1,018,574
Interest		260,000
Transfers In		2,345,610
Total	\$	<u>39,830,867</u>

EXPENDITURES

Operating:

Policy and Administration Services	\$	2,866,857
Management Services		2,708,111
Development Services		2,663,941
Police Services		14,884,290
Fire Services		9,935,900
Operation Services		5,480,937
Non-Departmental		3,608,569
Total	\$	<u>42,148,605</u>

EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	\$	(2,317,738)
FUND BALANCE, BEGINNING OF YEAR		<u>5,244,938</u>
FUND BALANCE, END OF YEAR	\$	<u><u>2,927,200</u></u>

SPECIAL REVENUE FUNDS

	STREET	SALES TAX	COMMUNITY DEVELOPMENT BLOCK GRANT	HOME INVESTMENT PARTNERSHIP ACT
REVENUES				
Intergovernmental -				
State Turnback	\$ 3,692,328	\$ 0	\$ 0	\$ 0
Federal Grant	0	200,000	1,100,000	500,000
State Grant	0	0	0	0
Local Grant	0	0	0	0
Taxes and Assessments -				
Ad Valorem Tax	1,605,600	0	0	0
Sales Tax	0	19,418,336	0	0
Hotel/Motel Tax	0	0	0	0
Court Fines and Forfeitures	0	0	0	0
Interest	235,000	867,235	2,000	0
Contributions	0	3,234,273	0	0
Miscellaneous	10,000	0	0	0
Total	\$ 5,542,928	\$ 23,719,844	\$ 1,102,000	\$ 500,000
EXPENDITURES				
Operating	\$ 6,893,516	\$ 0	\$ 0	\$ 0
Capital Improvements	0	38,758,765	0	0
Community Assistance -				
Development Services	0	0	281,490	0
Police Services	0	0	0	0
Public Works and Community Service Projects	0	0	298,510	0
Housing Assistance	0	0	520,000	500,000
Pension Benefits/Retirement Cont.	0	0	0	0
Other (Note 1)	0	0	0	0
Total	\$ 6,893,516	\$ 38,758,765	\$ 1,100,000	\$ 500,000
EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENDITURES	\$ (1,350,588)	\$ (15,038,921)	\$ 2,000	\$ 0
FUND BALANCE, BEGINNING OF YEAR	2,537,651	28,401,537	1,581	0
FUND BALANCE, END OF YEAR	\$ 1,187,063	\$ 13,362,616	\$ 3,581	\$ 0

Note 1: Other includes the costs to provide the Advertising and Promotion activities and Convention Center operations.

SPECIAL GRANTS	TILLES PARK	ADVERTISING AND PROMOTION	ARKANSAS LOPFI CONTRIBUTION	CONVENTION CENTER	TOTAL
\$ 0	\$ 0	\$ 0	\$ 980,000	\$ 1,796,051	\$ 6,468,379
80,000	0	0	0	0	1,880,000
200,000	0	0	0	0	200,000
10,000	0	0	0	0	10,000
0	0	0	2,160,000	0	3,765,600
0	0	0	0	0	19,418,336
0	0	722,845	0	0	722,845
0	0	0	132,000	0	132,000
15,500	300	15,200	620,000	48,000	1,803,235
0	400	2,800	780,000	0	4,017,473
0	0	0	2,500	0	12,500
<u>\$ 305,500</u>	<u>\$ 700</u>	<u>\$ 740,845</u>	<u>\$ 4,674,500</u>	<u>\$ 1,844,051</u>	<u>\$ 38,430,368</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,893,516
0	0	0	0	0	38,758,765
0	0	0	0	0	281,490
80,000	0	0	0	0	80,000
223,000	0	0	0	0	521,510
0	0	0	0	0	1,020,000
0	0	0	4,676,100	0	4,676,100
0	0	908,420	0	1,480,000	2,388,420
<u>\$ 303,000</u>	<u>\$ 0</u>	<u>\$ 908,420</u>	<u>\$ 4,676,100</u>	<u>\$ 1,480,000</u>	<u>\$ 54,619,801</u>
\$ 2,500	\$ 700	\$ (167,575)	\$ (1,600)	\$ 364,051	\$ (16,189,433)
132,497	6,529	388,272	13,435,902	1,007,745	45,911,714
<u>\$ 134,997</u>	<u>\$ 7,229</u>	<u>\$ 220,697</u>	<u>\$ 13,434,302</u>	<u>\$ 1,371,796</u>	<u>\$ 29,722,281</u>

DEBT SERVICE FUND

2006 SALES AND USE TAX BOND FUND

REVENUES

Taxes and Assessments- Sales Tax	\$	19,418,336
Interest		<u>400,000</u>
Total	\$	<u>19,818,336</u>

EXPENDITURES

Debt Service- Current		<u>18,034,728</u>
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EXCESS REVENUES OVER EXPENDITURES \$ 1,783,608

FUND BALANCE, BEGINNING OF YEAR 9,719,264

FUND BALANCE END OF YEAR \$ 11,502,872

CAPITAL PROJECTS FUND

	SIDEWALK CONSTRUCTION	2006 SALES & USE TAX CONSTRUCTION	Total
REVENUES			
Intergovernmental-			
Taxes and Assessments			
Permit Assessments	\$ 180,000	\$ 0	\$ 180,000
Interest	20,000	720,000	740,000
Bond Proceeds	0	13,900,000	13,900,000
	<hr/>	<hr/>	<hr/>
Total	\$ 200,000	\$ 14,620,000	\$ 14,820,000
EXPENDITURES			
Capital Improvements	340,000	46,172,322	46,512,322
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENDITURES	\$ (140,000)	\$ (31,552,322)	\$ (31,692,322)
FUND BALANCE, BEGINNING OF YEAR	429,866	48,349,282	48,779,148
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FUND BALANCE, END OF YEAR	\$ 289,866	\$ 16,796,960	\$ 17,086,826
	<hr/>	<hr/>	<hr/>

**ENTERPRISE FUNDS-
WATER AND SEWER FUNDS**

	WATER AND SEWER OPERATING	WATER AND SEWER DEPRECI- ATION	WATER AND SEWER BOND	WATER AND SEWER CAPITAL IMPROVEMENT PROJECTS	TOTAL
REVENUES					
Service Charges and Fees	\$ 37,919,610	\$ 0	\$ 0	\$ 0	\$ 37,919,610
Interest	50,000	0	348,000	1,300,000	1,698,000
Miscellaneous	150,000	0	0	200,000	350,000
Transfers In	0	0	15,502,480	0	15,502,480
Total	\$ 38,119,610	\$ 0	\$ 15,850,480	\$ 1,500,000	\$ 55,470,090
EXPENSES					
Operating	\$ 37,039,093	\$ 0	\$ 0	\$ 0	\$ 37,039,093
Capital Improvements	0	0	0	13,610,000	13,610,000
Debt Service:					
Current	0	0	15,577,480	0	15,577,480
Total	\$ 37,039,093	\$ 0	\$ 15,577,480	\$ 13,610,000	\$ 66,226,573
EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENSES					
	\$ 1,080,517	\$ 0	\$ 273,000	\$ (12,110,000)	\$ (10,756,483)
WORKING CAPITAL, BEGINNING OF YEAR					
	156,797	500,000	2,773,954	21,408,413	24,839,164
WORKING CAPITAL, END OF YEAR					
	\$ 1,237,314	\$ 500,000	\$ 3,046,954	\$ 9,298,413	\$ 14,082,681

SANITATION FUNDS

	SANITATION OPERATING	CLEANUP/ DEMOLITION	SANITATION SINKING/ LANDFILL CONSTRUCTION	SOLID WASTE BOND FUND	TOTAL
REVENUES					
Service Charges and Fees	\$ 14,766,365	\$ 0	\$ 0	\$ 0	\$ 14,766,365
Interest	85,000	34,000	280,000	55,000	454,000
Miscellaneous	20,000	150,000	0	0	170,000
Transfers In	0	190,000	1,932,000	1,066,230	3,188,230
Total	\$ 14,871,365	\$ 374,000	\$ 2,212,000	\$ 1,121,230	\$ 18,578,595
EXPENSES					
Operating	\$ 15,568,074	\$ 0	\$ 0	\$ 0	\$ 15,568,074
Capital Improvements	0	0	0	0	0
Other	0	630,500	0	0	630,500
Debt Service	0	0	0	1,071,230	1,071,230
Total	\$ 15,568,074	\$ 630,500	\$ 0	\$ 1,071,230	\$ 17,269,804
EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENSES					
	\$ (696,709)	\$ (256,500)	\$ 2,212,000	\$ 50,000	\$ 1,308,791
WORKING CAPITAL, BEGINNING OF YEAR					
	2,604,580	729,643	1,218,994	321,577	4,874,794
WORKING CAPITAL, END OF YEAR					
	\$ 1,907,871	\$ 473,143	\$ 3,430,994	\$ 371,577	\$ 6,183,585

PARKING AUTHORITY FUND

	<u>Enforcement</u>	<u>Facilities</u>	<u>Total</u>
REVENUES			
Service Charges and Fees	\$ 22,000	\$ 165,000	\$ 187,000
Interest	0	10,500	10,500
Transfers In	250,000	0	250,000
Total	<u>\$ 272,000</u>	<u>\$ 175,500</u>	<u>\$ 447,500</u>
EXPENSES			
Other:			
Police Services	\$ 193,540	\$ 0	\$ 193,540
Convention Center	0	45,920	45,920
Capital Improvements	0	310,000	310,000
Debt Service:			
Current	0	135,415	135,415
Total	<u>\$ 193,540</u>	<u>\$ 491,335</u>	<u>\$ 684,875</u>
EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENSES	<u>\$ 78,460</u>	<u>\$ (315,835)</u>	<u>\$ (237,375)</u>
WORKING CAPITAL, BEGINNING OF YEAR	<u>0</u>	<u>295,056</u>	<u>295,056</u>
WORKING CAPITAL, END OF YEAR	<u>\$ 78,460</u>	<u>\$ (20,779)</u>	<u>\$ 57,681</u>

INTERNAL SERVICE FUNDS

	WORKING CAPITAL	EMPLOYEE HEALTH WELLNESS	WORKERS' COMPENSATION	TOTAL
REVENUES				
Service Charges and Fees	\$ 680,000	\$ 8,500,000	\$ 333,040	\$ 9,513,040
Interest	0	125,000	30,000	155,000
Total	<u>\$ 680,000</u>	<u>\$ 8,625,000</u>	<u>\$ 363,040</u>	<u>\$ 9,668,040</u>
EXPENSES				
Health Insurance and Workers' Compensation Claims	\$ 0	\$ 8,255,000	\$ 380,000	\$ 8,635,000
Other - Materials and Supplies	670,000	0	0	670,000
Total	<u>\$ 670,000</u>	<u>\$ 8,255,000</u>	<u>\$ 380,000</u>	<u>\$ 9,305,000</u>
EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENSES	\$ 10,000	\$ 370,000	\$ (16,960)	\$ 363,040
WORKING CAPITAL, BEGINNING OF YEAR	36,865	2,375,860	46,550	2,459,275
WORKING CAPITAL, END OF YEAR	<u>\$ 46,865</u>	<u>\$ 2,745,860</u>	<u>\$ 29,590</u>	<u>\$ 2,822,315</u>

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OPERATING FUNDS BUDGET SUMMARIES

This section provides summaries of the four operating funds budgets which are legally required to be adopted by the Board of Directors.

The Budget Comparison Summary for the Operating Funds and individually for each fund compare FY07 Estimated to FY08 Budget.

The Statement of Revenue Comparisons for the Operating Funds and individually for each fund compares revenues based on Actual FY06, Budget and Estimated FY07, and Budget FY08.

The Distribution of Appropriations for the Operating Funds is a schedule which reflects the allocation of each division's programs appropriation to each of the Operating Funds as per the City's cost allocation formula. Distributions are presented for FY08.

**CITY OF FORT SMITH
 FY08
 BUDGET COMPARISON SUMMARY - OPERATING FUNDS**

	ESTIMATED FY07	BUDGET FY08	INCREASE (DECREASE)
REVENUES			
Intergovernmental	\$ 7,321,837	\$ 7,345,521	\$ 23,684
Taxes and Assessments	29,315,376	29,901,230	585,854
Court Fines and Forfeitures	1,809,900	1,846,100	36,200
Licenses and Permits	1,212,374	1,291,000	78,626
Service Charges and Fees	46,439,371	53,806,735	7,367,364
Miscellaneous	1,775,687	1,828,574	52,887
Transfers	2,273,203	2,345,610	72,407
Total	\$ 90,147,748	\$ 98,364,770	\$ 8,217,022
EXPENDITURES/EXPENSES			
Policy and Administration Services	\$ 3,549,993	\$ 3,719,210	\$ 169,217
Management Services	6,519,032	6,584,100	65,068
Development Services	2,834,505	2,990,800	156,295
Police Services	13,947,595	14,884,290	936,695
Fire Services	9,520,142	9,935,900	415,758
Operation Services	52,535,537	56,916,239	4,380,702
Non-Departmental	7,362,993	6,618,749	(744,244)
Total	\$ 96,269,797	\$ 101,649,288	\$ 5,379,491
EXCESS (DEFICIENCY)			
REVENUES OVER EXPENDITURES/EXPENSES	\$ (6,122,049)	\$ (3,284,518)	\$ 2,837,531
FUND BALANCE/WORKING CAPITAL, BEGINNING OF YEAR			
	16,666,015	10,543,966	(6,122,049)
FUND BALANCE/WORKING CAPITAL, END OF YEAR			
	\$ 10,543,966	\$ 7,259,448	\$ (3,284,518)

CITY OF FORT SMITH
FY08
BUDGET COMPARISON SUMMARY - GENERAL FUND

	ESTIMATED FY07	BUDGET FY08	INCREASE (DECREASE)
REVENUES			
Intergovernmental	\$ 3,549,241	\$ 3,653,193	\$ 103,952
Taxes and Assessments	27,741,216	28,295,630	554,414
Court Fines and Forfeitures	1,809,900	1,846,100	36,200
Licenses and Permits	1,212,374	1,291,000	78,626
Service Charges and Fees	1,092,766	1,120,760	27,994
Miscellaneous	1,212,767	1,278,574	65,807
Transfers	2,273,203	2,345,610	72,407
Total	\$ 38,891,467	\$ 39,830,867	\$ 939,400
EXPENDITURES			
Policy and Administration Services	\$ 2,789,976	\$ 2,866,857	\$ 76,881
Management Services	2,694,809	2,708,111	13,302
Development Services	2,528,526	2,663,941	135,415
Police Services	13,947,595	14,884,290	936,695
Fire Services	9,520,142	9,935,900	415,758
Operation Services	7,478,887	5,480,937	(1,997,950)
Non-Departmental	4,799,535	3,608,569	(1,190,966)
Total	\$ 43,759,470	\$ 42,148,605	\$ (1,610,865)
EXCESS (DEFICIENCY)			
REVENUES OVER EXPENDITURES	\$ (4,868,003)	\$ (2,317,738)	\$ 2,550,265
FUND BALANCE, BEGINNING OF YEAR	10,112,941	5,244,938	(4,868,003)
FUND BALANCE, END OF YEAR	\$ 5,244,938	\$ 2,927,200	\$ (2,317,738)

**CITY OF FORT SMITH
 FY08
 BUDGET COMPARISON SUMMARY - STREET MAINTENANCE FUND**

	ESTIMATED FY07	BUDGET FY08	INCREASE (DECREASE)
REVENUES			
Intergovernmental	\$ 3,772,596	\$ 3,692,328	\$ (80,268)
Taxes and Assessments	1,574,160	1,605,600	31,440
Miscellaneous	242,789	245,000	2,211
Total	<u>\$ 5,589,545</u>	<u>\$ 5,542,928</u>	<u>\$ (46,617)</u>
EXPENDITURES			
Policy and Administration			
Services	\$ 157,245	\$ 164,223	\$ 6,978
Management Services	402,989	407,999	5,010
Development Services	65,341	71,442	6,101
Operation Services	5,174,889	5,818,672	643,783
Non-Departmental	753,458	431,180	(322,278)
Total	<u>\$ 6,553,922</u>	<u>\$ 6,893,516</u>	<u>\$ 339,594</u>
EXCESS (DEFICIENCY)			
REVENUES OVER EXPENDITURES	\$ (964,377)	\$ (1,350,588)	\$ (386,211)
FUND BALANCE, BEGINNING OF YEAR			
	<u>3,502,028</u>	<u>2,537,651</u>	<u>(964,377)</u>
FUND BALANCE, END OF YEAR			
	<u>\$ 2,537,651</u>	<u>\$ 1,187,063</u>	<u>\$ (1,350,588)</u>

**CITY OF FORT SMITH
FY08**

BUDGET COMPARISON SUMMARY - WATER AND SEWER OPERATING FUND

	ESTIMATED FY07	BUDGET FY08	INCREASE (DECREASE)
REVENUES			
Services Charges and Fees	\$ 32,423,125	\$ 37,919,610	\$ 5,496,485
Miscellaneous	217,265	200,000	(17,265)
Total	<u>\$ 32,640,390</u>	<u>\$ 38,119,610</u>	<u>\$ 5,479,220</u>
EXPENSES			
Policy and Administration			
Services	\$ 402,060	\$ 472,793	\$ 70,733
Management Services	2,643,436	2,680,493	37,057
Development Services	240,638	255,417	14,779
Operation Services	29,787,533	33,169,390	3,381,857
Non-Departmental	427,500	461,000	33,500
Total	<u>\$ 33,501,167</u>	<u>\$ 37,039,093</u>	<u>\$ 3,537,926</u>
EXCESS (DEFICIENCY)			
REVENUES OVER EXPENSES	\$ (860,777)	\$ 1,080,517	\$ 1,941,294
WORKING CAPITAL,			
BEGINNING OF YEAR	<u>1,017,574</u>	<u>156,797</u>	<u>(860,777)</u>
WORKING CAPITAL,			
END OF YEAR	<u>\$ 156,797</u>	<u>\$ 1,237,314</u>	<u>\$ 1,080,517</u>

CITY OF FORT SMITH
FY08
BUDGET COMPARISON SUMMARY - SANITATION OPERATING FUND

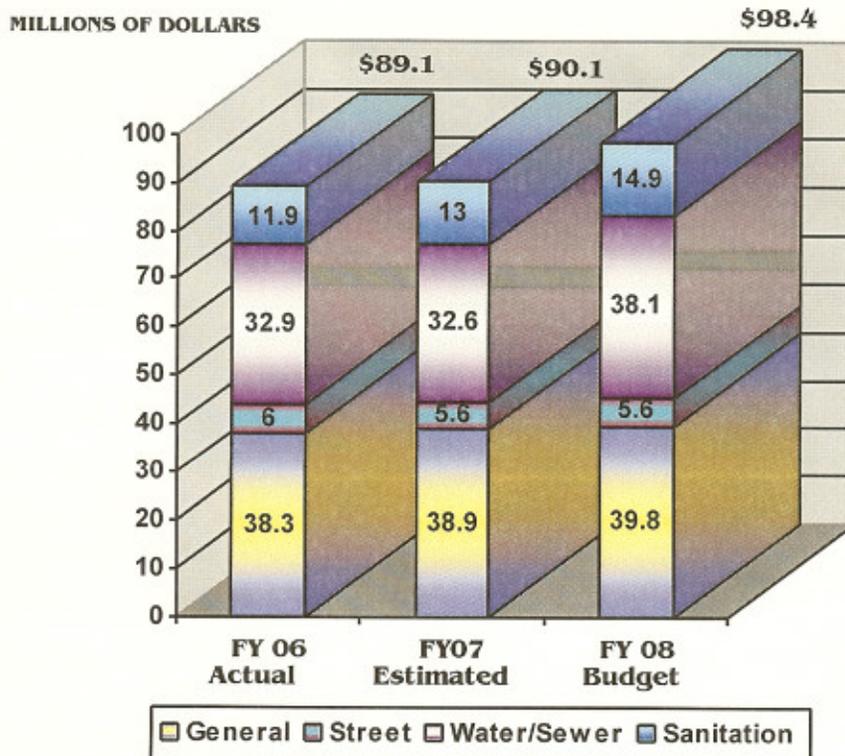
	ESTIMATED FY07	BUDGET FY08	INCREASE (DECREASE)
REVENUES			
Service Charges and Fees	\$ 12,923,480	\$ 14,766,365	\$ 1,842,885
Miscellaneous	102,866	105,000	2,134
Total	<u>\$ 13,026,346</u>	<u>\$ 14,871,365</u>	<u>\$ 1,845,019</u>
EXPENSES			
Policy and Administration			
Services	\$ 200,712	\$ 215,337	\$ 14,625
Management Services	777,798	787,497	9,699
Operation Services	10,094,228	12,447,240	2,353,012
Non-Departmental	1,382,500	2,118,000	735,500
Total	<u>\$ 12,455,238</u>	<u>\$ 15,568,074</u>	<u>\$ 3,112,836</u>
EXCESS (DEFICIENCY)			
REVENUES OVER EXPENSES	\$ 571,108	\$ (696,709)	\$ (1,267,817)
WORKING CAPITAL,			
BEGINNING OF YEAR	<u>2,033,472</u>	<u>2,604,580</u>	<u>571,108</u>
WORKING CAPITAL,			
END OF YEAR	<u>\$ 2,604,580</u>	<u>\$ 1,907,871</u>	<u>\$ (696,709)</u>

**COMBINED OPERATING FUNDS
STATEMENT OF REVENUE COMPARISONS**

	ACTUAL FY06	BUDGET FY07	ESTIMATED FY07	BUDGET FY08
Intergovernmental	\$ 6,930,729	\$ 8,406,209	\$ 7,321,837	\$ 7,345,521
Taxes and Assessments	28,973,975	30,256,301	29,315,376	29,901,230
Court Fines and Forfeitures	1,936,570	1,795,000	1,809,900	1,846,100
Licenses and Permits	1,292,182	1,273,500	1,212,374	1,291,000
Service Charges and Fees	45,595,848	47,228,820	46,439,371	53,806,735
Miscellaneous	1,889,205	1,812,118	1,775,687	1,828,574
Transfers	2,445,694	2,273,010	2,273,203	2,345,610
Total	\$ 89,064,203	\$ 93,044,958	\$ 90,147,748	\$ 98,364,770

COMBINED OPERATING FUNDS

COMPARISON OF TOTAL REVENUE



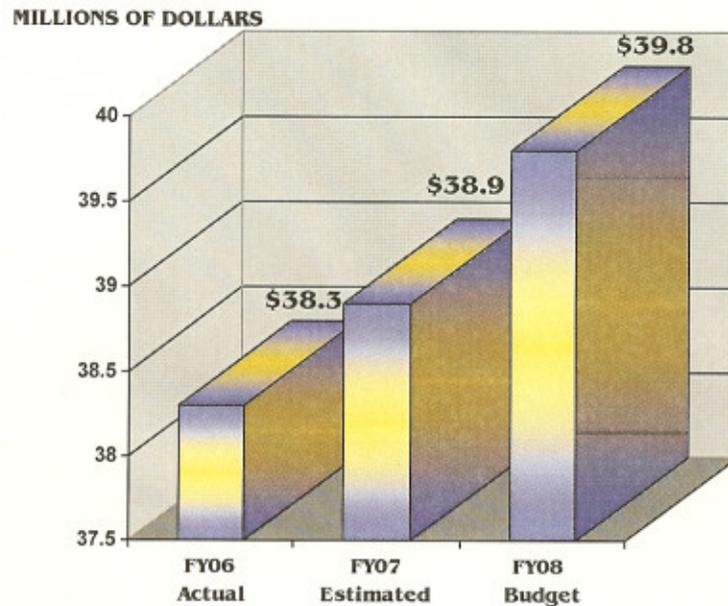
**GENERAL FUND
STATEMENT OF REVENUE COMPARISONS**

	ACTUAL FY06	BUDGET FY07	ESTIMATED FY07	BUDGET FY08
Intergovernmental				
State Turnback - General	\$ 1,257,680	\$ 1,244,000	\$ 1,745,655	\$ 1,364,500
Transit Reimbursement	1,202,281	2,906,345	1,538,040	2,128,693
Airport Security Reimbursement	192,722	175,000	163,365	160,000
Federal Funded Fire Improvements	87,746	75,000	52,325	-
State Funded Park Improvements	308,000	150,000	49,856	-
Taxes and Assessments				
Franchise	7,406,294	8,134,020	7,052,774	7,193,800
Ad Valorem	5,265,212	5,295,000	5,295,000	5,400,900
County Sales Tax	14,718,645	15,248,121	15,390,130	15,697,930
Gasoline Tax Refund-Transit	5,550	5,000	3,312	3,000
Court Fines and Forfeitures	1,936,570	1,795,000	1,809,900	1,846,100
Licenses and Permits				
Privilege	9,160	8,500	11,315	11,000
Construction	703,710	700,000	629,330	700,000
Alcohol	462,649	460,000	472,600	475,000
Other	116,663	105,000	99,129	105,000
Service Charges and Fees				
Convention Center	605,625	650,000	631,206	645,000
Community Center	29,040	28,000	21,540	25,500
Fire Protection Contracts	72,462	72,720	72,462	72,460
Port Authority	39,310	12,000	12,000	12,000
Parks/Swim Pools	129,616	125,000	103,765	105,000
Oak Cemetery	61,128	50,000	50,000	50,000
Animal Pound	4,569	5,000	4,848	4,800
False Alarm Fees	13,339	6,000	4,445	4,000
Transit System	184,061	200,000	192,500	202,000
Miscellaneous				
Reimbursement from Airport	3,163	3,164	3,164	3,164
Interest Earned	376,209	330,000	243,760	260,000
Sebastian County Participation	464,428	558,954	535,843	557,990
Reimbursement from Enhanced 9-1-1 Fund	221,530	230,000	230,000	257,420
Other	222,420	190,000	200,000	200,000
Transfers				
Sales Tax Fund	1,952,160	2,049,760	2,049,760	2,111,250
A&P Fund	19,739	20,750	20,943	21,360
Street Maintenance Fund	65,000	67,500	67,500	71,000
Water and Sewer Operating Fund	65,000	67,500	67,500	71,000
Sanitation Operating Fund	65,000	67,500	67,500	71,000
Total	\$ 38,266,681	\$ 41,034,834	\$ 38,891,467	\$ 39,830,867

See pages 166-168 for an explanation of each revenue source.

GENERAL FUND

COMPARISON OF TOTAL REVENUE



Revenue Comment

Total revenue of the General Fund FY08 Budget is estimated to increase by approximately \$0.9 million or 2.4% over FY07 Estimated.

The General Turnback from the state was \$15.67 per capita for FY06, \$21.75 per capita estimated for FY07, and is anticipated to be \$17.00 per capita for FY08. The FY07 estimate included a one time allocation from the state legislature that approximated \$6.85 per capita.

The franchise tax rate is 4% assessed upon gross sales of franchised utilities within the city limits. Franchise tax revenue is anticipated to increase by 2% in FY08.

The estimated FY07 revenue is anticipated to total \$7.1 million which is a 7.1% decrease from FY06 revenue. The decrease is due to the mild weather throughout FY07 which decreased usage of electricity and natural gas. This revenue is dependent upon usage by utility customers and rate adjustments by the franchised utilities. The FY08 franchise tax revenue is estimated at \$7.2 million.

The property tax assessment for General Fund use remains at 5.0 mills for all four years presented. This is the maximum rate allowed by state statutes. The ad valorem tax revenue is a product of the millage rate assessed upon the real estate and personal property values within the city limits. Projections for FY08 reflect a 2% increase over FY07 Estimated.

The FY08 Budget continues to include 100% of the City's share of the county sales tax in the General Fund. The City's share of the County Sales Tax is anticipated to increase 2% for FY08 Budget over FY07 Estimated. Currently, local governments do not receive statistical information from the state, the collection agency for all local sales tax. Therefore, it is impossible to monitor trends of the sales tax as to commodities sold.

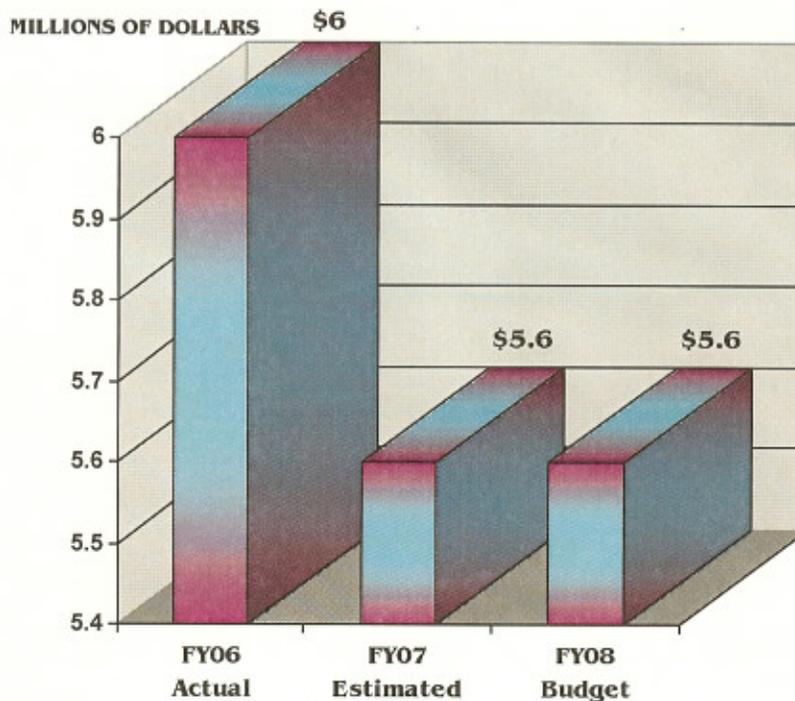
**STREET MAINTENANCE FUND
STATEMENT OF REVENUE COMPARISONS**

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
Intergovernmental State Turnback - Gasoline Tax	\$ 3,882,300	\$ 3,855,864	\$ 3,772,596	\$ 3,692,328
Taxes and Assessments Ad Valorem	1,578,274	1,574,160	1,574,160	1,605,600
Miscellaneous Interest Earned	214,945	200,000	233,589	235,000
Other	28,130	10,000	9,200	10,000
Transfers General Fund	278,795	0	0	0
Total	\$ 5,982,444	\$ 5,640,024	\$ 5,589,545	\$ 5,542,928

See page 169 for an explanation of each revenue source.

STREET MAINTENANCE FUND

COMPARISON OF TOTAL REVENUE



Revenue Comment

The major revenue source of the Street Maintenance Fund is the gasoline tax turnback from the state. This accounts for an average of 67% of total revenue for the four years presented. The state returns a portion of its levy of motor vehicle fees and gasoline tax to municipalities based upon population. Annual estimates are provided by the Arkansas Municipal League. The per capita turnback for the three years presented in the graph is \$47.31 for FY06, \$45.97 for FY07 Estimated, and \$45.00 for FY08 Budget.

Ad valorem tax revenue for the Street Maintenance Fund is anticipated to increase approximately 2% in FY08. Sebastian County levies a 3.0 mill county road tax. One-half of the taxes collected is remitted to the City per state statutes.

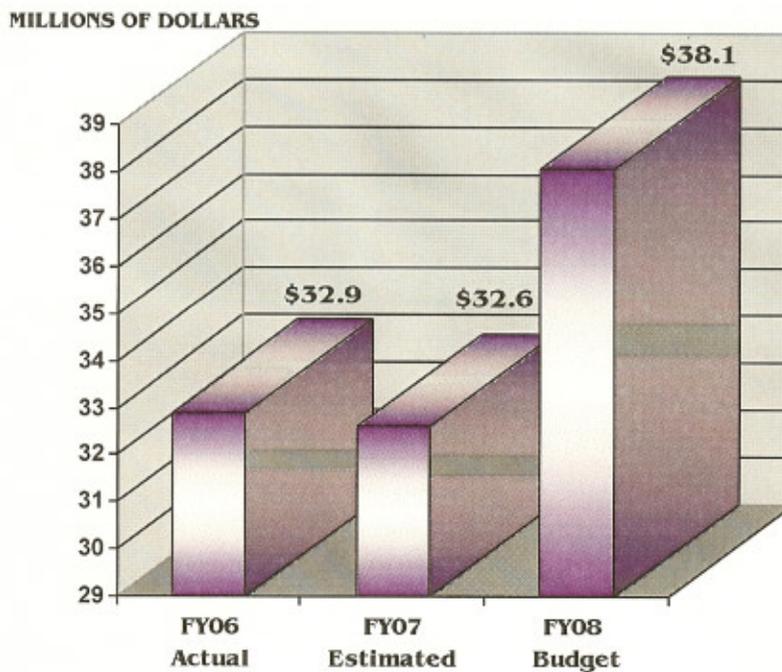
**WATER AND SEWER OPERATING FUND
STATEMENT OF REVENUE COMPARISONS**

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
Service Charges and Fees				
Water Sales	\$ 15,819,036	\$ 17,497,500	\$ 15,556,000	\$ 18,962,900
Monthly Customer Charges	169,649	160,000	172,445	175,000
Contract Water Sales	5,509,336	5,345,000	5,694,964	6,660,710
Fire Protection	33,579	35,000	34,529	35,000
Installations - Water Service	174,858	172,000	193,791	190,000
Sewer Service Charges	10,822,319	11,202,000	10,642,700	11,767,000
Sewer Connection Charges	67,325	65,000	79,500	80,000
Industrial Waste Monitoring Fees	48,930	55,000	49,196	49,000
Miscellaneous				
Interest Earned	101,430	95,000	46,230	50,000
Other	172,376	120,000	171,035	150,000
Total	\$ 32,918,838	\$ 34,746,500	\$ 32,640,390	\$ 38,119,610

See pages 169-170 for an explanation of each revenue source.

WATER AND SEWER OPERATING FUND

COMPARISON OF TOTAL REVENUE



Revenue Comment

Service charges and fees account for approximately 99% of total revenue for the Water and Sewer Operating Fund in FY08.

The FY08 revenues include the rate increases adopted by the Board during FY07 which became effective October 1, 2007. Volume water charges for residential, commercial, and industrial customers were increased approximately 31.5%. Volume water fees for the City of Van Buren were increased 9.6% while the remaining wholesale users' volume charges were increased by 25.2%. Sewer service charges for all customers were increased 14.6%.

The Board approved further rate increases that will become effective January 1, 2009 and January 1, 2010 for both water and wastewater charges.

**SANITATION OPERATING FUND
STATEMENT OF REVENUE COMPARISONS**

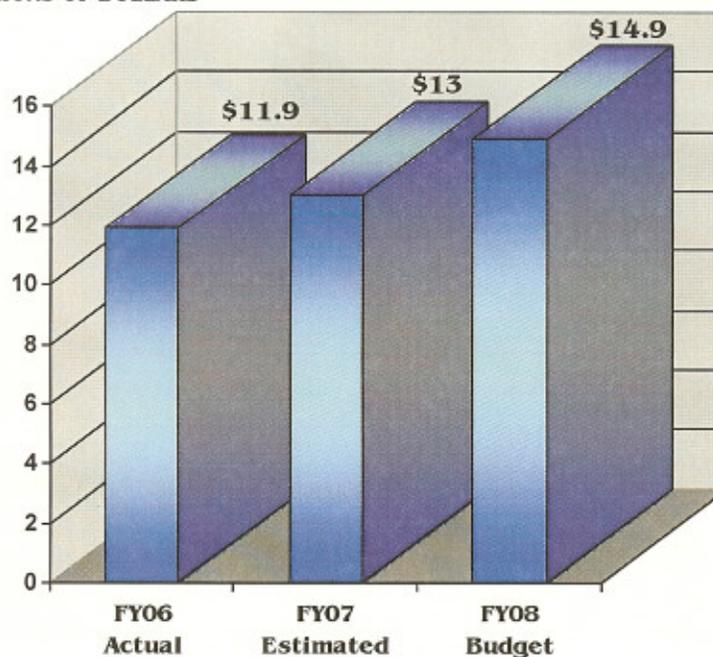
	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
Service Charges and Fees				
Residential Collections	\$ 2,712,796	\$ 2,720,000	\$ 3,200,000	\$ 3,580,000
Commercial Collections	2,036,669	2,050,000	2,311,700	2,625,000
Sanitary Landfill Operations	4,637,372	4,308,000	4,575,500	5,255,765
Roll-Off Collections	2,354,685	2,385,600	2,645,250	3,057,600
Sale of Methane Gas	-	-	119,530	175,000
Recycling Operations	70,144	85,000	71,500	73,000
Miscellaneous				
Interest Earned	72,493	60,000	67,049	85,000
Other	12,081	15,000	35,817	20,000
Total	\$ 11,896,240	\$ 11,623,600	\$ 13,026,346	\$ 14,871,365

See page 171 for an explanation of each revenue source.

SANITATION OPERATING FUND

COMPARISON OF TOTAL REVENUE

MILLIONS OF DOLLARS



Revenue Comment

The revenue of the Sanitation Operating Fund is generated from refuse collection and solid waste disposal.

The Board approved a residential collection rate increase of 32.5% that became effective July 1, 2007. Additionally, on August 1, 2007, rate increases for commercial collection, industrial collection, and landfill disposal were increased an average of 13.2%, 16% and 14.1%, respectively.

These increases generated an additional \$1.3 million or 11.1% for estimated FY07 compared to the original budget for FY07. The FY08 revenues for collections and waste disposal are expected to provide approximately \$1.8 million more revenue than estimated FY07.

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**DISTRIBUTION OF APPROPRIATIONS TO THE OPERATING FUNDS
FY08 BUDGET**

	TOTAL FUNDS	GENERAL FUND	STREET MAINTENANCE FUND	WATER AND SEWER OPERATING FUND	SANITATION OPERATING FUND
Policy and Administration Services Division					
4100 Mayor	\$ 231,780	\$ 99,665	\$ 18,542	\$ 85,759	\$ 27,814
4101 Board of Directors	98,610	42,402	7,888	36,487	11,833
4102 City Administrator	837,670	360,198	67,013	309,939	100,520
4111 Economic Development	473,590	473,590	0	0	0
4201 District Court	1,397,400	1,397,400	0	0	0
4202 Prosecutor	195,170	195,170	0	0	0
4203 Public Defender	75,970	75,970	0	0	0
4204 City Attorney	248,000	124,000	62,000	0	62,000
4206 District Court-Seb. Co.	51,270	51,270	0	0	0
4405 Internal Audit	109,750	47,192	8,780	40,608	13,170
Total Policy and Administration Services Division	\$ 3,719,210	\$ 2,866,857	\$ 164,223	\$ 472,793	\$ 215,337
Management Services Division					
4104 Human Resources	\$ 489,420	\$ 308,335	\$ 34,259	\$ 102,778	\$ 44,048
4105 City Clerk	338,950	145,748	27,116	125,412	40,674
4301 Finance	1,068,310	459,373	85,465	395,275	128,197
4303 Collections	391,310	168,263	31,305	144,785	46,957
4304 Utility Billing/Cust Service	1,759,530	87,976	87,976	1,319,648	263,930
4306 Purchasing	501,640	215,705	40,131	185,607	60,197
4401 Info. & Tech. Services	2,034,940	1,322,711	101,747	406,988	203,494
Total Management Services Division	\$ 6,584,100	\$ 2,708,111	\$ 407,999	\$ 2,680,493	\$ 787,497
Development Services Division					
4103 Engineering	\$ 1,428,830	\$ 1,214,505	\$ 71,442	\$ 142,883	\$ 0
4106 Planning and Zoning	750,230	637,696	0	112,534	0
4108 Building Safety	807,850	807,850	0	0	0
4109 Multi-Cultural	3,890	3,890	0	0	0
Total Development Services Division	\$ 2,990,800	\$ 2,663,941	\$ 71,442	\$ 255,417	\$ 0
Police Services Division					
4701 Administration	\$ 805,030	\$ 805,030	\$ 0	\$ 0	\$ 0
4702 Support Services	3,603,700	3,603,700	0	0	0
4703 Criminal Investigations	2,521,940	2,521,940	0	0	0
4704 Patrol Operations	7,479,730	7,479,730	0	0	0
4705 Radio Communications	285,570	285,570	0	0	0
4706 Airport Security	188,320	188,320	0	0	0
Total Police Services Division	\$ 14,884,290	\$ 14,884,290	\$ 0	\$ 0	\$ 0

**DISTRIBUTION OF APPROPRIATIONS TO THE OPERATING FUNDS
FY08 BUDGET (continued)**

	TOTAL FUNDS	GENERAL FUND	STREET MAINTENANCE FUND	WATER AND SEWER OPERATING FUND	SANITATION OPERATING FUND
Fire Services Division					
4801 Administration	\$ 941,910	\$ 941,910	\$ 0	\$ 0	\$ 0
4802 Suppression and Rescue	8,993,990	8,993,990	0	0	0
Total Fire Services Division	\$ 9,935,900	\$ 9,935,900	\$ 0	\$ 0	\$ 0
Operation Services Division - Streets and Traffic Control					
5101 Administration	\$ 453,370	\$ 0	\$ 453,370	\$ 0	\$ 0
5302 Street Construction	962,380	0	962,380	0	0
5303 Street Drainage	1,062,120	0	1,062,120	0	0
5304 Street Maintenance	934,480	0	934,480	0	0
5401 Traffic Control Operations	690,880	0	690,880	0	0
5402 Signals	318,450	0	318,450	0	0
5403 Street Lighting	975,000	0	975,000	0	0
5404 Sign Shop	131,120	0	131,120	0	0
Total Streets and Traffic Control	\$ 5,527,800	\$ 0	\$ 5,527,800	\$ 0	\$ 0
Operation Services Division - Water and Sewer					
5501 Utility Administration	\$ 1,444,160	\$ 0	\$ 0	\$ 1,444,160	\$ 0
5601 Water and Wastewater Treatment Administration	215,150	0	0	215,150	0
5603 Sewer Treatment	3,346,850	0	0	3,346,850	0
5604 Water Treatment	3,156,130	0	0	3,156,130	0
5605 Laboratory Services	719,170	0	0	719,170	0
5606 Wastewater Equipment Maintenance	1,272,090	0	0	1,272,090	0
5609 Industrial Waste Monitoring	361,260	0	0	361,260	0
5610 Water Line Maintenance	1,744,390	0	0	1,744,390	0
5611 Sewer Line Maintenance	1,918,610	0	0	1,918,610	0
5613 Metering/Transmission Line Maintenance	1,412,030	0	0	1,412,030	0
5615 Water and Wastewater Line Maintenance Administration	841,080	0	0	841,080	0
5616 Water Stationary Equipment Maintenance	1,235,990	0	0	1,235,990	0
6700 Debt Service	15,502,480	0	0	15,502,480	0
Total Water and Sewer	\$ 33,169,390	\$ 0	\$ 0	\$ 33,169,390	\$ 0

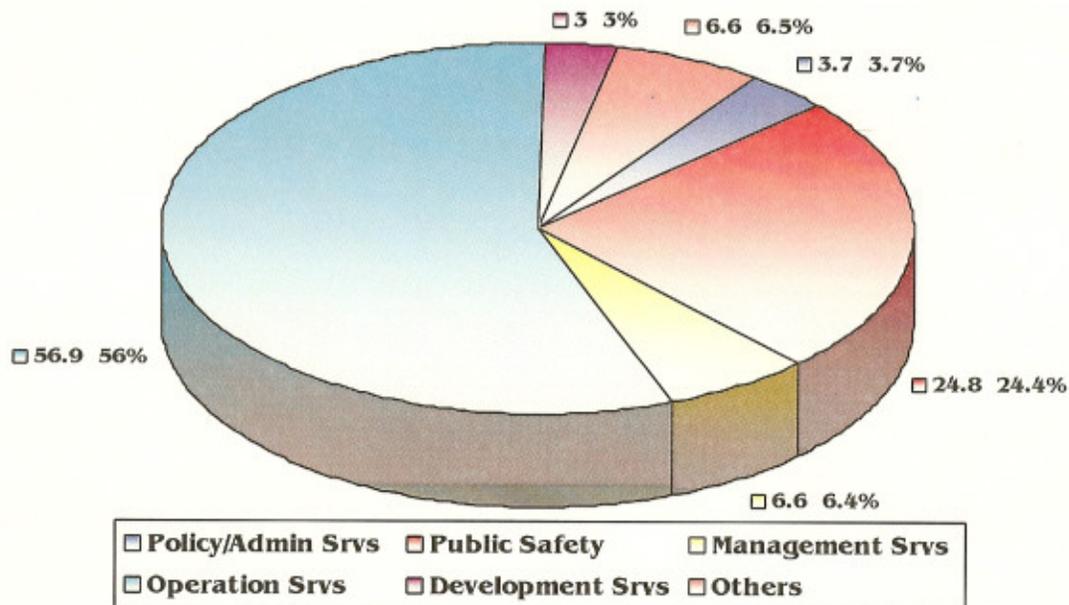
**DISTRIBUTION OF APPROPRIATIONS TO THE OPERATING FUNDS
FY08 BUDGET (continued)**

	TOTAL FUNDS	GENERAL FUND	STREET MAINTENANCE FUND	WATER AND SEWER OPERATING FUND	SANITATION OPERATING FUND
Operation Services Division - Parks and Community Services					
6101 Health	\$ 137,500	\$ 137,500	\$ 0	\$ 0	\$ 0
6201 Parks Maintenance	1,762,860	1,471,988	290,872	0	0
6202 Oak Cemetery	188,060	188,060	0	0	0
6204 Community Centers	211,450	211,450	0	0	0
6205 Aquatics	203,370	203,370	0	0	0
6206 Riverfront	275,300	275,300	0	0	0
Total Parks and Community Services	\$ 2,778,540	\$ 2,487,668	\$ 290,872	\$ 0	\$ 0
Operation Services Division - Sanitation					
6301 Administration	\$ 567,580	\$ 0	\$ 0	\$ 0	\$ 567,580
6302 Residential Collection	2,441,240	0	0	0	2,441,240
6303 Commercial Collection	1,735,650	0	0	0	1,735,650
6304 Fleet & Grounds Maintenance	1,087,220	0	0	0	1,087,220
6305 Sanitary Landfill	4,313,650	0	0	0	4,313,650
6306 Debt Service	1,066,230	0	0	0	1,066,230
6307 Roll-Off Collection	1,235,670	0	0	0	1,235,670
Total Sanitation	\$ 12,447,240	\$ 0	\$ 0	\$ 0	\$ 12,447,240
Operation Services Division - Transit					
6550 Public Transit	\$ 2,993,269	\$ 2,993,269	\$ 0	\$ 0	\$ 0
Total Operation Services Division	\$ 56,916,239	\$ 5,480,937	\$ 5,818,672	\$ 33,169,390	\$ 12,447,240
Non-Departmental					
6600 Non-Departmental	\$ 6,618,749	\$ 3,608,569	\$ 431,180	\$ 461,000	\$ 2,118,000
Total Appropriations	\$ 101,649,288	\$ 42,148,605	\$ 6,893,516	\$ 37,039,093	\$ 15,568,074

COMBINED DIVISION SUMMARY OPERATING FUNDS

By Division Classification	ACTUAL	AMENDED	ESTIMATED	BUDGET
	FY06	BUDGET FY07	FY07	FY08
Policy and Administration				
Services	\$ 3,117,349	\$ 3,613,659	\$ 3,549,993	\$ 3,719,210
Management Services	5,687,588	6,880,339	6,519,032	6,584,100
Development Services	2,595,910	3,049,340	2,834,505	2,990,800
Police Services	13,247,935	15,074,298	13,947,595	14,884,290
Fire Services	9,035,489	9,253,382	9,520,142	9,935,900
Operation Services	49,551,213	56,330,930	52,535,537	56,916,239
Non-Departmental	7,310,329	6,810,935	7,362,993	6,618,749
Budget Appropriations	\$ 90,545,813	\$ 101,012,883	\$ 96,269,797	\$ 101,649,288

2008 OPERATING BUDGET APPROPRIATIONS BY DIVISION CLASSIFICATION \$101,649,288

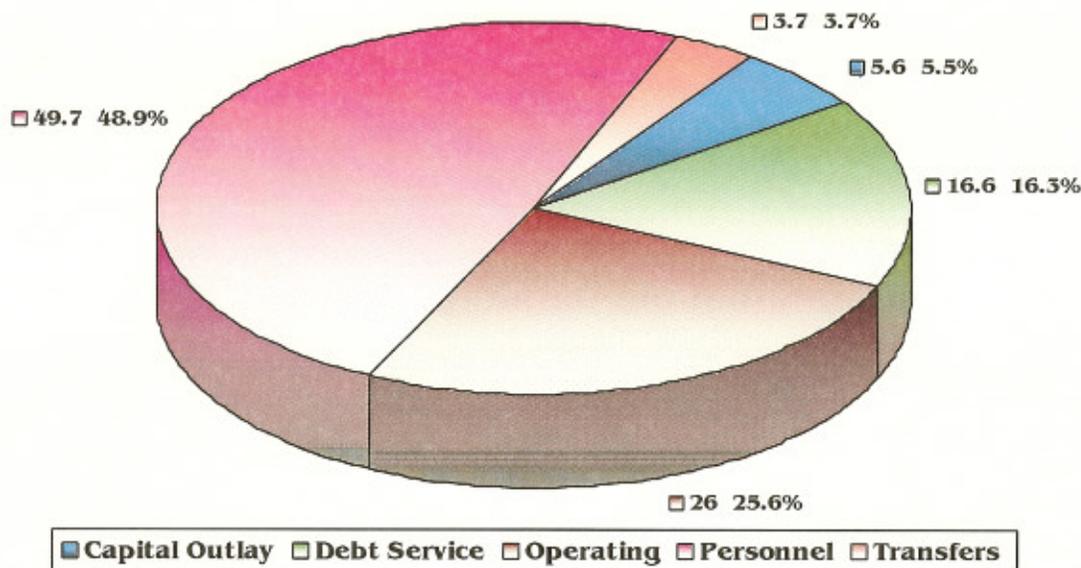


In Millions

**COMBINED DIVISION SUMMARY
OPERATING FUNDS**

	ACTUAL FY06	AMENDED BUDGET FY07	ESTIMATED FY07	BUDGET FY08
By Expenditure/Expense Classification				
Personnel	\$ 43,219,357	\$ 47,407,700	\$ 47,052,691	\$ 49,702,160
Operating	22,432,881	27,452,470	23,199,736	25,995,193
Operating Budget	\$ 65,652,238	\$ 74,860,170	\$ 70,252,427	\$ 75,697,353
Capital Outlay	4,142,567	7,628,582	5,454,469	3,753,169
Debt Service	14,616,105	14,656,025	14,656,025	16,568,710
Transfers	6,134,903	3,868,106	5,906,876	5,630,056
 Budget Appropriations	 \$ 90,545,813	 \$ 101,012,883	 \$ 96,269,797	 \$ 101,649,288

**2008 OPERATING BUDGET
APPROPRIATIONS BY EXPENDITURE/EXPENSE CLASS
\$101,649,288**



In Millions

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DIVISION SUMMARIES

This section provides position and budget summaries for all divisions of the City. The position summaries are based on January 1 authorizations with the exception of Estimated FY07 which is based on September 30, 2007 authorizations. The dollar summaries reflect Actual FY06, Budget FY07, Estimated FY07, and Budget FY08.

Also, provided is a narrative of each division which reflects the purpose, overview, 2008 service objectives, 2007 service objectives and outcomes, service measures/performance indicators, and workload/demand statistics.

A line-item budget detail for each program within each division is provided in the FY08 Budget Supplement.

POLICY/ADMINISTRATION OVERVIEW:

Policy and Administration is comprised of five programs: 4100 Mayor, 4101 Board of Directors, 4102 City Administrator, and 4111 Economic Development. The Mayor serves the City in a leadership and public relations role. The Board of Directors sets policy for the City. The City Administrator manages the operations of the City. Economic Development is involved with developing economic opportunities for Fort Smith, including downtown development.

Budget FY08 is \$116,681 or 7.7% more than the Budget FY07. The increase is due to the contract with a lobbying firm for representation in Washington, D.C..

Major priorities planned for 2008 are those outlined in the Budget Message and highlighted as: continue efforts to strengthen customer service and citizen access; encourage economic development; undertake "green" initiatives; approve a results-oriented model for community funding; and increase the City's presence in Washington, D.C.

Total personnel for these programs is 15FTE for FY08 which is equivalent to FY07.

POLICY & ADMINISTRATION	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 687,923	\$ 724,660	\$ 744,764	\$ 764,160
Operating Expenditures	<u>665,035</u>	<u>800,309</u>	<u>631,171</u>	<u>877,490</u>
Operating Budget	\$ 1,352,958	\$ 1,524,969	\$ 1,375,935	\$ 1,641,650
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 1,352,958	\$ 1,524,969	\$ 1,375,935	\$ 1,641,650
Authorized Positions	15.50	15.00	15.00	15.00

In addition to the major priorities highlighted previously the following service objectives have been identified:

POLICY/ADMINISTRATION 2008 SERVICE OBJECTIVES

Mayor:

1. Continue to represent the City of Fort Smith at events occurring in the City and the surrounding areas.
2. Respond in a timely manner to citizen requests for service.
3. Continue to recognize individuals and groups who contribute to the City's progress and growth.
4. Continue to work in the following areas:

Fort Smith Pride and Keep America Beautiful

The Good Neighbors Program

The Youth Volunteers Corps

Recognition to Patriotic and Historical Events Activities Associated with the
Visual and Performing Arts

Multicultural Center and Programs

Physical Fitness of the Citizens of Our Community

Sister Cities Activities

Board and Administration:

1. Continue efforts to strengthen citizen service and citizen access to city government.
2. Encourage economic development by working with partners to implement the Tipping Point report and strengthen ties with the Northwest Arkansas Council.
3. Undertake "green" initiatives including revitalization of recycling efforts in city offices and facilities and paperless board packets.
4. Approve a new results-oriented model for outside agency funding to be implemented 2009.
5. Increase the city's presence in Washington, D.C. by using the services of a lobbyist to procure federal funds for city projects and to keep the city informed of federal issues.

Economic Development:

1. Continue the expansion of the Academy concept, by engaging citizens in active experiences about their municipal government. Graduates will be engaged and informed about issues that affect them and their city.
2. Collaborate with the FSPD, FSFD, and ITS to create user-friendly method of applying for any of the three citizen academies using just one application, and to create a database of alumni.
3. Proactively communicate with local news organizations about city business, in ways that are convenient, concise and beneficial to members of the media. Summarizing relevant issues prior to the board meetings is proving to be a positive initiative.
4. In collaboration with ITS, market the City's online presence. FortSmithAR.gov is the information side of the product. The City's Request Partner software is being utilized more, but branding that side of the online product as "MyCityServices.net"-Request Action Online, All the Time should increase usage. Business cards, window decals, and limited online display advertising will drive additional users to both sites. This initiative will be launched prior to the end of 2007.
5. Strengthen our relationship with IEC to provide resources for the program's visibility, communitating benefits to the public, and encouraging innovation & entrepreneurship at a grass-roots level.

Downtown Development:

1. Work with downtown property owners to encourage renovation, leasing or sale of empty buildings.
2. Plan for additional blocks of the street scape program within CBID to follow and/or encourage private investment.
3. Research opportunities to enhance the Garrison Avenue Bridge entryway from I40 to Downtown Fort Smith with creative lighting on the bridge.
4. Continue to develop an educational program for downtown business owners and include non-profits from the district to teach new and innovative ways of building their customer base on a regional level.
5. Create an advertising program which will market the downtown area on a regional level.
6. As a partnership with the Parking Authority, CBID and other city departments, create a new development plan for the downtown area to enhance parking options to be utilized by downtown events, merchants, and the new downtown transit trolley.
7. Continue to market the downtown transit trolley by adding trolley stop signs as well as "you are here" signs to move tourists and citizens throughout the district.
8. Plan for at least two large scale events in the downtown area to encourage crowds of people in the district to create additional business for the local merchants and business owners.
9. Continue to build the Downtown Farmer's Market. Research different types of permanent open shelters for the 2nd and Garrison parking lot to be used to enhance the market and other outdoor downtown events.

ECONOMIC DEVELOPMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Assist ITS and city departments in developing and communicating business and customer friendly resources- i.e. one-stop-shopping online resources for business startups, developing checklists or frequently asked question formats to communicate clearly and concisely the processes through which an individual would set up a small business.*

Outcome: The newly created Innovation and Entrepreneurship Center (IEC) is building a "no back door" network of existing small business-related support organizations. The office of Economic Development is providing assistance to IEC, toward explaining opportunities available to entrepreneurs and the advantages of the IEC to the public at large.

2. **Service Objective:** *Develop a media and marketing plan for 2007 that is complimentary to heritage-related and cultural events, and works in harmony with the Fort Smith Regional Chamber of Commerce's campaign, which is expected to roll out in late 2006.*

Outcome: In late 2007, we shifted our public focus to achieving city-wide service objectives related to improving service and strengthening relationships with citizens and established the Citizens Academy. In turning our resources more toward direct communication with citizens, media and marketing will be much more effective, and efficient because it will be a reflection of authentic, personal good will. From September through the end of 2007, we plan to collaborate with the IEC in developing a public awareness campaign about how infusing entrepreneurship and innovation into a community helps businesses, non-profits, and the economy as a whole.

3. **Service Objective:** *Elevate existing art and humanities non-profit organizations by providing key staffers, board members, and volunteers with resources necessary for attracting more visitors and funding, and to encourage these entities to engage in collaborative projects. Potential resources could include workshops on fundraising, programming and marketing.*

Outcome: By working with an independent non-profit consultant, and with the new executive director of the IEC, we have initiated dialogue with key representatives of non-profit organizations. Organizations are eager to participate in workshops and programs that will help them serve their constituencies and their community.

4. **Service Objective:** *Assist in the promotion of regional tourism by coordinating efforts in other surrounding counties to expand the Frontier Heritage Trail. Similar cities have secured federal designations which not only create opportunities for marketing the region to tourists, they also serve as great sources of community pride, and encourage residents to learn more about their heritage.*

Outcome: The Marshals Museum has formalized its relationship with the U.S. Marshals Service and has established a board of directors. Currently, the museum is developing a funding plan. As this project enters its next high-profile stage, Fort Smith will be in a better position to work with our Congressional delegation and its surrounding neighbors to secure federal designations and funding for the Butterfield Trail, Trail of Tears, or other regional collection of heritage attractions.

5. **Service Objective:** *Coordinate with City departments, the Chamber, UAFS, the FS Public Library, tourism organizations, and various cultural entities to identify specific ways in which key organizations can assist with specific projects. We have found through our Bring It Home! Grass roots campaign that people are eager to make their community a better place to live.*

Outcome: Citizens Academy has been an internal team-building exercise, as various departments have been exposed to another department's capabilities and duties. Also, public employees are energized to know that so many citizens are eager to participate in 10 and 11 week workshops showcasing how municipal government affects the lives of its residents every day.

DOWNTOWN DEVELOPMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** Implement and maintain an increase in the size of the CBID.

Outcome: Due to an amendment created in the most recent session of the Arkansas General Assembly, business improvement districts are now allowed to have more than five commissioners. The commissioners of the Fort Smith CBID have passed a resolution to increase the size of the commission by two. In addition to the size of the commission, an expansion of the district is currently in progress.
2. **Service Objective:** *Encourage property owners to sell their property if no renovation project is planned.*

Outcome: This is an ongoing process. To date, five properties have been sold and renovation projects have been started by the new owners, and two are in progress by existing owners.
3. **Service Objective:** *Create TIF districts within the CBID to further the development process by using funds generated by the TIF for public improvements such as: additional parking, street scape, and enhancement of the Farmer's Market.*

Outcome: Although the TIF has not been established, the streetscape on A and 5th is near completion. The streetscape from 3rd to 5th on Garrison was started in August. The Downtown Farmer's Market has doubled in size. By utilizing our relationship with Abilities Unlimited work program, the Downtown rubbish containers are being repainted to match the streetscape lighting.
4. **Service Objective:** *Continue communication with the Fort Smith Railroad to develop a plan to clean up the area just east of Miss Laura's.*

Outcome: This is an ongoing project. Communication has improved on the local level.
5. **Service Objective:** *Continue to create an atmosphere which will encourage crowds to the Downtown area. Work with the Convention Center, A&P and local law enforcement to make Fort Smith a convention friendly city.*

Outcome: To date, there have been two successful, very profitable events for the Downtown Merchants, the St. Patrick's Day Pub Crawl, and the Great American Race.
6. **Service Objective:** Evaluate Garrison Avenue design guidelines to determine the direction for the District to follow.

Outcome: Ongoing. To date, no changes to the design guidelines have been made.
7. **Service Objective:** Create an educational program partnership with UAFS for small business owners and non-profits to aid in development.

Outcome: Currently working with the IEC to develop training sessions for small business owners and non-profits. Initial program is tentatively scheduled for late 2007.
8. **Service Objective:** *Enhance the current Downtown web site, weekly email and brochure.*

Outcome: Email has been changed to a bi-weekly send out, and the format updated to look more professional. The Downtown web site is currently under renovation and should be launched prior to the end of 2007.
9. **Service Objective:** *Partner with Parks & Recreation to pursue an aggressive beautification program to add color to the landscaping within the CBID.*

Outcome: New trees have been planted along the avenue. In addition, new sites for landscaping knuckles are being evaluated to provide more color to the district.

LEGAL DEPARTMENT OVERVIEW:

The Legal Department contains five programs: 4201 District Court, 4202 Prosecutor, 4203 Public Defender, 4204 City Attorney and 4206 District Court-State Division. The District Court is responsible for the adjudication of all traffic, criminal and civil cases filed in the City. Additionally, a clerk provides services for state division cases for Sebastian County. Beginning in FY07, the City staffs its own prosecutor's office with the addition of a Prosecutor and a para-legal. Prosecution services were formerly provided by a local law firm.

City Attorney services are provided by a local firm selected through the professional services review. The Public Defender is accounted for by Sebastian County and the funding provided in the 2008 Budget represents the City's share of costs for the year.

The 2008 Budget is \$12,890 or 0.7% less than the 2007 Budget. The decrease is due to no capital in FY08.

Major priorities for 2008 include the training and professional development of court personnel; increase revenue; work toward completion of the court's procedural manual to be used as a reference guide by our employees; reduce prisoner population; and increase technology and automation of services.

Total Legal Department personnel total 20FTE which reflects the transfer of the two district judge positions to the state.

LEGAL DEPARTMENT	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 1,387,366	\$ 1,515,820	\$ 1,640,681	\$ 1,604,410
Operating Expenditures	376,029	449,880	438,173	363,400
Operating Budget	\$ 1,763,395	\$ 1,965,700	\$ 2,078,854	\$ 1,967,810
Capital Outlay	0	15,000	0	0
Budget Appropriation	\$ 1,763,395	\$ 1,980,700	\$ 2,078,854	\$ 1,967,810
Authorized Positions	20.00	22.00	22.00	20.00

LEGAL DEPARTMENT 2008 SERVICE OBJECTIVES

District Court:

1. Cross training of court's support personnel to ensure efficient and high quality service to patrons of the court. The court will continue to emphasize education and the development of the Court's personnel in areas of procedure, professional skills and statutory basis for the Court's operations. The Court will also work toward certification through state training and the Arkansas City and District Court Clerk's Association.
2. Court will increase revenue by: use of a collection service to collect outstanding delinquent balances, cooperative efforts with the Police and Sheriff's Departments to increase number of contempt warrants being served, placing holds on income tax refunds to be applied to balances due to the Court and withholding from Prisoner Inmate Commissary Accounts to be applied to balances due to the Court.
3. Work toward completion of the Court's Procedural Manual.
4. Increase technology and automation by use of the City's electronic imaging system, creating an automated forfeiture system, modify the collection receipt program to exempt Court from maintaining duplicate copies of receipts, upgrade drivers license suspension program; create a check writing program to expedite preparation of restitution child support and refund payments; enhance the visual appearance of the Court's web-site.

City Prosecutor:

1. Prosecution of City court cases.
2. Tracking system for all appeals in Circuit Court and their dispositions.
3. Aid Neighborhood Services and other City offices in the filing of affidavits and obtaining a satisfactory outcome.
4. Teaching and assisting local law enforcement.

**DISTRICT COURT
2007 SERVICE OBJECTIVE AND OUTCOMES**

1. **Service Objective:** *Continue cross training of the Courts support personnel.*
Outcome: Three of the deputy clerk I's have been cross trained in all four of the Deputy 1 positions. Three Deputy Clerk II's have been trained in three of the Court's core positions. One Deputy Clerk earned ADCCCA certification .
2. **Service Objective:** *The Court will increase revenue use of a collection agency, efforts with the Police Department, withholding funds from state income tax refunds, withholding from prisoner commissary accounts.*
Outcome: Through September, \$325,743 fines/costs were referred to the collection agency. \$126,990 has been collected with \$17,840 in commission paid to the agency. This program has generated \$642,817 since its inception in 2003. Through September, a total of 6,342 warrants were issued with 4,397 of those warrants served by law enforcement or satisfied by payment to the Court. Through September, \$6,062 has been collected through the tax intercept program, with a total of \$31,544 being collected since inception in 2004. \$7,227 has been withheld from prisoner commissary accounts, with a total of \$28,230 being withheld since the program began in 2005.
3. **Service Objective:** *Work toward the completion of the task descriptions for each task performed by a Deputy Clerk.*
Outcome: The procedure manual has been completed and a training session has been scheduled for all members of the court staff. An FOI and records retention policy have been added to the procedural manual as well.
4. **Service Objective:** *Increase court technology and automation.*
Outcome: An interface is being written to allow the court records to be scanned and stored. A ledger and merge documents have been created to track funds owed to the court due to a bond forfeiture. Pictures of community service work sites were added to the court's web site.
5. **Service Objective:** *Support the possibility of a full time prosecutor for the City.*
Outcome: A full time prosecutor was hired by the City in April 2007.

**DISTRICT COURT
SERVICE MEASURES/PERFORMANCE INDICATORS
FOR 2008**

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07 thru 9/07</u>	<u>BUDGET FY08</u>
Criminal Cases Filed	17,374	19,000	17,500	18,000
Traffic Cases Filed	22,172	23,500	22,500	22,500
Civil Cases Filed	1,472	1,750	13,000	1,400
Small Claims Cases Filed	444	500	400	400
Warrants Issued	9,207	9,350	8,500	9,000
Fine/Costs/Fees Assessed **	\$ 5,333,763	\$ 5,094,186	\$ 5,486,742	\$ 5,348,895
Community Service Participants	187	300	250	275
Pay/Work Ordered Participants	129	230	120	130
Alternative Service Participants	1,244	1,400	1,130	1,400

WORKLOAD/DEMAND STATISTICS

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07 thru 9/07</u>	<u>BUDGET FY08</u>
Criminal Cases Disposed	15,479	15,500	14,000	14,500
Traffic Cases Disposed	19,681	21,000	19,000	19,500
Civil Judgments Issued	1,763	1,600	1,650	1,650
Small Claims Judgments Issued	355	400	300	300
Warrants Disposed	7,665	7,000	6,000	6,500
Fine/Costs/Fees Collected	\$ 4,158,075	\$ 4,080,000	\$ 3,014,805	\$ 4,202,400
City's General Fund Share of Collections	\$ 2,005,735	\$ 1,750,000	\$ 1,809,900	\$ 1,846,100
8 Hr. Days- Community Svc.Labor	11,842	12,500	11,600	12,000
Labor Equivalent to FTE's.	45	47	45	46
Monetary Equivalent of Labor	\$ 770,099	\$ 800,500	\$ 755,000	\$ 780,000

** Figures based on calculations by Finance using prior three years figures.

REVENUE TO CITY AFTER EXPENSES

	<u>ACTUAL FY04</u>	<u>ACTUAL FY05</u>	<u>ACTUAL FY06</u>
City's Share of Revenue	\$ 1,898,200	\$ 2,064,231	\$ 2,005,735
City's Share of Court's Expenses	\$ 772,266	\$ 778,728	\$ 894,504
City's Actual Revenue	\$ 1,125,934	\$ 1,285,503	\$ 1,111,231
Revenue Combined with Labor from the Community Service Program	\$ 1,876,619	\$ 2,082,772	\$ 1,881,330

INTERNAL AUDIT OVERVIEW:

The propose of this program is to review internal control procedures, assist with the annual external audit examination and provide performance audits of various procedures and departments.

The FY08 Budget is \$2,260 or 2% more than the FY07 Budget. The increase is related to the wage adjustment.

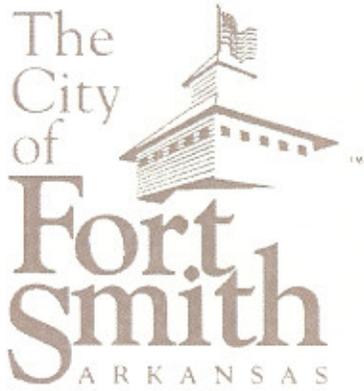
INTERNAL AUDIT	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 66,822	\$ 85,930	\$ 87,937	\$ 88,300
Operating Expenditures	38,375	21,560	7,267	21,450
Operating Budget	\$ 105,197	\$ 107,490	\$ 95,204	\$ 109,750
Capital Outlay	0	0	0	0
Budget Appropriation	\$ 105,197	\$ 107,490	\$ 95,204	\$ 109,750
Authorized Positions	1.00	1.00	1.00	1.00

INTERNAL AUDIT 2008 SERVICE OBJECTIVES

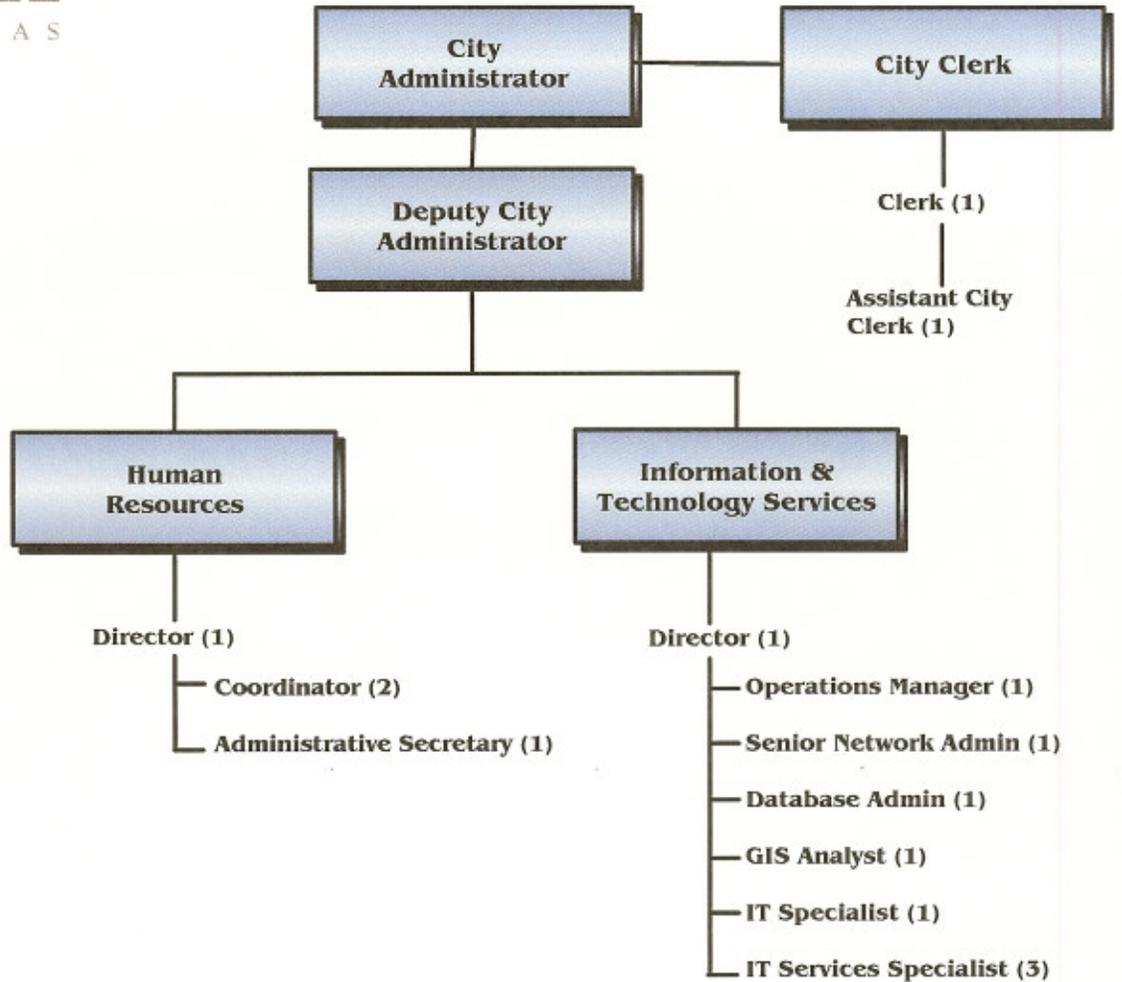
1. Perform audits based on risk assessments performed during 2007.
2. Produce an Audit Committee charter along with a Code of Ethics for the City.
3. Assist departments with required audit procedures for outside regulating entities.
4. Perform cash and payroll audits as well as special projects as considered necessary for management and the Board of Directors.

**INTERNAL AUDIT
2007 SERVICE OBJECTIVES AND OUTCOMES**

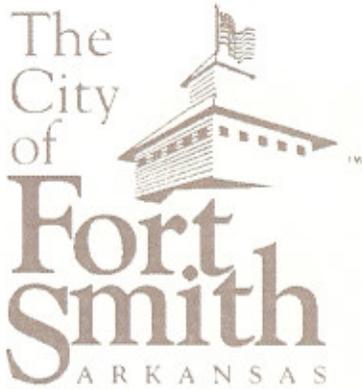
1. **Service Objective:** Complete audit plan with consultant.
Outcome: To be completed prior to the end of 2007.
2. **Service Objective:** Obtain solid understanding of City processes, risk appetite, and risk tolerance.
Outcome: Risk assessments have been performed along with review of many of the City processes. This is on going.
3. **Service Objective:** Be the eyes and ears of the Audit Advisory Committee as well as a member of and partner to executive management.
Outcome: Goal achieved- this is on going.
4. **Service Objective:** Perform special projects as considered necessary by management and Internal Audit.
Outcome: Goal achieved, this is on going.



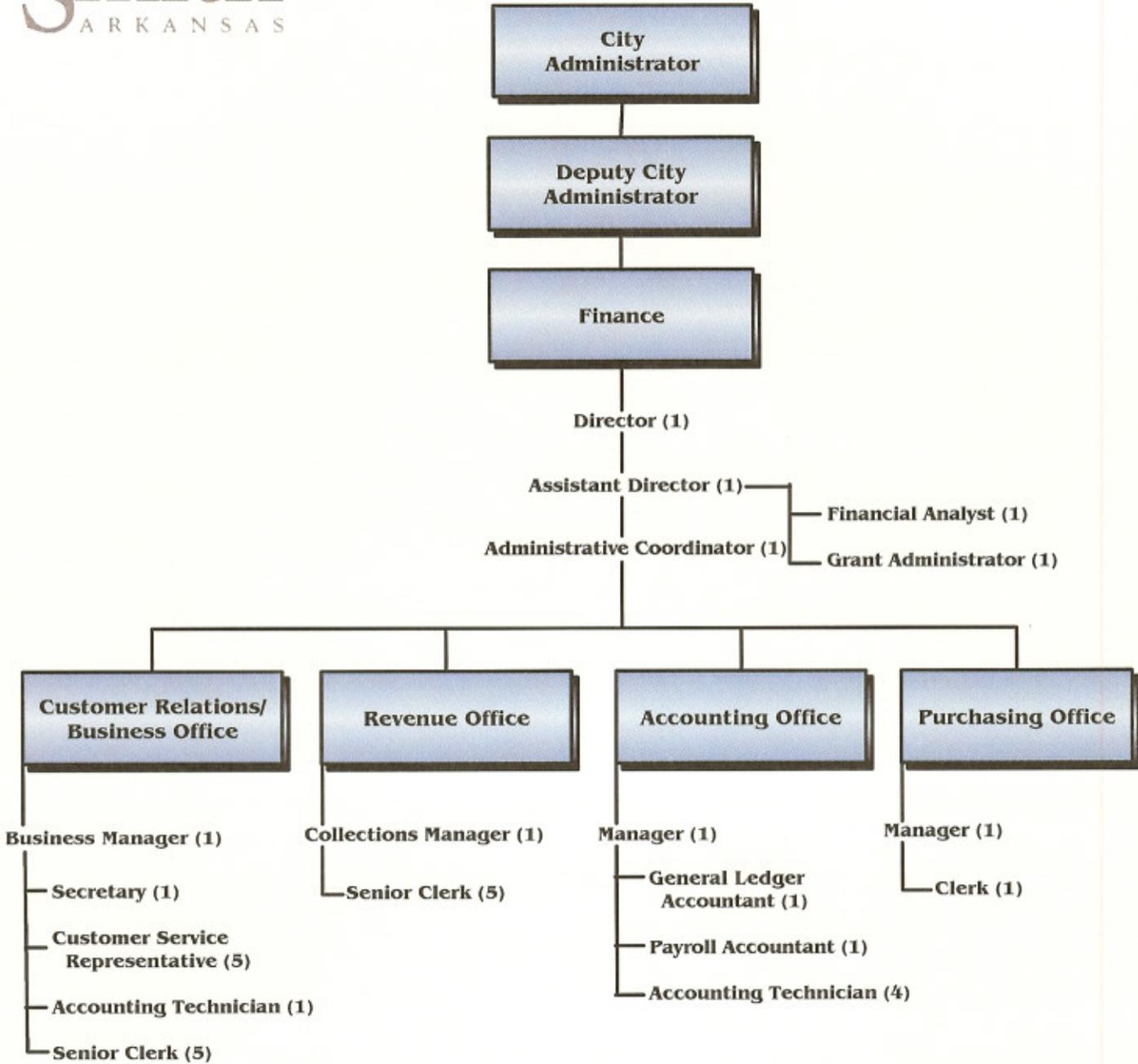
Management Services



Purpose: To provide and exercise the administrative expertise necessary to support the service delivery and decision making activities for City operations.



Management Services



Purpose: To provide and exercise the administrative expertise necessary to support the service delivery and decision making activities for City operations.

HUMAN RESOURCES OVERVIEW:

The Human Resources department processes personnel applications; manages the employee insurance and workers' compensation benefit plans and risk management programs; manages and provides training and safety programs; and coordinates civil service policy and administration.

The FY08 Budget is \$10,220 or 2.1% more than the FY07 Budget. The increase is due to the market adjustment for salaries.

Total Human Resource Department personnel is 4.0FTE. There is no change in the level of positions for 2008.

HUMAN RESOURCES	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 332,516	\$ 353,950	\$ 351,429	\$ 368,420
Operating Expenditures	53,028	125,250	171,144	121,000
Operating Budget	\$ 385,544	\$ 479,200	\$ 522,573	\$ 489,420
Capital Outlay	0	0	30,000	0
Budget Appropriation	\$ 385,544	\$ 479,200	\$ 552,573	\$ 489,420
Authorized Positions	4.00	4.00	4.00	4.00

HUMAN RESOURCES DEPARTMENT 2008 SERVICE OBJECTIVES

1. Maintain and administer a fair and competitive wage and compensation system.
2. Update and revise employee policies and procedures manual.
3. Manage the medical insurance benefit program to provide quality health care at an affordable cost to City employees and their families.
4. Continue to manage a cost effective workers' compensation program.
5. Review the possible alternatives for implementing an electronic performance appraisal system.

HUMAN RESOURCES 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Maintain and administer a fair and competitive wage and compensation system.*
Outcome: This is an on going process. Based on our annual salary survey, the City is very competitive with our peers.
2. **Service Objective:** *Update and revise employee policies and procedures manual.*
Outcome: This is an on going process. The revised handbook is in the beginning stages.
3. **Service Objective:** *Manage the medical insurance benefit program to provide quality healthcare at an affordable fair cost to the City's employees and families.*
Outcome: This is an on going process. Based on our 2007 projection for cost, we are on budget.
4. **Service Objective:** *Review the possible alternatives for implementing an electronic time and attendance system.*
Outcome: Implementation should be complete by the end of 2007.

**HUMAN RESOURCES
WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
Employees governed by personnel policies and procedures	889.53	895.93	898.16	896.16
Civil Service Commission Meetings	6	6	8	6
Civil Service applicant tests administered	6	6	9	6
Employment applications received	1,500	2,000	2,000	2,000

CITY CLERK DEPARTMENT OVERVIEW:

The City Clerk office maintains all official records of the city; responds to citizen requests; receives candidate and initiative petitions and coordinates city elections; coordinates the agenda process for the Board of Directors meetings and records the proceedings of said meetings; provides assistance to departments in researching state laws; provides guidance to departments in drafting of resolutions and ordinances; codifies and publishes city ordinances; oversees operation of the city's cable access channel to keep citizens informed on local government services and community events; performs other duties/responsibilities as directed by the City Administrator, Mayor and Board of Directors. The primary purpose of this department is to 1) deliver quality essential services in a cost effective, timely manner and 2) help make City government more accessible by keeping citizens better informed of the effectiveness of City services.

The FY08 Budget is \$72,850 or 27.4% more than FY07 Budget. The increase is attributable to the election costs for the four ward positions as well as additional codification costs.

The department continues with 2.63FTE positions during 2008.

CITY CLERK	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 154,818	\$ 159,600	\$ 165,463	\$ 185,900
Operating Expenditures	120,329	106,500	80,205	153,050
Operating Budget	\$ 275,147	\$ 266,100	\$ 245,668	\$ 338,950
Capital Outlay	0	0	0	0
Budget Appropriation	\$ 275,147	\$ 266,100	\$ 245,668	\$ 338,950
Authorized Positions	2	2	2.63	2.63

CITY CLERK 2008 SERVICE OBJECTIVES

1. Provide diverse administrative services to support the public, Mayor, Board of Directors, Administration, and staff.
2. Provide prompt processing of official documents, legal publications, codification of ordinances.
3. Provide up to date information on department's web page.
4. Conduct 2008 municipal elections in compliance with city and state codes.
5. Expand programming on Government Access Channel 5.

CITY CLERK 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Review operations for implementation of best practices for a more productive work flow.*
Outcome: Occurs daily, and maximum use of document imaging and other computer technology streamlines maintenance of city records and providing copies of same upon request. Any special projects are prioritized with realistic time lines for completion.
2. **Service Objective:** *Provide responsive service and support to the public, Mayor, Board of Directors, Administration and staff.*
Outcome: Staff is accessible at all times.
3. **Service Objective:** *Streamline process for preparation of agendas.*
Outcome: Pending list of future meetings and scheduled items regularly provided to all departments for review and updating. Deadlines are in place for confirming items for weekly agendas.

4. **Service Objective:** Disseminate public information via the government access channel and website.
Outcome: An average of 100 announcements air continually providing information on city services and events, community events, and two city videos are currently airing.
5. **Service Objective:** Provide timely and accurate information.
Outcome: Referral to city website for a particular ordinance or policy, and the ability to email documents from imaging system provides for prompt responses.
6. **Service Objective:** Provide training opportunities to staff to continually increase knowledge and skill for benefit of staff and customers.
Outcome: Staff actively participates in educational workshops conducted by the municipal clerks and professional associations.

**CITY CLERK
2007 PERFORMANCE MEASURE STATISTICS**

Ordinances published within two weeks of adoption by the Board of Directors.	100%
Draft minutes of Board of Directors meetings prepared within four (4) days.	100%
Council Agenda packets out four (4) days prior to the meeting.	100%
City Clerk's office response to FOIA requests within three (3) days	100%
City Clerk's Office/Action Center response to citizen requests within 7 days	100%
City Access Channel 5 Announcements received/completed	100%
Municipal Code of Ordinances semiannual updates	100%
Optical Imaging of documents/records (this is a daily process)	100%
Production of video on city administrative/legislative process	100%

**CITY CLERK
SERVICE MEASURES/PERFORMANCE INDICATORS**

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
Sets of Board Minutes approved as written	35	30	36	30
Code of Ordinances Updates	2	2	2	2
Government Channel Announcements (average per week)	100	100	100	120
Document Imaging (average documents per week)	600	600	750	700

**CITY CLERK
WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
Board Meetings attended (voting sessions)	34	30	40	30
Agendas prepared	46	50	60	50
Ordinances and Resolutions Adopted	341	350	350	350
Minutes Prepared	34	30	35	30
Action Center Contacts	1,800	1,850	1,600	1850
Coordinate Elections	2	0	1	2
Permanent Records Retention	23,000	25,000	25,000	28000
Government Channel Announcements	200	250	250	300
Staff Hours for Government Channel Productions	1,040	1,040	1,040	1040
* Government Channel Total Cablecast Hours	8,760	8,760	8,760	8760

* Provided free service as part of the franchise agreement with the TV Cable Company (currently Cox Communications Inc.). The cablecast hours indicate 24 hours per day, 365 days a year.

FINANCE DEPARTMENT OVERVIEW:

The Finance Department contains five programs: 4301 Finance Administration, 4303 Collections, 4304 Utility Billing/ Customer Service, 4306 Purchasing and 6921 Parking Facilities (operations only). The Finance Department provides support services to the entire organization, including: budget compilation, development, and monitoring; grant and intergovernmental revenue administration; business registration administration; alcoholic beverage tax and fee billing, collection and monitoring; property and equipment risk management and loss control; banking relations; investments of funds on hand; debt service analysis and bond payments; utility billing and related customer service; purchasing management; parking facilities operations; and, financial reporting.

The FY08 Budget is \$82,229 or 2% less than FY07 Budget. Due to fiscal constraints, all Finance program operating costs were reduced as much as possible.

Total Finance Department personnel is 33FTE which is consistent with the FY07 level.

FINANCE	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 1,862,055	\$ 1,945,210	\$ 2,011,959	\$ 2,052,650
Operating Expenditures	<u>1,703,791</u>	<u>1,899,729</u>	<u>1,786,982</u>	<u>1,714,060</u>
Operating Budget	\$ 3,565,846	\$ 3,844,939	\$ 3,798,941	\$ 3,766,710
Capital Outlay	<u>13,066</u>	<u>314,000</u>	<u>44,454</u>	<u>310,000</u>
Budget Appropriation	\$ 3,578,912	\$ 4,158,939	\$ 3,843,395	\$ 4,076,710
Authorized Positions	33.00	33.00	33.00	33.00

FINANCE DEPARTMENT 2008 SERVICE OBJECTIVES

1. In cooperation with the Planning and Utilities departments, implement a streamlined application process and subsequent permit and license review for water and service taps, building permits, and business registrations.
2. Coordinate and assess plans implemented to address the City's major risks as identified in the August 2007 risk assessment program.
3. Introduce a plan for training the management team about fraud and the value of the code of business conduct and an ethics program.
4. Monitor the online payment procedures for effectiveness and implement enhanced attributes as available.
5. Revise the purchasing policies to meet actual procedures followed and strengthen the purchasing policies regarding related vendor involvement with equipment specifications.
6. Coordinate efforts of the committee formed to propose a new results-oriented model for outside agency funding with the 2009 Budget process.

**FINANCE DEPARTMENT
2007 SERVICE OBJECTIVES AND OUTCOMES**

1. **Service Objective:** *Expand and improve the accessibility of online payment procedures.*
Outcome: Enhanced security measures have been implemented for the online process.
2. **Service Objective:** *Integrate all municipal billing functions to provide a single payment option for customers.*
Outcome: The accounts receivable program is being written as an internet based program which will allow charges for commercial, industrial, and landfill solid waste fees; convention center rentals, parking fees; and miscellaneous charges to be paid with utility charges. The program should be in place by the end of the second quarter in 2008.
3. **Service Objective:** *Coordinate efforts to streamline the application process and subsequent permit and license review procedures for water and sewer taps, building permits and business registration.*
Outcome: Plans remain in the preliminary stages for these procedures. Updates to the collections system for ease of this plan have been discussed with Data-Tronics Corp.
4. **Service Objective:** *Propose financing options for providing funds to replace neighborhood water lines and to extend water and sewer services to growth areas.*
Outcome: The rate consultant and rate analyst prepared financing options for the 2007 bond issue for water and sewer projects.
5. **Service Objective:** *Implement more automated purchasing throughout the City and continue to standardize purchases as appropriate.*
Outcome: Plans to update the purchasing policies as well as streamline processing in all departments will be implemented during 2008.
6. **Service Objective:** *Explore the feasibility of "paperless" transactions and records retention.*
Outcome: The department is working to implement a document imaging system to provide for paperless records retention.

**FINANCE DEPARTMENT
WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
CAFR Prepared	1	1	1	1
Budgets Prepared	1	1	1	1
City's Bond Rating-				
Revenue	A-	A-	A-	A-
Sales Tax	AA	AA	AA	AA
Bond Issues	8	9	10	10
Debt Management	\$262M	\$270M	\$286M	\$300M
Interim Reports	148	160	160	160
Investments Managed	\$177M	\$196M	\$185M	\$200M
Funds Maintained	35	35	34	34
Bank Accounts Managed	10	10	10	10
Revenue/Exp Accounts	3,495	4,388	3,658	4,560
A/P Checks Issued	13,900	14,000	13,500	14,000
1099 Forms Issued	227	250	200	220
Purchase Orders	1,582	1,400	1,512	1,700
Formal Bids Awarded	62	72	46	40
Payroll Checks Issued	6,976	6,660	6,378	6,303
Payroll Direct Deposits	16,428	16,790	17,004	17,175
W-2 Forms Issued	1,035	1,029	1,040	1,050
401(a) Loans Processed	115	202	150	170
Utility Accounts Billed/Month	30,054	31,500	31,900	32,200
Utility Deposits	4,500	4,500	4,500	4,800
Utility Payments	350,000	362,000	362,000	363,000
License Registration	5,282	5,359	5,360	5,460
Alcohol Licenses	231	254	239	242
Value of Fixed Assets	\$439M	\$465M	\$485M	\$500M

INFORMATION AND TECHNOLOGY SERVICES (ITS) DEPARTMENT OVERVIEW:

The ITS Department provides network computer services and support to the City departments. ITS also maintains the City's GIS system.

The FY08 Budget is \$322,970 or 13.7% less than FY07 Budget. The decrease is due to reducing costs associated with using consultants to assist with computer needs, a reduction in computer equipment replacements for the City, and an overall decrease in many of the operating accounts. ITS was very helpful in reducing their budget for FY08.

The ITS Department continues with 9.0FTE.

INFORMATION & TECHNOLOGY/GIS	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 371,962	\$ 545,740	\$ 658,721	\$ 683,490
Operating Expenditures	1,091,437	1,775,670	1,367,645	1,351,450
Operating Budget	\$ 1,463,399	\$ 2,321,410	\$ 2,026,366	\$ 2,034,940
Capital Outlay	112,040	36,500	0	0
Budget Appropriation	\$ 1,575,439	\$ 2,357,910	\$ 2,026,366	\$ 2,034,940
Authorized Positions	7	8	9	9

INFORMATION & TECHNOLOGY DEPARTMENT 2008 SERVICE OBJECTIVES

1. Provide timely and effective support of personal computers, related peripherals and communication technology to Administration, and staff of the City.
2. Provide technical assistance, leadership and project management services to departments as needed.
3. Complete deployment and training of Office 2007 to all departments.
4. Implement Distributed File System (DFS) technology to provide location transparency and redundancy to ensure data availability in case of system failure.
5. Promote Request Partner web portal to promote technology based interaction between citizens and staff.
6. Deploy infrastructure stabilization measures to increase redundancy of core city services to provide stability, and provide a larger capacity for backup storage to decrease down time in case of failure.
7. Encourage and promote environmentally conscious behaviors, including recycling of technology and reducing energy consumption by implementing a standard for all PC's to meet the "silver" or "gold" rating on all Electronic Product Environmental Assessment Tool (EPEAT).
8. Shape the overall knowledge of staff so that many of the projects currently requiring outside consulting services or contracting can be performed in-house by staff.

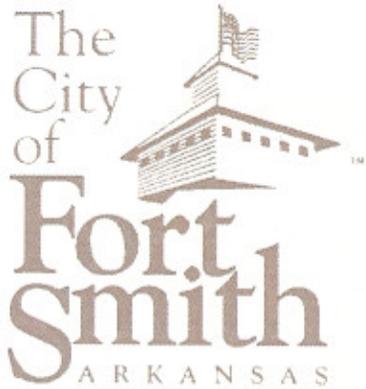
GIS DEPARTMENT 2008 SERVICE OBJECTIVES

1. Develop, deploy, and maintain a web based application for representing the most current state of the Capital Improvement Program.
2. Develop, deploy, and maintain a web based application for representing the most current state of the water/wastewater system.
3. Continue to provide timely maintenance to critical GIS data and support City departments which maintain department-level GIS and related information.
4. Test and deploy new GIS server-based technology to leverage the new network capabilities deployed by the ITS Department.
5. Continue to provide support to those organizations outside the City which utilize GIS technology.

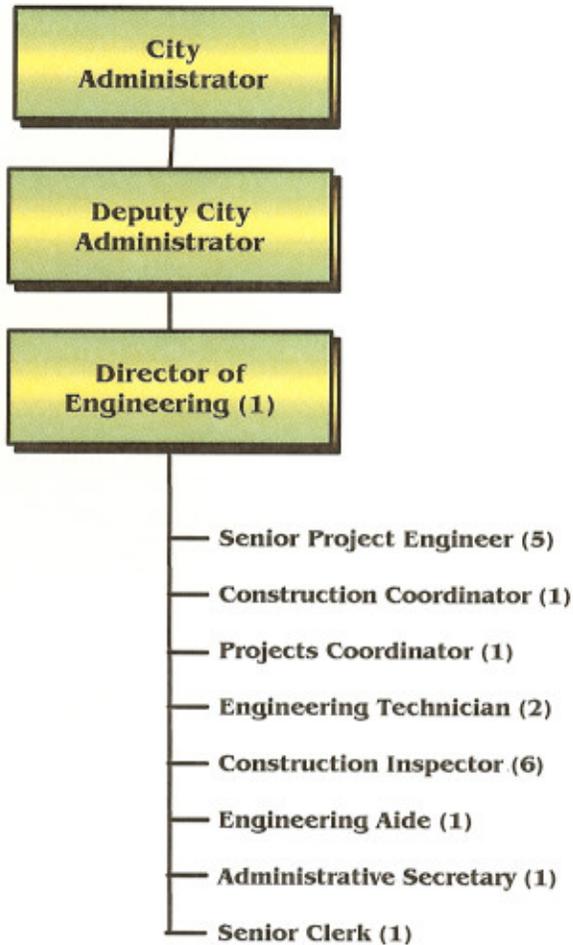
INFORMATION & TECHNOLOGY DEPARTMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Provide robust network bandwidth to all city buildings to fully support current technology.*
Outcome: Increased network speed from 1.5Mbps to 100Mbps between the network operations center and the City's primary operating locations. Enhanced network survivability, refitted existing network terminations at building demarcation points.
2. **Service Objective:** *Standardize an office automation application software package throughout the City offices to facilitate the sharing of information.*
Outcome: Established an enterprise agreement with Microsoft Corp. to include copies of MS Office 2007 for every desktop in the City.
3. **Service Objective:** *Standardize network storage areas to access to provide personal, organizational and city wide file storage containers with pre-defined backup schedules.*
Outcome: Established consistent drive designations and storage locations for users local, departmental and city wide files as well as routine backup procedures for these files.
4. **Service Objective:** *Establish and centrally manage a life cycle replacement program for all desktop IT assets, desktop software and peripherals in use throughout the City.*
Outcome: Began centralized procurement and life cycle replacement of systems across departments based on age and condition of the equipment.
5. **Service Objective:** *Identify, codify and implement industry standard practices regarding network security throughout the enterprise to reduce City's exposure and liability for security breaches.*
Outcome: Began the development and implementation of standard security practices for desktop systems, including automatic update of virus signatures and system patches. Enhanced reporting and response to security incidents with a help desk, and established and trained user liasons in most departments as a first line of response.
6. **Service Objective:** *Establish ITS role as a proactive agent for City government.*
Outcome: Defined new goals for the use of IT, developed a more robust network to allow expanded use by all departments.
7. **Service Objective:** *Identify, procure and standardize a Help Desk software package.*
Outcome: Procured, trained and standardized HelpStar software, tracking over 1,500 trouble tickets in 2007.
8. **Service Objective:** *Establish an Information Systems Steering Committee with representatives from all City offices to develop and implement standard practices with regards to ITS usage.*
Outcome: The IS Steering Committee has been established and met several times in 2007.
9. **Service Objective:** *Provide IT skill set management oversight to meet the needs of all departments.*
Outcome: Multiple training sessions were conducted in 2007, with more than 100 students participating.
10. **Service Objective:** *Assist all departments in creating and executing a common vision for the City's web presence.*
Outcome: The City's primary web site has been redesigned and published, providing expanded direct and immediate control over content.
11. **Service Objective:** *Identify, procure, implement and market a Citizen Relationship Management software package to provide life cycle management for citizen generated requests.*
Outcome: The City purchased and implemented Request Partner software package, allowing citizens to make a variety of requests on line.

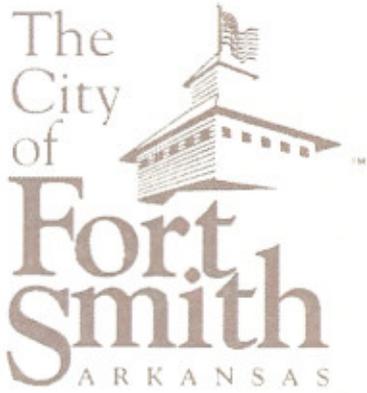
12. **Service Objective:** *Explore the use of kiosk enabled applications as possible enhancements to citizen access for information, such as Oak Cemetary or Central Mall.*
Outcome: Investigation continues for the best venue for a kiosk.
13. **Service Objective:** *Pursue reutilization alternatives for existing excess systems.*
Outcome: In progress.
14. **Service Objective:** *Establish an Intranet site for city wide use for enhancing communications and reducing costs with printed materials and in person meetings.*
Outcome: The basic structure of the site has been developed, and is in progress.
15. **Service Objective:** *Evaulate the possibility of reducing the number of telephone lines at City operating locations.*
Outcome: Meetings have been conducted with AT&T to identify existing lines and their usage.
17. **Service Objective:** *Investigate the City's total cost of ownership and minimize its cost in consumable print supplies by consolidating and networking printer and copier systems in the City.*
Outcome: An agreement was developed with a local reseller to provide first call support for printer problems in exchange for purchase of printer supplies. An inventory of printers in the City has been done and recommendations for consolidation which has begun and will be phased in over the next two to three years.
18. **Service Objective:** *Reduce cell phone usage costs by centralizing procurement oversight and contract management.*
Outcome: Reductions in costs were achieved by centralizing procurement and turn around time for upgrades/replacements have been achieved by placing this responsibility in ITS department.
19. **Service Objective:** *Work with departments to identify technology alternatives to manpower intensive applications.*
Outcome: The ITS Director has met with each department head several times to discuss ways to use IT more effectively in their areas.



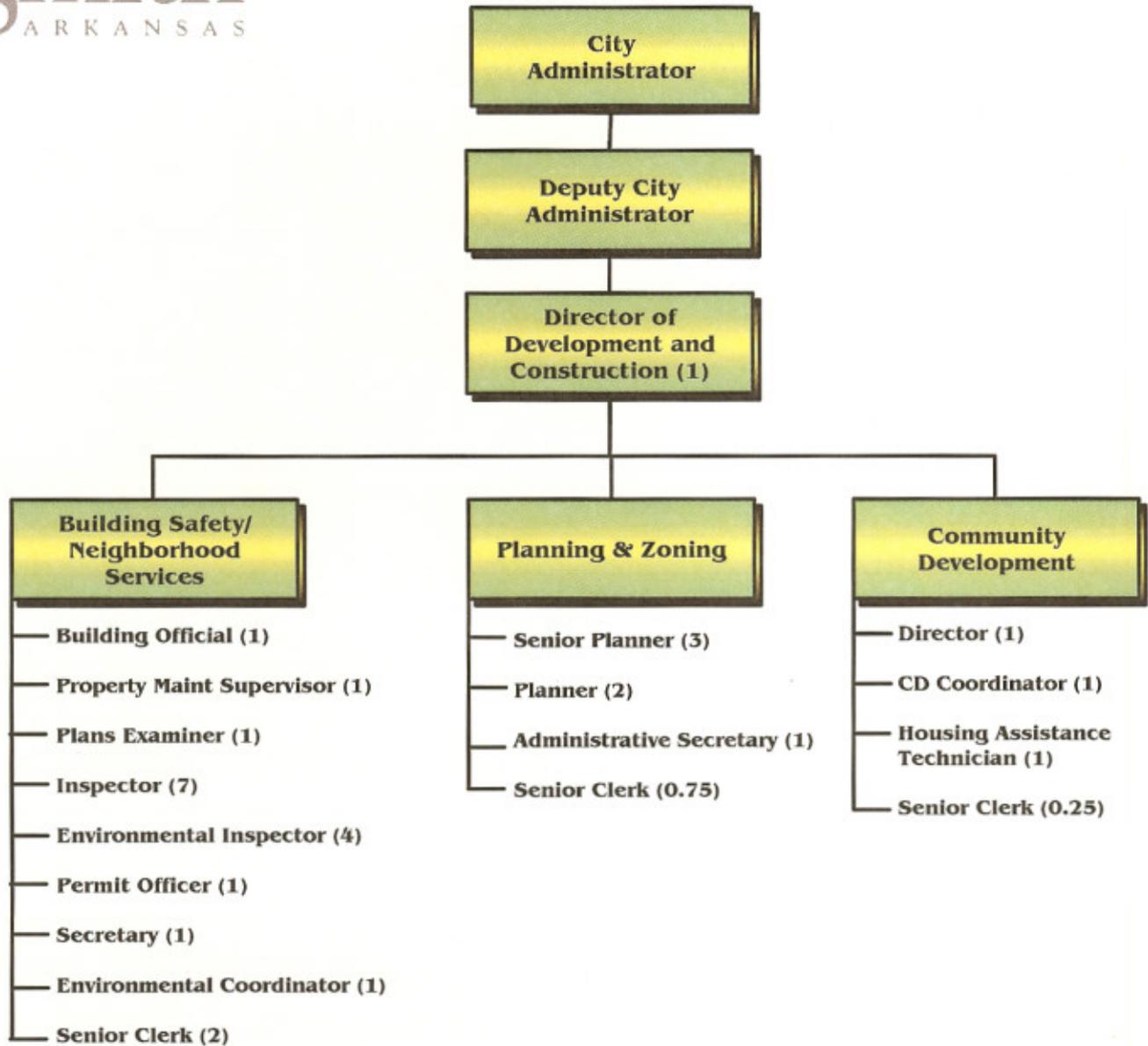
Development Services



Purpose: To guide and provide for the planned and orderly growth and development of Fort Smith including the City's infrastructure. This division is also responsible for code enforcement and cleanup of unsightly property.



Development Services



Purpose: To guide and provide for the planned and orderly growth and development of Fort Smith including the City's infrastructure. This division is also responsible for code enforcement and cleanup of unsightly property.

ENGINEERING DEPARTMENT OVERVIEW:

The Engineering Department is responsible for the design and inspection of the City's sales tax CIP for streets and drainage. This Department also reviews plans for other City infrastructure projects including the sidewalk program.

The major priority for this Department is to prepare current year projects for design and construction within a reasonable time frame and manage construction of all street and drainage projects in process.

The FY08 Budget is \$16,210 or 1.1% less than the FY07 Budget authorization. The decrease is a result of reducing operating costs and deleting all capital requests.

The Engineering Department has 19.0FTE positions for FY08 which is the same level as FY07.

ENGINEERING	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 1,160,290	\$ 1,257,300	\$ 1,199,263	\$ 1,327,630
Operating Expenditures	98,466	121,340	73,141	101,200
Operating Budget	\$ 1,258,756	\$ 1,378,640	\$ 1,272,404	\$ 1,428,830
Capital Outlay	2,523	66,400	34,408	0
Budget Appropriation	\$ 1,261,279	\$ 1,445,040	\$ 1,306,812	\$ 1,428,830
Authorized Positions	19.00	19.00	19.00	19.00

ENGINEERING DEPARTMENT 2008 SERVICE OBJECTIVES

1. Improve citizen service by increasing public information meetings during design and conducting post construction survey of citizens adjacent to city construction sites.
2. Encourage economic development and enhance traffic flow by contracting and completing thoroughfare projects as follows:
 - Kelley Highway bridge over I-540 in 2008.
 - Chad Colley Extension from Massard to Rye Hill Road in 2007-2008.
 - Jenny Lind Road (Dallas to Dodson) in 2007-2008.
 - Texas Road widening (South of Cavanaugh) in 2008-2010.
 - Jenny Lind Road (Zero to Cavanaugh) in 2008-2010.
3. Support the "green initiative" by providing urban aesthetics along the Jenny Lind project between Zero and Cavanaugh and addressing neighborhood erosion and drainage concerns.
4. Implement special projects which evolve during the year.

ENGINEERING DEPARTMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Improve citizen service by increasing public information meetings during design and conducting post construction survey of citizens adjacent to city construction sites.*

Outcome: We are working with UALR to develop a citizen survey. The format for the survey is scheduled for completion fall 2007 and will be utilized on future major street projects. Public meetings will be conducted on the upcoming Jenny Lind Road project during the design phase.

2. **Service Objective:** *Encourage economic development and enhance traffic flow by contracting and completing thoroughfare projects for; Kelley Highway bridge over I-540, and the Planters Road Extension from its terminus to the new Massard Road Extension, Albert Pike Avenue (Free Ferry to Grand), Texas Road widening (South of Cavanaugh), Jenny Lind Road (Zero to Cavanaugh)*

Outcome: Construction is ongoing on Kelley Highway Bridge, with a scheduled completion date of October 2008. Planters Road extension has been delayed and focus shifted to Chad Colley south of the Massard Extension. Final plans are under way and construction should begin in the fall of 2007. Albert Pike Avenue project was completed in May 2007. The Texas Road widening project design is being modified based on citizen input, with final plans to be completed winter 2007 and construction to begin summer 2008. Jenny Lind Road plans are complete and right of way acquisition for phase I is ongoing. Construction should begin Fall 2007. The engineering contract for phase 2 has been awarded and the anticipated construction start date is spring 2010.

3. **Service Objective:** *Increase the use of technology by updating the City's current flood insurance rate maps and converting them to a digital format for online access for citizens. The City will be partnering with FEMA as this is a nationwide map modernization project.*

Outcome: Preliminary digital flood maps were submitted in April 2007. Final digital maps are expected to be issued in mid 2008.

4. **Service Objective:** *Implement special projects which evolve during the year.*

Outcome: Several projects added include: parking lot expansion east of the City parking lot; development of a procedure to dispose of surplus city property; curbing/sidewalk design for the White Dairy property; parking lot expansion at the Convention Center.

2007 PERFORMANCE MEASURES

Thru 9/30/07

Building Permit Site Plan Reveiws	133
Subdivision Plat Reveiws	142
Construction Plan Reviews	110
Miscellaneous Reviews (Rezoning, conditional use, street/alley closures)	104
Floodplain Development Permits Issued	19
Grading Permits	30
Special Permits	5
Lane Miles of Street Resurfaced	25.8
Miles of Sidewalk Built/Reconstructed	0.8

2007 EFFICIENCY MEASURES

Thru 9/30/07

Cost Per Lane Mile of Street Resurfaced	\$ 487,055
Cost Per Mile of Sidewalk Reconstructed	\$ 190,000

2007 OUTCOME MEASURES

Percent of Time Staff Provided Review Comments Within Allotted Time Frame	93%
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DEVELOPMENT AND CONSTRUCTION DEPARTMENT OVERVIEW:

The Development and Construction Department includes five programs: 4106 Planning and Zoning, 4107 Community Development Block Grant, 4108 Building Safety, 4109 Multicultural and 6900 Neighborhood Services. Each program is described as follows:

4106-

This program manages City land-use ordinances, policies and procedures governing all development within the City and its growth area; provides professional services and advice to the Board of Directors, Planning Commission, committees, and other City divisions involved in development review; manages the Historic District Commission, responds to public inquiries and reviews building permits each year to ensure compliance of federal and state laws as well as local ordinances; processes all property activity and complaints; performs field analysis; makes recommendations; and issues violation notices when necessary.

4107-

This program is responsible for administering the costs and charges related to the planning and implementation of community development projects funded in whole or in part by the Community Development Block Grant (CDBG) and HOME Grant Programs. Administration activities include providing general project management, annual planning ensuring compliance with Fair Housing Standards and Environmental Review as well as other statutory requirements. Program activities include responsibility for the rehabilitation of privately owned residential properties for low and moderate households and other programs to help provide affordable housing. The program also seeks and administers grants for economic development programs, other state and federal grant programs, and manages the Multicultural program.

4108-

The purpose of this program is to protect the public's life, health, and welfare in the building environment. The department issues permits for buildings and structures and inspects buildings, structures and property for safety and health and code compliance. Permits are issued and inspections are made to the construction, enlargement, alteration, repairs on, the moving of, demolition, occupancy or change of occupancy of a building or structure and for the installment, enlargement, alteration, repair, removal, conversion of electrical, gas, mechanical, and plumbing systems as well as the erection or replacement of signs, driveways and swimming pools. Drawings with construction details and specifications are submitted for review to obtain permits for construction. Properties and buildings are inspected and codes are enforced to ensure safe and healthy conditions.

4109-

This program assimilates newly arrived residents into Fort Smith's governmental and municipal services system. The Multicultural center provides recent immigrants with essential information needed to become active citizens in Fort Smith, which includes employment, educational, health and civic opportunities. The center promotes an understanding of various cultural and ethnic backgrounds through seminars and presentations to civic groups, K-12 groups and college level groups. The Multicultural center is located at 306 North 6th Street.

6900-

The purpose of this division is to protect the public's life, health, and welfare by enforcing the requirements of Ordinance No. 3105 on all developed properties in the City. The division inspects properties for overgrown and unkempt, vegetation trash and abandoned vehicles to ensure safe and healthy conditions. The work includes having the properties cleared by supervising contractors that mow and clean the properties.

This Department has 30FTE positions planned for 2008 which is the same as 2007.

The FY08 Budget is \$46,385 or 1.8% less than the FY07 Budget. The decrease is attributable to deleting all capital requests and reducing operating accounts in response to the needed cuts for FY08.

DEVELOPMENT & CONSTRUCTION	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 1,606,155	\$ 1,829,350	\$ 1,855,884	\$ 1,891,750
Operating Expenditures	493,958	611,895	458,851	582,210
Operating Budget	\$ 2,100,113	\$ 2,441,245	\$ 2,314,735	\$ 2,473,960
Capital Outlay	26,132	79,100	67,210	0
Budget Appropriation	\$ 2,126,245	\$ 2,520,345	\$ 2,381,945	\$ 2,473,960
Authorized Positions	29.50	30.00	30.00	30.00

DEVELOPMENT AND CONSTRUCTION DEPARTMENT 2008 SERVICE OBJECTIVES

1. Continue to develop and improve our neighborhood programs to improve the quality of life. Staff will continue to expand the City of Good Neighbors program by soliciting additional partnerships with churches, civic groups, neighborhood associations, and local businesses. We will also continue implementation and citizen awareness of the city-wide Property Maintenance Code.
2. Protect and improve existing neighborhoods by continuing the implementation of the CDBG, HOME and other housing programs. Staff will focus on the objectives of the Five Year Consolidated Plan which guides the community development expenditures for fiscal years 2005-2009.
3. Coordinate with other departments to develop corridor plans to improve the function and aesthetics of the city's commercial corridors and implement the Unified Development Ordinance.
4. Strengthen customer service through regular neighborhood and stakeholder meetings to discuss neighborhood and development issues. Customer service will also be improved by providing employee education and training opportunities.
5. Continue support of other departments with development reviews and construction contract administration approvals and administration.

DEVELOPMENT AND CONSTRUCTION DEPARTMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Continue to develop and improve neighborhood program with implementation of plans and programs to improve the quality of life. Expand the City of Good Neighbors program by soliciting additional community partnerships. Further implementation of the Property Maintenance Code.*

Outcome: Implementation of the City of Good Neighbors continues, assisting 18 low income and elderly families with home repairs, painting, yard cleanup and graffiti removal. Continued to develop a marketing plan for downtown and Belle Grove Historic District. Continued to provide technical assistance to the Historic District Commission and residents of the Belle Grove Historic District. Staff is updating the historic district ordinance. Planning and Building Safety staff continue to educate citizens on the city-wide Property Maintenance Code through printed material, media and presentations to civic groups and neighborhood associations.

2. **Service Objective:** *Protect and improve existing neighborhoods by continuing the implementation of the CDBG, HOME and other housing programs. Primary focus will be the objectives of the Five Year Consolidated Plan for the years 2005-2009.*

Outcome: The City was awarded \$852,208 in CDBG and \$485,432 in HOME funds. These funds are being used to fully rehabilitate and/or perform emergency repairs to single family homes. In addition, the following projects will be completed with the funding: The Bost, Inc. will have new flooring installed, Abilities Unlimited will have a new roof installed, and french drains will be installed to abate structural issues with Crawford Sebastian Community Development Council's historic building. Also, supportive housing for the Next Step Day Room Ministries, funding for the FS Housing Authority to purchase lots and construct new single family homes, funds for Arkansas Valley Habitat for Humanity to purchase lots for new housing construction, and the continuation of the single family down payment assistance programs for qualified citizens. Additionally, other nonprofit agencies are being funded in the public service category to assist with medical, dental, food, prescriptions, transportation, educational materials, case management for the homeless, purchase computers and provide respite care vouchers.

3. **Service Objective:** *Coordinate with other departments to develop corridor plans to improve the work with HNTB to complete and implement the revised land use regulations.*

Outcome: Coordination with the Engineering Department continues to develop a corridor plan for Greenwood Avenue. The final draft of the revised land use regulations is prepared. Several public meetings have been held to review the proposed regulations and gather feedback. Approval by the Board is anticipated prior to year end.

4. **Service Objective:** *Continue to improve on customer service by establishing an annual meeting to discuss development issues, seeking opportunities for employee education, training, and improved processes and communication techniques.*

Outcome: Numerous meetings have been held with citizens and stakeholders to discuss current development issues and get input on the proposed land use regulations. Employee education and training continues. Building Safety Division has attended certification seminars, placed additional information on their web page, and updated brochures on safety issues and requirements. A new software program will be launched prior to year end that will improve our process for issuing permits, record keeping, and reporting. Staff is also utilizing the City's Request Partner program to respond to online citizen requests.

5. **Service Objective:** *Continue to assist other departments through the management of construction projects and grant management.*

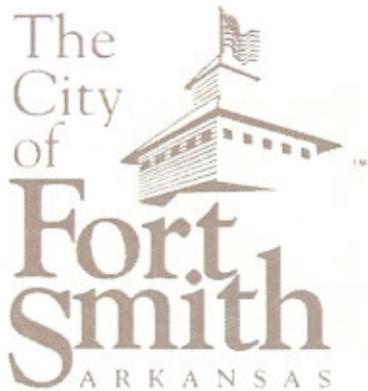
Outcome: The Planning Department continues to support other departments in development reviews and provide construction administration when needed. Assistance has been provided for projects at the Convention Center and the demolition of the White Dairy building in the downtown area.

**DEVELOPMENT AND CONSTRUCTION DEPARTMENT
WORKLOAD/DEMAND STATISTICS**

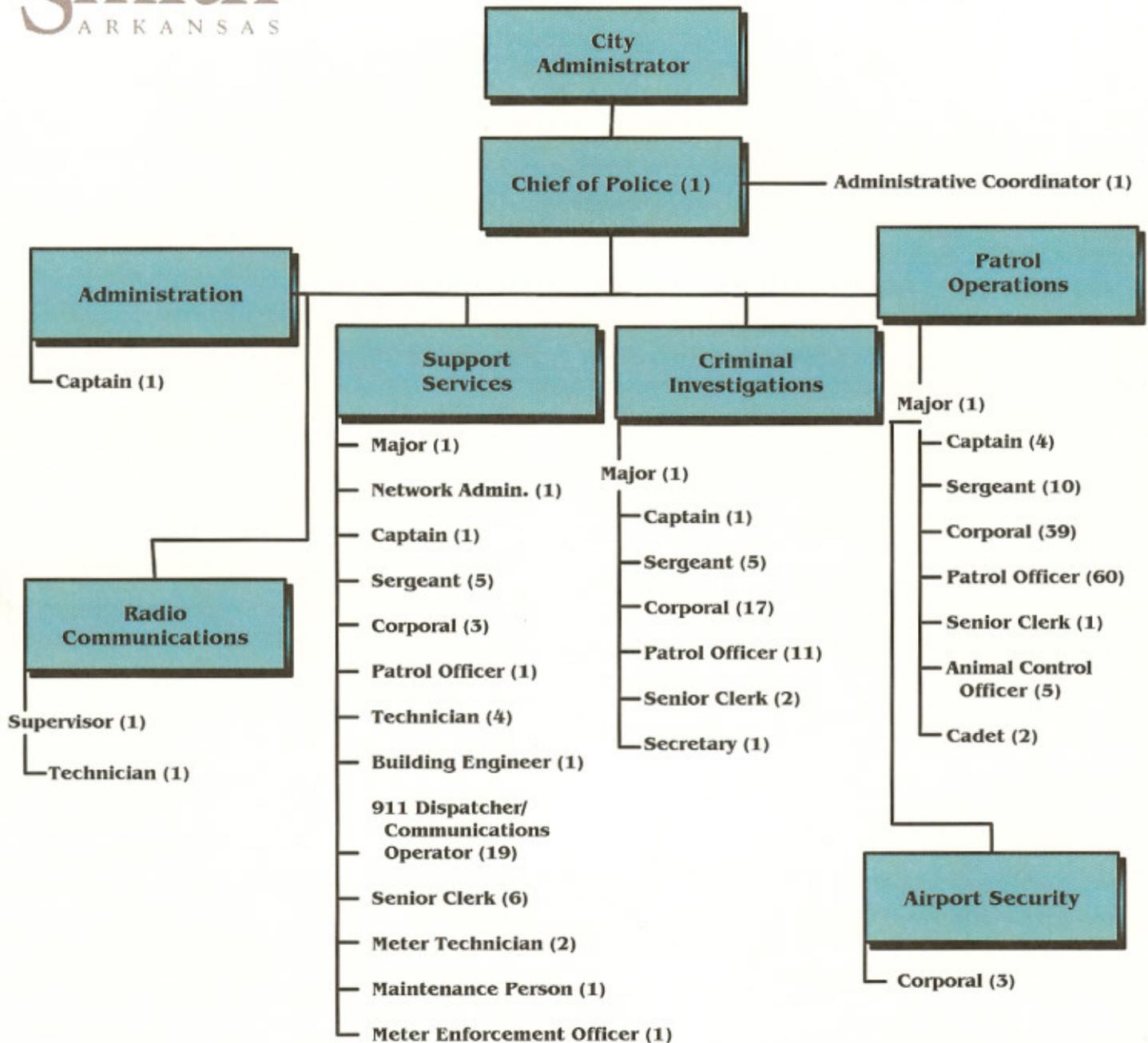
	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
Master Land Use Plan Amendments	14	5	11	10
Rezoning Cases	45	35	21	35
Home Occupation Applications	16	25	18	28
Conditional Use Applications	33	35	29	36
Zoning Ordinance Variances	46	50	49	55
Subdivision Variances	2	4	2	3
Administrative Plats	65	65	65	65
Subdivisions	20	20	20	20
Administrative/Subdivision Plats Reviewed	117	110	110	120
Street/Alley/Easement Closings	14	10	6	10
Business Registration Applications	792	750	750	750
Residential Accessory Use Applications	94	90	102	91
Sign Permits Reviewed	227	280	275	285
Zoning/Subdivision Ordinance Amendments	14	5	1	4
Planning Commission, Board of Director, and Special Meetings	76	80	48	80
Planning Commission Agendas Prepared	12	12	12	12
Public Hearings/Meetings	22	19	20	14
CDBG & HOME Applications	26	22	18	45
Fair Housing Activities	2	1	1	1
Sub-Recipient Monitoring	18	17	22	20
Contract Administration	69	23	55	60
Housing Rehab Projects	9	6	6	6
Rehab Full/Emergency Apps	60	0	66	60
Emergency Housing Rehab	60	0	60	54
Home Projects	9	5	9	9
Agency Rehab Projects	1	3	2	3
Public Service Projects	13	10	12	11
Historic District Meetings	25	24	18	24
Homeless Projects	2	1	1	2
Neighborhood Development Projects	4	1	3	4
Good Neighbors Day Projects	10	15	20	25
Certificates of Appropriateness				
Category 2	21	25	4	30
Category 3	22	20	23	25
Commercial, Industrial, Multifamily Plans				
Submitted and Reviewed for Permits	383	450	450	450
Residential Plans Submitted and Reviewed for Permits	535	650	650	650
Inspections Requested and Conducted	15,357	14,500	14,500	14,500
Total Building Permits	2,478	2,700	2,700	2,700
Significant Permit Categories				
New Single Family	240	220	220	220
New Multifamily	43	30	30	30
New Commercial & Industrial	52	55	55	55
Residential Additions/Alterations	1,380	1,400	1,400	1,400
Commercial/Industrial Additions & Alterations	328	360	360	360

**DEVELOPMENT AND CONSTRUCTION DEPARTMENT
WORKLOAD/DEMAND STATISTICS (continued)**

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
Substandard Building Complaints Worked	55	55	30	32
Substandard Buildings Demolished by City	20	20	7	10
Substandard Buildings Demolished or Repaired by Property Owners	35	35	20	25
Environmental Complaints Received	8,500	8,500	6,144	6,100
Warnings Issued	7,500	7,500	5,501	5,500
Properties Cleared by Contractor	650	650	525	500
Properties Cleared by Property Owner	6,500	6,500	4,976	5,000



Police Services



Purpose: To provide competent, professional and responsible law enforcement services in a rapid and efficient manner.

POLICE DEPARTMENT OVERVIEW:

The Police Department includes eight programs: 4701 Administration, 4702 Support Services, 4703 Criminal Investigations, 4704 Patrol, 4705 Radio Communication, 4706 Airport Security, 6911 Police Grant and 6920 Public Parking Enforcement. These programs provide intelligence unit services, public affairs, internal affairs, information desk, central records training, 911 communications, facilities management, evidence, vice/narcotics, juvenile services, investigation, identification, troop services, traffic enforcement, crime prevention, animal control, City radio communications, airport security, downtown parking meter collection and enforcement, and public parking deck and lot enforcement.

The FY08 Budget is \$214,658 or 1.4% less than the FY07 Budget. The decrease is due to the elimination of all capital requests as well as reductions in operating accounts.

The Police Department has 214FTE positions for FY08 which is the same as estimated for FY07. The total position count includes 168 uniformed personnel.

POLICE DEPARTMENT	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 10,290,072	\$ 11,614,900	\$ 11,057,217	\$ 11,839,500
Operating Expenditures	<u>2,624,676</u>	<u>3,402,418</u>	<u>2,776,796</u>	<u>3,291,200</u>
Operating Budget	\$ 12,914,748	\$ 15,017,318	\$ 13,834,013	\$ 15,130,700
Capital Outlay	<u>508,590</u>	<u>328,040</u>	<u>322,041</u>	<u>0</u>
Budget Appropriation	\$ 13,423,338	\$ 15,345,358	\$ 14,156,054	\$ 15,130,700
Authorized Positions	214.00	214.00	214.00	214.00

POLICE DEPARTMENT 2008 SERVICE OBJECTIVES

ADMINISTRATION DIVISION

Assess staffing levels relative to police services provided in all divisions of the Fort Smith Police Department. This will be accomplished through a critical review of historical data and current personnel assignments. The data will be collected and reviewed by the second quarter of 2008. In the third and fourth quarters organizational adjustments may be implemented based on the need for services at that time.

SUPPORT SERVICES

As part of an organizational analysis, a review of the department's existing beat boundaries will be conducted. Factors will be considered such as population density and growth, geographical boundaries, available personnel, calls for service, call types and response times. The data should be evaluated by the second quarter of 2008.

CRIMINAL INVESTIGATIONS

Partner with local businesses dealing with scrap iron to share information concerning copper thefts. Information sharing should result to more cases being cleared through arrests.

PATROL DIVISION

Conduct graffiti awareness training for educators in the Fort Smith Public Schools. This training will be coordinated through the school's safety and security officer. Educators will be informed of the types of markings to be looking for that could indicate participation in city wide graffiti incidences.

POLICE DEPARTMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

Administration Division

Service Objective: *Initiate a "Standard Operating Procedure" concerning nuisance/abatement and code enforcement violations. The SOP will involve educating all divisions of this department concerning activities the police can take in reducing nuisance problems. Enhance cooperation with other City departments and the public through cohesive interaction. The goal of implementing the SOP is to reduce the number of complaints from citizens and attain a high quality environment for the citizens of Fort Smith.*

Outcome: During the first quarter, the department partnered with the Service Division to develop a departmental tool to address SOP's regarding nuisance issues and a data base which includes information from our CAD system. The "Crime Free Multi-Housing Program" launched in the first quarter of 2007. This multi-disciplinary approach to crime prevention focuses on education, training, and cooperation between property owners/managers, the police and other City departments. Three officers attended training for the program in 2007.

Service Division

Service Objective: *Develop a database and analysis tool to track, report and evaluate the department's efforts to solve nuisance problems. The Crime Analysis Unit will develop and maintain the database and coordinate meetings with City representatives to show progress on the nuisance/abatement and code enforcement issues. An efficient system to evaluate and track nuisance problems will provide citizens with a higher standard of living.*

Outcome: Upon completion of the Crime Free Multi-Housing Program training, meetings with area property owners/managers, the police department and the City's Neighborhood Services personnel, and the Fire Department. By the end of the second quarter, an officer was assigned to develop and maintain the program. In the third and fourth quarters, Administration and Service Division staff will implement the program in a limited area of the city and monitor development of the program.

Criminal Investigations Division

Service Objective: *Conduct public awareness meetings in each of the city's four wards. The focus of the meetings will be computer related criminal activities, including identity theft and sexual predators.*

Outcome: Completed in May 2007, public awareness meetings were held throughout the city to provide citizens with information on computer and internet safety issues.

Patrol Division

Service Objective: *In conjunction with the Planning Department, provide a "Crime Prevention Through Environmental Design" (CPTED) training seminar to the planning commission, local architects, site planners, and landscape designers.*

Outcome: A meeting was held in July to provide CPTED training to Planning Commission members and local architects, site planners, and landscape designers. This concept will mesh with the Crime Free Multi-Housing Program.

SERVICE MEASURES/PERFORMANCE INDICATORS

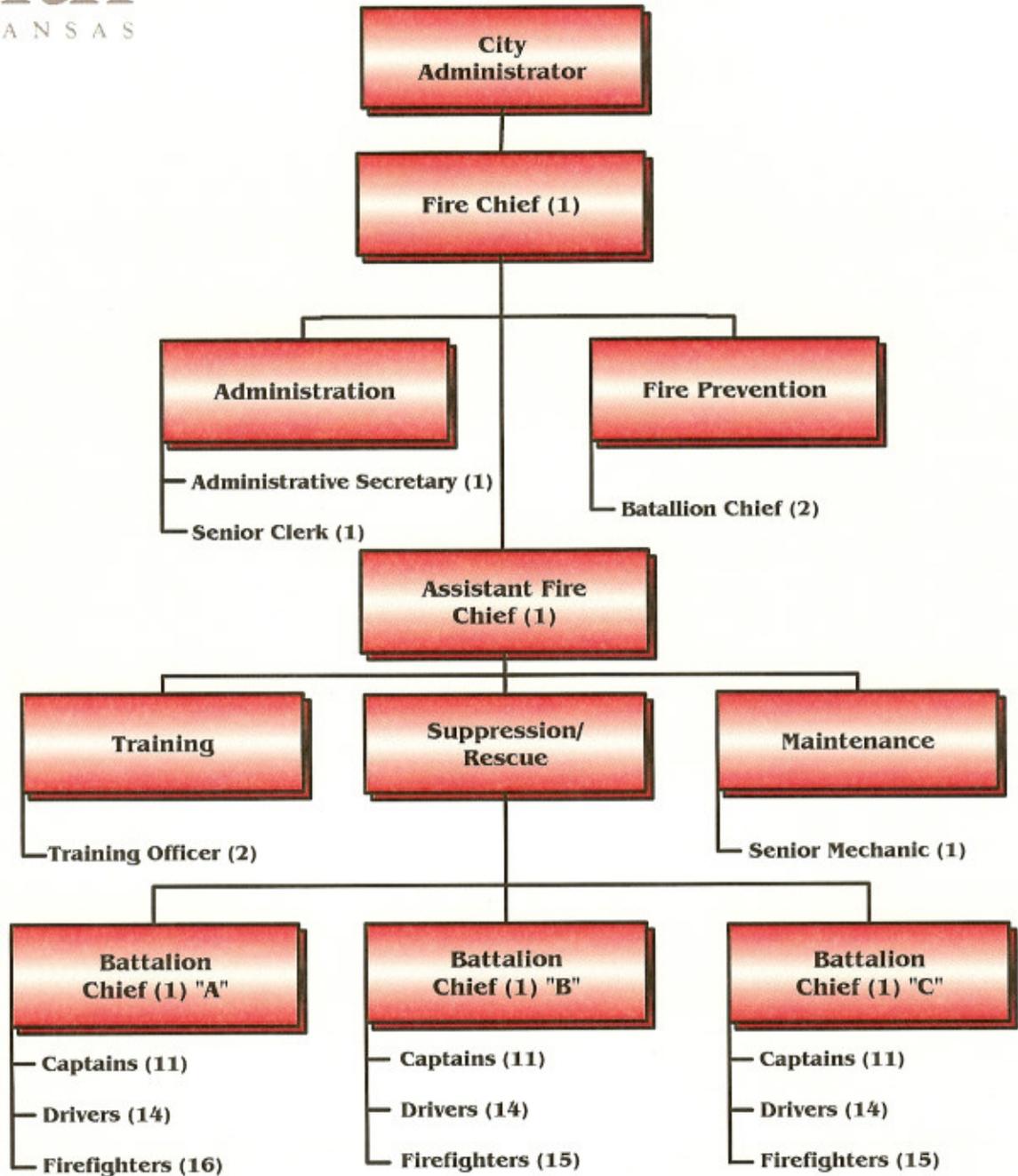
	<u>ACTUAL FY05</u>	<u>ACTUAL FY06</u>	<u>ESTIMATED FY07</u>	<u>ACTUAL FY07 THRU 11/30/07</u>
Community Relations-				
PCR Programs Performed	510	342	320	300
PCR Program Attendance	19,289	13,464	2,000	1,570
Crime Stopper Calls	244	237	250	267
Training-				
In Service/Officers	2,661	2,749	900	1,213
In Service/Hours	7,542	18,117	6,500	8,169
Schools and Seminars/Officers	582	125	130	158
Schools and Seminars/Hours	7,120	4,520	5,200	6,072

WORKLOAD/DEMAND STATISTICS

	<u>ACTUAL FY05</u>	<u>ACTUAL FY06</u>	<u>ESTIMATED FY07</u>	<u>ACTUAL FY07 THRU 11/30/07</u>
Murder-Manslaughter-				
Reported	5	10	4	4
Cleared	4	9	4	4
Rape-				
Reported	95	81	81	68
Cleared	81	70	55	48
Robbery-				
Reported	117	128	153	129
Cleared	93	93	121	107
Battery-				
Reported	2,818	2,779	2,852	2,604
Cleared	2,091	1,945	2,148	1,959
Burglary-				
Reported	971	1,110	1,064	938
Cleared	365	434	385	355
Larceny-				
Reported	4,139	4,174	4,585	4,082
Cleared	1,280	1,083	1,485	1,299
Vehicle Theft-				
Reported	341	343	322	309
Cleared	202	323	265	239
Arrests-				
Adults	10,417	8,258	8,694	8,890
Juvenile	1,224	811	1,004	1,013
Calls for Assistance-				
Total Calls	81,431	78,343	80,428	72,454
Burglar Alarms	5,783	5,535	5,141	4,789
Actual Alarm Responses	4,034	4,299	3,729	3,425
Animal Control-				
Complaints Received	9,335	9,816	9,610	8,700
Animals Captured	3,368	3,269	3,376	3,000
Animal Bites Investigated	117	112	74	60
Parking Meter Collections	\$ 82,658	\$ 73,196	\$ 79,436	\$ 72,800
Overtime Parking Tickets Issued	3,487	1,732	513	450
Overtime Ticket Collections	\$ 18,915	\$ 8,938	\$ 22,500	\$ 20,600

N/A- Not Available

Fire Services



Purpose: To provide timely, effective, and efficient rescue, emergency & medical fire protection, suppression, prevention, and investigative services to the citizens of Fort Smith.

FIRE DEPARTMENT OVERVIEW:

The Mission of the Fort Smith Fire Department is to serve the community by protecting lives, property, and the environment in a safe, efficient and professional manner.

The Purpose of the Fort Smith Fire Department is to provide timely, effective and efficient fire protection, suppression, prevention, education and investigation services to the citizens of Fort Smith.

The Fire Department consists of two programs: 4801 Administration, Prevention and Training and 4802 Suppression. The 4801 program includes management of all fire services for the City, code enforcement, investigations, construction reviews, fire prevention education, inspections, and training. The training is certified through the Arkansas State Fire Academy. Program 4802 responds to all emergencies that may occur within the City of Fort Smith. These emergencies may include fire suppression, emergency medical, rescue operations and hazardous materials releases. This programs also assists citizens with fire protection and prevention problems and fire pre-plans of commercial businesses for familiarization in the event of an emergency. They are also responsible for routine maintenance and testing fire hydrants in conjunction with regular daily schedule of building, grounds, and equipment maintenance.

The FY08 Budget is \$682,518 or 6.9% more than FY07 Budget. The increase is attributable to additional personnel hired during 2007 to assist with leave time vacancies. The increase was offset by the elimination of all capital outlay requests.

The major priority for the Department is to begin preparations, inspections and maintenance of the Chaffee annexed property and to continue increasing our ability to service a six county area in the event of a chemical or bio-terrorism activity by securing federal grants for that purpose.

The total personnel of the Fire Department is 129FTE for FY08 of which 126FTE are uniformed personnel.

FIRE DEPARTMENT	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 7,875,497	\$ 8,001,440	\$ 8,629,847	\$ 9,016,680
Operating Expenditures	855,757	968,087	792,413	919,220
Operating Budget	\$ 8,731,254	\$ 8,969,527	\$ 9,422,260	\$ 9,935,900
Capital Outlay	282,657	283,855	97,882	0
Budget Appropriation	\$ 9,013,911	\$ 9,253,382	\$ 9,520,142	\$ 9,935,900
Authorized Positions	129.00	129.00	129.00	129.00

**FIRE DEPARTMENT
2007 SERVICE OBJECTIVES AND OUTCOMES**

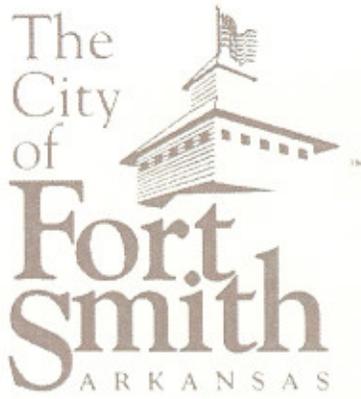
1. **Service Objective:** *Continue to maintain ISO Class II fire rating.*
Outcome: This is an ongoing objective and is monitored on a continual basis.
2. **Service Objective:** *Seek federal monies for equipment, training, and additional employees.*
Outcome: To date, \$78,000 has been received in federal monies.
3. **Service Objective:** *Begin construction of new fire station at Fort Chaffee.*
Outcome: Construction is delayed until the Chad Colley road is extended.
4. **Service Objective:** *Continue to be a regional provider in relation to bomb response, haz-mat and terrorism.*
Outcome: Department has handled two responses to date outside the city limits.
5. **Service Objective:** *Continue fire education program to further reduce civilian injuries and deaths.*
Outcome: Educational programs have reached civilians as follows: literature for 10,500 children, 800 station tours, 1,700 fire safety house, 72 fire extinguisher classes for a total of 13,072 civilian contacts.

**FIRE DEPARTMENT
SERVICE MEASURES/PERFORMANCE INDICATORS**

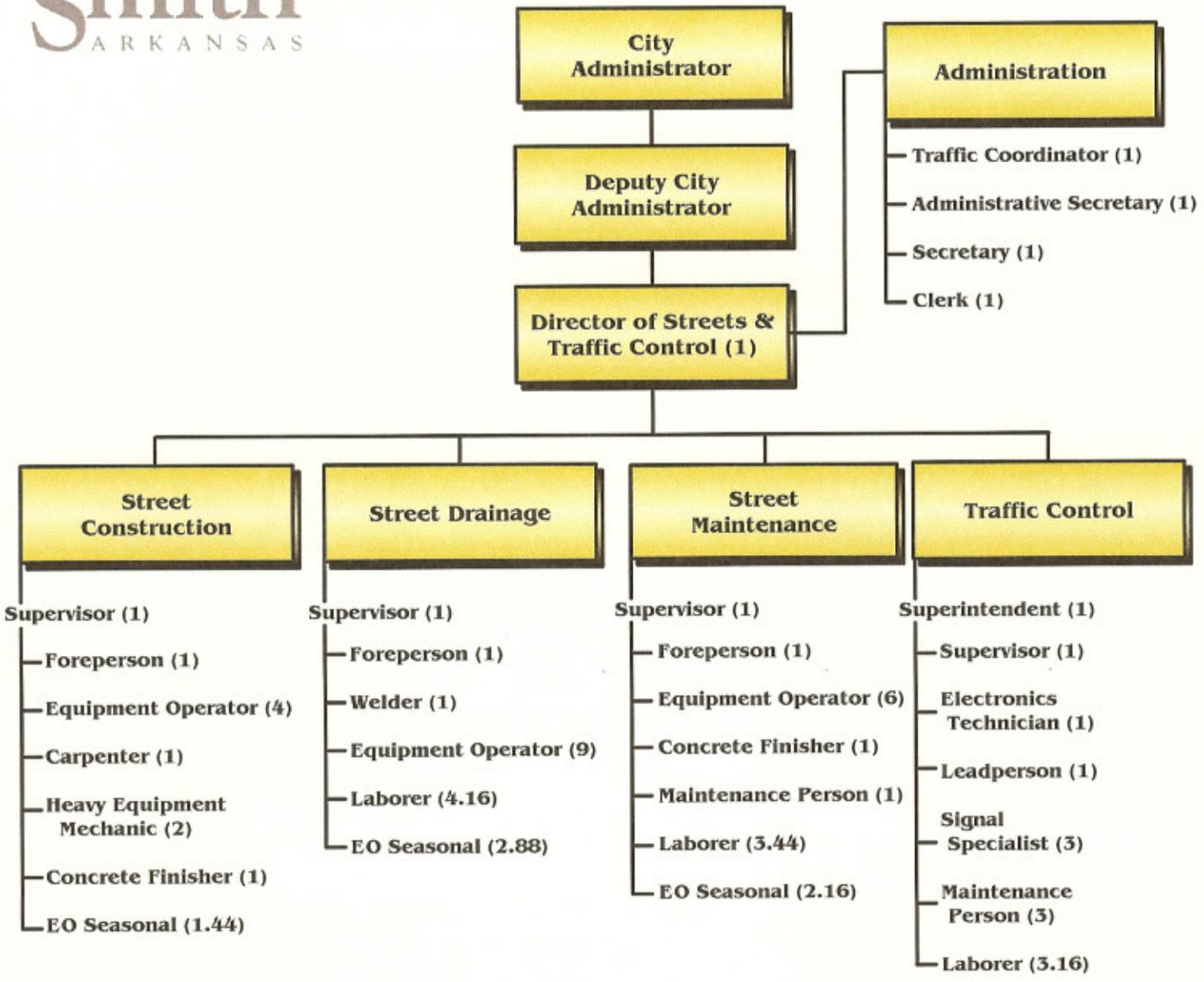
	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ACTUAL THRU 11/30/07</u>	<u>BUDGET FY08</u>
Alarm Responses	7,324	7,000	7,009	7,400
Total Fire Dollar Loss	\$ 4,492,588	\$ 3,500,000	\$ 2,584,625	\$ 3,500,000
Number of Fires-				
Commercial	24	20	18	20
Residential	122	125	121	125
Arson Cases-				
Dollar Loss	\$ 443,700	\$ 275,000	\$ 481,850	\$ 275,000
Cases	23	20	20	20
Cases Cleared	5	10	5	10

**FIRE DEPARTMENT
WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY04</u>	<u>ACTUAL FY05</u>	<u>ACTUAL FY06</u>	<u>ACTUAL FY07 thru 11/30/2007</u>
<u>Alarm Statistics:</u>				
Fire-				
Structure	205	203	200	181
Vehicle Fires	108	95	87	83
Brush, Grass, Leaves	88	113	138	76
Trash, Rubbish	83	86	68	62
Explosions, No After Fire	3	0	0	0
Outside Spill with Fire	0	0	2	0
Other Fires	7	7	12	10
Rescue and Emergency-				
Overpressure Rupture	6	5	8	12
Emergency Medical Call	4,767	4,827	4,973	4,892
Locked In, Trapped	2	0	0	1
Search	0	1	1	2
Extrication	3	4	5	7
Rescue, Not Classified	13	7	8	13
Spill, Leak- No Fire	71	101	99	91
Electrical/Hazardous Response-				
Power Line Down	51	78	69	46
Arching Electric Equipment	61	87	84	64
Chemical Spill	3	1	2	2
Hazardous Condition	31	18	17	9
Smoke Removal	23	29	23	11
<u>Other Responses:</u>				
Animal/Rescue	6	2	5	1
Assist Police	14	19	14	10
Unauthorized Burning	144	178	184	91
Other Service Calls	206	283	295	395
Smoke Scare	159	153	198	112
Controlled Burn	36	29	29	21
Steam, Gas Mistaken for Smoke	4	7	4	1
Malicious False Alarm	11	11	14	4
Bomb Scare	265	324	300	342
Alarm Malfunction	304	334	274	319
Unintentional False	129	169	180	238
Other	11	5	9	6
Bomb Removal	0	15	7	11
Haz-Mat Investigation	0	10	10	3
Water Rescue	0	2	5	7
Construction Plan Reviews	181	168	186	163
Citizens Reached in Education Programs	14,719	15,232	15,604	17,577
New Business Occupation Fire and Life Safety Inspections	536	529	681	598
Fire Safety Surveys Performed	4,709	4,800	4,800	4,800
Fire Hydrants Maintained	6,778	6,916	6,950	6,950



Operation Services Streets and Traffic Control



Purpose: To respond with efficient maintenance as emergency situations demand, and to routinely maintain streets, alleys, traffic control devices, storm drains, dedicated drainage easements and related facilities, plus order new street lights and coordinate with electric utility companies concerning street light maintenance.

STREETS AND TRAFFIC CONTROL DEPARTMENT OVERVIEW:

The Streets and Traffic Control Department is made up of eight programs: 5101 Administration, 5302 Street Construction, 5303 Street Drainage, 5304 Street Maintenance, 5401 Traffic Control Operations, 5402 Traffic Signals, 5403 Street Lighting, and 5405 Sign Shop. The Department is responsible for performing minor street construction projects, constructing curbs and gutters, maintaining the City's drainage system including road ditches, retention ponds, creeks and inlet streams, maintaining and upgrading all traffic control devices, and providing and installing high visibility street signage.

The Department's major priority for 2008 is to provide the highest level of safety for the City's street, drainage and traffic control systems. The Department immediately responds to hazardous situations so that dangerous consequences are eliminated.

Total personnel for the Department in FY08 is 64.24 FTE which is consistent with FY07.

The FY08 Budget is \$194,925 or 3.7% more than the FY07 Budget. The increase is attributable to the wage adjustment and increased fuel and materials costs.

STREETS AND TRAFFIC CONTROL	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 2,419,318	\$ 2,762,560	\$ 2,613,100	\$ 2,879,460
Operating Expenditures	<u>2,212,362</u>	<u>2,515,315</u>	<u>2,241,663</u>	<u>2,593,340</u>
Operating Budget	\$ 4,631,680	\$ 5,277,875	\$ 4,854,763	\$ 5,472,800
Capital Outlay	<u>49,476</u>	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>
Budget Appropriation	\$ 4,681,156	\$ 5,332,875	\$ 4,909,763	\$ 5,527,800
Authorized Positions	64.24	64.24	64.24	64.24

STREETS AND TRAFFIC CONTROL DEPARTMENT 2008 SERVICE OBJECTIVES

1. Controlling flooding in the city by constantly working to keep creeks and ditches flowing.
2. Providing and maintaining the most up to date traffic control equipment.
3. Keeping city streets smooth and free of debris.
4. Being receptive to requests from citizens, and utilizing all avenues of communication currently available to us. Our policy is to personally handle each and every call that comes in to our department, responding if it is ours, or getting the call to the proper department if necessary.

STREETS AND TRAFFIC CONTROL DEPARTMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Protect the investment in our streets by carefully maintaining street surfaces and parallel drainage ditches.*
Outcome: Regular maintenance of street surfaces, alleyways, and drainage ditches is a continuous process. Potholes and utility cuts are repaired as soon as they are reported.
2. **Service Objective:** *Work further toward eliminating residential flooding in Fort Smith by maintaining the sides and bottoms of major and secondary drainage ditches.*
Outcome: With no major disasters during the year, we were able to make great strides in keeping the major and secondary drainage open and running freely.
3. **Service Objective:** *Provide more avenues of communication between our employees and the citizens of Fort Smith by the strategic use of technology.*
Outcome: A large percentage of city employees are equipped with cell phones, making communication time between them and the dispatcher much shorter. The city website is also available to use with computers. The department received over 1,500 phone requests this year.
4. **Service Objective:** *Keep citizens safer by training of employees in their jobs and in safety procedures, maintain a program for maintenance on traffic signals and signs, same day response to citizen requests for pothole repairs, unstopping storm drains & culverts, removal of tree limbs from the street, weed control in ditches, mosquito control, and repairs to traffic signals and signs.*
Outcome: The department is accident free this year, and employees are well trained and continue to strive for higher positions. Our signals are regularly checked, cleaned and replaced as needed. All emergency calls are immediately dispatched by radio or cell phone. All other calls are prioritized and handled in a timely manner.

Input Measures:

Number of Traffic Signals	138
Miles of city streets	486
Miles of major storm water channel	47
Square mileage within Fort Smith	93

Output Measures:

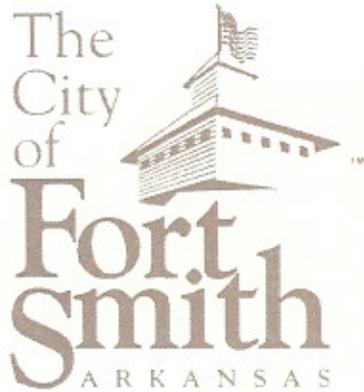
Traffic Studies Completed	300
Blocks of Street Overlaid	32
Curb Miles of Streets Swept	5,600
Tons of Asphalt Used for Potholes and Utility Cuts	630
Miles of Street Cracks Sealed	16
Linear Feet of Storm Water Channel Re-Graded	15,350
Number of 33 Gallon Trash Bags of Litter Removed from City Rights-of-Way	3,600
Gallons of Insecticide Sprayed	2,790
Locations Treated with Larvicide	49
Street Lights Now in Rights-of-Way	6,026

Outcome Measures:

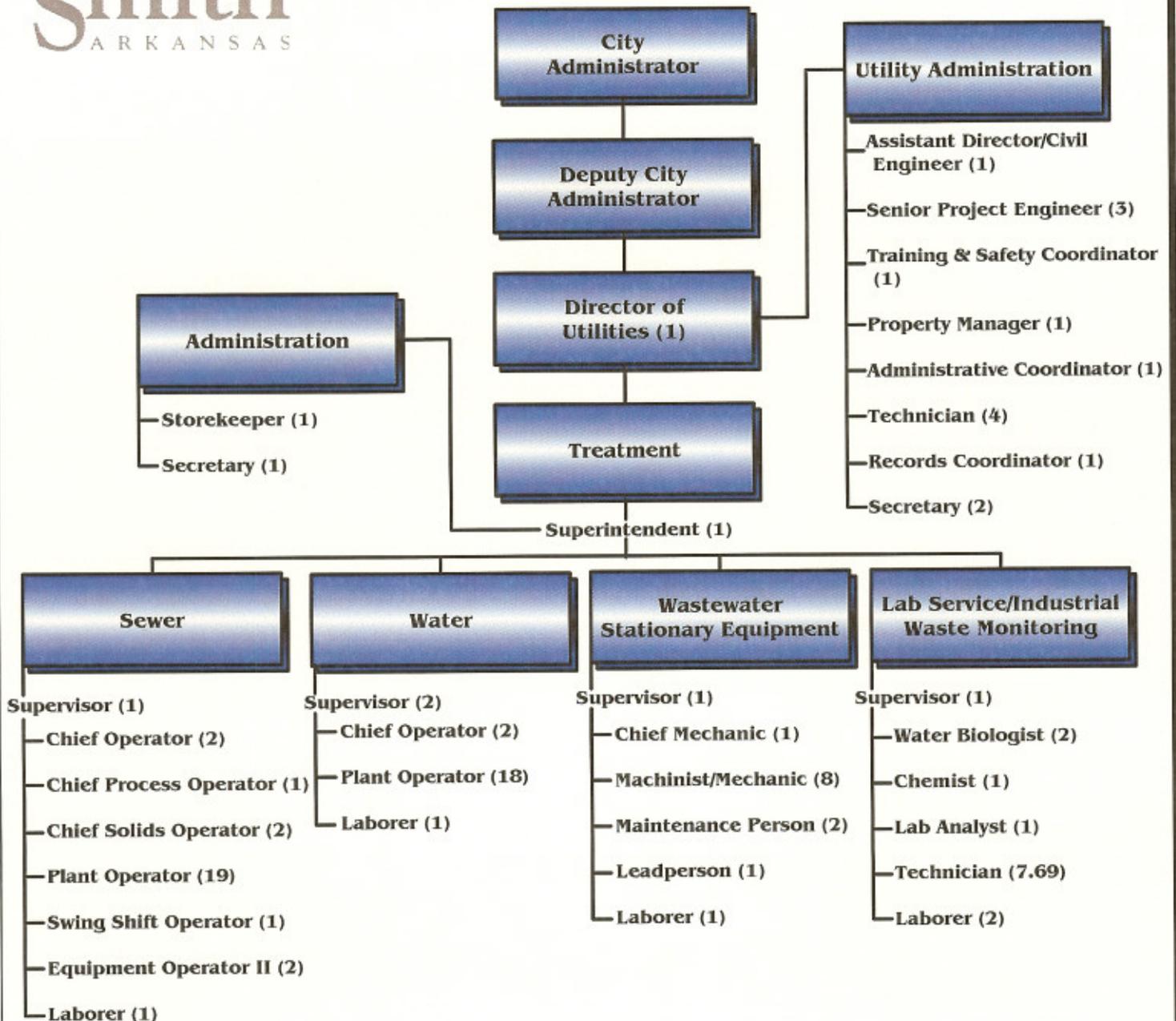
Number of Traffic Accidents	3,524
Percent of Pot Holes Filled Within 1 Working Day	1
Hours of Lost Time Due to On the Job Injuries	21
Traffic Signal Outages (other than power failure or traffic accident)	63

Efficiency Measures:

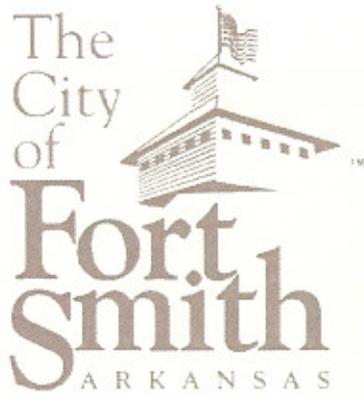
OG&E costs per signalized intersection: \$130 per month for incandescent lights and \$40 per month for LED.
 Cost of mosquito spraying is \$67 per hour.



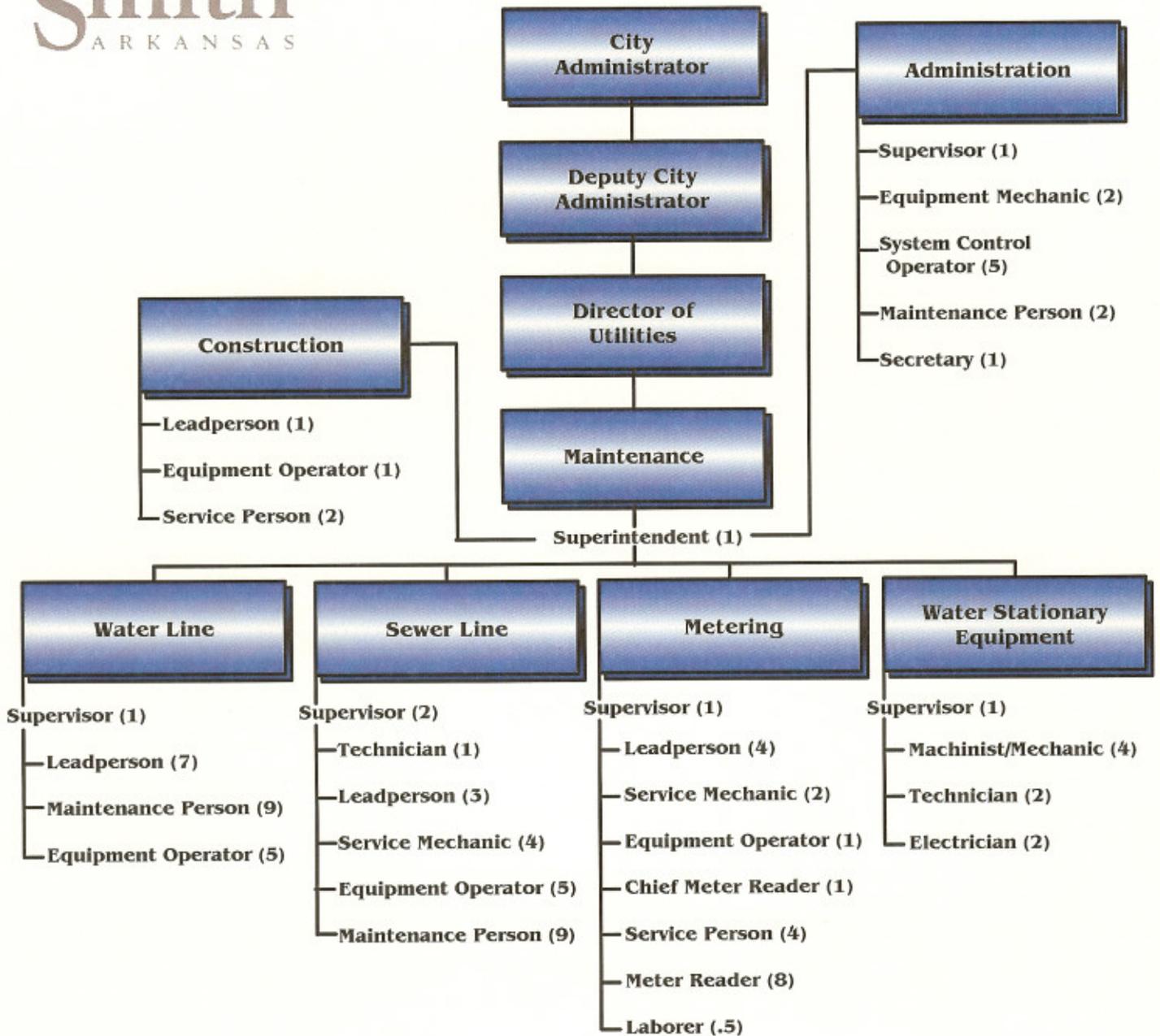
Operation Services Water and Sewer



Purpose: To provide complete water and sewer utility services in an efficient manner, at a competitive cost while constantly improving the level of service for Fort Smith citizens, businesses, industry and the surrounding region.



Operation Services Water and Sewer



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WATER AND SEWER DEPARTMENT OVERVIEW:

The Water and Sewer Department is comprised of 15 programs which provide operational administration, construction management, water treatment, sewer treatment, transmission line maintenance, metering, equipment and plant maintenance, laboratory and monitoring services, transmission line construction, and debt service for revenue bonds.

The FY08 Budget is \$2.07 million or 6.6% more than the FY07 Budget. The debt service requirement for the 2007 revenue bonds added \$1.9 million to the FY08 Budget.

Total positions for the Department are 191.19FTE which is the same as the FY07 Budget.

WATER AND SEWER OPERATING FUND	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenses	\$ 8,951,256	\$ 9,914,810	\$ 9,346,192	\$ 10,086,280
Operating Expenses	21,133,481*	21,112,456	20,493,398	23,036,590
Operating Budget	\$ 30,084,737	\$ 31,027,266	\$ 29,839,590	\$ 33,122,870
Capital Outlay	929,187	416,902	264,930	392,000
Budget Appropriation	\$ 31,013,924	\$ 31,444,168	\$ 30,104,520	\$ 33,514,870
Authorized Positions	191.19	191.19	191.19	191.19

WATER AND SEWER DEPARTMENT 2008 SERVICE OBJECTIVES

1. Improve citizen service by strengthening relationships with citizens, soliciting feedback from residents and businesses adjacent to city construction sites, and providing online access to service objectives.
 - Develop presentations by program operation areas related to department's services and functions for city's web site.
2. Encourage economic development by working with partners to implement the Tipping Point report, educate the community about the report, update the downtown master plan, expand existing businesses, strengthen ties with the Northwest Arkansas Council, establish the curb appeal in Fort Smith to promote economic development, and improve recreation opportunities including the replacement of Andrews field.
3. Insist on innovation and improved uses of technology to better utilize public resources for serving the community. Prepare and begin implementation of a technology plan.
4. Plan for water and sewer extensions to support growth and better serve neighborhoods. Replace all two-inch neighborhood water lines by 2020.
 - Update master plan for southern growth area to include improvements planned in Chaffee Crossing and new Mountainburg water transmission line river crossing.

WATER AND SEWER DEPARTMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Improve citizen service by strengthening relationships with citizens, soliciting feedback from residents and business adjacent to city construction sites, and providing online access to service requests.*

Outcome: Citizen survey form for use with upcoming sewer and water projects is being developed. Department is participating in the city's web based Request Partner customer service program.

2. **Service Objective:** *Work internally with the department engaged in the process of determining priorities and implementation of the Tipping Report, downtown master plan and to improve recreation opportunities including the replacement of Andrews Field.*

Outcome: Identified supplemental funding for utility extensions to serve Andrews Field.

3. **Service Objective:** *Insist on innovation and improved uses of technology to better utilize public resources for serving the community. Prepare and begin implementation of a technology plan.*

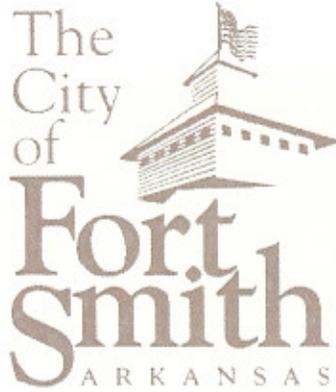
Outcome: Online record mapping system is currently undergoing in house use and evaluation in preparation for roll out to the public.

4. **Service Objective:** *Plan for water and sewer extensions to support growth and better serve neighborhoods. Replace all two-inch neighborhood water lines by 2020.*

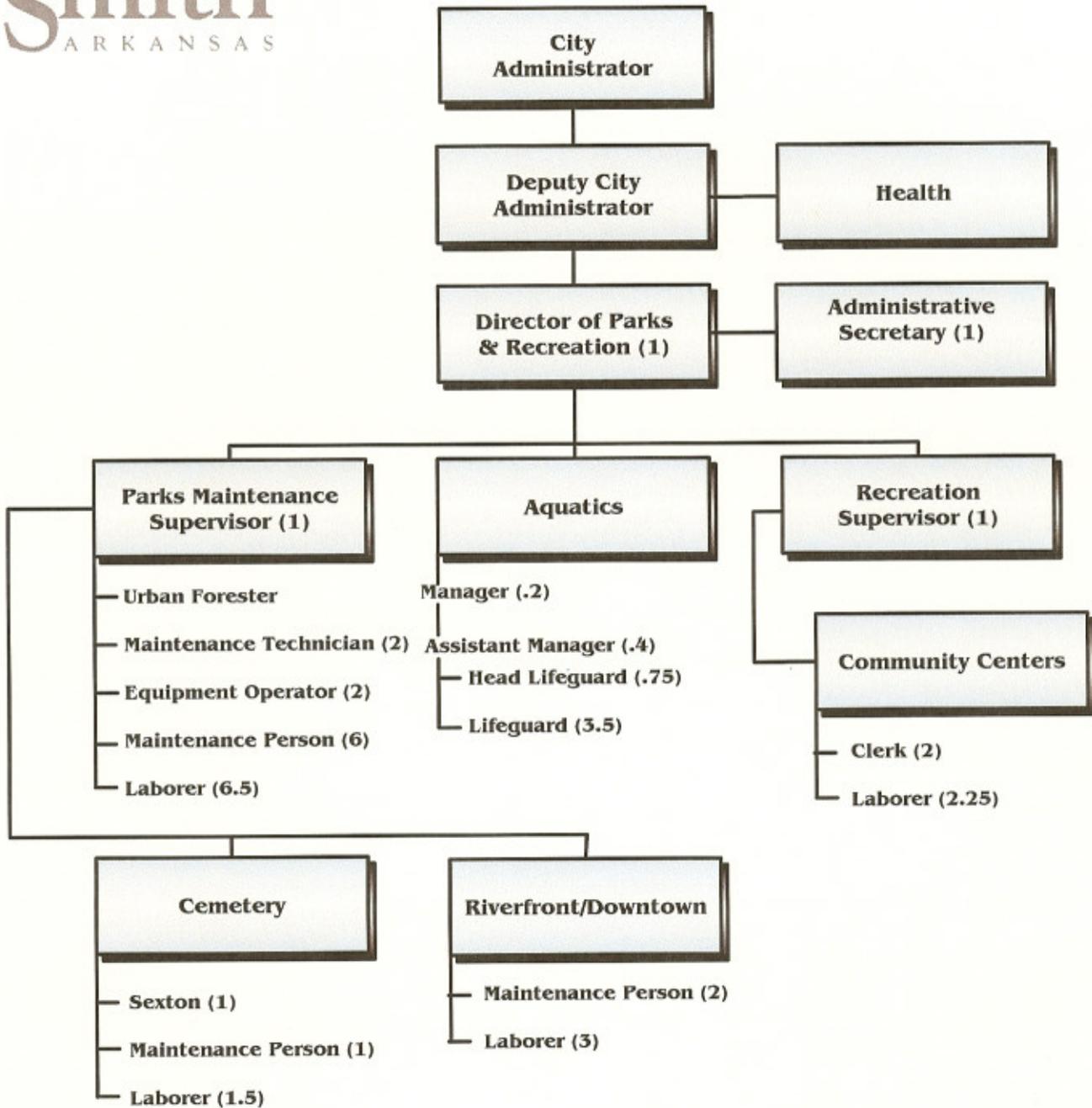
Outcome: Water projects for improved service and new development in the southern service area are nearing construction. Engineering design agreement for southern growth area master planning update and sewer service extensions are ready for award. The construction and design of neighborhood water line projects is underway.

WATER AND SEWER DEPARTMENT WORKLOAD/DEMAND STATISTICS

	ACTUAL FY06	BUDGET FY07	ESTIMATED FY07	BUDGET FY08
Water Service Line Installations	399	370	428	440
Sewer Service Line Installations	91	103	102	105
Sewer Service Line Replacements	336	437	394	406
In House Water Line Replacements	992 LF	1,200 LF	2,300 LF	2,400 LF
Sewer Line Replacements	9,771 LF	12,270 LF	5,494 LF	5,660 LF
Water System Work Orders	16,428	24,599	15,126	15,580
Sewer System Work Orders	3,920	5,800	4,195	4,270
Meter and Flow Tests	2,268	4,250	2,584	2,662
Sewer Lines Cleaned	452,881 LF	606,900 LF	380,868 LF	392,294 LF
Sewer Line TV Inspected	74,638 LF	in total above	62,454 LF	64,328 LF
Locate Tickets Completed	18,800	18,520	17,388	17,910



Operation Services Parks and Recreation



Purpose: To provide quality parks, recreation, and leisure services for the diverse regional community.

PARKS AND RECREATION OVERVIEW:

The Parks and Recreation Department includes six programs: 6101 Health, 6201 Parks Maintenance, 6202 Oak Cemetery, 6204 Community Centers, 6205 Aquatics, and 6206 River Park/Downtown Maintenance. The functions of the Department include maintenance and beautification of 23 City parks and medians with a total park acreage of 295.03, operation of the Creekmore community center and Elm Grove community center, management of 30.27 acre Oak Cemetery which is on the register of national historic places, manages and operates a swimming pool, a splash pad and three wading pools, manages the River Park facilities, Garrison Avenue streetscape and downtown parking areas and operates the Creekmore Train.

The FY08 Budget is \$2.6 million or 48.6% less than FY07. The decrease is due to the revenue constraints in the General Fund. All capital requests were deleted for FY08.

The Department has 38.10FTE positions allocated for FY08 which was the same in FY07.

PARKS & RECREATION	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 1,194,500	\$ 1,360,580	\$ 1,319,299	\$ 1,451,350
Operating Expenditures	870,273	1,358,427	1,112,610	1,309,690
Operating Budget	\$ 2,064,773	\$ 2,719,007	\$ 2,431,909	\$ 2,761,040
Capital Outlay	1,461,063	2,689,364	2,884,539	17,500
Budget Appropriation	\$ 3,525,836	\$ 5,408,371	\$ 5,316,448	\$ 2,778,540
Authorized Positions	36.10	38.10	38.10	38.10

PARKS AND RECREATION DEPARTMENT 2008 SERVICE OBJECTIVES

1. Improve citizen service by strengthening relationships with citizens, soliciting feedback from residents and businesses adjacent to city construction sites, and providing online access to service requests.
 - Hold public meetings to gain input on park and trail development.
 - Inform the public about park and recreation projects by attending and speaking at civic club meetings and other public meetings.
 - Respond to citizens' service requests promptly.
 - Create a strategic plan for providing recreation services.
 - Create a strategic plan for acquiring and developing new neighborhood parks.

2. Encourage economic development by working with partners to implement the Tipping Point report, educate the community about the report, update the downtown master plan, expand businesses, strengthen ties with the Northwest Arkansas Council, establish the curb appeal in Fort Smith to promote economic development, and improve recreation opportunities, including the replacement of Andrews Field.
 - Riverfront development; River West Trail; acquire easements and prepare plans and construction.
 - Trails and Greenways Master Plan, work toward completion of a section of the Old Railroad Trail.
 - Promote and plan regional events.
 - Refine and adopt the Riverfront Master Plan.
 - Planting over 150 trees in the parks and on medians throughout the city.

3. Insist on innovation and improved uses of technology to better utilize public resources for serving the community. Prepare and begin implementation of a technology plan.
- Keep the web site up to date.
 - Utilize more features of the computer based reservations system.
 - Return deposits paperless and faster using the Data-Tronics system.
 - Tree inventory of all parks available on line and recommended tree list.
 - Make the old Oak Cemetary records available on line.

PARKS AND RECREATION DEPARTMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Enhance service to citizens by expanding the use of technology.*

Outcome: Refunds for room reservations are being made in one week, cutting time in half using the reservations program and Data-Tronics. All employees in Parks building operations have access to the reservations program providing better information to staff and the public. We now accept credit cards for payment of reservations, and are now accepting reservations by phone. The web site is being upgraded to match the technology of the City's main site. The upgraded site will be much easier to update making it more timely, accurate, and informational.

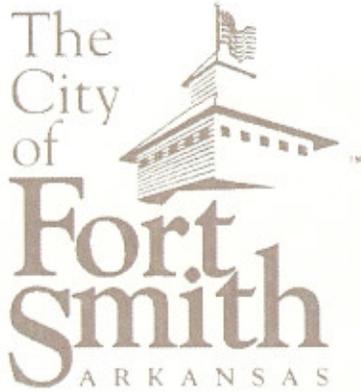
2. **Service Objective:** *Improve Fort Smith's quality of place by providing additional recreational/leisure time opportunities.*

Outcome: Elm Grove Community Center was opened in September 2007. Carol Ann Cross Park was reopened in October with improved facilities. The City's first wheel chair accessible play ground opened in early 2007 at Martin Luther King Jr. Park along with two new picnic pavilions. Wilson Park basketball courts have been improved with four additional goals and cosmetic improvements. Plans are in process to build two new neighborhood trails to open late 2007 or early 2008. The airport trail will connect the Massard Road Trail North with McKennon Blvd. and the Old Railroad Trail will connect Free Ferry Road with Park Avenue. Plans are being made to open two new parks in late 2007 or early 2008. Leo Fondren Park is located on Harriet Avenue across from Gerber. Briarcliff Avenue Park is located next to Harvest Time Tabernacle. The summer concert series hosted nine concerts this year and the summer movie schedule was expanded to six movies in 2007. Additional fitness programs were offered in 2007 with a marshal arts tournament scheduled late in 2007 and a fitness expo was held in early 2007. Over 100 trees were planted this year in the parks and in the medians maintained by the Parks Department.

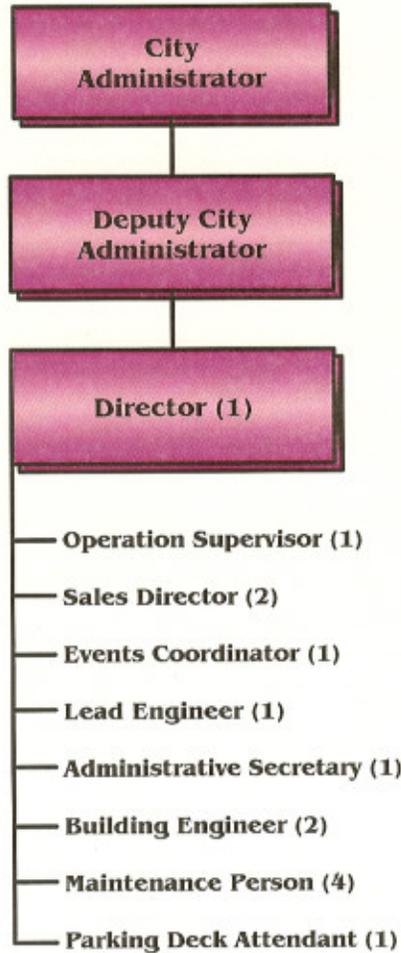
**PARKS AND RECREATION DEPARTMENT
WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>FY07 thru 09/30/07</u>	<u>BUDGET FY08</u>
Flowerbed Square Footage	90,242	91,149	90,242	93,000
Median Flowerbeds Maintained	143	161	143	165
Median Square Footage	260,045	327,926	260,045	328,000
Medians Maintained	47	48	47	50
Trees Planted	115	100	115	200
Park Acres Maintained	273	273.21	273	279
Park Flowerbeds Maintained	84	84	84	90
Parks	25	26	25	28
Trails	2	4	2	9
Miles	4	5.4	4	8
Train Revenue	\$11,146	\$11,500	\$11,146	\$11,500
Train Riders	44,584	45,000	44,584	46,000
Cemetery Deeds Sold	54	40	54	40
Cemetery Interments	65	72	65	50
Cemetery Revenue	\$61,128	\$50,000	\$56,055	\$50,000
Community Center Bookings	633	700	645	775
Community Center Patrons	31,650	34,000	35,000	40,000
Community Center Revenue	\$29,040	\$28,000	\$13,858	\$25,500
Number of Community Centers	1	5	2	2
Aquatic Admissions	33,370	32,000	29,273	32,000
Aquatic days of Operations	91	90	91	90
Aquatic Revenue	\$62,348	\$50,000	\$54,854	\$65,000
Number of Swimming Pools	1	1	1	1
Number of Wading Pools	3	3	3	3
Splashpad	1	1	1	1
Riverpark Bookings	438	400	600	650
Riverpark Patrons	95,770	92,000	86,000	95,000
RiverPark Revenue	\$37,449	\$30,000	\$25,865	\$35,000
Total Events	76	85	86	80
Total Events and Patrons	99,260	105,000	90,000	100,000
Private Events	32	35	35	30
Private Event Patrons	62,900	65,000	55,000	65,000
Parks and Recreation Events	44	50	51	50
Parks and Recreation Events Patron	62,900	65,000	55,000	70,000

* Data not available



Operation Services Convention Center



Purpose: To operate the Convention Center facility in an effort to promote tourism and produce an economic impact for the City.

CONVENTION CENTER OVERVIEW:

The Convention Center is responsible for operating the facility. The personnel are charged with booking conventions, trade shows, theater performances and other events in an effort to maximize the use of the facility. The facility has a 1,331 seat theater and 40,000 square feet of exhibition space plus meeting rooms. The entire facility encompasses 145,000 square feet of space on an 18 acre campus. The parking deck position is also a responsibility of the department.

The FY08 Budget for the Convention Center is \$1.04 million or 41.3% less than the FY07 Budget. The decrease between years is due to the reduction in necessary capital for the facility. The special state tourism turnback which is accounted for in special revenue fund supports the operations of the Convention Center.

The Convention Center has 14FTE positions for 2008 which is consistent with FY07.

CONVENTION CENTER	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 652,180	\$ 732,800	\$ 700,041	\$ 759,950
Operating Expenditures	530,838	773,300	808,855	712,550
Operating Budget	\$ 1,183,018	\$ 1,506,100	\$ 1,508,896	\$ 1,472,500
Capital Outlay	282,709	1,013,790	551,477	7,500
Budget Appropriation	\$ 1,465,727	\$ 2,519,890	\$ 2,060,373	\$ 1,480,000
Authorized Positions	14.00	14.00	14.00	14.00

CONVENTION CENTER 2008 SERVICE OBJECTIVES

1. Maximize revenue potential of the Fort Smith Convention Center by continuing to increase the number of new accounts, while maintaining current client base.
2. Building upon and expanding a diverse client/customer base that will optimize the versatility of the Fort Smith Convention Center.
3. Provide customers/clients with a positive and above satisfactory experience through consistent and expedient high level service, from all members of the Fort Smith Convention Center staff.
4. Improve environmental performance by optimizing recycling and "green" purchasing.
5. Maximize advertising dollars by co-op advertising and tradeshow participation with the A&P Commission.

CONVENTION CENTER 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Maximize revenue potential by increasing the number of new accounts and maintaining current client base.*

Outcome: Thirty-one new accounts have been added through September 2007.
2. **Service Objective:** *Make a minimum of 90 contacts per week with local, state, regional or national organizations.*

Outcome: Goal Achieved.
3. **Service Objective:** *Conduct a minimum of 22 site tours each month.*

Outcome: Goal achieved, 603 people took site tours in to date.
4. **Service Objective:** *Exhibiting in four annual convention tradeshow per year.*

Outcome: Goal achieved.
5. **Service Objective:** *Track leads from various tradeshow to ensure quality leads and profitable to attend.*

Outcome: All tradeshow have been profitable to attend.
6. **Service Objective:** *Minimum of 40 follow-up contacts a week to build relationships to secure future bookings.*

Outcome: Goal achieved.
7. **Service Objective:** *Hold pre and post conference meetings with all meeting planners to determine level of customer satisfaction.*

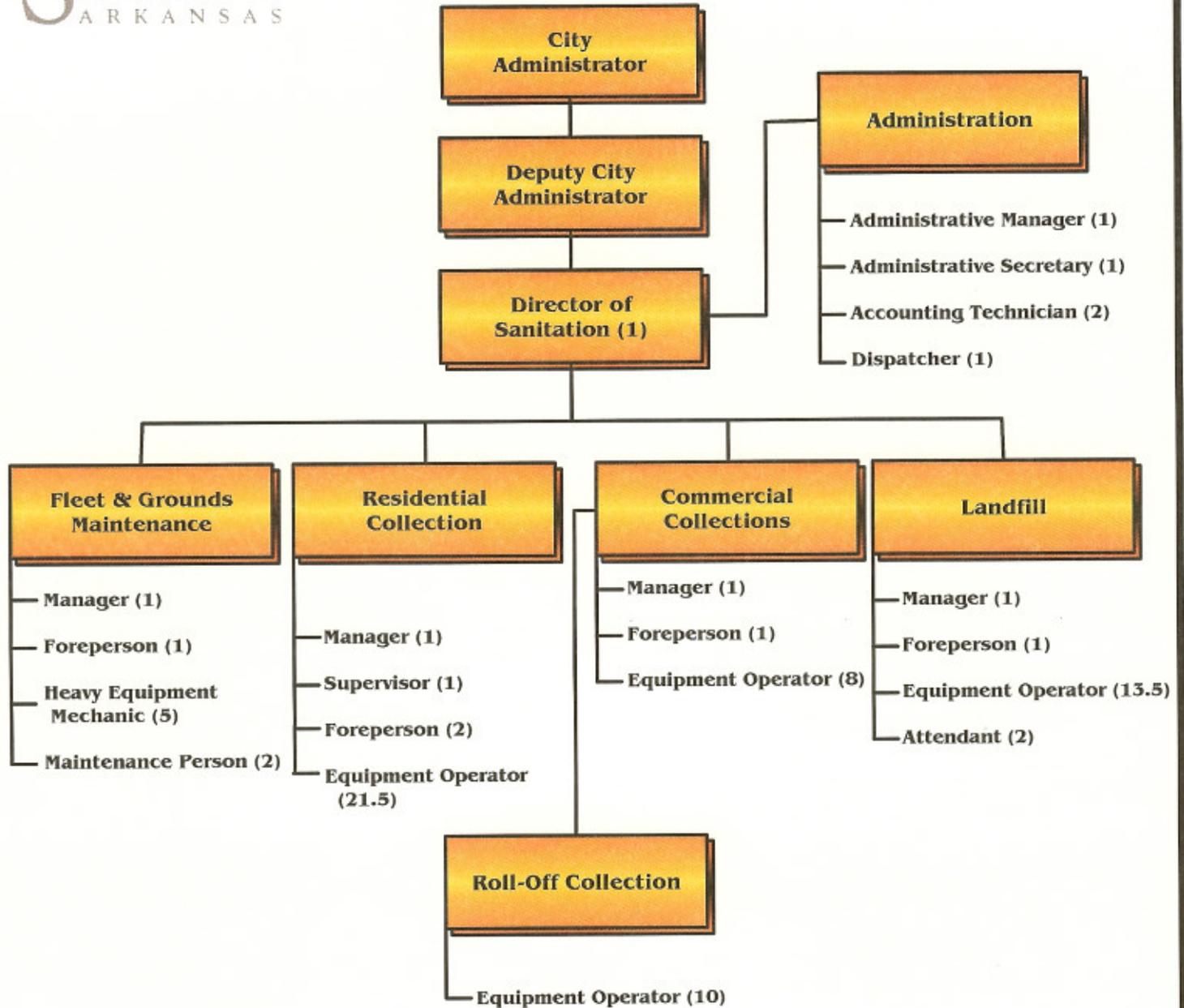
Outcome: We continue to receive positive feedback from customers on facility and staff.
8. **Service Objective:** *Establish a diverse client/customer base to optimize the versatility of the center and river park facilities.*

Outcome: 11 large center programs have been held to date with 2 additional programs contracted through the end of 2007. We are in process of securing 5 additional large center events which could possibly exceed our yearly revenue goal. 26 exhibits and/or tradeshow to date with an additional 2 projected through year end. Hosted 7 state convention/meetings/events through the first nine months and 2 contracted through the end of the year. Hosted 31 regional/national/convention events to date with 3 additional events contracted through year end. Hosted 45 local events to date with 15 additional events contracted through the end of the year. Hosted 31 theater events to date, with 10 events contracted through the end of the year.
9. **Service Objective:** *Achieve client/customer experience and level of satisfaction through the delivery of consistent, quality client/customer service.*

Outcome: Cleanliness issues are resolved immediately, and a follow up system is maintained for issues and maintenance. All repairs are completed within 72 hours of report unless work has to be done by an outside vendor.
10. **Service Objective:** *Maximize advertising dollars by coop advertising and tradeshow participation with A&P Commission.*

Outcome: Convention Center staff and CVB staff attended several events together to date and have participated in coop advertising in 3 publications.

Operation Services Sanitation



Purpose: To collect and dispose the City and region's solid waste in a safe, efficient, environmentally sound and legal manner.

SANITATION DEPARTMENT OVERVIEW:

The Sanitation Department is comprised of six programs: 6301 Administration, 6302 Residential Collection, 6303 Commercial Collection, 6304 Fleet Maintenance, 6305 Sanitary Landfill, 6306 Debt Service and 6307 Roll-Off Collection. The Department manages and coordinates the solid waste collection and disposal system within the Sebastian County Solid Waste Management District. The Department manages the recycling program, coordinates construction of landfill expansions, provides pick-up service for residential, commercial, and industrial accounts for solid waste and recyclables, and provides for disposal of solid waste.

The FY08 Budget is \$2.4 million or 23.7% more than the FY07 Budget. The most significant increase is in capital purchases. Also, the solid waste fees to the state and waste management district are expected to increase due to higher waste disposal at the landfill.

The Sanitation Department has 78FTE positions for FY08, which is consistent with FY07.

SANITATION DEPARTMENT	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenses	\$ 4,199,992	\$ 4,736,180	\$ 4,695,318	\$ 4,827,510
Operating Expenses	3,887,009	4,421,606	4,569,028	5,203,210
Operating Budget	\$ 8,087,001	\$ 9,157,786	\$ 9,264,346	\$ 10,030,720
Capital Outlay	499,886	908,319	829,882	2,416,520
Budget Appropriation	\$ 8,586,887	\$ 10,066,105	\$ 10,094,228	\$ 12,447,240
Authorized Positions	77.00	78.00	78.00	78.00

SANITATION DEPARTMENT 2008 SERVICE OBJECTIVES

1. Increase awareness and participation in waste reduction, diversion, and recycling by commercial businesses.
2. Implement an interoffice recycling program for all City departments and locations.
3. Continue expansion of the automated refuse collection program.
4. Construct a new Transfer Station/Citizen Convenience Center at the landfill.

SANITATION DEPARTMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Improve efficiency of residential collection programs by continued expansion of automated collection service areas.*
Outcome: The automated refuse collection program was increased by approximately 3,500 households in September 2007. Collection completion times has decreased by 5% since the program was started and times are expected to decrease further as the program expands.
2. **Service Objective:** *Decrease annual operational costs of curbside roll-out collection by 15% per collection point over a 5 year period with no compromise in quality of service.*
Outcome: There have been no worker's compensation claims from employees servicing the automated refuse collection areas. Three employees are now able to complete the collection duties normally assigned to six.

3. **Service Objective:** *Improve commercial and industrial collection performance by 15% through route restructuring and maintaining a competitive rate schedule.*

Outcome: GPS software was installed on commercial/industrial vehicles to provide more efficient routing and time management, reducing overtime by 20% alone in the first six months when compared to the previous period last year.

4. **Service Objective:** *Initiate a complete customer service improvement plan to record and evaluate all department services.*

Outcome: Administrative offices were redesigned to better accommodate visitors, simplified tracking mechanisms to better document customer requests and complaints. A separate intake area was created to reduce week-end traffic congestion to the landfill, therefore reducing customer wait times.

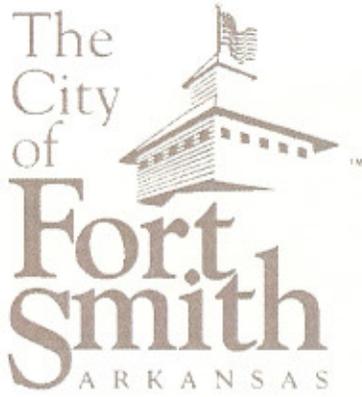
5. **Service Objective:** Continue to develop strategies to improve the efficiency of the administrative operations and to establish an accurate rate model for service cost measurements.

Outcome: Rates were reviewed to determine the adequacy for financial support of the operation, maintenance, and contingency funds associated with solid waste activities. Electronic data is being migrated from antiquated formats to a modern software program.

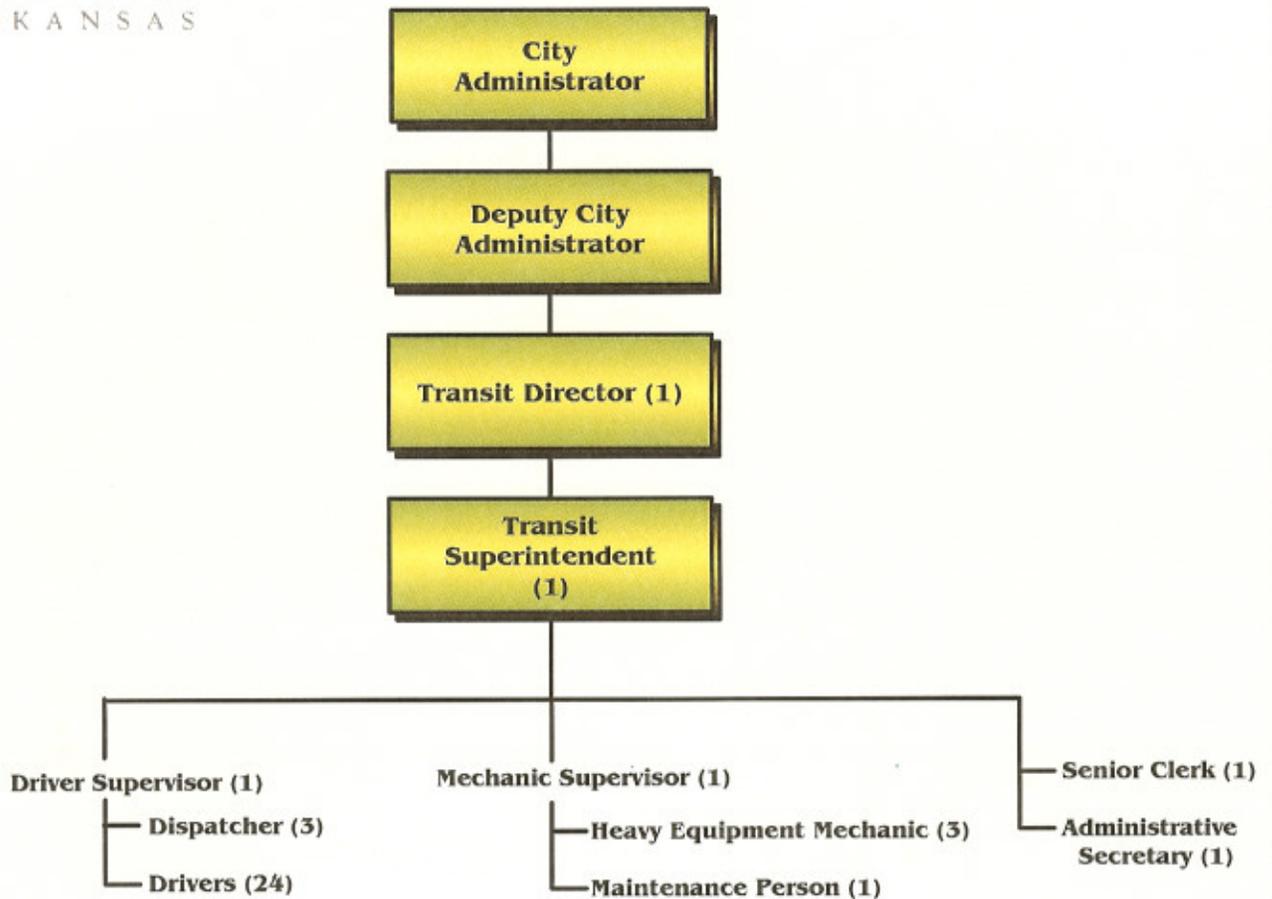
**SANITATION DEPARTMENT
SERVICE MEASURES/PERFORMANCE INDICATORS**

	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
Residential Accounts			
Total Residential Accounts	29,100	25,170	25,925
Monthly Charge Per Residence	\$ 10.85	\$ 14.38	\$ 14.38
Number of Requests for Dial-A-Truck	5,968	5,400	5,500
Tons of Residential Refuse Collected Per Year	46,100	22,388	22,835
Tons of Residential Refuse Collected Per Day Per Route	102	86	90
Tons of Residential Recycled Material Collected Per Year	5,934	2,956	3,200
Tons of Residential Recycled Material Collected Per Day Per Route	15	11	15
Commercial Container Accounts:			
Number of 2yd Containers Emptied Per Week	1,500	1,284	1,350
Number of 4yd Containers Emptied Per Week	1,025	997	1,025
Number of 6yd Containers Emptied Per Week	518	407	480
Number of 8yd Containers Emptied Per Week	850	657	725
Total Number of Containers Emptied Per Week	3,893	3,345	3,580
Total Number of Tons Collected Per Week	585	518	528
Number of 2yd Containers Emptied Per Year	81,747	66,768	70,200
Number of 4yd Containers Emptied Per Year	53,281	51,844	53,300
Number of 6yd Containers Emptied Per Year	26,910	21,164	24,960
Number of 8yd Containers Emptied Per Year	44,252	34,164	37,700
Total Number of Containers Emptied Per Year	206,190	173,940	186,160
Total Number of Tons From Commercial Collection Per Year	30,416	26,936	27,456
Industrial Roll-Off Accounts:			
Hauls Per Week	271	241	245
Total Number of Hauls Per Year	14,137	12,532	12,740
Tons Collected Per Week	1,158	952	971
Landfill Operations			
Tons Disposed at Landfill Per Year	60,196	307,542	310,000

* The projections for Programs 6301, 6303, 6305, 6307 for Budget FY07 did not completely identify and/or include all quantifiable tracking areas. Those tracking areas have been revealed, developed, and expanded. Estimates for FY07 and FY08 more accurately reflect those true values.



Operation Services Public Transit



Purpose: To provide for the operations of the City's transit system to meet citizen transportation needs.

TRANSIT DEPARTMENT OVERVIEW:

The Transit Department program is responsible for the operation of the City's bus system to provide transportation for its citizens. The Department currently operates 19 buses on fixed routes and by demand response.

The FY08 Budget is \$1.3 million or 30.7% less than FY07 which is attributable to the decrease in capital. The transfer station cost is included in FY08 at \$835,000 rather than the \$1.2 million originally planned.

The total personnel in the Department is allocated at 37FTE for FY07 which is consistent with the prior year.

TRANSIT DEPARTMENT	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 1,482,491	\$ 1,571,800	\$ 1,581,537	\$ 1,634,680
Operating Expenditures	437,669	490,530	471,323	494,440
Operating Budget	\$ 1,920,160	\$ 2,062,330	\$ 2,052,860	\$ 2,129,120
Capital Outlay	74,583	2,257,716	274,705	864,149
Budget Appropriation	\$ 1,994,743	\$ 4,320,046	\$ 2,327,565	\$ 2,993,269
Authorized Positions	37.00	37.00	37.00	37.00

TRANSIT DEPARTMENT 2008 SERVICE OBJECTIVES

1. Work with the River Valley Transportation Providers to improve transportation during second shift hours.
2. Work with CBID to promote the downtown trolley as a business attraction.
3. Work with Arkansas Highway and Transportation Department on an automated vehicle locator program to track common passenger transportation routes, operating times, service gaps and redundancies among the River Valley Transportation Providers.

TRANSIT DEPARTMENT 2007 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Coordinate with local schools, job fairs and community outreach programs to provide useful tips and information on the benefits of public transportation.*
Outcome: The department issued service brochures and information to all local schools regarding the summer season pass program. Consistently revised the department's web site to include current maps and information.
2. **Service Objective:** *Work with the Arkansas Highway and Transportation Department and legislators to link public transportation into northwest Arkansas.*
Outcome: The department continues to work with area transportation providers and city administrators to develop a regional transportation system that could link with regional transportation providers in Northwest Arkansas. The department is also working to centralize transportation services with Jefferson Lines.
3. **Service Objective:** *Work with the state's action plan to enhance human service transportation coordination with the River Valley Transportation Providers as a function of United We Ride.*
Outcome: The department conducted a meeting in June with the local health and human service providers and with the River Valley Transportation Providers that resulted in the approval of the required local coordination plan.

**TRANSIT DEPARTMENT
SERVICE MEASURES/PERFORMANCE INDICATORS**

	<u>ACTUAL FY06</u>	<u>BUDGET FY07</u>	<u>ESTIMATED FY07</u>	<u>BUDGET FY08</u>
Efficiency Measures:				
Cost Per Passenger	\$12.29	\$12.13	\$11.85	\$12.74
Cost Per Revenue Hour	\$52.23	\$53.14	\$51.62	\$55.73
Cost Per Revenue Mile	\$3.88	\$3.93	\$3.92	\$4.15
Performance Measures:				
Total Passenger Trips	155,515	162,710	157,738	170,000
Total Fixed Route Trips	118,739	128,000	125,116	137,000
Total Demand Response Trips	25,779	19,710	21,960	21,000
Total Charter/Shuttle Passengers	10,997	15,000	10,662	12,000
Total Fare Revenue	\$148,074	\$152,000	\$149,920	\$152,000
Total Half Fare Passenger Trips	24,245	26,000	24,632	25,000
DHS Passenger Trips	453	800	1,418	2,000
Fixed Route Transfers	51,460	62,000	52,090	56,000
Mixed Service Trips (Fixed & Demand)	4,655	*	4,282	4,500
Downtown Suttle (Started 2/2007)	N/A	N/A	7,969	12,000
Demand Response Transfers	6,764	7,290	6,118	6,100
Total Minor Accidents (including no fault)	10	0	11	0
Total Preventable (at fault) Minor Accidents	7	0	6	0
Total Major Accidents (Disabling Damage)	2	0	0	0
Total Revenue Miles	487,134	500,000	482,704	484,919
Total Revenue Hours	36,185	37,000	36,646	37,000
Monthly Pass Trips	7,422	*	12,572	15,000
Avg. Scheduled Demand Res. Trips-Mthly	2,712	2,200	2,340	2,200
Total Subscription (routine) Trips Mthly.	1,866	3,400	1,312	1,500
Total Number of Senior Citizens Serviced on Demand Response	2,225	2,500	1,430	2,000
Transit Assistance Programs Trips- Fixed and Demand	1,365	*	1,276	1,400
Total Number of Preventive Maintenance Inspections	157	180	105	210
Total Major Mechanical System Failures	11	6	2	4
Total Road Calls	19	14	15	15
Total No Shows	1,378	1,200	1,194	1,200
Total Cancellations	8,941	8,000	6,266	6,500
Total Pre-Employment Drug Tests	11	15	8	10
Total Random Drug and Alcohol Tests	16	16	11	8
Total Random Alcohol Tests	4	4	4	4
Total Reasonable Suspicion Drug and Alcohol Tests	0	0	1	0
Total Post Accident Drug and Alcohol Tests	1	0	1	0
Total Positive Drug or Alcohol Tests	0	0	1	0

NON-DEPARTMENTAL

NON-DEPARTMENTAL	ACTUAL FY 06	BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenditures	<u>4,222,020</u>	<u>3,783,639</u>	<u>4,201,071</u>	<u>3,873,569</u>
Operating Budget	\$ 4,222,020	\$ 3,783,639	\$ 4,201,071	\$ 3,873,569
Capital Outlay	<u>3,088,309</u>	<u>3,027,296</u>	<u>3,161,922</u>	<u>2,745,180</u>
Budget Appropriation	\$ 7,310,329	\$ 6,810,935	\$ 7,362,993	\$ 6,618,749
Authorized Positions	0.00	0.00	0.00	0.00

The Non-Departmental budget contains funds for a variety of activities and programs which are not related to any one of the traditional departmental programs. Funds are provided for outside agencies which provide services to the community.

Funds are also budgeted for transfers for capital improvements, the parking programs and the cleanup of unsightly property. The County Sales Tax commitments for the public library, senior citizen services, downtown redevelopment/riverfront improvements and the water and sewer capital improvements are budgeted in this program.

The Non-Departmental budget is allocated among the four operating funds as listed on the following two pages.

GENERAL FUND

Outside Agency Funding-Contractual Services

Fort Smith Museum of History- Utilities	\$ 20,000
Fort Smith Museum of History - Operating Expenses	20,000
Lincoln Youth Service Center	13,000
Lincoln Childcare Center	12,600
Fort Smith Art Center-Utilities	7,000
Fort Smith Heritage Foundation - Clayton House Utilities	4,500
Sebastian County Girls Softball League, Inc. - Utilities	6,500
The Fort Smith Symphony	12,000
Western Arkansas Ballet	6,600
Fort Smith Chorale	6,500
Crisis Center for Women	10,000
Fort Smith Boys Club - Utilities	30,000
Girls Inc.- Utilities	25,000
Fort Smith Little Theatre - Utilities	7,000
Gregory Kistler Treatment Center for Children-Utilities	7,500
Children's Emergency Shelter	10,000
Fountain of Youth Adult Day Care- Utilities and Equipment	10,000
Hannah House	7,500
Westark RSVP	5,000
The First Tee, Inc.-Utilities	7,000

Sub-Total 227,700

Settlement of Litigation	25,000
Legal Services-Special	80,000
Port Authority Insurance	2,500
SRCA, Inc. Social Services	263,000
Youth Volunteer Program	10,000
WAPDD Annual Dues	20,860
Transit Charters	50,000
Transfer to Cleanup/Demolition	90,000
Transfer to Parking Authority Fund	250,000
Property Insurance Deductible	15,000
Fort Chaffee Redevelopment Authority	31,000
Fort Smith Public Library-6% County Sales Tax Allocation	941,876
Fort Smith Public Library- Additional Funds	165,000
Area Agency on Aging	150,000
Project Compassion	10,000
Courts Building Participation	870,000
Downtown Development	301,633
Mayor's 4th of July Celebration	32,000
Robotics Competition at UAFS	15,000
Painting for Ms. Laura's	8,000
City/Chamber/UAFS Initiative	50,000

Sub-Total 3,380,869

STREET MAINTENANCE FUND

50/50 Sidewalk Repair Program	\$ 30,000	
DRIPP	30,000	
Sinking Account	215,180	
Property Insurance Deductible	15,000	
Transfer to General Fund	71,000	
Public/Private Streetscape Program	<u>70,000</u>	
Sub-Total		431,180

WATER AND SEWER OPERATING FUND

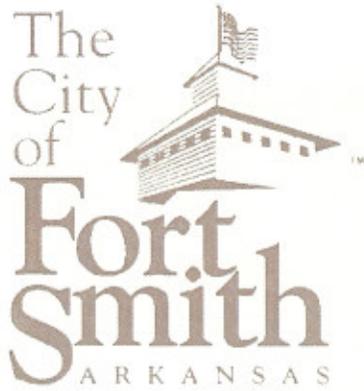
South Sebastian County Water Users Association Payment	360,000	
Property Insurance Deductible	30,000	
Transfer to General Fund	<u>71,000</u>	
		461,000

SANITATION OPERATING FUND

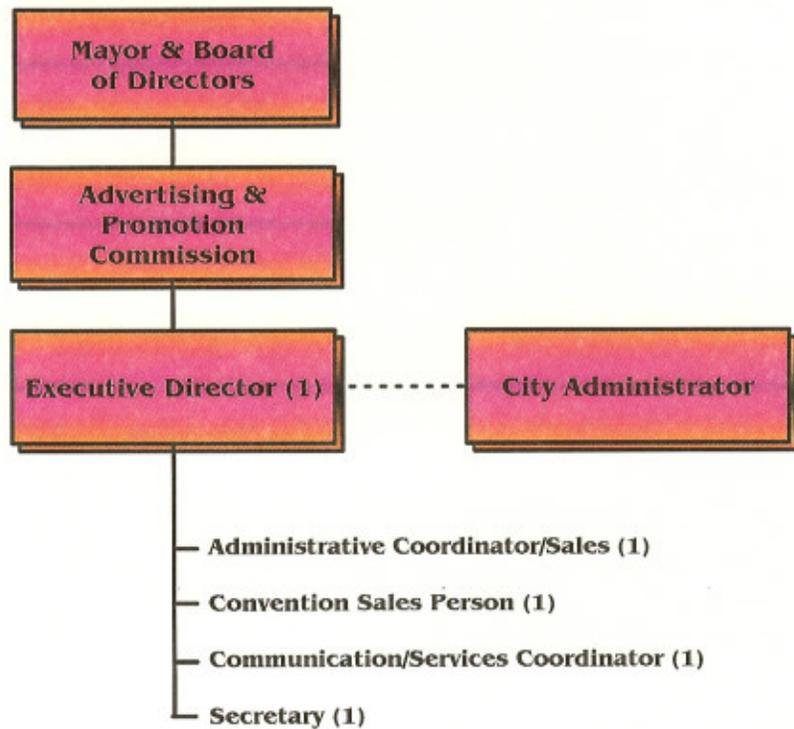
Transfer to Sanitation Sinking Account/Landfill Const. Fund	1,932,000	
Transfer to Cleanup/Demolition Fund	100,000	
Transfer to General Fund	71,000	
Property Insurance Deductible	<u>15,000</u>	
Sub-Total		<u>2,118,000</u>

GRAND TOTAL

\$ 6,618,749



Non-Departmental Convention and Visitors Bureau



Purpose: To improve the economy of the community and the local hospitality industry by attracting visitors, meetings, conventions and events to the City.

CONVENTION AND VISITORS BUREAU OVERVIEW:

The Convention and Visitors Bureau serves under the direction of the City's Advertising and Promotion Commission. The Commission includes two members of the governing body of the City and five citizens associated with the tourism industry such as hotel managers and restaurant operators. The City assesses a 3% occupancy tax on hotels and motels within the City. The rate was 2% until September 15, 2001. The Bureau is charged with the promotion of tourism activities in the City.

The FY08 Budget is \$120,737 or 15.3% more than FY07 Budget. The increase is attributable to more advertising and special events participation.

The authorized positions for FY08 total 5.0FTE which is the same as FY07.

CONVENTION & VISITORS BUREAU	ACTUAL FY 06	AMENDED BUDGET FY 07	ESTIMATED FY 07	BUDGET FY 08
Personnel Expenditures	\$ 240,988	\$ 294,930	\$ 272,336	\$ 319,730
Operating Expenditures	364,717	492,753	393,829	588,690
Operating Budget	\$ 605,705	\$ 787,683	\$ 666,165	\$ 908,420
Capital Outlay	0	0	0	0
Budget Appropriation	\$ 605,705	\$ 787,683	\$ 666,165	\$ 908,420
Authorized Positions	4.00	5.00	5.00	5.00

CONVENTION AND VISITORS BUREAU 2008 SERVICE OBJECTIVES

1. Continue to maximize transient guest tax receipts through aggressively marketing the Fort Smith area's hospitality, facilities and attractions to convention/event, corporate and leisure markets.
2. Continue to develop and maintain a database of planners in the convention and corporate markets whose business will positively impact the Fort Smith area economy and enhance the quality of life for area citizens.
3. Establish and maintain cooperative relationships with all Fort Smith area businesses, especially those business partners critical to the area's hospitality.
4. Ensure a positive guest experience by connecting the guest with quality products or services provided by our Fort Smith area business partners.
5. Take a leading role in the Fort Smith economic development efforts through interface with those involved in development efforts, particularly on a regional level in surrounding counties in both Arkansas and Oklahoma.
6. Educate local and area business leaders and state/regional event planners as to the Fort Smith Bureau's role in assisting with attracting and servicing events in Fort Smith.
7. Take an active role in "destination development" efforts to add tourist attractions to the Fort Smith area.
8. Continue development of the communications program to maximize Fort Smith's exposure to all target audiences through standard marketing practices.

CONVENTION AND VISITORS BUREAU SERVICE MEASURES/PERFORMANCE INDICATORS

1. Increase the exposure of the Fort Smith area through advertisements and articles about the City of Fort Smith and its hospitality offerings by 20%.
2. Increase the number of leads provided to the Fort Smith Convention Center and hospitality community by 10%.
3. Contribute to an increase in the Fort Smith area hotel occupancy through an increase in convention guests by 4%.
4. Increase the number of citywide convention proposals by 5%.
5. Increase the number of motorcoach tour groups into the Fort Smith area by 5%.
6. Increase the number of guests to the Fort Smith Visitor Information Center, "Miss Laura's" by 5%.

**CONVENTION AND VISITORS BUREAU
2007 SERVICE OBJECTIVES AND OUTCOMES**

<u>SERVICE OBJECTIVE</u>	<u>OUTCOME</u>			
	<u>Actual FY06</u>	<u>Budget FY07</u>	<u>Estimated FY07</u>	<u>Budget FY08</u>
1. Increase exposure of the Fort Smith area through advertisements & articles about the City of Fort Smith hospitality offerings by 10%	970 column inches of editorial	605 column inches of editorial	2,129 column inches of editorial *	720 column inches of editorial
2. Increase number of leads provided to the Fort Smith Convention Center and the Fort Smith Hospitality Community by 5%.	66 leads 12,680 nights	91 leads 14,047 nights	90 leads 17,400 nights	99 leads 19140 nights
3. Contribute to an increase in Fort Smith area hotel occupancy through an increase in convention/event guests.	Room Tax \$661,728	Room Tax \$715,245	Room Tax \$280,804	Room Tax \$743,854
4. Increase the number of city-wide convention/event proposals by 20%.	10	12	12	79
5. Increase the number of motorcoach tour groups into the Fort Smith area by 5%.	71	75	38*	79
6. Increase the number of guests to the Fort Smith Visitor Information Center, Miss Laura's by 5%.	12,876	14,886	6,358*	15,630

* Through June 2007

Note: Of the total column inches through June 2007, 1,051 are related to the U.S. Marshal Museum, and 869 are non-museum related.

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CAPITAL IMPROVEMENT PROGRAM

This section includes highlights of the City's FY08 Capital Improvement Program for the Sales Tax Fund, the Water and Sewer Capital Improvement Projects Fund, The 2006 Sales and Use Tax Construction Fund, Sanitation Sinking/Landfill Construction Fund, Sidewalk Construction Fund, the Tilles Park Fund and the Parking Authority Fund. Also included is a schedule of capital outlay included in the operating programs for FY08. The Parks CIP schedule, the sinking fund activity for the Street Maintenance Fund and the Sanitation Fund, and the impact of capital spending on the operating budget are also included in this section.

CAPITAL IMPROVEMENT PROGRAM

INTRODUCTION

The City's major capital improvements are provided by the Sales Tax Fund, the Water and Sewer Capital Improvement Projects Fund, the 2006 Sales and Use Tax Construction Fund, the Sanitation Sinking/Landfill Construction Fund, Sidewalk Construction Fund, the Tilles Park Park Fund and the Parking Authority Fund. The current year projects for each fund are highlighted within this section. Additionally, the capital outlay included in the operating budget as well as sinking fund depreciation and planned purchases for the Street Maintenance Fund and the Sanitation Operating Fund.

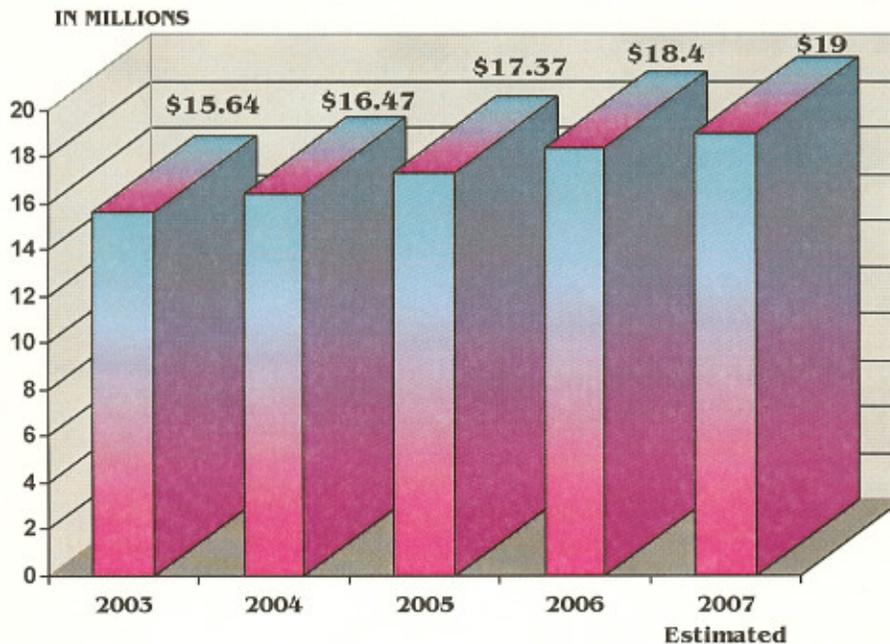
SALES TAX FUND

The Board of Directors approved the five year Capital Improvement Program (CIP) for the Sales Tax Fund in October 2007. The FY08 CIP for the sales tax street program was included in the approval document Resolution No. R-178-07.

Funding for the program is provided by a one cent local sales tax which was approved by voters in September 1985 and became effective November 1, 1985. The tax was reaffirmed on October 10, 1995 and May 10, 2005 for an additional ten years. The purpose of the program is to repair, maintain and improve the City's streets, bridges, and associated drainage. The tax is restricted for these uses.

The revenue generated by the Sales Tax for the past five years is indicated in the graph below.

SALES TAX REVENUES



The estimated sales tax revenue for 2008 is \$19.4 million which represents a 2% increase over the estimated 2007 tax revenue of \$19 million. Interest earnings and other revenue for 2008 are estimated at \$4.1 million and the beginning fund balance is estimated to be \$28.7 million. Therefore, total resources available for 2008 are \$52.2 million. Of this amount, \$13.4 million is estimated as the ending fund balance at December 31, 2008 which represents funds available for contingency and for future years' projects. Total project funds available are \$38.8 million and will be used for the 2008 program allocated as follows:

FY08 Program:	
Neighborhood Overlays and Reconstruction	\$ 12.6 million
Neighborhood Drainage Improvements	1.2
Intersection Signal Improvements	0.9
Multi-Year and/or Major Projects	21.1
Special Projects	0.7
Administrative Costs	2.1
Overlays by Street Department	.2
	<u>\$ 38.8 million</u>

The 2008 neighborhood overlays and reconstruction projects are as follows:

Street	From	To	Length	Cost
3rd Street	North B Street	North H Street	2,145	\$ 252,988
31st Street	Zero Street	Phoenix Avenue	3,987	344,462
Ramsgate Way	Seven Oaks Dr.	Stoneleige Street	2,757	289,485
Ramsgate Court	End of the Road	Ramsgate Way	129	13,545
McClendons Mead	Inverness Street	Castelton Street	513	53,865
Chelsea Mead	Bardene Street	Inverness Street	494	51,870
Castleton Street	McClendons Mead	Ramsgate Way	1,368	143,640
Harrow Heath Street	McClendons Mead	Ramsgate Way	884	92,820
Inverness Street	McClendons Mead	Royal Scots Way	1,486	156,030
19th Street	South D Street	Rogers Avenue	358	27,844
9th Street	Garrison Avenue	Division Street	7,799	820,264
Euper Lane	66th Street	74th Street	2,633	245,214
Albert Pike Avenue	Grand Avenue	Kelley Highway	6,641	752,064
West Albert Pike	Albert Pike Avenue	Albert Pike Avenue	345	36,225
45th Circle	Skywood Drive	End of the Road	490	51,450
45th Terrace	North O Street	Skywood Drive	1,452	199,290
Skywood Drive	Albert Pike Avenue	45th Terrace	860	90,300
44th Terrace	Skywood Drive	Teakwood Drive	505	53,025
Teakwood Drive	Albert Pike Avenue	44th Terrace	536	56,280
Victoria Drive	46th Street	47th Street	440	46,200
Victoria Drive	Windsor Drive	Cul-de-sac	250	26,355
Wynnewood Drive	Windsor Drive	46th Street	960	100,800
46th Circle	Windsor Drive	End of the Road	326	34,230
47th Terrace	Victoria Drive	Kelley Highway	1,889	198,345
44th Street	Yorkshire	Kelley Highway	525	55,125
Windsor Drive	Albert Pike Avenue	50th Street	2,717	346,834
Yorkshire Drive	Albert Pike Avenue	47th Terrace	1,708	179,340
Jenny Lind Road	Phoenix Avenue	Houston Street	3,476	324,427
49th Street	Grand Avenue	North O Street	2,651	185,570
52nd Street	Wilson Road	Kelley Highway	1,577	165,585
68th Street	Riveria Drive	South T Street	1,012	106,260
66th Street	Euper Lane	Free Ferry Road	3,978	309,400
64th Street	Rogers Avenue	Euper Lane	1,743	135,567
South R Street	Weeks Lane	66th Street	708	74,340
South E Street	18th Street	Rogers Avenue	1,724	134,089

Street	From	To	Length	Cost
Dodson Avenue	Greenwood Ave.	Old Greenwood Rd.	1,448	112,648
43rd Street	North N Street	North O Street	541	33,662
6th Street	North B Street	North H Street	2,096	240,454
North F Street	4th Street	9th Street	1,775	140,786
North G Street	7th Street	9th Street	727	80,064
Kingsley Place	Queensbury Way	Skye Road	1,276	133,980
Crosshills Road	Kingsley Place	Skye Road	861	90,405
Skye Road	Kingsley Place	Crosshill Road	1,104	115,920
Royal Scots Way	Brigadoon Drive	Jenny Lind Road	1,616	169,680
Wellington Way	Curve to East	Essex Place	1,415	148,575
South L Street	23rd Street	Jenny Lind Road	1,290	117,468
56th Street	Country Club Ave.	South X Street	1,096	76,720
East Valley Road	46th Street	Waldron Road	2,604	202,533
Short Wilma Street	Mussett Road	Northview Drive	110	7,700
Northview Drive	6th Street	Short Wilma Street	1,804	140,311
Total 2008 Street Overlay/Reconstruction Program				7,964,034
Balance of 2007 Projects Currently Under Construction				4,572,336
Total 2008 Street Overlay/Reconstruction Program				<u>\$ 12,536,370</u>

The 2008 neighborhood drainage improvements total \$1.2 million. The projects are identified as follows:

South 33rd Street and Tulsa Avenue-\$150,000. Two houses flooded in a recent storm in this area. There have been problems in this area in the past, but this is the first house flooding that has been reported. Study the area to determine problems and needs and install additional piping and ditching as necessary.

Barrington Lane and Hillsboro Lane-\$20,000. Street drainage is bypassing curb and gutter and causing flooding of a garage. Install inlet and storm drainage piping.

South 96th Street and Dallas Avenue-\$30,000. Localized flooding in a channel between houses that threatened flooding of a house in recent storms. Replace undersized pipe near house.

Drainage Channel West of Cook Elementary-\$400,000. Old concrete channel has deteriorated and is in need of replacement. Replace concrete channel.

Replace Bridge on 66th Street South of the Airport-\$600,000. Bridge on 66th Street does not meet load rating needed for further expansion of the south side of the airport. Replace bridge.

The 2008 intersection and signal improvements total \$909,000. The projects include a traffic signal interconnect system along Phoenix Avenue which will include the intersections of South 79th Street, South 74th Street, South 70th Street, South 66th Street, and Airport Boulevard which will allow timing of the signals to help traffic flow; the installation of a signal at the intersection of Riley Park Drive and U.S. Highway 71 (private funding has helped accelerate this project); and ongoing 2006/2007 projects in the amount of \$560,000.

Multi-year and major projects are allocated at \$21.1 million for FY08. The projects are described as follows:

Jenny Lind Road-Dodson to Dallas and Zero to Cavanaugh- This project consists of the widening and reconstruction of Jenny Lind. Plans for the segment of Jenny Lind between Dodson and Dallas have been completed and right of way acquisition is nearing completion. Construction for this first phase began in late 2007. The design for the segment between Zero and Cavanaugh is underway. Federal funding has been obtained in the amount of \$7.2 million for the section between Cavanaugh Road and Zero. This phase will also include improvements to and the extension of Ingersoll Road from Jenny Lind to US Highway 71. The allocation for FY07 was \$5 million and the allocation for FY08 is \$5.5 million. Anticipated future allocations are \$3.2 million in FY09, \$5 million in FY10, \$7 million in FY11, and \$1 million in FY12.

Greenwood Avenue- This project consists of overlay, minor widening and reconstructing Greenwood Avenue from Country Club to North "O" Street. Traffic signals will be replaced at North "E" and North "O" Streets. The FY07 allocation was \$50,000, the FY08 allocation is \$800,000 and the FY09 allocation is projected at \$3.2 million.

Kelley Highway Bridge at I-540- This project includes the widening of the bridge to provide better access for the planned Wal-Mart Supercenter shopping complex. The total cost of the project is estimated to be \$5.1 million with the City's share at \$1.5 million and the remaining share provided by private funding. The FY07 allocation was \$1.9 million, and the FY08 allocation is \$3.2 million. The project will be completed during 2008.

May Branch Drainage Project- This project is for the purpose of reducing flooding along May Branch from the Arkansas River to Park Avenue. It consists of the construction of a drainage channel to replace the existing deteriorated and hydraulically inadequate concrete pipe. The feasibility study prepared by the Corps of Engineers was approved in 2006. The City is lobbying for federal funding to assist with the project as the total costs exceed \$30 million. The preparation of construction plans should begin next, followed by the right of way acquisition, utility relocation, and construction. Due to the magnitude of the project, it will be funded over a period of several years. The FY08 allocation is \$300,000 and allocations for FY09 through FY12 total \$17.5 million.

Levee Repair- This project is to repair a portion of the Arkansas River levee system which was privately owned and title transferred to the City. This area was previously known as the Rice-Carden Levee. An approximately 600 foot section washed out in the early 1990's. The area of possible inundation is currently farmland and a large portion of the area is already within the regulatory floodplain. Plans are complete for the repair, however, the project is on hold pending the investigation/certification of the entire levee as part of the FEMA map modernization process. Funding allocations are estimated at \$600,000 in 2009 and \$600,000 in 2010.

Briarcliff/Mill Creek Drainage- This drainage project is identified in the two sections with the total cost estimated at \$5.4 million. The allocation for FY07 and FY08 is \$2 million each. The two parts of the project are as follows:

Briarcliff Drainage- This project includes the installation of two additional culverts under I-540 along with the purchase of several houses. The estimated project cost is \$640,000 and is expected to be completed in FY08. The FY08 allocation is \$250,000.

Mill Creek between Cavanaugh Road and South 28th Street- This project includes the rechannelization of Mill Creek from Cavanaugh Road south to South 28th Street. This project also includes replacement of the bridges at both Cavanaugh Road and South 28th Street. South 28th Street will be realigned with Highway 71 as identified on the Master Street Plan. A traffic signal will be installed at the intersection. The estimated cost for this project is \$4.1 million with \$3 million allocated in FY08.

Kinkead Avenue Drainage/Street- This project includes the widening of Kinkead Avenue to a collector section from just east of Albert Pike to east of North 49th Street. The project will also include replacement of the large open channels with a closed drainage system. This project is under construction and completion is expected in summer 2008. The FY07 allocation was \$1.46 million and the FY08 allocation is estimated at \$1.57 million.

Texas Road- South of Cavanaugh- This project includes the widening of Texas Road from Cavanaugh Road south to Harvard Avenue to a collector curb and gutter section. Minor street widening along Texas Road south of Harvard is also included. The project is being redesigned as a result of public comments and board recommendations. The project will include sidewalks north of Cavanaugh Road to Hillside Drive. Right of way acquisition began in late 2007 and construction is expected to begin in the fall of 2008. The FY08 and FY09 allocations are \$2 million each.

Chad Colley Extension- This will extend from the new Massard Road Extension southwesterly approximately 1.4 miles to tie with Rye Hill Road. This section will be constructed similar to the boulevard section of the Massard Road Extension. That is, the first phase will consist of a two lane street with the construction of the additional two lanes, including a greenway median, in the future when traffic volumes dictate. The construction of this extension will provide a direct connection with south Fort Smith to the east side of Fort Smith. Construction is underway and the project will be completed during 2008. The FY07 allocation was \$1.7 million with the planned FY08 allocation of \$3.5 million for a total estimated cost of \$5.2 million.

Spradling Avenue- Clayton Expressway eastward- This project consists of constructing a major collector street extending east off of Clayton Expressway approximately 1,800 feet. This road will serve the relocated Andrews Field. The FY08 allocation is \$700,000 and the FY09 allocation is \$500,000.

Highway 45-Phoenix to Zero- This project includes improvements along Highway 45 between Phoenix Avenue and Zero Street including replacement of the bridge over Interstate 540. The estimated project cost is \$13.4 million with the City's share at \$7.6 million. The remaining funds are to be provided by the AHTD share of federal funds. AHTD estimates that the construction contract will be authorized some time after October 1, 2008. The FY09 allocation includes the City's total share of \$7.2 million.

Rogers Avenue Turn Lane (Cliff Drive to I-540)- This project is the construction of a right turn lane for westbound traffic on Rogers Avenue east of Interstate 540. The turn lane will extend from Cliff Drive westerly to I-540. Construction should begin in early 2008. Approximately \$36,000 was spent during 2007 and the 2008 allocation is estimated at \$300,000.

Special projects are various street related improvements and studies and include the following for FY08:

Garrison Avenue Streetscape	\$	340,000
Traffic Studies		20,000
Arterial Street Overlays		150,000
Contingency		200,000
	\$	<u>710,000</u>

Administrative- costs for in-house engineering services and administration services total \$2,111,253.

Overlays provided by the Street Maintenance department will total \$150,000 for 2008.

The following table reflects revenue for the past four years by month as an indication of the cash flow from the tax.

Month of Year	2004	2005	2006	2007
January	\$ 1,626,720	\$ 1,770,794	\$ 1,896,509	\$ 1,891,846
February	1,256,712	1,295,497	1,433,633	1,466,534
March	1,295,577	1,373,897	1,443,913	1,489,480
April	1,358,355	1,466,040	1,513,517	1,644,939
May	1,307,410	1,430,309	1,459,669	1,480,153
June	1,333,826	1,368,783	1,496,297	1,552,445
July	1,357,484	1,482,361	1,569,117	1,597,188
August	1,393,322	1,447,358	1,507,518	1,543,987
September	1,396,085	1,464,466	1,577,707	1,640,360
October	1,366,155	1,404,356	1,534,802	1,540,196
November	1,273,513	1,419,893	1,477,399	1,577,957 *
December	1,500,813	1,448,385	1,510,834	1,612,499 *
Totals	\$ 16,465,972	\$ 17,372,139	\$ 18,420,915	\$ 19,037,584
Y-T-D % Change	-	5.5%	6%	3.3%

* Estimated Revenue

The following schedule reflects the proposed current year projects for the sales tax program for the years 2008 through 2012

Improvements	2008	2009	2010	2011	2012
Neighborhood Overlays and Reconstruction	\$ 12.6	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.0
Neighborhood Drainage Improvements	1.2	1.2	1.2	1.2	1.2
Intersection and Signal Improvements	0.9	0.3	0.3	0.3	0.3
May Branch Drainage	0.3	1.5	3.0	5.0	8.0
Jenny Lind- Zero to Cavanaugh	1.5	1.2	5.0	7.0	1.0
Jenny Lind- Dodson to Dallas	4.0	1.0	-	-	-
Planters Road- Extension	-	-	-	-	0.5
Chad Colley Extension Improvements	3.5	-	-	-	-
Greenwood Avenue-North "O" Street to Country Club	0.8	3.2	-	-	-
Spradling Avenue-Clayton Expressway Eastward	0.7	0.5	-	-	-
Kinkead Avenue-Albert Pike to 49th Street	1.6	-	-	-	-
Arterial Street Overlays Texas Road-	-	2.4	2.4	1.4	1.4
South to Cavanaugh	2.0	2.0	-	-	-
Mill Creek Drainage/28th Street	3.3	1.0	-	-	-
Rogers Avenue Turn Lane	0.3	-	-	-	-
Levee Repair	-	0.6	0.6	-	-
Towson Streetscape/Overlay	-	1.0	2.0	-	-
Kelley Highway Bridge at I-540	3.2	-	-	-	-
Highway 45- Phoenix to Zero	-	7.6	-	-	-
Special Projects	0.6	0.4	0.2	0.2	0.2
Administrative	2.1	2.2	2.2	2.3	2.4
Overlays by Street Department	0.2	0.1	0.2	0.2	0.1
Total	\$ 38.8	\$ 33.2	\$ 24.1	\$ 24.6	\$ 22.1

WATER AND SEWER CAPITAL IMPROVEMENT PROJECTS FUND

The five year water and wastewater CIP includes projects that have been financed by bond issuance as well as projects which will require a funding source.

In October 2007, the City issued \$24.47 million in water and sewer revenue bonds to provide funding for wastewater pump stations, wastewater extensions in the southern growth area, the Mountainburg water treatment plant rehabilitation and expansion, new transmission line from Mountainburg to Fort Smith, transmission system metering, Midland Boulevard transmission line replacement, Lee Creek water treatment plant instrumentation, neighborhood water line replacements, and water storage tank painting. Additional funding in the amount of \$37 million will be necessary to complete the Mountainburg treatment plant rehabilitation and expansion. The City plans to issue revenue bonds in 2008 for this purpose. Future financing will need to be obtained for the completion of the new transmission line from Mountainburg to Fort Smith (\$20.2 million) and for the remaining \$61 million in wet weather sewer improvements.

The following is the CIP for the water and sewer utilities:

	2008	2009	2010	2011	2012
<u>Water Projects</u>					
Distribution System Improvements and Fire Protection Improvements	\$ 3,250,000	\$ 3,380,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
Mountainburg Water Treatment Plant Rehabilitation and Expansion	4,400,000	20,300,000	20,300,000	-	-
Mountainburg Water Line Corridor Study & Right of Way Acquisition.	750,000	820,000	530,000	-	-
48" Mountainburg Water Line Engineering, Design, and Construction	-	-	1,530,000	11,950,000	9,000,000
30" Midland Avenue Water Line	900,000	2,500,000	500,000	-	-
24" Water Line Reduced Pressure Plane	-	-	-	450,000	7,050,000
Water Storage Tank- Painting	615,000	165,000	165,000	165,000	165,000
Rye Hill Elevated Storage Tank-Howard Hill Area	1,610,000	-	-	-	-
12" Water Line- Highway 45 East	440,000	-	-	-	-
Lee Creek Water Treatment Plant- Instrumentation	350,000	-	-	-	-
Water Transmission Line Metering	300,000	100,000	-	-	-
Water Projects Totals	\$ 12,615,000	\$ 27,265,000	\$ 26,525,000	\$ 16,065,000	\$ 19,715,000

Wastewater Projects	2008	2009	2010	2011	2012
Wet Weather Neighborhood Collection System Improvements	-	4,000,000	4,000,000	4,000,000	4,000,000
Wet Weather Wastewater Pump Station and Force Main Improvements	-	7,750,000	4,500,000	5,500,000	5,250,000
Wet Weather Relief Sewers	-	-	6,230,000	6,420,000	6,600,000
"P" Street Wet Weather Treatment Plant Improvements Phase 2	-	16,660,000	6,340,000	-	-
Rye Hill Development Area	330,000	1,750,000	920,000	-	-
Rye Hill Outfall Line	-	3,570,000	-	-	-
Pumo Station Upgrades	665,000	775,000	-	-	-
Massard Waste Water Treatment Plant Expansion	-	-	-	1,410,000	7,610,000
Wastewater Projects Totals	995,000	34,505,000	21,990,000	17,330,000	23,460,000
Total Water and Wastewater CIP	<u>\$13,610,000</u>	<u>\$61,770,000</u>	<u>\$48,515,000</u>	<u>\$33,395,000</u>	<u>\$43,175,000</u>

2006 SALES AND USE TAX CONSTRUCTION FUND

In September 2006, the City issued Sales and Use Tax Bonds, Series 2006, for the purchase of a new radio communication system for public safety use, including municipal utilities, and for wastewater wet weather improvements in response to the EPA administrative orders against the City. The radio system purchase will be completed in 2008. The \$49 million wastewater improvements will be spread over a three year period and will include treatment plant improvements, neighborhood sewer line improvements, relief sewers, and pump station improvements. An additional \$13.9 million in sales and use tax bonds has been authorized and will be issued during 2008 to fund more wet weather improvements. These wet weather improvements are transferred from this fund to the Water and Sewer Operating Fund for capitalization purposes.

The following is the CIP for the 2007 Sales Tax Construction Fund:

	2008	2009	2010
Radio Communication System Purchase	\$ 3,600,572	\$ -	\$ -
Wastewater Projects-			
Wet Weather Neighborhood Collection System Improvements	3,250,000	-	-
Wet Weather Relief Sewer	5,870,000	6,050,000	-
Wet Weather Wastewater Pump Station and Force Main Improvements	10,000,000	-	-
"P" Street Wet Weather Treatment Plant Improvements-Phase 2	16,000,000	-	-
Sunnymede Neighborhood Improvements	3,501,750	1,941,372	-
Zero Street Pump Station and Equipment Storage	450,000	2,032,910	3,217,590
Rye Hill Outfall Line	3,500,000	-	-
Total Wastewater Projects	<u>\$42,571,750</u>	<u>\$10,024,282</u>	<u>\$3,217,590</u>
Total	<u>\$46,172,322</u>	<u>\$10,024,282</u>	<u>\$3,217,590</u>

SANITATION SINKING/LANDFILL CONSTRUCTION FUND

The Sanitation Sinking/Landfill Construction Fund does not include any capital projects for FY08. The FY08 transfers from the Sanitation Operating Fund includes future landfill expansion and convenience center (\$1,442,000); equipment sinking fund (\$140,000) as well as the charge for the annual landfill closure and postclosure care costs of \$350,000.

SIDEWALK CONSTRUCTION FUND

The total capital improvements for the Sidewalk Construction Fund for 2008 is \$340,000. Of this amount, \$25,000 is allocated to complete the 2007 sidewalk program and \$315,000 is available for the 2008 sidewalk program. The 2008 sidewalk program was approved in conjunction with the adoption of the street sales tax CIP in October 2007 in Resolution No. R-178-07. Funds for the FY08 program were generated by building permit assessment fees. The projects proposed for the 2008 sidewalk program are:

Location	Approximate Length	Estimated Cost
1. Albert Pike Avenue (new sidewalk, west side)-Kelley Highway to Spradling Avenue	3,700	\$ 145,000
2. May Avenue (sidewalk repair, east and west sides)-Rogers Avenue to Grand Avenue	4,440	170,000
Total		<u>\$ 315,000</u>

TILLES PARK FUND

The resources of the Tilles Park Fund are provided by an annual contribution of \$400 from the Rosalie Tilles Trust. The funds are restricted for improvements within Tilles Park. Contributions and investment earnings are accumulated from year to year until there are sufficient funds to make necessary improvements. The amount of funds available in 2008 for improvements or equipment total \$6,528. These funds will be used for future years' capital needs.

PARKING AUTHORITY FUND

The capital planned for FY08 totals \$310,000 for structural repairs to the parking deck.

PARKS AND RECREATION CIP

Annually, the Parks Department presents recommendations to the Parks and Recreation Commission for approval of a five year capital improvement program. The following is a five year plan for 2008-2012. The 2008 projects are those actually funded. The 2008 CIP is included in the Program 6201 capital outlay and, therefore, they are included in the capital outlays which follow this CIP schedule. Due to financial constraints, the FY08 projects have been included as FY09 projects just as the remaining years' projects were the prior years' recommendations. Unless a new revenue source becomes available, it is doubtful that any of these projects will be funded.

	2008	2009	2010	2011	2012
MLK Community Center **	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000
Neighborhood Parks	-	150,000	150,000	150,000	150,000
Trails & Greenways	-	250,000	250,000	250,000	250,000
Contingency	-	50,000	50,000	50,000	50,000
Equipment	-	100,000	100,000	100,000	100,000
Creekmore Center Entry- (Exterior)	-	150,000	-	-	-
Tilles Tennis Court Improvements	-	100,000	-	-	-
1100 North 7th Park-Grading	-	-	100,000	-	-
FSP Playground	-	-	100,000	-	-
FSP Parking & Fishing Pavilion	-	-	-	200,000	100,000
Wilson Park Playground	-	-	-	-	100,000
Total	\$ 105,000	\$ 905,000	\$ 855,000	\$ 855,000	\$ 855,000

** The \$105,000 per year for the MLK Community Center payments are included in account 217 as this is a lease payment rather than a capital outlay account appropriation.

CAPITAL OUTLAY

In addition to the capital improvement projects included previously in this section, the City appropriates funds for capital outlay in the operating programs other than for fleet purchases for the Street and Traffic Control Department which is funded by a sinking account. A detail line item description of each piece of equipment or project which is directly related to a particular program is included in the Budget Supplement. The following is a schedule of capital outlay for the operating programs for FY08:

Land, Buildings and Related Improvements-

Transit Transfer Station	\$	834,749	
Convention Center Roll Down Door		7,500	
Structural Repairs-Parking Deck		310,000	
Sanitation Security System Expansion		40,000	
Sanitation Speed Bumps		35,000	
Health Department Expansion Equipment		17,500	
Roof Repairs-Miss Laura's		8,000	
Total Buildings and Related Improvements			<u>1,252,749</u>

Heavy Equipment -

Jet Vac Truck- Water and Sewer		200,000	
Commercial Rear Loader- Sanitation		230,000	
Automated Collection Truck-Sanitation		230,720	
Front Load Refuse Truck-Sanitation		250,000	
Commercial Rear Loader-Sanitation		112,500	
Rear Dump Articulated Haul Truck-Sanitation		300,000	
Excavator-Sanitation		425,000	
Roll-Off Truck-Sanitation		140,000	
Total Heavy Equipment			<u>1,888,220</u>

**Computer Equipment/System Enhancements
and Communications Systems-**

Upgrade Signal Equipment at Intersections	55,000	
Total Computer Equipment/System Enhancements and Communications Systems		<u>55,000</u>

City Fleet-

Replacement Vehicles:

1/2 Ton Pickup-Sanitation	20,200	
3/4 Ton Pickup-Sanitation	26,800	
Mid-size Hybrid Utility Vehicle-Sanitation	24,800	
Driver Transfer Van-Transit	29,400	
Total City Fleet		<u>101,200</u>

Miscellaneous Capital Outlay-

Water Meters	100,000	
Demand Metering	62,000	
Automatic Refuse Carts	200,000	
Solid Waste Commercial Containers & Compactors	381,500	
Standby Generator for the Rye Hill Water Pump Station	30,000	
Total Miscellaneous		<u>773,500</u>

GRAND TOTAL DIRECT CAPITAL OUTLAY FOR OPERATING PROGRAMS \$ 4,070,669

Reconciliation of Total Capital Outlay:

Capital Outlay -		
Operating Funds (see page 77)	\$	3,753,169
Convention Center		7,500
Parking Authority		310,000
Total	\$	<u>4,070,669</u>

In addition to the capital outlay purchased directly for the operating programs, the Streets and Traffic Control Department and the Sanitation Department provide annual depreciation for fleet replacements and additions. The depreciation allocation is transferred to a sinking account for each department and purchases are made from the sinking accounts. Due to fiscal constraints in the past two years, the Sanitation Department has included capital outlay in the operating programs. Once the Sanitation sinking fund is built up, purchases will be made from that account. The annual depreciation funded by each department and the planned fleet purchases for 2008 are as follows:

Streets and Traffic Control:	
2008 Depreciation	\$ 215,180
Planned Fleet Purchases in 2008:	
1 Ton Crew Cab w/Utility Bed (Replacement)	\$ 43,500
Paver Overhaul on 1996 Model	106,000
Backhoe (Replacement)	95,000
Jet Rod Diesel (Replacement)	55,000
Dump Truck 6cy (Replacement)	54,600
3/4 Ton Truck 4WD (Replacement)	26,800
Farm Tractor (Replacement)	25,000
3/4 Ton Pickupw/Utility Bed (Replacement)	35,000
Total	\$ 440,900
Sanitation:	
2008 Depreciation	\$ 140,000

Effects of Capital Improvements on Operating Budgets

The capital improvements the City is undertaking as identified in this section will enhance the City and provide improved service to its citizens and surrounding areas. A majority of the planned improvements for 2008 involve infrastructure, and, as such, those improvements will not have an impact on the operating budget for the current year. The projects that will impact the operating budget are as follows:

- Once there is significant development plans for use of the property in the recently annexed Chaffee Crossing area, the City will incur operating costs associated with providing public safety services, street maintenance, and water and sewer system maintenance. The costs for these services range from \$1.6 million to \$2 million annually. The City does not expect to incur significant operating costs during 2008. Infrastructure related costs for Chaffee Crossing include water improvements of \$3.6 million, wastewater improvements of \$24.3 million, and a fire station at an approximate cost of \$1.2 million. The City has not identified revenue sources to fund these projects which may be necessary to begin as early as 2009.
- The City's other significant capital projects include purchase of a new radio communication system, street infrastructure, improvements and wastewater upgrades and repairs. These projects will not impact the operating budget for FY08 nor in future years.

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RELATED FINANCIAL INFORMATION

This section has been prepared to assist in the understanding of the financial data used in the budget document.

BUDGET ORGANIZATIONAL STRUCTURE

A separate budget is presented for each fund listed in the fund structure on pages 42-43. Each fund's budget is presented on pages 47-55 in the Budget Summaries - All Funds section of this document. It is important to note that the City is legally required, by state law, to adopt a budget for the General Fund and Street Maintenance Fund. An annual budget is approved for the Water and Sewer Operating Fund and Sanitation Operating Fund as well. These four funds are referred to as the operating funds and a major portion of this document is devoted to the operating funds.

The City's major functions are classified as divisions. Within each division, operating units identified as programs represent a specific type of activity within its division aimed at providing a service for which the City is responsible. The following is a list of each program and its funding source:

DIVISION

PROGRAM NUMBER AND TITLE	FUNDING SOURCE
Policy and Administration Services	
4100 Mayor	43% General Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund
4101 Board of Directors	28% General Fund; 15% Street Sales Tax Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund
4102 City Administrator	23% General Fund; 20% Street Sales Tax Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund
4111 Economic Development	100% General Fund
4201 District Court	100% General Fund
4202 City Prosecutor	100% General Fund
4203 Public Defender	100% General Fund
4204 City Attorney	50% General Fund; 25% Street Maintenance Fund; 25% Sanitation Operating Fund.
4206 District Court-Sebastian County	100% General Fund
4405 Internal Audit	Same as Program 4101
Management Services	
4104 Human Resources	53% General Fund; 10% Street Sales Tax Fund; 7% Street Maintenance Fund; 21% Water and Sewer Operating Fund; 9% Sanitation Operating Fund

4105 City Clerk	33% General Fund; 10% Street Sales Tax Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund
4301 Finance	23% General Fund; 20% Street Sales Tax Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund.
4303 Collections	33% General Fund; 10% Street Sales Tax Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund
4304 Utility Billing/ Customer Service	3% General Fund; 2% Street Sales Tax Fund; 5% Street Maintenance Fund; 75% Water and Sewer Operating Fund; 15% Sanitation Operating Fund
4306 Purchasing	Same as Program 4303
4401 Info. & Tech. Services	40% General Fund; 25% Street Sales Tax Fund; 5% Street Maintenance Fund; 20% Water & Sewer Operating Fund; 10% Sanitation Operating Fund
6921 Public Parking Deck	100% Parking Authority Fund

Development Services

4103 Engineering	80% Street Sales Tax; 5% General Fund; 5% Street Maintenance Fund; 10% Water and Sewer Operating Fund
4106 Planning and Zoning	65% General; 20% Street Maintenance Fund; 15% Water & Sewer Operating Fund
4107 Community Development	100% Community Development Block Grant Fund
4108 Building Safety	100% General Fund
4109 Multi-Cultural Center	100% General Fund
6900 Cleanup/Demolition	100% Cleanup/Demolition Program Fund

Police Services

4701 Administration	100% General Fund
4702 Support Services	100% General Fund
4703 Criminal Investigations	100% General Fund
4704 Patrol Operations	100% General Fund
4705 Radio Communications	100% General Fund
4706 Airport Security	100% General Fund
6911 Police Grant	100% Special Grants Fund
6920 Public Parking/Enforcement	100% Parking Authority Fund

Fire Services

4801 Administration 100% General Fund
4802 Suppression and Rescue 100% General Fund

**Operation Services -
Streets and Traffic Control**

5101 Administration 100% Street Maintenance Fund
5302 Street Construction 100% Street Maintenance Fund
5303 Street Drainage 100% Street Maintenance Fund
5304 Street Maintenance 100% Street Maintenance Fund
5401 Traffic Control Operations 100% Street Maintenance Fund
5402 Signals 100% Street Maintenance Fund
5403 Street Lighting 100% Street Maintenance Fund
5405 Sign Shop 100% Street Maintenance Fund

**Operation Services -
Water and Sewer**

5501 Utility Administration 100% Water and Sewer Operating Fund
5601 W/WW Treatment Administration 100% Water and Sewer Operating Fund
5603 Sewer Treatment 100% Water and Sewer Operating Fund
5604 Water Treatment 100% Water and Sewer Operating Fund
5605 Laboratory Services 100% Water and Sewer Operating Fund
5606 Wastewater Equip. Maint. 100% Water and Sewer Operating Fund
5608 Sludge Disposal 100% Water and Sewer Operating Fund
5609 Industrial Waste Monitoring 100% Water and Sewer Operating Fund
5610 Water Line Maintenance 100% Water and Sewer Operating Fund
5611 Sewer Line Maintenance 100% Water and Sewer Operating Fund
5612 Sewer Line Construction 100% Water and Sewer Capital
Improvement Projects Fund
5613 Metering/Trans. Line Maint. 100% Water and Sewer Operating Fund
5615 W/WW Line Maint. Admin. 100% Water and Sewer Operating Fund
5616 Water Stationary Equip. Maint. 100% Water and Sewer Operating Fund
5618 Debt Service 100% Water and Sewer Operating Fund

**Operation Services -
Parks and Recreation Services**

6101 Health 100% General Fund
6201 Parks (Personnel & Operating Accts.) 83.5% General Fund; 16.5% Street
Maintenance Fund
6201 Parks (Capital Outlay) 100% General Fund
6202 Oak Cemetery 100% General Fund
6204 Community Centers 100% General Fund
6205 Aquatics 100% General Fund
6206 Riverfront/Downtown 100% General Fund

**Operation Services -
Convention Center**

6203 Convention Center 100% Convention Center Fund

**Operation Services -
Sanitation**

6301 Administration	100% Sanitation Operating Fund
6302 Residential Collection	100% Sanitation Operating Fund
6303 Commercial Collection	100% Sanitation Operating Fund
6304 Fleet & Grounds Maintenance	100% Sanitation Operating Fund
6305 Sanitary Landfill	100% Sanitation Operating Fund
6306 Debt Service	100% Sanitation Operating Fund
6307 Roll-Off Collection	100% Sanitation Operating Fund

**Operation Services -
Transit**

6550 Public Transit	100% General Fund
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Non-Departmental

6870 Convention and Visitors Bureau	100% Advertising and Promotion Fund
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BUDGET AND BUDGETARY CONTROL

The City of Fort Smith follows these procedures in preparing the budget documents:

Prior to December 1, the City Administrator submits to the Mayor and Board of Directors a proposed budget for the fiscal year beginning January 1. Both the Budget Summary and the Budget Supplement are provided to the Board for review sessions prior to adoption of the budget in the same format as the eventual adopted document.

The budget includes proposed expenditures/expenses and the means to finance them.

A public hearing is conducted at a meeting of the Board of Directors to obtain taxpayer comments prior to approval of the budget.

The budget document is adopted by ordinance prior to January 1. State statutes require adoption prior to February 1.

The budget process allows for amendments during the year. Appropriations of funds from the unobligated fund balance/working capital must be enacted by the Board of Directors by Ordinance. Transfers within appropriated funds may be approved by the City Administrator.

The budgets for the Operating Funds - General Fund, Street Maintenance Fund, Water and Sewer Operating Fund and the Sanitation Operating Fund are legally enacted by ordinance. State statutes require the adoption of annual General Fund and Street Maintenance Fund budgets. Appropriations for these funds lapse at year end with the exception of encumbered funds which are reappropriated in the following fiscal year's budget ordinance.

Budgets for all other funds are presented in the document as project budgets. Appropriations in these funds remain open and carry over to succeeding years until planned expenditures/expenses are made, or until they are amended or canceled. Because these funds involve multi-year projects, comparison on an annual basis does not provide meaningful information and, accordingly, is not presented.

ACCOUNTING SYSTEM CONTROL

The City of Fort Smith's accounting records for the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Expendable Trust Funds are maintained on the modified accrual basis, with revenues recorded when measurable and available and expenditures recorded when the services or goods are received and the liabilities incurred. Accounting records for the Enterprise Funds, Pension Trust Funds and Internal Service Funds are maintained on the accrual basis, with revenues recorded when earned and expenses recorded when the liabilities are incurred.

In developing and modifying the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and financial records reliable.

The City accounting records are examined annually by an independent accounting firm.

CLASSIFICATION OF REVENUE SOURCES - OPERATING FUNDS

GENERAL FUND

INTERGOVERNMENTAL

State Turnback-General

Apportionment to municipalities of monies collected by the State, e.g. sales tax, which are deposited in the State's Municipal Aid Fund. The revenue is distributed to municipalities on the basis of population per the most recent Federal or special census.

Transit Reimbursement

A portion of the operating and capital costs of the transit program is reimbursed by federal and state grants and/or agreements. Grant Funding is from FTA and administered by the AHTD. Medicare reimbursements are also accounted for in this revenue code.

Airport Security Reimbursement

Funds allocated from the federal Homeland Security Agency for airport security provided by the City's police department.

TAXES AND ASSESSMENTS

Franchise Taxes

An annual charge to utilities within the City limits for the privilege of using the City's infrastructure assets, e.g. streets, alleys, right-of-ways, for the purpose of conducting the utility's business. The present franchise tax charged to utility companies is four percent (4%) of gross annual revenue derived from operations within the City limits.

Ad Valorem Taxes

Tax levied by the City of five (5) mills on the assessed value of real and personal property within the City. Assessed valuation of property is established by the Sebastian County Assessor.

County Sales Tax

The City receives a portion, based on population, of the county-wide one-cent local sales tax. 100% of the City's share of the tax is allocated to the General Fund. The funds are used for Public Safety, Parks Capital Projects, Senior Citizen Centers, Public Library, Public Transportation and Downtown Redevelopment/Riverfront Projects.

COURT FINES AND FORFEITURES

Revenues derived from the imposition of fines, forfeitures and penalties for violation of City ordinances, e.g. traffic citations, district court offenses.

LICENSES AND PERMITS

Privilege

In 1994, the occupation license fees and employer excise taxes were repealed due to the passage of the county sales tax. In an effort to control the location of businesses, an annual registration is required by any person engaging in, carrying on or following any trade business, vocation, profession or calling within the City. If a registration is not filed by April 1 of each year, a \$50 penalty is imposed. Furthermore, the City collects temporary license fees from transient vendors.

Construction

Revenue derived from building permit fees, electricians' license fees, electrical permit fees, plumbers' license fees and plumbing permit fees. Building permit fees include charges for inspection of heating and air conditioning systems.

Alcohol

Revenue derived from liquor, beer and mixed drink licenses and the 5% mixed drink tax. The permit fee is established by State law. The mixed drink tax is 5% of the gross proceeds or gross receipts derived from private clubs from charges to members for preparation, serving, or cooling mixed drinks, beer, and wine.

Other

This category includes revenue received from miscellaneous licenses, taxi cab licenses and oil and gas royalties.

SERVICE CHARGES AND FEES**Convention Center**

Revenue derived from the rental of the Convention Center facilities to various organizations.

Community Center

Rental fees charged for the use of the Creekmore Community Center and the Darby Community Center.

Fire Protection Contracts

Compensation received per agreements between the City and concerns outside the City limits for fire protection services.

Port Authority

Annual rental fee, plus excess tonnage received from the Port Authority as per the agreement between the City and the Port Authority.

Parks/Aquatics

Revenue derived from the operation of recreational activities, e.g. riverfront facilities, miniature golf course, train and swim pools/aquatic facilities, as well as recreation programs.

Cemetery

Sale of cemetery plots at Oak Cemetery and the fees for grave opening and closing.

Animal Pound

Revenue derived from the impoundment of animals. Impoundment fee is \$10.00, and maintenance fee is \$3.00 per day. Animal control service is provided by the Sebastian County Humane Society.

False Alarm Fees

Fees generated from excess false alarm responses by the police department.

Transit System

Fares, charter fees and other program income derived from the public transit system. The bus advertising revenue is included within this category.

MISCELLANEOUS

Reimbursement from Airport Commission

Revenue received for processing Airport payroll.

Interest Earned

Revenue derived from the investment of idle monies of the General Fund.

Other

Miscellaneous revenues received from such items as photo copy charges, chemical analysis fees and sale of fixed assets.

Sebastian County

Reimbursement by the County for its participation in the expenditures of the District Court (30%), the Health Center (50%) and District Court-Sebastian County (100%).

Reimbursement from Enhanced 9-1-1 Fund

Revenue received in support of the dispatch program from the Sebastian County 911 Fund.

TRANSFERS

Transfer From Sales Tax Fund

Reimbursement from the Sales Tax Fund for administrative, engineering, and financial services borne by the General Fund in support of the Sales Tax Program.

Transfer from A&P Fund

Collection fee charged to the Advertising and Promotion (A&P) Fund for services provided by the Finance Department.

Transfer from the Street Maintenance Fund

Reimbursement to the General Fund for the maintenance of communication systems by Police Department personnel.

Transfer from the Water and Sewer Operating Fund

Reimbursement to the General Fund for the maintenance of communication systems by Police Department personnel.

Transfer from the Sanitation Operating Fund

Reimbursement to the General Fund for the maintenance of communication systems by Police Department personnel.

STREET MAINTENANCE FUND

INTERGOVERNMENTAL

State Turnback-Gasoline Tax

Monies collected by the state from fees for registration and licensing of vehicles and gasoline tax which is returned to a municipality based on that municipality's population. The revenue is to be utilized for the maintenance, construction and reconstruction of streets which are not a continuation of State highways.

TAXES AND ASSESSMENTS

Ad Valorem

One-half of the annual three (3) mill road tax levied by Sebastian County. The revenue is to be used for the purpose of making and repairing streets and bridges within City limits.

MISCELLANEOUS

Interest Earned

Revenue received from the investment of idle monies of the Street Maintenance Fund.

Other

Revenue derived from miscellaneous sources such as sale of fixed assets, charges for street cut permits and oil and gas lease royalties.

TRANSFERS

Transfer from General Fund

Repayment to the Street Maintenance Fund for capital outlay purchased for the Parks Maintenance program.

WATER AND SEWER OPERATING FUND

SERVICE CHARGES AND FEES

Water Sales

Revenue derived from charges to residential, commercial and industrial customers for water services. Rates are established by the Board of Directors.

Contract Water Sales

Revenue derived from the sale of water to customers who are private, public or municipal entities and the U.S. Army (Fort Chaffee) which have contracts with the City for such services. Rates are established by the Board of Directors.

Monthly Customer Charges

Fees charged to utility customers for turning service on/off, tampering, and testing.

Fire Protection

Revenue derived from charges for water usage for commercial and industrial concerns which have sprinkler systems for fire protection.

Installations - Water Service

Revenue received from charges for installation and tapping of service lines within City controlled right-of-ways and easements.

Sewer Service Charges

Revenue received from charges to residential, commercial and industrial customers for sanitary sewer services. Rates are established by the Board of Directors.

Sewer Connection Charges

Revenue received from charges for connecting and tapping sewer service lines within City controlled right-of-ways and easements.

Industrial Waste Monitoring Fee

Revenue derived from industries for monitoring and testing as required in the Pretreatment Program.

MISCELLANEOUS**Interest Earned**

Revenue received from the investment of idle monies of the Water and Sewer Operating Fund.

Other

Miscellaneous revenues received from such items as sale of fixed assets, broken waterline charges and rental properties.

SANITATION OPERATING FUND

SERVICE CHARGES AND FEES

Residential Collections

Revenue derived from the monthly billing to residential customers (single family dwelling units) for trash collection. Rates are established by the Board of Directors.

Commercial Collections

Revenue derived from the billing of commercial customers for sanitation services. Rates are established by the Board of Directors.

Sanitary Landfill Operations

Revenue derived from charges for use of the sanitary landfill. Rates are established by the Board of Directors. This revenue also includes the sale of methane gas.

Roll-Off Collections

Revenue derived from charges for roll-off container services to industrial customers electing to sign a contract for such services. Rates are established by the Board of Directors.

Recycling Operations

Revenue derived from charges for recycling material. The City receives a portion of revenue earned from a contractual source.

MISCELLANEOUS

Interest Earned

Revenue derived from the investment of idle monies of the Sanitation Operating Fund.

Other

Revenue derived from miscellaneous items such as the sale of fixed assets.

**DEBT SERVICE
SUMMARY OF DEBT SERVICE REQUIREMENTS BY PURPOSE**

<u>Purpose</u>	<u>FY08 Principal and Interest</u>	<u>Principal and Interest Outstanding</u>	<u>Year of Retirement</u>	<u>Original Issue</u>
Water and Sewer System Revenue Bonds- Series 1999	\$ 1,284,250	\$ 1,281,000	2009	\$ 26,415,000
Water and Sewer Revenue Refunding and Construction Bonds-Series 2002	9,360,002	128,509,462	2023	111,755,000
Water and Sewer Revenue Refunding Bonds - Series 2004	1,898,950	796,950	2009	8,700,000
Water and Sewer Revenue Refunding Bonds- Series 2005A	759,883	22,259,977	2019	17,605,000
Water and Sewer Revenue Bonds- Series 2005B	309,795	10,630,613	2025	7,330,000
Water and Sewer Revenue Bonds- Series 2007	1,889,321	35,889,788	2027	24,470,000
Parking Facilities Refunding and Improvement Revenue Bonds- Series 1998	135,415	1,111,330	2017	2,025,000
Solid Waste Refunding Revenue Bonds- Series 1998	349,483	350,242	2009	3,055,000
Solid Waste Refunding Revenue Bonds - Series 2002	716,745	2,922,245	2011	6,305,000
Sales & Use Tax Bonds Series 2006	18,034,728	66,568,642	2012 *	84,935,000
Total	\$ 34,738,572	\$ 270,320,249		\$ 292,595,000

* Estimated retirement date due to mandatory call provisions.

The Water and Sewer System Revenue Bonds, Series 1999, the Water and Sewer Refunding and Construction Revenue Bonds, Series 2002, the Water and Sewer Revenue Refunding Bonds, Series 2005A, the Water, Sewer Refunding Bonds, Series 2004, the Water and Sewer Revenue Bonds, Series 2005B, and the Water and Sewer Revenue Bonds, Series 2007, are collateralized by the operating revenue of the water and sewer utility system. The Series 1999 Bonds were issued for the purpose of funding improvements and expansion of the Lee Creek water treatment plant, improvements to the existing transmission, storage and distribution system, relocation of the Lake Fort Smith State Park in order to accomplish the Lake Fort Smith Water Supply Expansion Project, engineering work on the Lake Fort Smith Water Expansion Project, and associated water system improvements. The Series 2002 Bonds were issued for the purpose of providing a portion of the financing for the Lake Fort Smith water expansion project (\$95.73 million of the original par), financing a portion of the costs for improvements to the City's water system (\$8.19 million of the original par), and to advance refund \$7.64 million of the 1994 Series Bonds (\$7.835 million of the original par). The Series 2004 Bonds were issued to refund the remaining portion of the outstanding Series 1994 Water and Sewer Revenue Refunding and Construction bonds (\$8.7 million of the original par). The Series 2005A Water and Sewer Revenue Refunding Bonds were issued to refund a portion of the outstanding Series 1999 Water and Sewer System Revenue Bonds (\$16.375 of the original par). The Series 2005B Water and Sewer Revenue Construction Bonds were issued to provide financing for water improvements in the southern areas of the City, extension of water service lines, construction of an elevated water tank, and painting for an elevated water tank. The Series 2007 Bonds were issued to provide financing new sewer pump stations, sewer extensions in the southern growth area of the

In October 1998, the City issued \$2.025 million in Parking Facilities Refunding and Improvement Revenue Bonds. The purpose of the bonds was to refund the Series 1991 Bonds and provide funds to increase the City provided parking lots in the downtown area. The bonds are collateralized by the revenues derived from the operation of the parking facilities in downtown, including the parking deck, surface parking lots and parking meters. It is estimated that system revenues will be sufficient to cover debt service in 2008.

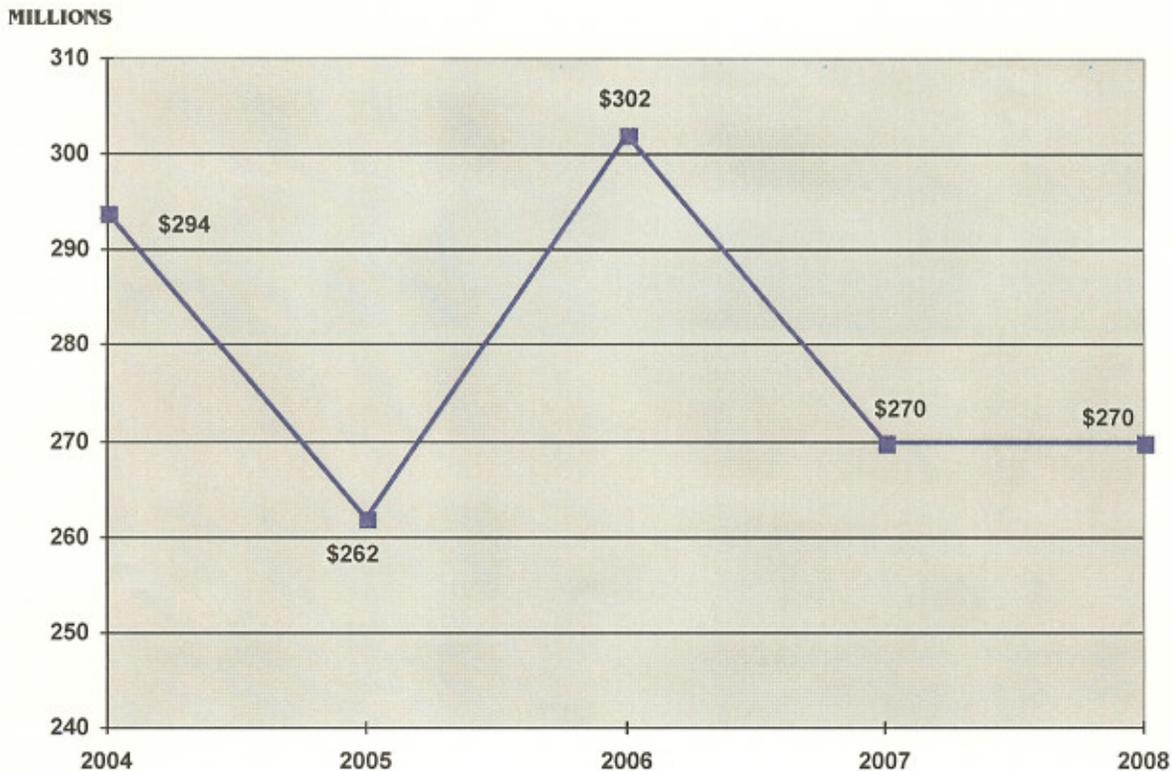
The Solid Waste Refunding Revenue Bonds, Series 1998, and the Solid Waste Refunding Revenue Bonds, Series 2002 are collateralized by the operating revenue of the sanitation collection and landfill disposal system. The Series 1998 bonds were issued in May 1998 to refinance the Series 1994 Bonds which had been issued to finance a portion of the second phase of the landfill.

The Series 2002 Bonds were issued in September 2002 to refund the Series 1995 Solid Waste Refunding and Construction Revenue Bonds. Rates should be sufficient to provide the required debt service in 2008.

The Sales & Use Tax Bonds, Series 2006, are collateralized by a one percent (1%) local sales tax which was approved by voters on May 16, 2006. This sales tax is an extension of the sales tax authorized for the 2001 Sales & Use Tax Bonds which were refunded (\$24.9 million) by the 2006 Bonds. The 2006 Bonds were also issued to purchase a new radio communication system (\$11.3 million) for public safety purposes and to provide wastewater improvements (\$48.8 million). It is anticipated that these bonds will be retired in 2012 prior to the stated maturity date of 2015 due to the mandatory redemption requirements.

The following graph reflects the debt outstanding at December 31, 2003 through 2007.

DEBT OUTSTANDING



Computation of Legal Debt Margin:

The City of Fort Smith's legal debt margin is established by state statute at twenty-five percent of total assessed property value. This debt limit applies to general obligation debt only, i.e. there is no limit on revenue bonds. The City's current debt margin estimated for December 31, 2008, is:

Assessed Property Value	<u>\$ 1,109 million</u>
Debt Limit Per State Statute (25% of Assessed Property Value)	\$ 277 million
General Obligation Bonds Outstanding @ December 31, 2007	<u>0</u>
Legal Debt Margin	<u>\$ 277 million</u>

In addition to the legal debt margin for general obligation bonds, the City has established a Revenue Debt Policy (see page 9) whereby annual payments should not exceed 25% of total operating revenue. In 2008, the calculation is as follows:

	Water & Sewer Revenue Bonds	Solid Waste Revenue Bonds
2008 Debt Service Payment	\$ 15,502,201	\$ 1,066,228
Operating Revenue (Service Charges & Fees)	\$ 37,919,610	\$ 14,766,365
Debt Service as a % of Operating Revenue	39%	10%
Policy Limit	25%	25%

The policy is met for the solid waste revenue bonds. Although the policy is not expected to be met in FY08 for the water and sewer revenue bonds, it is anticipated that rate increases that become effective January 1, 2009 and January 1, 2010 will provide more revenue to assist in getting closer to this limit.

The following schedules reflect the total debt service for the City for the next five years and incrementally for each five year period through the maturity of each issue. The schedule begins with the current year's debt service. This schedule also indicates the principal outstanding as of December 31, 2007.

**5 Year Debt Maturity Disclosure
For the Fiscal Year Ended 12/31/07**

Primary Government
Water and Sewer Revenue

Bonds

	1999 Series			2002 Series			2004 Series		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008	1,165,000	119,250	1,284,250	4,445,000	4,915,002	9,360,002	1,800,000	98,950	1,898,950
2009	1,220,000	61,000	1,281,000	5,745,000	4,707,138	10,452,138	770,000	26,950	796,950
2010	0	0	0	6,915,000	4,428,838	11,343,838	0	0	0
2011	0	0	0	7,250,000	4,092,387	11,342,387	0	0	0
2012	0	0	0	7,610,000	3,734,713	11,344,713	0	0	0
2013-2017	0	0	0	31,010,000	13,656,137	44,666,137	0	0	0
2018-2022	0	0	0	32,710,000	4,838,999	37,548,999	0	0	0
2023	0	0	0	1,725,000	86,250	1,811,250	0	0	0
TOTAL	2,385,000	180,250	2,565,250	97,410,000	40,459,464	137,869,464	2,570,000	125,900	2,695,900

Water and Sewer Revenue

Bonds (Continued)

	2005A Series			2005B Series			2007 Series		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008	50,000	709,883	759,883	0	309,795	309,795	890,000	999,321	1,889,321
2009	50,000	708,258	758,258	0	309,795	309,795	835,000	1,054,569	1,889,569
2010	1,445,000	706,632	2,151,632	0	309,795	309,795	870,000	1,021,169	1,891,169
2011	1,505,000	645,220	2,150,220	0	309,795	309,795	900,000	986,368	1,886,368
2012	1,565,000	581,258	2,146,258	0	309,795	309,795	940,000	950,369	1,890,369
2013-2017	8,840,000	1,913,886	10,753,886	2,845,000	1,325,823	4,170,823	5,285,000	4,157,644	9,442,644
2018-2022	4,050,000	249,723	4,299,723	3,495,000	679,173	4,174,173	6,505,000	2,941,556	9,446,556
2023-2027	0	0	0	990,000	56,437	1,046,437	8,245,000	1,198,113	9,443,113
TOTAL	17,505,000	5,514,860	23,019,860	7,330,000	3,610,408	10,940,408	24,470,000	13,309,109	37,779,109

Water and Sewer Revenue

Bonds (Continued)

	Total		
	Principal	Interest	Total
2008	8,350,000	7,152,201	15,502,201
2009	8,620,000	6,867,710	15,487,710
2010	9,230,000	6,466,434	15,696,434
2011	9,655,000	6,033,770	15,688,770
2012	10,115,000	5,576,135	15,691,135
2013-2017	47,980,000	21,053,490	69,033,490
2018-2022	46,760,000	8,709,451	55,469,451
2023-2027	10,960,000	1,340,800	12,300,800
TOTAL	151,670,000	63,199,991	214,869,991

**5 Year Debt Maturity Disclosure
For the Fiscal Year Ended 12/31/07**

Primary Government:
Solid Waste Revenue
Bonds

	1998 Series			2002 Series			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008	320,000	29,483	349,483	590,000	126,745	716,745	910,000	156,228	1,066,228
2009	335,000	15,242	350,242	610,000	106,095	716,095	945,000	121,337	1,066,337
2010	0	0	0	1,020,000	83,220	1,103,220	1,020,000	83,220	1,103,220
2011	0	0	0	1,060,000	42,930	1,102,930	1,060,000	42,930	1,102,930
TOTAL	655,000	44,725	699,725	3,280,000	358,990	3,638,990	3,935,000	403,715	4,338,715

Primary Government:
Sales & Use Tax Bonds

	2006 Series		
	Principal	Interest	Total
2008	8,170,000	3,164,728	11,334,728
2009	8,555,000	2,777,692	11,332,692
2010	8,970,000	2,361,122	11,331,122
2011	9,390,000	1,942,060	11,332,060
2012	9,825,000	1,510,480	11,335,480
2013-2015	26,095,000	1,842,288	27,937,288
TOTAL	71,005,000	13,598,370	84,603,370

Component Unit
Parking Authority

	1998 Series		
	Principal	Interest	Total
2008	90,000	45,415	135,415
2009	95,000	41,545	136,545
2010	100,000	37,412	137,412
2011	105,000	33,012	138,012
2012	110,000	28,340	138,340
2013-2017	500,000	61,021	561,021
TOTAL	1,000,000	246,745	1,246,745

GLOSSARY OF KEY BUDGET TERMS

AHTD - Arkansas Highway and Transportation Department.

ADEQ - Arkansas Department of Environmental Quality formerly the Arkansas Economic Development Commission (ADEC).

ACCRUAL BASIS- The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

APPROPRIATION - An authorization made by the City Board of Directors which permits the City to incur obligations and to make expenditures/expenses of resources.

ASSESSED PROPERTY VALUES - 20% of the actual value assigned to real and personal property by the Sebastian County Assessor as a basis for levying taxes.

BASIS OF ACCOUNTING- Timing of recognition for financial reporting purposes, i.e. when the effects of transactions or events should be recognized in financial statements.

BASIS OF BUDGETING- The method used to determine when revenues and expenditures are recognized for budgetary purposes.

BOND - A certificate of debt issued by an entity guaranteeing payment of the original investment plus interest by a specified future date.

BUDGET - A financial plan for a specified period of time, e.g. fiscal year, that presents all planned revenues and expenditures/expenses for various municipal services.

BUDGET AMENDMENT - A legal procedure utilized by the board of Directors and the City Administrator to revise a budget appropriation.

BUDGET CALENDAR - A schedule of key dates which City officials follow in the preparation, adoption and administration of the budget.

BUDGET MESSAGE - The opening section of the budget which provides the Mayor, Board of Directors and the public with a general summary of the most important aspects of the annual operating budget, changes from the current and previous fiscal years, and the views and recommendations of the City Administrator.

CAPITAL ASSETS- Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The City's capitalization threshold is \$5,000 for a single item with an estimated life of three years or more for all assets other than infrastructure which has a threshold of \$250,000.

CAPITAL IMPROVEMENT PROGRAM (CIP) - A financial plan for construction of physical assets such as streets, bridges, buildings and recreational facilities.

CBID- Central business improvement district. An area in the downtown area whereby economic development is managed by a Board appointed commission.

COLA- Cost of living adjustment.

COMPONENT UNIT- A legally separate organization for which the City, as primary government, is financially accountable. The Parking Authority and the Advertising and Promotion Commission are component units of the City of Fort Smith.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) - The official annual report of the City. A financial report that contains, at a minimum, introductory, financial and statistical sections, and whose financial section provides information on each individual fund and component unit.

CONSUMER PRICE INDEX (CPI) - A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of cost of living and economic inflation.

CONTINGENCY/RESERVE BALANCE- The amount of funds required to be reserved in each fund to meet unexpected claims and emergency type purchases.

DEBT SERVICE - The payment of principal and interest on borrowed funds such as bonds.

DEPRECIATION - The decrease in value of physical assets due to use and passage of time.

DIVISION - The major organizational functions of the City which currently include Policy and Administration Services, Management Services, Development Services, Police Services, Fire Services, Operation Services and Non-Departmental. Operation Services is further sub-divided as Streets and Traffic Control, Water and Sewer System, Parks and Community Services, Sanitation and Transit.

EDA - Economic Development Agency.

ENCUMBRANCE - An amount of money committed for the payment of goods and services not yet received or paid for.

EXPENDITURE - Decrease in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service and capital outlay.

EXPENSE - Decrease in net total assets. Expenses represent the total cost of operation during a period regardless of the timing of related expenditures.

ETJ- Extraterritorial Jurisdiction- An area just outside the City limits which allows the City to legislate land use.

FISCAL YEAR - Any period of 12 consecutive months designated as the budget year. The City's fiscal year corresponds to the calendar year, i.e. January 1 through December 31.

FTA- Federal Transit Authority

FTE- Full time equivalent which represents the positions authorized.

FUND - A fiscal and accounting entity with a self-balancing set of accounts established and maintained for a specific purpose or to attain a certain objective in accordance with legal or administrative restrictions.

FUND BALANCE - The fund equity of governmental and similar trust funds. The amount reflected for budget purposes is the total amount available for appropriation which includes the contingencies for such funds.

FUNDING SOURCE - Revenue plus the prior year's unencumbered fund balance/working capital.

GENERAL OBLIGATION BONDS - Bonds which are secured by the full faith and credit of a government and for which repayment is provided by a general tax.

HNTB Planners- A consulting firm employed to prepare updated zoning codes as well as other planning department documents.

HOTEL/MOTEL TAX - A tax assessed upon hotel/motel establishments within the City based upon occupancy. The tax is presently three percent of room rates.

ICMA-RC- International City Management Association Retirement Corporation.

IEC-Innovations and Entrepreneurship Center- an initiative among UAFS, the Fort Smith Chamber of Commerce, and the City of Fort Smith to assist with starting new businesses and support of existing concerns.

INTERGOVERNMENTAL REVENUES - Revenues received from other governments including the Federal, state, and county governments.

IPMC- International Property Maintenance Code.

LINE-ITEM BUDGET - A budget that lists each expenditure/expense account code classifications for each program separately, along with the dollar amounts budgeted for each specific classification.

LMI- Low to Moderate Income- As defined by HUD to be a location of economic disadvantage.

Mission Statement- The basic purpose for the City's existence.

MODIFIED ACCRUAL- A governmental fund-type measurement focus whereby revenues and other financial resources are recognized when they become susceptible to accrual, i.e. when they become both measurable and available to finance expenditures of the current period. Available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the fund liability is incurred.

NET ASSETS- Assets less liabilities of a fund.

NON-DEPARTMENTAL - Expenditure/expense items of a particular fund which do not relate directly to an operating program.

OPEB- Other Post Employment Benefits- The City provides health care benefits to retired persons until they attain the age eligible for Medicare

OPERATING BUDGET - The financial plan for the fiscal year for funds which have legally adopted budgets. The funds are General Fund, Street Maintenance Fund, Water and Sewer Operating Fund and Sanitation Operating Fund.

OPERATING FUNDS - Refers to the four funds for which an appropriated budget is adopted. The four funds are the General Fund, Street Maintenance Fund, the Water and Sewer Operating Fund and the Sanitation Operating Fund.

OPERATING EXPENDITURES/EXPENSES - Expenditures/Expenses of the four operating funds which are used as a basis for determining contingency reserve. Expenditures/Expenses which are excluded from this category are interfund transfers.

PRIMARY GOVERNMENT- A term used in connection with defining the financial reporting entity. The City of Fort Smith is a general purpose local government and it is a primary government.

PROGRAM - An operating unit within a division of the City organizational structure. Each program represents a specific type of activity within its division aimed at providing a service for which the City is responsible.

REVENUE - Increases in net assets of a fund.

REVENUE BONDS - Bonds which are secured by a pledge of revenues generated by the operation of the system for which the bonds were issued. The bonds do not constitute a charge against the general credit or taxing power of the government.

SERVICE OBJECTIVE- A performance effort by departments to accomplish the goals established by the Board of Directors.

SINKING ACCOUNT- An account established to reserve funds for purchase and replacement of fleet for City programs. An annual fleet depreciation amount is allocated to the account each year. Currently, the Street Maintenance and Sanitation Operating funds follow this process.

TEC- A traffic engineering consulting firm employed to prepare an updated master street plan as well as other engineering department documents.

TIPPING POINT REPORT- A report commissioned by the Chamber of Commerce to provide strategies to improve the economic growth in the region.

UAFS- University of Arkansas at Fort Smith.

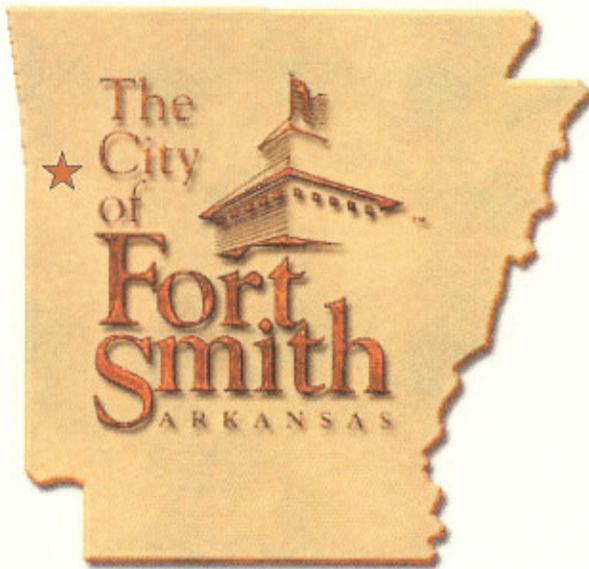
UNENCUMBERED BALANCE - The amount of an appropriation which is neither expended nor encumbered and is available for future use.

Values Statement- The City's basic values for providing services.

Vision Statement- The City's views for what level services are provided and how those services are provided by its personnel.

WORKING CAPITAL - A term used to describe current assets less current liabilities for the enterprise and internal service funds. The amount reflected for budget purposes includes all monies available for appropriation including contingencies of such funds.

FORT SMITH NOTES



Fort Smith is located in western Arkansas and the Arkansas river divides Fort Smith from the border of Oklahoma. On December 25, 1817, an army post under the command of Major William Bradford was established entitled "Camp Smith" after Thomas A. Smith who ordered its establishment. The site was at La Belle Point on the Arkansas River in what is now Fort Smith. Captain John Rogers, known as the founder of Fort Smith, arrived in 1822.

In 1840, the town of Fort Smith was organized. The first municipal election was conducted January 14, 1841 with Charles A. Birnie elected as Mayor. On December 24, 1842, Fort Smith was incorporated as a town.

The Commission form of city government was established in 1913. On March 28, 1967, the City Administrator form of government replaced the Commission form. The governing body is the Board of Directors which is comprised of the Mayor and seven (7) directors. Three (3) of the directors are elected at large and four (4) directors are elected from four (4) equally populated wards.

Fort Smith is known as the manufacturing capital of the state. Although service type industries, such as health and social services, have created most of the new jobs in the Fort Smith area, manufacturing remains a significant source of jobs for the area. Manufacturing in the Fort Smith area averages 80 jobs per place of business compared to the United States average of 39 jobs per business and the state of Arkansas average of 56 jobs per business. Manufacturing produces the largest number of jobs in the area accounting for 28.9% of total employment. Retail trade accounts for 12.9% of total employment.

CITY OF FORT SMITH, ARKANSAS

MISCELLANEOUS STATISTICAL DATA

General Information:

Form of Government	City Administrator
Area	69.2 square miles
County	Sebastian
Time Zone	Central
Area Code	479
City Population	80,268 (2000 Census)
Date of Incorporation	December 24, 1842
Date Form of Government Adopted	March 28, 1967
Miles of Street	480.57. miles
Number of Street Lights	5,971
Number of Traffic Signals	135
Water Supply	Lake Fort Smith and Lee Creek Reservoir
Annual Precipitation	40.9 inches (average)
Temperature Averages	Winter: 40 degrees F/5 degrees C Summer: 60.8 degrees F/28 degrees C

Fire Protection:

Number of Stations	10
Number of Firefighters and Officers	133

Police Protection:

Number of Stations	1
Number of Sub Stations	8
Number of Police Members and Officers	168

Municipal Water Department:

Number of Consumers	32,281
Number of Contract Communities	13
Production Capacity	55,000,000 gallons
Average Daily Production	28,876,000 gallons
Maximum Daily Consumption	41,536,000 gallons
Miles of Water Main	634 miles

Municipal Wastewater Department:

Number of Customers	31,824
Number of Contract Communities	1
Sanitary Sewers	505 miles
Average Daily Sewer Flow	15,290,000 gallons

Municipal Solid Waste System:

Number of Accounts	25,504
Average Annual Refuse Collections	101,182 tons
Average Annual Refuse Disposal	299,904 tons

Recreation and Culture:

Number of City Parks	26
Park Acreage	275.21
Trails and Greenways	5.4
Number of Swim Pools	1
Number of Wading Pools	3
Number of Community Centers	5
Splashpad	1
Number of Libraries	4 (67,000 square foot main and three neighborhood branches)
Number of Volumes	250,782
Convention Center	
Theater	
Area	1,331 seats with 4,200 square feet of stage
Number of Event Days	56
Exhibition Hall	
Area	40,000 square feet of space
Number of Event Days	144

CITY OF FORT SMITH
SCHEDULE OF BUILDING PERMITS ISSUED FOR NEW CONSTRUCTION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998 THROUGH
November 30, 2007

Fiscal Year	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	Number of Units	Value	Number of Units	Value
1998	60	\$60,970,776	234	\$23,183,003
1999	76	\$51,386,195	269	\$37,904,702
2000	88	\$32,890,175	209	\$27,388,944
2001	54	\$51,903,874	290	\$33,932,448
2002	71	\$45,602,511	551	\$48,343,083
2003	72	\$50,705,144	481	\$36,931,529
2004	48	\$18,970,339	394	\$42,274,420
2005	96	\$64,341,825	428	\$46,397,342
2006	84	\$58,517,215	342	\$31,729,635
2007	* 57	\$80,762,587	402	\$34,661,039

Source: City of Fort Smith Building Safety Department

* Through 11/30/07

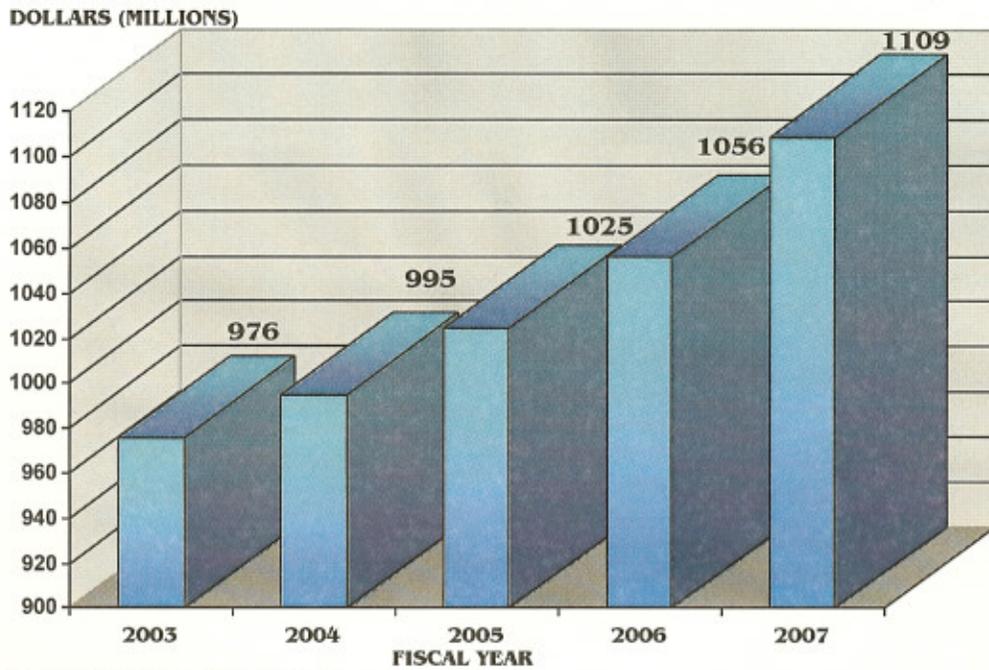
CITY OF FORT SMITH
SCHEDULE OF THE LARGEST EMPLOYERS BY NUMBER
OF EMPLOYEES

Company	Product	# Employees
O K Foods	Poultry Processor	4,748
Whirlpool Corp.	Ice-Makers-Refrigerators	3,000
Baldor Electric	Electric Motors & Grinders	2,262
Sparks Health System	Medical/Surgical Services	2,170
St.Edward Medical Center	Medical/Surgical Services	1,800
Rheem-Ruud	Central Heating-A/C Equipment	1,774
Fort Smith Public Schools	Common Education	1,702
Arkansas Best Corporation	Trucking and Transportation	946
City of Fort Smith	Local Government	901
University of Arkansas at Fort Smith	Higher Education	772

Source: Fort Smith Chamber of Commerce

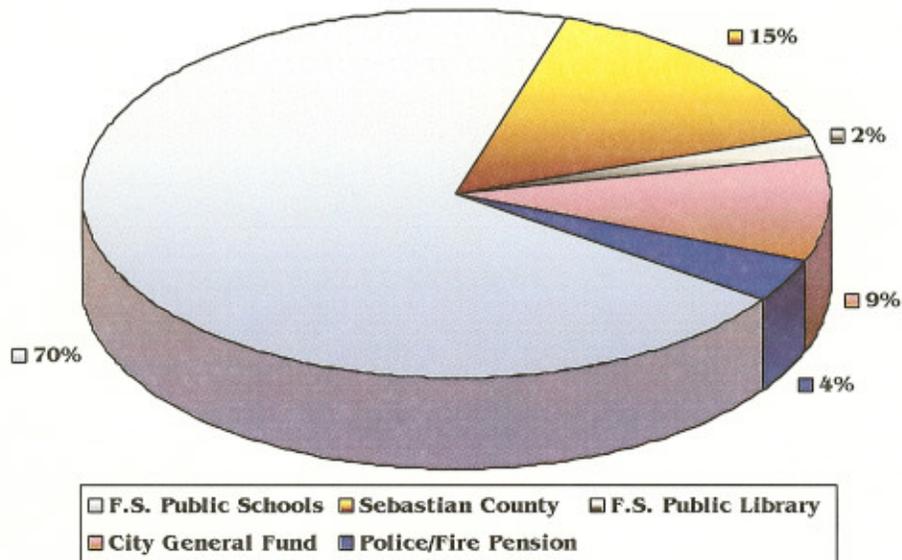
The following graphs indicate the assessed property values within the City limits for the past five years and the allocation of property taxes among the overlapping governments. The City's General Fund receives only 9% of the total real and personal property tax within the City limits.

ASSESSED PROPERTY VALUATION



Source: Sebastian County Assessor's Annual Abstract, as amended.

ALLOCATION OF REAL PROPERTY TAX RATES FOR TAXES PAYABLE FY08 FOR OVERLAPPING GOVERNMENTS WITHIN THE CITY LIMITS



Source: Sebastian County Clerk's Office

PERSONNEL COUNT COMPARISON

	2006 Actual	2007 Budget	2007 Estimated	2008 Budget
Policy & Administration				
Services Division				
4100 Mayor	2.50	2.00	2.00	2.00
4101 Board of Directors	7.00	7.00	7.00	7.00
4102 City Administrator	4.00	4.00	4.00	4.00
4111 Economic Development	2.00	2.00	2.00	2.00
4201 District Court	19.00	19.00	19.00	17.00
4202 City Prosecutor	0.00	2.00	2.00	2.00
4203 Public Defender	0.00	0.00	0.00	0.00
4204 City Attorney	0.00	0.00	0.00	0.00
4206 District Court-State Division	1.00	1.00	1.00	1.00
4405 Internal Audit	1.00	1.00	1.00	1.00
Total Policy & Administration Services Division	36.50	38.00	38.00	36.00
Management Services Division:				
4104 Human Resources	4.00	4.00	4.00	4.00
4105 City Clerk	2.00	2.00	2.63	2.63
4301 Finance	11.00	11.00	11.00	11.00
4303 Collections	6.00	6.00	6.00	6.00
4304 Utility Billing/Cust. Svc.	14.00	14.00	14.00	14.00
4306 Purchasing	2.00	2.00	2.00	2.00
4401 Information and Technology	7.00	7.00	9.00	9.00
Total Management Services Division	46.00	46.00	48.63	48.63
Development Services Division				
4103 Engineering	19.00	19.00	19.00	19.00
4106 Planning	7.20	7.75	7.75	7.75
4107 CDBG	3.80	3.25	3.25	3.25
4108 Building Safety	11.00	11.00	11.00	11.00
4109 Multi Cultural	0.50	0.00	0.00	0.00
6900 Neighborhood Services	7.00	8.00	8.00	8.00
Total Development Services Division	48.50	49.00	49.00	49.00

	2006 Actual	2007 Budget	2007 Estimated	2008 Budget
Police Services Division				
4701 Administration	3.00	3.00	3.00	3.00
4702 Support Services	40.00	38.00	39.00	42.00
4703 Criminal Investigations	35.00	36.00	36.00	37.00
4704 Patrol Operations	126.00	127.00	126.00	122.00
4705 Radio Communications	2.00	2.00	2.00	2.00
4706 Airport Security	3.00	3.00	3.00	3.00
6911 Police Grant	1.00	1.00	1.00	1.00
6920 Public Parking/Enforcement	4.00	4.00	4.00	4.00
Total Police Services Division	214.00	214.00	214.00	214.00
Fire Services Division				
4801 Administration	9.00	9.00	9.00	9.00
4802 Suppression & Rescue	120.00	120.00	120.00	120.00
Total Fire Services Division	129.00	129.00	129.00	129.00
Operation Services Division- Streets & Traffic Control				
5101 Administration	5.00	5.00	5.00	5.00
5302 Street Construction	11.44	11.44	11.44	11.44
5303 Street Drainage	19.04	19.04	19.04	19.04
5304 Street Maintenance	15.60	15.60	15.60	15.60
5401 Traffic Control Operations	13.16	13.16	13.16	13.16
5402 Signals	0.00	0.00	0.00	0.00
5403 Street Lighting	0.00	0.00	0.00	0.00
5405 Sign Shop	0.00	0.00	0.00	0.00
Total Streets & Traffic Control	64.24	64.24	64.24	64.24

	2006 Actual	2007 Budget	2007 Estimated	2008 Budget
Water & Sewer				
5501 Utilities Administration	15.00	15.00	15.00	15.00
5601 Water & Wastewater Treatment Administration	3.00	3.00	3.00	3.00
5603 Sewer Treatment	29.00	29.00	29.00	29.00
5604 Water Treatment	23.00	23.00	23.00	23.00
5605 Laboratory Services	9.00	9.00	9.00	9.00
5606 Wastewater Equipment Maintenance	14.00	14.00	14.00	14.00
5609 Industrial Waste Monitoring	5.69	5.69	5.69	5.69
5610 Water Line Maintenance	22.00	22.00	22.00	22.00
5611 Sewer Line Maintenance	24.00	24.00	24.00	24.00
5612 Construction Management	4.00	4.00	4.00	4.00
5613 Metering/Transmission Line Maintenance	21.50	21.50	21.50	21.50
5615 Water & Wastewater Line Maintenance Administration	12.00	12.00	12.00	12.00
5616 Water Stationary Equipment Maintenance	9.00	9.00	9.00	9.00
6700 Debt Service	0.00	0.00	0.00	0.00
Total Water & Sewer	191.19	191.19	191.19	191.19
Parks & Community Services				
6101 Health	0.00	0.00	0.00	0.00
6201 Parks Maintenance	20.50	20.50	20.50	20.50
6202 Oak Cemetery	3.50	3.50	3.50	3.50
6204 Community Centers	2.25	4.25	4.25	4.25
6205 Aquatics	4.85	4.85	4.85	4.85
6206 Riverfront/Civic Center/Downtown	5.00	5.00	5.00	5.00
Total Parks & Community Services	36.10	38.10	38.10	38.10
Convention Center				
6203 Convention Center	14.00	14.00	14.00	14.00
Total Convention Center	14.00	14.00	14.00	14.00

	2006 Actual	2007 Budget	2007 Estimated	2008 Budget
Sanitation				
6301 Administration	6.00	6.00	6.00	6.00
6302 Residential Collections	28.00	26.00	26.00	25.50
6303 Commercial Collections	9.00	9.00	9.00	10.00
6304 Fleet & Grounds Maintenance	7.00	10.00	10.00	9.00
6305 Sanitary Landfill	17.00	17.00	17.00	17.50
6306 Debt Service	0.00	0.00	0.00	0.00
6307 Roll-Off Collection	10.00	10.00	10.00	10.00
Total Sanitation	77.00	78.00	78.00	78.00
Transit				
6550 Public Transit	37.00	37.00	37.00	37.00
Total Operation Services				
Division	419.53	422.53	422.53	422.53
Non-Departmental				
6870 Convention & Visitors Bureau	4.00	5.00	5.00	5.00
Total FTE Personnel	897.53	903.53	906.16	904.16

Please note: This schedule includes position of Mayor and the seven Director positions. The reconciliation to the schedule on page 2 is as follows:

	2006 Actual	2007 Estimated	2008 Budget
Total FTE Personnel, this schedule	897.53	906.16	904.16
Program 4100 Mayor & 4101 Board of Directors	(8.00)	(8.00)	(8.00)
Total FTE Personnel, Schedule on page 2	889.53	898.16	896.16

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